

MINUTES OF THE DECEMBER 15, 2016
MEETING OF THE
INTERIM FINANCE COMMITTEE
Carson City, Nevada

Chair Maggie Carlton called a regular meeting of the Interim Finance Committee (IFC) to order at 10:07 a.m. on December 15, 2016, 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 Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Senator Joyce Woodhouse, Vice Chair
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Senator Pat Spearman for Senator Aaron Ford
Assemblyman Paul Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblyman Chris Edwards
Assemblyman James Oscarson
Assemblyman Michael Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin Titus

COMMITTEE MEMBERS EXCUSED:

Senator Aaron Ford
Senator Becky Harris
Assemblyman Nelson Araujo
Assemblywoman Olivia Diaz
Assemblyman Jason Frierson
Assemblyman John Hambrick
Assemblywoman Ellen Spiegel

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Rick Combs, Director, Legislative Counsel Bureau
Cindy Jones, Fiscal Analyst, Assembly
Mark Krmpotic, Fiscal Analyst, Senate
Sarah Coffman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Cheryl Harvey, Fiscal Analysis Division Secretary
Carla Ulrych, Fiscal Analysis Division Secretary

EXHIBITS:

Exhibit A: Meeting Packet – Volume I

Exhibit B: Meeting Packet – Volume II

Exhibit C: Recidivism Reduction Working Groups Member List – Nevada Department of Corrections

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; all members were present, except Senator Ford and Assemblyman Frierson, who were excused. Senator Harris, Assemblyman Araujo, Assemblywoman Diaz, Assemblyman Hambrick and Assemblywoman Spiegel were excused due to inclement weather. Senator Spearman joined the meeting in progress.

B. PUBLIC COMMENT.

There was no public comment.

C. APPROVAL OF MINUTES OF THE OCTOBER 25, 2016, MEETING.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE THE MINUTES OF THE OCTOBER 25, 2016, MEETING.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

The Committee expressed interest in hearing testimony on the following items: Agenda Items D-5, Office of the Attorney General; D-9, Department of Administration, Enterprise Information Technology Services; D-21, Department of Agriculture; D-61, Department of Corrections; D-63, Nevada Department of Corrections; and D-68, Department of Public Safety, Division of Parole and Probation.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), noted that Agenda Item D-16, Department of Administration, State Library and Archives, was withdrawn by the Governor's Finance Office on December 13, 2016.

Ms. Jones noted that Agenda Item D-49, Department of Health and Human Services, Division of Public and Behavioral Health, involved allocation of block grant funds, which required a public hearing.

Assemblywoman Bustamante Adams requested further testimony on Agenda Item D-1, Office of the Governor, Office of Science, Innovation and Technology.

Assemblyman Edwards requested further testimony on Agenda Items D-44, Department of Health and Human Services (DHHS), Division of Public and Behavioral Health (DPBH); D-45, DHHS, DPBH; D-56, DHHS, Division of Welfare and Supportive Services; D-67, Department of Motor Vehicles; D-74, Department of Public Safety (DPS), Office of Traffic Safety; and D-75, DPS, Office of Traffic Safety.

Assemblywoman Titus requested further testimony on Agenda Item D-48, DHHS, DPBH.

SENATOR WOODHOUSE MOVED TO APPROVE THE
REMAINING WORK PROGRAM REVISIONS AND
POSITION RECLASSIFICATIONS IN AGENDA ITEM D.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- 1. Office of the Governor - Office of Science, Innovation and Technology - FY 2017** - Addition of \$70,000 in Longitudinal Data Systems grant funds transferred from the Department of Education to expand the Science, Technology, Engineering and Math (STEM) website to increase awareness of STEM education and careers. Requires Interim Finance approval since the amount added to the Longitudinal Data Systems category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38411**

Evan Dale, Division Administrator, Administrative Services Division, Department of Administration, said Work Program C38411 was a request for the Office of Science, Innovation and Technology (OSIT) to receive Longitudinal Data Systems grant funds and establish a category to expend those funds to enhance the Science, Technology, Engineering and Math (STEM) website.

Assemblywoman Bustamante Adams noted that a third-party vendor would assist the agency in creating an “opportunities” section on the STEM website where businesses could post STEM jobs and internships (page 82, [Exhibit A](#)). She asked about the agency’s outreach efforts to encourage employers to post internship and employment opportunities on the STEM website.

Brian Mitchell, Director, OSIT, said the agency was focusing on a different industry sector each month of the Governor’s Year of STEM initiative. He said the agency would focus on outreach efforts to businesses within that particular sector, explaining the STEM website and the opportunity to engage as corporate partners with OSIT. Additionally, the website would include a function that would import job postings from other websites such as Indeed.com. Those employment opportunities

would then be posted under the relevant occupations within the STEM website, which would provide students with insight concerning the requirements employers were seeking for STEM jobs.

Assemblywoman Bustamante Adams asked if the agency was collaborating with the Department of Employment, Training and Rehabilitation (DETR) and the Governor's Office of Economic Development (GOED) concerning available manufacturing and STEM jobs at new companies in the state.

Mr. Mitchell said OSIT was working with DETR and GOED. He said both agencies used the STEM website as a resource for employment opportunities. Additionally, the website was helpful for new companies in the state to connect with the community.

Assemblywoman Bustamante Adams said Deliverable 2 on page 82 in Volume I of the meeting packet ([Exhibit A](#)) indicated the website would include a geolocation base advocacy center to allow individuals to connect directly with government representatives to advocate for STEM education. She asked which government representatives were included.

Mr. Mitchell replied that individuals would be able to connect with local school boards, as well as city, state and federal representatives to advocate for increased STEM education.

Senator Denis asked what other features would be included on the STEM website. Mr. Mitchell replied that the website would include an interactive interest assessment, which would allow students to narrow down their field of interest by answering a series of questions. Students would be provided a list of the best possible career matches based on their answers. Mr. Mitchell said all the career suggestions were identified by GOED as industries that were in demand. An additional website feature would be a public forum targeted at STEM teachers to help build a statewide community of practice. He said the forums would allow STEM teachers throughout the state to share lesson plans and have discussions concerning various STEM subjects. Mr. Mitchell said a third website feature would be a college section with a portfolio area for students to post STEM projects to share with friends, family and prospective employers.

Senator Denis asked how the agency would market the website to students and teachers.

Mr. Mitchell replied that a portion of the funding requested in the work program would be dedicated to outreach and marketing. He said the selected vendor was a local vendor with expertise in targeted social media advertising, which was more economical and effective at reaching a younger audience, particularly students. Mr. Mitchell said advertising aimed at students would primarily occur on Snapchat and Instagram, while advertising intended for teachers and parents would occur on

Facebook and Twitter. Also, there were other aspects of the Year of STEM initiative that would draw attention to the website, such as school visits by OSIT staff, and the K-12 STEM challenge, which encouraged website interaction.

Senator Denis thought it was great that the agency was working to promote knowledge of STEM and the STEM website throughout the state. He said the Nevada Youth Legislature may be helpful in promoting the website, because the student legislators represented all Senate districts throughout the state. He said the Parent Teacher Association, teachers' unions and similar groups may also be of assistance in promoting the website.

Mr. Mitchell thanked Senator Denis for his suggestions. He said the success of the initiative relied on increasing awareness of STEM education and careers in the state.

Assemblyman Edwards asked how much money in the agency's budget was dedicated to grants. Mr. Mitchell replied that the Governor's Year of STEM initiative was meant to raise interest and awareness in STEM for students, parents, teachers and the business community; however, there were no grants or funding associated with the initiative. He said he spent a significant amount of time traveling to locations to speak about STEM with various groups. Mr. Mitchell said the grants associated with OSIT pertained to postsecondary programs to meet the demands of the industry. He said \$3 million was allocated in the 2015-17 biennium for that purpose.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE
AGENDA ITEM D-1.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

2. **Office of the Attorney General - Violence Against Women Grants - FY 2017 -** Addition of \$167,682 in federal Sex Offender Sentencing, Monitoring, Apprehending, Registering and Tracking (SMART) grant funds to continue sex offender compliance sweeps in rural Nevada. Requires Interim Finance approval since the amount added to the SMART grant category exceeds \$75,000. **Work Program #C35615**

Refer to motion for approval under Agenda Item D.

3. **Office of the Attorney General - Violence Against Women Grants - FY 2017 -** Addition of \$274,697 in federal Sexual Assault Formula Program (SAFP) grant funds to provide intervention, advocacy, accompaniment and support services to victims, family and household members of sexual assault. Requires Interim Finance approval since the amount added to the SAFP grant category exceeds \$75,000. **Work Program #C38361**

Refer to motion for approval under Agenda Item D.

4. **Office of the Attorney General - Violence Against Women Grants - FY 2017 -** Addition of \$231,250 in federal Enhanced Training and Services to End Violence and Abuse of Women Later in Life grant funds to provide training, services and collaboration with state, local and community partners to address the needs for victims of elder abuse, neglect and exploitation. Requires Interim Finance approval since the amount added to the End Abuse in Later Life grant category exceeds \$75,000. **Work Program #C38363**

Refer to motion for approval under Agenda Item D.

5. **Office of the Attorney General - Violence Against Women Grants - FY 2017 -** Addition of \$1,171,939 in federal National Sexual Assault Kit Initiative (SAKI) funding to assist with reducing and responding to a backlog of sexual assault kits, increase investigation and prosecution resources, and provide a statewide assessment of policies and practices for response to sexual assault and its victims. Requires Interim Finance approval since the amount added to the SAKI grant category exceeds \$75,000. **Work Program #C35591**

Wes Duncan, First Assistant Attorney General, Office of the Attorney General (OAG), introduced Christian Schonlau, Chief Financial Officer, OAG; Debbie Tanaka, Grants Coordinator, OAG; and Nick Trutanich, First Assistant Attorney General, OAG.

Mr. Duncan said Work Program C35591 was a request to align grant revenue and expenditures for the federal 2015 Sexual Assault Kit Initiative (SAKI) grant and request authority to accept a portion of the \$1.9 million in federal 2016 SAKI grant funds, which would allow the OAG to complete projects funded by those federal awards.

Mr. Duncan said several years ago the OAG recovered Chase settlement funds on behalf of the state. In 2015, the IFC approved use of those funds to address the backlog of untested sexual assault kits in the state. Additionally, the IFC approved the acceptance of 2015 SAKI grant funds. Mr. Duncan said he was the Vice Chair of the Sexual Assault Backlog Working Group (working group), which met quarterly to discuss strategic issues regarding the backlog of untested sexual assault kits. He said the working group determined there were approximately 8,000 untested kits across the state, 6,300 of which were in Southern Nevada. Mr. Duncan said

the working group also discussed methods of notifying victims about the process concerning the untested kits, and proposed legislation to prevent the reoccurrence of a backlog in the future.

Mr. Duncan said Nevada was 1 of 20 jurisdictions in the nation to be awarded a SAKI grant in 2015. Likewise, Nevada was 1 of 18 jurisdictions to receive the 2016 SAKI grant award. He noted that the State of Nevada was 1 of only 3 states nationwide to receive both the 2015 and 2016 SAKI grants, which was a testament to the efforts of the working group, the leadership of Attorney General Laxalt, and the ability of the Grants Unit to produce well-written proposals and encourage financial assistance from law enforcement to address the program and help victims.

Mr. Duncan said 1,514 sexual assault kits had been shipped to Bode Cellmark Forensics lab in Virginia as of November 10, 2016. Of the 1,514 kits, he said 473 kits had been tested for DNA, of which 117 resulted in Combined DNA Index System (CODIS) entries. Mr. Duncan explained that CODIS was the national DNA inventory system for individuals convicted of a crime. He said there were 43 CODIS matches of the 117 entries, which resulted in 8 arrests. The OAG was hopeful the 8 arrests would lead to criminal convictions and justice for the victims. Mr. Duncan said Northern Nevada was also beginning to test its 1,500 outstanding sexual assault kits using Federal Bureau of Investigation (FBI) funds provided for that purpose.

Mr. Duncan said the Las Vegas Metropolitan Police Department (LVMPD) was utilizing funds provided through the District Attorney New York (DANY) grant to test the backlog of kits, because the funds had to be used within a specific timeframe. He said the LVMPD was also using FBI funds as well as DNA Backlog Reduction funds, which were provided by the National Institute of Justice. After the DANY, FBI and DNA Backlog Reduction funds were depleted, the LVMPD would begin using the 2015 SAKI grant funds to test the backlog of sexual assault kits. Mr. Duncan said, subsequently, the OAG would return to the IFC to request authority to utilize the Chase settlement funds for the cost of kit testing fees.

Mr. Duncan noted that the forensic labs only accepted small batches of kits for testing; therefore, the entire backlog of untested kits in Nevada could not be sent at one time. He said many jurisdictions throughout the country were also beginning to ship their backlog of sexual assault kits, so there was a slower turnaround time at some forensic labs. Regardless, he said Nevada was making tremendous progress in reducing the number of untested kits, and would continue to make progress to avoid another backlog.

Chair Carlton recalled there were 7,600 untested kits as of the December 16, 2015, IFC meeting. She asked for the current number of untested kits.

Mr. Duncan replied that approximately 1,500 kits had been sent to the labs for testing, and 6,300 kits remained untested in Southern Nevada. He was unable to obtain the number of untested kits remaining in Northern Nevada; however, he estimated that less than 100 kits had been tested. Mr. Duncan said the LVMPD was shipping batches of kits on a monthly basis, and he thought the Washoe County Sheriff's Office was doing the same. He said the labs determined the allowable number of kits in each batch.

Chair Carlton said, to date, DANY grant funds had been used to pay for the cost of testing the sexual assault kits in the backlog. She asked how much of the 2015 SAKI grant funds had been used for that same purpose.

Mr. Duncan replied that none of the 2015 SAKI grant funds had been used to pay the kit testing fees, because the SAKI funds did not have an expiration date unlike the DANY grant funds. He said the OAG may need to request an extension from the Department of Justice (DOJ) for the expenditure of 2015 SAKI grant funds. Mr. Duncan said the DOJ was aware that jurisdictions across the nation were sending their kits to forensic labs for testing, which lengthened processing times at the labs. He said the 2015 SAKI grant funds would be utilized after the DANY grant funds were expended.

In answer to a question from Chair Carlton, Mr. Duncan replied that only three states, including Nevada, received SAKI grants in 2015 and 2016, which indicated that the DOJ was aware that Nevada was sincere about addressing its backlog of untested sexual assault kits. He said the DOJ considered variables such as a concrete plan for addressing the backlog and the presence of an active working group, before awarding a state the SAKI grant. Mr. Duncan said the OAG was proud of the efforts that had been made to address the backlog of untested kits.

Chair Carlton asked how Nevada compared with the other two states that were awarded SAKI grants in 2015 and 2016, with regard to reducing the backlog of untested sexual assault kits.

Mr. Duncan said he was unsure how Nevada compared with the other two states. To the best of his knowledge, all jurisdictions were shipping batches of kits on a monthly or quarterly basis. He reiterated that the DOJ took into account whether a jurisdiction had a concrete plan, working group, law enforcement partners, and the number of untested kits when considering a state for a SAKI grant award.

Assemblyman Paul Anderson asked how newer sexual assault kits impacted the reduction of the backlog, and how the kits were prioritized for testing. He said initially the anticipated timeframe to test the complete backlog of kits was one to two years. He asked if the labs had increased their capacity to accommodate the nationwide demand.

Mr. Duncan replied that the oldest untested sexual assault kits in the backlog, which dated back to the mid-1980s, were being sent to the labs first. With regard to new sexual assault kits, the LVMPD recently instituted a new policy requiring that all kits be tested to avoid a backlog in the future. Mr. Duncan said there was also a bill draft request for the 2017 Legislative Session mandating that all kits be tested.

Mr. Duncan said he was not aware that labs had increased their capacity to process more kits; however, he thought the labs may consider expanding their services to meet the demand. He said the LVMPD was striving to have all kits in the backlog tested by December 2018, and they would work diligently to meet that goal. Mr. Duncan said jurisdictions in Nevada would continue to ship kits to the labs based on the timing and batch size permitted.

Assemblyman Oscarson thanked the OAG for its passion and leadership in addressing the backlog of untested sexual assault kits. He said he appreciated the efforts of the OAG, and so did the victims and law enforcement.

Assemblyman Oscarson asked if there was a way to encourage the labs to expedite their processing times. He said the DOJ should be made aware of the restrictions mandated by the labs, especially if those restrictions would require the DOJ to extend the timeframe of the grants. Assemblyman Oscarson said victims deserved results and relief, and it was frustrating for everyone involved.

Mr. Duncan thanked Assemblyman Oscarson for his comments. He said addressing the backlog of untested kits had been a group effort, and he was pleased with the progress. Addressing the backlog was a monumental task, but there was continual progress. Mr. Duncan reiterated that the oldest kits were being tested first. He said the OAG and other jurisdictions in Nevada wanted justice for the victims as soon as possible.

