MINUTES OF THE FEBRUARY 8, 2018
MEETING OF THE
INTERIM FINANCE COMMITTEE
Las Vegas, Nevada

Chair Joyce Woodhouse called a regular meeting of the Interim Finance Committee (IFC) to order at 9:05 a.m. on February 8, 2018, in Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada.

**COMMITTEE MEMBERS PRESENT:**
Senator Joyce Woodhouse, Chair
Assemblywoman Maggie Carlton, Vice Chair
Senator Moises Denis
Senator Aaron Ford
Senator Heidi Gansert
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Assemblyman Nelson Araujo
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Olivia Diaz
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblywoman Daniele Monroe-Moreno for Assemblywoman Heidi Swank
Assemblyman James Oscarson
Assemblywoman Ellen Spiegel
Assemblyman Michael Sprinkle
Assemblyman Tyrone Thompson for Assemblyman Jason Frierson
Assemblywoman Robin Titus
Assemblywoman Jill Tolles

**COMMITTEE MEMBERS EXCUSED:**
Assemblyman Jason Frierson
Assemblywoman Heidi Swank

**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: Economic Forum Report to the Interim Finance Committee, February 2018

## A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; all members were present except Assemblyman Frierson and Assemblywoman Swank who were excused.

## B. PUBLIC COMMENT.

There was no public comment.

## C. APPROVAL OF MINUTES OF THE OCTOBER 19, 2017, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE MINUTES OF THE OCTOBER 19, 2017, MEETING.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

## D. APPROVAL OF MINUTES OF THE DECEMBER 7, 2017, MEETING.

SENATOR KIECKHEFER MOVED TO APPROVE THE MINUTES OF THE DECEMBER 7, 2017, MEETING.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

## E. 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 E-10, Department of Education; E-44, Department of Conservation and Natural Resources; E-57, Department of Transportation; E-58, Public Employees' Benefits Program; and E-62, Silver State Health Insurance Exchange.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), noted that the following items involved the allocation of block grant

funds, which required a public hearing: Agenda Items E-21, Department of Health and Human Services, Division of Public and Behavioral Health; and E-26, Department of Health and Human Services, Division of Welfare and Supportive Services.

Mr. Krmpotic noted that Agenda Item E-30, Department of Health and Human Services, Division of Child and Family Services, was withdrawn January 31, 2018. Additionally, Agenda Items E-49, Department of Conservation and Natural Resources, Division of Environmental Protection, and E-50, Department of Conservation and Natural Resources, Division of Environmental Protection, were withdrawn February 1, 2018.

Assemblywoman Carlton requested further testimony on Agenda Item E-37, Department of Public Safety, Division of Parole and Probation.

Senator Goicoechea requested further testimony on Agenda Item E-48, Department of Conservation and Natural Resources, Division of Environmental Protection.

Assemblywoman Bustamante Adams requested further testimony on Agenda Item E-34, Department of Corrections.

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

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

1. **Office of the Attorney General - Forfeiture - FY 2018** - Transfer of $98,199 from the Reserve category to the Department of the Treasury (DOT) Equitable Distribution Expenditures category for travel, training, equipment purchases and officer safety items for law enforcement activities. Requires Interim Finance approval since the cumulative amount transferred to the Equitable Distribution Expenditures category exceeds $75,000. **Work Program #C42302**

   Refer to motion for approval under Agenda Item E.

2. **Office of the Attorney General - Tort Claims Fund - FY 2018** - Transfer of $716,619 from the Reserve Category to the General/Fleet Tort Claims category to provide adequate budget authority through fiscal year end. Requires Interim Finance approval since the amount transferred to the General/Fleet Tort Claims category exceeds $75,000. **Work Program #C42183**

   Refer to motion for approval under Agenda Item E.

3. **Office of the Secretary of State - Help America Vote Act (HAVA) Election Reform - FY 2018** - Transfer of $56,107 from the Reserve category to the Voting Machine Replacement category, $26,784 from the Reserve category to the Statewide Voter Registration category, and $2,500 from the Reserve category to Administration of Elections category in order to use remaining interest earned on HAVA funds to support election official outreach and training. Requires Interim Finance approval since the amount transferred to the Statewide Voter Registration category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C42301**

   Refer to motion for approval under Agenda Item E.

4. **Department of Administration - Fleet Services Division - Fleet Services Capital Purchase - FY 2018** - Transfer of $143,448 from the Reserve category and transfer of $5,272 from the Vehicle Purchase category to the Vehicle One-Shot category to allow for an extra payment in Fiscal Year 2018, which would create a savings in interest over the term of the lease purchase agreement. Requires Interim Finance approval since the amount added to the Vehicle One-Shot category exceeds $75,000 of the legislatively approved amount for that category. **Work Program #C42150**

   Refer to motion for approval under Agenda Item E.

5. **Department of Administration - Fleet Services Division - Fleet Services Capital Purchase - FY 2018** - Transfer of $58,865 from the Reserve category to the Vehicle Purchase category to fund the replacement of two vehicles that have been totaled in accidents. Requires Interim Finance approval since the amount added to the Vehicle Purchase category exceeds $75,000. **Work Program #C42198**

   Refer to motion for approval under Agenda Item E.

6. **Department of Administration - State Public Works Division - Engineering and Planning - FY 2018** - Addition of $34,000 in Inspection Fee revenue authority to cover the cost of the Inspection Reports Online System yearly maintenance agreement and for final review and acceptance of the system. 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 #C42243**

   Refer to motion for approval under Agenda Item E.

7. **Department of Administration - State Public Works Division - Engineering and Planning - FY 2018** - Addition of $266,154 in Inspection Fee revenue to cover the cost of a new Program Manager 3, three Program Manager 2 positions and associated operating costs, due to the addition of four Capital Improvement Projects that were added to the 2017-19 Capital Improvement Plan at the end of

the 2017 Legislative Session. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **RELATES TO ITEM E. 8**. **Work Program #C42256**

Refer to motion for approval under Agenda Item E.

8. **Department of Administration - State Public Works Division - Engineering and Planning - FY 2019** - Addition of $595,132 in Inspection Fee revenue to cover the cost of a new Program Manager 3, three Program Manager 2 positions and associated operating costs, due to four additional Capital Improvement Projects that were added to the 2017-19 Capital Improvement Plan at the end of the 2017 Legislative Session. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **RELATES TO ITEM E. 7. Work Program #C42368**

   Refer to motion for approval under Agenda Item E.

9. **Department of Taxation - FY 2018** - Addition of $50,473 in Cigarette Tax Administration Fee revenue to fund cigarette stamp purchases for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Cigarette Stamps category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C42096**

   Refer to motion for approval under Agenda Item E.

10. **Department of Education - Student and School Support - FY 2018** - Addition of $761,006 in federal Nevada Indian Education Enhancement grant funds to provide a culturally appropriate program for American Indian students. Requires Interim Finance approval since the amount added to the Indian Education Aid to Schools category exceeds $75,000. **Work Program #C42309**

    Roger Rahming, Deputy Superintendent, Department of Education (NDE), introduced Seng-Dao Keo, Education Programs Director, Office of Student and School Support, NDE; and Fredina Drye-Romero, Education Programs Professional, NDE. He said Work Program C42309 requested authority to accept $761,006 in new federal Nevada Indian Education Enhancement (NIEE) grant funds.

    Assemblywoman Diaz asked how the grant funds would be allocated to ensure that the Native Youth Community Projects (NYCP) program was culturally appropriate for American Indian (AI) students in Nevada.

    Seng-Dao Keo, Education Programs Director, Office of Student and School Support, NDE, said the department was excited about the NYCP program, because it provided an opportunity to fill in the gaps for AI students. She said the NDE was recently awarded the NIEE grant, which was a four-year federal grant to

encourage college and career readiness among AI students. Ms. Keo said many of the services were similar to wrap-around services. She said tours of local colleges and out-of-state tribal colleges would be provided to AI students. Additionally, AI students would receive culturally-sensitive college counseling and services to help them understand the importance of higher education, and how to promote their culture and language. She said AI families and communities would also receive support.

Ms. Keo said the NYCP program was a collaboration between the NDE, tribes and school districts. The program would serve Lyon and Humboldt County School Districts, which serve students in three rural counties. Ms. Keo said Fredina Drye-Romero, Education Programs Professional, Office of Student and School Support, NDE, would provide additional information regarding how the NYCP program would be culturally appropriate and relevant for AI students.

Ms. Drye-Romero said the NIEE grant was the first competitive federal grant for Native American education received by the State of Nevada. She noted that the NIEE grant was important because it would encompass many traditional values of the Paiute, Washoe and Western Shoshone people who were indigenous to Nevada. Ms. Drye-Romero said similar grants were available, but were usually awarded directly to local education agencies. Additionally, similar college and career readiness programs existed in the state; however, the NYCP program would look at college and career readiness from the perspective of a tribal nation.

Ms. Drye-Romero stated that students in grades 7 through 12 participating in the NYCP program would receive college and career counseling from individuals who were also AI. In addition, the program would provide cultural awareness of the assimilation processes that occurred throughout centuries for AI people. Further, parents and tribal communities would participate in the program. She said cultural speakers would discuss college and career readiness and enhance the traditions of AI people in Nevada and throughout the nation. Although the program focused on two school districts in the state, students throughout Nevada would be invited to participate in the AI youth conference as well as a summer camp.

Assemblywoman Diaz asked how many students would be impacted through the utilization of the NIEE grant funds, and if year-to-year metrics were in place to determine the effectiveness of the programming.

Ms. Keo replied that in Lyon County School District, 49 AI students were enrolled at Yerington High School and 44 were enrolled at Yerington Intermediate School. In Mineral County School District, 48 AI students were enrolled at Schurz Elementary School, 9 of which were in 6$^{th}$ grade and likely to attend Yerington Intermediate School. In Humboldt County School District, 15 AI students were enrolled at McDermitt Junior High and 26 were enrolled at McDermitt High School.

Ms. Keo said an evaluator group would be tasked with monitoring and evaluating the NYCP program in years one through three of the grant. The evaluator group would ensure the department was meeting annual benchmarks and recommend modifications for inefficiencies found within the program. Ms. Keo said the NDE was collaborating closely with the evaluator group as well as with the tribes and school districts to ensure a strong positive impact on student outcomes. She said academic outcomes were a significant component of the program; however, outcomes such as increased family engagement and community involvement were also important. Likewise, the department wanted to ensure that AI students received social and emotional learning support through the NYCP program.

In response to a question from Assemblyman Thompson, Ms. Keo replied that the grant had multiple components; however, cost per pupil was not stipulated by the federal government. Nonetheless, the department could calculate a per-pupil cost and provide the information to the Committee. Most of the funding would be spent on services directly related to AI students. In particular, the grant funds would be used to hire a college counselor to prepare elementary and middle school students for the pipeline to college and provide direct support to high school students.

Assemblyman Thompson indicated that similar programs existed in Southern Nevada. He said some students may bypass college and enter directly into a career and asked if the agency had connections with local industries.

Ms. Drye-Romero replied that students often went directly from high school into a career. In particular, students in the McDermitt area often began working in the mining industry after graduation. She stated that the agency had reached out to the following entities:

- Truckee Meadows Community College
- Jobs for America's Graduates Program
- NDE Career and Technical Education Program
- Industries in Elko County
- Various tribal technical colleges

Assemblyman Edwards noted that approximately 150 AI students would be impacted by the grant. Ms. Drye-Romero said that was correct; however, the agency would also reach out to multiple tribal communities throughout the state to increase the impact of the grant.

In answer to a question from Assemblyman Edwards, Ms. Drye-Romero replied that some of the tribal communities had college and career counselors; however, there were no counselors in Lyon and Humboldt Counties. She noted that every graduating high school senior in McDermitt in 2018 planned to attend a college or technical school after graduation, which was a great success. The agency was hopeful the grant would enhance the programs in those schools, but also in the tribal communities to encourage parents and families to support continuing

education. Ms. Drye-Romero noted that AI students were one of the lowest performing groups in the state and the nation. She noted that many parents were not college educated, and most AI students in the program would be the first generation to attend a college or technical school. Consequently, it was important for students, families and the community to be prepared at all levels. Ms. Drye-Romero said the NYCP program was very different from what had been available in the past. She said it was exciting to have the opportunity to work with tribal communities for the first time as a result of federal funding.

Ms. Keo said, as the Director of the Office of Student and School Support, she wanted to reassure the Committee that the NIEE grant was a significant commitment for the NDE. She said the department was thinking strategically about how to combine the grant funds with other federal and state funds to ensure a holistic, comprehensive school improvement approach for AI students who were at risk and typically lacked access to high-quality learning opportunities compared to students in less rural areas. Ms. Keo said she was working closely with Ms. Drye-Romero as well as other colleagues within the Office of Student and School Support, NDE and the school districts to consider carefully how to leverage the grant funds to build upon existing programs. For example, if any of the schools in the NYCP program were Victory, Zoom or Title I schools, the agency and its partners would consider integrating resources to improve student outcomes. She said it was also important to actively engage families and communities to demonstrate that the state was working hard and making decisions that were in the best interest of the students.

Senator Gansert congratulated the department on receiving the NIEE grant. She said the University of Nevada, Reno (UNR) had a program called the Dean's Future Scholars where 6$^{th}$ grade students identified as low-income, first-generation students were provided mentorship, counseling and camps. She thought the NYCP program sounded similar to the Dean's Future Scholars program, which had proven to be successful over the past 12 years. She noted that high school and college attendance as well as graduation rates had increased substantially. Senator Gansert said the grant was significant and would be a great help for the Native American population.

Ms. Drye-Romero thanked Senator Gansert for her comments. She said the agency had examined the Dean's Future Scholars program and other successful programs in the state. She noted that the Dean's Future Scholars program was one of the best programs in the state, and components of the program were used as a model for the NYCP program. The Dean's Future Scholars program was only available in the Washoe County School District (WCSD), but AI students in WCSD took advantage of the opportunity to be part of the program.

Assemblywoman Titus noted that the NYCP program impacted her Assembly district. She said AI students in the district were in need of mentoring. She thought it was important to reach out to AI students in their own community;

therefore, she wanted to ensure the NYCP program was both a school-based and community-based program. Assemblywoman Titus asked if the agency would be tracking students after high school and providing follow-up support.

Ms. Drye-Romero replied that the NYCP program would be community-based as well as school-based. She said it was important to track the success of AI students throughout higher education, particularly because most would be first-generation college students; therefore, the agency was working with UNR on the matter. Likewise, the Gear Up program also included a component to track students throughout higher education. Ms. Drye-Romero said the agency would likely model the NYCP program after programs such as Gear Up.

Ms. Keo thanked Assemblywoman Titus for her suggestion on tracking AI students through higher education. She noted the agency was currently discussing the scope of work with the evaluator group. She thought it would be feasible to collaborate with higher education institutions and tribal colleges to follow program participants after high school and track the success of the program based on qualitative and quantitative measures. Ms. Keo said other states had already implemented the process of tracking students after high school. She said it was a challenging task and could be difficult to institute due to resource constraints; however, the program would be serving a small group of students. Ms. Keo said, if the NYCP program had a positive impact on a small area of the state, it would be beneficial to expand the program statewide to impact more students.

Chair Woodhouse said AI students needed the state's assistance and support. She hoped the grant would help to address issues faced by AI students.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-10.

SENATOR GANSERT SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

11. **Department of Education - Student and School Support - FY 2018** - Addition of $232,893 in federal Education for Homeless Children and Youth grant funds to align state and federal grant authority to continue the coordination of education for homeless children. Requires Interim Finance approval since the amount added to the Federal Homeless Children - Aid to Schools category exceeds $75,000. **Work Program #C42160**

    Refer to motion for approval under Agenda Item E.

12. **Division of Mineral Resources - FY 2018** - Addition of $142,626 in Mining Regulation Fees and $95,084 in Dangerous Mine Fees to fund ongoing field work for abandoned mine land features in the interest of public safety.

Requires Interim Finance approval since the amount added to the Abandoned Mine Land Enhancement category exceeds $75,000. **Work Program #C42348**

Refer to motion for approval under Agenda Item E.

