MINUTES OF THE AUGUST 16, 2018
MEETING OF THE
INTERIM FINANCE COMMITTEE
Carson City, Nevada

Chair Joyce Woodhouse called a regular meeting of the Interim Finance Committee (IFC) to order at 9:37 a.m. on August 16, 2018, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:
Senator Joyce Woodhouse, Chair
Assemblywoman Maggie Carlton, Vice Chair
Senator Moises Denis
Senator Aaron Ford
Senator Heidi Gansert
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator Julia Ratti for Senator David Parks
Senator Pat Spearman for Senator Ford (12:12 pm through 4:15 pm)
Assemblywoman Teresa Benitez-Thompson
Assemblyman Chris Brooks for Assemblywoman Heidi Swank
Assemblywoman Irene Bustamante Adams
Assemblywoman Olivia Diaz
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblywoman Sandra Jauregui for Assemblyman Nelson Araujo
Assemblyman Al Kramer
Assemblywoman Ellen Spiegel
Assemblyman Michael Sprinkle
Assemblywoman Robin Titus
Assemblywoman Jill Tolles

COMMITTEE MEMBERS EXCUSED:
Senator David Parks
Assemblyman Nelson Araujo
Assemblyman Jason Frierson
Assemblyman James Oscarson
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
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

A. ROLL CALL.

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

B. PUBLIC COMMENT.

Lisa Foley, Licensed Clinical Social Worker, and founder and Clinical Director, Healing Minds, said Healing Minds was a mental health clinic in Reno, which currently employed 15 clinicians and 4 clinical social work interns. She provided testimony about the impact of recent Medicaid changes.

Ms. Foley reported that her clinic had not received approval for one prior authorization, which represented tens of thousands of dollars. Because the clinic's therapists expected to be paid every two weeks, it created a big problem for her business.

Ms. Foley said Healing Minds was not provided clarification regarding the threat of payment recoupment by Medicaid. She said her business treated individuals who were extremely vulnerable, and the services performed by Healing Minds were critical to the state. She noted that Nevada was 51st in the nation for access to mental health providers in ratio of provider to consumer. Ms. Foley said the threat that Medicaid would recoup the money from her business was quite terrifying. She explained that the work had already been done, and the clinicians had been paid. She said she was unaware of any process by which to get information about how the decision concerning recoupment would be made. That decision would impact her small business; therefore, she needed to know as soon as possible so that she could make a decision concerning her employees, interns and patients.

Ms. Foley said she was grateful to the Department of Health and Human Services (DHHS), specifically Marta Jensen, who had been very helpful. She looked forward to working with Ms. Jensen and her team. She was hopeful that DHHS and the providers would find a fiscally responsible way to comply with Medicaid. Ms. Foley said this was an excellent opportunity to develop a plan for evidence-based, fiscally responsible mental health treatment in the state.

Jeanette Belz said she was speaking on behalf of the Nevada Chapter AGC in regard to Agenda Items E-72 through E-75 pertaining to the Department of Motor Vehicles' (DMV) system modernization project. Ms. Belz thanked Terri Albertson, Director, DMV, for speaking with her before the meeting. She said the conversation caused her to revise her testimony slightly.

Ms. Belz said a recent audit of the DMV resulted in the cancellation of a $75 million contract with Tech Mahindra, a Mumbai, India based company that had a state contract to complete work on the DMV's system modernization project. She noted that millions of dollars had already been spent to purchase hardware, which could no longer be used for the modernization project. She indicated that, according to a news article, some of the equipment was still in the original box.

Ms. Belz said on August 14, 2018, the Board of Examiners approved a request for an allocation of $158,000 from the IFC Contingency Account for the Department of Corrections (NDOC) to repurpose the hardware that was no longer of use to the DMV. She stated that NDOC would reap a tremendous benefit by purchasing the equipment for pennies on the dollar. That benefit was funded by the collection of the technology fee, which generated approximately $7 million per year, with the remainder derived from the Highway Fund. Ms. Belz said the Nevada Chapter AGC thought it was inappropriate to use the funds for a purpose that was neither tied to the system modernization project, nor for the construction, maintenance or repair of Nevada public highways as required by the Nevada Constitution.

Chris Daly, Nevada State Education Association (NSEA), said he represented educators from across the state working to deliver high-quality public education for every Nevada student. He said he would make some brief comments for the Committee members who did not also serve on the Legislative Committee on Education.