Assemblywoman Bustamante Adams asked how long it took for the eight suspects to be arrested after the kits were tested. Mr. Duncan replied that the LVMPD began shipping kits to the labs in February 2016.

Assemblywoman Bustamante Adams asked if there were labs available on the west coast that could test sexual assault kits.

Mr. Duncan replied that the cost to test sexual assault kits was as much as \$1,500 per kit. He said there was not a lab available on the west coast that would have allowed the state to use the funds in an efficient manner to test as many kits as possible. Additionally, forensic labs must meet FBI requirements for testing and entering DNA into CODIS. He said Bode Cellmark Forensics lab in Virginia was selected as one of the best options to accomplish those goals.

Assemblywoman Bustamante Adams asked if there were any membership changes in the working group. She asked what the working group's purpose would be going forward.

Mr. Duncan replied that former Assemblyman Armstrong was no longer a member of the working group. He said Senator Ford and Senator Gansert had recently joined the group, and Assemblywoman Benitez-Thompson was still an active member. He said the working group had several large missions including 1) acquire and maintain adequate funding to test the backlog of sexual assault kits; 2) ensure that policies and procedures were in place to avoid a backlog in the future; 3) establish best practices, protocols and procedures concerning victim notification; 4) ensure that victims were treated with dignity and justice was served; and 5) identify ways to assist local law enforcement with the investigation and prosecution of the backlog of sexual assault cases.

Assemblywoman Bustamante Adams applauded the OAG for securing the SAKI grant for two consecutive years. She recalled that the previous administration received criticism regarding the backlog of untested sexual assault kits. She said the 2015 SAKI grant funds remained unused and little progress had been made in reducing the backlog; therefore, she was concerned how that would be perceived by the public.

Chair Carlton said there were funds specifically designated for testing the backlog of sexual assault kits; however, those funds were not being utilized, because the forensic labs the state partnered with were unable to meet the demand. She said the likelihood of an arrest in one of the older sexual assault cases improved the sooner a kit was tested. Chair Carlton asked if the labs on the west coast were cost prohibitive or lacked the resources to properly process the kits.

Mr. Duncan said he was not involved in the forensic lab negotiations with the LVMPD, but to his knowledge the LVMPD was unable to locate a lab on the west coast that was qualified to test the kits at a reasonable cost.

Mr. Duncan said, in regard to the concerns expressed by Assemblywoman Bustamante Adams, the timeframe for testing the complete backlog of kits remained on schedule. He said the LVMPD was utilizing DANY grant funds, FBI funds and DNA Backlog Reduction funds first, because those funds had expiration dates; however, the SAKI grant funds and Chase settlement funds did not. Mr. Duncan said, to assuage concerns by the public, 1,514 kits had been shipped to the forensic labs for testing, and the OAG was encouraged by that number.

Chair Carlton said she was encouraged that the number of sexual assault kits in the backlog had been reduced; however, there were still 6,171 kits that remained untested, and funds designated for the purpose of forensic testing remained unused. She requested more information regarding the cost of testing sexual

assault kits. She said it might be worthwhile to utilize a west coast forensic lab that charged a slightly higher fee to reduce the backlog faster, especially for sexual assault kits that were more recent. Chair Carlton said it was difficult for the Committee to determine if the labs that were selected were the ideal choice without a comparison. She said she wanted to see the remaining 6,171 kits tested. Chair Carlton said, if the state was experiencing problems with other forensic labs, maybe that was an economic development driver for Nevada. She said the state could save money by establishing a forensic lab in Nevada, and earn revenue by charging other states a fee.

Assemblyman Edwards said he understood that testing the oldest sexual assault kits as soon as possible improved the chances of making an arrest; however, if the newer kits remained untested, the backlog would never be reduced. He asked if there was a better method of prioritizing the order in which kits were tested, such as evaluating each case for viability. Assemblyman Edwards thought the chance of making an arrest was more likely on newer cases rather than older cases.

Mr. Duncan replied that active cases would not be added to the backlog, because there were mechanisms in place to test those kits quickly to submit as evidence for trial. He said the backlog was made up of untested kits from inactive, cold cases. Mr. Duncan said local law enforcement was responsible for establishing their own testing procedures for sexual assault kits. He said local jurisdictions prioritized cold cases to the best of their ability, and detectives were working overtime to address the backlog of untested sexual assault kits.

In answer to a question from Senator Goicoechea, Mr. Duncan replied that local crime labs were capable of testing sexual assault kits; however, the number of untested kits in the backlog was too large for the local crime labs to handle.

Senator Goicoechea agreed with Chair Carlton that it would be beneficial to have an agency in the state capable of processing the backlog of untested kits.

Chair Carlton asked about the status of securing a contract Deputy Attorney General (DAG) for 2016 SAKI grant activities. Mr. Duncan said a DAG had not been hired. The OAG hoped the new DAG would be used to assist rural jurisdictions in prosecuting cold cases.

Ms. Tanaka said the OAG was seeking the Committee's approval prior to recruiting for the contract DAG position. She said the position's duties had already been identified and the agency was prepared to begin the recruitment process as soon as possible.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE
AGENDA ITEM D-5.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

6. **Office of the Attorney General - Victims of Domestic Violence - FY 2017 -** Transfer of \$45,203 from the Reserve category to the State/Local Victims Identification and Notification Everyday (VINE) category to continue the victim notification program. Requires Interim Finance approval since the cumulative amount added to the State/Local VINE category exceeds \$75,000. **Work Program #C38329**

Refer to motion for approval under Agenda Item D.

7. **Office of the Attorney General - Forfeitures - FY 2017 -** Transfer of \$47,824 from the Reserve category to the Equitable Distribution Expenditures category to provide training, equipment and software needed for investigations. Requires Interim Finance approval since the amount transferred to the Equitable Distribution Expenditures category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38355**

Refer to motion for approval under Agenda Item D.

8. **Office of the Secretary of State - Secretary of State - FY 2017 -** Transfer of \$339,679 from the Reserve for Replacement Equipment category to the Information Services category and \$16,322 from the Reserve for Replacement Equipment category to the Nevada Business Portal category to replace equipment authorized during the 2015 Legislature. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C38183**

Refer to motion for approval under Agenda Item D.

9. **Department of Administration - Enterprise Information Technology Services - Application Support - FY 2017 -** Transfer of \$226,123 from the Reserve category to the Information Services category to fund contracts, equipment and software to support ongoing program activities for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C38406**

Evan Dale, Division Administrator, Administrative Services Division (ASD), Department of Administration, said Work Program C38406 was a request to transfer \$226,123 from the Reserve category to the Information Services category.

He said \$93,000 would be used for server hosting overruns and \$133,000 would be used for necessary computer upgrades and various software.

Chair Carlton asked the agency about the timing of the request. Mr. Dale replied that the federal government monitored reserve levels, and the reserve level for the Enterprise Information Technology Services' (EITS) Application Support budget was currently over the allowable limit. He said the division thought it would be best to request items of need now, so the reserve level would be closer to compliance prior to the end of the calendar year.

Senator Denis asked the agency to explain the server hosting overruns. Mr. Dale replied that the EITS' Application Support budget paid for server hosting and storage, and the amount used to date was more than the budgeted amount. He said the reason for the increased usage was unknown. Mr. Dale said customer usage was monitored by the EITS budget account that provided server hosting.

In response to a question from Senator Denis, Mr. Dale said the division subleased server space and data storage to other state agencies. He said those agencies were currently using more than the budgeted amount. Senator Denis asked the reason for the increased usage in server hosting.

Suzie Block, Chief IT Manager, EITS, Department of Administration, replied that EITS merged the Department of Administration and the Department of Public Safety, which resulted in a significant usage increase of shared infrastructure. She said the division was taking a proactive approach on capacity to improve its provisions in the future.

In response to a question from Chair Carlton, Mr. Dale replied that the overrun was the ending cash balance for the account. He said the federal government determined the ratio by comparing the ending cash balance with account expenses. He said the ratio exceeded the limit last year and would exceed the limit in the current year if the reserve level was not reduced. Mr. Dale said Work Program C38406 would reduce reserves to a level that was closer to compliance or within the allowable limit.

Chair Carlton asked why the issue was not addressed earlier if it had been an ongoing problem.

In answer to a question from Senator Kieckhefer, Mr. Dale replied that EITS provided services to numerous programs throughout the state, many of which were funded with federal grants. In order for the internal service funds to charge programs without question, EITS was obligated to meet certain requirements. He said the federal government reviewed the reserve balance to determine how much the account exceeded the allowable limit.

Senator Kieckhefer asked if the federal government regarded the Reserve category as an aggregated account rather than considering it on a grant-level basis.

Mr. Dale said reserve funds were internal service funds, and the federal government examined all internal service funds accounts. For example, the state could charge a federal grant program within the Department of Health and Human Services \$1 million for a car rental. To avoid such an occurrence, the federal government reviewed the accounts of certain agencies, such as the Fleet Services Division. He said IT internal service funds accounts were included in the federal government review every year. Mr. Dale said at the end of FY 2016, the reserve balance for Application Support was above the allowable limit, and the division was working to correct the problem before the end of FY 2017 to avoid non-compliance in two consecutive years.

Senator Kieckhefer asked what the ramifications were when a reserve account was out of compliance. Mr. Dale replied that the state would be required to return the excess funds to the federal government. For example, the federal government may determine that 25 percent of the services sold from the EITS' Application Support budget had been paid with federal funds, which would mean that 25 percent of the excess reserve funds would be considered "federal payback." Mr. Dale said the division had prior experience with federal paybacks.

In answer to a question from Senator Kieckhefer, Mr. Dale replied that the EITS' Computer Facility budget had a federal payback for a number of years. In recent correspondence, it was determined that the state would settle with the federal government based on the account status at the end of FY 2015; however, the settlement had not been requested. Mr. Dale said there was currently a lot of activity at the federal level, and the state's federal negotiator was scheduled to change, both of which contributed to the settlement delay. He said Work Program C38406 would help prevent a federal payback in the Application Support budget.

Senator Kieckhefer asked what the estimated payback amount would be if the reserve level in the Application Support budget remained above the threshold. Mr. Dale said he did not currently have that information.

In response to a question from Senator Kieckhefer, Mr. Dale replied that the reserve limit was approximately \$300,000 to \$400,000 above the allowable limit, but the \$226,123 requested in Work Program C38406 would help reduce that amount and demonstrate the state's commitment to correct the situation. Mr. Dale said, in his experience, the federal government generally allowed entities one to two years to become compliant before demanding a federal payback, as long as there was a concerted effort to correct the overage.

Chair Carlton asked if the federal government had requested a progress report concerning the state's non-compliance in FY 2016.

Mr. Dale replied that the division was required to provide a progress report to the federal government every year. He said the progress report was compiled after the Office of the State Controller published the Comprehensive Annual Financial Report (CAFR) in January or February of the following year. Mr. Dale stated that fiscal year (FY) 2016 would be the first year the Application Support budget was out of compliance.

In response to a question from Assemblyman Sprinkle, Mr. Dale said the state typically requested an extension on the progress reports, because the CAFR was not available until January or February. He said reserve reports were generally submitted in March of every year. The Code of Federal Regulations 225 outlined the requirements concerning internal service funds and due dates for reports. Mr. Dale said the federal government did not follow a set schedule for reviewing internal service funds, but when the review occurred, the federal government would examine the reserve account and inquire about the strategy to correct the overage if the reserves are over the limit. He said in some instances payback was required immediately, and in other cases the government allowed a couple of years to correct the overage. Mr. Dale said there was no set criteria concerning payback for account overages, it was a negotiation between the state and the federal negotiator.

Assemblyman Sprinkle said it remained unclear to him why the division chose to submit the work program request in December, especially with the 2017 Legislative Session scheduled to begin in less than two months. He noted that requests of this nature were typically heard by the full Legislature. He asked why the request was not submitted earlier in the year, or why it could not be postponed until the legislative session.

Mr. Dale replied that the division was unaware during CY 2015 that the Reserve category was over the allowable limit. He noted there were vacancies in the Personnel category during CY 2015. Mr. Dale said it was too late at the end of the year to adjust EITS rates, because agencies had already purchased services, and it would be challenging to determine which agencies should receive a refund. He said the items requested in the work program were meant to reduce the overage. Mr. Dale said if EITS postponed the request until the legislative session, the account would be out of compliance in two consecutive years, and the overage amount would be significant. He said the federal government used an index called "days expenses" to determine the allowable limit for the Reserve category. He said reserve accounts were allowed to maintain an amount equivalent to the cost of operations for 60 days; therefore, if the cost of operations for one day was \$10,000, the reserve account could not exceed \$600,000. Mr. Dale said the Reserve category in the Application Support budget was currently at 80 days, which was a significant overage. He said 80 days in reserve for two consecutive

years was unsatisfactory. He said it would be more acceptable if the reserve account were reduced to 60 days in the second year, which was why the division had submitted its request prior to the end of the calendar year and before the legislative session.

Assemblyman Sprinkle remarked that the urgency of the situation was still unclear.

Assemblyman Paul Anderson asked if the reserve account was limited to internal service funds, or if other federal funding was included. Mr. Dale replied that the reserve account was entirely generated from internal service fees; however, the agencies' original source of funding may have been federal or General Funds.

In answer to a question from Assemblyman Paul Anderson, Mr. Dale replied that the origin of the funds did not dictate how the funds must be spent.

Assemblyman Paul Anderson asked if the overage in the reserve account was due to overcharging agencies or overestimating the cost of operations. Mr. Dale said the federal "days expenses/reserve" ratio mentioned earlier was affected, because expenses in the EITS Application Support budget were lower than expected in FY 2016 due to personnel vacancies, which decreased expenses and increased revenue.

Assemblyman Paul Anderson asked if EITS rates, which are set during the legislative cycle, could be adjusted during the interim period.

Mr. Dale said the rates could be adjusted during the interim period; however, it was easier to decrease rates rather than increase them. He said the rates for the EITS Application Support budget were billed services for programming and development, which were consumed at varying rates throughout the year. He said, in the case of an assessment, the total amount could be divided by a certain number of payments, such as quarterly payments, which was fair to all customers; however, that was not the case with a rate. If a rate were changed mid-year, some customers would be at a disadvantage depending on when programming and development services were purchased. Mr. Dale said it was difficult to institute a rate change mid-year while trying to maintain fairness to all customers.

Chair Carlton said internal service funds were paid for a specific purpose; however, the division was requesting to use the funds for a different purpose. She asked if the division could lower the rates in FY 2018 to reduce the reserve balance and return money to agencies. Mr. Dale replied that the rates could be reduced; however, the Application Support budget would show a reserve level at or above 80 days for two consecutive years.

Chair Carlton said, in essence, reducing the rates would reimburse the agencies that paid the fees to begin with, and Mr. Dale said that was correct. However, he said the division was still in need of the items requested in the work program;

therefore, the items would have to be included in the 2017-19 biennium budget, which would nullify a rate reduction.

Assemblywoman Benitez-Thompson said the Legislative Commission recently reviewed new audit reports. She said during the review it became apparent that information technology systems in various parts of state government were vulnerable, which left personal data unprotected. She asked if the division had the ability to examine the state's information technology systems to ensure that data was secure.

Shannon Rahming, Chief Information Officer, EITS, Department of Administration, replied that there were several items included in the work program that would have an impact on the security of the state's information technology systems. The first item, Moodle, was a learning management system program. She said the state was currently using an outdated system with a security issue. Also, the computers and laptops utilized by many EITS programming staff and project managers dated from 2008 to 2011. Ms. Rahming said replacing those items would also eliminate some security concerns.

Mr. Dale added that Work Program C38227 and C38409, which was approved by the Committee, was a request from the EITS Security budget to transfer money from the Division of Emergency Management to bolster security capabilities of the state.

In response to a question from Senator Spearman, Ms. Rahming said the items in the work program would assist with reinforcing cybersecurity. She said Moodle software was used for the state's online classes including classes for Veterans Services, Peace Officer Standards and Training (POST), and the Division of Human Resource Management.

Senator Spearman said the main issue was that the reserve account exceeded the allowable limit set by the federal government. She asked if the state could submit a statement of mitigation and request to use the funds to reinforce the security of the state's information technology systems.

Mr. Dale replied that the excess funds in the reserve account applied to the Application Support budget. He said Application Support sold programming services, database administration and desktop support, and the revenue earned in that budget could only be used for those particular activities. He said security activities were conducted through the EITS Security budget. He said the federal government did not permit the funds to be transferred. Mr. Dale said the excess reserves could be used to address security concerns to a certain extent, but not to the extent of addressing the statewide security system.

Chair Carlton said contracts, hardware, software, and license and maintenance costs were typically discussed during a legislative session. She said during

previous legislative sessions there had been a significant amount of discussion regarding EITS' issues on a statewide level. Chair Carlton suggested the Committee approve the virtual server portion of the work program, because agencies had already paid to use those services. She said that would also show the federal government that the state planned to use the funds for the intended purpose. She said the remaining items on the work program could be discussed on a global level during the upcoming legislative session.

