MINUTES OF THE AUGUST 24, 2017
MEETING OF THE
INTERIM FINANCE COMMITTEE
Carson City, Nevada

Chair Joyce Woodhouse called a regular meeting of the Interim Finance Committee (IFC) to order at 9:40 a.m. on August 24, 2017, 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:
Senator Joyce Woodhouse, Chair
Assemblywoman Maggie Carlton, Vice Chair
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Senator James Settelmeyer for Senator Harris
Senator Pat Spearman for Senator Ford
Assemblyman Paul Anderson
Assemblyman Nelson Araujo
Assemblywoman Irene Bustamante Adams
Assemblywoman Olivia Diaz
Assemblyman Chris Edwards
Assemblyman Jason Frierson
Assemblywoman Amber Joiner for Assemblyman Sprinkle
Assemblyman Al Kramer for Assemblyman Oscarson
Assemblywoman Monroe-Moreno for Assemblywoman Benitez-Thompson
Assemblywoman Ellen Spiegel
Assemblywoman Heidi Swank
Assemblywoman Robin Titus
Assemblyman Jim Wheeler for Assemblyman Hambrick

COMMITTEE MEMBERS EXCUSED:
Senator Aaron Ford
Senator Becky Harris
Assemblywoman Teresa Benitez-Thompson
Assemblyman John Hambrick
Assemblyman James Oscarson
Assemblyman Mike Sprinkle

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:
Rick Combs, Director, Legislative Counsel Bureau
Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, 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: Meeting Packet – Volume III
Exhibit D: Public Testimony – Erik Lovaas
Exhibit E: Public Testimony – Tom Wellman
Exhibit F: Public Testimony – Fred Voltz

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; all members were present, except Senator Ford, Senator Harris, Assemblywoman Benitez-Thompson, Assemblyman Hambrick, Assemblyman Oscarson and Assemblyman Sprinkle, who were excused.

B. PUBLIC COMMENT.

Eric Lovaas, President, The Lovaas Center (Lovaas Center), said he was honored to speak before the Committee. He said recently there were significant changes to the Autism Treatment Assistant Program (ATAP). Lovaas Center staff met with Dr. Edward Ableser, Administrator, Aging and Disability Services Division, Department of Health and Human Services, and Jon Sasser, Legal Aid Center of Southern Nevada. He noted that Mr. Sasser had been an amazing force in the community, and his lifelong commitment was unique. He was sad to learn that Mr. Sasser would be retiring soon; however, he would retire with full honors.

Mr. Lovaas said, during his meeting with Dr. Ableser and Mr. Sasser, Dr. Ableser outlined and clarified his vision for ATAP, and how it could complement private insurance and Medicaid. He said Nevada had to draw down matching federal dollars for Medicaid-eligible children, and private insurance companies needed to be held accountable for providing treatment to children. Mr. Lovaas thought the funding sources for both Medicaid and private insurance companies needed improvement. He stated that the autism community was assembling a list of insurance companies that violated the Nevada autism mandate. The violations included consistent denials and failure to provide medically-necessary treatment on a regular basis.

Mr. Lovaas said, if ATAP offered a better program than Medicaid, providers would not enroll in Medicaid and matching federal dollars would be lost. He said ATAP had the full support of the Lovaas Center if ATAP chose to change the structure of the program, because more children would receive services; however, it would only be effective if ATAP and Medicaid increased the reimbursement rate for Registered Behavior Technicians (RBT). Since ATAP began matching Medicaid's reimbursement rate, the

number of new children receiving services declined significantly. Mr. Lovaas said he was recently informed by a parent that the waiting list for ATAP services was up to four years. He recalled that Medicaid previously justified its RBT reimbursement rate of $31.30 per hour based on the decreased reimbursement rate through TRICARE, the armed services health care program. He indicated TRICARE's reimbursement rate decreased from approximately $50 per hour to $44 per hour; however, on May 1, 2017, TRICARE increased the RBT reimbursement rate to $50.30 per hour.

Mr. Lovaas recalled public testimony from parents who expressed heartfelt gratitude and appreciation for the services their children received through ATAP. He said the state should be proud of the program. Mr. Lovaas said ATAP was working to dispense with its third-party fiscal management company. The Lovaas Center had a great relationship with the fiscal management company and had relied on the company more exclusively; however, the Lovaas Center respected ATAP's decision to dissolve the relationship. Mr. Lovaas said ATAP was no longer enrolling new RBTs through the fiscal management company.

Mr. Lovaas said the Lovaas Center was not currently accepting new intakes through Medicaid or ATAP, because the $31.30 per hour reimbursement rate would cause the center to lose money. He reiterated that the Lovaas Center supported ATAP's decision to match the Medicaid reimbursement rate; however, the execution was failing. He said children were being negatively impacted by the low reimbursement rate.

Mr. Lovaas said, as of today, there were approximately 60 children covered by private insurance on the Lovaas Center waiting list. He said the Lovaas Center could certainly limit services to private insurance and TRICARE clients; however, the Legislature was made up of an amazing group of individuals, and he was confident the necessary changes would be made to meet the demands of the entire autism community. Mr. Lovaas said the state's most vulnerable children deserved the same opportunities as those who did not have to rely on public funds.

A copy of Mr. Lovaas' comments was provided for the record (Exhibit D).

Tom Wellman, resident, Assembly and Senate District 1, and President, Nevada State Education Association Retired program, said he retired from the Clark County School District (CCSD) after 32 years of service. As a CCSD employee, he strongly supported the Teachers Health Trust, and he recently spoke at a CCSD Board of Trustees meeting in support of the Teachers Health Trust. On August 15, 2017, however, an article ran in the Las Vegas Review Journal regarding the Teachers Health Trust that caused him concern (Amelia Pak-Harvey, "CCSD, teachers unions continue to wrangle over Teacher's Health Trust," *The Las Vegas Review Journal*, <https://www.reviewjournal.com/news/education/ccsd-teachers-unions-continue-to-wrangle-over-teachers-health-trust/>, accessed on August 25, 2017). He was concerned about the immediate future and quality of his health care if the allegations regarding the funding for the retiree trust were correct. He was also concerned for other CCSD retirees currently enrolled in the program. Mr. Wellman said CCSD retirees were promised a standard of health care, and money was paid into the Teachers Health Trust to guarantee access to health insurance. He was concerned about what had happened

to the funds that were paid into the program, and whether CCSD retirees would have access to health insurance. He said many retirees did not have other medical insurance options and/or may not qualify for other medical insurance plans due to preexisting conditions. Additionally, some retirees may not qualify for Medicare if they had not paid into social security. Mr. Wellman said he came before the Committee today, because much of the money paid into the Teachers Health Trust started with the Legislature. He said the funds began coming into CCSD for the purpose of collective bargaining. Mr. Wellman urged the Committee to help CCSD retirees avoid a crisis. He said everyone deserved access to quality, affordable health care and should not have to worry about the potential collapse of their insurance provider. He asked the Committee to help CCSD retirees ensure that the insurance they were promised would continue to be provided.

Mr. Wellman thanked the Legislature for working diligently to correct the insurance issues for non-state, non-Medicare retirees enrolled in the Public Employees' Benefits Program.

A copy of Mr. Wellman's comments was provided for the record (Exhibit E).

Fred Voltz, resident, spoke regarding Agenda Items F-21 and F-22, Public Utilities Commission of Nevada (PUCN). He said, on June 14, 2017, the PUCN performed its mill tax calculation for Fiscal Year (FY) 2018, which reflected an additional $2.234 million in personnel services, thereby increasing total personnel services to $11.621 million, or 24 percent, from FY 2017. He noted that the PUCN did not have backup material to support the increase. Mr. Voltz stated that he had submitted two requests to the PUCN for clarification regarding the increase in personnel services; however, he was told the information would not be available until approximately October 2017. Although statute did not mandate the PUCN to respond to his requests, he found the delay unacceptable. Mr. Voltz said the PUCN's five-year projection was included in the backup documentation provided by the agency, and could be located in Volume I of the meeting packet beginning on page 291 (Exhibit A). He said the total cost of PUCN personnel services for the 2017-19 biennium was $22.790 million, compared to $18.733 million for the 2015-17 biennium, which was an increase of 21.7 percent in personnel services, or approximately $4.0 million.

Mr. Voltz said there were two issues in question with regard to the PUCN's increased cost of personnel services. First, the backup materials provided by the PUCN only justified an increase of $1.692 million in personnel services from FY 2017 to FY 2018 based on Senate Bills (S.B.) 145, 146 and 150 (2017 Legislative Session). He said the PUCN's June 14, 2017, mill tax calculation reflected an increase of $2.234 million, which was a discrepancy of $542,000 that had not been justified. Second, the FY 2018 cost of personnel services included on the five-year spreadsheet was listed as $10.993 million compared to the June 14, 2017, mill tax calculation amount of $11.521 million, which left a discrepancy of $528,000 (page 301, Exhibit A).

Mr. Voltz noted that the PUCN approved a mill tax increase of 16 percent for FY 2018 and an increase of almost 23 percent for FY 2019, the cumulative effect of which was

an increase of 41.7 percent in just two years. He said most constituents would protest a sales or property tax increase of that amount.

Mr. Voltz said the PUCN indicated there were three pieces of legislation that supported the proposed increases.

- Senate Bill 145 added a limited, five-year stipend of $1 million annually on existing energy efficiency programs targeted toward low-income Nevadans, plus continued electric vehicle-related subsidies already administered by the Governor's Office of Energy. He said the regulatory construct did not need to be reinvented.

- Senate Bill 146 focused on Distributed Resource Plans (DRP), which were created by utility companies and reviewed by the PUCN. Senate Bill 146 provided the PUCN a longer timeframe to respond to critical junctures of the review process.

- Senate Bill 150 was an energy savings program that targeted changes; however, the regulated utilities created and proposed programs for review and approval by the PUCN. He stated that S.B. 150 placed a significant work burden on the utility companies, not the PUCN.

Mr. Voltz thought agencies should use their existing resources in a proper and efficient manner before requesting additional resources. He said that was not the case with the PUCN, which he had been monitoring for nearly five years. He thought the PUCN should review its internal policies, procedures and practices for efficiencies and reforms before requesting additional staff. He indicated the PUCN had not done anything visible in this regard since its current Executive Director arrived two years ago and the Chairman arrived ten months ago. Mr. Voltz said the PUCN had been given suggestions in three areas; however, the suggestions were dismissively ignored.

- Transfer review and approval of mobile home park trust fund distributions for utility system repairs to the Real Estate Division within the Department of Business and Industry (B&I), because the B&I Real Estate Division was responsible for every other aspect of mobile home oversight.
- Train appropriate PUCN financial staff in depreciation calculations rather than repetitively hiring expensive outside consultants to perform routine work for each general rate case.
- Employ all available recruiting resources for securing railroad car safety inspectors that did not involve a new expense rather than only posting vacancies on the state website in anticipation that a qualified applicant would apply, and then rationalizing the position could not be filled due to a lack of viable candidates.

Mr. Voltz recommended the Committee defer Agenda Items F-21 and F-22 until the October 2017 IFC meeting and request the PUCN to provide more substantial information to justify the requests.

A copy of Mr. Voltz' comments was provided for the record (Exhibit F).

Assemblywoman Carlton said, although the Committee did not typically respond to public comments, she wanted to address an issue that was raised about discrepancies in the PUCN requests. She said the Legislature had not provided cost-of-living and merit increases in a long time; therefore, agencies forgot that those items needed to be included in their budgets. She said the discrepancies in the PUCN requests resulted from the cost-of-living and merit increases approved by the Legislature during the 2017 Legislative Session.

C. APPROVAL OF MINUTES OF THE MARCH 8, 2017, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE MINUTES OF THE MARCH 8, 2017, MEETING.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

D. APPROVAL OF MINUTES OF THE APRIL 4, 2017, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE MINUTES OF THE APRIL 4, 2017, MEETING.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

E. APPROVAL OF MINUTES OF THE JUNE 20, 2017, MEETING.

ASSEMBLYMAN FRIERSON MOVED TO APPROVE THE MINUTES OF THE JUNE 20, 2017, MEETING.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

F. 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 F-6, Office of the State Treasurer; F-8, Department of Administration, Enterprise Information Technology Services; F-21, Public Utilities Commission of Nevada (PUCN); F-22, PUCN; F-23, Department of Business and Industry (B&I), Office of Business and Planning; F-24, B&I, Office of Business and Planning; F-33, Department of Health and Human Services (DHHS), Division of Health Care Financing and Policy (DHCFP); F-44, Nevada Department of Corrections (NDOC); F-50, Public Employees' Benefits Program (PEBP); F-51, PEBP; F-52, PEBP; and F-53, PEBP.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), noted that Agenda Items F-26, B&I, Housing Division; F-40, DHHS,

Division of Child and Family Services; and F-47, Department of Public Safety, Nevada Highway Patrol Division, had been withdrawn.

Mr. Krmpotic stated that Agenda Items F-34 and F-35, DHHS, Division of Public and Behavioral Health, involved the allocation of block grant funds, which required a public hearing.

Mr. Krmpotic stated Agenda Item F-45, NDOC, included revisions, which reduced Category 01 from $6,561 to $3,525 and Category 50 by $3,525, and established Reserve for Reversion in the amount of $6,561. Agenda Item F-49, Department of Conservation and Natural Resources, Division of Forestry, included a revision to reduce the transfer from the Prior Year Claims category to the Non-Fire Expense category from $446,137 to $264,206. Agenda Item F-56, Department of Education, included revisions, which reduced Category 01 from $56,177 to $48,994, and increased Category 04 from $120 to $1,440, Category 26 from $154 to $5,306, Category 52 from $314,734 to $318,679, and established the Indirect Cost category in the amount of $1,782.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND POSITION RECLASSIFICATIONS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

1. **Office of the Governor - State Energy Office - Office of Energy - FY 2018** - Addition of $157,835 in State Energy Program (SEP) Formula grant funds and $8,612 in Transfer from Renewable Energy Fund to continue outreach programs that attract renewable energy related businesses to the state. Requires Interim Finance approval since the amount added to the SEP Formula grant category exceeds $75,000. **Work Program #C39902**

   Refer to motion for approval under Agenda Item F.