Mr. Daly said many items of importance were discussed at the Legislative Committee on Education meeting on August 9, 2018, but much of the discussion centered on issues regarding funding. He said Nevada continued to rank 47th in the nation in per-pupil funding, despite efforts in recent years to improve education funding in the state.

Mr. Daly noted there was discussion about modernizing the Nevada Plan funding formula, which could be extremely expensive. He said the state needed to transition to a student-centered funding approach, regardless of the model selected, in order to truly improve Nevada schools. He said the Legislature had a heavy burden going into the 2019 Legislative Session.

Mr. Daly said the NSEA was ready to work with the Legislature — whether it involved using Initiative Petition 1 (IP 1) funds for their intended purpose of supplementing education, or moving extra marijuana funds out of reserves and into the schools — and looked forward to the work ahead.

Amber Fryer, Correctional Officer, Nevada Department of Corrections (NDOC), said she had worked for NDOC for six years. Two of those years were at Lovelock Correctional Center and four at Northern Nevada Correctional Center (NNCC). She was in the U.S. Army for eight years and studied at four different universities. Ms. Fryer was speaking before the Committee about the prospect of changing from 12-hour shifts to 8-hour shifts at Warm Springs Correctional Center (WSCC). She did not see the benefit of eliminating 12-hours shifts, only the starkest disadvantages if the change was implemented. She said 12-hour shifts were preferred by the majority of correctional officers for a myriad of reasons, including work efficiency, safety and health reasons. Officers also preferred 12-hour shifts for the benefit to their personal lives, which included errands, home care, extracurricular activities, and time with family and friends.

Ms. Fryer said there was speculation that 12-hour shifts were more costly than 8-hour shifts, but she and her fellow officers thought the opposite was true. She said when NNCC made the mistake of changing from 12-hour to 8-hour shifts in January 2017, overtime requirements skyrocketed. She said there were overtime requirements before the shift change, but the number of overtime hours was higher than before. She said overtime hours were most significant in February 2017 and offered to provide her calculations to the Committee.

Ms. Fryer said low morale resulted in officers leaving NNCC to seek a work environment that was more harmonious to their personal lives, with employers that showed goodwill toward their employees. She noted it cost thousands of dollars to train each new correctional officer. She said NDOC needed to keep the officers it already had, especially veteran correctional officers who taught new officers how to avoid being harmed on the job. The training ensured that new correctional officers knew how to supervise hundreds of murderers, rapists and thieves, while being significantly outnumbered, and still return home safely to their families. The training from veteran correctional officers was critical to the health and safety of newer officers. She noted that the state was responsible for the cost of medical care for correctional officers who were hurt during work hours.

Ms. Fryer said, from what most officers observed, there was no problem with overtime at WSCC, and she wondered why NDOC would fix something that was not broken. She understood that the WSCC budget was used to pay overtime at NNCC. She stated that WSCC had some overtime expenses, but not the magnitude incurred at NNCC. Ms. Fryer said she was told by her Lieutenant that 30 hours of overtime was accrued at NNCC on August 15, 2018, compared to 4 hours of overtime at WSCC, which was a rare occurrence for WSCC.

Ms. Fryer said the morale at WSCC was significantly higher than at NNCC, largely because of the 12-hour shifts. She asked the Committee to make sure that WSCC maintained 12-hour shifts, rather than making the same mistake as NNCC. She suggested that NDOC consider utilizing a mix of 8, 10 and 12-hour shifts.

C. APPROVAL OF MINUTES OF THE APRIL 11, 2018, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE MINUTES OF THE APRIL 11, 2018, MEETING.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said Agenda Item D-1 was an informational item, which required expeditious action. Fiscal staff had no questions or concerns, and no action was required by the Committee.

1. **Department of Conservation and Natural Resources – Forestry Division – Fire Suppression – FY 2018 –** Addition of $962,099 in Federal Emergency Management Agency Fire Assistance funds and $41,120 in Prior Year Refunds to fund fire suppression costs in Fiscal Year 2018. Requires Interim Finance approval since the amount added to the Prior Year Claims category exceeds $75,000. **Work Program #C43652**

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-2, Office of the Governor, Nuclear Projects Office; E-11; Department of Administration, Division of Human Resource Management (DHRM); E-41, Department of Health and Human Services (DHHS), Aging and Disability Services Division (ADSD); E-53, DHHS, Division of Child and Family Services (DCFS); E-57, Department of Employment, Training and Rehabilitation, Employment Security Division; E-81, Department of Public Safety; and E-86, Department of Conservation and Natural Resources (DCNR), Division of Forestry.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, LCB, noted that the following items required revisions: Agenda Items E-13, Department of Administration, Risk Management Division; E-21, Department of Education (NDE); E-22, NDE; E-24, NDE; and E-95, Department of Administration, State Public Works Division.