Mr. Dale thought that deferring a portion of the work program would be acceptable to the federal government, based on his experience with the current federal negotiator. He said a new federal negotiator would be assigned soon, and it was unknown whether the new negotiator would be as flexible as the former negotiator. He said the division would like to transfer its requests for the Moodle software and computer upgrades to its 2017-19 budget. Mr. Dale said, although the Reserve category for Application Support would be out of compliance for two consecutive years, those steps would demonstrate progress to the government. Additionally, the division had a concrete plan to become compliant in FY 2018.

Ms. Rahming said postponing the software and computer updates made it difficult to address the division's technology needs and critical security concerns. Ms. Rahming said the software would be almost ten years old by the time the division received approval to purchase the updated software, and on-call IT staff shared a laptop from 2008. She hoped the Committee would authorize the division to purchase some of the software and equipment requested in the work program.

Chair Carlton said she understood the division's need, and it was evident that the out-of-date software and equipment was an ongoing issue; however, the request would only be postponed for six months. She was concerned about using internal service funds for some of the items in the work program. Chair Carlton said a global discussion on how to address various EITS issues would take place during the upcoming legislative session.

Assemblyman Paul Anderson said he would defer to Chair Carlton's direction on the matter; however, he was concerned about the lack of IT support for software that had reached the end of its useful life. For example, some Windows products were no longer supported by Microsoft, which left those products open to a security breach. Assemblyman Paul Anderson said the amount requested to update software and equipment did not appear exorbitant, and he thought the request was an appropriate use of internal service funds. He said updating software was important, because a security breach could be catastrophic.

Senator Denis agreed with Assemblyman Paul Anderson's comments. He agreed that out-of-date software was a security issue. He noted that the cost to update the items was not significant. Senator Denis asked if the items were included in the division's budget for the 2017-19 biennium.

Mr. Dale replied that the division's budget did not include any of the items in the work program. He said the division's budget was established based on the assumption that the Committee would approve the request, and the proposed EITS rates were determined based on the budget. Mr. Dale said the division would have to modify its budget if the work program were not approved.

Chair Carlton said it was never safe to assume the Committee would approve a request, because there were often questions and concerns. She respected the comments by Assemblyman Paul Anderson and Senator Denis, because they both worked in the IT industry. She said the security issue was important, and she was less concerned now knowing the funds would be used to support the agencies that paid the fees. Chair Carlton said she still had concerns about the timing of the request; however, Assemblyman Paul Anderson and Senator Denis thought it was a good expenditure of the funds.

Senator Woodhouse said she also respected the comments made by Senator Denis and Assemblyman Paul Anderson. She said she trusted their input on IT matters. She said software and hardware issues were discussed during subcommittee meetings every legislative session, but never on a global level. She said it was important to consider future software and hardware needs of the state. Senator Woodhouse said every legislative session was spent chasing an issue from the prior session, and it was frustrating. She said state agencies needed to communicate with each other, and the IT systems should work together. Senator Woodhouse said it was important to address IT issues on a global level during the 2017 Legislative Session to avoid continuing with the "Band-Aid" approach, which was an ineffective and unsafe method of managing state government.

ASSEMBLYMAN PAUL ANDERSON MOVED TO
APPROVE AGENDA ITEM D-9.

SENATOR DENIS SECONDED THE MOTION.

Chair Carlton strongly encouraged members of the appropriate legislative committee to thoroughly examine the EITS rates, because the funds could be used to meet other program needs.

Assemblyman Sprinkle thought the argument concerning security issues was extremely valid. If a potential security threat were truly the issue, he asked why the division waited until December to address a problem that was probably anticipated much earlier. Assemblyman Sprinkle said he would support the motion, but he was perplexed by the timing of the request.

THE MOTION PASSED UNANIMOUSLY.

10. **Department of Administration - Enterprise Information Technology Services - Data Communications and Network Engineering - FY 2017** - Transfer of \$97,000 from the Reserve category to the Information Services category to cover contractual hardware maintenance costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C38408**

Refer to motion for approval under Agenda Item D.

11. **Department of Administration - Enterprise Information Technology Services - Security - FY 2017** - Addition of \$274,099 in federal State Homeland Security Program grant funds transferred from the Nevada Department of Public Safety to continue cyber security and protection activities. Requires Interim Finance approval since the amount added to the Cyber Protection category exceeds \$75,000. **Work Program #C38227**

Refer to motion for approval under Agenda Item D.

12. **Department of Administration - Enterprise Information Technology Services - Security - FY 2017** - Addition of \$572,306 in federal State Homeland Security Program grant funds transferred from the Nevada Department of Public Safety to support the ongoing development of the State's Information Security Management System. Requires Interim Finance approval since the amount added to the Information Security Management System Modernization category exceeds \$75,000. **Work Program #C38409**

Refer to motion for approval under Agenda Item D.

13. **Department of Administration - Enterprise Information Technology Services - Security - FY 2017** - Transfer of \$76,125 from the Reserve category to the Information Services category to purchase standardized software and hardware needed for statewide compatibility and to support continued program activities for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C38410**

Refer to motion for approval under Agenda Item D.

14. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2017** - Transfer of \$1,181,000 from the Reserve category to the Building Renovation category to fund various repair and infrastructure maintenance projects for state-owned facilities in Northern and Southern Nevada. Requires Interim Finance approval since the amount transferred to the Building Renovation category exceeds \$75,000. **Work Program #C38388**

Refer to motion for approval under Agenda Item D.

15. **Department of Administration - Nevada State Library and Archives - Cooperative Libraries Automated Network - FY 2017** - Transfer of \$35,976 from the Cooperative Libraries Automated Network (CLAN) Operating Expense category to the Personnel Services category to cover costs associated with an employee retirement. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38030**

Refer to motion for approval under Agenda Item D.

16. **Department of Administration - Nevada State Library and Archives - Cooperative Libraries Automated Network - FY 2017** - Transfer of \$64,024 from the Cooperative Libraries Automated Network (CLAN) Operating Expense category to the CLAN Emergency Contingency category to allow the agency to respond to equipment or software failures in a timely manner. Requires Interim Finance approval since the cumulative amount added to the Emergency Contingency category exceeds \$75,000. **Work Program #C38327. WITHDRAWN 12-13-16.**

17. **Department of Education - Office of Early Learning and Development – FY 2017** - Transfer of \$270,951 from the Nevada Ready category to the Nevada Ready Preschool Development Grant Administration category to properly account for administrative costs. Requires Interim Finance approval since the amount transferred to the Nevada Ready Preschool Grant Administration category exceeds \$75,000. **Work Program #C38330**

Refer to motion for approval under Agenda Item D.

18. **Department of Agriculture - Registration and Enforcement - FY 2017** - Transfer of \$53,000 from the Reserve category to the Operating category to maintain and enhance the automated pesticide registration system. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38021**

Refer to motion for approval under Agenda Item D.

19. **Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2017** - Addition of \$299,846 in Food and Drug Administration (FDA) Produce Safety grant funds to provide aid to growers in protecting public health through growing practices that minimize microbial, physical and chemical contaminants. Requires Interim Finance approval since the amount added to the FDA Produce Safety category exceeds \$75,000. **Work Program #C38059**

Refer to motion for approval under Agenda Item D.

20. **Department of Agriculture - Livestock Inspection - FY 2017** - Transfer of \$17,428 from the Reserve category to the Operating category and \$13,178 from the Reserve category to the Information Services category for the purchase of tablets and printers to continue upgrading technology to an online format. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds \$75,000. **Work Program #C38205**

Refer to motion for approval under Agenda Item D.

21. **Department of Agriculture - Livestock Inspection - FY 2017** - Transfer of \$47,804 from the Personnel Services category to the Operating category, \$62,494 from the In-State Travel category to the Operating category and \$25,507 from the Reserve category to the Operating category to move state seasonal Brand Inspector positions to contract services. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C38337**

Jim Barbee, Director, Department of Agriculture, introduced Debra Crowley, Fiscal Administrator, Department of Agriculture. He said the department had been focused on improving the efficiency of the Livestock Inspection program over the last several years to prevent fees from increasing, because the industry had been vocal about limiting the costs of the program. The department identified going paperless and creating an online inspection system as effective methods for improving the efficiency of the Livestock Inspection program. Mr. Barbee said the program had not experienced significant changes since its inception at the turn of the century.

Mr. Barbee said the Livestock Inspection program was audited over the course of a couple of years by the Department of Administration. He said one of the audit recommendations aligned with Work Program C38337, which was to transition livestock inspectors from intermittent, seasonal state employees to contract staff. Mr. Barbee said he initially disagreed with the change, because in his experience with the Department of Education, an individual had to form a limited liability company to perform contract work. He said he had limited experience with Manpower as a contract agency. The Division of Human Resource Management (DHRM) provided the department with information about using Manpower for contract staff. He noted that Manpower was a company that held a statewide contract through the Department of Administration. He said the DHRM also helped the department determine that a cost savings could be realized, specifically a savings related to fringe benefits. Mr. Barbee said, as state employees, Brand Inspectors, earned annual leave; however, it could not be used, because of the intermittent work schedule. He explained that if a Brand Inspector was not available to perform an inspection, there was not a draw on annual leave; although inspectors accrued annual leave during the hours worked. Mr. Barbee said there were currently 74 Brand Inspectors, including some who had been employed with the state since 1975; however, only 15 inspectors had accrued more than one year

of service (2,080 hours). Of those 15 inspectors, only 3 had accumulated more than five years of service. Mr. Barbee said the average number of accrued annual leave hours was 77. The longest serving Brand Inspector was hired in 1975, and in those 41 years of service that inspector had earned 114 hours of annual leave. He said, to a certain extent, the work was similar to community service, because the inspectors had to be positioned across the state in remote areas to keep up with commerce and validate ownership of cattle being sold. Mr. Barbee said most of the cattle offspring went across state lines, which required an inspection. He said those inspections took place during a small portion of the year.

Mr. Barbee said transitioning Brand Inspectors from state employees to contract staff would eliminate the cost of fringe benefits, which would reduce the hourly cost from \$16.71 to \$14.29. He said the inspectors' hourly wage would not be negatively affected by the transition; in fact, they may actually receive a slight increase through Manpower, because the company was reevaluating wages. He said, if the Committee approved the work program, Brand Inspectors would receive a single payout of their total accrued annual leave in December 2016.

Mr. Barbee said the reason for the timing of the agency's request was to become compliant with the aforementioned audit. He said the department must implement the audit's recommendation to transition Brand Inspectors to contract staff by January 2017. He said the Livestock Inspection account was in poor condition and would benefit from the savings sooner than later. Mr. Barbee noted that the personnel costs for the Brand Inspectors were included in the department's 2017-19 biennial budget.

Mr. Barbee said the Nevada Cattlemen's Association (NCA) was involved in the discussion regarding the transition of Brand Inspectors to contract staff. He said most of the inspectors were also cattlemen, and they supported the proposal, because it would keep costs down.

Senator Goicoechea said he was unaware that Brand Inspectors were eligible to accrue sick and annual leave. He said sick and annual leave was not accessible to inspectors during their employment due to their intermittent work schedules, it could only be accessed after their employment with the state ended. He said some inspectors had to be cautious about the number of hours they worked to avoid jeopardizing their retirement. Senator Goicoechea said there was very little involvement by the state, because inspectors could be contacted directly to arrange an inspection and they utilized their personal vehicles to perform inspections. He agreed that inspectors should transition to contract staff.

Senator Goicoechea said livestock inspections were about animal health, not theft. He said the livestock industry could be significantly impacted by one disease or infraction; therefore, Brand Inspectors were critical to the industry. Senator Goicoechea said the livestock industry recently suffered a 50 percent reduction in revenue, so the cattlemen would not be amicable to an increase in

brand fees to cover the cost of the program. He said the reduction in revenue was likely to continue for approximately four more years.

Senator Goicoechea said, overall, it was essential that inspectors transition to contract staff, but it was a matter of timing. He said it would save the state approximately \$12,000 to make the switch immediately; however, the state would also have to pay approximately \$85,000 in accrued leave.

Mr. Barbee confirmed that several intermittent/seasonal staff with the department were retired or current state employees. For example, one of the Agriculture Educators was a retired high school teacher and a member of the Public Employees' Retirement System. That employee could only work a limited number of hours to avoid a payback on retirement. As a contract employee, however, that employee would be allowed to work more hours without jeopardizing retirement.

Mr. Barbee said currently inspectors reported their hours to the Elko Brand Office, and staff entered the hours into the Nevada Employee Action and Timekeeping System (NEATS). He said the workload for staff at the Elko Brand Office would decrease significantly by transitioning inspectors to Manpower, which would provide more time to focus on traceability. Mr. Barbee said the current report back time from the Elko Brand Office was almost two weeks, and in many cases brand documents had to be sent to the central office. He said the department had been working diligently to solve the problem. The inspectors had been utilizing new brand inspection software for approximately two weeks, and because the software was in real time, enforcement officers and the state veterinarian had access to inspection information almost immediately. Mr. Barbee said federal rules and laws required a health trace back within 48 hours.

Chair Carlton said she understood Senator Goicoechea's point; however, she thought the matter was complex and should be discussed at greater length during the legislative session. Also, a number of Committee members were absent due to inclement weather; therefore, she was inclined to defer the matter to the 2017 Legislative Session.

Assemblyman Sprinkle agreed with Chair Carlton's comments. He asked if it would be feasible to transition inspectors to contract staff through attrition as opposed to all at once.

Mr. Barbee replied that cattlemen and inspectors supported the transition. He said inspectors were paying more in fees than they earned in wages. He noted that all new inspectors were being handled through Manpower. Mr. Barbee said brand inspection required a unique skillset, so inspectors typically remained with the state long term. He said, although their full-time equivalency was minimal, some inspectors had been with the state more than 35 years.

Assemblyman Sprinkle said transitioning inspectors through attrition did not appear to be a feasible option, and Mr. Barbee agreed.

In answer to a question from Assemblyman Sprinkle, Mr. Barbee said the \$85,683 one-time accrued leave expenditure would be paid from the Livestock Inspection budget.

Assemblyman Sprinkle asked if the Livestock Inspection budget could sustain a payout of that amount, and Mr. Barbee confirmed that it could. He said the liability on annual leave would cease to grow as soon as the inspectors were transferred to Manpower, which would reduce the long-term liability of the Livestock Inspection budget.

Assemblywoman Swank asked if the Brand Inspectors would lose any other benefits. Mr. Barbee replied that the inspectors did not qualify for any benefits other than sick and annual leave. He said all full-time equivalent staff in the Livestock Inspection budget, such as enforcement officers, program officers and administrative assistants, would remain state employees.

In response to a question from Assemblywoman Swank, Mr. Barbee replied that many of the inspectors were cattlemen. He said the Agriculture Educator mentioned previously, as well as a Nevada Department of Transportation (NDOT) employee, were examples of the few inspectors who were not cattlemen. He said the current NDOT employee earned overtime with each inspection, because he worked a 40-hour week as an active employee. Mr. Barbee said the overwhelming majority of Brand Inspectors were at the cattlemen's convention, and they wanted to realize a savings and keep costs low.

Assemblywoman Bustamante Adams asked how many inspectors were located in Southern Nevada. Mr. Barbee thought there were approximately four inspectors in urban Clark County, as well as two in Pahrump, one in Logandale and one in Alamo. He said he would obtain the exact number of inspectors in Southern Nevada and provide it to the Committee. Mr. Barbee stated that the number of inspectors in the southern part of the state was minimal, because the majority of animals in that area were event livestock. He said certain event livestock were exempt from inspections based on a law instituted by the Legislature several years ago.

In answer to a question from Assemblywoman Bustamante Adams, Mr. Barbee replied that in certain cases Northern Nevada inspectors have had to perform inspections in Southern Nevada, but the agency tried to limit those occurrences due to higher costs, such as mileage reimbursement. He said when a local inspector was unavailable, the agency tried to find the next available inspector within close proximity. Mr. Barbee said Brand Inspectors worked minimal hours, because inspectors were located in remote areas where the majority of livestock existed.

Senator Goicoechea clarified that Brand Inspectors were responsible for inspecting paperwork and the brand, which was different than agricultural enforcement. Under the law, an inspection should be requested from the Department of Agriculture or a Brand Inspector at least 24 hours in advance of the arrival of a load of cattle. In the absence of a Brand Inspector, a state enforcement officer would perform the inspection, even if it required traveling a further distance. He said, if inspectors were contract staff, then the state could acquire more inspectors, which would save money for the state and the livestock industry.

Mr. Barbee said Work Program C38205, which was approved by the Committee, would facilitate 30 additional iPads and printers for inspectors to use in the field. He said there were still 14 Brand Inspectors without iPads and printers; however, additional equipment may not be necessary, because some inspectors worked a very limited number of hours.

Senator Goicoechea reiterated the importance of Brand Inspectors. He said inspectors reviewed Livestock Health Certificates to ensure that incoming livestock was free from disease. For example, a Coggins Test, which detected Equine Infectious Anemia, was required for horses. He said the presence of Equine Infectious Anemia in Nevada could severely impact the state's equine industry. Senator Goicoechea said, even as contract staff, Brand Inspectors would have authority to delay entrance of livestock into the state without the appropriate documentation.