13. **Department of Health and Human Services - Director's Office - Grants Management Unit - FY 2018** - Transfer of $665,775 from the Division of Child and Family Services Child Welfare category to the Non-State Title XX Subgrants category to allow the transfer, oversight and management of Title XX funds directly with Washoe County. **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 transferred to the Non-State Title XX Subgrants category exceeds $75,000**. **Work Program #C42194. WITHDRAWN 1-19-18.**

14. **Department of Health and Human Services - Aging and Disability Services Division - Federal Programs and Administration - FY 2018** - Addition of $82,046 in federal Supplemental Nutrition Assistance Program Education grant funds transferred from the Division of Welfare and Supportive Services to continue 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 $75,000. **Work Program #C42225**

    Refer to motion for approval under Agenda Item E.

15. **Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2018** - Transfer of $14,152,470 from the Reserve category to the Transfer to Nevada Check Up category to continue to provide health coverage to low income children through April 2018. Requires Interim Finance approval since the amount added to the Transfer to Nevada Check Up category exceeds $75,000. **RELATES TO ITEM E. 16. Work Program #C42245. WITHDRAWN 1-23-18.**

16. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Check Up Program - FY 2018** - Addition of $14,152,470 in Intergovernmental Transfer (IGT) funds transferred from the IGT Program account to extend funding for the Nevada Children's Health Insurance Program through April 2018. Requires Interim Finance approval since the amount added to the Program Medical Expenditures category exceeds $75,000. **RELATES TO ITEM E. 15. Work Program #C42182. WITHDRAWN 1-23-18.**

17. **Department of Health and Human Services - Public and Behavioral Health - Communicable Diseases - FY 2018** - Addition of $39,217 in federal Housing Opportunities for Persons with AIDS (HOPWA) grant funds to continue providing housing assistance for HOPWA eligible clients. Requires Interim Finance

approval since the amount added to the HOPWA category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C42114**

Refer to motion for approval under Agenda Item E.

18. **Department of Health and Human Services - Public and Behavioral Health - Health Care Facilities Regulation - FY 2018** - Transfer of ***$62,094*** ~~$79,270~~ from the Reserves category to the Antimicrobial Stewardship category to create a training and education program for antimicrobial stewardship directed toward skilled nursing facilities. Requires Interim Finance approval since the amount added to the Antimicrobial Stewardship category exceeds $75,000. **RELATES TO ITEM E. 19**. **Work Program #C42099. REVISED 1-25-18.**

    Refer to motion for approval under Agenda Item E.

19. **Department of Health and Human Services - Public and Behavioral Health - Health Care Facilities Regulation - FY 2019** - Transfer of ***$124,188*** ~~$158,541~~ from the Reserves category to the Antimicrobial Stewardship category to create a training and education program for antimicrobial stewardship directed toward skilled nursing facilities. Requires Interim Finance approval since the amount added to the Antimicrobial Stewardship category exceeds $75,000. **RELATES TO ITEM E. 18**. **Work Program #C42100. REVISED 1-25-18.**

    Refer to motion for approval under Agenda Item E.

20. **Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2018** - Addition of $163,349 in federal Colorectal Cancer Screening grant funds to increase screening among a defined target population and to provide screening among medically underserved populations. Requires Interim Finance approval since the amount added to the Colorectal Cancer category exceeds $75,000. **Work Program #C42165**

    Refer to motion for approval under Agenda Item E.

21. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child and Adolescent Health Services - FY 2018** - Addition of $247,365 in federal Maternal and Child Health (MCH) Services grant funds 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 #C41858**

    Julie Kotchevar, Deputy Director, Director's Office, Department of Health and Human Services (DHHS), and Interim Administrator, Division of Public and

Behavioral Health (DPBH), DHHS, said Work Program C41858 requested additional federal Maternal and Child Health Services grant funds to continue operation of the program. She said the grant funds would true up the current budget authority.

Agenda Item E-21 involved the allocation of block grant funds, which required a public hearing. Chair Woodhouse opened the public hearing. There being no requests to testify, Chair Woodhouse closed the public hearing.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE AGENDA ITEM E-21.

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

22. **Department of Health and Human Services - Public and Behavioral Health - Alcohol Tax Program - FY 2018** - Transfer of $84,162 from the Reserve category to the Alcohol Program category to support the treatment of alcohol addiction in Nevada. Requires Interim Finance approval since the amount transferred to the Alcohol Program category exceeds $75,000. **Work Program #C42115**

    Refer to motion for approval under Agenda Item E.

23. **Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2018** - Addition of $247,886 in federal Projects for Assistance in Transition from Homelessness (PATH) Formula grant funds to provide behavioral health treatment and recovery oriented services to increase access to disability income benefits for eligible adults who are experiencing or at risk for homelessness. Requires Interim Finance approval since the amount added to the PATH grant category exceeds $75,000. **Work Program #C42026**

    Refer to motion for approval under Agenda Item E.

24. **Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2018** - Transfer of $631,395 from the Personnel Services category to the Professional Services category to cover the projected costs for contracted psychiatric clinical staff due to the inability to find and hire state positions. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $75,000. **Work Program #C42094**

    Refer to motion for approval under Agenda Item E.

25. **Department of Health and Human Services - Public and Behavioral Health - Facility for the Mental Offender - FY 2018** - Transfer of $301,452 from the

Personnel Services category to the Professional Services category to cover the projected costs for contracted doctors, nurses and forensic specialists due to the inability to find and hire state positions. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $75,000. **Work Program #C42079**

Refer to motion for approval under Agenda Item E.

**26. Department of Health and Human Services - Welfare and Supportive Services - Temporary Assistance For Needy Families - FY 2018** - Addition of $2,017,506 in federal Temporary Assistance for Needy Families grant funds to provide cash assistance payments and support 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 Cash Assistance Payments category exceeds $75,000**. **Work Program #C42216**

Steve Fisher, Division Administrator, Division of Welfare and Supportive Services (DWSS), DHHS, said Work Program C42216 requested the addition of $2,017,506 in federal Temporary Assistance for Needy Families grant funds. The additional funds would be used for cash assistance as well as support services for the employment and training program.

Agenda Item E-26 involved the allocation of block grant funds, which required a public hearing. Chair Woodhouse opened the public hearing. There being no requests to testify, Chair Woodhouse closed the public hearing.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-26.

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**27. Department of Health and Human Services - Division of Child and Family Services - Children, Youth and Family Administration - FY 2018** - Addition of $99,293 in federal Children's Justice Act grant funds to continue to improve the investigation, prosecution and judicial handling of cases of child abuse and neglect. Requires Interim Finance approval since the amount added to the Children's Justice Act Grant category exceeds $75,000. **Work Program #C42103**

Refer to motion for approval under Agenda Item E.

**28. Department of Health and Human Services - Division of Child and Family Services - Children, Youth and Family Administration - FY 2018** - Addition of $97,567 in federal Promoting Safe and Stable Families Program of Title IV-B,

Subpart 2 grant funds to support services that address family support, family preservation, time-limited reunification, and adoption promotion and support. Requires Interim Finance approval since the amount added to the Title IV-B, Subpart 2 category exceeds $75,000. **Work Program #C42167**

Refer to motion for approval under Agenda Item E.

29. **Department of Health and Human Services - Division of Child and Family Services - Rural Child Welfare - FY 2018** - Transfer of $145,168 from the Personnel Services category to the Temporary Contract Staffing category to cover vacancies in hard to fill Social Worker 3 positions with non-state employees with similar required credentials as Social Workers and to fill essential administrative support staff. Requires Interim Finance approval since the amount transferred to the Temporary Contract Staffing category exceeds $75,000. **Work Program #C42127**

    Refer to motion for approval under Agenda Item E.

30. **Department of Health and Human Services - Division of Child and Family Services - Youth Parole Services - FY 2018** - Addition of $883,106 in federal Title IV-E grant funds and deletion of $184,832 in federal Title XIX grant funds to allow the division to collect all available revenue to provide youth parole services. Requires Interim Finance approval since the amount added to the Operating category exceeds $75,000. **Work Program #C42041**

    This item was withdrawn January 31, 2018.

31. **Department of Health and Human Services - Division of Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2018** - Addition of $2,356,022 in federal System of Care grant funds to continue to expand the system of care for youth with serious emotional disorders. Requires Interim Finance approval since the amount added to the System of Care Grant category exceeds $75,000. **Work Program #C42236**

    Refer to motion for approval under Agenda Item E.

32. **Department of Corrections - Correctional Programs - FY 2018** - Addition of $603,478 in U.S. Department of Justice, Second Chance Act, Statewide Recidivism Reduction Strategic Plan grant funding to implement the State of Nevada's strategic plan for reducing the tendency of a convicted criminal to reoffend. Requires Interim Finance approval since the amount added to the Statewide Recidivism Reduction category exceeds $75,000. **Work Program #C42123**

    Refer to motion for approval under Agenda Item E.

33. **Department of Corrections - Offenders' Store Fund - FY 2018** - Transfer of $858,000 from Retained Earnings to the Information Services category and

$14,946 from Retained Earnings to In-State Travel category to fund kiosk installations and allow for in-state travel through fiscal year end. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $75,000 for an expenditure category. **Work Program #C42025**

Refer to motion for approval under Agenda Item E.

**34. Department of Corrections - Prison Industry - FY 2018** - Addition of $643,564 in Miscellaneous Sales Revenue and transfer of $29,873 from the Personnel category to the Operating category to fund increases in inmate payroll, raw material and utility expenses due to successful marketing, operations management and sales. Requires Interim Finance approval since the amounts added to the LCC Garment Factory category exceeds $75,000. **Work Program #C42161**

Diane Dastel, Administrative Services Officer, Prison Industries, Department of Corrections, said Work Program C42161 requested the addition of $643,564 in Miscellaneous Sales Revenue and a transfer of $29,873 from the Personnel category to the Operating category to fund increases in inmate payroll, raw material, and utility expenses due to successful marketing, operations management, and sales, which was a reflection of the improving economy. She said Prison Industries was self-funded and did not receive revenue from the state. Ms. Dastel said Prison Industries assisted in reducing government operating costs, provided offenders with the skills necessary to reenter society successfully, and enhanced the safe operation of correctional facilities.

In response to a question from Assemblywoman Bustamante Adams, Ms. Dastel replied that Prison Industries had two different playing card operations. She said Prison Industries had a contract with a private company that was currently experiencing increased sales. Additionally, Prison Industries was contracted with Opportunity Village to sort playing cards; however, the company suspended operations due to the large quantity of sorted cards in inventory. She said Prison Industries was working with Opportunity Village on two auto shop projects.

Assemblywoman Bustamante Adams said she was very impressed by her visit to Northern Nevada Correctional Center and grateful for the efforts of Prison Industries staff. However, she was concerned about the limited work opportunities for inmates in Southern Nevada.

Ms. Dastel replied that work opportunities were available for inmates in Southern Nevada at the auto shop and card sorting operation. She said both operations provided valuable job training and taught work ethic and responsibility. Additionally, a small repackaging operation at Florence McClure Women's Correctional Center offered work opportunities for female inmates. Ms. Dastel said Prison Industries was regularly seeking new operations for the institutions in Southern Nevada.

Assemblywoman Bustamante Adams noted that approximately 500 offenders were employed in Prison Industry programs. She asked for the maximum capacity of the programs, specifically programs located in Southern Nevada. Ms. Dastel replied that a hanger sorting operation was scheduled to begin at High Desert State Prison (HDSP) within a couple of months; however, she was unsure how many inmates the operation would employ.

In response to a question from Assemblywoman Bustamante Adams, David Tristan, Deputy Director, Industrial Programs, NDOC, replied that opportunities for expanding Prison Industry programs was largely dependent on two factors. He said the first factor was the amount of available physical space, which was limited at institutions such as Florence McClure Women's Correctional Center and Southern Desert Correctional Center (SDCC). On the other hand, HDSP had more available physical space. He noted that the new hanger sorting operation would be located at HDSP and employ approximately 12 to 14 inmates. Mr. Tristan said Prison Industries was always seeking to add new industries. He said Bill Quenga, Marketing Coordinator, NDOC, worked diligently to expand inmate work opportunities so that as many inmates as possible could be employed.

Mr. Tristan said the other factor that impacted program expansion was the amount of inmates employed by a particular operation. If the same space could be used for multiple shifts, it would dramatically increase the number of inmates that could be employed; however, establishing multiple shifts was dependent on each contractor and the amount of their sales.

Mr. Tristan said there was a complex set of variables involved in expanding capacity. He was proud of the work being done by Mr. Quenga and Ms. Dastel in terms of increasing Prison Industry programs. He said three new industries were recently approved; two for Northern Nevada and one for Southern Nevada. Mr. Tristan noted that those industries were the first to be added in many years.

Assemblywoman Bustamante Adams commended the efforts of Prison Industries staff to explore new opportunities. She said she was glad the three new industries would not be competing with Nevada-based companies.

In answer to a question from Assemblywoman Bustamante Adams, Bill Quenga, Marketing Coordinator, NDOC, replied that the hanger sorting operation located at HDSP would begin by employing approximately 15 inmates. The company was in the process of closing a factory south of the border, and the owner wanted to increase the number of employed inmates to between 70 and 90. Mr. Quenga said the increase would occur in stages to allow for a learning curve and ensure that production numbers could be met.

Mr. Quenga said he was actively seeking a variety of companies while being careful not to displace workers in the community. He was approached daily with

opportunities, but he thought it was important to be cautious. Additionally, Prison Industries was working with many companies in the Nevada Builders Alliance due to a labor shortage in the workforce.

Assemblyman Thompson said it was good that inmates were gaining work skills while incarcerated. He asked if the department tracked inmates after release to determine if those skills were beneficial in gaining employment in the community.

Mr. Quenga replied that offenders in Prison Industry programs were tracked after their release, and several offenders had been successful in gaining employment. He said Prison Industries recently added a new staff member in Northern Nevada to assist with tracking offenders after release. The individual would also collaborate with NDOC's support services to see if a software program could be implemented to track the success of offenders more efficiently upon release from prison.

Mr. Tristan added that the department tried to provide inmates with as many employable skills as possible, such as Occupational Safety and Health Administration training. He said the department did not currently have a software program to track the success of Prison Industries inmates upon release from prison. He thought the Department of Employment, Training and Rehabilitation (DETR) would need to establish a tracking system that would work in conjunction with the reentry programs, and then provide feedback to the NDOC.

In answer to a question from Assemblyman Thompson, Mr. Quenga replied that NRS 209.459 and 209.461 required Prison Industries to perform an analysis to identify potential impacts of any new program on private employers and labor. The analysis must include information provided by DETR, the Department of Business and Industry, the Governor's Office of Economic Development, and representatives of organized labor. Prison Industries fulfilled the requirements in statute prior to entering into the three new contracts. Additionally, the contracts required the new companies to ensure that a percentage of offenders working in those programs would be employed upon release.

Senator Denis appreciated the opportunity to visit some of the Prison Industry operations in Carson City. He recalled that the metal shop was doing very well, which helped offset costs in other areas. He asked if a portion of the funds would be used to market the metal shop. Mr. Quenga replied that the requested funds would be used for the garment factory at Lovelock Correctional Center. He said Prison Industries was partnered with three private enterprises that were submitting orders to the garment shop. As a result, the garment shop was exceeding projections and experiencing increased sales revenue. The additional funds would be used to purchase raw materials, cover wages, and other costs.

Ms. Dastel added that a portion of the funds would also be used for the print shop for operating costs. She said Prison Industries would receive revenue from the

three new industries, but Prison Industry expenses would be paid for with operating funds. Ms. Dastel said the metal shop was doing well and did not require additional expenditure authority.

In answer to a question from Senator Denis, Mr. Quenga replied that the hanger sorting operation at HDSP would require approximately 10,000 square feet of space and initially employ 15 offenders. He said the company would gradually increase the number of employed offenders to 60 or more. Mr. Quenga said the hanger sorting company was considering moving all of its operations to Nevada and already expressed interest in leasing an additional bay, which would increase operating space by an additional 10,000 square feet.

Senator Denis inquired about the garbage disposal costs in the Utilities category. Ms. Dastel replied that the cost was for the rental of two dumpsters to dispose of trash left behind by Alpine Steel.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-34.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**35. Department of Public Safety - Division of Parole and Probation - FY 2018** - Transfer of $70,001 from the Training category to the Extraditions category to cover an anticipated shortfall in authority. Requires Interim Finance approval since the cumulative amount transferred to the Extraditions category exceeds $75,000. **Work Program #C42249**

Refer to motion for approval under Agenda Item E.