Mr. Krmpotic noted that Agenda Item E-49, DHHS, Division of Health Care Financing and Policy (DHCFP), was withdrawn.

Assemblywoman Titus requested further testimony regarding Agenda Items E-78, Department of Public Safety, Director's Office, and E-107, DCNR, Division of State Parks.

Assemblywoman Benitez-Thompson requested further testimony on Agenda Items E-47 and E-48, DHHS, DHCFP.

Assemblyman Kramer requested further testimony on Agenda Items E-12, Department of Administration, DHRM; E-13, Department of Administration, Risk Management Division; and E-19, Department of Taxation.

Assemblyman Edwards requested further testimony on Agenda Items E-20, NDE; E-33, Department of Business and Industry (B&I), Division of Insurance; and E-36, B&I, Taxicab Authority.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS E-21, E-22, E-24 AND E-95 AS REVISED ON THE RECORD AND THE REMAINING WORK PROGRAM REVISIONS AND POSITION RECLASSIFICATIONS.

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

1. **Office of the Governor - State Energy Office - Office of Energy - FY 2019 -** Addition of $46,081 in U.S. Department of Energy, State Energy Program (SEP) grant funds and $17,570 in Renewable Energy account funds to continue outreach programs which support alternative energy, electric vehicles and energy conservation. Requires Interim Finance approval since the amount added to the SEP Formula grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43815**

   Refer to motion for approval under Agenda Item E.

2. **Office of the Governor - Nuclear Projects Office - High Level Nuclear Waste - FY 2019** - Transfer of $74,522 from the State Funded Contracts category to the Personnel Services category, $48,336 from the Highway Funded Contracts category to the Personnel Services category, $858 from the Highway Funded Contracts category to the Operating category, and $487 from the Highway Funded Contracts to the Information Services category to establish one full-time equivalent position to complete the duties of the Administrator of the Division of Planning. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $75,000. **RELATES TO AGENDA ITEM J**. **Work Program #C44061**

   This item was discussed in conjunction with Agenda Item J.

   Bob Halstead, Executive Director, Agency for Nuclear Projects, introduced Joe Strolin, contractor to the agency and previous incumbent in the position the agency was asking to reinstate as an unclassified position.

Jenni Cartwright, Administrator, Administrative Services Division, Department of Administration, said the agency was requesting to transfer funds from state and Highway Funded contracts to a state position to hire an Administrator for the Division of Planning. The position was previously a contracted position, but the agency was requesting to convert it to a state position.

Assemblyman Sprinkle asked for an update on federal efforts to restart the Yucca Mountain project.

Mr. Halstead said the events of the last 18 months caused a real change in course for the national nuclear waste program in a way that would impact the State of Nevada and Yucca Mountain. In December 2016, the Department of Energy was in the process of walking away from the Yucca Mountain project, following the recommendations of the bipartisan, presidentially-appointed Blue Ribbon Commission on America's Nuclear Future, which in its 2012 report suggested a number of ways to repair what was acknowledged as a broken national high-level nuclear waste program. The Blue Ribbon Commission recommended removing the nuclear waste program from the Department of Energy; placing a greater focus on interim storage for spent nuclear fuel; changing the safety and security of transportation; and transitioning to a consent-based process for selecting sites for depositories and interim storage facilities.

Mr. Halstead said it was unfortunate that the Blue Ribbon Commission was silent on the Yucca Mountain project, which was left as a programmatic decision for the Department of Energy. The Secretary of Energy at that time, Dr. Ernest Moniz, supported the administration’s decision to move away from the Yucca Mountain project. The agency entered January 2017 uncertain of the status of the program, because there was very little discussion about Yucca Mountain during the November 2016 election campaigns.

Mr. Halstead said, in March 2018, the agency learned from the current administration’s budget blueprint that the Yucca Mountain licensing proceeding was proposed to restart at the Department of Energy headquarters. The budget requested $120 million for the Department of Energy and $30 million for the Nuclear Regulatory Commission (NRC). In Secretary Rick Perry’s confirmation hearings, he said it was his personal opinion that the Yucca Mountain program would go forward. In March of 2017, Secretary Perry visited Nevada to visit the Yucca Mountain site and meet with Governor Sandoval. Mr. Halstead said that was the first indication of a strong effort in Washington, D.C. to restart the Yucca Mountain project.