Chair Carlton said she was perplexed about providing iPads and printers to non-state employees. She said that would be another component for discussion during the legislative session.

Mr. Barbee replied that much larger agencies, such as the Department of Health and Human Services, used Manpower extensively. He said it was common practice to provide equipment to contract staff. Mr. Barbee said the Manpower contract specified that contract staff would utilize state equipment and resources to carry out the duties of the job, which was included in the check-out and contract agreement processes, and everything was documented. He said training was also required in most cases.

Chair Carlton said it would be necessary to provide that type of information during the 2017 Legislative Session.

Chair Carlton recommended a motion to defer Agenda Item D-21 to the 2017 Legislature.

SENATOR WOODHOUSE MOVED TO DEFER
AGENDA ITEM D-21 AND REQUEST THAT THE
GOVERNOR'S FINANCE OFFICE INCLUDE THE

ITEM IN THE EXECUTIVE BUDGET FOR
CONSIDERATION BY THE 2017 LEGISLATURE.

ASSEMBLYMAN PAUL ANDERSON SECONDED THE
MOTION.

Senator Goicoechea said the agency was struggling to sustain the Livestock Inspection budget, and the industry could not continue to support it, especially if the budget was enhanced.

THE MOTION PASSED UNANIMOUSLY.

- 22. Department of Agriculture - Nutrition Education Programs - FY 2017** - Addition of \$1,045,364 in federal Summer Food Service Program grant funds to continue meal reimbursements in compliance with USDA Summer Food Service Program regulations. Requires Interim Finance approval since the amount added to the Summer Food Program category exceeds \$75,000. **Work Program #C38359**

Refer to motion for approval under Agenda Item D.

- 23. Department of Agriculture - Nutrition Education Programs - FY 2017** - Addition of \$380,751 in federal Administrative Review and Training (ART) Method Implementation grant funds to provide assistance in implementing innovative training and monitoring to improve program operations in school food programs. Requires Interim Finance approval since the amount added to the ART grant category exceeds \$75,000. **Work Program #C38297**

Refer to motion for approval under Agenda Item D.

- 24. Department of Agriculture - Nutrition Education Programs - FY 2017** - Addition of \$415,188 in federal Team Nutrition Training grant funds to provide statewide training and technical assistance to school nutrition professionals. Requires Interim Finance approval since the amount added to the Team Nutrition Grant category exceeds \$75,000. **Work Program #C38328**

Refer to motion for approval under Agenda Item D.

- 25. Department of Agriculture - Nutrition Education Programs - FY 2017** – Addition of \$135,694 in Nevada School Lunch Program (NSLP) School Equipment grant funds to provide equipment assistance subgrants to eligible school food authorities. Requires Interim Finance approval since the cumulative amount added to the NSLP School Equipment grant category exceeds \$75,000. **Work Program #C38342**

Refer to motion for approval under Agenda Item D.

- 26. Gaming Control Board - FY 2017** - Balance forward of \$402,392 from FY 2016 to FY 2017 to continue work on the agency's approved Alpha Migration technology investment request. Requires Interim Finance approval pursuant to Assembly Bill 490, Section 3, of the 2015 Legislature. **Work Program #C37447**

Refer to motion for approval under Agenda Item D.

- 27. Department of Business and Industry - Nevada Home Retention Program - FY 2017** - Transfer of \$10,000,000 from the Reserve category to the Transfer to Attorney General category in order to return unused National Mortgage Settlement funds to the Attorney General's Office due to the closeout of the Home Retention Program. Requires Interim Finance approval since the amount transferred to the Transfer to Attorney General category exceeds \$75,000. **Work Program #C38432**

Refer to motion for approval under Agenda Item D.

- 28. Department of Health and Human Services - Director's Office - Indigent Hospital Care - FY 2017** - Transfer of \$1,632,776 from the Reserve category to the Hospital Claims category to reimburse hospitals for unpaid claims submitted for hospital care of indigent persons. Requires Interim Finance approval since the amount transferred to the Hospital Claims category exceeds \$75,000. **Work Program #C38450**

Refer to motion for approval under Agenda Item D.

- 29. Department of Health and Human Services - Director's Office - Public Defender's Office - FY 2017** - Addition of \$35,078 in federal John R Justice grant funds to continue payments to lending institutions for qualifying loans of recently graduated attorneys working in the public sector. Requires Interim Finance approval since the amount added to the John R Justice category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C37980**

Refer to motion for approval under Agenda Item D.

- 30. Department of Health and Human Services - Director's Office - Individuals with Disabilities Education Act, Part C - FY 2017** - Addition of \$1,054,811 in federal Infants and Toddlers with Disabilities grant funds to provide oversight of the facilitation of a statewide, family-centered, community-based service delivery system for families, infants and toddlers with disabilities. Requires Interim Finance approval since the amount added to the Early Intervention Services category exceeds \$75,000. **Work Program #C38339**

Refer to motion for approval under Agenda Item D.

31. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2017** - Addition of \$63,950 in federal Department of Veterans Affairs grant funds and \$152,250 in Veteran Directed Home and Community Based Services Program funds to provide options counseling for veterans and their families and the opportunity to self-direct their home and community-based services. Requires Interim Finance approval since the amount added to the Veterans Services category exceeds \$75,000. **Work Program #C38194**

Refer to motion for approval under Agenda Item D.

32. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2017** - Addition of \$198,918 in federal Alzheimer's Disease Initiative-Specialized Supportive Service Project grant funds to develop a 'Dementia-friendly Nevada' by fostering the adoption of evidence-based and other supportive services. Requires Interim Finance approval since amount added to the Alzheimer's grant category exceeds \$75,000. **Work Program #C38239**

Refer to motion for approval under Agenda Item D.

33. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2017** - Addition of \$155,396 in federal Medicare Improvements for Patients and Providers Act (MIPPA) grant funds to continue providing outreach and assistance to Medicare beneficiaries. Requires Interim Finance approval since the amount added to the MIPPA Grant category exceeds \$75,000. **Work Program #C38306**

Refer to motion for approval under Agenda Item D.

34. **Department of Health and Human Services - Aging and Disability Services - Early Intervention Services - FY 2017** - Addition of \$100,000 in Child Care and Development funds transferred from the Nevada Department of Education to provide additional child care placements along with technical assistance and training including children with disabilities in licensed child care settings. Requires Interim Finance approval since the amount added to the Child Care Development category exceeds \$75,000. **Work Program #C38075**

Refer to motion for approval under Agenda Item D.

35. **Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2017** - Transfer of \$36,518,824 from the Reserve category to the Transfer to Medicaid Program category, \$3,149 from the Reserve category to the Transfer to Nevada Check Up category, and \$323,587 from the Reserve Private Upper Payment Limit category to the Transfer to Nevada Check Up category to cover program expenses due to

increased caseload and cost per eligible. Requires Interim Finance approval since the amount transferred to the Transfer to Medicaid Program category exceeds \$75,000. **RELATES TO ITEMS D. 37 AND 39. Work Program #C38241**

Refer to motion for approval under Agenda Item D.

- 36. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2017** - Addition of \$106,519 in federal Title XXI grant funds and \$1,853,546 in federal Title XIX grant funds to support the Health Care Reform Eligibility Engine Design, Development and Implementation project in the Division of Welfare and Supportive Services. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **Work Program #C36836**

Refer to motion for approval under Agenda Item D.

- 37. Department of Health and Human Services - Health Care Financing and Policy - Nevada Check Up Program - FY 2017** - Addition of \$13,057,782 in federal Title XXI grant funds, \$999,858 in Reimbursement of Expenses funds, and \$326,736 in funds transferred from the Intergovernmental Transfer Program account to cover an increase in caseload and cost per eligible. Requires Interim Finance approval since the amount added to the Program Medical Expenditures category exceeds \$75,000. **RELATES TO ITEM D. 35. Work Program #C38242**

Refer to motion for approval under Agenda Item D.

- 38. Department of Health and Human Services - Health Care Financing and Policy - Nevada Check Up Program - FY 2017** - Addition of \$862,292 in federal Title XXI funds to support a transfer to the Division of Public and Behavioral Health Immunization program to continue to provide immunization services. Requires Interim Finance approval since the amount added to the Transfer to Health Immunizations category exceeds \$75,000. **RELATES TO ITEM D. 43. Work Program #C38261**

Refer to motion for approval under Agenda Item D.

- 39. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2017** - Addition of \$246,299,297 in federal Title XIX grant funds and \$36,518,823 in funds transferred from the Intergovernmental Transfer Program account due to an increase in caseloads and cost per eligible. Requires Interim Finance approval since the amount added to the Newly Eligible category exceeds \$75,000. **RELATES TO ITEM D. 35. Work Program #C38249**

Refer to motion for approval under Agenda Item D.

40. **Department of Health and Human Services - Public and Behavioral Health - Radiation Control - FY 2017** - Transfer of \$20,081 from the Reserve category to the Operating category and \$37,843 from the Division Cost Allocation category to the Operating category to purchase an equipment service contract for annual calibration of radiation detectors. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38058**

Refer to motion for approval under Agenda Item D.

41. **Department of Health and Human Services - Public and Behavioral Health - Cancer Control Registry - FY 2017** - Transfer of \$151,005 from the Operating category to the Reserve category to align costs for contract services no longer needed. Requires Interim Finance approval since the amount transferred from the Operating category exceeds \$75,000. **Work Program #C38517**

Refer to motion for approval under Agenda Item D.

42. **Department of Health and Human Services - Public and Behavioral Health - Consumer Health Protection - FY 2017** - Transfer of \$61,533 from the Reserve category to the Operating category and \$24,574 from the Reserve category to the Information Services category to cover unanticipated costs for an office relocation and continuation of RizePoint software. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38034**

Refer to motion for approval under Agenda Item D.

43. **Department of Health and Human Services - Public and Behavioral Health - Immunization Program - FY 2017** - Addition of \$874,928 in federal Title XXI grant funds transferred from the Division of Health Care Financing and Policy to fund projected increased vaccine costs for children enrolled in the Nevada Check Up Program through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Nevada Check Up category exceeds \$75,000. **RELATES TO ITEM D. 38. Work Program #C38262**

Refer to motion for approval under Agenda Item D.

44. **Department of Health and Human Services - Public and Behavioral Health - Communicable Diseases - FY 2017** - Transfer of \$1,076,426 from the Reserve category to the Comprehensive Care category to purchase medications associated with the prevention and control of HIV/AIDS in Nevada. Requires Interim Finance approval since the amount transferred to the Comprehensive Care category exceeds \$75,000. **Work Program #C37987**

Agenda Items D-44, D-45, D48 and D-49 were heard together. Refer to testimony and motion for approval under Agenda Item D-49.

- 45. Department of Health and Human Services - Public and Behavioral Health - Communicable Diseases - FY 2017** - Addition of \$6,182,213 in Rebate funds to continue to provide essential services for individuals diagnosed with HIV. Requires Interim Finance approval since the amount added to the Comprehensive Care category exceeds \$75,000. **Work Program #C38294**

Agenda Items D-44, D-45, D48 and D-49 were heard together. Refer to testimony and motion for approval under Agenda Item D-49.

- 46. Department of Health and Human Services - Public and Behavioral Health - Health Care Facilities Regulation - FY 2017** - Addition of \$294,707 in federal Background Check Program grant funds to continue to support the National Background Check program. Requires Interim Finance approval since the amount added to the Background Check grant category exceeds \$75,000. **Work Program #C38013**

Refer to motion for approval under Agenda Item D.

- 47. Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2017** - Addition of \$652,152 in federal Diabetes, Heart, Stroke and Obesity Prevention grant funds and deletion of federal Ryan White funds transferred from the Communicable Diseases account to provide preventive measures and development of evidence-based strategies to combat chronic conditions that may result from diabetes, heart disease and obesity. Requires Interim Finance approval since the amount added to the Diabetes Management-Heart and Stroke State Program-Obesity-School Health category exceeds \$75,000. **Work Program #C35402**

Refer to motion for approval under Agenda Item D.

- 48. Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2017** - Addition of \$359,548 in federal Colorectal Cancer Screening grant funds to increase screening among a defined target population and to provide screening among medically underserved populations. Requires Interim Finance approval since the amount added to the Colorectal Cancer category exceeds \$75,000. **Work Program #C35404**

Agenda Items D-44, D-45, D48 and D-49 were heard together. Refer to testimony and motion for approval under Agenda Item D-49.

- 49. Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2017** - Addition of \$110,197 in federal Preventive Health and Human Services (PHHS) Block Grant funds and transfer of \$160,528 from

Personnel Services category to the PHHS Block Grant category to provide evaluation of existing programs, implement preventive measures and support development of evidence-based strategies to combat chronic conditions that may result from diabetes, heart disease and obesity. **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 since the amount added to the PHHS Block Grant category exceeds \$75,000. Work Program #C38244**

Agenda Items D-44, D-45, D48 and D-49 were heard together.

Assemblywoman Titus said the budget for the Communicable Diseases program was very large. The program currently had 405 HIV/AIDS patients, but with a budget of \$23 million, she asked how many additional people could be reached through the program. Assemblywoman Titus said that too often the amount available to use in the field was reduced by other expenses, such as administrative costs.

Julia Peek, Division Administrator, Division of Public and Behavioral Health (DPBH), Department of Health and Human Services (DHHS), said for context the Communicable Diseases program had 477 new cases of HIV in 2015, and there were approximately 10,000 residents in Nevada with HIV and AIDS. She said the AIDS Drug Assistance Program (ADAP) currently had approximately 1,000 clients. Ms. Peek said approximately 10 percent of HIV clients were specifically using ADAP.

Assemblywoman Titus said the medications to treat HIV/AIDS were extremely expensive, so the program's incurred drug costs were very large. She asked if the division anticipated an increase in the cost of the drugs. She had seen a significant increase in the cost of some of the limited drugs in her position as a medical doctor.

Ms. Peek replied that medication costs were increasing. She said some of the manufacturers were combining multiple drugs into one pill, which was easier for the patient, but more expensive for the payer. Ms. Peek said the medication costs were not decreasing, but they did fluctuate, so it was difficult to predict how the costs would change. She said the medications to treat HIV and AIDS were definitely expensive.

Assemblywoman Titus asked if pharmaceutical manufacturers were committed to issuing drug rebates. Ms. Peek replied that rebate funds were volatile. She said the DPBH did not know the exact amount of each rebate or when the rebate would be issued, which made it difficult to depend on those funds.

Assemblywoman Titus asked what assurance HIV/AIDS patients were given that they would continue to receive medications and treatment. She asked if the division had a backup plan due to the volatility of the rebate funds.

Dan Olsen, HIV/AIDS Program Manager, DPBH, DHHS, replied that the Communicable Disease program also received federal funding. Due to the instability of the drug rebates, the program had a variety of ways to ensure that program priorities were met. He said the program had a statewide integrative plan and worked closely with the Las Vegas TGA Ryan White Part A program in Las Vegas. Mr. Olsen said all of that information, as well as coordination of services, was utilized to ensure that an infrastructure was in place to provide the necessary services for clients. He said the DPBH was also actively pursuing other funding to supplement essential priorities and compliment current federal funding, such as the funds received from the Health Resources and Services Administration (HRSA).

Assemblyman Edwards said it appeared that each patient received about \$2,300 per year in benefits, and Mr. Olsen said that was correct. He said the estimated cost per patient was \$2,300; however, the amount fluctuated based on the cost of the medications.

Assemblywoman Bustamante Adams asked how the program's current patients were progressing. She asked if they would maintain their quality of life.

Ms. Peek replied that the likelihood of living longer after being diagnosed with HIV/AIDS had increased due to the newer medications. As a result of the increased life expectancy for HIV patients, program staff discussed topics such as tobacco use and chronic disease with clients.

Assemblywoman Bustamante Adams asked for the demographics of the 477 new cases reported in 2015. Ms. Peek replied that the demographic was primarily men with same-sex partners residing in Clark County. She said the DPBH performed a lot of targeted testing within that specific population, and there was an increase in the total case count within that population. The program had a very good HIV/AIDS surveillance program to track the number of cases, and testing was directed at populations with those risk factors.

Assemblywoman Bustamante Adams asked if the program's vendor list was comprehensive, or if there were entities that did not participate in the rebate program with the state.

Mr. Olsen replied that there were a variety of community providers that provided services such as medical care and support services for clients of the program. He said there was an open network of community, neighborhood and national pharmacies available to clients.

In answer to a question from Senator Parks, Mr. Olsen replied that the program's federal funding from HRSA was approximately \$8.4 million, of which approximately \$6.2 million was earmarked for medications alone. He said the remaining federal funding was earmarked for community services such as medical and support services.

Senator Parks said HIV had become more of a chronic disease as opposed to one that was immediately life threatening. He said many young people infected with HIV tended to live well into later middle age without problems. Patients with an undetectable viral load were typically as healthy as any other individual.