2. **Office of the Governor - Office of Science, Innovation and Technology - FY 2018** - Addition of $188,231 in private William N. Pennington Foundation grant funds to support the improvement of internet connectivity at public schools in Lander, Pershing and Lyon County Schools Districts. Requires Interim Finance approval since the amount added to the William N. Pennington Foundation grant category exceeds $75,000. **Work Program #C40061**

   Refer to motion for approval under Agenda Item F.

3. **Office of the Governor - High Level Nuclear Waste - <u>FY 2017</u>** - Transfer of $12,874 from the State Funded Contracts category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the

State Funded Contracts category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C40193**

Refer to motion for approval under Agenda Item F.

4. **Office of the Attorney General - Special Litigation Fund - FY 2018** - Addition of $1,350,905 in Settlement funds to supplement Assembly Bill 97 from the 2017 Legislative Session for the testing of sexual assault forensic evidence kits. Requires Interim Finance approval since the amount added to the Las Vegas Metro Police Department Laboratory Cost category exceeds $75,000. **Work Program #C39793**

   Refer to motion for approval under Agenda Item F.

5. **Office of the Attorney General - Grants Unit - FY 2017** - Transfer of $26,057 from the Personnel category to the Services, Training, Officers, Prosecutors (STOP) Violence Against Women Grant category to cover subgrantee payments through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the STOP Violence Against Women Grant category exceeds $75,000. **Work Program #C39929**

   Refer to motion for approval under Agenda Item F.

6. **Office of the Treasurer - Higher Education Tuition Administration - FY 2018** - Addition of $56,130 in Transfer from Treasurer revenue in order to pay increased maintenance and support costs for the Prepaid Tuition database. 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 #C39800**

   Grant Hewitt, Chief of Staff, Office of the State Treasurer (STO), said the STO was requesting funds for maintenance and information technology (IT) support of the Prepaid Tuition database. He said the STO requested funds for enhancements to the Prepaid Tuition database at the June 20, 2017, IFC meeting; however, the request was denied. Because the maintenance agreement was included in the original contract, the agency had to renegotiate a separate maintenance agreement, which resulted in increased maintenance costs. Mr. Hewitt said the new maintenance agreement was for the Legacy system and would include changes to the system that were required by statutory changes per Assembly Bill (A.B.) 475 (2017 Legislative Session) as well as regulatory changes.

   Assemblywoman Carlton remarked that the amount of the agency's request was similar to the amount requested at the June 20, 2017, IFC meeting. She asked if any of the bills during the 2017 Legislative Session had an impact on the maintenance of the Legacy system.

Mr. Hewitt replied that a bill proposed by Senator Harris was amended into A.B. 475, which allowed for payments to graduate schools. Prior to the 2017 Legislative Session, revisions were made to Regulation R148-16 that added an option for a ten-year payment plan and allowed members to change beneficiaries after payment disbursements began. He said the changes resulting from A.B. 475 and Regulation R148-16 required enhancements to the Legacy system.

Assemblywoman Carlton recalled that the STO did not submit a fiscal note for A.B. 475. She asked if the fiscal impact of the bill was determined after the legislative session ended. She also noted that the cost of the maintenance agreement increased from approximately $17,000 to $42,000, which was a substantial amount. She said the scope of work that was provided to staff did not include a breakdown of costs.

Tara Hagan, Chief Deputy Treasurer, STO, said the cost of maintenance in the original contract was based on annual maintenance; therefore, the cost would have remained static at $29,000 for FY 2018, which was the amount included in the budget. She said the annual maintenance cost for FY 2019 would have only increased by $16,000 in the original contract. Ms. Hagan said, unfortunately, the maintenance portion had to be renegotiated, because the agency was unable to enter into the original contract. She said the maintenance agreement included the Help Desk, Upgrade Services and IT Support, all of which were outlined in the scope of work, including costs. She said the vendor, Libera, Inc. (Libera), also increased the number of hours that would be provided for the Help Desk.

Ms. Hagan said the agency had used the same contractor since 2011 and the cost of maintenance had remained steady at $29,000 for seven years. Libera approached the agency in 2015 with a proposed increase in maintenance fees from $29,000 to $45,000. As a result, the STO released a request for proposal (RFP) to assess whether the vendor was competitive in the marketplace. Ms. Hagan said, when the STO first entered into an agreement with Libera in 2011, the vendor assumed the agency's IT division could handle a portion of the monthly maintenance, which required the agency to establish a virtual private network through EITS. The vendor thought the workload associated with monthly maintenance for the IT Support section was more than expected so that increased as well.

Assemblywoman Carlton said staff was not provided backup documentation that included specific calculations for the scope of work. Also, she was concerned that a fiscal note was not provided by the STO for A.B. 475. Although the bill came about late in the legislative session, a fiscal note would have helped the Legislature understand the bill's fiscal impact on the STO.

Mr. Hewitt took responsibility for not submitting a fiscal note. He indicated the agency would try to avoid a similar mistake in the future.

Assemblyman Frierson asked for further clarification on the fiscal note for A.B. 475. Mr. Hewitt replied that the STO did not submit a fiscal note for A.B. 475. He said the original contract covered all areas relating to the Prepaid Tuition database, including the maintenance agreement; however, the funding for the contract was not approved by the IFC. Mr. Hewitt said items such as the maintenance agreement were not individually priced, and he was unsure it would have been appropriate to include the entire contract in the fiscal note for A.B. 475.

Assemblyman Frierson said the vendor proposed to increase the cost of the maintenance agreement in 2015 to approximately $47,000, and now the cost was increasing to approximately $85,000, which was cause for concern.

Mr. Hewitt said the significant cost increase for the maintenance agreement was the reason the STO decided to release an RFP; however, the only bid submitted was from the current vendor for a total cost of $94,584, which was higher than the amount proposed by the vendor prior to the RFP. During the negotiation process for the original contract, the maintenance costs were significantly less, because the pre-budgeted amount for FY 2018 would have remained the same, and the cost for FY 2019 would have only increased slightly. He said those figures were predicated on the agency's agreement to provide strategic support during the development of the vendor's software. As a result, the vendor was willing to provide system enhancements and maintenance at a reduced cost. Mr. Hewitt said the agency lost some negotiating power when the funding for the original contract was denied. He said the final cost of the maintenance agreement was less than the amount proposed in the RFP bid, but still more than the amount included in the original contract.

Assemblyman Frierson remarked that the funding for the original contract was denied for reasons that were not entirely the fault of the Committee. He asked if $85,000 was the best available option for the maintenance agreement. Mr. Hewitt said the original contract, which was still available, was the best option, because it included a better system, enhancements and the maintenance agreement. He said $85,000 was the next best option for the maintenance agreement.

In response to a question from Assemblywoman Carlton, Mr. Hewitt replied that the request for $56,130 was in addition to the $29,200 included in the agency's budget.

Assemblywoman Spiegel said it was difficult to know if the cost of the maintenance agreement was reasonable without being able to review the backup documentation. She asked what steps the STO took to validate the reasonableness of the costs proposed in the request.

Mr. Hewitt replied that the STO immediately began discussions with the vendor and the agency's IT staff when the vendor proposed to increase the maintenance fees from $29,000 to $45,000. He reiterated that the vendor assumed from the beginning that STO staff could maintain the system in-house, so the price had

remained the same; however, the vendor had to access the Legacy system multiple times per month to perform updates and security patches, which was reflected in the increased cost of maintenance.

Mr. Hewitt said Libera was initially a database vendor that focused mostly on Medicare and Medicaid-type databases. Libera's work with the State of Nevada was the vendor's first experience with the prepaid tuition process, which was why Libera did not realize the extent of the work when the agreement was initiated. He said the renegotiation of the maintenance agreement was an opportunity for the vendor to increase the cost to reflect the extent of the work.

Returning to her previous comment, Assemblywoman Spiegel noted that the backup documentation was important for the sake of transparency.

Assemblywoman Spiegel said the State of Nevada was helping expand the vendor's business by entering into an agreement with an organization that did not have experience with prepaid tuition databases. Providing Libera with that experience gave the vendor an advantage in other business dealings. Assemblywoman Spiegel said it was not the fault of the state that Libera underestimated the workload, and she thought that should be brought to the vendor's attention during the negotiating process.

Mr. Hewitt said the STO agreed the process should be more transparent. He thought all the appropriate information had been provided to staff; however, he would review the information that was originally submitted and provide additional documentation, including updated history as it related to the usage of IT over the past few years, as well as the factors that impacted the increased cost. Mr. Hewitt apologized that the information was not included with the original documentation.

Assemblyman Edwards remarked that maintenance was a necessary requirement for database systems. He said the Prepaid Tuition database was at risk if the contract had already expired. He asked if any other options were available aside from another RFP.

Mr. Hewitt said no other options were available. He said the contract and the maintenance agreement had expired; therefore, if the funding was not approved, the necessary changes could not be made prior to open enrollment in November 2017. He said changes included items such as pricing schedules, which had to be performed by Libera. Ultimately, without the approval of the work program, he could not guarantee the Prepaid Tuition program would accept new contracts in the fall.

Assemblyman Edwards said Libera was given an opportunity to enter into the prepaid tuition database field, but the workload and maintenance became overwhelming. He said the Prepaid Tuition database required maintenance, and Libera's proposal was the only available option, and Mr. Hewitt agreed. Mr. Hewitt added that Libera had been a good partner. He said the company was making

prepaid tuition programs a priority for its business model. Libera appreciated that Nevada continued to be a leader in the nation for prepaid tuition programs, which is why Libera sought the state's expertise.

Chair Woodhouse asked for additional details regarding the request for $5,000 for travel and training. Mr. Hewitt replied that the vendor would not receive a flat fee of $5,000, instead it would be used for travel reimbursement. He said the funds would cover onsite staff training by the vendor for items such as the ten-year payment plan and graduate school payments. The vendor would be reimbursed based on the federal General Services Administration per diem rates, and the total amount would not exceed $5,000.

In response to a question from Senator Denis, Mr. Hewitt replied that Nevada was the only state utilizing Libera for a prepaid tuition database. It was his understanding that the original vendor, Banner, stopped servicing its prepaid tuition software, which caused a problem for a number of states. Some states chose to increase their IT support and maintain the Banner system in-house, and others chose to use a fully outsourced model, which was very expensive. Nevada partnered with Libera to develop a prepaid tuition system. He said Libera was seeking to increase its footprint in the market; therefore, part of Nevada's agreement with Libera was that Nevada would advise Libera on enhancements and other elements that would make Libera's software more appealing to other states. As a result, Nevada would receive system enhancements at a reduced cost. Mr. Hewitt said the STO explored a fully outsourced model, but the cost was approximately $1 million.

Senator Denis asked if the maintenance agreement included items such as bug fixes. Mr. Hewitt said that was correct, and added that the vendor had the ability to log into the system and locate errors as they were encountered.

In answer to a question from Senator Denis, Mr. Hewitt replied that the STO was unsure whether the vendor's fees were reasonable, because Libera did not have other models for comparison.

Senator Denis asked the purpose of the RFP. Mr. Hewitt replied that the RFP process was to explore other options to manage the prepaid tuition system, such as an internal database and a fully outsourced model. He said Libera was the only vendor to submit a bid in response to the RFP.

Assemblywoman Diaz asked what the average number of enrollees was for the Prepaid Tuition program during open enrollment. Mr. Hewitt replied that the average number of new enrollees during the last five years was between 900 and 1,000 per year. Prior to that, there were approximately 500 new enrollees per year. He said the number of new enrollees had steadily increased since the inception of the program in the late 1990s, but enrollment had recently increased substantially.

Assemblywoman Diaz asked how much work was involved to implement the statutory and regulatory changes. Mr. Hewitt replied that he did not know the exact number of hours it would take to implement the changes; however, he would provide the information to the Committee. He said some of the changes, such as the ten-year payment plan, would not be available for the 2017 enrollment period, but all changes would be complete by the 2018 enrollment period.

Assemblywoman Carlton said she was concerned about approving Work Program C39800. She would prefer to see the backup documentation showing how the scope of work was calculated prior to approving the request. The Committee was in a difficult position, because system maintenance was a necessity; however, it was important to have backup documentation that justified such a significant increase. Assemblywoman Carlton was inclined to defer the request until October, which would allow staff time to review the missing information.

Chair Woodhouse agreed, adding that it was critical for the Committee to review the backup documentation prior to making a decision.

> ASSEMBLYWOMAN CARLTON MOVED TO DEFER AGENDA ITEM F-6 UNTIL THE OCTOBER 19, 2017, INTERIM FINANCE COMMITTEE MEETING.
>
> SENATOR PARKS SECONDED THE MOTION.

Senator Kieckhefer opposed the motion to defer, because it could delay implementation and interfere with open enrollment for the Prepaid Tuition program in November. He thought the state should be encouraging college savings in as many ways as possible.

Assemblyman Edwards concurred with Senator Kieckhefer. He thought it was dangerous to delay funding of the maintenance agreement, because it put the Prepaid Tuition database at risk. Constituents needed access to a system that functioned well. He said $56,000 was minimal compared to the cost of a new system. Assemblyman Edwards said it would be best to approve the funds immediately, especially because no other options were available.

Assemblyman Frierson agreed it was important to provide the necessary maintenance for the Prepaid Tuition database; however, it was important for agencies to adhere to policies and processes. Agencies were required to provide all necessary information for the Legislature to make informed decisions, because the Legislature was expected to be responsible with public dollars. For example, departments that could be financially impacted by a proposed bill must submit a fiscal note. The Legislature depended on agencies to adhere to this process in order to make educated decisions. He understood that occasionally agencies overlooked a fiscal note. Likewise, when staff did not receive requested documentation, it also prevented the Committee from making informed decisions.

He urged any Committee member concerned about state programs to encourage stakeholders and participants to respond to staff requests and provide the necessary information. Assemblyman Frierson expected that the Prepaid Tuition program would continue to operate. He was certain that was also the expectation of his colleagues. He supported the motion to defer, because it would allow time to receive additional documentation, and it would also allow the program to continue.