Mr. Halstead said in April 2017, the Energy and Commerce Subcommittee on Environment, which was chaired by Representative John Shimkus (IL), proposed legislation under the title Nuclear Waste Policy Amendments Act of 2017. The legislation eventually moved to the floor and was adopted in May 2018 by a vote of 340 to 72 as HR 3053. The resolution would not only direct the Department of Energy to restart the program, but would expedite the licensing process in various

ways, including the transfer of federal lands, and restrictions on the type of issues that could be raised. He said the legislation basically threatened Nevada's due process rights to a full, legally-mandated licensing proceeding.

Mr. Halstead said the request for funding for the Yucca Mountain project in the federal 2018 budget was unsuccessful. The administration submitted the same request for the following year. The House Appropriations Committee reported a bill that added money to the administration's request, and the House passed an appropriation of $248 million. The Senate did not provide funding in its bill for Yucca Mountain. Mr. Halstead said the new funding request would not be resolved until sometime in September 2018, but there was a serious effort by Congress and the administration to restart the Yucca Mountain program.

Mr. Halstead said his best guess was that no new federal money would be allocated for Federal Fiscal Year (FFY) 2019, which would begin on October 1, 2018. However, he said the agency was advised that proponents of the program would make a strong argument in the "lame duck" congress to provide new funding to the Department of Energy and NRC in January 2019.

Mr. Halstead said the Commission on Nuclear Projects, which oversaw the Agency for Nuclear Projects, considered all of those scenarios at the beginning of 2017, and predicted that outcome in Washington, D.C., which was why a request was made to the Legislature. The commission appreciated the support it received from the Legislature, both in the passing of A.J.R. 10 (2017 Legislature) — a strong resolution of opposition — and for providing funding, which totaled about $3.2 million in each year of the 2017-19 biennium for the Agency for Nuclear Projects and the Office of the Attorney General, which performed the agency's legal work.

Mr. Halstead said Nevada's strategy was to use the "three Ls" to defeat Yucca Mountain:

1. Licensing: using the facts of the law in the licensing proceedings before the NRC, if that resumed.

2. Litigation: there was a test in 2018 when the State of Texas filed a petition in the Fifth Circuit U.S. Court of Appeals essentially trying through a lawsuit to do what Representative Shimkus attempted to do through legislation.

3. Legislation: the agency worked very closely with all of the members of Nevada's Congressional Delegation. He was happy to report that as of the early part of 2018, all four of Nevada's House members and two U.S. Senators were working together on alternative legislation that would implement the consent-based siting recommended by the Blue Ribbon Commission, and apply it to Nevada as it regarded Yucca Mountain. There were only about 75 votes in favor when the House considered HR 456, the legislation that Representatives Titus, Rosen and Kihuen proposed as an alternative to Representative Shimkus' bill.

Mr. Halstead said there was a fair amount of interest in Washington, D.C. in getting out of this stalemate that began in 1987. The agency expected action to occur in the U.S. Senate's Energy and Natural Resources Committee after the mid-term elections in November 2018.

Mr. Halstead said in January 2019 the agency would face a concerted effort in Washington, D.C. by the House of Representatives and the administration to push the Yucca Mountain program forward. There would be an opportunity in the U.S. Senate to adopt legislation that would essentially give Nevada the right to reject the Yucca Mountain project, which was a right the Blue Ribbon Commission determined all states should have when facing a federal siting decision.

Mr. Halstead said that activity related to the agency's request. He explained that at the time of Mr. Strolin's retirement, the agency believed Nevada had won the battle over Yucca Mountain. Now the agency would have to continue the fight using the "three Ls" mentioned previously. He said the agency had prepared its legal case for the NRC licensing, and was prepared to propose legislation that would actually repair the broken nuclear waste program. He noted the agency had already shown that it had the legal muscle to fight attacks from the other side. He said there were three federal and state lawsuits currently in abeyance on which the agency was prepared to move forward as soon as necessary.

Mr. Halstead said the Governor, Attorney General and Commission on Nuclear Projects appreciated the support that the Legislature has given through appropriations and A.J.R. 10.

Assemblyman Sprinkle asked how federal efforts to restart the Yucca Mountain project impacted the agency's workload, and why the agency was requesting to increase the position from a part-time contractor to a full-time state employee.