Senator Spearman asked if the division had compared the current number of HIV/AIDS cases to the number of cases three to five years ago to determine the reason for the increased number of infected men with same-sex partners. She thought at one time the rate of infected women was increasing.

Ms. Peek replied that the division tracked all that information. She said the DPBH performed a comprehensive HIV/AIDS epidemiological profile every five years. She said the division closely examined demographic information such as men with same-sex partners, women with same-sex partners, location, and age. Ms. Peek said the information was available on the DPBH website. Additionally, she said that sexual health indicators had been added to the district-specific Legislative Health Briefs, which were also available on the DPBH website.

Moving to Agenda Item D-48, Assemblywoman Titus asked how much of the Colorectal Cancer Screening grant funds were used specifically for screening purposes. She asked how many people had been screened and the eligibility criteria for the program.

Jenni Bonk, Health Program Manager, DPBH, DHHS, replied that screenings began September 1, 2015, following a Centers for Disease Control and Prevention (CDC) readiness checklist to ensure infrastructure was in place. To date, 349 individuals were screened using the fecal immunochemical test (FIT) test and 42 individuals had undergone colonoscopies. Ms. Bonk said eligibility for the program was limited to men and women between the ages of 50 and 64 years; at or below 250 percent of the federal poverty level; and with inadequate or no health insurance.

Assemblywoman Titus asked about the program's protocol for treatment and referrals for patients with adenocarcinoma or precancerous lesions. She asked if there was a safety net for patients who required a repeat screening in three to five years. Ms. Bonk replied that diagnostic testing was performed following an abnormal result. She said the program searched for available treatment options for individuals who were uninsured and underinsured.

Assemblywoman Titus asked if the Colorectal Cancer Screening grant funds could be used for treatment and repeat screenings for high-risk individuals. Ms. Bonk said she did not think the funds could be used for that purpose; however, assistance was available to find help to cover the costs.

Moving on to Agenda Item D-49, Ms. Bonk said the federal Preventive Health and Human Services Block Grant funds historically funded the Community Health Nursing program, but that was no longer necessary. She said the funds were returned to Chronic Disease Prevention and Health Promotion (CDPHP) to support a variety of initiatives:

- CDPHP infrastructure and capacity
- Community Health Workers
- Increased physical activity in adults and youth
- Raising a healthier generation
- Rape prevention
- Heart and stroke
- Worksite wellness

Agenda Item D-49 involved the allocation of block grant funds, which required a public hearing.

Chair Carlton opened the public hearing. There being no requests to testify, Chair Carlton closed the public hearing.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE
AGENDA ITEMS D-44, D-45, D-48 AND D-49.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- 50. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2017** - Addition of \$13,766 in federal Pregnancy Risk Assessment Monitoring System (PRAMS) grant funds to assess pregnancy risks through accurate and timely data regarding selected maternal behaviors and experiences that occur prior to, during and shortly after pregnancy. Requires Interim Finance approval since the cumulative amount added to the NV PRAMS category exceeds \$75,000. **Work Program #C38161**

Refer to motion for approval under Agenda Item D.

- 51. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2017** - Addition of \$1,604,517 in federal Maternal, Infant and Early Childhood Home Visiting Program grant funds to continue to promote improvements in maternal and prenatal, infant and childhood

health through home visiting services. Requires Interim Finance approval since the amount added to the Home Visiting Program category exceeds \$75,000. **Work Program #C38271**

Refer to motion for approval under Agenda Item D.

- 52. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2017** - Addition of \$287,825 in federal Cooperative Agreements to Benefit Homeless Individuals grant for States (CABHI) grant funds to provide permanent housing, evidence-based treatment and critical supportive services to a growing number of vulnerable people. Requires Interim Finance approval since the amount added to the CABHI grant category exceeds \$75,000. **Work Program #C38251**

Refer to motion for approval under Agenda Item D.

- 53. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2017** - Transfer of \$439,767 from the Meth Education grants category to the Prevention grants category and \$474,441 from the Co-occurring grants category to the State Alcohol grants category to improve the accounting of grant funds. Requires Interim Finance approval since the amount transferred to the Prevention grants category exceeds \$75,000. **Work Program #C38459**

Refer to motion for approval under Agenda Item D.

- 54. Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2017** - Addition of \$573,893 in federal Assisted Outpatient Treatment Program grant funds to provide court ordered community-based outpatient treatment services for individuals with severe and persistent mental illness with recent and repetitive history of treatment non-compliance in Northern Nevada. Requires Interim Finance approval since the amount added to the Assisted Outpatient Treatment Program category exceeds \$75,000. **Work Program #C38041**

Refer to motion for approval under Agenda Item D.

- 55. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2017** - Addition of \$89,940 in funds from Clark County Judicial District Courts to partner with the division to assess and refer clients in the Clark County Detention Center to mental health specialty courts. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$75,000. **Work Program #C38245**

Refer to motion for approval under Agenda Item D.

- 56. Department of Health and Human Services - Welfare and Supportive Services - Child Support Enforcement Program - FY 2017** - Addition of \$5,786,777 in federal Child Support Enforcement Incentive grant funds to enhance and improve the effectiveness or efficiency of the program. Requires Interim Finance approval since the amount added to the Federal Incentive Award category exceeds \$75,000. **Work Program #C37992**

Nova Murray, Deputy Division Administrator, Division of Welfare and Supportive Services (DWSS), DHHS, said Work Program C37992 requested authority to augment the budget for the Child Support Enforcement Program (CSEP) with federal Child Support Enforcement Incentive grant funds. The program was currently awarded incentive funding based on four program measures. She said the program shared the measures with 11 counties. Ms. Murray said incentives were based on paternity establishment, support order establishment, collections, and cost effectiveness of the program. She said the CSEP improved from 50th in the nation to 23rd, which was largely due to the use of incentive funding. The funds were required to be used as a supplement to the program, not to supplant funding; therefore, the grant funds had to be reinvested. Ms. Murray said the CSEP used the incentive funding for an employer web service for interface changes, so data could be retrieved more quickly. Additionally, the funds were used to establish an online application, as well as a lien network where participating health insurers and liability insurers could report information, which the CSEP could lien. She said the funds were also used for strategic planning and other efforts to enhance program benefits for custodial and non-custodial parents.

Assemblyman Edwards said \$5 million was a significant amount of money to demonstrate the efficiency of the program. He said efficiency in the workplace and strategic planning should be normal processes for any agency. He asked what the \$5 million would help to accomplish.

Ms. Murray said the funds were part of a process created by the federal government to incentivize program improvement. She reiterated that Nevada was 50th in the nation with regard to child support collection and support order establishment. She said part of the improvement process included finding innovative ways to enhance the CSEP. Ms. Murray said the CSEP was working on strategic planning, but it was not necessarily associated with the funding. She said the CSEP hired a professional to mediate the process between the county district attorneys and program staff as a collective statewide group. Ms. Murray said the state and each county developed their own strategic plans, but it was necessary to look at the programs as a whole, because the incentive funds had to be approved by the federal government and then divided among 12 entities. She said the total amount of incentive funding was approximately \$3.5 million per year. The work program request would provide authority to the agency to disburse the federal funds to each entity to use toward incentive efforts. Ms. Murray said one of the incentive efforts of the CSEP was to institute text messaging for custodial and non-custodial parents. She said the cost of that incentive had not yet been

determined. Ms. Murray said the program's mission was to use the incentive funds to improve beyond 23rd in the nation.

In response to a comment from Assemblyman Edwards, Ms. Murray replied that the funds were meant to enhance the program, not necessarily increase its efficiency. She said the Child Support Enforcement Incentive grant was a competitive grant that was 100 percent federally funded. Ms. Murray said a state match was not required, and the funds were meant to improve the CSEP as much as possible. She said there was no requirement to use the funds. Some counties had not used the funds since 2012, because they had not found an appropriate use. Ms. Murray said each of the counties determined the best use of the funds based on areas of need within their own program.

Assemblywoman Bustamante Adams asked how quickly the state improved from 50th in the nation to 23rd. Ms. Murray said in 2011 Nevada was approximately 43rd in the nation. She said, overall, it took approximately ten years to become 23rd in the nation.

In answer to a question from Assemblywoman Bustamante Adams, Ms. Murray said the goal of the CSEP was to improve above 23rd in the nation.

Assemblywoman Bustamante Adams suggested the agency share its strategic plan during the 2017 Legislative Session. Ms. Murray said the strategic plan was prepared annually in October. She said, before each legislative session, the agency adapted the strategic plan to span the biennium.

Assemblywoman Bustamante Adams asked how Clark County was using the grant funds. Ms. Murray said Clark County planned to help educate and employ non-custodial parents to improve their ability to pay child support. She said social workers referred non-custodial parents to employment agencies to gain or improve employment skills; assisted with negotiations to reduce arrearages; and helped with driver's license restoration.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE
AGENDA ITEM D-56.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- 57. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2017 - Addition of \$64,958 in federal Children's Justice Act grant funds to support education and training for division employees, subgrantees and interested parties on child abuse related topics and funds child abuse related programs. Requires Interim Finance approval since the amount added to the Children's Justice Act grant category exceeds**

10 percent of the legislatively approved amount for that category. **Work Program #C37036**

Refer to motion for approval under Agenda Item D.

- 58. Department of Health and Human Services - Child and Family Services - Child Welfare Trust - FY 2017** - Transfer of \$51,243 from the Reserve category to the Refund Social Security (SS)/Client category to refund overpayments to Social Security and children aging out or leaving foster care. Requires Interim Finance approval since the amount transferred to the Refund SS/Client category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38018**

Refer to motion for approval under Agenda Item D.

- 59. Department of Health and Human Services - Child and Family Services Community Juvenile Justice Programs - FY 2017** - Addition of \$177,174 in federal Prison Rape Elimination Act (PREA) Education Program grant funds to provide for training and education for staff and youth in correctional facilities on how to identify and report instances of sexual abuse and sexual assault. Requires Interim Finance approval since the amount added to the PREA Education grant category exceeds \$75,000. **Work Program #C37944**

Refer to motion for approval under Agenda Item D.

- 60. Department of Health and Human Services - Child and Family Services Community Juvenile Justice Programs - FY 2017** - Addition of \$45,482 in federal Enforcing Underage Drinking Laws (EUDL) grant funds to provide direct service for training and counseling associated with underage drinking. Requires Interim Finance approval since the amount added to the EUDL Discretionary category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38333**

Refer to motion for approval under Agenda Item D.

- 61. Department of Corrections - Correctional Programs - FY 2017** - Addition of \$978,102 in federal U.S. Department of Justice funds for the Second Chance Act, Statewide Recidivism Reduction Strategic Plan Implementation to implement Nevada's strategic plan for reducing recidivism. Requires Interim Finance approval since the amount added to the Statewide Recidivism Reduction category exceeds \$75,000. **Work Program #C38293**

John Borrowman, Deputy Director, Department of Corrections (NDOC), introduced James Dzurenda, Director, NDOC, and David Tristan, Deputy Director, NDOC.

Mr. Dzurenda said he wanted to provide the Committee with additional information concerning the Second Chance Act. He said when he began working at the NDOC in April 2016, he examined the data to determine the most important factors in reducing crime in Nevada. Mr. Dzurenda said, at that time, the data indicated that 88 percent of the inmate population had sentences of less than 18 years, which meant 12,000 offenders would be released into the community in less than 15 years if there were no other arrests or discharges. He said, for the safety of the community, it was important to change the behavior of inmates before their release. Mr. Dzurenda said he examined the data further to determine the type of crimes committed by those inmates who would be released within the next 15 years, and the majority of crimes were related to property or illegal substance addictions. He determined that the department needed to focus on changing specific behaviors. He said historically the NDOC began working on discharge and reentry plans 12 months before an inmate was due for release; however, Mr. Dzurenda thought it was extremely difficult to change long-term behavior in such a short time. He said he changed the mission of the NDOC so the focus on reentry began the first day of an inmate's sentence. The NDOC needed to implement the appropriate programming and give offenders the right tools to begin changing behavior patterns, so inmates would be less likely to victimize the community after their release. Mr. Dzurenda said change was difficult, so he began asking other organizations outside Nevada for assistance in obtaining the necessary services and technological support to provide offenders with the tools for change. He said the federal Second Chance Act Statewide Adult Recidivism Reduction Strategic Planning Grant was a competitive grant to help reduce recidivism by instituting evidence-based programming designed to increase opportunities, education and wrap-around support to aid offenders in recovery and transition them into the community. He said, in the grant application, the NDOC provided strong justification about why the grant was critical to the state's mission to reduce recidivism. Nevada was one of seven states awarded the grant, which provided \$978,102 in the first year. Mr. Dzurenda said the federal government may provide up to \$3 million over three years to obtain the necessary resources for data collection, research and programming. He said the NDOC was in partnership with the Department of Public Safety; Division of Parole and Probation (P&P); Department of Health and Human Services (DHHS); Department of Employment, Training and Rehabilitation (DETR); Department of Education; West Care Transitions; Ridge House Transitions, and members of the Legislature. Additionally, the University of Nevada, Reno (UNR) and the University of Nevada, Las Vegas (UNLV) would assist with the research and technology necessary to rehabilitate the Nevada correctional system. Mr. Dzurenda said he was uncertain whether the NDOC's current programming was effective. The Second Chance Act grant funds would provide the state with support and resources to determine the true effectiveness of the current NDOC programs, which would help the department decide which programs to change or eliminate. The department's goal was to focus its resources on the most effective programming. Mr. Dzurenda noted that the NDOC was provided funds in the 2015-17 biennium to perform

research and obtain the necessary data for the Second Chance Act Statewide Adult Recidivism Reduction Strategic Planning Grant application.

Senator Parks said he assisted with the grant application. He thought the Second Chance Act was a positive step forward for the state and greatly beneficial for the residents of Nevada.

Assemblyman Sprinkle agreed with Senator Parks. He recalled discussion during the 2015 Session about the importance of reducing recidivism in the state. He asked if the NDOC had considered future funding methods for the program.

Mr. Borrowman replied that the program required a long-term investment to get it to its current state. He said the NDOC received a grant in FY 2016 to review issues within the department and develop an improvement plan, which was submitted to the federal government. He said Work Program C38293 was a request to receive grant funds to implement the strategies identified in that improvement plan. Mr. Borrowman said, depending on the results generated from those strategies, the state may be able to compete for the grant for a second and third year. He said the state had a good chance of being awarded the grant in subsequent years if the federal government was satisfied with the state's progress and results in the first year.

Mr. Borrowman said the implementation grant was to establish new programs, research the effectiveness of current programs, and begin instituting changes. He said the grant would not fund the program long term, but it provided seed money and the opportunity to ensure that the correct agencies were handling the appropriate responsibilities. Mr. Borrowman said the grant was more of an enhancement, and it was assumed the state would adopt those enhancements at the end of the three-year period. He said it would be incumbent upon the state to perpetuate the implemented enhancements.

Mr. Dzurenda said, if the program was successful, former offenders would successfully reenter the community, and recidivism and victimization in the state would be reduced. He said a lower recidivism rate would reduce the overall inmate population. Mr. Dzurenda said ten years ago, the inmate populations of New York and Florida were nearly identical with approximately 60,000 offenders each. He said the state populations of New York and Florida were also similar, with approximately 19 million residents each. He said New York transitioned to reentry programming and recidivism reduction to target crimes that occurred most often in the state. On the other hand, Florida reduced its programs, eliminating all programming related to the Second Chance Act. Florida also added more security measures, because the corrections department was experiencing escape attempts and staff assaults. Ten years later, New York had decreased its inmate population by almost 11,000 offenders, closed seven major facilities and reinvested the savings into community education. However, Florida's inmate population doubled, with nearly 112,000 offenders in 2015. Subsequently, the new director for the

Florida Department of Corrections reintroduced a programming piece, which reduced the inmate population by approximately 2,000 offenders. Mr. Dzurenda said much of the programming changes within the NDOC would be related to mental health and addiction services. He thought the correct programming and behavioral changes would ultimately reduce recidivism in Nevada.

Assemblyman Sprinkle said he supported the direction of the NDOC. He asked the department to provide a copy of the preliminary report.

Senator Spearman asked if the NDOC had identified the most common types of addictions associated with drug-related crimes. She also asked if the department had a breakdown of demographics for juveniles and adults, including level of education and number of arrests.

Mr. Dzurenda replied that drug-related crimes in Southern Nevada were different than those in Northern Nevada, which was why it was important to consider how and where services were provided after discharge. He said there were more evaluations for addiction services in Las Vegas than in Northern Nevada. He said crystal meth was the primary addictive substance in Southern Nevada, and heroin was the primary addictive substance in Northern Nevada. He noted that heroin addiction typically resulted from opiate addiction. Mr. Dzurenda, in an effort to provide individualized treatment plans, addiction services needed to be based on the background of the inmate and the community where the inmate would be released. He said, UNR and UNLV would assist the department by providing data such as the location of each arrest and the type of drug involved in each crime.