**36. Department of Public Safety - Division of Parole and Probation - FY 2018 -** Addition of $39,868 in federal United States (U.S.) Marshal Service revenue to support U.S. Marshal Service task force operations to locate and monitor fugitives. Requires Interim Finance approval since the amount added to the U.S. Marshal Service Reimbursement category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C42266**

Refer to motion for approval under Agenda Item E.

**37. Department of Public Safety - Division of Parole and Probation - FY 2018 -** Transfer of $427,811 from the Personnel Services category to the Offender Tracking Information System (OTIS) Replacement category and $700,000 from the Sworn Staff Specialty Equipment category to the OTIS Replacement category to fund the OTIS Modernization programming and implementation project. Requires

Interim Finance approval since the amount transferred to the OTIS Replacement category exceeds $75,000. **Work Program #C42253. RELATES TO ITEM O.2.**

Assemblywoman Carlton commended the division for obtaining new radios at a lower cost.

Assemblywoman Carlton noted that some Department of Public Safety (DPS) officers earned a lower salary than the individuals they supervised. She said those officers had remained with the state through furloughs, pay cuts, and the rising cost of health care. She said those same DPS officers were denied their request for a salary adjustment, which was currently being appealed. Assemblywoman Carlton found it concerning that employees were denied a pay increase that was rightfully due to them; yet the division was requesting authority to utilize Personnel funds to cover the cost to upgrade the Offender Tracking Information System (OTIS). Assemblywoman Carlton said the division would be due for computer upgrades soon. She thought it would be more appropriate to utilize the identified savings for salary adjustments or computer upgrades rather than using the funds for the OTIS program, which she had serious concerns about.

Jim Wright, Director, DPS, introduced Sheri Brueggemann, Administrative Services Officer, DPS; and David Haws, Acting Administrator, Division of Enterprise Information Technology Services (EITS).

Mr. Wright said he understood Assemblywoman Carlton's concerns. With regard to pay deficiencies within the DPS, he thought the issue encompassed numerous state agencies. He did not think he had the latitude to apply Personnel savings to step increases to correct pay deficiencies. He said the DPS was fortunate that staff remained devoted to the state during difficult economic times and despite new employees being hired at a higher salary when the economy improved. Mr. Wright thought the matter should be addressed by the state as a whole.

Assemblywoman Carlton thought Mr. Wright did have the latitude to correct pay deficiencies and suggested he investigate the matter further to obtain a definite answer. She said it was important for employees to receive raises when they were due, and each agency had the opportunity to make that decision based on the funds available in their budget. The DPS officers who requested a salary adjustment were told that funds were not available; however, funds were available in the Personnel category. Assemblywoman Carlton reiterated that Mr. Wright should explore the matter further so DPS officers who filed for a rightful pay adjustment in the future were not denied. Mr. Wright said he would look into the matter.

Patrick Cates, Director, Department of Administration, said he would follow up with Peter Long, Administrator of the Division of Human Resource Management, regarding the processes in place to adjust salaries. Additionally, he noted that a Human Resources working group consisting of Directors and Human Resource

staff from all state departments was reviewing the state workforce globally. The working group was considering a variety of options to improve conditions for state employees and increase productivity, including issues of pay, supervisor salaries, etc.

Mr. Wright said the division was fortunate to identify savings in the Equipment category. He said the department as a whole purchased the radios in bulk. The radios that were originally quoted had unnecessary capabilities that were removed to reduce the price further. He said DPS received a trade-in value for the old radios.

Mr. Wright said the division's request for a funding transfer for the OTIS project was approved at the December 7, 2017, IFC meeting. At that time, Mr. Wright committed to finding additional savings within the budget to avoid a request for Contingency Account funds. He said Work Program C42253 was a product of that commitment. He said the division had other needs as well, but those would be addressed as they occurred.

Assemblywoman Carlton asked how many of the division's computers would need to be updated and when. Mr. Wright said he was unsure, but he would obtain the information and provide it to the Committee.

Assemblywoman Carlton asked Mr. Wright if he could guarantee the division would not request additional funds within the current interim for computer replacements if the Committee approved Work Program C42253. Mr. Wright said he could not make such a guarantee, because things occurred unexpectedly. For example, he was recently informed about a facility issue that would require funds immediately for repairs, because it was a health and safety issue. With regard to computer replacements, the agency was not required to replace computers in a set month. He said the agency would work with its service provider to keep systems functioning until money was available and to avoid requesting funds from the IFC.

Assemblywoman Carlton said she was opposed to the division's request. She thought it was inappropriate to use Personnel funds for the OTIS project, because the Legislature allocated funds to the Personnel category for a specific purpose. She said the OTIS project was different from the day-to-day duties and equipment employees needed, as well as salary increases DPS officers deserved. Assemblywoman Carlton said she still had deep concerns about how the OTIS project was being managed. She was also concerned that additional funds would be needed to complete the project.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM E-37.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Bustamante Adams, Assemblywoman Carlton, Assemblywoman Diaz, Assemblyman Edwards, Assemblywoman Monroe-Moreno and Assemblyman Sprinkle opposed the motion.)

38. **Department of Public Safety - General Services - Central Repository for Nevada Records of Criminal History - FY 2018** - Addition of $467,882 in National Instant Criminal Background Check System Act Record Improvement Program (NARIP) federal funding, through a subgrant received from the Office of Criminal Justice Assistance, to support the ongoing process of entering the backlog of dispositions to the Criminal History Repository and to provide education outreach that will focus on disposition reporting for Nevada booking agencies, prosecutors and courts on the disposition reporting process. Requires Interim Finance approval since the amount added to the NARIP grant category exceeds $75,000. **Work Program #C41959**

    Refer to motion for approval under Agenda Item E.

39. **Department of Public Safety - General Services - Central Repository for Nevada Records of Criminal History - FY 2018** - Addition of $549,304 in federal National Criminal History Improvement Program (NCHIP) grant authority to align federal and state authority in support of the replacement of Livescan equipment, travel for outreach education and staff overtime to complete state and FBI record correlation. Requires Interim Finance approval since the amount added to the NCHIP Grant category exceeds $75,000. **Work Program #C41960**

    Refer to motion for approval under Agenda Item E.

40. **Department of Public Safety - General Services - Central Repository for Nevada Records of Criminal History - FY 2018** - Addition of $65,299 in federal Criminal Justice Sex Offender Sentencing, Monitoring, Apprehending, Registering and Tracking Office (SMART) grant funding, through a transfer from the Criminal Justice Grant Account, to support the continuation of temporary staffing to scan and digitize files. Requires Interim Finance approval since the cumulative amount added to the SMART grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C41961**

    Refer to motion for approval under Agenda Item E.

41. **Department of Public Safety - Fire Marshal - FY 2018** - Addition of $19,950 in Transfer from Emergency Response Commission funds and $19,950 in Transfer from Environmental Protection funds for the development and implementation of a web-based training and credential management database. Requires Interim Finance approval since the cumulative amount added to the Rural Training

category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C39415**

Refer to motion for approval under Agenda Item E.

42. **Department of Public Safety - Fire Marshal - FY 2018** - Addition of $46,275 in Plan Review Fees to fund the purchase of replacement mobile and portable radios. Requires Interim Finance approval since the amount added to the Equipment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C41796 WITHDRAWN 1-18-18.**

43. **Department of Conservation and Natural Resources - Forestry Division - Forestry - FY 2018** - Transfer of $108,387 from the Reserve Indirect Cost for Future Year Funding category to the Indirect Cost category to support continued contract employee services with reserves due to grant funding reductions. Requires Interim Finance approval since the amount transferred to the Indirect Cost category exceeds $75,000. **Work Program #C40130**

    Refer to motion for approval under Agenda Item E.

44. **Department of Conservation and Natural Resources - Forestry Division - Forest Fire Suppression - FY 2018** - Addition of $1,100,717 in Transfer from Emergency Management and deletion of $309,788 in U.S. Federal Emergency Management Agency Fire Assistance funds support a projected shortfall due to higher than anticipated expenditures for fire response operations and to continue emergency response activities. Requires Interim Finance approval since the amount added to the ***Personnel Services*** ~~Fire Suppression Cost~~ category exceeds $75,000. **Work Program #C42134. RELATES TO AGENDA ITEM K. REVISED 1-25-18.**

    This item was discussed in conjunction with Agenda Item K.

    Kacey KC, State Forester, Division of Forestry (NDF), Department of Conservation and Natural Resources (DCNR), said the division was requesting authority to receive approximately $1.1 million in reimbursement funds from the Federal Emergency Management Agency (FEMA) for flood response from the division in support of the Department of Emergency Management (DEM) in ten counties in January and February 2017.

    Ms. KC noted that the winter of 2017 was Nevada's wettest winter on record, and it was followed by the third most severe fire season on record. She said there were 760 wildfires and over 1.2 million acres had burned. Nevada historically experienced an increased number of fires in the two to three years following extremely wet winters.

Ms. KC said the winter of 2018 had been very dry to date, which raised concerns about the impending fire season. In the last two weeks, the NDF responded to four wildfires throughout the state totaling 25 acres. She said based on current conditions, it was unlikely that Nevada would experience a large fire soon, but that could change due to lack of moisture. The NDF was currently working with landowners and partners to reduce fuel loads in critical areas ahead of the upcoming fire season. In 2017, the NDF reduced 2,305 acres of critical hazardous fuels and improved 2,974 acres of Greater Sage-grouse habitat throughout the state. She said the NDF provided 90,000 pounds of seed for fire rehabilitation projects across the state and was working with volunteer fire departments and fire protection districts statewide to provide wildland fire response equipment and training to prepare for swift and efficient initial attacks. Ms. KC noted that the NDF assisted 108 Nevada communities in 2017 by providing training and equipment.

Ms. KC said the current priority of the division was to submit bills in a timely manner and ensure that incoming bills were adjudicated and paid. The division was currently working on bills for 2016 and 2017. She said most of the 2016 Fire Management Assistance grant (FMAG) fires were in various stages of the adjudication and approval processes. The NDF's 17 FMAGs were in the data collection process preparing for submittal. Ms. KC said the NDF was scheduled to meet with LCB Fiscal Analysis Division and Governor's Finance Office staff next week to develop the division's current work programs for projected shortfalls and transfer funds for Fiscal Year (FY) 2019, which the agency borrowed to cover the cost of the current fire season.

In response to a question from Assemblyman Sprinkle, Ms. KC replied that the NDF was requesting authority to accept FEMA grant funds for the February 2017 winter flood events. Per the DEM, the funds for January and February 2017 floods were scheduled to be received very soon.

Assemblyman Sprinkle asked why the NDF billings were delayed, especially billings for out-of-state assignments such as the California wildfires. Ms. KC replied that billing delays were typically caused by a large influx of bills. She said the NDF prioritized billings based on deadlines. For example, the division was required to meet a specific deadline for FMAG fires to receive reimbursement up to 75 percent; therefore, those billings took precedence over smaller fires. Ms. KC said out-of-state assignments were usually the easiest to bill, because local and federal cooperators were not involved, which could delay the billing process. She noted that NDF fire response staff was responsible for processing billings; therefore, billing days could occur when fire response staff was on assignment. Ms. KC added that staff at local and federal agencies were extremely busy during the 2017 hurricane season, which delayed the submittal of backup documentation to the division, and ultimately impacted the adjudication process.

In answer to a question from Assemblyman Sprinkle, Ms. KC replied that NDF crews typically returned from out-of-state assignments with the documentation

necessary to bill. Out-of-state assignments were usually the easiest to bill; however, the process was often delayed when a fire involved split acreage and large jurisdictions such as federal, state and local. She reiterated that billings could be delayed due to the number of billings, availability of staff, and prioritization. Ms. KC noted that the division was almost up-to-date for the current cycle.

In answer to a question from Senator Goicoechea, Ms. KC replied that the cost of fire suppression in the division's jurisdiction was already known; however, the cost share portion of fires in other jurisdictions was still unknown. She said the division would discuss the matter further in the upcoming meeting with staff, and backup documentation would be provided at that time.

Justin Luna, Administrative Services Officer, DEM, Department of Public Safety, noted that Agenda Item K was related to Work Program C42134. He said Agenda Item K was a request for approval to accept FEMA grant funding to pass through reimbursements for eligible costs for jurisdictions that were affected during the 2017 winter flood events. The DEM was currently reviewing requests for pass through reimbursements from the NDF as well as other jurisdictions.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM E-44 AND AGENDA ITEM K.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

45. **Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2018** - Addition of $332,319 in federal U.S. Environmental Protection Agency (EPA) grant funds to replace older diesel-powered equipment with vehicles meeting EPA emission standards in public sector fleets in the state. Requires Interim Finance approval since the amount added to the Clean Diesel Grant Program category exceeds $75,000. **Work Program #C42066**

    Refer to motion for approval under Agenda Item E.

46. **Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2018** - Transfer of $492,230 from the Reserve category to the Corrective Actions category to continue providing regulatory oversight for characterization and cleanup of several large historic legacy mining sites as part of a general remediation program. Requires Interim Finance approval since the amount added to the Corrective Actions category exceeds $75,000. **Work Program #C41892**

    Refer to motion for approval under Agenda Item E.

47. **Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2018** - Addition of $283,364 in federal U.S. Environmental Protection Agency grant funds to continue support of the Brownfields Program and the Environmental Assistance Program. Requires Interim Finance approval since the amount added to the State Response Program category exceeds $75,000. **Work Program #C42014**

    Refer to motion for approval under Agenda Item E.

48. **Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2018** - Addition of $600,000 in Transfer from Management of Hazardous Waste funds to support the environmental cleanup efforts at the Anaconda Copper Mine Site. Requires Interim Finance approval since the amount added to the Corrective Actions category exceeds $75,000. **Work Program #C42116**

    Senator Goicoechea noted that the Division of Environmental Protection (DEP) recently reached an agreement concerning environmental cleanup efforts at the Anaconda Copper Mine Site. He asked how the state would be impacted if the scope of the project had to be expanded.

    Greg Lovato, Division Administrator, DEP, DCNR, introduced Jeff Kinder, Deputy Administrator, DEP, DCNR.

    Mr. Lovato said the cleanup project at the Anaconda Copper Mine Site in Lyon County was divided into three phases. The first phase focused on a section of the site that was abandoned by the previous operator. If Work Program C42116 was approved, it would allow the DEP to receive funds and oversee the work being done by Atlantic Richfield Company at multiple areas around the site. Mr. Lovato said there was no exposure to the state for other areas of the site.

    In answer to a question from Senator Goicoechea, Mr. Lovato replied that Work Program C42116 was related to recently finalized agreements for the investigation and cleanup of the Anaconda Copper Mine Site. The site had long been under the regulatory authority of the U.S. Environmental Protection Agency (EPA); however, with the help of Governor Sandoval and others, the State of Nevada, EPA, and Atlantic Richfield reached an agreement to proceed with the site cleanup under the state's lead. Mr. Lovato said the agreement would provide a more predictable and secure source of funding for the site, and success for the state and the community. He noted that the Anaconda Copper Mine Site was in Assemblywoman Titus' district, and she attended the recent signing ceremony. Mr. Lovato said Nevada would take the appropriate lead in dealing with the site cleanup rather than the federal government.

Mr. Lovato noted that three key agreements were reached regarding the Anaconda Copper Mine Site, which allowed the EPA to transfer lead oversight to the DEP. The first was a deferral agreement between the state and the EPA to ensure the cleanup project proceeded on schedule and in accordance with the federal protective standards the EPA administered. Mr. Lovato said the second agreement was between the DEP and Atlantic Richfield and related to the first phase of the site cleanup. He stated that Atlantic Richfield was a subsidiary of British Petroleum (BP), but BP was not part of the project. He said the agreement between the DEP and Atlantic Richfield accomplished a couple of things, the first of which was to secure funding for the Arimetco part of the site. The remedy for the Arimetco section was estimated to cost between $30 million and $40 million. Mr. Lovato said the Governor conditionally concurred with an agreement in March 2016 regarding the Arimetco section of the site. Per the agreement, the state would have a cost share for the cleanup on the Arimetco section, just as it would have had under the federal path. Mr. Lovato said the DEP identified that state fees and the Hazardous Waste fund would pay for the state's cost share. He said the source of funds were fees and settlements associated with cleanups around the state as well as the state's compensation for disposal at the U.S. Ecology hazardous waste landfill in Beatty, Nevada.