Mr. Halstead said the Department of Energy had $25 million in prior year carry forward appropriations going into FFY 2018. When the court ordered the NRC to restart the licensing proceedings in 2013, it had $8 million in carry forward appropriations. While there had been no new funding, the Agency for Nuclear Projects was engaged on a monthly basis with the NRC, which ordered its staff to resume work on the Yucca Mountain program.

Mr. Halstead said this affected the agency's planning for January 2019 in that the agency continued on a course as if new funding had been provided. He said the agency knew it would not be able to function with a part-time contractor doing the administrative work for the agency.

Mr. Halstead said he could not recall any precedent in history where a major federal agency such as the NRC continued to operate a program using less than $10,000 per month. He said the chairman of the NRC was so committed to pushing forward Yucca Mountain that it was operating under a very small budget for staff of

about $460,000 in carryover funding for the rest of the year. He said people in Washington, D.C. were finding creative ways to keep the effort going without new funding from Congress, which was an indication of the seriousness of the battle.

Senator Denis asked if there had been any discussion about onsite storage.

Mr. Halstead replied that the nuclear power plants that were in operation had been developing plans for "dry storage." In each case, approval from the NRC was needed. The NRC made an across-the-board finding two years ago that dry cask storage of these approved designs was safe for up to 160 years. There was no technical safety crisis at the reactors themselves. There was a lot of concern about onsite storage at certain reactors that were shut down, such as San Onofre Nuclear Generating Station in California. Two private-sector companies were working to obtain licensing for onsite storage. Orano, previously known as Areva, was working with Andrews County in Texas to license an interim storage facility. He noted that the Haltec Corporation was working with Lea and Eddy Counties in New Mexico. Both of those proceedings were happening currently at the NRC. The storage sites could be in operation in three to four years. He added that there was a lot of controversy about this type of onsite storage, more so in New Mexico than in Texas.

Mr. Halstead said there was no immediate concern in having to shut down reactors for safety or environmental reasons, but there was a very strong political desire across the country for sites such as San Onofre to have an interim storage facility.

Assemblywoman Carlton said she agreed that the agency should be staffed appropriately as things progressed. She was concerned that the agency was asking for an unclassified position under the "omitted" clause, even though the position had not been included in the unclassified pay bill since 2011. She clarified that it was not a mistake that the position was not funded in the budget. She said a more appropriate approach would be to make the position classified, and discuss changing it to an unclassified position during the 2019 Legislative Session. If it was approved during the 2019 Legislative Session, it would then be delineated in the unclassified pay bill.

Mr. Halstead said the current situation could reflect an overly optimistic outlook when he started in his position in September 2011. At that time, it did not seem like the agency would require the position again. He explained that the main reason he thought the position should be unclassified, aside from the fact that it was unclassified in statute, was that the Agency for Nuclear Projects was the only state agency he knew of whose mission was to put itself out of business by winning the fight. In essence, all of the agency staff knew that they had a job to do for the state and the people of Nevada, but they were the classic definition of "at will" employees. Agency staff were there to win the fight, and then let the state proceed with other business.

Mr. Halstead said the type of person needed to fill the Administrator of the Division of Planning position was minimally described in the position description. He said the position was more likely to be filled by someone with a technical degree and a law degree, or someone with a PhD in a technical field. In terms of recruiting the kind of person needed to fill this job, he thought it would be better for the position to be unclassified to indicate it was not a permanent job.

Assemblywoman Carlton said she hoped the agency would put itself out of work, but she saw this as an ongoing issue for at least the next couple of years during the current administration, and perhaps the next administration. She suggested the Administrator position be funded as a classified position, and the arguments for making it an unclassified position could be discussed with the full Legislature during the 2019 Legislative Session, and the necessary adjustments could be made to the appropriate bills.

Mr. Halstead said it certainly would be better for the agency to proceed that way than continue under the current situation, where a part-time contractor was asked to do the equivalent of a full-time job. He reiterated that it would be easier from a personnel standpoint to go forward with an unclassified position, then ask for the position to be added to the 2019 unclassified pay bill. He explained that the agency did not want to recruit a good employee only to ask them to wait for the outcome of the 2019 Legislative Session before determining the status of their position.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-2 TO CONTINUE EXISTING FUNDING TO SUPPORT A FULL-TIME PLANNING DIVISION ADMINISTRATOR POSITION.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