Assemblyman Anderson said he appreciated the Committee's concerns about transparency. He agreed with Senator Kieckhefer that deferring the request would delay implementation of laws that were passed by the Legislature, as well as regulation changes. He said the Committee just approved millions of dollars in a consent agenda, but spent the last hour delving into details for a $56,000 request. He thought deferring the request would increase the cost to process it and create a rush to complete the work prior to open enrollment. Assemblyman Anderson thought the Committee should approve the request rather than defer it until October.

In answer to a question from Senator Denis, Mr. Hewitt reiterated that he could not guarantee the open enrollment period for the Prepaid Tuition program would begin in November if the funding was not approved today. He said the program would not accept new contracts in November without the approval of the maintenance agreement.

Senator Denis asked if the Prepaid Tuition database would be without support until the October IFC meeting, and Mr. Hewitt said that was correct. He said the agency could ask the vendor to provide support prior to the Committee's approval in October; however, the Prepaid Tuition database did not currently have an operating maintenance agreement.

Assemblywoman Carlton reminded the Committee that the STO budget contained approximately $30,000 toward the cost of the maintenance agreement. She understood the Committee's concerns and agreed it was important to fund the program.

In response to Assemblyman Anderson's comment regarding the amount of time spent discussing the STO request, Assemblywoman Carlton said sometimes it was necessary to scrutinize certain requests based on history. She said it was important to hold people accountable to avoid issues in the future. She trusted staff completely; therefore, she had every reason to believe the appropriate information had not been provided.

Assemblyman Edwards said he would move to approve the request if the Chair was willing to accept the motion. Chair Woodhouse said a motion to defer was currently on the floor.

Chair Woodhouse said the Committee fully supported the Prepaid Tuition program, but it was imperative that the Committee have the appropriate information to move

forward. She noted that some funds were already available in the STO budget that could be applied to the cost of the maintenance agreement. Chair Woodhouse was confident the agency knew how to run the program; therefore, she was certain the STO could be ready by November if the funding was approved at the October IFC meeting.

In response to a question from Senator Spearman, Mr. Hewitt replied that prior to the 2017 Legislative Session, the maintenance agreement for the Prepaid Tuition program was due for renewal. Libera presented the STO with a revised agreement at an increased cost of $45,000. Because of the increase, the agency released an RFP to determine if other options were available; however, Libera was the only vendor to submit a bid. Additionally, Libera's bid was extraordinarily high at $98,000. The STO negotiated a contract with Libera that included enhancements, efficiencies, and an improved user interface for the Prepaid Tuition database. He said the STO requested a budget amendment to include the cost of the contract in the 2017-19 budget, but the Governor's Finance Office denied the request. Mr. Hewitt said the STO was advised by the Governor's Finance Office and LCB Fiscal staff that the more appropriate path was through the IFC; therefore, the agency requested funding at the June 20, 2017, IFC meeting; however, the request was denied. Because the maintenance agreement was tied into the contract, the agency had to negotiate a separate maintenance agreement with Libera. He said the annual cost of $85,350 for the maintenance agreement was similar to the cost of the new system that was proposed at the June 20, 2017, IFC meeting.

Mr. Hewitt thought the agency had submitted all the requested documentation; however, the STO would consult with staff and correct the matter prior to the IFC meeting in October.

In answer to a question from Senator Spearman, Mr. Hewitt replied that Libera had fulfilled all its duties to date. He said the requirements that were included in the new contract would be delayed for two years until the STO could submit the contract through the regular budget process. He said the current discussion focused on maintaining the old system with modifications to implement recent regulatory and statutory changes.

Senator Spearman asked if the $29,200 in the STO budget could be used toward the maintenance agreement. Mr. Hewitt replied that the total cost of the service agreement was $85,350. He said $29,200 in the STO budget would be applied toward that amount.

Mr. Hewitt said the STO would consult with the vendor to determine what level of service could be provided for two months at a cost of $29,200. Mr. Hewitt noted that the short-term service agreement would need to be approved by the Board of Examiners (BOE), which would delay the process further.

In answer to a question from Senator Spearman, Mr. Hewitt said $29,200 was the amount budgeted in the Information Services category, but the STO did not have a contract or agreement for that amount. He reiterated that the STO would consult with the Governor's Finance Office and LCB Fiscal staff to remedy the situation.

Assemblywoman Carlton said she would withdraw her motion to defer. Although she still had serious concerns about the request, she would move to approve the request, because she did not want the discussion thus far to be used inappropriately if problems arose with the Prepaid Tuition program. She was alarmed to hear the agency state that open enrollment for the Prepaid Tuition program would not take place if funding was not approved, and she was concerned how the program would be impacted as a result. Assemblywoman Carlton cautioned the agency to begin open enrollment as scheduled in November. She remarked it would not be the fault of the Committee if there were any glitches with the system. Assemblywoman Carlton reminded the STO to provide the requested documentation to staff. She planned to check on the status periodically to ensure that staff received the appropriate information.

ASSEMBLYWOMAN CARLTON WITHDREW THE MOTION TO DEFER AGENDA ITEM F-6.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-6.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Carlton opposed the motion.)

Chair Woodhouse called a recess at 10:51 a.m. The meeting was reconvened at 11:01 a.m.

7. **Department of Administration - Enterprise Information Technology Services - Computer Facility - FY 2018** - Transfer of ~~$144,579~~ ***$174,100*** from the Reserve category to the Maintenance of Buildings and Grounds category to replace a failed chiller at the computer facility and to provide for a temporary portable chiller until the new equipment purchase and installation are complete. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds $75,000. **Work Program #C40131. REVISED 7-27-17.**

   Refer to motion for approval under Agenda Item F.

8. **Department of Administration - Enterprise Information Technology Services - Network Transport Services - FY 2018** - Addition of $884,651 in Transfer from the Department of Transportation (NDOT) funds to support public safety communication needs with the procurement and installation of microwave

equipment. Requires Interim Finance approval since the amount added to the NDOT Microwave Project category exceeds $75,000. **Work Program #C39675**

Shannon Rahming, Division Administrator and Chief Information Officer, Enterprise Information Technology Services (EITS), Department of Administration, introduced Evan Dale, Division Administrator, Administrative Services, Department of Administration.

Evan Dale, Division Administrator, Administrative Services, Department of Administration, said Work Program C39675 was a request by EITS for the addition of $884,651 in fund transfers from the Nevada Department of Transportation (NDOT). He said the funds were part of a larger NDOT project along Highway 50. He said EITS would use the funds to procure and install equipment along Highway 50 to connect fiber optic lines with the state's microwave communication system.

In response to a question from Senator Denis, Reid Kaiser, Assistant Director for Operations, NDOT, confirmed that dark fiber was located along Highway 50.

Senator Denis asked if microwave communication systems would be installed in areas that lacked connections. Mr. Kaiser replied that fiber huts had to be installed along the fiber line first, and after that connections could be tied into the dark fiber. He thought there was an upcoming project by the Nevada System of Higher Education that would complete the connection.

In response to a question from Senator Denis, Mr. Kaiser replied that the work program was specific to the microwave piece.

Senator Denis asked if new or existing towers would be utilized. James Whalen, IT Manager, NDOT, said EITS currently had existing towers on the mountaintop, but the project for NDOT would install towers at specific locations along Highway 50 to mount microwave equipment that would connect to the mountaintop microwave system.

Senator Denis recalled that snow on the mountaintops had impacted similar projects in the past. He asked the timeframe of the project.

Patrick Sheehan, IT Manager, EITS, Department of Administration, said the project completion date was scheduled for the end of FY 2018. He said the installation of microwave equipment along Highway 50 would be incorporated with the existing microwave project currently in progress. He said the vendor's contract would be amended to include the additional work.

In response to a question from Senator Denis, Mr. Sheehan said the original project would upgrade and replace all end-of-life microwave equipment throughout the state. He said the cost of the original contract was $10.6 million, and the

additional funds would amend the contract so the same vendor could install equipment at four additional sites.

In answer to a question from Senator Denis, Mr. Sheehan replied that the microwave system enhancement would be used for a variety of capabilities, such as the 800 MHz system. The microwave system would also provide additional routing and redundancy capability for the system by tying into the fiber.

Senator Goicoechea said towers were being constructed in Cold Springs, Austin and Eureka, and he urged the Committee to approve the funding.

Assemblywoman Swank asked how EITS and NDOT would provide for reimbursement to the Highway Fund for use by state and non-state agencies that would benefit from the microwave system expansion. Felicia Denney, Administrative Services Officer, NDOT, replied that after discussions with NDOT, the Governor's Finance Office, LCB Fiscal staff and EITS staff, it was determined that the appropriate mechanism would be to include the cost of the project in the NDOT Radio System Cost to Allocation for non-Highway Fund users.

Assemblyman Anderson asked what had changed in the scope of work to require four additional sites. Mr. Whalen replied that NDOT was adding intelligent transportation systems along Highway 50 and chose to use the opportunity to add enhancements to the microwave system to offload data traffic.

In response to a question from Assemblyman Anderson, Mr. Whalen said NDOT did not envision the need to enhance the microwave system to offload data traffic in the original project.

Assemblyman Anderson said he did not oppose the project and appreciated that communications were being expanded; however, he wondered why the enhancements were not foreseen (when the original project was funded), or discussed during the 2017 Legislative Session. Mr. Sheehan replied that the planning for the microwave upgrade project began approximately two years ago. He said NDOT knew there may be a need for the Highway 50 fiber project, but the timeframe was uncertain; therefore, it could not be included in the original project.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-8.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

9. Department of Administration - Fleet Services Division - <u>FY 2017</u> - Addition of $9,948 in Outside Vehicle Rental to fund an increase in vehicle rental services from outside vendors. Requires Interim Finance approval since the cumulative

amount added to the Outside Vehicle Rental category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C39730**

Refer to motion for approval under Agenda Item F.

10. **Department of Administration - Victims of Crime - <u>FY 2017</u>** - Transfer of $3,904 from the Reserve category to the Operating category to fund projected expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds $75,000. **Work Program #C39790**

    Refer to motion for approval under Agenda Item F.

11. **Department of Administration - Risk Management Division - Insurance and Loss Prevention - FY 2018** – ***Addition of $479,702 in Excess Liability Insurance revenue and t***ransfer of ~~$507,457~~ ***$65,457*** from the Reserve category to the Insurance Premiums category in order to pay for the renewal of the Excess General Liability policy and a new Excess Cyber Liability policy, respectively. Requires Interim Finance approval since the amount transferred to the Insurance Premiums category exceeds $75,000. **Work Program #C39992. REVISED 8-9-17.**

    Refer to motion for approval under Agenda Item F.

12. **Department of Administration - State Public Works Division - Marlette Lake - FY 2018** - Transfer $167,896 from the Reserve category to the Operating category to fund an emergency road repair/maintenance project for the Marlette Water System. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $75,000. **Work Program #C40156**

    Refer to motion for approval under Agenda Item F.

13. **Department of Education - Distributive School Account - <u>FY 2017</u>** - Addition of $750,000 in Medical Marijuana Excise Tax funds, $6,500,000 in School Support Tax funds, ~~$4,750,000~~ ***$4,801,000*** in Transfer from Education Initiative Petition 1 Room Tax funds and $200,000 in Transfer from Permanent School Fund revenue for the operation of school districts and charter schools. Requires Interim Finance approval since the amount added to the Distributive School Account Basic Aid to Schools category exceeds $75,000. **Work Program #C40108. REVISED 8-10-17.**

    Refer to motion for approval under Agenda Item F.

14. **Department of Education - State Supplemental School Support Account - <u>FY 2017</u>** - Addition of $4,750,000 in Transient Lodging Tax and ***$51,000 in Treasurer's Interest Distribution*** to transfer funds to the Distributive School Account for the operation of school districts and charter schools. Requires

Interim Finance approval since the amount added to the Room Tax Aid to Schools category exceeds $75,000. **Work Program #C40110. REVISED 8-10-17**

Refer to motion for approval under Agenda Item F.

15. **Department of Education - Student and School Support - FY 2017** - Addition of $87,562 in federal Advanced Placement (AP) Program grant funding to align state authority with available federal AP grant funds to continue paying AP test fees on behalf of eligible low-income students. Requires Interim Finance approval since the amount added to the AP Fee Payment category exceeds $75,000. **Work Program #C39738**

    Refer to motion for approval under Agenda Item F.

16. **Department of Education - Student and School Support - FY 2017** - Addition of $723,456 in federal School Climate Transformation grant funds to align state and federal authority to continue to develop, implement and evaluate a multi-tiered approach to positive behavioral interventions and supports. Requires Interim Finance approval since the amount added to the School Climate Aid to Schools category exceeds $75,000. **Work Program #C39407**

    Refer to motion for approval under Agenda Item F.

17. **State Public Charter School Authority - FY 2018** - Addition of $958,800 in New Nevada Education Funding Plan funds transferred from the Department of Education to distribute funds to state sponsored charter schools as required by Senate Bill 178 (2017 Legislative Session). Requires Interim Finance approval since the amount added to the New Nevada Education Funding Plan category exceeds $75,000. **Work Program #C40163**

    Refer to motion for approval under Agenda Item F.

18. **Department of Agriculture - Livestock Inspection - FY 2017** - Transfer of $8,685 from the Reserve category to the Operating category to fund costs associated with the implementation of the online tax collection system. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C40307**

    Refer to motion for approval under Agenda Item F.

19. **Department of Agriculture - Nutrition Education Programs - FY 2017** - Addition of $511,683 in Child Nutrition Grant funds to support reimbursements to school districts participating in the U.S. Department of Agriculture Fresh Fruit and Vegetable Program through the end of the fiscal year. Requires Interim Finance approval since the amount added to Fresh Fruits and Vegetables category exceeds $75,000. **Work Program #C39775**

    Refer to motion for approval under Agenda Item F.