Mr. Lovato said the current work program was associated with the regulatory oversight cost reimbursement from Atlantic Richfield. The division estimated that the cost to begin work was approximately $600,000. Additional authority may be necessary depending on what the scope of the investigation and cleanup oversight proceeds over the year.

Mr. Lovato said a number of remedial designs needed to be completed before the cost share could be projected. He indicated the cost share would be included in future budget requests.

Senator Goicoechea said he was interested in the cost share projections, particularly the state's portion. He asked the agency to keep the Committee informed, and Mr. Lovato agreed.

Assemblywoman Titus thanked the division for allowing her to take part in the signing ceremony. She said it was an important day for rural Nevada.

In response to a question from Assemblywoman Titus, Mr. Lovato explained that all site cleanup included a function for the regulator to review work plans, approve designs and verify construction. He said the $600,000 was part of that regulatory oversight function. He further explained that the state was required to ensure that all public outreach and technical assistance that would have been provided by the EPA was still provided under the state's lead. The EPA provided technical assistance support to tribes in the area; therefore, the DEP secured a commitment from Atlantic Richfield to fund the technical assistance for the tribes. Mr. Lovato said the agreement with Atlantic Richfield ensured that the same level of public

participation and technical assistance would be maintained under state lead. Additionally, Atlantic Richfield agreed to provide the state up to $100,000 over the next five years. He said the DEP would negotiate an interlocal contract with the tribes, and the contract amount would be based on the tribes' needs for independent technical assistance. The tribes would also provide input on matters concerning tribal lands or resources. Mr. Lovato said the DEP would essentially pass the funds from Atlantic Richfield to the tribes.

Assemblywoman Titus asked when remediation would begin. Mr. Lovato replied that remedial design on the Arimetco section would begin in 2018, and construction would begin in the last quarter of 2019. He said it would take time to secure adequate borrow sources for cover materials. For example, a substantial amount of soil would be required to cap the heaps. Also, the 260-acre area backed up to the Singatse property so the material on site needed to be evaluated for suitability. Additionally, federal permits may be required if offsite sources for cover materials would be considered. Mr. Lovato stated that the DEP was aggressively working to begin cleanup in 2019.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-48.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**49. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2018** - Addition of $500,000 in Transfer from the Bureau of Mining Regulation and Reclamation to continue with regulatory oversight for characterization and cleanup of large legacy mining sites. Requires Interim Finance approval since the amount added to the Corrective Actions category exceeds $75,000. **RELATES TO ITEM E. 50**. **Work Program #C42125**

This item was withdrawn February 1, 2018.

**50. Department of Conservation and Natural Resources - Environmental Protection - Mining Regulation and Reclamation - FY 2018** - Transfer of $500,000 in Reserve funds to supplement ongoing projects in the Abandoned Mine Lands program. Requires Interim Finance approval since the amount added to the Transfers category exceeds $75,000. **RELATES TO ITEM E. 49**. **Work Program #C42224**

This item was withdrawn February 1, 2018.

**51. Department of Wildlife - Game Management - FY 2018** - Addition of $502,973 in Transfer of Predator Fees to continue Predator Management Plan activities.

Requires Interim Finance approval since the amount added to the Predator Management Wildlife Services category exceeds $75,000. **Work Program #C41810**

Refer to motion for approval under Agenda Item E.

52. **Department of Wildlife - Game Management - FY 2018** - Addition of $205,000 in Transfer of Predator Fees to continue Predator Management Plan. Requires Interim Finance approval since the amount added to the Predator Management Projects exceeds $75,000. **Work Program #C42133**

    Refer to motion for approval under Agenda Item E.

53. **Department of Wildlife - Game Management - FY 2018** - Addition of $71,250 in federal U.S. Fish and Wildlife Service grant funds and $23,750 in Transfer of Sportsmen Revenue to support new and existing research and monitoring projects for the Sage Grouse Conservation program. Requires Interim Finance approval since the amount added to the Sage Grouse Conservation category exceeds $75,000. **Work Program #C42143**

    Refer to motion for approval under Agenda Item E.

54. **Department of Wildlife - Game Management - FY 2018** - Addition of $294,755 in Transfer of Sportsmen Revenue to support the air operations program due to increased flight time and aircraft maintenance. Requires Interim Finance approval since the amount added to the Air Operations category exceeds $75,000. **Work Program #C42147**

    Refer to motion for approval under Agenda Item E.

55. **Department of Wildlife - Habitat - FY 18** - Addition of $150,000 in federal U.S. Fish and Wildlife Service grant funds to continue the wildlife water development program. Requires Interim Finance approval since the amount added to the Wildlife Water Development category exceeds $75,000. **Work Program #C42199**

    Refer to motion for approval under Agenda Item E.

56. **Department of Transportation - Transportation Administration - FY 2018** - Addition of $4,835,763 in Federal Transit Administration grant funds and deletion of $40,708 in Highway Fund Authorization to establish sufficient authority for the department's Transportation/Multimodal Planning Division to administer the federal programs. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds $75,000. **Work Program #C41957**

    Refer to motion for approval under Agenda Item E.

**57. Department of Transportation - Transportation Administration - FY 2018** - Addition of $110,000,000 in Highway Fund Authorization and $20,000,000 in Federal Highway Administration grant funds for road construction and maintenance projects. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds $75,000. **Work Program #C42297**

Robert Nellis, Assistant Director, Nevada Department of Transportation (NDOT), introduced Felicia Denney, Chief of Financial Management, NDOT.

Mr. Nellis said Work Program C42297 requested $20 million in Federal Highway Administration grant revenue and $110 million in Highway Fund authorization to true up revenues passed during the 2017 Legislative Session for ongoing NDOT projects.

In answer to a question from Senator Gansert, Mr. Nellis replied that NDOT originally thought a total bond of $564 million would be required for Project NEON, which required three different bond sales over three years. The balance of the final bond would have been $179 million of the $564 million; however, there were enough federal and state funds available to reduce the bond to $135 million.

Senator Gansert said it was her understanding the federal government provided reimbursement for up to 95 percent of the bond payments. Therefore, if the bond was $180 million, the state's participation would be approximately $9 million, or 5 percent. If the bond was reduced to $136 million and $20 million was state dollars, instead of participating at a rate of $9 million on the $180 million bond, the state would be spending $20 million in today's dollars to cover the cost. Mr. Nellis replied that the amount of federal dollars received each year remained constant and could be spread out over different projects throughout the state. The fact that Nevada had less bonding on Project NEON did not mean the state would receive less federal funding.

Senator Gansert said the state would not have used the $20 million before the bond was reduced, but now those funds were being used to buy down the total bond amount.

Mr. Nellis noted that the total interest savings from reducing the bond amount was approximately $20 million; therefore, the state would break even using current dollars.

Assemblywoman Spiegel asked for an update on Project NEON as well as other major NDOT projects.

Mr. Nellis replied that the construction phase for Project NEON was more than halfway done and completion was anticipated for mid-2019. He said, Interstate 15 would be reduced to three lanes in each direction after the NASCAR race in

March 2018. Continuing, he stated that six weekend closures of U.S. Highway 95 would occur over a nine-month period to avoid certain phases of construction during live traffic. Mr. Nellis said NDOT recently held a public information meeting to discuss upcoming projects in 2018. The department also gave a presentation recently to the Regional Transportation Commission (RTC) of Southern Nevada. He said additional presentations were scheduled at various city councils in the area.

Mr. Nellis provided the following NDOT project updates:

- Interstate 11, Phase 1 – NDOT recently opened the northbound lanes and expected to open the first phase up to the interchange at U.S. Highway 95 by the end of March 2018. The RTC of Southern Nevada expected to open Phase 2 from U.S. Highway 95 to the interchange near Hoover Dam by fall 2019.

- Interstate 15, Starr Interchange – The cost of the project was approximately $34 million. The project would raise the grade of Interstate 15 over Starr Avenue while providing full ramp access to Starr Avenue. Construction commenced after the groundbreaking in November 2017. The expected completion date was fall 2019.

- State Route 28 Shared Use Path – The project cost was $41.3 million and included water quality and other improvements as well as construction, engineering and contingencies. The project was approximately 45 percent complete and on track to finish in late 2018 or early 2019. Construction was suspended during for the winter months and would resume in April or May 2018.

- Interstate 15, Garnet Interchange Design Build Project – The project would reconstruct the Garnet Interchange, the Interstate 15 and U.S. Highway 93 Interchange, as well as a modified diverging diamond interchange. U.S. Highway 93 would be widened for five miles north of the Garnet Interchange, and a southbound U.S. Highway 93 bridge would be constructed over Grand Valley Parkway to provide continuous access to the Apex Industrial Park. Additionally, a two-lane frontage road would be constructed parallel to U.S. Highway 93. A design build contract for the improvements was awarded to Ames Construction. The project commenced on August 15, 2017, and substantial completion of construction was expected by the end of 2018.

- Interstate 15, Craig Road to Speedway Boulevard – The project cost was $37 million and would widen 4.8 miles of Interstate 15 between Craig Road and Speedway Boulevard in North Las Vegas. Construction began in the third quarter of 2016, and project completion was anticipated for the third quarter of 2018.

- U.S. Highway 95, Durango Road to Kyle Canyon Road – The cost of the widening and interchange project was $78 million. Two phases of the project were combined to expedite improvements. Phase 2B included an additional auxiliary lane and general purpose lane in each direction of U.S. Highway 95. Each of the direct access ramps would be built at Elkhorn Road. Additionally, improved lighting, signage, intelligent transportation systems and landscaping would complement the project. Phase 5 was the conversion of Kyle Canyon Road at U.S. Highway 95 at-grade intersection into a full grade separation interchange.

Chair Woodhouse asked for an overview of the department's revised funding plan as it reflected on Project NEON as well as the bond sales. Mr. Nellis replied that the bond sale for FY 2016 was originally approved by the Legislature at $200 million and the FY 2017 bond sale was legislatively approved at $185 million. He said the third bond sale in FY 2018 was being reduced from $180 million to $135 million, which would cause NDOT's administration budget for state funds to increase from $41.8 million to $61.8 million. The department's administration budget for federal funds would increase from $24.8 million to $48.8 million; however, federally earmarked funds would remain at $4.8 million. Mr. Nellis said the cost of Project NEON would remain at $636.4 million.

Senator Kieckhefer said staff indicated NDOT's reserve level would be approximately $100 million above the target at the end of the current fiscal year. He asked why those funds were not budgeted.

Rudy Malfabon, Director, NDOT, said he recently discussed the NDOT reserves during a presentation to the Transportation Board in December 2017. He said the department preferred to maintain a reserve level of approximately $120 million in the Highway Fund. Project NEON as well as several other projects would draw down the reserve balance. Mr. Malfabon stated that the 2017 Legislature provided additional revenue to NDOT. The funds were applied to projects as the revenue became available. The department would request use of the additional funds if adjustments needed to be made to the aforementioned projects. He said legislative and federal actions regarding availability of federal funds and a national infrastructure plan were unknown at the time the department's budget was developed.

Senator Kieckhefer noted that NDOT experienced a surplus attributed to $58 million in unbudgeted Governmental Services Tax (GST) revenue. He asked how that occurred. Mr. Malfabon replied that state agencies were required to submit a flat budget for the 2017-19 biennium; therefore, NDOT submitted a budget based on its base year and did not anticipate receiving additional revenue. However, the department received additional GST revenue, 75 percent of which was deposited into the Highway Fund to be used for NDOT projects.

Senator Kieckhefer asked if the department was aware of the additional revenue prior to building its budget, but chose not to include it due to the Governor's direction to submit a flat budget. Mr. Malfabon said that was correct. He said NDOT was aware that funding was deposited into the Highway Fund so the requirement to submit a flat budget was not a concern, because the additional revenue would be used for project costs when the funds became available.

Senator Kieckhefer said his concern was that the additional revenue was from taxes that were generated, levied, and collected for the purpose of transportation infrastructure improvement. He said the funds should be used for NDOT projects to improve safety and create jobs. He thought the Committee should monitor the situation.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-57.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**58. Public Employees Benefits Program - FY 2018** - Transfer of ***$3,104*** ~~$5,404~~ from the Reserve category to the Out of State Travel category, ***$240,050*** ~~$636,846~~ from the Reserve category to the Operating category, $1,996 from the Reserve category to the Training category, ***$6,668,209*** ~~$8,814,143~~ from the Reserve category to the State Retiree Insurance costs category, ***$69,388*** ~~$80,028~~ from the Reserve category to the ***Non***-State ~~Medicare Retiree~~ ***Employee*** Insurance Costs category, and ***$2,638,031*** ~~$3,510,255~~ from the Reserve category to the Non-State Retiree Insurance Costs category in order to cover projected expenditures for the balance of FY 2018. Requires Interim Finance approval since the amount added to the Operating category exceeds $75,000. **Work Program #C42265. REVISED 1-19-18.**

Damon Haycock, Executive Officer, Public Employees Benefits Program (PEBP), introduced Celestena Glover, Chief Financial Officer, PEBP.

Celestena Glover, Chief Financial Officer, PEBP, said Work Program C42265 was a request to transfer $9.6 million from reserves into various expenditure categories for out-of-state travel, training, operations, state retiree insurance costs, non-state employee insurance costs and non-state retiree insurance costs.

Senator Kieckhefer said the IFC recently approved two work programs to restructure the PEBP budget to provide increased tracking and transparency. He asked if the discrepancies in terms of output for insurance product were caused by the budgeting changes. Ms. Glover said that was correct. She said the shortfalls PEBP was experiencing in various insurance categories were related in part to the restructure of the budget. In the past, medical, dental and prescription drug costs were combined into a single category. Savings realized for one group was often

used to offset increased costs for another group; however, that could no longer be done with each group in separate categories. Ms. Glover said projections were still off for the state retiree insurance, non-state employee insurance, and non-state retiree insurance groups.

Senator Kieckhefer said shortfalls were less apparent when the groups were in a single category, and Ms. Glover agreed. She said the state employee insurance group typically experienced a savings, which would offset the costs for another group. She said shortfalls were less noticeable, because all the groups were in single expenditure category. She said shortfalls and savings were noticeable in utilization reports, but from a budgeting standpoint, they were not apparent.

In answer to a question from Senator Kieckhefer, Ms. Glover replied that excess reserves were generated from a combination of revenue and savings in other expenditure areas.

Senator Kieckhefer asked if excess reserves included premiums paid by non-state entities. Ms. Glover replied that revenues were now broken out for each of the various insurance groups. Currently, PEBP was projecting a small surplus on the state side, but a shortfall on the non-state side. She said the figures were not finalized yet, but the excess reserves were ultimately comprised of a combination of savings and increased revenue for one group, shortfalls in the other groups, plus adjustments in expenditures.

Senator Kieckhefer asked if state employees who generated some of the excess reserves were subsidizing non-state retiree insurance costs. Ms. Glover replied that from a budgetary standpoint, state employees would not be subsidizing non-state retiree insurance costs. However, because state employee cost savings fed into the reserves, state employees would indirectly be subsidizing non-state retiree costs if PEBP used reserves to offset costs.

Assemblywoman Carlton noted that policy discussions such as the non-state retiree group would occur at the Interim Retirement and Benefits Committee (IRBC) on February 22, 2018. The current discussion was focused on the restructuring of the PEBP budget and the transition process.

Assemblywoman Benitez-Thompson asked for the anticipated timeframe for determining where the shortfall was coming from, and whether it was due to budget restructuring or other factors. Ms. Glover replied that the information would probably be available around April or May 2018. She explained that the consumer driven health plan began paying more toward medical costs as members met their deductibles and out-of-pocket costs later in the plan year.

In answer to a question from Assemblywoman Benitez-Thompson, Ms. Glover replied that the agency would provide updated projections periodically for the remainder of the fiscal year so the Committee could see the ebb and flow.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-58.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**59. Office of the Military - FY 2018** - Addition of $65,516 in federal Department of Defense Master Cooperative Agreement funding to align state and federal budgetary authority supporting the Nevada Air National Guard Firefighter program. Requires Interim Finance approval since the amount added to the Air Fire Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C42279**

Refer to motion for approval under Agenda Item E.