David Tristan, Deputy Director, NDOC, said the department was hopeful the addiction services programs would address both the psychological and physiological aspects of addiction. He said the NDOC would evaluate those types of programs during the grant process.

Senator Spearman asked if any current inmates were veterans. She asked who the department was collaborating with to help improve the success of the program.

Mr. Dzurenda replied that Nevada had the largest number of incarcerated veterans per inmate population than any correctional system in the United States. He said almost 1,800 inmates in Nevada were veterans. The NDOC collaborated with U.S. Vets and the Nevada Department of Veterans Services (Veterans Services), and met with them regularly in committee meetings. Mr. Dzurenda noted that Veterans Services was also part of the Second Chance Act and recently received a grant to hire two employees. He said the NDOC would be responsible for half the personnel costs for those two employees, who would be correctional staff trained to work specifically with incarcerated veterans. He said their duties would focus on assisting veteran inmates through the discharge process by offering services, providing an explanation of benefits, and helping inmates obtain resources. Mr. Dzurenda said, due to the high volume of incarcerated veterans, it

was critical for the department to improve its efforts in providing appropriate services to those inmates.

Senator Woodhouse asked what benchmarks had been established by the NDOC to justify continuation of the programs. Mr. Dzurenda replied that the department would determine the success of the program based on research data provided by UNR and UNLV.

Mr. Tristan stated that the current recidivism rate in Nevada for property-related crimes was approximately 38 percent and approximately 29 percent for drug-related crimes. He said the department hoped to reduce those percentages by 15 percent.

Assemblywoman Swank thought the recidivism reduction program was an excellent program. She asked if the department could learn enough in one year to make the program worthwhile, even if no additional funding were obtained.

Mr. Dzurenda replied that the department was striving to change the culture of the agency. He said NDOC staff was being educated on the programming changes, and the culture shift would occur as staff began to see positive impacts from those changes. He said staff would realize that everything from isolation segregation to treatment programs impacted the behavior of inmates after discharge. Mr. Dzurenda said, even if the state was not awarded additional Second Chance Act grant funds, staff would continue to focus on creative methods of providing incentives that would continue the culture shift, which would encourage offenders to protect, rather than victimize communities after discharge. He said changes were critical to the safety of the public. Mr. Dzuenda said a culture shift would occur even without additional funding.

Senator Woodhouse asked if the 15 percent reduction benchmark would be met in the first year of the grant. Mr. Tristan replied that the timeframe for the 15 percent benchmark was two years.

Returning to a question from Assemblywoman Swank, Mr. Tristan said training funds were built into the grant. He said the department hoped to develop training that would instill in all NDOC staff, core corrections practices that were evidence based to change the culture of the agency and reduce recidivism. The funds would also allow the department to work with other agencies, such as DETR, Hope for Prisoners in the Community, Veterans Services and the Division of Parole and Probation, to provide beneficial aftercare for inmates after discharge.

Assemblywoman Bustamante Adams said she applauded the efforts of the NDOC. She thought the change in the mission and culture of the agency was spot on. She said, instead of being punitive, the department needed to help former offenders become productive citizens. Assemblywoman Bustamante Adams asked what the timeframe was for the release of the 12,000 inmates mentioned earlier.

Mr. Dzurenda replied that 12,000 was a low estimate of the number of inmates scheduled for release within 15 years. He explained that the estimate was low, because there would be additional arrests during that time. He said 88 percent of Nevada's total inmate population had sentences of less than 18 years; however, 12,000 inmates currently had sentences of 15 years or less.

Assemblywoman Bustamante Adams asked if a NDOC staff member wrote the grant, and would that individual continue to assist with future grant proposals.

Mr. Dzurenda replied that Mr. Tristan was hired for his experience with grants. He was the Deputy Director of Programs for the California Department of Corrections for 17 years, and with the agency for almost 35 years. During Mr. Tristan's time as the Deputy Director, his purpose was to change the direction of California's prison system. Prior to Mr. Tristan's employment in Nevada, he was a national auditor of programs for the Association of State Correctional Administrators (ASCA) and the Department of Immigration and Customs Enforcement. He studied and audited programs and facilities nationwide. Mr. Tristan had knowledge regarding which programs were typically successful with agencies. Mr. Dzurenda said he was hopeful Mr. Tristan would be with the NDOC for a long time.

Assemblywoman Bustamante Adams congratulated Mr. Dzurenda on recruiting a quality team. She said she appreciated the multi-agency approach. She thought Juvenile Justice Services was also employing a multi-agency approach as well as changing its culture from punitive to rehabilitative. Assemblywoman Bustamante Adams asked if the NDOC would be meeting with its partner agencies on a regular basis.

Mr. Dzurenda replied that there were six long-term working groups that met on a regular basis ([Exhibit C](#)). He said various agencies were assigned to each group. The six working groups included Reentry Planning and Tracking; Offender Programming; Reentry Network and Employment Development; Family Involvement in Reentry; Offender Supervision; and Community Justice Partnerships and Policy Making. Mr. Dzurenda said he would submit a copy of the list to the Committee.

Assemblywoman Bustamante Adams asked which six states were also awarded the grant. Mr. Tristan indicated that all the other states awarded the grant were located on the east coast. He said he would obtain the list of states and provide it to the Committee.

Assemblywoman Titus said, although Mr. Dzurenda had only been with the NDOC a short time, he immediately began pursuing grant funds to make changes within the department. She thanked Mr. Dzurenda for his efforts to change the mindset of the department, because the NDOC needed the change.

Assemblywoman Titus said she attended the Peace Officers Standards and Training (POST) graduation in the fall. She noted that her stepson was a POST graduate and had been assigned to Lakeside Crossing. She said during Mr. Dzurenda's speech, he conveyed his enthusiasm about the department's new approach to recidivism. She asked if the new approach and mission of the NDOC would be included in all POST training or just NDOC training.

Mr. Dzurenda said he originated from the east coast where the philosophy was different from the west coast. He firmly believed that the new direction of the NDOC would be successful in helping to reduce crime in the community. He said his family was relocating to Nevada, and he wanted to ensure their safety as well. Mr. Dzurenda repeated that he had been speaking at graduation ceremonies and in-service training events about the new mindset and approach of the department. Additionally, the NDOC was establishing an intranet, which would allow Mr. Dzurenda to communicate more easily with frontline staff. He said a letter would be sent to staff explaining departmental changes concerning mental health and segregation, and how the safety of NDOC staff and the community would be impacted. Mr. Dzurenda said he was making every effort to highlight how changes within the NDOC would impact the safety of staff, their families and the community, because the change would be ineffective without the cooperation of staff.

Senator Spearman said the program adopted by the NDOC was robust. She asked how the Legislature could assist with the success of the program.

Mr. Dzurenda said effective programming would not occur if staff and inmates felt unsafe. He said two years ago, the ASCA evaluated the staffing plans of the NDOC and determined that the department had the lowest inmate-to-staff ratio in the country. As a result of a lower inmate-to-staff ratio, staff would naturally begin cutting corners and supervision would deteriorate. Mr. Dzurenda said staff would begin to feel unsafe due to lack of supervision by frontline corrections officers and the inability to protect themselves, which would ultimately make inmates feel unsafe. If inmates felt unsafe, they would not leave their cells to attend programs for fear of being forcibly recruited by gang members. Mr. Dzurenda said appropriate staffing levels were critical to the safety of staff and inmates, and without it, the program would be unsuccessful; therefore, he would be requesting an increase in staffing levels. He said he was currently working on eliminating ineffective programs and instituting new ones, but eventually the NDOC would require additional staff to begin the next phase. Mr. Dzurenda said he would like reassurance from the Legislature that he could increase programming and that the programming would be successful.

Chair Carlton replied that further discussion would occur in policy and finance committees during the 2017 Legislative Session.

SENATOR PARKS MOVED TO APPROVE AGENDA
ITEM D-61.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Kieckhefer and Assemblywoman Benitez-Thompson were not present for the vote.)

- 62. Department of Corrections - Correctional Programs - FY 2017** - Addition of \$269,700 in federal Title I Part D Youth Offender Program (YOP) grant funds transferred from the Nevada Department of Education to provide continuing education and skills training necessary for inmates to successfully reintegrate into the community upon release. Requires Interim Finance approval since the amount added to the Title 1 Part D YOP grant category exceeds \$75,000. **Work Program #C38497**

Refer to motion for approval under Agenda Item D.

- 63. Department of Corrections - Offenders' Store Fund - FY 2017** - Addition of \$3,447,965 in Store Sales, \$21,745 in Catalog Commissions, ~~\$3,900 in Video Visitation Fees~~, \$11,500 in Vending Machine Sales and \$39,012 in Treasurer's Interest due to higher than expected store and merchandise sales, ~~video visitation fees collected via a pilot program~~ and higher than expected Treasurer's interest due to an increase in caseload. Requires Interim Finance approval since the amount added to the Inventory Purchase for Resale category exceeds \$75,000. **Work Program #C38095. REVISED 12-6-16.**

Mr. Dzurenda said successful offender reentry required regular contact with family and friends during incarceration. In a large state like Nevada, inmates were often held in facilities far from family and friends. For example, male inmates between the ages of 16 and 17 are held at Lovelock Correctional Center in Lovelock; however, the majority of those offenders resided in Las Vegas. Likewise, female juvenile inmates are held at Florence McClure Women's Correctional Center (FMWCC) in Las Vegas, but often they resided elsewhere in the state. Mr. Dzurenda said juvenile inmates were often separated from friends and family, and most of those families did not have the financial means to travel to the facility where the juvenile was detained, which meant communication was primarily limited to the telephone. Mr. Dzurenda proposed the addition of video visitation as a method of maintaining communication between inmates and their family and friends. He said the pilot program would incorporate videoconferencing stations at FMWCC, Warm Springs Correctional Center (WSCC), Lovelock Correctional Center and Ely State Prison. Visitors would be able to go to any of those facilities and use the videoconferencing stations to visit with inmates at other facilities. Mr. Dzurenda said that the video visitation program was a pilot program, and the goal was to eventually have videoconferencing capabilities at all the NDOC facilities.

Chair Carlton said it was important to maintain personal visitation as well as video visitation. She asked how the program would be funded, and if families would be charged a fee.

Mr. Borrowman replied that changes had been made to the initial video visitation pilot program. He said, originally some NDOC vendors were going to provide the service; however, terms were still being negotiated. In an effort to move forward, the initial capital investment, which included all the equipment, would be funded through the Inmate Welfare fund. He said there would be recurring charges for warranty and technology support to maintain the infrastructure, as well as a cost to support the bandwidth. Those expenditures were included in the department's request. He said the pilot program would be limited to four facilities. If the pilot program was successful, the NDOC would need to invest more capital at the other facilities, and charges would be incurred for additional bandwidth, and warranty and technology support. Mr. Borrowman said the department was exploring options, but the first step was to determine if the program would be successful, prior to committing to a full enterprise solution. He said the department was still seeking to secure a full enterprise solution at a reasonable cost.

Mr. Borrowman said the original proposal included a minimal charge for visitors to utilize video visitation, because of the associated costs for connectivity and administration; however, it was uncertain whether the NDOC had the statutory authority to impose a fee on inmates or families for videoconference services. He said the amount the department sought to recover through video visitation fees was \$3,900, which was not enough to warrant the time it would take to determine if the NDOC had the proper statutory authority; therefore, the agency had withdrawn that portion of the request. He said video visitation would be free to visitors and inmates during the pilot program. Mr. Borrowman said the department would revisit the issue and examine the statutes if the video visitation program appeared to be an effective solution for inmates and families. If the statutes did not permit the agency to institute a fee then the NDOC could request some relief during the upcoming legislative session. He said the NDOC may decide to continue video visitations at no cost to inmates and/or families if the pilot program proved to be beneficial for the department and community-at-large. Mr. Borrowman said the discussion whether to charge inmates and/or families for video visitation was more complex than the agency anticipated for the roll out the pilot program; however, if the program was successful then extended conversations would take place with the full Legislature.

Chair Carlton asked if the NDOC was absorbing the \$3,900. She asked if the pilot program was available for juvenile inmates only, and about the use of a vendor to provide the services.

Mr. Borrowman replied that the \$105,200 requested by the department included the full cost of the video visitation pilot program. He said the majority of the funds were for the upfront capital expense to install video stations at the four institutions.

He said there would be an ongoing monthly charge borne by the Inmate Welfare fund. Mr. Borrowman said, in the future it may be better for the charge to be borne by the state rather than the Inmate Welfare fund, but that would be a policy decision.

In response to a question from Chair Carlton, Mr. Borrowman replied that the video visitation pilot program was an appropriate use of Inmate Welfare funds, because it was a service provided directly to inmates.

Chair Carlton asked if the video visitation program would require additional staff. Mr. Dzurenda replied that video visitation would occur during regular visiting hours; therefore, additional staff would not be required.

In response to a question from Chair Carlton, Mr. Borrowman replied that a third-party vendor would need to be employed to complete the circuit, but the expense would be borne by the state. He said Inmate Welfare funds would be used to reimburse vendors for any support they provided.

Chair Carlton said there may be discussions during the 2017 Legislative Session regarding the expansion of the program if the NDOC determined that the pilot program was successful. She wanted to ensure that inmates and/or families would not be charged to utilize video visitation, because it was counterintuitive to the mission of reducing recidivism. Chair Carlton did not think it was appropriate to charge a fee, even if the *Nevada Revised Statutes* permitted it.

Senator Parks noted there would be six video kiosks connecting to four facilities. He asked if video visitation would be easily accessible in the Las Vegas area for friends and family of juvenile inmates. Mr. Dzurenda replied that two video kiosks would be located at FMWCC, one for inmates and one for visitors. Visitors could go to FMWCC and utilize a video station to communicate with inmates around the state at other NDOC institutions that have kiosks.

Senator Spearman said budget constraints often made it difficult to incorporate necessary programs. She said there were organizations that invested in "social impact bonding," that could be of assistance to the NDOC and the state by creating a public/private partnership. Senator Spearman said Community Corrections and certain Fortune 500 companies invested in programs like the video visitation program to reduce recidivism and prepare inmates for employment after release.

SENATOR WOODHOUSE MOVED TO APPROVE
AGENDA ITEM D-63.

ASSEMBLYMAN EDWARDS SECONDED THE
MOTION.

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

Chair Carlton said the Committee anticipated updates from the NDOC during the Legislative Commission's Budget Subcommittee pre-session budget hearings and the 2017 Session budget hearings.

- 64. Department of Corrections - Inmate Welfare Account - FY 2017** - Addition of \$64,310 in Miscellaneous Commissions, \$92,579 in Reimbursements, \$4,789 in Recoveries and deletion of \$53,219 in Transfer from Offenders' Store to provide additional services due to an increase in inmate population. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38343**

Refer to motion for approval under Agenda Item D.

- 65. Department of Corrections - Prison Industry - FY 2017** - Transfer of \$93,336 from the Retained Earnings category to the Statewide Cost Allocation category to cover a Fiscal Year 2015 payment that was inadvertently missed. Requires Interim Finance approval since the amount transferred to the State Cost Allocation category exceeds \$75,000. **Work Program #C38053**

Refer to motion for approval under Agenda Item D.

- 66. Department of Corrections - Prison Industry - FY 2017** - Transfer of \$529,280 from the Operating category to the Northern Nevada Correctional Center (NNCC) Metal category and \$78,268 from the Personnel Services category to the Lovelock Correctional Center Garment Factory category to cover raw materials and inmate payroll for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the NNCC Metal Shop category exceeds \$75,000. **Work Program #C38047**

Refer to motion for approval under Agenda Item D.

- 67. Department of Motor Vehicles - Motor Vehicle Pollution Control - FY 2017** - Transfer of \$1,391,044 from the Reserve category to the City/County Air Quality category to distribute excess reserve funds to county governments. Requires Interim Finance approval since the amount transferred to the City/County Air Quality category exceeds \$75,000. **Work Program #C38007**

Assemblyman Edwards said the 2015 Legislature provided \$110 million to the Department of Motor Vehicles (DMV) for the System Modernization project. He asked why the extra money in the Reserve category was not being used for those technology upgrades.

Cyndie Munoz, Chief of Administration, DMV, replied that the department was statutorily required to distribute Motor Vehicle Pollution Control account funds in excess of \$1 million to the counties. She said the DMV did not have the option to utilize the funds for the System Modernization project.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE
AGENDA ITEM D-67.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

- 68. Department of Public Safety - Parole and Probation - FY 2017** - Transfer of \$200,000 from the Personnel Services category to the Offender Tracking Information System (OTIS) Replacement category and \$35,000 from the Personnel Services category to the Information Services category to cover increased programming and developer costs for the remainder of the state fiscal year and for the continuation and expansion of mobile offender reporting. Requires Interim Finance approval since the amount transferred to the OTIS Replacement category exceeds \$75,000. **Work Program #C38356**

Agenda Item D-68 and Agenda Item H were heard together.

Natalie Wood, Chief of Parole and Probation, Division of Parole and Probation (P&P), Department of Public Safety (DPS), introduced Sheri Brueggemann, Administrative Services Officer, DPS, and Laurie Sheehan, Program Manager, General Services Division, DPS.