ASSEMBLYWOMAN CARLTON MOVED TO DENY AGENDA ITEM J TO ESTABLISH AN UNCLASSIFIED DIVISION ADMINISTRATOR POSITION, DIRECT THE AGENCY FOR NUCLEAR PROJECTS TO ESTABLISH A CLASSIFIED DIVISION ADMINISTRATOR POSITION, AND APPROACH THE 2019 LEGISLATURE WITH A REQUEST TO RECLASSIFY THE POSITION TO AN UNCLASSIFIED ADMINISTRATOR OF THE DIVISION OF PLANNING FOR THE 2019-21 BIENNIUM.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

3. **Office of the Governor - Office of Workforce Innovation - FY 2019 -** Addition of $205,223 in New Skills for Youth (NSFY) Lifeworks grant funds transferred from the Nevada Department of Education to support employer engagement that enhances education and workforce partnerships throughout the state. Requires Interim Finance approval since the amount added to the NSFY Lifeworks category exceeds $75,000. **Work Program #C43852**

   Refer to motion for approval under Agenda Item E.

4. **Office of the Attorney General - Grants Unit - FY 2019** - Addition of $90,698 in Transfer from Traffic Safety funds to continue the Traffic Resource Prosecutor position and improve the prosecution process of impaired driving cases. Requires Interim Finance approval since the amount added to the Office of Traffic Safety category exceeds $75,000. **Work Program #C43919**

   Refer to motion for approval under Agenda Item E.

5. **Office of the Attorney General - State Settlements - FY 2019 -** Addition of $182,794 in Settlement Income to fund a statewide alert system. Requires Interim Finance approval since the amount added to the Transfer to Administration category exceeds $75,000. **Work Program #C43963**

   Refer to motion for approval under Agenda Item E.

6. **Office of the Secretary of State - FY 2019** - Transfer of $180,598 from the federal grant Reserve category to the Effective Absentee System for Elections (EASE) grant category to support development of an electronic delivery system of overseas absentee ballots and balloting materials. Requires Interim Finance approval since the amount added to the EASE grant category exceeds $75,000. **Work Program #C43743**

   Refer to motion for approval under Agenda Item E.

7. **Office of the Secretary of State - Help America Vote Act (HAVA) Election Reform - FY 2019** - Transfer of $97,656 from the Reserve Title I HAVA category to the Administration of Elections category to support staff travel and training, visits with Nevada county voting and election officials, and voter education. Requires Interim Finance approval since the amount transferred to the Administration of Elections category exceeds $75,000. **Work Program #C43867**

   Refer to motion for approval under Agenda Item E.

8. **Department of Administration - Fleet Services - FY 2018** - Transfer of $152,284 from the Reserve category to the Vehicle Operation category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Vehicle Operation category exceeds $75,000. **Work Program #C43697**

   Refer to motion for approval under Agenda Item E.

9. **Department of Administration - Fleet Services Division - Fleet Services Capital Purchase - FY 2019** - Transfer of $88,095 from the Reserve category to the Vehicle Purchase category to replace three vehicles determined a total loss by Risk Management. Requires Interim Finance approval since the amount transferred to the Vehicle Purchase category exceeds $75,000. **Work Program #C43633**

   Refer to motion for approval under Agenda Item E.

10. **Department of Administration - Victims of Crime - FY 2019** - Transfer of $100,325 from the Reserves category to the Operating category to fund the cost of temporary workers needed to process applications relating to the Route 91 Harvest Music Festival shooting. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $75,000. **Work Program #C44036**

    Refer to motion for approval under Agenda Item E.

11. **Department of Administration - Human Resource Management - FY 2019** - Transfer of $199,600 from the Reserve category to the Operating category to fund a ten month pilot for recruitment and training with LinkedIn. Requires Interim Finance approval since the amount added to the Operating category exceeds $75,000. **Work Program #C43487**

    Patrick Cates, Director, Department of Administration, introduced Peter Long, Administrator, DHRM, Department of Administration, and Jenni Cartwright, Administrator, Administrative Services Division (ASD), Department of Administration.

    Jenni Cartwright, Administrator, ASD, Department of Administration, said Work Program #C43487 requested $199,600 from the Reserve category to fund a ten-month recruitment and training program with LinkedIn. She said the LinkedIn initiative would begin as a pilot program, and any future funding would be vetted through the budgetary and legislative processes. The DHRM thought the LinkedIn program was an important initiative for the state.

    Mr. Cates said in late 2017, the Governor asked his cabinet to form a human resource working group. The working group, which had been meeting since December 2017, was tasked with reviewing the state workforce and determining how it could be improved. A variety of issues were evaluated, but recruitment and

training were key areas of focus. He said many recommendations transpired as a result of the meetings, one of which was to find alternate methods of recruitment and request funding for marketing to bolster the state's recruitment efforts. Likewise, the working group recommended enhancing the training courses offered by the state.