20. **Department of Agriculture - Commodity Foods Distribution Program – FY 2018** - Addition of $262,575 in Federal Food Distribution Program on Indian Reservation funds to provide one-time equipment purchases. Requires Interim Finance approval since the amount added to the Food Distribution Indian Reservation category exceeds $75,000. **Work Program #C40113**

    Refer to motion for approval under Agenda Item F.

21. **Public Utilities Commission of Nevada - FY 2018** - Transfer of $526,933 from the Reserve category to the Personnel Services category, $25,704 from the Reserve category to the Equipment category, $9,485 from the Reserve category to the Information Technology category, and $9,000 from the Reserve category to the Training category for the addition of seven positions to comply with Legislative mandates. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $75,000. **Work Program #C39638**

    This item was discussed in conjunction with Agenda Item F-22. Refer to testimony and motion for approval under Agenda Item F-22.

22. **Public Utilities Commission of Nevada - <u>FY 2019</u>** - Addition of $2,346,775 in Regulatory Assessment revenue and deletion of $571,122 in Balance Forward funds for the addition of seven positions to comply with Legislative mandates. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C39791**

    Joe Reynolds, Chairman, Public Utilities Commission of Nevada (PUCN), introduced Garrett Weir, General Counsel, PUCN; and Stephanie Mullen, Executive Director and Chief Financial Officer, PUCN.

    Mr. Reynolds said Work Programs C39638 and C39791 were related to fiscal notes the PUCN submitted for S.B. 145, S.B. 146 and S.B. 150 during the 2017 Legislative Session. He said the PUCN was proud of the work it had been doing. Nevada was at the forefront of energy technology innovation, and the PUCN was charged with performing some of that work by the Legislature. Mr. Reynolds said the PUCN took its responsibility seriously.

    Mr. Reynolds said 18 bills were passed during the 2017 Legislative Session that impacted the PUCN. Those bills focused on solar and net metering, as well as electric vehicle infrastructure investigations, battery storage, residence transmission lines and many other energy-related investigations. Mr. Reynolds said the PUCN currently had a workload unlike it had ever seen. For a long time the PUCN was small agency, but with the expansion of energy issues, the agency needed to expand; therefore, the PUCN included the need for additional attorneys, engineers and economists in the fiscal notes for S.B. 145, S.B. 146 and S.B. 150. He said litigation and legal issues had increased significantly for the PUCN. For example, the current general rate case at the PUCN involved 21 parties including Walmart, the federal government, most properties on the Las Vegas Strip, and

most solar associations. He said each one of those parties were represented by lawyers with many of the major law firms. Mr. Reynolds said the PUCN needed to keep pace with legal issues, interpreting bills and creating regulations. He said energy was a complex area; therefore, it was important to hire staff with the appropriate training and expertise. Additionally, the PUCN was already doing considerable work on the energy choice question, and the associated workload was anticipated to increase.

Mr. Reynolds said he testified in front of the Assembly Committee on Ways and Means during the 2017 Legislative Session regarding the need for additional staff. He said the cost of additional personnel would cause an overall increase of 5 cents per ratepayer, per month, which still remained true.

Senator Spearman recalled hearing Mr. Reynolds testify multiple times during the 2017 Legislative Session. She said she recently attended the National Conference of State Legislatures (NCSL) in San Antonio, Texas with Assemblyman Brooks, where she served on the NCSL Energy Supply Task Force and Council of State Governments. She said two other conferences relating to the energy industry were recently held by the National Caucus of Environmental Legislators and the Center for the New Energy Economy, where former Governor Ritter of Colorado served as Director. Assemblyman Brooks was presented with a national award for his work in energy at the NCSL conference. At each of these events there was discussion about the work the Nevada Legislature accomplished during the 2017 Legislative Session concerning energy. Senator Spearman said the Legislature should be commended for its efforts. If Nevada was going to continue to lead the energy industry, the state needed to view things differently. She said some people did not understand the reasons for Senate Bills 145, 146 and 150, yet those three bills were among eight that were being talked about at the national level as a model for the future of the energy industry. Senator Spearman said New York had a new energy program called the Renewable Energy Vision, and New York was considered a leader in the industry; however, Nevada was quickly gaining ground as the national leader in energy innovation.

Assemblywoman Carlton recalled Mr. Reynolds testimony before the Assembly Committee on Ways and Means. She said members of the Committee on Ways and Means where concerned about the true impact on ratepayers. She said the PUCN budget was funded by the mill assessment rather than the General Fund; therefore, ratepayers were ultimately affected by changes within the agency's budget. Assemblywoman Carlton said it was important for the PUCN to begin maintaining workload statistics. She said the PUCN was being tasked with more responsibility, and the Legislature would have questions concerning the agency's workload during the 2019 Legislative Session. Additionally, it would be helpful information for other states that would follow Nevada's lead.

Assemblywoman Carlton noted the PUCN was holding two Financial Analyst positions vacant during FY 2018. She asked how that would impact the agency's ability to meet its workload.

Stephanie Mullen, Executive Director and Chief Financial Officer, PUCN, said the PUCN was currently placing its resources in areas of most need. She said the agency's Financial Analysis Division would be able to meet its workload for 12 months without filling the two Financial Analyst positions. She said the agency would fill the positions for FY 2019.

In answer to a question from Assemblywoman Carlton, Ms. Mullen replied that financial analysts handled a variety of duties including rate filings.

Assemblywoman Carlton said the mill assessment was based on energy usage by ratepayers. She thought the reason mill assessment revenue had decreased was because energy usage had decreased; therefore, the reduced revenue was due, in part, to solar usage and energy conservation. Ms. Mullen said that was true to a certain extent. She said there was a decline in natural gas pricing, which lowered utility revenues, thereby lowering the PUCN's ability to collect the mill assessment on that revenue.

Senator Denis thought the PUCN would be at a disadvantage without additional staff, because its hearings required a lot of resources, and Mr. Reynolds said that was correct. He said a recent PUCN hearing ended at 7:45 p.m., which required some staff to work after business hours. Mr. Reynolds said the last time the PUCN requested additional positions was in 2013. He said the landscape in Nevada had changed since then and energy issues had come to the forefront; as a result, the PUCN needed more staff to keep up with those issues.

In response to a question from Senator Denis, Mr. Reynolds said the agency's workload had increased, especially in response to legislation that was recently passed by the Legislature. He said the new legislation involved exciting and important issues, but entailed investigatory dockets, new regulations, and presiding over active cases, which required an adequate number of staff. As stated earlier by Ms. Mullen, the PUCN needed to focus resources on positions that were responsible for a majority of the workload, such as attorneys, engineers and economists.

> ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-21 AND F-22.
>
> SENATOR GOICOECHEA SECONDED THE MOTION.
>
> THE MOTION PASSED. (Assemblywoman Titus opposed the motion.)

Assemblywoman Carlton said it was important for the PUCN to have enough staff to handle the workload. She asked the agency to keep the Committee apprised of the hiring status so the Legislature would know what to expect during the 2019 Legislative Session. Mr. Reynolds agreed.

23. **Department of Business and Industry - Office of Business and Planning - FY 2018** - Addition of $170,000 in Transfer from Employment Security revenue to fund a small business development loan program for veterans and senior citizens. Requires Interim Finance approval since the amount added to the Veterans and Seniors Program category exceeds $75,000. **Work Program #C39782**

This item was discussed in conjunction with Agenda Item F-24. Refer to testimony and motion to approve under Agenda Item F-24.

24. **Department of Business and Industry - Office of Business and Planning - FY 2019** - Addition of $100,000 in Transfer from Employment Security funds for a small business development loan program for veterans and senior citizens. Requires Interim Finance approval since the amount added to the Veterans and Seniors Program category exceeds $75,000. **Work Program #C39855**

Marcel Schaerer, Deputy Director, Administration, Department of Business and Industry (B&I), said Work Program C39855 was a request for funds for a new small business startup program for veterans and senior citizens. He said the program was a unique micro loan program that would be tremendously beneficial for veterans and senior citizens.

Assemblywoman Bustamante Adams asked what the qualifications were for veterans and senior citizens applying for the loan program. Mr. Schaerer replied that the loan program was available to any veteran, as well as senior citizens age 62 and older. He said the micro loans ranged from $500 to $15,000; however, loans could be issued up to $20,000 with additional approval.

In answer to a question from Assemblywoman Bustamante Adams, Mr. Schaerer replied that loans must be repaid within four years, and there was no penalty for early payoffs. He said the first year of the loan was interest free; therefore, it was advantageous for loan recipients to pay off the loan within that time period.

Assemblywoman Bustamante Adams asked if individuals could apply for a second loan after the first loan was paid in full, and Mr. Schaerer said yes.

Assemblywoman Diaz asked for details on the outreach efforts to eligible citizens. Mr. Schaerer replied that B&I Office of Business and Planning (OBP) was working closely with the lender, Nevada Business Opportunity Fund (NBOF), as well as the Department of Employment, Training and Rehabilitation (DETR) and veterans programs. In addition, the NBOF had made presentations at several events, such as a small business roundtable discussion held on June 13, 2017. Mr. Schaerer said the OBP was assembling a strategic plan to support and promote the program. Additionally, the OBP was promoting the program on its website and through its business advocate newsletter.

Assemblywoman Diaz asked if program information was offered in multiple languages. Mr. Schaerer replied that 30 percent of Nevada's population spoke

Spanish; therefore, program information was available in both English and Spanish.

In response to a question from Assemblywoman Bustamante Adams, Mr. Schaerer said the OBP was assigned the responsibility of administering, promoting and monitoring the program by DETR. He said the OBP was working with DETR to gain access to different groups of veterans and senior citizens.

Assemblywoman Diaz asked how the OBP and DETR were working together to ensure the mission of the program was accomplished. Mr. Schaerer said DETR was provided funds in 2010 to make small business loans available to veterans and senior citizens. In early 2016, discussions began for B&I to implement the program instead of DETR. He said DETR essentially reassigned the loan program to the OBP, because of its relationship with local resource partners.

ASSEMBLYWOMAN BUSTAMANTE ADAMS MOVED TO APPROVE AGENDA ITEMS F-23 AND F-24.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

25. **Department of Business and Industry - Division of Industrial Relations - FY 2018** - Addition of $582,058 in balance forward of Transfer from the Workers Compensation Safety Fund revenue and transfer of $90,000 from the Information Services category to the Claims and Regulatory Data System (CARDS) Claim Management System category for the completion of the new Workers Compensation automated claims management system. Requires Interim Finance approval since the amount added to the CARDS Claim Management System category exceeds $75,000. **Work Program #C39882**

    Refer to motion for approval under Agenda Item F.

26. **Department of Business and Industry - Housing Division - Housing Inspection and Compliance - FY 2018** - Addition of $122,448 in Balance Forward of fee revenue in order to complete a technology investment request approved by the 2015 Legislature. Requires Interim Finance approval since the amount added to the technology investment request category exceeds $75,000. **Work Program #C39837. WITHDRAWN 8-1-17.**

27. **Department of Business and Industry - Real Estate - Administration - <u>FY 2017</u>** - Addition of $291,829 in Testing Fees revenue in order to make payment to real estate testing vendors for the balance of the fiscal year and reserve funds for reversion pursuant to NRS 645.140. Requires Interim Finance approval since the cumulative amount added to the Testing Services category exceeds $75,000. **Work Program #C39592**

    Refer to motion for approval under Agenda Item F.

28. **Department of Tourism and Cultural Affairs - Museums and History - State Railroad Museums - FY 2017** - Addition of $9,146 in Transfer from Transportation (NDOT) revenue and transfer of $1,016 from the Boulder City Railroad Operating category to the NDOT Yucca Street Crossing category to cover increased contract costs. Requires Interim Finance approval since the cumulative amount added to the NDOT Yucca Street Crossing category exceeds $75,000. **Work Program #C40221**

    Refer to motion for approval under Agenda Item F.

29. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2017** - Addition of $18,712 in federal Senior Medicare Patrol (SMP) grant funds to continue education on how to detect and report healthcare fraud in Medicare billing. Requires Interim Finance approval since the cumulative amount added to the SMP grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C39684**

    Refer to motion for approval under Agenda Item F.

30. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2018** - Addition of $56,000 in federal Supplemental Nutrition Assistance Program Education (Snap-Ed) grant funds transferred from the Division of Welfare and Supportive Services to implement a pilot program for evidence-based strength training designed for older adults. Requires Interim Finance approval since the amount added to the Senior Physical Activity category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C39698**

    Refer to motion for approval under Agenda Item F.

31. **Department of Health and Human Services - Aging and Disability Services - Early Intervention Services - FY 2017** - Addition of $200,000 in Medicaid Administration Charges and $337,272 in Medicaid Case Management funds and transfer of $318,871 from the Personnel Services category to the Medical Contract/Payments category to cover a projected shortfall due to caseload growth and increased costs. Requires Interim Finance approval since the amount added to the Medical Contract/Payments category exceeds $75,000. **Work Program #C39770**

    Refer to motion for approval under Agenda Item F.

32. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2017** - Addition of $159,406 in federal Title XXI funds and $4,356,336 in federal Title XIX funds to cover billings for Medicaid reimbursable activities from other divisions within the Department of Health and Human Services. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds $75,000. **Work Program #C40365**

    Refer to motion for approval under Agenda Item F.

33. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2018** - Addition of $388,772 in federal Accountable Health Communities grant funds to support one Social Services Program Specialist position for the data collection and reporting of health-related social needs of community-dwelling Medicare and Medicaid beneficiaries. Requires Interim Finance approval since the amount added to the Accountable Health Communities grant category exceeds $75,000. **Work Program #C40167**

Marta Jensen, Administrator, Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services (DHHS), introduced Gloria MacDonald, Administrative Services Officer, DHCFP, DHHS.

Ms. Jensen said the Nevada Primary Care Association (NPCA) was awarded the federal Accountable Health Communities (AHC) grant. She said the DHCFP was working in collaboration with the NPCA to test whether systematically identifying health-related social needs of recipients, as well as addressing those needs, would affect the recipients' total health care costs and service utilization. Ms. Jensen said Work Program C40167 was a request for an approval of a state position to assist with monitoring the AHC grant. She noted the position would be funded entirely with grant funds and eliminated at the end of the five-year grant when funding ceased.