Chair Carlton requested the anticipated completion date for the Offender Tracking Information System (OTIS) Modernization project.

Ms. Sheehan said Phase II of the OTIS Modernization project was currently in progress. She said Phase II was meant to upgrade and modernize the key component of the P&P system for tracking offenders, which was the case management component. She said the case management component was more complex than anticipated; therefore, the P&P added 500 hours of overtime for the programmers, which was authorized through the end of CY 2016. Ms. Sheehan stated that the development team was no longer behind, and the testing team was 80 percent complete. She said the OTIS Modernization project was expected to launch in July 2017, and Work Program C38356 would help the P&P stay on track to meet that date. Ms. Sheehan noted that various systems, such as the Oracle 11G, were in need of upgrades to avoid security threats.

Chair Carlton asked if the division was confident the requested funds would help meet the launch date of July 2017, and Ms. Sheehan said that was correct. She said she was working with Ms. Wood's team, the technical team and EITS project managers to closely monitor the progress of the project to remain on track.

Chair Carlton requested an update on the mobile offender reporting (MOR) program. She asked how workload and other program aspects had been impacted by the program.

Ms. Wood said the P&P was currently running two largescale operations in Las Vegas. One operation was the weekend home contact program where P&P officers met with offenders in their home environment to get a true sense of the offender's compliance and supervision. She said the program had been very successful. In mid-December, P&P officers had over 850 contacts with offenders and approximately 850 home attempts. Ms. Wood said the division was using a lot of resources for the weekend home contact program, but weekend visits were necessary due to the current number of personnel vacancies.

Ms. Wood said the other operation taking place in Las Vegas was the MOR initiative. She said the MOR program was the idea of the DPS Director. She said many offenders found it difficult to visit the P&P office in Las Vegas, because often they had to wait a long time to meet with their P&P officer due to the high volume of people served at that office, which could lead to missed counseling appointments, child custody hearings, etc. She said MOR was an opportunity for P&P officers to meet offenders in the community, which reduced stress for offenders and officers.

Ms. Wood said the object of both initiatives was to allow P&P officers to become more involved with offenders and the community. She said the MOR program had been very successful. She said the division acquired additional virtual private networks (VPN), which allowed officers to connect to OTIS in the field. Ms. Wood said the division had collected a significant amount in restitution in supervision fees and psychosexual evaluation fees, because MOR helped offenders become compliant. She said many offenders could not afford bus fare or the loss of work hours to attend meetings at the P&P office.

Chair Carlton said she was familiar with the MOR initiative, and she thought it was similar to a mobile satellite office. She recalled the P&P had a number of satellite offices prior to condensing to one campus. Chair Carlton said MOR was very beneficial and made it easier for offenders and P&P officers to remain in contact. She asked what obstacles had been encountered with the program.

Ms. Wood replied that there had been minimal obstacles with the MOR program; however, the cost of the VPNs was unexpected. She said offenders and the community appreciated the program. Ms. Wood said the P&P partnered with the Las Vegas Metropolitan Police Department (LVMPD) to use their facilities for

P&P officers to meet with offenders to avoid the overhead cost of a satellite office. She said, overall, the implementation of the MOR program had been positive.

Chair Carlton asked if offenders were apprehensive about attending their probation meetings at the police department. Ms. Wood said the LVMPD was effective at reaching out to offenders, and she was unaware of apprehension among offenders. She said offenders met with the same P&P officers and staff regularly, and the familiarity was helpful.

Chair Carlton said it was important to analyze which MOR satellite events offenders attended most often, because the data would be helpful if the P&P had to reestablish satellite offices in the future.

Assemblyman Sprinkle asked if P&P officers had adequate control and supervision during community and home visits with offenders. Ms. Wood said community and home visits were a necessary evil at times. She said the division served approximately 20,000 offenders, but only a limited number of incidents had occurred due to the good communication and rapport between P&P staff and offenders.

Moving on to Agenda Item H, Ms. Wood said the P&P had partnered with the U.S. Marshals Office (USMO) for a number of years for special events regarding sex offender operations, fugitive apprehension and warrant service. As a result, the USMO assigned a part-time officer to assist with special operations, and gifted a Dodge Durango vehicle to the division.

In response to a question from Chair Carlton, Ms. Wood replied that the vehicle had already been outfitted.

SENATOR WOODHOUSE MOVED TO APPROVE
AGENDA ITEM D-68 AND AGENDA ITEM H.

ASSEMBLYMAN EDWARDS SECONDED THE
MOTION.

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

- 69. Department of Public Safety - Emergency Management Division - FY 2017 -** Addition of \$216,289 in federal Homeland Security Grant Program (HSGP) funds transferred from the Department of Public Safety - Emergency Management Assistance Grant Account to continue to support resource management costs associated with improving emergency response and reducing the threat of terrorism. Requires Interim Finance approval since the amount added to the HSGP Training category exceeds \$75,000. **Work Program #C37616**

Refer to motion for approval under Agenda Item D.

- 70. Department of Public Safety - Criminal History Repository - FY 2017 -** Transfer of \$764,200 from the Reserve category to the Information Services category to cover a projected shortfall due to greater than anticipated need for programming, database administration, mainframe, virtual server, disk storage and database hosting services to support the Nevada Criminal Justice Information System Modernization program. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C38069**

Refer to motion for approval under Agenda Item D.

- 71. Department of Public Safety - Criminal History Repository - FY 2017 -** Transfer of \$147,800 from the Reserve category to the Operating category, \$38,050 from the Reserve category to the Equipment category, and \$13,167 from the Reserve category to the Fingerprint ID Network category to cover costs through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C38494**

Refer to motion for approval under Agenda Item D.

- 72. Department of Public Safety - Highway Safety Plan and Administration - FY 2017 -** Transfer of \$29,075 from the Information Services category to the Equipment category and \$29,075 from the Information Services category to the federal Reserve for Reversion category to purchase cubicles and chairs for the Carson City office. Requires Interim Finance approval since the amount transferred from the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38317**

Refer to motion for approval under Agenda Item D.

- 73. Department of Public Safety - Highway Safety Plan and Administration - FY 2017 -** Addition of \$1,000,000 in Nevada Department of Transportation (NDOT) Highway Safety Improvement Program (HSIP) funding to support the continued implementation of the Nevada Crash/Citation Accident and Tracking System. Requires Interim Finance approval since the amount added to the NDOT HSIP Funds

category exceeds \$75,000. **RELATES TO ITEM D. 76. Work Program #C37864**

Refer to motion for approval under Agenda Item D.

- 74. Department of Public Safety - Traffic Safety - FY 2017** - Addition of \$718,737 in Nevada Department of Transportation (NDOT) FLEX funds to support the statewide Road Users' Behavioral Campaign programs promoting highway safety education and awareness. Requires Interim Finance approval since the amount added to the NDOT FLEX Funds category exceeds \$75,000. **Work Program #C37853**

Agenda Items D-74 and D-75 were heard together. Refer to motion for approval under Agenda Item D-75.

- 75. Department of Public Safety - Traffic Safety - FY 2017** - Addition of \$1,237,297 in 402 Highway Safety grant funds, \$1,290,959 in Federal Alcohol Incentive grant funds, \$139,074 in Federal Motorcycle Incentive grant funds, \$603,610 in Federal Occupant Protection Incentive grant funds, \$961,696 in federal Traffic Records Incentive grant funds, and \$1,350,102 in Nevada Department of Transportation (NDOT) Traffic Safety (FLEX) funds to align grant authority. Requires Interim Finance approval since the amount added to NDOT Flex Funds exceeds \$75,000. **Work Program #C37568**

Agenda Items D-74 and D-75 were heard together.

Assemblyman Edwards said he no longer required further testimony from the agency. There was no additional discussion on this item.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE
AGENDA ITEMS D-74 AND D-75.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator
Spearman and Assemblywoman Benitez-Thompson
were not present for the vote.)

- 76. Department of Public Safety - Traffic Safety - FY 2017** - Addition of \$1,229,291 in Nevada Department of Transportation (NDOT) Highway Safety Improvement Program (HSIP) funding to support the continued implementation of the Nevada Crash/Citation Accident and Tracking System (NCATS). Requires Interim Finance approval since the amount added to the NDOT HSIP Funds category exceeds \$75,000. **RELATES TO ITEM D. 73. Work Program #C37832**

Refer to motion for approval under Agenda Item D.

- 77. Department of Public Safety - Justice Assistance Act - FY 2017** - Addition of \$148,240 in federal Residential Substance Abuse Treatment grant funds, \$161,908 in federal Sex Offender Monitoring, Apprehending, Registering and Tracking (SMART) grant funds, \$93,562 in federal National Crime Statistics Exchange grant funds, \$85,898 in federal National Criminal History Improvement Program grant funds, and deletion of \$79,448 in federal Forensic Science Improvement grant funds, \$10,039 in federal Project Safe Neighborhood grant funds, \$152,204 in federal National Instant Criminal Background Check System Act Record Improvement Program grant funds and \$1,955 in federal Bulletproof Vest grant funds to align state and federal grant authority. Requires Interim Finance approval since the amount added to the SMART grant category exceeds \$75,000. **Work Program #C37970**

Refer to motion for approval under Agenda Item D.

- 78. Department of Public Safety - Justice Assistance Act - FY 2017** - Addition of \$117,351 in federal Residential Substance Abuse Treatment grant funds, \$75,491 in federal Forensic Science Improvement grant funds, \$23,711 in federal Prison Rape Elimination Act funds, and \$303,378 in federal National Instant Criminal Background Check System Act - Record Improvement Program (NARIP) funds to align federal and state grant authority. Requires Interim Finance approval since the amounts added to the NARIP grant category exceeds \$75,000. **Work Program #C38353**

Refer to motion for approval under Agenda Item D.

- 79. Department of Public Safety - Justice Assistance Grant Trust - FY 2017** - Deletion of \$319,480 in federal Justice Assistance grant funding to align state and federal grant authority. Requires Interim Finance approval since the amount deducted from the Justice Assistance grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38128**

Refer to motion for approval under Agenda Item D.

- 80. Department of Conservation and Natural Resources - Water Resources - FY 2017** - Transfer of \$254,776 from the Reserve category to the South Fork Dam category to complete necessary repairs on the South Fork Dam. Requires Interim Finance approval since the amount transferred to the South Fork Dam category exceeds \$75,000. **Work Program #C38370 WITHDRAWN 11-21-16**

Refer to motion for approval under Agenda Item D.

- 81. Department of Conservation and Natural Resources - Water Resources - FY 2017** - Addition of \$372,400 in Transfer from Wildlife Boating Access grant funds to provide funding for repairs and maintenance to the South Fork Dam in Elko County. Requires Interim Finance approval since the amount added to the

South Fork Dam category exceeds \$75,000. **Work Program #C38451**

Refer to motion for approval under Agenda Item D.

- 82. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2017** - Addition of \$188,709 in federal Environmental Protection Agency (EPA) Multipurpose Program grant funds and deletion of \$12,009 in Transfer of Fees from the Nevada Environmental Protection Agency to support Air Quality Program activities. Requires Interim Finance approval since the amount added to the EPA Multipurpose grant category exceeds \$75,000. **Work Program #C38272**

Refer to motion for approval under Agenda Item D.

- 83. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2017** - Addition of \$53,887 in Tire Fees to cover anticipated expenditures for the Recycling Program and transfer of \$955,160 from the Transfer to State Agencies category to the Solid Waste Program category to properly align authority with program activities and improve overall transparency. Requires Interim Finance approval since the amount added to the Solid Waste category exceeds \$75,000. **Work Program #C38365**

Refer to motion for approval under Agenda Item D.

- 84. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2017** - Addition of ~~\$300,000~~ **\$200,000** in Federal Department of Defense grant funds to support oversight activities and contract services for range cleanup at military munition sites. Requires Interim Finance approval since the amount added to the Department of Defense Administration category exceeds \$75,000. **Work Program #C38374. REVISED 12-1-16.**

Refer to motion for approval under Agenda Item D.

- 85. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2017** - Deletion of \$38,866 in Transfer from Petroleum/Clean-up Discharge Trust funds to align revenue and expenditure authority remaining from FY 2016 for the clean-up of petrochemical products at three former dry cleaning sites. Requires Interim Finance approval since the cumulative amount added to the Petrochemical/Petroleum Fund category exceeds \$75,000. **Work Program #C38387. WITHDRAWN 11-21-16**

- 86. Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2017** - Addition of \$89,613 in Federal Environmental Protection Agency (EPA) Multipurpose Program

grant funds to sample drinking water in schools, analyze for lead and replace fixtures to reduce lead exposure. Requires Interim Finance approval since the amount added to the EPA Multipurpose grant category exceeds \$75,000. **Work Program #C38273**

Refer to motion for approval under Agenda Item D.

- 87. Department of Wildlife - Director's Office - FY 2017** - Addition of \$20,782 in federal Wildlife Restoration grant funds, \$6,088 in Federal Sport Fish Restoration grant funds, \$2,188 in federal State Wildlife grant funds, and \$20,192 in Transfer of Sportsmen Revenue to update the agency strategic plan in coordination with the Governor's Nevada Strategic Planning Framework. Requires Interim Finance approval since the amount added to the Training category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38253**

Refer to motion for approval under Agenda Item D.

- 88. Department of Wildlife - Conservation Education - FY 2017** - Addition of \$159,344 in Federal Fish and Wildlife Service Wildlife Restoration grant funds to maintain and improve hunter education shooting ranges that are open to the public. Requires Interim Finance approval since the amount added to the Hunter Education category exceeds \$75,000. **Work Program #C37957**

Refer to motion for approval under Agenda Item D.

- 89. Department of Wildlife - Game Management - FY 2017** - Addition of \$24,147 in federal Wildlife Restoration grant funds and \$8,049 in Transfer of Sportsmen Revenue to replace a vehicle declared a total loss as a result of a single vehicle accident. Requires Interim Finance approval since the cumulative amount added to the Equipment category exceeds \$75,000. **Work Program #C38284**

Refer to motion for approval under Agenda Item D.

- 90. Department of Wildlife - Fisheries Management - FY 2017** - Addition of \$48,375 in Federal Sportfish grant funds and \$16,125 in Transfer of Sportsmen Revenue funds for maintenance and improvements to the fish hatcheries and sportfish production and distribution program. Requires Interim Finance approval since the amount added to the Sportfish Production and Distribution category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38084**

Refer to motion for approval under Agenda Item D.

91. **Department of Wildlife - Fisheries Management - FY 2017** - Addition of \$266,665 in Transfer of Trout Stamp funds for essential repairs at the Mason Valley Fish Hatchery. Requires Interim Finance approval since the amount added to the Hatchery Refurbishment category exceeds \$75,000. **Work Program #C38150**

Refer to motion for approval under Agenda Item D.

92. **Department of Wildlife - Fisheries Management - FY 2017** - Addition of \$212,569 in Federal Fish and Wildlife Service (USFWS) Sport Fish Aquatic Invasive Species (AIS) Boat Access grant funds, \$185,410 in USFWS Lake Mead AIS Inspection, Decontamination and Outreach grant funds, and \$132,657 in Transfer of AIS fees to continue watercraft inspection, decontamination and public education activities for the AIS inspection program. Requires Interim Finance approval since the amount added to the AIS Outreach and Inspection category exceeds \$75,000. **Work Program #C38216**

Refer to motion for approval under Agenda Item D.

93. **Department of Wildlife - Diversity - FY 2017** - Addition of \$61,190 in Bureau of Land Management Wildlife and Plant Conservation Resource Management grant funds to support the research and planning program for wildlife and habitat monitoring in regards to the department's Wildlife Action Plan. Requires Interim Finance approval since the amount added to the State Wildlife Grants Plan Implementation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C38332**

Refer to motion for approval under Agenda Item D.

94. **Public Employees' Benefits Program - FY 2017** - Transfer of \$4,431,263 from the Reserve category to the Health Savings Account (HSA)/Health Reimbursement Arrangements (HRA) Contributions category to fund projected expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the HSA/HRA Contributions category exceeds \$75,000. **Work Program #C38367**

Refer to motion for approval under Agenda Item D.

95. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2017** - Transfer of \$86,867 from the Operating category to the Training category to cover higher than anticipated costs to provide mandatory training to forensic specialists and mental health technicians for required certifications. Requires Interim Finance approve since the transfer to the Training category exceeds \$75,000. **Work Program #C38025. RECEIVED AFTER SUBMITTAL DEADLINE, 11-16-16.**

Refer to motion for approval under Agenda Item D.

RECLASSIFICATIONS

Refer to motion for approval under Agenda Item D.