Mr. Cates said LinkedIn developed a great proposal for the state at a good cost point. The proposal had two components: recruitment and learning. He said the recruitment component included a LinkedIn webpage that would be branded for the State of Nevada. Under the pilot program, LinkedIn would promote up to 51 state job announcements, which was about a quarter of the state's average job postings. Mr. Cates said the state would be responsible for selecting which positions to promote through LinkedIn.

Mr. Cates said LinkedIn would also provide a recruiting license for DHRM to use, which would allow the state to target "passive job seekers." He explained that passive job seekers were individuals who were not actively seeking employment, but may be open to an offer of employment. With the tools offered by LinkedIn, the state could search by specific skillsets and job titles, and contact specific individuals to make them aware of job opportunities. Mr. Cates said DHRM thought it was a great untapped piece of the labor market that was not currently being reached by the State of Nevada. He indicated that approximately 80 percent of the workforce in the United States had a LinkedIn profile, so there was a significant database to access.

Mr. Cates said the division hoped to expand the recruitment component during the 2019-21 biennium to include all open recruitments, which would increase the state's recruitment licensing. He said the expansion would be included in the agency's budget request for the 2019 Legislative Session.

Mr. Cates said the second part of the pilot program was the learning component. He said LinkedIn recently purchased Lynda.com, which was a learning module containing thousands of online training videos and courses. Much of the training centered on management and information technology (IT), but there was a wide range of topics available. Mr. Cates said the learning module would be available to all state employees. The training could be accessed by employees at any time, for any topic; courses did not have to be specific to state employment. He said DHRM currently provided classroom and online training. The LinkedIn learning component would be an enhancement to the state's current training courses, not a replacement. Mr. Cates said DHRM would be able to customize courses and offer certificates upon completion of a specific group of courses.

Mr. Cates said the Division of Enterprise IT Services (EITS) was recently audited by the Division of Internal Audits, and one of the recommendations was that the state establish project management standards, recognizing that the state occasionally struggled with managing large IT projects. He said the division would utilize LinkedIn

to create a curriculum centered on project management to ensure that project managers in state service had the right skillset.

Assemblywoman Spiegel asked for a demographic breakdown of LinkedIn users. Mr. Cates replied that LinkedIn representatives only indicated that 80 percent of the workforce in the United States had a LinkedIn profile; a demographic breakdown was not provided, but it was a broad spectrum of society.

Assemblywoman Spiegel asked if the division planned to devote outreach efforts to minority communities so they were aware of the state's recruiting efforts. Mr. Cates said the state would continue using other recruitment methods in addition to LinkedIn.

Assemblywoman Spiegel asked why DHRM did not use the request for proposal (RFP) process for the recruitment/training pilot program. She also asked if the agency had approached other recruitment websites such as Monster.com.

Mr. Cates replied that the agency considered alternatives and spoke to other vendors; however, LinkedIn offered the best value for the price. With regard to the RFP process, the division worked with the Purchasing Division to ensure that the proper procurement method was utilized. Because the LinkedIn program was a pilot program, the Purchasing Division authorized DHRM to do a procurement without an RFP to see how the pilot performed.

Assemblywoman Bustamante Adams noted that in the backup documentation for the work program, the agency indicated that upskilling employees and closing job-related skills gaps was critical for the workforce (page 198, Exhibit A). She recalled that the division indicated courses could be customized within the learning module. She hoped that the certificates available to state employees would be in demand and improve the workforce. Assemblywoman Bustamante Adams asked if the state would receive reports indicating which employees took advantage of the customized programs.

Peter Long, Administrator, DHRM, Department of Administration, said the training module would allow the division to break down the certificates that were earned by employee, division and department, which could be provided to the Committee. The division intended to collaborate with the Office of Employee Development to work with each department and division to determine which training would be relevant to their specific needs. He said a syllabus would be developed for each certificate so employees could complete the training and qualify for higher level positions or other positions within the state.

Assemblywoman Bustamante Adams said she would be interested in that information to see if the training was beneficial in assisting state employees to advance their careers with the state.

Assemblyman Sprinkle asked if DHRM reviewed the actual curriculum available through LinkedIn to determine if it would be beneficial training for state employees. He also asked what type of standards were associated with the training.