**60. Office of the Military - FY 2018** - Addition of $577,329 in federal Department of Defense Master Cooperative Agreement funding to align state and federal budgetary authority supporting the Nevada Army National Guard Communications program. Requires Interim Finance approval since the amount added to the Communications category exceeds $75,000. **Work Program #C42280**

Refer to motion for approval under Agenda Item E.

**61. Office of the Military - FY 2018** - Addition of $57,996 in federal Department of Defense Master Cooperative Agreement funding to align state and federal budgetary authority supporting the Nevada Army National Guard Administrative Services activities. Requires Interim Finance approval since the amount added to the Administrative Services Activities category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C42282**

Refer to motion for approval under Agenda Item E.

**62. Silver State Health Insurance Exchange - Silver State Health Insurance Exchange Administration - FY 2019** - Transfer of $1,000,000 from the Qualified Health Plan Reserves category to the Exchange Platform category for the design, development and implementation of a state-based marketplace insurance platform. Requires Interim Finance approval since the amount transferred to the Exchange Platform category exceeds $75,000. **Work Program #C42057**

Heather Korbulic, Executive Director, Silver State Health Insurance Exchange (SSHIX), introduced Russell Cook, Information Systems Manager, SSHIX, and Ryan High, Chief Operations Officer, SSHIX.

Ms. Korbulic said Work Program C42057 was a request to transfer $1 million to fund the new Exchange Platform category to provide budgetary authority to enter into an agreement after Request for Proposal (RFP) solicitation. SSHIX would use the funds for the design, development and implementation of a proven integrated online health insurance exchange platform and associated consumer assistance center.

Ms. Korbulic said the SSHIX analysis, modeling and forecasting over the past two years made it evident that the current hybrid model was no longer sustainable due to increasing fees associated with the *healthcare.gov* platform, which topped out at 3 percent of premiums collected. As long as Nevada remained committed to providing valuable, state-based exchange services to Nevadans at a lower cost point than the federal government, SSHIX had to find viable options to reduce costs and improve efficiencies to remain sustainable. She said two years of evaluation, analysis and coordination with SSHIX state agency partners concluded that a more affordable technology platform would allow for better customer and carrier service while also providing SSHIX the flexibility necessary to better control the administration of the individual marketplace and open enrollment period. Ms. Korbulic said the SSHIX Board directed staff to solicit proposals for a solution. Following the Board's direction, SSHIX would issue a RFP for a proven technology and consumer assistance center in March 2018. She said the proven solution would implement a technology transition model that was developed by SSHIX and shared with the Centers for Medicare and Medicaid Services (CMS). The new technology platform would be in full compliance with existing laws and regulations and allow Nevada to transition from *healthcare.gov* with minimal or no impact on its sister agencies, consumers and carriers. Ms. Korbulic said SSHIX analyzed other state-based exchanges across the country and had conversations with technology vendors. As a result, the agency concluded it could provide a better service to Nevada consumers at a lower cost with the most advanced proven technology. Ms. Korbulic said approving the current work program was the first step in the transition.

Chair Woodhouse asked if the agency planned to request an additional $6.1 million during the 2019 Legislative Session. Ms. Korbulic said that was correct.

Assemblyman Sprinkle said he was pleased to see the state moving away from the federal platform. He was interested to see how it progressed.

Assemblyman Sprinkle asked how the fee percentages associated with the federal platform translated into dollars. Ms. Korbulic replied that the state's estimated cost to utilize *healthcare.gov* in FY 2021 was approximately $12 million compared to $6 million in estimated costs on a state-based platform.

In answer to a question from Assemblyman Sprinkle, Ms. Korbulic replied that if the state remained on *healthcare.gov* and continued the state-based marketplace,

SSHIX estimated it would have to raise its fee to approximately 4.7 percent, which was 1.2 percent higher than the rate for federally-facilitated marketplaces.

Assemblyman Sprinkle asked if that equated to another $6 or $7 million, and Ms. Korbulic said that was correct.

Assemblyman Sprinkle asked if the timing was right to transition to a state-based platform given the possible elimination of the individual federal mandate concerning health care coverage. He asked how SSHIX would be impacted if the mandate was lifted.

Ms. Korbulic replied that the individual federal mandate was effective until 2019 which meant consumers had to demonstrate health insurance coverage for the 2018 tax season. She said it was difficult to tell how Nevada would be impacted if the individual mandate was lifted; however, health policy experts in the congressional budget office agreed there would likely be an increase in premiums and a decrease in enrollment if the mandate was lifted. Ms. Korbulic said the most recent Internal Revenue Service (IRS) data from 2014 and 2015 indicated that penalties paid by Nevadans without health insurance decreased during that time period, which was likely due to the outreach efforts of SSHIX and other entities. She said individual penalties for non-coverage in 2016 increased significantly, but the data by state was not yet available. Ms. Korbulic said outreach efforts by SSHIX focused on the cost of being uninsured. For example, individuals and families without health insurance risked significant financial impact and possible bankruptcy related to emergency treatments or treatment that was prohibitively expensive. She said SSHIX was committed to continuing to communicate that message to Nevada consumers.

Ms. Korbulic said several unsuccessful attempts to repeal and replace the Affordable Care Act (ACA) had occurred over the past year. She said the makeup of the legislative body in Washington, D.C. had changed and the appetite for continuing repeal and replace efforts had significantly dwindled. Ms. Korbulic noted that regardless of how long the ACA remained intact, the SSHIX proposal for a state-based platform was more cost efficient for the state and consumers for the duration of the ACA. SSHIX projected that a state-based platform would provide significant savings for the state and better service to consumers and carriers. Additionally, it would allow SSHIX to find efficiencies within its budget in terms of advertising and outreach. She said the agency could reduce advertising, marketing and associated costs by focusing on a specific group of consumers rather than general statewide marketing.

Assemblyman Thompson asked if consumer feedback was sought during the development of the RFP in order to determine what aspects of the current system should be maintained or eliminated. Ms. Korbulic replied that the RFP was still in development, but SSHIX took into account past technical problems as well as recent advancements in technology. She said one of the disadvantages of

*healthcare.gov* was that SSHIX did not have backend access to resolve consumers concerns and complaints. The ability to address concerns and complaints would result in more streamlined and efficient customer service. Ms. Korbulic said private technology offered features that would probably not exist with *healthcare.gov* anytime soon. For example, several vendors had technology available that allowed for Facetime enrollment and mobile applications.

In response to a question from Assemblyman Thompson, Ms. Korbulic replied that the RFP included a strict requirement for a platform that had been demonstrated and proven successful. The platform must have one year of demonstrated and proven technology for enrolling individuals into qualified health plans. She said there were two parts to the RFP: the integrated eligibility and enrollment platform and the associated consumer assistance center. A Request for Information (RFI) for those two parts of the RFP opened in December 2017 and closed in January 2018. She said several vendors from around the country responded to the RFI. Ms. Korbulic said SSHIX would be issuing press releases to ensure State of Nevada consumers and entities were aware of the RFP. Additionally, SSHIX was holding stakeholder informational sessions. She said a public information session would take place on February 27, 2018, and provide a high-level overview of the RFP. Vendors of all types were invited to attend.

Assemblywoman Diaz noted that federal funding for outreach and education efforts would expire in FY 2018. She asked if SSHIX examined the cost of continuing those efforts and whether costs could be reduced. She said it was important to continue education and outreach, but it was also important to ensure the financial stability of SSHIX.

Ms. Korbulic stated that education and outreach had been an integral part of the agency's success over the last few years. She said the education and outreach budget for federally-facilitated marketplaces had been reduced. As a result, enrollment decreased by an average of 5 percent. On the other hand, enrollment for state-based marketplaces, specifically Nevada, increased by 2.2 percent. She thought the increased enrollment was a direct result of education and outreach efforts. Ms. Korbulic said the SSHIX forecasted budget maintained existing funding levels for education and outreach, but the agency anticipated refining its advertising plan with the transition to a state-based platform to gain a better understanding of the demographics and geography of consumers. The agency currently advertised statewide; however, once SSHIX had a better understanding of where its consumers resided and who was enrolling in real-time during open enrollment, there would be more flexibility in spending those dollars. Additionally, outreach efforts could be targeted to specific communities. Ms. Korbulic thought SSHIX would eventually experience a cost savings by transitioning away from the federal platform and having more insight about its consumers.

In answer to a question from Assemblywoman Benitez-Thompson, Ms. Korbulic replied that the $1 million requested in the work program was for the anticipated

cost of the design, development and implementation of an exchange platform specific to Nevada's needs, as well as a consumer assistance center. The funds would also cover the services of an independent verification and validation (IV&V) agency. She explained that an IV&V project management team would collaborate with the SSHIX management team to ensure the project was implemented per the agreement.

Assemblywoman Benitez-Thompson asked if specific time points would be in place to validate deliverables versus payouts. Russell Cook, Information Services Manager, SSHIX, replied that several milestones would be in place throughout the one-year design, development and implementation period. He said the first milestone was to build the exchange platform, which would include cosmetic work for branding and skinning the platform to represent SSHIX. Additionally, configurability may be required to get the platform functioning based on the agency's requirements. He said the second milestone would be an integration testing period, which would occur after the system was implemented. He explained that external systems, such as Medicaid, the IRS and CMS, needed to interface with the exchange. Mr. Cook said the final milestone was a staff training period and a user acceptance testing period that SSHIX would conduct before signing off on the final delivery of the platform.

Assemblywoman Benitez-Thompson said based on past events, it was important that the deliverables, timeframe and number of staff committed to the project were in sync with the payments to ensure that the state received exactly what it paid for. Assemblywoman Benitez-Thompson said the Legislature would want to know exactly how the funds were spent, and if the state received the exact product it was sold.

Assemblywoman Benitez-Thompson asked the agency to provide a detailed breakdown in layman's terms regarding how the $1 million would be used.

Assemblywoman Benitez-Thompson noted that expected growth by FY 2021 was estimated at 10,000 additional enrollees. She asked for clarification on the projected increase. Ms. Korbulic replied that she did not have that information available, but assumed that estimated growth was based on contract negotiations, which would be in line with per member, per month (PMPM) costs. She said she would obtain the information and provide it to the Committee.

Assemblywoman Titus recalled that accessibility to health care coverage had been limited in the past due to certain carriers. She asked if the new state-based platform would be available in all 17 counties. Ms. Korbulic replied that the program would be accessible statewide.

In answer to a question from Senator Gansert, Ms. Korbulic clarified that carriers in federally-facilitated marketplaces were charged 3.5 percent. She said the carrier premium fee collected by SSHIX was 3.15 percent, which had remained steady the

last two years and would likely remain steady for 2019. The premium fees charged by SSHIX were less than the fees charged by federally-facilitated marketplaces. Ms. Korbulic said the anticipated rate of 4.7 percent was the total cost for Nevada to remain on the federal platform at the 3 percent rate, as well as the cost to maintain SSHIX operations.

Senator Gansert said the SSHIX proposal was for a state-based platform and marketing for 1.5 percent. She said the difference between the current rate of 3.15 percent and the projected increase to 4.7 percent was 1.55 percent; therefore, it would be less expense for Nevada to remain on the federal platform. She asked if SSHIX reviewed the PMPM costs in the 12 states with state-based exchanges.

Ms. Korbulic replied that the proposed solution to use a private platform and associated call center would be approximately 1.5 percent or less of the premiums currently collected by SSHIX. If Nevada remained on the federal platform, the fee to utilize *healthcare.gov* would increase to 3 percent in 2019; therefore, transitioning to a state-based platform would result in a cost savings of almost 50 percent, which was a significant savings for the state. Ms. Korbulic said the new platform would not be built from scratch; instead, the platform would be an existing model which had been demonstrated and proven in other states. She said SSHIX worked closely with other state-based marketplaces across the country, but each state operated a little differently. For example, some states integrated its Medicaid system into the exchange platform, which increased expenses considerably. Ms. Korbulic said Idaho, which was comparable to Nevada in terms of enrollment and operational budget, had carrier fees of 2.1 percent. SSHIX hoped to ultimately lower its fees and pass the savings on to consumers.

In answer to a question from Senator Gansert, Ms. Korbulic replied that SSHIX estimated the cost of the platform and call center to be 1.5 percent of the fees that SSHIX currently collected. She said the Idaho percentage of 2.1 was the total of premiums collected and used to fund the technology costs and operations of the exchange. She said Idaho's technology costs were significantly less than what Nevada currently paid CMS. Additionally, Idaho was able to operate on a leaner budget.

Senator Gansert asked how SSHIX estimated a rate of 1.5 percent when Idaho was at 2.1 percent. She also asked if any other states had PMPM fees as low as 1.5 percent. Ms. Korbulic replied that Idaho's technology costs were lower than Nevada. SSHIX anticipated the vendor proposals would be under or at 1.5 percent of the costs Nevada currently paid. She said Nevada's fee to continue using the federal platform would soon reach 3 percent. Ms. Korbulic stated that Idaho currently had the lowest carrier premium fee in the nation.

Senator Gansert said the initial commitment to transition to a state-based platform was $1 million, and it appeared the state could incur more expenses in 2021. If

the Committee approved the work program, the state would essentially be committed to the transition without full vetting through the legislative process.

Ms. Korbulic replied that the transition to a state-based platform was included in the Governor's recommended budget for the 2017-19 biennium; however, the Legislature decided the timing was not right to make the transition due to speculations about the longevity of the ACA. As such, SSHIX continued to discuss the transition and evaluate available options. The current SSHIX budget permitted the agency to pay 3 percent for CMS costs, but transitioning away from the federal platform would actually result in cost savings.

Senator Kieckhefer asked if the 1.5 percent was solely the cost of the technology and call center with an additional rate to cover the cost of operations, technology and the call center, and state administrative costs. Ms. Korbulic said that was correct.

Senator Kieckhefer said the additional amount levied on top of premiums would be between 2 percent and 2.5 percent, which was comparable to Idaho, and Ms. Korbulic agreed.

Assemblyman Edwards said one of the reasons the 2017 Legislature did not approve the agency's request was because the future of the ACA was unknown. He said the issue was still not resolved; therefore, he was uncertain it was the appropriate time to spend funds on a platform that could require modifications based on decisions at the federal level. Additionally, the matter was further complicated by trying to find a vendor to meet the rate of 1.5 percent. Assemblyman Edwards asked how the agency would proceed if no vendors could accommodate that rate.

Ms. Korbulic thought the federal desire to repeal and replace the ACA had significantly declined over the last several months after the failure of several different measures and legislative initiatives. SSHIX believed it could demonstrate cost savings for the state, consumers and carriers by transitioning to a state-based platform. Several vendors indicated they could keep costs lower than that which the state paid for *healthcare.gov*.

Assemblyman Edwards said it was difficult to know what changes would need to be made to the new platform, because federal rules and regulations could change. He thought it would also be difficult for the agency to determine deliverables. Assemblyman Edwards said he was not confident that the state was ready to transition to a state-based platform, because there were too many unanswered variables.

Mr. Cook said the platform proposal was not a design-to-build project. He said the chief RFP requirement was that the platform had been proven successful in at least one other state for at least one plan year. Mr. Cook said SSHIX had seen

demonstrations from a number of vendors and interacted with their systems. He said those vendors had been able to implement their systems and demonstrate successful operability in timeframes shorter than what SSHIX proposed for its implementation phase. Mr. Cook said the agency's estimated projections were based on vendor quotes. SSHIX felt comfortable meeting those price points and implementing a successful system well within the proposed timeframe.

Assemblyman Edwards said Nevada would be joining 12 other states in revising its platform after a decision was made by the federal government. By approving the work program, he thought the state would be prematurely committing taxpayer dollars. Assemblyman Edwards said he was unsure why a three-year old system already needed revisions.

Assemblywoman Spiegel said it was good that SSHIX and other state agencies, such as the Division of Welfare and Supportive Services (DWSS) and the Division of Insurance, had collaborated in the past. She asked how those partners would be affected by the transition to a state-based platform. Ms. Korbulic replied that SSHIX had worked hard to ensure it had a good understanding of the operations of its partner agencies. The RFP required the vendor to accommodate business processes that currently existed. She said disruption to DWSS or the Division of Insurance would be minimal, if any.