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Department of Business and Industry – Manufactured Housing	754/3814	0025	Manufactured Housing Inspector Code: 11.561 Grade: 31/01 Employee/Employer Paid Retirement \$39,672.00	Administrative Assistant 3 Code:11.354 Grade: 27/01 Employee/Employer Paid Retirement \$33,679.56
Department of Health & Human Services – Child and Family Services	409/3259	0112	Youth Training Center Counselor Code: 12.562 Grade: 35/01 Employee/Employer Paid Retirement \$46,938.24	Mental Health Counselor 2 Code:10.139 Grade: 37/01 Employee/Employer Paid Retirement \$51,197.76

E. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, said the current Contingency Account balance for the unrestricted General Fund was \$12.3 million. She said there were three requests before the Committee, which totaled \$2.1 million. If all three items were approved, the unrestricted General Fund balance would be \$10.2 million. Staff would note the unrestricted Highway Fund balance was currently \$1.7 million, and there were no requests before the Committee.

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

1. Department of Administration – State Public Works Division – Request for an allocation of \$824,735 to cover a shortfall in CIP project 15-M42, Deferred Maintenance, Nevada System of Higher Education, Assembly Bill 401 (2015).

Evan Dale, Division Administrator, Department of Administration, said the State Public Works Division (SPWD) was requesting \$824,735 from the Contingency Account for the benefit of CIP Project 15-M42, which was deferred maintenance for the Nevada System of Higher Education (NSHE). He said the funds would be used to fill a shortage in the Special Higher Education Capital Construction fund (SHECC).

Chair Carlton asked if Slot Tax revenue had experienced a shortfall in the past, and if the revenue was being tracked. Vic Redding, Vice Chancellor of Finance, NSHE, replied that there was a shortfall in SHECC funds for the first time due to the declining number of slot machines in Nevada.

Chair Carlton asked if the shortfall would be an ongoing issue. Mr. Redding replied that Slot Tax revenue was reviewed by the Technical Advisory Committee of the Economic Forum, of which he was a member. Based on projections, it appeared Slot Tax revenue had “hit the floor” within a couple hundred thousand dollars, but the shortfall would be ongoing.

Chair Carlton asked what the ramifications would be if the Committee did not approve the request.

Mr. Redding replied that \$10 million in Higher Education Capital Construction (HECC) funds and \$5 million in SHECC funds provided the deferred maintenance “Band-Aid” and bailing wire funds for NSHE. The funds were allocated proportionally to institutions based on the amount of maintained square footage over five years old. If the request were not approved, it would cause a corresponding reduction across all institutions.

Senator Kieckhefer asked if there were dedicated funds to pay existing debt service. Mr. Redding replied that there was a \$250 slot tax per machine. He said the first \$5 million in Slot Tax revenue was for HECC funds. He explained that the funds were deposited into the General Fund first and then provided to NSHE deferred maintenance through the CIP bill. Of the total Slot Tax revenue collected, 20 percent went to the SHECC fund and 80 percent went to the Distributive School Account (DSA). Mr. Redding said the debt service on Slot Tax bonds was the first thing paid from the SHECC fund. He recalled a bill from the 2013 Legislative Session that funded the remodel of the Thomas and Mack Center and addressed several structural issues at the University of Nevada, Reno. Mr. Redding said the very last of the SHECC fund dollars, up to \$2.5 million per year, were historically used to support NSHE deferred maintenance.

In answer to a question from Senator Kieckhefer, Mr. Redding said deferred maintenance was the cash portion of the SHECC funds. He said the debt service payment was the first item paid with the 20 percent allocation.

Senator Kieckhefer said \$800,000 in deferred maintenance was divided among all eight institutions. He asked if there was a shortage in the funds that were meant to be used to honor contracts.

Mr. Redding replied the HECC and SHECC were different than a traditional CIP, where funding was addressed after the project had begun. He said the HECC and SHECC were essentially determined by a formula in statute. The

funds were allocated to the institutions and then projects were identified; however, preliminary projects were identified in the agency request budget. For example, NSHE identified preliminary projects for the 2017-19 biennium in April 2016. Mr. Redding said often the funds were spent on new and urgent needs rather than preliminary projects.

Mr. Redding said, if the Committee did not approve the request, the impact would vary by institution. He said projects would be scaled back or delayed to see if additional HECC/SHECC funds would be allocated during the 2017 Session. He said the deferred maintenance backlog was approximately \$815 million; therefore, the \$15 million allocated during the legislative session would be used for scaled-back or less expensive projects.

In answer to a question from Senator Kieckhefer, Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, LCB, replied that Contingency Account funds had never been used to backfill NSHE's deferred maintenance CIP projects.

Chair Carlton said, because the Slot Tax revenue had reached its lowest point, the Committee must continue to monitor the SHECC fund. She said deferred maintenance projects had been continually postponed, which could lead to health and safety issues.

Mr. Redding said the Board of Regents had a similar concern. He said it was a significant issue that could not be resolved quickly. He said NSHE was agreeable to a broader discussion on the matter. Chair Carlton said deferred maintenance would be a significant topic of discussion during the 2017 Legislative Session.

SENATOR WOODHOUSE MOVED TO APPROVE
AGENDA ITEM F-1.

ASSEMBLYMAN PAUL ANDERSON SECONDED THE
MOTION.

Senator Kieckhefer said he did not think the request was an appropriate use of Contingency Account funds; therefore, he would oppose the motion. He said the request was to address an estimated shortfall, and deferred maintenance projects had already been delayed for a long time. He said the legislative session would begin in a couple months, and the CIP bill would be addressed at that time.

THE MOTION PASSED. (Senator Kieckhefer opposed
the motion. Senator Spearman and Assemblywoman
Benitez-Thompson were not present for the vote)

2. Department of Public Safety – Nevada Highway Patrol – Request for an allocation of \$105,670 for dignitary protection activity costs incurred during Fiscal Year 2017.

Chair Carlton requested confirmation that the adjusted amount requested by the agency was \$89,043, and Dennis Osborn, Chief, Nevada Highway Patrol (NHP), Department of Public Safety, said that was correct.

Mr. Osborn said there was an unprecedented number of presidential candidate visits during the 2016 election cycle. He said typically the agency did not receive reimbursement for dignitary protection; however, the NHP recovered \$33,000 from the Las Vegas Convention and Visitors Authority for the third presidential debate held in October 2016.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE
AGENDA ITEM F-2.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator
Spearman and Assemblywoman Benitez-Thompson
were not present for the vote.)

3. State Department of Conservation and Natural Resources – Administration – Request for an allocation of \$1,182,445 to cover a shortfall in the Sagebrush Ecosystem program.

Jim Lawrence, Deputy Director, Department of Conservation and Natural Resources (DCNR), said the agency's request was for an allocation from the Contingency Account for the Sagebrush Ecosystem Program. He said the request was not for additional funds, instead it was to replace the exact amount the program reverted at the end of FY 2016 due to the absence of carry-forward language in the Appropriations Act, Senate Bill (S.B.) 514 (2015). Mr. Lawrence said the program's approved budget for FY 2016 included an appropriation of \$1.37 million as seed funding for habitat conservation projects and contracts associated with the state's conservation credit system. Due to the absence of the carry-forward language in S.B. 514, the agency was required to revert unspent funds for FY 2016.

Mr. Lawrence said one of the intended uses for the funds was to carry out valuable Greater Sage-grouse habitat conservation projects, which would generate credits for the Sagebrush Ecosystem Conservation Credit System. He said there were currently four project agreements comprising approximately 13,500 acres of Greater Sage-grouse conservation work, which would generate an estimated 5,500 conservation credits. The second part of the request was to demonstrate to the U.S. Fish and Wildlife

Service (USFWS) the state's conviction regarding its Greater Sage-grouse conservation plans. He said, in addition to a solid state plan, the USFWS required a financial commitment from the state to implement the plans that were being evaluated. Mr. Lawrence said the USFWS would reconsider whether to list the Greater Sage-grouse as a threatened or endangered species in 2020. He said that decision would be impacted by the state's ability to carry out the financial commitment.

Chair Carlton asked if the funds would be allocated to the DCNR Administration budget. Mr. Lawrence replied that the Sagebrush Ecosystem Program was located in the DCNR Director's Office budget, which included funding for the Sagebrush Ecosystem Council, Sagebrush Ecosystem technical team, and project and contract dollars.

Chair Carlton requested an update on the Sagebrush Ecosystem Conservation Credit System (CCS).

Mr. Lawrence said there were four projects under agreement that would generate approximately 5,500 credits. He said the agreements were the result of the 2015 state solicitation and first round of funding. The agency had been approached by entities and land owners outside of the state's solicitation process to implement CCS projects; however, the land area and project details were still under evaluation. Mr. Lawrence said the state could earn an additional 1,000 credits depending on the projects. He said the DCNR recently began solicitation for 2016 funding for CCS projects. Mr. Lawrence said letters of interest were due January 9, 2017. He said the DCNR held a webinar on December 13, 2016, and approximately 20 entities throughout Nevada, California and the Midwest were interested in performing conservation work in Nevada; therefore, it was difficult to estimate the number of projects that would be submitted. In 2015, the Sagebrush Ecosystem Council awarded \$1 million for five projects; however, one project had dropped out. Mr. Lawrence said 2015 was the inaugural year for the Sagebrush Ecosystem Program. Based on the number of calls the agency had received, he expected the level of interest to increase in 2016.

Senator Goicoechea said the state committed \$2 million to the Sagebrush Ecosystem Program. He was unsure why S.B. 514 required the funds to be reverted. He said it may have been better to list the Greater Sage-grouse as a threatened or endangered species. Senator Goicoechea said he supported the agency's request, even though it was a significant amount of money.

Chair Carlton explained that S.B. 514 lacked the carry-forward language necessary to prevent the funds from reverting.

SENATOR GOICOECHEA MOVED TO APPROVE
AGENDA ITEM F-3.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Spearman and Assemblywoman Benitez-Thompson were not present for the vote.)

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

Kristina Shea, Program Analyst, Fiscal Analyst Division, LCB, presented the Committee on Industrial Programs semiannual report for FY 2017 to date. She said the Committee on Industrial Programs met three times since the last report was presented to the IFC in December 2015. She said there were several items worth noting.

Ms. Shea said the first item related to the Prison Industries financial statements submitted to the Committee on Industrial Programs. While the six sponsored Prison Industry programs generated net profits, total net income for FY 2016 was \$46,309, which by comparison, was a decrease of \$930,248 from FY 2015 in which Prison Industries' net income was \$976,557 (page 482, [Exhibit B](#)). Ms. Shea said there were two main factors that contributed to the decrease in net income. The first factor that affected the decrease in income was \$300,000 of bad debt expense related to Alpine Steel's summary judgement, which was written off in FY 2016. She noted that Alpine Steel was a private steel fabrication company that had operated at High Desert State Prison. She said Prison Industries was in the process of auctioning the remaining equipment, and the final loss would be determined and reflected on the financial statements in FY 2017. Ms. Shea said the second factor that contributed to the decrease in net income was the Prison Ranch, which operated under Prison Industries. She said the Prison Ranch experienced a decrease in net income of \$264,027, a 55.6 percent decrease, from \$474,571 in FY 2015 to \$210,544 in FY 2016, due to a decrease in the U.S. Bureau of Land Management boarding fees income from the Wild Horse and Burro program.

Ms. Shea said another issue that affected Prison Industries through FY 2017 year-to-date included the decision at the March 11, 2016, meeting of the Committee on Industrial Programs to continue operations of the Drapery Shop as a consolidated component of the Garment Factory and report revenues collectively. She noted the Drapery Shop had operated at a net loss for more than three consecutive years. Prison Industries would continue to report to the Committee on Industrial Programs regarding the operation of the Drapery Shop, with the understanding that future consideration may be given to continue or discontinue the operation.

Ms. Shea said Jacob's Trading Company, which currently operated a resorting program at Florence McClure Women's Correctional Center, was under new ownership. She said Jacob's Trading Company downsized its operation from a potential \$6.7 million

contract over four years with 62 female inmates employed, to a potential \$2.5 million contract over four years with 15 female inmates employed. She said the agency indicated that Jacob's Trading Company would likely continue under new ownership at the new capacity.

Ms. Shea said Prison Industries reported an average of 482 inmates employed during FY 2016, which was 3.6 percent of the total inmate population, and a 2 percent decrease compared to the average inmates that worked in FY 2015. Total wage assessments generated were \$405,016, with \$287,620 transferred to Room and Board, \$58,698 to Prison Industries Capital Improvement Fund, and \$58,698 to the Victims of Crime fund.

Chair Carlton said it appeared there was a loss of 286 inmate jobs with the closure of a number of different manufacturing companies since 2007.

Assemblyman Sprinkle asked if the auction of the remaining equipment was the last component related to Alpine Steel, and Ms. Shea said that correct. She said the final loss would be entered for FY 2017 after the auction, which would complete the process.

Assemblyman Oscarson noted that Ms. Shea began staffing the committee after the Alpine Steel issue was in progress. As the Chair of the Committee on Industrial Programs, he thought Ms. Shea did an excellent job keeping the committee on task. He said there was discussion concerning Alpine Steel at every meeting. Assemblyman Oscarson said Jim Penrose, Senior Principal Deputy Legislative Counsel, Legal Division, LCB, spent an inordinate amount of time trying to determine methods of recouping the funds. Additionally, committee members with knowledge of the steel business also assisted with the process. He said, overall, the committee was diligent in its efforts to recoup the funds. Assemblyman Oscarson thanked Ms. Shea and the committee for their efforts.

Senator Goicoechea, who was also a member of the Committee on Industrial Programs, noted that the funds recouped from the final auction would not be enough to remove the deficit, and Ms. Shea said that was correct.

Senator Goicoechea commended the efforts of Prison Industries. He said he had spoken with the Director of the U.S. Bureau of Land Management about obtaining additional horses to increase profits at the Prison Ranch.

H. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335 – Department of Public Safety – Parole and Probation –
Request for approval to accept the donation of a vehicle from the United States Marshals Service, valued at \$28,500.

Agenda Item D-68 and Agenda Item H were heard together. Refer to testimony and motion for approval under Agenda Item D-68.

I. INFORMATIONAL ITEMS.

There was no discussion on Agenda Item I.

- 1. GOVERNOR'S FINANCE OFFICE** – Budget Division – Quarterly report of the agency activity relating to contracting with current or former employees of the state, for the period ending September 30, 2016, pursuant to NRS 333.705(5).
- 2. DEPARTMENT OF ADMINISTRATION**
 - a) State Public Works Division – Information regarding the Project Exception Report pursuant to NRS 341.100(8)(g).
 - b) Nevada State Library and Archives – Cooperative Libraries Automated Network – Notice to eliminate one full-time equivalent (FTE) Management Analyst 3 due to workload duty changes. This results in a decrease of 1.0 in the total FTE count.
- 3. DEPARTMENT OF AGRICULTURE** – Pest, Plant Disease, and Noxious Weeds – Notice to eliminate one FTE Grants and Projects Analyst 1 position due to the expiration of funding source. This results in a decrease of 1.0 in the total FTE count.
- 4. NEVADA SYSTEM OF HIGHER EDUCATION** – Quarterly reports on the progress made by the School of Medicine in obtaining federal approval for the research program on the medical use of marijuana, as well as the status of activities and information received through the program, for the periods ending June 30, 2016, and September 30, 2016, pursuant to NRS 453A.600.
- 5. DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS** – Division of Museums and History – Museum Dedicated Trust Funds – Semiannual report regarding the investment and expenditure of private funds, for the period ending June 30, 2016, pursuant to NRS 381.0033(b).
- 6. DEPARTMENT OF HEALTH AND HUMAN SERVICES** – Aging and Disability Services Division
 - a) Quarterly report for the Senior Rx and Disability Rx Prescription Caseload Data, for the period ending September 30, 2016, pursuant to NRS 439.630(1)c.
 - b) Home and Community Based Services – Notice to change an existing Social Services Program Specialist 3 from a 1.0 FTE to two .50 FTE. The requested change will enhance the ability to provide coverage in Northern and Southern Nevada.
- 7. DEPARTMENT OF PUBLIC SAFETY** – Parole and Probation – Quarterly report on the status of the agency's pre-sentence investigations backlog for the period ending September 30, 2016 (letter of intent, 2015 Legislature). Budget office memo to be revised.

8. NEVADA DEPARTMENT OF WILDLIFE

- a) Wildlife Trust Fund – Semiannual report concerning the investment and expenditure of the money in the Wildlife Trust Fund pursuant to NRS 501.3585.
- b) Annual report on the \$25,000 expended for enhanced training (letter of intent, 2015 Legislature).

9. LEGISLATIVE AUDITOR – Six-month reports on agencies' implementation of recommendations made by the Legislative Auditor pursuant to NRS 218G.270.

- a) Office of the Attorney General
- b) Office of the State Treasurer – Unclaimed Property Program
- c) Department of Business and Industry – Manufactured Housing Division
- d) Department of Tourism and Cultural Affairs – Divisions of Museums and History
- e) Department of Public Safety
 - 1) Nevada Highway Patrol
 - 2) Capitol Police

J. PUBLIC COMMENT.

There was no public comment.

K. ADJOURNMENT.

Chair Carlton adjourned the meeting at 1:54 p.m.

Assemblywoman Maggie Carlton, Chair
Interim Finance Committee

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