In answer to a question from Assemblywoman Carlton, Ms. Jensen said the AHC grant was awarded to the NPCA. The DHCFP was in partnership with the NPCA to assess Medicare and Medicaid recipient data. She said the NPCA would analyze Medicaid recipient data provided by the DHCFP. The DHCFP would analyze Nevada Medicaid recipient data to determine if the grant efforts had a positive outcome for those recipients through their health care costs, as well as utilization and improvements in health.

Assemblywoman Carlton stated that the AHC grant was a five-year grant for $2.5 million, and Gloria MacDonald, Administrative Services Officer, DHCFP, DHHS, said that was correct.

Assemblywoman Bustamante Adams asked what other types of health-related social needs could be determined by the division. Ms. MacDonald replied that the NPCA, which was the bridge organization, would work in partnership with providers throughout the state. As part of the normal medical services provided to Medicaid recipients, there would potentially be an assessment to determine the social health needs of beneficiaries. She said the core health-related needs that would be assessed would include housing stability, utility needs, food insecurity, interpersonal violence and transportation needs. Depending on the score of the assessment, recipients would be provided a navigation service to help meet those needs. Ms. MacDonald said it had been demonstrated through care management programs that a large part of what people faced in those categories were social determinants of health. She said recipients sometimes neglected to follow their health regimens until those needs were met.

Assemblywoman Bustamante Adams asked if she could receive the assessment information for Medicaid recipients in her district. Ms. MacDonald said she was unsure about the program specifics; however, she thought the results of the assessments would be entered into a database and provided to the Centers for Medicare and Medicaid Services. She said that information could also be provided to the Legislature along with the Medicaid data.

Senator Spearman asked if the grant data would be used to begin a longitudinal study to identify trends. Also, she noted the Legislature passed a bill during the 2017 Legislative Session for a study to determine how to provide better health coverage for the citizens of Nevada. She asked if the grant information would help improve health care and human services delivery to Nevadans.

Ms. Jensen replied that the goal of the program during the grant period was to identify processes and needs, as well as outcome after addressing those needs. If the process proved beneficial for recipients at the end of the five-year grant period, she thought it would continue through the normal Medicaid processes. As a result, she said the division would require additional positions, which would be requested through the Legislature.

In response to a question from Assemblywoman Carlton, Ms. Jensen replied that the NPCA would have to obtain information from another source for recipients who only qualified for Medicare, because the division did not have access to that data. She said the DHCFP could provide data for recipients who were eligible for both Medicaid and Medicare.

Assemblywoman Diaz asked if the AHC grant program was a statewide program. She also asked how the data would be collected. Ms. Jensen replied that data collection for Medicaid utilization would be handled through claims processing. She said claims processing allowed the division to see approved, pending and denied claims for in-state and out-of-state providers, as well as the services received. Ms. Jensen said approximately 644,000 individuals were enrolled in Medicaid statewide, but Clark County had the largest Medicaid population. She said 71 percent of the Nevada Medicaid population was in managed care and the remainder in a fee-for-service model.

Assemblywoman Titus thought it was important to assess the needs of Medicaid recipients. She asked if the data would be used to implement change. Ms. Jensen replied that the AHC grant would be used to determine and address the social needs of recipients, and to ascertain whether addressing those needs had a positive impact on one or more aspects of their health care, such as total cost, utilization, outcome or quality of life. She said inpatient and outpatient services, unrelated to trauma, would likely decrease by addressing social needs.

Assemblywoman Titus said she recently released a patient from the hospital, but obtaining a home hospital bed for the patient had been extremely difficult. Several durable goods providers denied the request, because the patient was a Medicaid recipient. She said the providers indicated that Medicaid did not pay claims, even

if the claim was approved. Assemblywoman Titus asked if the AHC grant would provide information on those types of issues, as well as the status of provider payments.

Ms. Jensen replied that follow through would need to occur through the NPCA or whomever the NPCA was contracted with on the other side of the grant. She said certain providers may choose not to work with Medicaid based on rates or certain processes. Medicaid paid claims on a weekly basis; therefore, if the payment was delayed or denied, it was likely due to an error on the claim. Ms. Jensen said Medicaid provided assistance with finding a provider to ensure the needs of recipients were met.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO APPROVE AGENDA ITEM F-33.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Woodhouse called a recess at 12:02 p.m. The meeting was reconvened at 12:43 p.m.

34. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - <u>FY 2017</u> - Addition of $695,279 in federal Maternal and Child Health (MCH) Services grant funds and transfer of $57,409 from the Personnel Services category to the MCH Program category to continue to improve the health of families by providing health education, prevention activities, and quality assurance and health care services. **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 Pre/Post Natal program exceeds $75,000**. **Work Program #C39652**

This item was discussed in conjunction with Agenda Item F-35. Refer to testimony and motion to approve under Agenda Item F-35.

35. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - <u>FY 2017</u> - Addition of $7,276,446 in federal Substance Abuse Prevention and Treatment (SAPT) grant funds to promote healthy behaviors and reduce the impact of substance use and co-occurring disorders for Nevada's residents and communities by planning, funding and coordinating statewide substance abuse service delivery. **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 SAPT Block Grant category exceeds $75,000. Work Program #C39681**

Julia Peek, Deputy Division Administrator, DPBH, DHHS, said Agenda Item F-34 related to the Maternal and Child Health Block Grant. Agenda Item F-35 related to

the Substance Abuse Prevention and Treatment Block Grant, which provided substance abuse primary prevention services and treatment services for Nevada residents.

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

ASSEMBLYMAN FRIERSON MOVED TO APPROVE AGENDA ITEMS F-34 AND F-35.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

36. **Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2017** - Addition of $291,080 in federal Projects for Assistance in Transition from Homelessness (PATH) grant funds to provide education, outreach and case management support through statewide collaborative community partners to assist homeless persons with mental illness find sustainable housing. Requires Interim Finance approval since the amount added to the PATH grant category exceeds $75,000. **Work Program #C39599**

    Refer to motion for approval under Agenda Item F.

37. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2018** - Addition of $1,945,802 in federal Supplemental Nutrition Assistance Program (SNAP) Performance Bonus Award grant funds to support SNAP technology investments, improve program administration and benefits distribution, as well as enhance prevention of fraud, waste and abuse. Requires Interim Finance approval since the amount added to the SNAP Bonus category exceeds $75,000. **Work Program #C39833**

    Refer to motion for approval under Agenda Item F.

38. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2017** - Transfer of $419,260 from the Personnel Services category to the Specialized Training category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Specialized Training category exceeds $75,000. **Work Program #C39783**

    Refer to motion for approval under Agenda Item F.

39. **Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2017** - Transfer of $100,000 from the Temporary Contract Staffing category to the Adoption Subsidy category and $110,000 from

the Temporary Contract Staffing category to the Child Welfare category to fund a projected shortfall in adoption subsidy and foster care payments for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Adoption Subsidy category exceeds $75,000. **Work Program #C40115**

Refer to motion for approval under Agenda Item F.

40. **Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2018** - Addition of $1,716,021 in federal Title XX grant funds transferred from the Department of Health and Human Services Director's Office, deletion of $1,698,137 in federal Title XX grant funds and transfer of $208,349 from the Personnel Services category to the Title XX Services category to support activities related to child welfare and children's mental health including a new contract to provide statewide access to the Positive Behavioral Interventions and Supports program. Requires Interim Finance approval since the amount transferred to the Title XX Services category exceeds $75,000. **Work Program #C40182.**

This item was withdrawn August 17, 2017.

41. **Department of Health and Human Services - Child and Family Services - Juvenile Correctional Facility - FY 2017** - Addition of $47,713 in Budgetary Transfers from the Nevada Youth Training Center account to fund a projected shortfall in personnel costs for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Senate Bill 514, Section 56 of the 2015 Legislative Session. **RELATES TO ITEM F. 42. Work Program #C39575**

Refer to motion for approval under Agenda Item F.

42. **Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2017** - Deletion of $47,713 in Budgetary Transfers to the Summit View Youth Center account to fund a projected shortfall in personnel costs for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Senate Bill 514, Section 56 of the 2015 Legislative Session. **RELATES TO ITEM F. 41 Work Program #C39576**

Refer to motion for approval under Agenda Item F.

43. **Department of Corrections - Director's Office - FY 2017** - Transfer of $4,000 from the Operating category to the Inmate Drug Testing category to cover expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Inmate Drug Testing category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C40344**

Refer to motion for approval under Agenda Item F.

44. Department of Corrections - Ely State Prison - <u>FY 2017</u> - Addition of $41,620 in Utility Capital Credit and $17,516 in Jail Meals to cover an anticipated shortfall in personnel costs through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds $75,000. **Work Program #C40402**

John Borrowman, Deputy Director, Nevada Department of Corrections (NDOC), said Work Program C40402 was a request for funds for Ely State Prison. He said a supplemental request was made for the NDOC during the 2017 Legislative Session. At that time, the department requested transfers to various departments based on the forecast for FY 2017 ending balances. He said the supplemental request also included BOE salary adjustments. Mr. Borrowman said the department revised the salary adjustments for accuracy, and the funds were approved by the BOE. He said Work Program C40402 would true up the last of the transfers and recognize additional revenues received by the NDOC.

Mr. Borrowman said the work program was revised to increase Jail Meals revenue from $17,516 to $22,914, which was a General Fund offset. Additionally, Utility Capital Credit revenue was increased to $41,620. Of that, the department was asking the Committee to consider an increase in Category 1 to $59,136; a decrease of $17,516 in Inmate Drivens; and Reserve for Reversion of $22,914.

Senator Kieckhefer noted there had been another spike in department-wide overtime costs. He asked what factors were driving the increased overtime, and what was being done to manage the problem.

Mr. Borrowman said Work Program C40402, as well as a significant portion of the supplemental request during the 2017 Legislative Session, addressed some of the department-wide overtime costs. He said there had been several discussions at BOE meetings and with the Governor to talk about the variables that were contributing to overtime costs. Mr. Borrowman said the increased department-wide overtime was a difficult and important issue, because it affected both public safety and public funds. He said it was important to have open discussions to help the public understand the reasons for the overtime issue and to find methods of improving the situation.

Mr. Borrowman said overtime costs had increased each fiscal year for the past three fiscal years. He said one reason for the increasing overtime was staff vacancies, which had increased substantially over the last four years. He said a one-grade increase was provided to all NDOC Correctional Officers during the 2017 Legislative Session, and the NDOC was trying to benefit from that increase; however, the department was competing with county and other agencies that were hiring hundreds of correctional officers at salaries significantly higher than the state. Mr. Borrowman said the 5 percent increase would eventually be very beneficial for the department, but it had not offered immediate relief for the department because of the unusual competition with other agencies.

Mr. Borrowman said outside hospital and medical coverage also contributed to overtime costs. He said a variety of medical issues could be handled within the NDOC; however, the department could not handle certain conditions due to capacity or because the issue required more specialized medical care. He explained that when an inmate was authorized to see a doctor outside the prison system, the NDOC was responsible for transporting the inmate to the appointment, which required multiple correctional officers. Mr. Borrowman said the department had an extreme backlog of authorizations for outside medical care. He said very few correctional officers were assigned to a medical transport post, yet transportation for outside medical appointments was a daily occurrence; therefore, correctional officers from other posts were required to meet the need, which accrued overtime.

Mr. Borrowman said the NDOC was not authorized overtime in the budget; however, the NDOC was still required to fulfill service obligations that historically accrued overtime, such as medical transport. He said some essential daily events would always require overtime even though overtime was not authorized.

Mr. Borrowman said there were also unique circumstances that required overtime within the prison system. For example, the NDOC recently incurred 563 hours of overtime to provide coverage for the parole hearing of a well-known inmate. Additionally, the department was preparing for a possible execution, because a couple of death row inmates had nearly exhausted all legal appeals. Mr. Borrowman said the department's base budget did not include funds for training and development for an execution at a brand new facility. He said the department would have to perform the training and development more quickly than expected to prepare for at least one possible execution at Ely State Prison.

Lastly, the department would accrue overtime during the 2017-19 biennium to escort contractors within prison facilities to perform various construction projects. Mr. Borrowman explained that the 2017 Capital Improvement Program included substantial investments in NDOC facilities, and the Legislature approved a significant number of those projects.

Mr. Borrowman said the NDOC was constantly looking for methods of improving efficiencies, because overtime was exhausting for staff. Overtime was now mandatory rather than voluntary due to the number of staff vacancies within the department. He said the department was considering methods of reducing overtime, such as adjusting schedules and reevaluating allocation of resources.

Mr. Borrowman said the NDOC tried to address the overtime issue through its 2017-19 budget. He explained that the department was experiencing chronic overcrowding, and the number of inmates exceeded capacity levels that were effective and efficient. The department had to house inmates in overflow areas, which required 3 correctional officers per 50 inmates instead of the usual 3 correctional officers per 400 inmates, because inmates in overflow areas had to be escorted to the toilets and showers. As part of the NDOC's budget

enhancement for the 2017-19 biennium, the department requested to transfer correctional officer posts to medical transport; however, the request was denied. Mr. Borrowman said the department also requested the use of out-of-state housing to reduce the inmate population. He said it was recognized that the NDOC needed to transfer approximately 400 inmates out of state; however, the department was authorized to transfer 200 inmates. He said the NDOC would continue to house inmates in inefficient areas and use correctional officers inefficiently as a result.

Mr. Borrowman said the department was using creative methods outside the budget process to reduce overtime. For example, the NDOC found it difficult to hire medical personnel to provide necessary services within the prison; therefore, the department transferred funds from Category 1 to Category 8 to provide funds for contract providers. Mr. Borrowman said the transfer was already perpetuated in the department's budget and would probably be expanded at the October IFC meeting. He said utilizing contract providers would reduce the amount of overtime accrued by NDOC medical personnel.

Mr. Borrowman said the department was working closely with the Governor's Office to address inmate overpopulation and overtime and to find effective ways to manage the issues. He said the department was working in partnership with the Legislature and the Governor's Office to address the issues.