In response to a question from Senator Denis, Ms. Korbulic replied that the agency was aware of all the deficiencies in the first attempt at a state-based exchange. She noted that four years had passed since those failings, and technology had improved significantly in that time. She said 12 other states operated their own exchanges with systems that were fully functional. Ms. Korbulic said when Nevada initially built its own system, there were several challenges to overcome, because it was a new endeavor; however, now that demonstrated and proven technologies existed, SSHIX was confident that implementation would be minimal for the state. She said the system would not have to be changed or modified significantly to fit Nevada's needs.

Senator Denis recalled that enrollment was significantly higher than expected when the original platform was implemented. Ms. Korbulic replied that part of the problem with the original system was full integration with DWSS. She said Medicaid was expanded and the system was incapable of handling the high volume of Medicaid applications. Ms. Korbulic said Medicaid eligibility and enrollment was independent in the current system, which reduced the bottlenecks that were experienced with the original system. She said the new system would operate in the same manner as the current system.

Senator Denis said the new system would also not experience the large enrollment numbers that resulted from the Medicaid expansion several years ago, and Ms. Korbulic agreed.

In answer to a question from Senator Denis, Ms. Korbulic said consumers were asked a series of questions regarding income when they first visited the SSHIX website. Based on the answers provided, the consumer was either directed to the DWSS website to apply for Medicaid, or *healthcare.gov* to complete the qualified health plan application. She said the new system would continue to function in the same way.

Senator Denis asked if the test period would include a variety of scenarios to ensure that communication between various entities functioned properly. Mr. Cook confirmed that a period of integration testing would take place with all the external systems, such as DWSS, Homeland Security and the IRS. Additionally, SSHIX needed to report to CMS on a monthly and annual basis and report minimum essential coverage to the IRS per the current mandate. Mr. Cook said the new system would also need to interact with insurance carriers for individual enrollment, account maintenance transactions and monthly summary reports. He noted that the majority of electronic traffic was for account maintenance transactions between SSHIX and insurance carriers.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM E-62.

SENATOR DENIS SECONDED THE MOTION.

Senator Gansert said she appreciated the work of SSHIX; however, she opposed the motion. Although she thought a state-based exchange would eventually be beneficial for the state, there were still uncertainties regarding costs. Additionally, she was concerned about making the decision to transition to a state-based exchange during the interim rather than during a legislative session.

THE MOTION PASSED. (Senator Gansert and Assemblyman Edwards opposed the motion. Assemblyman Oscarson was not present for the vote.)

**RECLASSIFICATIONS**

Refer to motion for approval under Agenda Item E.

| AGENCY | AGENCY/ ACCOUNT NUMBER | POSITION NUMBER | PRESENT CLASS, CODE, GRADE, SALARY | PROPOSED CLASS, CODE, GRADE & SALARY |
|---|---|---|---|---|
| Secretary of State Nevada Business Portal | 040/1050 | 0075 | Administrative Assistant II<br>Code: 2.212 Grade: 25/01<br>Employee/Employer Paid Retirement<br>$32,029.92 | Business Process Analyst I<br>Code: 7.657 Grade: 34/01<br>Employee/Employer Paid Retirement<br>$46,311.84 |

| | | | | |
|---|---|---|---|---|
| Department of Administration – Nevada State Library and Archives | 332/1052 | 0012 | IT Technician V<br>Code: 7.931 Grade: 34/01<br>Employee/Employer Paid Retirement<br>$46,311.84 | Records Analyst II<br>Code: 4.210 Grade 33/01<br>Employee/Employer Paid Retirement<br>$44,474.40 |
| Department of Public Safety – Traffic Safety | 658/4691 | 0005 | Administrative Assistant III<br>Code: 2.211 Grade 27/02<br>Employee/Employer Paid Retirement<br>$36,122.30 | Program Officer I<br>Code: 7.649 Grade: 31/01<br>Employee/Employer Paid Retirement<br>$40,862.16 |

## F. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION.

1. Request to accept and expend $117,000 in federal funds for CIP Project 17-M03, Southern Nevada Veterans Home Secondary Water Treatment Installation, pursuant to NRS 341.121, and to modify the scope of the project to add monitoring and control systems that will provide more detailed reporting capabilities of the overall water treatment system, pursuant to NRS 341.145(1)(f).

   Chris Chimits, Interim Administrator, State Public Works Division (SPWD), said the Department of Veterans Services did an excellent job obtaining federal grants to expand the project scope and reduce state funding for several CIP projects.

   Mr. Chimits said CIP Project 17-M03 was for the installation of a secondary water treatment system at Southern Nevada Veterans Home in Boulder City. The SPWD requested a change in scope and authority to receive and expend federal funds in the amount of $117,000. He said the revised total project cost was $426,542. Mr. Chimits said CIP Project 17-M03 would be expanded to include monitoring and control systems that would provide a more detailed reporting capability to monitoring agencies. The proposed funding source for the additional scope was a federal award granted to the Department of Veterans Services by the United States Department of Veterans Affairs through the VA State Home Construction grant program.

   ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-1.

   SENATOR PARKS SECONDED THE MOTION.

   THE MOTION PASSED UNANIMOUSLY. (Assemblyman Edwards and Assemblyman Oscarson were not present for the vote.)

2. Request to accept and expend $173,112 in federal funds for CIP Project 17-M51, Southern Nevada Veterans Home Air Handler Renovation, pursuant to NRS 341.121, and to modify the scope of the project to include the upgrade,

and/or replacement, of the HVAC Direct Digital Controls, pursuant to NRS 341.145(1)(f).

Chris Chimits, Interim Administrator, SPWD, said CIP Project 17-M51 was also eligible for additional federal funding in the amount of $173,112. The revised total project cost was $466,287. He said the scope of the project would be expanded to include the upgrade and/or replacement of the HVAC Direct Digital Controls at the Southern Nevada Veterans Home.

> SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM F-2.
>
> ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Assemblyman Edwards, Assemblyman Hambrick and Assemblyman Oscarson were not present for the vote.)

3. Information regarding the Project Exception Report pursuant to NRS 341.100(8)(g).

   Senator Kieckhefer noted that two projects were on hold, because the funds had not been provided to the SPWD. He asked if the division anticipated a problem receiving the funds. Mr. Chimits replied that the first project on hold was the UNLV Medical School Building; however, it was his understanding the funds would be transferred within the next day or two. At that point, the SPWD would enter an agreement with UNLV on the management structure for the project and the project design would begin.

   Mr. Chimits said the second project on hold was the Advanced Planning Health and Science Building at the College of Southern Nevada in Henderson. He said the SPWD was waiting for $1 million to be transferred by the state, which should occur soon. He anticipated the design phase would begin in approximately two weeks.

   Mr. Chimits said the Advanced Planning Building at UNLV was included in the Exception Report; however, the project was no longer on hold. He said the state transferred $1 million for the purchase of the Dawson Building, which was the adjacent property. The SPWD was currently in the design phase with Carpenter Sellers Del Gatto Architects.

## 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 on page 335 in Volume II

of the meeting packet (Exhibit B). He said the balance of the unrestricted portion of the General Fund was approximately $15.5 million, and there were no requests before the Committee. The balance of the Highway Fund was approximately $1.7 million, and there were no requests before the Committee. Lastly, the balance of the restricted portion of the General Fund was approximately $15.4 million, and $90,129 was requested from those funds.

**H. REQUEST 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) – Department of Corrections – Correctional Programs – Request for an allocation of $130,305 to fund the addition of five full-time permanent positions and other associated costs for Fiscal Year 2018 to implement Senate Bill 268 (2017 Legislature). **WITHDRAWN 1-22-18.**

**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 $73,004 for Fiscal Year 2018 to fund the difference in cost between a contract position and a classified position, and operating costs, and outside legal services for the Office of Project Management related to the replacement of the existing financial and human resource management information technology systems.

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 $17,125 for Fiscal Year 2018 to fund the difference in cost between a contract position and a classified position, and operating costs and outside legal services for the Office of Project Management related to the replacement of the existing financial and human resource management information technology systems.

This item was discussed in conjunction with Agenda Item I.

Lee-Ann Easton, Director, Office of Project Management (OPM), Governor's Finance Office (GFO), introduced Patrick Cates, Director, Department of Administration. She said Mr. Cates was one of three executive members on the committee responsible for the oversight of the Silver State Modernization Approach for Resources and Technology in the 21st Century (SMART 21) project. Ms. Easton said the OPM was requesting a Contingency Account allocation of $90,129. The funds would be used to support

operating costs, contract with an outside legal consultant, and convert a contract position to a classified IT Manager 2 position.

Ms. Easton said Gartner Consulting was used to establish the OPM and lead the vendor selection process. She said Gartner Consulting initially set up the OPM's position structure. One of the required positions was to manage the state interface on the Smart 21 project, and Gartner Consulting advised the state to fill the position with state staff that had systems and operating experience. However, it was believed at that time that the agency did not have in-house staff with interface expertise; therefore, the OPM received IFC approval on October 19, 2017, for a Master Service Agreement (MSA) contract to oversee the integration and data consolidation for the SMART 21 project. Subsequently, the agency became aware that it did have staff with interface experience, which was the reason for converting the contract position to a classified IT Manager 2 position. Ms. Easton said the Division of Human Resource Management (DHRM) classified the contract position as an IT Manager 2 based on the required skillsets, and a cost savings of approximately $59,871 would be realized as a result of the change.

Ms. Easton said the agency was also requesting funds for legal consulting services to obtain cloud computing legal contracting experience. The GFO was collaborating with the Office of the Attorney General (OAG); however, the OAG did not have in-house staff with experience in contracts for cloud-based systems that could review the legal terms and conditions of the RFP and contract.

Ms. Easton stated that the requested funds would also be used to cover operating costs for items that were under-projected or absent in the initial funding request.

Senator Denis asked if the GFO would be able to keep the IT Manager 2 position filled at the salary recommended by the DHRM. Ms. Easton thought the GFO would be able to keep the IT Manager 2 position filled, because the position was a statewide promotional recruitment. She said candidates would be made aware that the SMART 21 project was a long-term project of approximately three to five years. The agency would like to see the prospective employee commit to the length of the project, if possible.

> SENATOR DENIS MOVED TO APPROVE AGENDA ITEM I AND AGENDA ITEM J.
>
> ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Assemblyman Oscarson was not present for the vote.)

**K. 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 $7,005,074 for the estimated federal cost share associated with the February 2017 winter flood events. **RECEIVED AFTER SUBMITTAL DEADLINE, 1-19-18. RELATES TO AGENDA ITEM E. 44.**

This item was discussed in conjunction with Agenda Item E-44. Refer to testimony and motion for approval under Agenda Item E-44.

**L. REQUEST FOR APPROVAL TO TRANSFER FROM THE INTERIM FINANCE COMMITTEE'S ACCOUNT FOR FORECLOSURE MEDIATION ASSISTANCE PURSUANT TO NRS 107.080, AS AMENDED BY SECTION 1.5 OF SENATE BILL 490** (2017 Legislature) – Request the transfer of the balance of $159,700 in the Account for Foreclosure Mediation Assistance on December 19, 2017, to Home Means Nevada, Inc. to administer the Foreclosure Mediation Program.

Shannon Chambers, President, Home Means Nevada, Inc., said pursuant to Senate Bill 490 (2017 Legislature), Home Means Nevada was requesting the transfer of fees collected on Notice of Defaults and petitions for foreclosure mediation to Home Means Nevada.

Assemblyman Thompson recalled reading that Nevada had potentially missed an opportunity to receive $6.7 million for struggling homeowners. He asked if that issue related to Home Means Nevada. Ms. Chambers replied that Home Means Nevada was not responsible for the funds referenced by Assemblyman Thompson, but she would look into the matter and provide information to the Committee.

In answer to a question from Assemblyman Thompson, Ms. Chambers replied that the 2017 Legislature extended the foreclosure mediation program for an additional two years. The funds requested by Home Means Nevada included Notice of Default fees paid by trustees foreclosing on a property and foreclosure mediation fees paid by homeowners.

ASSEMBLYWOMAN SPIEGEL MOVED TO APPROVE AGENDA ITEM L.

SENATOR PARKS SECONDED THE MOTION.

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

**M. ECONOMIC FORUM** – Report required pursuant to NRS 353.228(1)(f) regarding the Economic Forum meeting conducted on December 8, 2017, on the status of actual State General Fund revenue collections compared to the current forecast, current economic conditions, and factors that may impact future economic conditions and State General Fund revenue collections. INFORMATIONAL ONLY**.**

Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB, referred the Committee to the handout titled *Economic Forum Report to the Interim Finance Committee, February 2018* (Exhibit D). He said the report was required to be made to the IFC by the Economic Forum pursuant to NRS 353.228. Mr. Guindon presented the report on behalf of Ken Wiles, Chairman of the Economic Forum, who was unable to attend the meeting.

Mr. Guindon provided a brief overview of the Economic Forum. The Economic Forum was principally responsible for producing the General Fund revenue forecast at meetings in December of even-numbered years and May of odd-numbered years which was used as part of the Governor's recommended budget and the legislatively approved budget. Furthermore, the Economic Forum was statutorily required to hold two additional meetings: one in December of odd-numbered years and one in June of even-numbered years. Mr. Guindon said the Economic Forum did not consider or approve any revised General Fund revenue forecasts at the meetings in December of odd-numbered years or June of even-numbered years. Instead, the Economic Forum received the following information:

- Current economic indicators, such as employment, unemployment, population, personal income, etc.

- Programs or activities by state agencies or non-state agencies that could directly or indirectly affect General Fund revenues.

- Legislative action approved in the most recent legislative session or special session that could affect a General Fund revenue source.

- Updates on how actual collections year-to-date (YTD) compared to the most recent Economic Forum forecast used to develop the legislatively approved budget and administered during the biennium.

Mr. Guindon said the first four pages of the handout provided a summary of what was considered at the Economic Forum meeting on December 8, 2017, as well as a summary of the information presented to the Economic Forum regarding actual YTD General Fund revenue collections compared to the forecast. He said the information available during that meeting included the first three to five months of monthly revenue sources and the first quarter of quarterly revenue sources. Mr. Guindon directed the Committee to the updated report of actual collections on page three of the handout (Exhibit D). The report was updated every quarter to provide actual General Fund revenue collections and a comparison to the forecast. Since the December 8, 2017, Economic Forum meeting, two additional months of monthly revenue sources had been released. He said the second quarter of quarterly revenue sources would be received at the end of February 2018.

Mr. Guindon directed the Committee to Table 2 in the handout (Exhibit D), which displayed actual YTD collections for FY 2018 compared to the forecast. He said the left

side of the table included the major General Fund revenue sources and non-major General Fund revenues. The information presented in the orange section of the table was the FY 2018 actual YTD collections for each revenue source; the green section was an estimate of the actual fiscal YTD forecast; and the far right side of the green section listed the dollar and percentage differences of the actual compared to the forecast. For example, during the first five months of FY 2018 actual collections for the Sales and Use Tax were approximately $4.8 million below the forecast.

Mr. Guindon said total General Fund revenues after Commerce Tax credits, but before all other tax credit programs, were listed at the bottom of Table 2. Currently, General Fund revenue after Commerce Tax credits was approximately $23.1 million above the General Fund forecast with approximately 38 percent of the actual collections having been recorded fiscal YTD. He said the report would be updated in March 2018 after the second quarter information was available. Mr. Guindon noted that the updated report would be available on the Legislative Counsel Bureau website (https://www.leg.state.nv.us), or a hard copy could be requested from the Fiscal Analysis Division.

In answer to a question from Assemblywoman Bustamante Adams, Mr. Guindon replied that the 2015 Legislature increased the Cigarette Tax by $1 per pack. He said there was concern that the increase would be detrimental to the state, and it was to a certain extent. However, California's Cigarette Tax was now higher than Nevada's tax, which could have a positive impact on Nevada's cigarette tax collections. He said vaping products and marijuana may also influence the demand for cigarette consumption in the state.

Mr. Guindon said 40 to 45 million people visited Nevada annually, which impacted cigarette sales. He hoped the Cigarette Tax was as close to the forecast at the end of the fiscal year as it was currently. Mr. Guindon said he would review the Cigarette Tax tracking sheet and provide an answer to the Committee regarding why the projections were currently below the forecast.