Senator Kieckhefer said 100 additional Correctional Officer positions were approved for the NDOC during the 2015 Legislative Session; however, the number of staff vacancies had increased by 100 since that time. He asked if the department was successful at filling any of the new positions authorized in 2015, or if some of those positions were used for medical transport posts.

Mr. Borrowman replied that initially the NDOC was able to fill the new positions while maintaining its vacancy rate. Since that time, however, there had been substantial recruitment by competing agencies. Additionally, the mining industry and economy had improved. As a result, the department's vacancy rate had increased by 100 more vacancies above the 2015 rate.

Senator Kieckhefer said the Legislature tried to correct the vacancy issue during the past two legislative sessions by authorizing more positions and increasing salaries; however, it was insufficient to meet the need. He said the agency indicated that a significant amount of overtime would be accrued in the current fiscal year. He asked how the issue could be managed more effectively.

Mr. Borrowman said the department needed to deal with the fundamental problem, which was that correctional officers were not assigned to provide services that were required of the NDOC. He said there was an insufficient number of correctional officers to provide medical transport and guard inmates admitted for extended hospital stays. Additionally, inmates needed to be housed in efficient areas or, in the case of overcrowding, transferred to an out-of-state facility. Lastly, the department needed to fill its vacancies. Mr. Borrowman said the 5 percent

one-grade increase was a step in the right direction, but the pay gap was substantially larger than 5 percent, and the benefit from the pay increases would probably not be realized until the second year of the 2017-19 biennium. He said there was still hope for improvement. The Governor and Legislature made an important statement by providing the pay increase: correctional officers were critical to public safety. However, that message would not be realized immediately, because the NDOC was in direct competition with agencies that paid substantially more and were hiring hundreds of correctional officers. Mr. Borrowman said advertisements for recruitments could be seen at McCarran International Airport and on the Las Vegas Strip, but he would prefer to see some of the marketing funds translated into employee pay.

Senator Kieckhefer said he was not opposed to the department's request for funds, but annual overtime increases ranging from 50 to 70 percent and totaling $12.5 million could not continue.

Assemblywoman Carlton said the Department of Public Safety (DPS) also experienced a sizeable vacancy rate for a number of years. She said the DPS was authorized a Critical Labor Shortage (CLS) designation for Highway Patrol Officer (NHP) positions, which allowed the department to rehire retired NHP without impacting retirement benefits. She had first-hand experience with CLS positions, because her husband filled a CLS position for nearly two years. Assemblywoman Carlton asked if the NDOC had considered a CLS designation for Correctional Officer positions. She said offering part-time or full-time work to retirees to handle duties such as medical transport would make other correctional officers available for more critical duties. She said a trained workforce of correctional officers was available to the department.

Mr. Borrowman said a CLS designation had been in effect for the NDOC for almost two years, which allowed the department to rehire retired correctional officers, particularly in the rural areas. He said the CLS designation was less successful than the department had hoped. Ten retired employees responded to the CLS vacancies, but several were short-term positions, so about five retired correctional officers remained employed with the NDOC. Mr. Borrowman said, unfortunately, many retired correctional officers could no longer pass the physical test. He said a few retirees had tried to pass the physical test multiple times, and one finally passed. He said the NDOC would probably request an extension on the CLS designation at the February BOE meeting.

Assemblywoman Carlton said the barrier for rehiring correctional officers was the physical test. She said the DPS did not have a physical requirement when rehiring retired NHP. Mr. Borrowman replied that a physical test was required for correctional officers, because officers had to be responsive when dealing with inmates. He said the medical transport position was one of the more difficult tasks, because only two correctional officers were assigned to the task, and the environment was less controllable than the prison environment.

Assemblywoman Carlton said she was familiar with the various physical standards, and she was concerned about their level of difficulty.

Assemblywoman Titus recalled that the agency indicated there were delays in providing medical transport for inmates due to the lack of correctional officers. She asked for further clarification, and how it was determined which appointments to delay.

Mr. Borrowman replied that a number of inmates were authorized to see doctors outside the prison system. He said inmates with more urgent medical needs took precedence regardless of how long they had been on the list, and appointments for inmates with less urgent needs were rescheduled. He stated that all appointments were medically-necessary; however, if an inmate's medical need was not critical, then the appointment may be delayed frequently. Mr. Borrowman said he would provide the Committee with a comprehensive analysis.

Senator Parks asked about the status of the department's efforts in transferring 200 inmates to an out-of-state facility. Mr. Borrowman replied that transferring inmates to an out-of-state facility was an important program for the State of Nevada and the NDOC. He said an RFP was released, and the department solicited responses from a number of institutions and companies; however, only one bid was submitted, which made negotiations more difficult. Mr. Borrowman said the NDOC was currently reviewing the bid and hoped to finalize a contract in October or November 2017 to move forward by early 2018.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-44.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Assemblyman Anderson was not present for the vote.)

Chair Woodhouse requested that the agency provide a quarterly report to the Committee regarding overtime expenses.

45. Department of Corrections - Florence McClure Women's Correctional Center - <u>FY 2017</u> - Addition of $5,893 to Room, Board, and Transportation charges, $668 in Reimbursement of Expenses revenue ***and transfer of $3,525 from the Inmate Driven category to the Personnel Services category to accept additional revenues*** and cover an anticipated shortfall in personnel costs through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds $75,000. **Work Program #C40406. REVISED 8-17-17.**

Refer to motion for approval under Agenda Item F.

46. **Department of Motor Vehicles - License Plate Factory - FY 2017** - Addition of ~~$166,020~~ ***$149,349*** in Special Plates Reimbursement funds and transfer of ~~$697,113~~ ***$846,311*** from the Reserve category to the Payback Highway Fund category to accelerate the repayment of the Highway Fund. Requires Interim Finance approval since the amount added to the Payback Highway Fund category exceeds $75,000. **Work Program #C39756. REVISED 8-4-17.**

    Refer to motion for approval under Agenda Item F.

47. **Department of Public Safety - Nevada Highway Patrol Division - FY 2018** - Addition of $89,293 in Insurance Recovery funds for the replacement of Nevada Highway Patrol vehicles that are out-of-commission due to a vehicle collision. Requires Interim Finance approval since the amount added to the Crash Fund category exceeds $75,000. **Work Program #C39695. WITHDRAWN 8-4-17.**

48. **Department of Public Safety - Nevada Highway Patrol Division - FY 2017** - Addition of $1,297,724 in Contract Services Reimbursement funds to cover an anticipated shortfall in personnel costs through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C39849**

    Refer to motion for approval under Agenda Item F.

49. **Department of Conservation and Natural Resources - Forestry - Forest Fire Suppression - FY 2017** - Transfer of $446,137 from the Prior Year Claims category to the Non-Fire Expense category to cover a projected shortfall associated with flood response related costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Non-Fire Expense category exceeds $75,000. **Work Program #C40012**

    Refer to motion for approval under Agenda Item F.

50. **Public Employees' Benefit Program - FY 2018** - Transfer of $186,272 from the Excess Reserve category to the Personnel Services category, $350 from the Excess Reserve category to the Operating category and $784 from the Excess Reserve category to the Information Services category to support two additional staff needed to accept, allocate and report on budget tracking and make necessary information technology changes. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $75,000. **RELATES TO ITEM F. 51 Work Program #C39665**

    This item was discussed in conjunction with Agenda Item F-51. Refer to testimony and motion for approval under Agenda Item F-51.

51. Public Employees' Benefit Program - <u>FY 2019</u> - Transfer of $253,894 from the Excess Reserve category to the Personnel Services category, $350 from the Excess Reserve category to the Operating category and $784 from the Excess Reserve category to the Information Services new budget tracking and make necessary information technology changes. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $75,000. **RELATES TO ITEM F. 50. Work Program #C40079**

Damon Haycock, Executive Officer, Public Employees' Benefits Program (PEBP), introduced Celestena Glover, Chief Financial Officer, PEBP; and Laura Rich, Operations Officer, PEBP.

Celestena Glover, Chief Financial Officer, PEBP, said Work Programs C39665 and C40079 requested two new positions based on fiscal notes submitted during the 2017 Legislative Session.

Mr. Haycock added that PEBP worked with LCB Fiscal staff to develop the need for the new positions. He said the new positions were in response to requirements placed on PEBP at the end of the 2017 Legislative Session to address non-state, non-Medicare retiree premium increases and provide detailed reports concerning the financial differences between the risk pools. As a result, PEBP quickly reorganized positions within the organization. Mr. Haycock said some vacancies could be repurposed, but the agency had a significant need for assistance with the infrastructure. He said PEBP had maintained the same number of staff since 2003. During that time, significant changes took place, such as the Affordable Care Act, PEBP's introduction of the High Deductible Consumer Driven plan, and the transfer of Medicare-eligible members to the Medicare Exchange. Mr. Haycock said PEBP tried to handle the changes in-house while continuing to provide high-quality health care, increasing access to high-quality health care, and utilizing cost containment strategies to keep rates relatively flat. Although there were ebbs and flows, he said the rates had remained reasonably level outside of the non-state retiree group. Mr. Haycock said PEBP appreciated the Legislature's efforts to help the non-state, non-Medicare retiree group.

Mr. Haycock said the PEBP Board approved the request for two new positions. He said the PEBP Board appreciated the investment in PEBP's infrastructure. The agency was requesting the Committee's authorization to add the new positions, which would be funded long term by significant savings that resulted from the new pharmacy benefits manager; dramatic increases in rebates; and aggressive contract negotiations with current partners.

Assemblywoman Carlton asked if the two positions PEBP was requesting were in line with the positions included in the fiscal notes during the legislative session.

Mr. Haycock replied that PEBP initially indicated the need for a Management Analyst position and an IT Professional position; however, PEBP quickly reorganized staff so a Management Analyst position would be in place by

July 1, 2017. He said the agency repurposed a vacant Health Program Manager position to a Management Analyst position to allow the accounting unit to fill the position and address an immediate need. He said PEBP now needed to backfill the Health Program Manager position to oversee programs such as chronic disease management and other clinical programs. Mr. Haycock said it was extremely important to give back to PEBP members by using Excess reserves to institute appropriate and impactful programs.

Assemblywoman Carlton said it was her understanding that the two new positions would also be responsible for working on new initiatives. Mr. Haycock replied that the agency planned to provide the PEBP Board with recommendations in September, as usual. The PEBP Board would vote on the proposed recommendations in November 2017. He said the proposed initiatives would provide opportunities to increase access to health care for members. Mr. Haycock said the two new positions would assist with the new initiatives in addition to other duties. He thought PEBP could absorb the new programs and continue to monitor and manage current programs, while continuing to provide excellent service to members.

Assemblywoman Carlton said the new initiatives included a near-site health clinic, nurse health line, enhanced primary care pilot program, expanded disease management and wellness programs, and partnerships with state agencies. She stated that the proposed initiatives were not discussed during the 2017 Legislative Session. Assemblywoman Carlton asked if the initiatives would be funded with Excess reserves.

Mr. Haycock confirmed that the proposed initiatives were not discussed with the 2017 Legislature. He said the initiatives were discussed with the PEBP Board prior to the legislative session as well as several times during the past few months. He said the near-site health clinic was a feasibility study that turned into a request for qualifications (RFQ). Also, he thought PEBP would be able to absorb a partnership with an enhanced primary care entity in Reno. Mr. Haycock said PEBP staff could handle the proposed initiatives individually, but it became overwhelming with all of the initiatives combined, and the additional requirements of S.B. 545 and S.B. 552 (2017 Legislative Session).

Assemblywoman Carlton said the requirements of S.B. 545 and S.B. 552 were not an additional burden; they were a function of service to state employees. She said PEBP was proposing to add multiple new programs that would be paid with Excess reserves. She said Excess reserve funds could be used to lower the cost of health care for state employees, which was a significant portion of their paychecks each month.

Assemblywoman Carlton said she wanted to ensure the requested positions would be used to help the non-state, non-Medicare retiree group over the next two to four years, as discussed by the Legislature. She did not want to see the positions used for programmatic issues that had not been discussed with the Legislature.

Mr. Haycock replied that any new programs presented by PEBP were associated with cost saving measures and would not be at a cost to members. He said PEBP required a return on investment within one year whenever access to care was increased and quality was improved through new programs. Mr. Haycock said the agency would not recommend a program to the PEBP Board unless it produced a net cost savings.

Mr. Haycock said the IT Professional position was needed to address the workload associated with S.B. 545 and S.B. 552. He said the agency was happy to perform the tasks required by the Legislature. He reiterated that PEBP had taken proactive measures by reclassifying a Health Program Manager position to a Management Analyst position to ensure the process was managed quickly and fluidly, and that the requirements of the Legislature were met.

Assemblywoman Carlton said the Interim Retirement and Benefits Committee (IRBC) would meet in December 2017, and she hoped PEBP would discuss the proposed initiatives with the IRBC. She was interested in learning more about the near-site health clinic. She asked if the clinic would be accessible to state employees only.

Mr. Haycock replied that PEBP was still negotiating with the selected vendor. He said the near-site health clinic must accommodate state employees, retirees and their families exclusively, and must be at an appropriate price point in order to move forward. He said PEBP would present the near-site health clinic initiative to the PEBP Board, the IRBC and the IFC after negotiations were complete.

> ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS F-50 AND F-51.
>
> SENATOR KIECKHEFER SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Assemblyman Anderson was not present for the vote.)

52. Public Employees' Benefit Program - FY 2018 - Addition of $149,654 in Non-State Employee Premiums, $8,869,915 in Non-State Retiree Premiums, $24,453,915 in Non-State Subsidy funds, $57,628,605 in State Employee Premiums, $12,042,298 in State Retiree Premiums and $276,813,321 in State Subsidy funds to restructure revenue general ledgers and expenditure categories to enhance tracking and transparency by participant group pursuant to Senate Bill 545, Chapter 397, Section 11 (2017 Legislative Session). **RELATES TO ITEM F. 53. Work Program #C39938**

This item was discussed in conjunction with Agenda Item F-53. Refer to testimony and motion for approval under Agenda Item F-53.

53. Public Employees' Benefit Program - FY 2018 - Deletion of $1,078 in Non-State Employee Premiums, $63,935 in Non-State Retiree Premiums, $100,405,630 in Premium Income, $176,266 in Non-State Subsidy funds, $415,393 in State Employee Premiums, $17,383 in State Retiree Premiums and $278,878,023 in State Subsidy funds to bring the authority back to legislatively approved levels after restructuring the revenue general ledgers and expenditure categories to reflect the participant groups pursuant to Senate Bill 545, Chapter 397, Section 11 (2017 Legislative Session). **RELATES TO ITEM F. 52**. **Work Program #C40146**

Celestena Glover, Chief Financial Officer, PEBP, said Work Programs C39938 and C40146 requested to restructure PEBP's operating budget to more clearly track expenditures and revenues from the various employee and retiree participant groups. She said Work Program C39938 established separate expenditure categories and revenue general ledgers for each PEBP participant group. Work Program C40146 eliminated certain expenditure categories and revenue general ledgers. She said the two work programs worked in tandem to transfer accounting transactions that occurred year-to-date between existing and new revenue general ledgers and categories. Work Program C39938 would be processed first, and the Governor's Finance Office would delay processing Work Program C40146 until work was complete on the first work program.

SENATOR SPEARMAN MOVED TO APPROVE AGENDA ITEMS F-52 AND F-53.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Assemblyman Anderson was not present for the vote.)

54. Department of Education - Account for Alternative Schools - FY 2017 - Transfer of $3,029 from the Operating category to the Personnel Services category to cover a projected shortfall in personnel costs through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds $75,000. **Work Program #C40432. RECEIVED AFTER SUBMITTAL DEADLINE, 8-1-17**

Refer to motion for approval under Agenda Item F.

55. Department of Public Safety - Division of Emergency Management - FY 2018 - Transfer of $100,000 in U.S. Department of Homeland Security FY 2015 Emergency Management Performance Grant funds from the Emergency Management Assistance Grants budget for equipment and office furnishings for the state Emergency Operations Center. Requires Interim Finance approval since the amount added to the Equipment category exceeds $75,000. **Work Program #C40053. RECEIVED AFTER SUBMITTAL DEADLINE, 8-3-17.**

Refer to motion for approval under Agenda Item F.

56. Department of Education - Literacy Programs - FY 2017 - Addition of $982,527 in federal Striving Readers grant funding and transfer of ~~$120~~ ***$1,782*** from the Personnel Services category to the ~~Operating~~ ***Indirect Cost*** category, ~~$154~~ ***$5,306*** from the ~~Personnel~~ ***Information*** Services category to the ~~Information Services~~ ***Striving Readers ATS*** category, ***$1,440 from the Operating category to the Striving Readers ATS category***, ~~$57,903~~ ***$47,212*** from the Personnel Services category to the Striving Readers Aid to School (ATS) category and ~~$314,734~~ ***$318,679*** from the Striving Readers Admin category to the Striving Readers ATS category to align state authority with available federal grant authority to fund Aid to School obligations through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Striving Readers ATS category exceeds $75,000. **Work Program #C39408. RECEIVED AFTER SUBMITTAL DEADLINE, 8-7-17. REVISED 8-15-17.**

Refer to motion for approval under Agenda Item F.

RECLASSIFICATIONS

Refer to motion for approval under Agenda Item F.

AGENCY	AGENCY/ACCOUNT NUMBER	POSITION NUMBER	PRESENT CLASS, CODE, GRADE, SALARY	PROPOSED CLASS, CODE, GRADE & SALARY
Department of Administration – Fleet Services	084/1354	0002	Administrative Assistant IV Code: 2.210 Grade: 29/01 Employer Paid Retirement $46,875.60	Fleet Specialist II Code: 7.670 Grade: 33/08 Employer Paid Retirement $51,176.88
Department of Corrections – MIS	440/3710	1013	IT Technician V Code: 7.931 Grade: 33/01 Employee/Employer Paid Retirement $43,179.84	Digital Telecom Specialist I Code: 6.967 Grade: 33/01 Employee/Employer Paid Retirement $43,179.84
Department of Public Safety – Highway Patrol Division	651/4713	0185	Administrative Assistant IV Code: 2.210 Grade: 29/10 Employer Paid Retirement $46,875.60	Fleet Specialist II Code: 7.670 Grade: 33/08 Employer Paid Retirement $51,176.88

G. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, LCB, directed the Committee to the Statement of Contingency Account Balance located on page 265 in Volume II of the meeting packet (Exhibit B). He said staff would primarily address the beginning balance for FY 2018. The current balance in the Contingency Account subsequent to allocations being approved totaled approximately $16.2 million for the

unrestricted General Fund and approximately $1.7 million in the unrestricted Highway Fund. The total amount of restricted appropriations in the Contingency Account was approximately $42.0 million, if the requests were approved by the Committee. Mr. Krmpotic said the details of restricted appropriations were located on pages 267 through 274 in Volume II of the meeting packet (Exhibit B).

H. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268. (Note: IFC may approve a different amount for an allocation than the amount requested).

1. Office of the Attorney General – Crime Prevention – Request for an allocation of $6,253 to cover a projected salary shortfall in FY 2017.

   Christian Schonlau, Chief Financial Officer, Office of the Attorney General (OAG), said the OAG was requesting funds to cover a projected salary shortfall in budget account 1036, Crime Prevention, primarily due to the onboarding of two positions at higher steps than authorized in the budget. He said the OAG previously requested Contingency Account funds through the BOE to cover the 2 percent cost-of-living adjustment authorized by the 2015 Legislature. Mr. Schonlau said the current request would cover the remaining balance and reduce expenditure categories to the maximum levels. He stated the OAG continued to receive revenues in excess of the projections after the request was submitted; therefore, the amount of the request was reduced.

   Mr. Krmpotic said the adjustment referred to by Mr. Schonlau would reduce the allocation request from $6,253 to $5,647.

   SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM H-1.

   ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

   THE MOTION PASSED UNANIMOUSLY. (Senator Spearman and Assemblyman Anderson were not present for the vote.)

2. Office of the State Treasurer – Request for an allocation of $136,014 to pay for contract expenditures for the Education Savings Account Program (ESA) in FY 2017.

   Grant Hewitt, Chief of Staff, STO, said the STO was requesting $136,014 to pay for expenses incurred due to the absence of funding for the Education Savings Account (ESA) program. After the passage of S.B. 302 (2015 Legislative Session), the state entered into a contract with Interactive Ideas to develop a payment application portal and overall ESA system administration application. He said the work was completed in

February 2016 in preparation for funding ESA accounts. Mr. Hewitt said a court ordered injunction occurred on January 15, 2016, and work ceased on the software even though it was ready to be implemented. He said the court order was lifted in September 2016 when the program was deemed constitutional, but lacked a funding mechanism. Testing resumed on the software in anticipation that the Legislature would fund the ESA program during the 2017 Legislative Session; however, the Legislature decided not to fund the program. Mr. Hewitt said the STO terminated the contract with Interactive Ideas effective June 30, 2017; however, money was still owed to the vendor for work that was completed.

Assemblywoman Spiegel asked why the money for the contract was not included in the STO budget. Mr. Hewitt replied that the funds for the contract were included in budget account 1097, Nevada's Education Savings Account; however, funding for that budget account was not approved by the money committees.

Assemblywoman Spiegel noted that the Governor's recommended budget for budget account 1097 was $95,238. She asked what caused the difference between that and the $136,014 requested by the STO.

Mr. Hewitt replied that the contract was amortized over four years to reduce the initial cost of the program. He said the amount included in the budget was the amount that would have been due over the 2017-19 biennium; however, additional payments would have also been due in future biennia. He said the revenue from the 3 percent administration fee would have been used to pay the vendor. Mr. Hewitt said the difference in the budgeted amount and the final payoff amount was to cover work that was completed by the vendor prior to the termination of the contract.

Assemblywoman Carlton said the STO was in the process of negotiating the final terms of the contract termination with the vendor. She asked if the final amount due to the vendor could change based on those negotiations. Mr. Hewitt replied that the negotiations would not affect the final amount owed to the vendor; the discussions only involved the source code. He said the vendor had already determined the final amount due for work completed, and that amount was not in dispute.

Mr. Hewitt said extensive discussion regarding the logistics of handing over the data and source code had not taken place, because the STO was waiting for funding approval for the final payment owed to the vendor.

Assemblywoman Carlton noted that late fees had been incurred. She asked if those fees were included in the requested amount of $136,014. Mr. Hewitt replied that the vendor waived the late fees, and the final payoff amount was $136,014.

Assemblywoman Carlton asked if the STO provided staff with a breakdown of the requested funds. Mr. Hewitt replied that the agency provided staff with all the invoices that comprised the payoff amount of $136,014.

In answer to a question from Assemblywoman Carlton, Mr. Hewitt replied that the STO was currently negotiating the exchange of the source code. He explained that the source code would become the property of the state. If the state chose to reinstate the ESA program in the future, the state was not required to use the same vendor, because the state owned the rights to the source code. Mr. Hewitt said the agency and the vendor were discussing the contract language to determine whether the state would receive the license or the actual source code for the software application.

Assemblywoman Carlton asked if there would be a cost associated with obtaining the source code, and Mr. Hewitt said no.

In answer to a question from Assemblywoman Carlton, Mr. Hewitt said the STO would provide the Committee with a copy of the final terms of the terminated contract.

Senator Denis asked if the source code would be obtained when the final payment was provided to the vendor, and Mr. Hewitt said that was correct. He said Interactive Ideas had been very amicable throughout the process. The vendor understood that the ESA program was not funded and was willing to cooperate with the state to settle the contract. Mr. Hewitt reiterated that no additional costs would be incurred to obtain the data and source code.

In answer to a question from Senator Denis, Mr. Hewitt replied that the software was a design build of a full ESA application program, which included processes for submitting applications, payment processing and auditing data. He said the STO was also able to generate reports that were provided to the education committees during the 2017 Legislative Session.

Senator Denis asked if Interactive Ideas had the ability to sell the design build that was created for Nevada to other states, and Mr. Hewitt said that was correct.

Senator Kieckhefer asked if there was any debate by the BOE regarding the scope of the payment. Mr. Hewitt said the item was approved unanimously by the BOE.

Assemblyman Frierson asked for clarification regarding the installment payments that were scheduled for FY 2018 and FY 2019, and how that would impact the state. Mr. Hewitt replied that the entire software application was developed prior to the anticipated launch of the ESA program so all of the software development had been completed before the contract was terminated. He said the vendor amortized the payments over multiple years, and the STO

originally sought only enough funding from the IFC to cover costs until the date that ESA revenue was expected to begin accruing. He said the work that was completed exceeded the revenue amount.

Assemblyman Frierson said payments, as they related to enrollment for FY 2018 and FY 2019, were still incurred in the preparation and development of the software; therefore, the final amount due to the vendor was a reflection of work that was already completed, and Mr. Hewitt said that was correct.

Assemblywoman Carlton noted that $30,232 remained in the ESA Operating category. She asked if those funds would be applied to the amount owed to the vendor. Mr. Hewitt replied that the STO requested authority at the April 4, 2017, IFC meeting to transfer the remaining $30,232 from the ESA Operating account to the ESA IT account; however, the Governor's Finance Office indicated that IFC Contingency Account allocations could not be transferred between categories; therefore, the money would have to be reverted.

Janet Murphy, Deputy Director, Governor's Finance Office, said each resolution for IFC Contingency Account allocations stated a specific purpose. She said the IFC would need to change the purpose stated in the resolution in order to allow the transfer between categories.

Mr. Hewitt said the STO was amenable to reducing the requested amount by $30,232 if the IFC revised the purpose stated in the resolution.

Senator Spearman recalled that Mr. Hewitt indicated the Legislature decided not to fund the ESA program during the 2017 Legislative Session. She clarified that certain funding resources were required for the passage of the budget; however, those sources were not passed by the Legislature; therefore, the money for the ESA program had to be removed to avoid a $70 million deficit.

Mr. Hewitt said, due to circumstances during the legislative process, the ESA program did not receive funding. He said he did not mean to insinuate otherwise.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, LCB, said staff recommended approving the amount requested by the STO, less $30,232, which would apply the balance in the ESA Operating category as of FY 2017 and reduce the amount of the request from $136,014 to $105,782. He said the Committee may wish to require the STO to provide staff with the negotiated terms of the contract termination, as well as proof that the source code or licensing rights related to the enrollment system had been obtained.

ASSEMBLYMAN ANDERSON MOVED TO APPROVE AGENDA ITEM H-2 IN THE REVISED AMOUNT OF $105,782, AND DIRECT THE OFFICE OF THE STATE TREASURER TO PROVIDE THE INTERIM FINANCE COMMITTEE WITH THE NEGOTIATED TERMS OF THE CONTRACT TERMINATION AND PROOF THAT THE SOURCE CODE OR LICENSING RIGHTS FOR THE EDUCATION SAVINGS ACCOUNT PROGRAM WERE OBTAINED.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

3. Department of Education – Request for an allocation of $211,749 to replenish the Special Education Contingency Account. **WITHDRAWN 8-3-17.**

4. Commission on Ethics – Request for an allocation of $14,470 to fund FY 2017 expenditures.

   This item was withdrawn August 18, 2017.

I. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO ASSEMBLY BILL 504, SECTION 1.5 (1)(a) (2017 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested). Office of Finance in the Office of the Governor – Request for an allocation of $914,609 to establish a Project Planning Office for the replacement of the existing financial and human resource management information technology system.

This item was discussed in conjunction with Agenda Item J. Refer to testimony and motion for approval under Agenda Item J.

J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (HIGHWAY FUND) PURSUANT TO ASSEMBLY BILL 504, SECTION 1.5 (1)(b) (2017 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested). Office of Finance in the Office of the Governor – Request for an allocation of $214,538 to establish a Project Planning Office for the replacement of the existing financial and human resource management information technology system.

Janet Murphy, Deputy Director, Governor's Finance Office, introduced Patrick Cates, Director, Department of Administration. She said Mr. Cates was a member of the Enterprise Resource Planning (ERP) Executive Committee, which consisted of the Director of the Governor's Finance Office, Director of the Department of Administration, and the State Controller.