Assemblywoman Bustamante Adams noted the Economic Development transferable tax credits were above the forecast by approximately $15 million. She asked if the tax credits were taken by one entity.

Mr. Guindon replied that Tesla was the only business entity to be awarded and approved for tax credits. He noted that Faraday Future was no longer eligible for the tax credit program.

Mr. Guindon said Tesla had taken more tax credits fiscal YTD than what was forecasted. The forecast was based on information provided by Tesla through the Governor's Office of Economic Development (GOED) to the Technical Advisory Committee of the Economic Forum. Mr. Guindon said based on an audit through June 2017 and the amount of tax credits approved, Tesla had approximately $12 million in credits to take in FY 2018. He said another audit would be done for July 2017

through December 2017, which meant Tesla could have additional credits to take in FY 2018. Mr. Guindon said the final fiscal year amount would probably be considerably higher than the forecast, which would have a negative impact on the State General Fund; however, he thought Tesla would have less tax credits available in FY 2019. Mr. Guindon noted that Tesla was close to reaching $3.5 billion in capital investment, which was the maximum amount for which transferable tax credits were awarded. Consequently, the amount of tax credits Tesla received would decline, because the company would only receive tax credits for jobs.

Assemblywoman Bustamante Adams asked if information was available as to whom Tesla sold its tax credits. Mr. Guindon replied that LCB Fiscal Analysis Division staff did not receive that information. He said there was information in the media regarding who purchased the transferable tax credits and that the credits were being applied to the Gaming Percentage Fees Tax.

In answer to a question from Assemblywoman Bustamante Adams, Mr. Guindon replied that the law would have to be revised to allow staff access to information concerning transferrable tax credits. He said NRS permitted the Fiscal Analysis Division to request confidential information from Executive Branch agencies; however, such a request had not been submitted to GOED by the Fiscal Analysis Division. He said even if the Fiscal Analysis Division received the information, it would have to remain confidential unless the law was changed.

Senator Denis asked what was causing the Modified Business Tax to be 4.6 percent below the forecast. Mr. Guindon replied that it was a difficult question to answer, because the Economic Forum approved forecasts on a fiscal year basis, and the fiscal year was broken down into sub-periods; therefore, one quarter did not necessarily indicate a pattern. He said the forecast was based on projected economic activity, but if the actual economic activity was different than projected, the forecast may be a little high. Mr. Guindon said he would research the information and provide the Committee with a more detailed answer.

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

Kristina Shea, Program Analyst, Fiscal Analyst Division, LCB, said she served as staff to the Committee on Industrial Programs. She said the committee met quarterly to review the operations of Prison Industry programs. Pursuant to NRS 209.4818, the Committee on Industrial Programs was required to submit a semiannual report to the IFC before July 1 and December 1 of each year on the status of the current industries at the correctional institutions as well as proposed industries. Ms. Shea referred the Committee to the summary of Prison Industries financial statements for FY 2014 through FY 2017 on page 41 in Volume III of the meeting packet (Exhibit C).

Ms. Shea provided a brief report of the activities that occurred at the Committee on Industrial Programs meetings through FY 2018 to date. She said Prison Industries finished FY 2017 with a net income of $484,483 with ending cash of $3,286,389. Five of the six state-sponsored Prison Industry programs generated net profits. Those programs included the following:

- Northern Nevada Correctional Center (NNCC) Mattress Factory
- NNCC Print/Bindery Shop
- NNCC Furniture and Metal Shop
- NNCC Prison Ranch
- Lovelock Correctional Center (LCC) Garment and Drapery Factory

Ms. Shea noted that SDCC Auto/Upholstery Shop experienced a net loss in FY 2017. She said Opportunity Village, which operated a card sorting program at SDCC, closed its operation due to the large quantity of sorted cards that it had in inventory. The closure of Opportunity Village resulted in an estimated loss of approximately $200,000 for SDCC. Additionally, the SDCC Auto/Upholstery Shop incurred a loss of $46,000 due to the sale of two remaining motorcycles that the department had to sell below manufacturing cost to liquidate the inventory. She noted that motorcycles had not been manufactured by the SDCC Auto/Upholstery Shop since 2006. The Committee on Industrial Programs would continue to monitor the financial statements for the SDCC Auto/Upholstery Shop at its quarterly meetings.

Ms. Shea said in FY 2010, Alpine Steel, a private steel fabrication company that employed inmates at HDSP, fell behind on its lease and salary payments owed to Prison Industries. After a summary judgement was issued by the Attorney General, the state was awarded a settlement of $428,208 in September 2013. Alpine Steel left behind equipment and assets that were sold at auction by Prison Industries. Prison Industries was able to recuperate $32,432.98 from the auction, which reduced the bad debt to $395,775. The remaining bad debt was written off in FY 2017.

Ms. Shea said the Prison Ranch included operations for dairy, livestock sales, hay sales, estray horse boarding, Bureau of Land Management (BLM) wild horse boarding, and composting programs. She said the Prison Ranch experienced a decline in revenue of $169,618 in FY 2017, which was a decline of $40,926 from the revenue received in FY 2016 of $210,544. Ms. Shea said the largest factor contributing to the decline in the income of the Prison Ranch was the reduction of BLM boarding fees from $1.7 million in FY 2016 to $1.5 million in FY 2017 for the wild horse and burro programs. The decline in boarding fees was attributed to the decline in the horse boarding population in FY 2017. As of December 2017, the Prison Ranch reported 862 horses and burros in its possession with a maximum capacity of 2,000, compared to 1,400 horses and burros in the facility in October 2016. The Chairman of the Committee on Industrial Programs submitted a letter to congressional delegates in December 2017 requesting their support for the Nevada BLM Wild Horse and Burro Program.

Ms. Shea said the average number of inmates employed for the 12 months ending June 30, 2017, was 464, which was a decrease of roughly 3.7 percent compared to the monthly average inmates employed during FY 2016 of 482 inmates. The wage assessments generated in FY 2017 totaled $450,620, which included $320,006 for room and board, $65,307 for the Prison Industries CIP fund, and $65,307 for the Victims of Crime fund.

Ms. Shea said the Committee on Industrial Programs recommended approval of three new prison industries pursuant to NRS 209.4818(1)(f) at its December 11, 2017, meeting. The new industries were as follows:

- Terra Firma Organics, Inc. was in the process of acquiring Full Circle Compost, which currently operated an organic waste composting operation at the Prison Ranch in Carson City. After Terra Firma Organics, Inc. acquired Full Circle Compost, the operation would remain on the Prison Ranch, but would relocate to a different site. The operation would provide work opportunities for approximately 10 to 12 inmates with an estimated annual contract of $59,829.

- Erickson Framing NV was a fabrication and wooden product assembler, which produced wooden trusses, wall panels, doors and trim for the Nevada residential housing market. Erickson Framing NV would provide work opportunities at their site in Reno for approximately 12 to 14 inmates from low custody camps in Northern Nevada. The estimated annual contract was $37,588.

- Sewing Collection, Inc. provided recycling and resorting services for clothing hangers. The company would provide work opportunities for approximately 12 inmates at HDSP with an estimated annual contract of $324,814.

Ms. Shea said final recommendation of the three new industries would go before the Board of Prison Commissioners and the Board of Examiners for final contract approval. The Committee on Industrial Programs would request updates and information related to the implementation of the new programs at future meetings.

Assemblywoman Bustamante Adams asked why some of the annual contract amounts were higher than others. Ms. Shea replied that the annual contract amount was calculated based on the number of correctional officers necessary to oversee inmates. Additionally, operations that utilized facility space were required to pay a rental fee.

SENATOR PARKS MOVED TO ACCEPT THE REPORT OF THE COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE MOTION.

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

## O. INFORMATIONAL ITEMS.

The Committee expressed interest in hearing testimony on Agenda Items O-10a and O-10b, Department of Corrections.

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 October 1, 2017, through December 31, 2017, pursuant to NRS 333.705(5).

   There was no discussion on this item.

2. DEPARTMENT OF ADMINISTRATION – Enterprise Information Technology Services – Quarterly report on the status of the OTIS development project as requested during the December 7, 2017, meeting of the Interim Finance Committee. RELATES TO ITEM E. 37.

   There was no discussion on this item.

3. DEPARTMENT OF EDUCATION – Quarterly report on the status of Class-Size Reduction Variances for the period ending June 30, 2017, of the 2016-17 school year, pursuant to NRS 388.700(5).

   There was no discussion on this item.

4. NEVADA SYSTEM OF HIGHER EDUCATION – 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 December 31, 2017, pursuant to NRS 453A.600.

   There was no discussion on this item.

5. DEPARTMENT OF AGRICULTURE – Pest, Plant Disease, and Noxious Weeds – Notice to increase two part-time equivalent positions to two full-time equivalent positions due to an increased need in workload of statewide surveys and control of insects for the USDA Animal Plant Health Inspection Services. This results in an increase from 1.51 FTE to 3.51 FTE.

   There was no discussion on this item.

6. PUBLIC UTILITIES COMMISSION – Report on the process and status of hiring seven approved positions pursuant to legislation passed during the 2017 Legislative Session, as requested during the August 24, 2017, meeting of the Interim Finance Committee.

   There was no discussion on this item.

7. DEPARTMENT OF BUSINESS AND INDUSTRY – Home Means Nevada – Quarterly reports concerning the status of the Account for Foreclosure Mediation Assistance for the periods ending September 30, 2017, and December 31, 2017, pursuant to Senate Bill 490, Section 16(a) (2017 Legislature).

   There was no discussion on this item.

8. DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS – Division of Museums and History - Museum Dedicated Trust Funds – Semiannual report regarding the investment and expenditure of private funds, for the period ending June 30, 2017, pursuant to NRS 381.0033(1)(b).

   There was no discussion on this item.

9. DEPARTMENT OF HEALTH AND HUMAN SERVICES
   a) Division of Health Care Financing and Policy – Quarterly report on the Disproportionate Share Hospital Supplemental Payment Program for the period ending December 31, 2017, pursuant to NRS 422.390.
   b) Division of Welfare and Supportive Services – Annual report concerning the allocation of funds in the Fund for Energy Assistance and Conservation in FY 2017, pursuant to NRS 702.275.

   There was no discussion on these items.

10. DEPARTMENT OF CORRECTIONS
    a) Director's Office – Quarterly report on the capacity issues and transfer of inmates out of state for the period ending December 31, 2017 (letter of intent, 2017 Legislature).
    b) Quarterly report on department-wide overtime for the period ending September 30, 2017, as requested during the August 24, 2017, meeting of the Interim Finance Committee.

James Dzurenda, Director, Nevada Department of Corrections (NDOC), said the inmate population remained over emergency capacity by 1,000 inmates, even though the overall inmate population had decreased by more than 365 inmates since June 2017. He said several factors contributed to the decrease of the overall inmate population.

- Elimination of non-evidence-based programs and increase of evidence-based programs allowed the NDOC to prepare inmates for successful reentry into the community and reduce victimization.

- Restructure of prison mental health services throughout the state, such as consolidating inmates with serious mental illness to one centralized facility, and providing appropriate cognitive and mental health treatments during incarceration as well as continuity of care after release.

- Connecting inmates with community providers in areas of mental health, employment, homelessness and family reunification.

- Reduction of felony arrests in the Las Vegas area by 28 percent.

- Collaboration with the Division of Parole and Probation (P&P) to embed P&P specialists in each of the major prison institutions. Consequently, more than 200 inmates past their parole dates were released within the last three months. Parolees were provided community services through the use of day reporting centers to help reduce recidivism.

Mr. Dzurenda said the NDOC had seen a decrease in new inmates and an increase in inmate releases since June 2017. He noted that the highest number of offenders released since he became Director of the NDOC in April 2016 occurred in December 2017. However, the NDOC was still overcapacity despite efforts to reduce the inmate population.

Mr. Dzurenda noted that the overall decrease of the inmate population allowed the department to close Building 8 at SDCC and begin the renovation project ahead of schedule. He said the NDOC received verbal confirmation from the SPWD that the project could begin 90 days earlier than anticipated. Mr. Dzurenda said 400 beds would be available as soon as the project was complete. He stated that the Americans with Disabilities Act (ADA) project at NNCC was currently in progress, which took 90 beds offline. The inmates in that unit were redistributed throughout the NDOC, which took up additional space.

Mr. Dzurenda said to further address capacity issues, the department was reevaluating its classification system and administrative regulations related to classification. He said the department was reassessing the close custody units, which were more expensive to operate due to high security requirements. If the NDOC could reclassify some inmates and move them to minimum security units, the department could close a portion of the close custody units, thereby reducing the operating budget. He said inmates who were moved to minimum security units would be exposed to evidence-based programs which prepared offenders for reentry into the community. Mr. Dzurenda said the fixes were temporary, because the inmate population was continuously rotated based on inmate needs and security requirements. He said it was important for inmates to do well during their time in prison, because it helped them to be successful upon release, which reduced victimization.

Mr. Dzurenda said there were currently 200 NDOC inmates in Arizona; however, the department was implementing strategies to keep the NDOC inmate population at a level that would allow those inmates to return to Nevada. The inmate population was currently 8 percent lower than what was predicted in the JFA study, and Mr. Dzurenda was confident the numbers would continue to decrease as a result of the department's efforts.

In answer to a question from Assemblywoman Monroe-Moreno, Mr. Dzurenda replied that a group of inmates who were Nevada residents and involved in NDOC job programs were mistakenly sent to Arizona; however, they were brought back to Nevada after approximately two weeks. Additionally, one offender had to return to Nevada for eye surgery, but he would be sent back to Arizona after the procedure.

Assemblywoman Monroe-Moreno asked why the department was still using overflow beds if the inmate population had declined. Mr. Dzurenda said initially a large number of overflow beds were taking up space for evidence-based programming; however, the number of overflow beds had decreased enough that they were no longer occupying program space. He indicated that the overflow beds currently in use were located in areas attached to housing units; therefore, additional correctional officers were not required to monitor those inmates. Mr. Dzurenda said SDCC Building 8 housed a segregated population of inmates that required close custody housing; therefore, the entire SDCC population had to be shifted to accommodate those inmates.

In response to a question from Assemblywoman Monroe-Moreno, Mr. Dzurenda replied that relocating 200 inmates to Arizona, as well as the declining inmate population, allowed the department to relocate the inmates housed in SDCC Building 8 several months in advance. He said the Building 8 renovation project would be completed earlier than expected, which would allow the inmates temporarily housed in Arizona to return to Nevada sooner than planned.

Assemblyman Sprinkle recalled that the 2017 Legislature had concerns about sending inmates out of state. He recalled that Mr. Dzurenda's justification for relocating inmates to an out-of-state facility was to reduce the number of overflow beds in use. Assemblyman Sprinkle remarked that overflow beds were still in use even though inmates had been sent out of state, against the wishes of the majority of the Legislature. Mr. Dzurenda replied that the overflow beds were previously utilizing space that could have been used for evidence-based programs; however, the number of overflow beds had since decreased. He preferred not to use overflow beds; however, they needed to be used temporarily while the department reclassified certain offenders and shifted the inmate population to accommodate prisoners from SDCC Building 8 during the renovation project. Due to the closure of SDCC Building 8 and the reduction of maximum security beds, the increase in overflow beds occurred in order to utilize those correctional officers to cover overtime reduction.

Assemblyman Sprinkle said he understood the process, but not the logic behind it. He was unsure why overflow beds were still in use if the inmate population had decreased. He noted that Mr. Dzurenda did not address the fact that the Legislature disagreed with sending inmates out of state.

Mr. Dzurenda replied that the NDOC had seen a decrease in the overall inmate population since June 2017, which allowed the department to close a portion of the maximum security housing units. He said if the 200 out-of-state prisoners were still in Nevada, the department would not have been able to shift the population as quickly,

and the SDCC Building 8 renovation project would not be starting so soon. Mr. Dzurenda reiterated that he did not want inmates in overflow beds or out of state; however, JFA projected that the inmate population would continue to increase, which would add to the capacity issues. Additionally, when it was determined that SDCC Building 8 required renovations, there was no room to transfer the prisoners during the renovation process. Mr. Dzurenda said the population decrease of more than 365 inmates was unexpected, but that allowed the renovation project to be completed sooner and the inmates in Arizona could return to Nevada earlier than planned.