Ms. Murphy said the Governor's Finance Office was requesting $914,609 in General Funds and $214,538 in Highway Funds for a total of $1,129,147, which was

allocated to the IFC Contingency Account pursuant to A.B. 504, Section 1.5 of the 2017 Legislative Session to implement the state ERP project. The requested funds would provide for the establishment of a project management office, as well as a Director, Project Manager (equivalent to an IT Professional), Management Analyst, Organizational Change Management Lead, and a Functional Area Lead. The estimated personnel cost was $480,613 for FY 2018. Additionally, $562,000 of the requested funds would be used for contract support and $86,534 for ancillary costs such as rent, furniture and phone lines.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM I AND AGENDA ITEM J.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Spearman and Assemblyman Anderson were not present for the vote.)

K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO ASSEMBLY BILL 417, SECTION 9 (2017 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested). Governor's Office of Economic Development – Request an allocation of $350,000 to implement the Nevada Main Street Program.

Cory Hunt, Deputy Director, Governor's Office of Economic Development (GOED), introduced Bonnie Long, Director of Administration, GOED.

Mr. Hunt said GOED was requesting a one-time approval of $350,000 pursuant to the passage of A.B. 417, which created the Nevada Main Street (NMS) Program. He said the funds would be used for costs to operate the program including website, travel, registrations and certification with the national Main Street Program. The funds would also be used to establish a grant for communities across the state that were certified through the national Main Street Program to apply for capital improvements, training, education, etc.

Mr. Hunt thanked Assemblywoman Swank for championing A.B. 417 through the Legislature. He said GOED was excited about the NMS Program. He noted that staff was currently undergoing training to prepare for implementation of the program.

Senator Kieckhefer asked how much of the $350,000 would be used toward the grant. Mr. Hunt replied that $200,000 would be used toward the grant; $100,000 per fiscal year.

In response to a question from Assemblywoman Bustamante Adams, Mr. Hunt replied that communities would apply for the NMS Program and undergo training to become certified through the national Main Street Program. Communities could apply for grant funds after becoming certified. He clarified that the grants were not available to specific

businesses. The grants were available to communities for improving a main street or facades, assisting with marketing or a business plan for a downtown corridor, etc. Mr. Hunt said Minden and Gardnerville were currently NMS participants, but would not become official members until the state NMS office was operational. He said five other communities would become certified through the national Main Street Program and those communities would be eligible to apply for grants. He stated that any community across Nevada could apply.

Assemblywoman Bustamante Adams asked what the timeframe was for selecting the five other communities. Mr. Hunt replied that the official launch of the NMS Program would take place on September 7, 2017, in Reno and September 8, 2017, in Las Vegas. He said 13 communities were tentatively signed up to attend the program launch, and approximately 50 attendees were expected at each training. The NMS Program would enter into the contract with the national Main Street Program after the official launch and begin rolling out the program. Mr. Hunt said GOED was also developing regulations for the application process as required by A.B. 417.

> ASSEMBLYWOMAN SWANK MOVED TO APPROVE AGENDA ITEM K.
>
> SENATOR GOICOECHEA SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Senator Spearman, Assemblyman Anderson, Assemblyman Araujo and Assemblyman Wheeler were not present for the vote.)

L. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335 – Department of Public Safety – Division of Emergency Management – Request approval to accept Federal Emergency Management Agency grant funding of $5,896,000 for the estimated federal cost share associated with the February 2017 winter flood events.

Justin Luna, Administrative Services Officer, Division of Emergency Management (DEM), Department of Public Safety (DPS), said the DEM was requesting approval to accept Federal Emergency Management Agency (FEMA) grant funding to pass through reimbursements for eligible costs for jurisdictions that were affected during the February 2017 winter flood events.

Senator Settelmeyer asked if all bridges in the State of Nevada were declared critical infrastructure. He said Douglas County was denied FEMA funds, because certain items were not considered critical infrastructure. Mr. Luna said he was unsure, but would research the matter and provide information to the Committee.

Senator Settelmeyer said he would like to meet with the DEM offline to discuss the matter further. He said Douglas County walked away from federal funds due to the fact that certain items were not considered critical infrastructure, and the matter needed to be resolved.

In answer to a question from Assemblywoman Carlton, Mr. Luna replied that the DEM was requesting the Committee's approval to accept the initial portion of the FEMA grant funds. The initial portion of funds was based on a percentage used on the preliminary estimate of the total damages. Nevada would receive additional "lock-ins" from FEMA as the process continued. He said the initial portion of funds was based on the initial 30-day lock-in after beginning the joint field office with FEMA and processing applicants' projects. Mr. Luna said the state would receive additional funding as the finalized projects were reconciled, which would provide a more accurate estimate of the total cost. He said the current estimate for the January and February 2017 flood events was $30 million.

Assemblywoman Carlton asked the division to provide updates to the Committee if the estimates changed.

Assemblywoman Titus said much of her county was affected by the January and February 2017 winter flood events. She noted that designations and types of assistance were listed on page 111 in Volume III of the meeting packet (Exhibit C). Assemblywoman Titus said counties had already spent funds to make necessary repairs. She asked if the division had already received FEMA funding, and how quickly the funds would be disbursed.

Mr. Luna replied that funds had been obligated from FEMA for approved projects. He said there were additional projects that still required approval, and the DEM was currently working through that process with FEMA. He said the division would be able to pass through some of the funds for approved projects if the Committee approved the request to accept FEMA funding. Mr. Luna said FEMA had different categories of reimbursable projects. Categories A and B were for debris removal and emergency protective measures. He said most of those activities happened during the response phase; therefore, a majority of the costs had already been realized and projects were being approved. He said the DEM managed the grant process for pass through funds, and the division was currently in the process of disbursing grant awards to subapplicants. He said the division would begin issuing reimbursements as soon as detailed information was received from the subapplicants documenting all the costs for the projects. Mr. Luna said most of those projects had already been completed, because the subapplicants were working with FEMA and the state jointly to get projects approved; therefore, the DEM would be able to issue reimbursements for debris removal and emergency protective measure projects more quickly. Mr. Luna said there were other categories that entailed repairs on roads and bridges, which would take longer to complete; therefore, FEMA was responsible for writing a project for those eligible activities. As jurisdictions completed those projects, they submitted documentation through the DEM. He said the DEM verified the information and passed through reimbursement funds.

Assemblywoman Titus said many counties had already incurred expenses, but in order to receive reimbursement, the counties had to submit a detailed report to FEMA. She asked how long counties would have to wait to receive reimbursement. Mr. Luna said the timeframe for issuing reimbursements depended on the project. He said the DEM

was in the process of establishing state and local agreements for grant awards that would be issued for expenses that were incurred as well as approved projects. He said most jurisdictions were familiar with state and local agreements, because the agreements were used for typical emergency preparedness and Homeland Security funding. The division would verify information and begin issuing checks within the next month if the information was complete and the projects were finalized.

> ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM L.
>
> SENATOR SETTELMEYER SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Senator Denis, Senator Spearman, Assemblyman Anderson and Assemblyman Araujo were not present for the vote.)

M. REQUEST FOR APPROVAL TO TRANSFER FROM THE INTERIM FINANCE COMMITTEE'S ACCOUNT FOR FORECLOSURE MEDIATION ASSISTANCE PURSUANT TO SENATE BILL 490 (2017 Legislature) – Request the transfer of $300,000 from the Account for Foreclosure Mediation Assistance to Home Means Nevada, Inc. to administer the Foreclosure Mediation Program.

Bruce Breslow, Director, Department of Business and Industry (B&I), said today was his last IFC meeting as the Director of B&I. He introduced Perry Faigin, Chief Administrative Officer, Housing Division, B&I. He said Mr. Faigin volunteered to be the Chairman of the nonprofit organization, Home Means Nevada, Inc. (HMN). He said the 2017 Legislature retained the Foreclosure Mediation Program established during the 2009 Legislative Session and transferred administration to the HMN.

Perry Faigin, Chief Administrative Officer, Housing Division, B&I, and President, HMN, said the HMN Board of Directors was requesting to transfer funds to the HMN program to implement the program as quickly as possible. Mr. Faigin introduced HMN legal counsel, Colleen Platt of the Platt Law Group.

In response to a question from Chair Woodhouse, Mr. Faigin said outreach for the HMN program would begin after the HMN office was established. Chair Woodhouse asked Mr. Faigin to provide the Committee with the HMN outreach plan when it was available.

Assemblywoman Carlton asked what the timeline was for the HMN program to become operational. Mr. Faigin replied that staff was making good progress launching the program. The lease for the office space was executed on August 23, 2017. Also, an Operations Manager was hired and would begin in the next few weeks. Mr. Faigin said there were many other infrastructure-related tasks that would take time to complete, such as computer systems and office furnishings. He was hopeful the HMN program would be operational within 60 days.

In answer to a question from Assemblywoman Carlton, Mr. Faigin replied that the HMN office would be located with B&I in Las Vegas on the fourth floor of the Business Center. He said he would provide the Committee the address of the HMN office as well as his contact information.

Assemblyman Araujo asked with which local nonprofit organizations the HMN program would partner. Mr. Faigin replied that partnerships with local nonprofit organizations had not yet been established, because the program was still being established. He said many interested parties had offered support to the HMN program, and he would reach out to those organizations when the infrastructure was in place.

Assemblyman Araujo said it was important to focus on local experts rather than outsourcing and partnering with nonprofits from other states first. He said many local nonprofit organizations did phenomenal work in the community, and they deserved top priority. Mr. Faigin said he hoped the program would be able to partner with local nonprofit organizations.

In answer to a question from Assemblywoman Monroe-Moreno, Mr. Faigin replied that the Operations Manager would be tasked with hiring additional staff. He said all staff would be located in Las Vegas.

> ASSEMBLYWOMAN MONROE-MORENO MOVED TO APPROVE AGENDA ITEM M.
>
> SENATOR PARKS SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Senator Spearman, Assemblyman Anderson and Assemblyman Edwards were not present for the vote.)

N. INFORMATIONAL ITEMS.
There was no discussion on Agenda Item N.

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 June 30, 2017, pursuant to NRS 333.705(5).
2. OFFICE OF THE STATE TREASURER
   a) Report on estimated amount of proceeds of the ad valorem taxes levied for FY 2018 pursuant to S.B. 546, Section 31.1 (2017 Legislature).
   b) Report to verify the sufficiency of the Bond Interest and Redemption Fund to meet the obligations of the State of Nevada pursuant to S.B. 546, Section 31.3 (2017 Legislature).

3. DEPARTMENT OF EDUCATION – Report concerning reconciliation of revenues and expenditures for White Pine County School District used to determine the economic hardship for the textbook waiver and how the funds were used, pursuant to NRS 387.2067, subsection 1.

4. NEVADA SYSTEM OF HIGHER EDUCATION
   a) Quarterly report on the progress made by the University of Nevada, Reno 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 period ending June 30, 2017, pursuant to NRS 453A.600.
   b) Biannual report on Registration Fees and Non-Resident Tuition Fees for the period ending June 30, 2017, pursuant to A.B. 490, Section 8(2) (2015 Legislature).

5. DEPARTMENT OF HEALTH AND HUMAN SERVICES
   a) Aging and Disability Services Division
      1) Desert Regional Center – Notice to eliminate one full-time equivalent (FTE) position in order to address a critical need to ensure effective and efficient billing improvements, focusing primarily on Nevada Early Intervention Services and the Autism Treatment Assistance Program.
      2) Federal Programs and Administration – Notice to add one Administrative Services Officer I full-time equivalent (FTE) position to ensure effective and efficient billing improvements, focusing primarily on Nevada Early Intervention Services and the Autism Treatment Assistance Program.
   b) Public and Behavioral Health – Southern Nevada Adult Mental Health – Per a request from the 2017 Legislative Session, a follow-up report regarding Rawson-Neal hospital, including an update on the status of the C-POD unit closure, Rapid Stabilization patient services, and wait times for inpatient civil psychiatric caseloads. **RECEIVED AFTER DEADLINE, 8-1-17.**

6. DEPARTMENT OF PUBLIC SAFETY – Parole and Probation
   a) Quarterly report on the status of the agency's pre-sentence investigations backlog for the period ending June 30, 2017 (letter of intent, 2015 Legislature).
   b) Semiannual report on the number of offenders in the Low-Risk Supervision (LRS) unit by category of offense and the number of officers and other personnel assigned to manage LRS for the period ending June 30, 2017 (letter of intent, 2015 Legislature).

7. DEPARTMENT OF WILDLIFE
   a) Wildlife Trust Account - Semiannual report concerning the revenue and expenditure of the money in the Wildlife Trust Fund for the period July 1, 2016, through December 31, 2016, pursuant to NRS 501.3585.
   b) Notice to add one new full-time equivalent (FTE) position to ensure effective and efficient program management of the agency's fleet vehicles, watercraft, all-terrain vehicles and special equipment.

8. DEPARTMENT OF TRANSPORTATION - Report on the activities of the Advisory Committee on Transportational Storm Water Management and the implementation and efficacy of the department's storm water program pursuant to NRS 408.439.

9. SILVER STATE HEALTH INSURANCE EXCHANGE - Annual report regarding the Silver State Health Insurance Exchange's fiscal and operational status, recommendations concerning the Exchange, a summary of the activities of the Board and the Exchange's contribution to the health of the residents of Nevada during the previous year pursuant to NRS 695I.370 (1) (b) & (c). Report includes information regarding the activities of the Exchange since December 31, 2016.

10. Reports on the use of consultants for the January 1, 2017, through June 30, 2017, reporting period:

    a) Reports from school districts pursuant to NRS 391.155.
    b) Reports from boards and commissions pursuant to NRS 333.705(7).
    c) Reports from the Nevada System of Higher Education, pursuant to NRS 333.705(7)

O. PUBLIC COMMENT.

There was no public comment.

P. ADJOURNMENT.

Chair Woodhouse adjourned the meeting at 1:53 p.m.

_____
Senator Joyce Woodhouse, Chair
Interim Finance Committee

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