Assemblyman Sprinkle said if the department adhered to the timeline it presented during the 2017 Legislative Session, the SDCC Building 8 renovation would have begun after the 200 out-of-state inmates returned to Nevada. Mr. Dzurenda said he would have to review the timeline, because he was unsure how the department would have been able to accomplish the SDCC Building 8 renovation if the 200 out-of-state inmates were in Nevada. He noted that the capacity analysis report was completed after the 2017 Legislative Session.

In answer to a question from Assemblywoman Diaz, Mr. Dzurenda replied that the department was implementing massive reforms that were proven to reduce victimization. He explained that there were two types of programs: evidence-based and non-evidence-based. A program that was considered evidence-based had been proven to reduce crime rates, victimization and addiction based on three years of data. However, non-evidence-based programs, such as drawing and basket-weaving, helped occupy inmates and exercise their minds, but did not reduce victimization. He said reducing evidence-based programs interfered with the department's mission of reducing victimization, which could potentially increase the inmate population. Mr. Dzurenda said he had every program audited when he became the NDOC Director. The audit indicated that the NDOC was funneling resources to 45 ineffective programs. He noted that most grants, such as the Second Chance Act grant, required the use of evidence-based programs. Mr. Dzurenda said evidence-based programs had to increase to meet the department's mission.

Sheila Lambert, Management Analyst, NDOC, said the most recent capacity analysis report was for the period ending December 2017, but the department was currently working on an update. The relocation of inmates to Arizona was not completed until the end of 2017; therefore, inmate rotation and the use of overflow beds was not reflected in the capacity analysis report for the period ending December 31, 2017. She said the department was working to identify the capacity of every housing unit and overflow area. Ms. Lambert said the capacity analysis report was updated on a quarterly basis, so the NDOC was unable to provide the Committee with an updated report reflecting recent changes.

Assemblyman Edwards recalled that the NDOC requested the temporary relocation of 400 inmates over the 2017-19 biennium; however, the 2017 Legislature approved the relocation of 200 inmates. He said the inmates were already relocated, and the

department was working to return them to Nevada within one year rather than two. Additionally, the NDOC was reclassifying prisoners and shifting the population, which afforded the department the opportunity to begin projects earlier than planned. He commended the efforts of the NDOC.

In response to a question from Assemblywoman Bustamante Adams, Mr. Dzurenda replied that evidence-based programs were historically inconsistent between institutions and fidelity was lost. Inmates often had to restart programs when they were moved to another facility, which delayed their progress and parole. The NDOC now required all evidence-based programs to be run the same way and on the same schedule at every facility.

Mr. Dzurenda said the department was considering reducing or eliminating certain non-evidence-based programs, such as the Boot Camp at Three Lakes Valley Conservation Camp, which was a court-ordered program with a capacity of 60. He said the individuals assigned to the Boot Camp were not sentenced offenders, so they could not be housed with inmates. He said the housing unit used for the Boot Camp had a capacity of 100, but only 30 individuals were in the program; therefore, space was being wasted. Mr. Dzurenda relocated those individuals to Casa Grande Transitional Housing (CGTH) to reside with probation violators in the court-ordered Open Program. By relocating Boot Camp offenders to CGTH, 100 beds were available for inmates housed in overflow areas.

In answer to a question from Assemblywoman Bustamante Adams, David Tristan, Deputy Director, Industrial Programs, NDOC, replied that Nevada was in the third year of the Second Chance Act grant. A portion of the third year was referred to as Effective Case Planning. The department had taken a number of steps to ensure inmates' needs were truly identified so the program was tailored to each inmate. Historically, each institution selected the programs it wanted to administer. Inmates did not always have access to the same program(s) if they were moved to another institution, which resulted in lost time and meritorious credits. Additionally, the PEW Research Center studied the programs nationwide, and instructed the NDOC to follow the programs to the letter to maintain the fidelity referred to in the Second Chance Act grant. If the programs were not followed verbatim, it could increase the recidivism rate.

Mr. Tristan said Effective Case Planning included automating the state's risk assessment tool, which would allow case workers to identify at intake all the needs of the inmate, such as mental health services. He said the NDOC also instituted the CASAS literacy assessment, because many inmates functioned at a reading level lower than they thought. As a result of the literacy assessment, some inmates may be delayed in entering a program if they did not meet the required reading level. For example, Prison Industries and Occupational Safety and Health Administration (OSHA) programs required an 8$^{th}$ or 9$^{th}$ grade reading level. With the introduction of the CASAS literacy assessment, the NDOC could create a personalized development plan to meet the needs of each inmate, such as substance abuse services, education, vocational training or a Prison Industries program. He said the department was striving

to identify and meet the individual needs of each inmate to help reduce recidivism and victimization.

Moving on to Agenda Item O-10b, Mr. Dzurenda said NDOC projections identified a significant budgetary shortfall six months into FY 2018. He said the department should have addressed the matter with LCB Fiscal Analysis Division staff and the Governor's Finance Office six months ago, when the NDOC saw a dramatic increase in overtime that drove the majority of the budgetary shortfall. Mr. Dzurenda said he developed a strategic plan that involved changing administrative regulations and operating procedures to minimize the shortfall and limit future budget obligations related to staffing and overtime. Weekly reports identifying all overtime and justification for usage would be submitted directly to the NDOC Director. Mr. Dzurenda and his management team accepted responsibility for the shortfall and were taking action to address the issue. He said newly implemented procedures should result in a dramatic decrease to the NDOC budget.

Mr. Dzurenda said he had been urging department staff to embrace the massive reforms instituted throughout the correctional system. The ripple effect of the department-wide restructuring could have been monitored sooner if the reforms were implemented at a slower pace and observed closely for financial impacts. During the 2017 Legislative Session, the NDOC was given authority to move 200 inmates out of state, which helped to reduce overtime; however, the NDOC was still overcapacity. He said the department was working to reduce overtime by reviewing its classification system to increase the number of inmates in minimum security housing units, which were less expensive to operate. Additionally, minimum security units offered evidence-based programming to prepare inmates for release. Less operating funds and staff would be required for maximum security areas if the number of inmates were reduced in those housing units. Mr. Dzurenda said the NDOC was also adjusting post charts, because they did not accurately reflect operations and staffing at the facilities consistent with the legislatively approved post charts.

Mr. Dzurenda said he was committed to rectifying the overtime issue as soon as possible. Meetings were scheduled with LCB Fiscal Analysis Division staff and stakeholders to help identify why some posts were changed from the legislatively approved post chart, and how to make appropriate changes or recommendations to the Legislature. The new protocols would be formalized using a new scheduling system that would not allow staff to arbitrarily change or move a post. He said an RFP had recently been posted to solicit vendors for the scheduling system. Mr. Dzurenda said the electronic scheduling system would make it easier to monitor overtime from multiple locations. The NDOC was looking to reduce the number of overtime justification codes, because there were currently more than 20, which provided too many options for supervisors. He thought there should only be one reason for overtime.

Mr. Dzurenda said the NDOC experienced a significant amount of staff vacancies in the middle of FY 2017; however, the department successfully filled a number of positions and reduced the vacancy rate. He said new correctional officers were required to

attend the training academy for eight weeks, which meant overtime was accrued by the correctional officer covering the new recruit's post. Hence, the department experienced an increase in overtime while seeing a decrease in staff vacancies. Mr. Dzurenda noted that 63,650 hours of overtime were accrued during FY 2017 due to new recruits attending the academies.

Assemblywoman Spiegel recalled that the 2017 Legislature approved funds for the new scheduling system. She asked for an update on the implementation of the scheduling system, and how it would help create more accurate overtime reporting.

John Borrowman, Deputy Director, Support Services, NDOC, said a technology investment request for the staff scheduling software was approved by the 2017 Legislature. Since that time, the department posted an RFP to which several vendors had expressed interest. The department anticipated the RFP would be awarded soon, and contract negotiations would begin shortly thereafter. Mr. Borrowman said the new scheduling software would provide the NDOC new reporting tools. The department anticipated the new software would be implemented in October 2018.

Mr. Borrowman said the new scheduling system would allow the department to manage overtime better on the front end. The system would ensure that the correct shifts were covered and resources were being allocated appropriately. Additionally, it would ensure that the department was obtaining the proper approvals and assessing the level of services provided prior to authorizing overtime. Overall, the NDOC would have a more sophisticated approach on the front end for managing resources. Mr. Borrowman said the new scheduling system would also provide many reports that were unavailable with the current system. The department would be able to look at patterns of efficiencies and inefficiencies, and address them in an effective way. He noted that the scheduling software would also allow the NDOC to create custom reports, which would provide a significant advantage in terms of understanding payroll resources.

In response to a question from Assemblywoman Spiegel, Mr. Borrowman replied that the current scheduling system was inefficient. He said the employees responsible for running the system at each institution were generally occupied with scheduling, and documenting that staff was on time and at the correct post, which was critical for litigation purposes. Consequently, staff had little time for proactive administration. Mr. Borrowman said the new software would help the NDOC see when institutions had available resources or were at risk of accruing overtime. He said the ability to see where there were shortfalls and surpluses in staffing would allow the department to reassign staff to other locations and provide an accurate accounting of the cost of operations for each institution.

Assemblywoman Carlton said she was concerned that the NDOC had used shift relief funds to cover approximately 15 new posts at HDSP and 10 new posts at SDCC. She stated that prior approval was required from the Legislature before creating new positions, and the department had not sought that approval.

Mr. Dzurenda agreed with Assemblywoman Carlton's comments. He said the new positions that were created without prior authorization were discovered during an overtime audit. The department was meeting with LCB Fiscal Analysis Division staff to review the legislatively approved post charts and discuss who created the positions, when and why. Mr. Dzurenda said the NDOC would take appropriate action as soon as possible.

Assemblywoman Carlton noted that the 2015 Legislature authorized the shift relief factor to address the department's overtime issue, which had temporarily resolved the matter. However, now it had come to light that numerous posts had been created, but there was no record indicating who established the positions, when and why. Mr. Dzurenda replied that the NDOC had a record of posts that were covered each day; however, the information was not compared to the legislatively approved post charts.

Assemblywoman Carlton remarked that the NDOC was paying for unauthorized positions, yet overtime was still a problem. Mr. Dzurenda said he informed all the institutions in January 2018 that overtime was no longer permitted. He said he was seeking answers to the Committee's questions, and the matter would be rectified.

Assemblywoman Carlton said it was very concerning that Mr. Dzurenda did not have answers. The department's overtime issue was only resolved temporarily, which made her curious about when the unauthorized positions were created. She also found it troubling that the NDOC was paying for those positions even though they were not included in the department's budget. Assemblywoman Carlton said the problem was much more than overtime. She did not want people to lose their jobs through no fault of their own. Someone in a higher-level position made a mistake and should receive disciplinary action. Assemblywoman Carlton was glad the NDOC was working with staff to resolve the issue.

Assemblywoman Tolles asked if the new scheduling software would require extensive staff training. If so, she asked if overtime would be accrued to accommodate the training. Mr. Dzurenda said he did not think overtime would be accrued to accommodate training. He said the RFP required the vendor to provide staff training, as well as a maintenance program to address questions and problems after implementation.

Assemblywoman Tolles asked if NDOC staffing levels were becoming stable enough that overtime to accommodate new recruits' participation at the academies would be minimal for 2018 and 2019. Mr. Dzurenda replied that it was difficult to maintain adequate staffing levels at certain institutions, which made it challenging to reduce overtime at those locations. For example, staff vacancies were historically difficult to fill at Carlin Conservation Camp, Wells Conservation Camp and Ely State Prison.

Chair Woodhouse asked why the department's average hospital coverage overtime cost per inmate day varied so drastically across each of the institutions. She also asked how the department planned to control those costs.

Mr. Dzurenda replied that the NDOC instituted new procedures in January 2018 regarding inmate hospital coverage. Previously, the department required two officers per inmate. However, it was determined that the Las Vegas Metropolitan Police Department and Washoe County Sheriff's Office utilized one officer per inmate with an additional officer to cover breaks and assist with relocating inmates. Consequently, the NDOC revised its procedures to require one officer per inmate with an additional officer for up to four inmates. For example, one inmate would be supervised by two correctional officers, two inmates would be supervised by three correctional officers, etc. He said the new procedure would ensure one officer was always available to cover breaks or to move offenders. Additionally, inmates would be shackled to hospital beds using two pairs of restraints to limit the inmate's movement and reduce vulnerability of the correctional officer. Mr. Dzurenda stated that the new procedures significantly reduced overtime. With four inmates, three less officers would be required per shift, which meant there would be nine less officers per day accruing overtime. He noted that exceptions would be made on a case-by-case basis for offenders who were violent, high profile, high security, or on death row.

Senator Parks recalled an incident on October 31, 2017, at Ely State Prison involving approximately 40 inmates. He indicated that some of the inmates required hospitalization as a result of the incident. Senator Parks asked how the incident occurred given the fact that most inmates were moved individually from area to area.

Mr. Dzurenda replied that procedures varied based on the security level of each housing unit. For example, inmates in close custody, or maximum security units, were released in large groups up to five hours per day; however, inmates on death row were released individually or in pairs. He said offenders at Ely State Prison sometimes required medical procedures that could not be done at a local hospital; therefore, the inmate was transported by helicopter to Las Vegas. Helicopter transport required one correctional officer in the helicopter and one on the ground, which increased costs.

In response to a question from Senator Parks, Mr. Dzurenda replied that the incident at Ely State Prison was unusual, but it could happen again; therefore, the department increased crisis intervention training to teach staff how to deescalate incidents before they occurred. Additionally, the department was considering installing a telephone monitoring system, which may alert prison officials to potential incidents. Mr. Dzurenda said the department was training staff to detect potential incidents to reduce the likelihood of future incidents.

Chair Woodhouse asked about the department's funding requests for the remainder of the fiscal year. Mr. Dzurenda replied that the NDOC had a strategic plan in place to significantly reduce the amount of funds required to finish the fiscal year. He anticipated the department would need less than $3 million to cover the shortfall, but he was trying to eliminate the budgetary shortfall altogether. Changes such as reclassifying inmates to reduce the population in maximum security units would help reduce the shortfall. Mr. Dzurenda stated that the department had seen an improvement in its financial situation over the last month.

Chair Woodhouse requested the department provide detailed information regarding posts created during the interim that differed from those included in the legislatively approved budget and overtime costs incurred that resulted from the repurposing of shift relief factor positions.

Assemblyman Edwards asked if anticipated overtime costs could be included in the budget for post coverage for new recruits attending the academies. He also asked if incentive pay was offered for positions located at Ely State Prison.

Mr. Dzurenda replied that incentive pay had been offered for positions in Ely and Carlin in the past; however, that had been discontinued. He intended to discuss the matter with LCB Fiscal Analysis Division staff to determine if reinstituting incentive pay would help decrease staff vacancies. Additionally, a Critical Labor Shortage designation was approved for Correctional Officer positions, which allowed the department to hire retired state employees to help reduce overtime costs.

Chair Woodhouse remarked that the NDOC was facing a significant challenge. She said the Committee looked forward to receiving additional information from the department as well as recommendations for improvement.

11. DEPARTMENT OF PUBLIC SAFETY
    a) Division of Emergency Management – Emergency Assistance Account – Quarterly reports on the status of the Emergency Assistance Account pursuant to NRS 414.135(5) for the periods ending:
        1) June 30, 2017
        2) September 30, 2017
        3) December 31, 2017
    b) Records, Communications and Compliance Division – Summary report in the change of direction for the Nevada Criminal Justice Information System (NCJIS).

    There was no discussion on these items.

12. DEPARTMENT OF WILDLIFE – Notice to increase two part-time equivalent positions to two full-time equivalent positions (FTE) due to an increased need in conservation educational programs and an increase in fielding public calls for nuisance species. This results in an increase from 18 FTE to 20 FTE.

    There was no discussion on this item.

13. 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.

    There was no discussion on this item.

## P. PUBLIC COMMENT.

There was no public comment.

## Q. ADJOURNMENT.

Chair Woodhouse adjourned the meeting at 1:20 p.m.

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Senator Joyce Woodhouse, Chair
Interim Finance Committee

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