Mr. Long replied that the division had not researched all the courses offered through LinkedIn, which numbered approximately 9,000. He said DHRM took a high-level view and reviewed courses related to IT, program management, human resources and finance. There were a multitude of classes that were relevant and included an applicable testing process. Mr. Long said employees would not be able to skim through a class and print a certificate; a test would be required to earn a certificate. The Office of Employee Development and agency representatives would review available classes to see which ones were relevant and met the standards and needs of each agency.

In response to a question from Assemblyman Sprinkle, Mr. Long replied that the division did not intend to supplant the training courses currently offered by DHRM.

Assemblyman Sprinkle asked if the curriculum being presented to state employees was certified to ensure it was worthwhile for them.

Mr. Cates replied that the agency had reviewed LinkedIn's training offerings for specific topics, particularly project management. Feedback from EITS staff indicated that the course offerings were high value and high quality. He was unsure if LinkedIn training courses were subject to a certification process in the same way that higher education had certification processes, but the training was rigorous. Mr. Cates said, during the pilot program, the division would also like to explore the possibility of weaving in some of the LinkedIn courses with existing DHRM curriculum for further certification.

Mr. Cates said LinkedIn had a rigorous review process for courses to ensure that the company's standards were met. He did not know the specifics of those standards, but LinkedIn did employ a vetting process for the courses that were available on the website. The division should be able to house future training developed by DHRM on the LinkedIn platform.

Mr. Cates said there was a wide variety of training available through LinkedIn. He said the most important training would increase employee skills; however, the LinkedIn program was a benefit for state employees. Therefore, employees would be able to choose any type of training, even if it was not part of the curriculum defined by DHRM.

Assemblyman Edwards said, given the less than stellar performance of the state's IT updates, renovations and improvements, it sounded as though the recruitment component could be helpful in attracting more qualified IT personnel, thereby reducing the likelihood of multimillion dollar mistakes in the future.

Mr. Cates agreed that the recruitment component would be helpful for all difficult recruitment areas. The ability to reach passive job applicants was significant. He said the state currently utilized the Nevada Employee Action and Timekeeping System (NEATS) website for recruitment; however, job applicants had difficulty locating the website. Additionally, the process required the applicant to enter all of their information into a canned application, which was a deterrent. Mr. Cates said the division also utilized a service to post the state's job announcements at various places around the web, but people had to know where to look and be actively seeking a job to find the announcements. He said LinkedIn users could indicate in their profiles whether they were active or passive job seekers, or uninterested in offers of employment. This feature would allow the state to reach passive job seekers, which was valuable for the state.

Mr. Cates said LinkedIn offered a significant amount of IT-related training. He said state IT personnel were excited about the opportunity, and some agencies had already begun to use LinkedIn to train IT staff.

Senator Ford asked which other platforms were considered for the recruitment/training program. Mr. Cates said the division had also considered Career Builders, MOOC.org and Monster.com. He said the price point for Career Builders was higher than LinkedIn. MOOC.org, which provided free training through universities, did not offer a complete package like LinkedIn.

In answer to a question from Senator Ford, Mr. Cates said he was unsure if the LinkedIn recruitment module would improve the time it took to fill a position, but it would provide a better applicant pool. He said the human resource working group considered several methods to reduce hiring times, and some proposals had been implemented through regulations. Mr. Cates said he and Mr. Long were discussing the need to accurately measure the length of time it took to fill a position from beginning to end. From there, the division could work to reduce that time. He said the LinkedIn pilot program was not directly aimed at reducing hiring times, but the division was actively working on a solution to that problem.

Senator Kieckhefer said he had accessed Lynda.com through the Washoe County library system using his library card, and he thought the website was interesting. There were courses for specific topics, but the website also allowed the user to explore other topics of interest. Senator Kieckhefer said the LinkedIn learning module would allow state employees to receive training as it corresponded to their specific job, but it also had the added benefit of allowing them to explore other areas for continued growth; therefore, he was inclined to support it. The LinkedIn program would allow the state to give employees an additional value for their service to the State of Nevada.

Mr. Long said training was an important incentive for the new generation of employees, and often it was the determining factor for staying with an employer or moving on. He said the new generation of employees did not typically remain at

one particular job long term. Mr. Long said it was projected that approximately 20 percent of the individuals in high-level state positions would retire within the next five years, and 40 percent would retire in the next ten years. Therefore, the state needed to focus on training current staff to promote into those positions. He said it was imperative for the state to be able to fill those positions, and the LinkedIn learning module was a good tool for that.

Assemblywoman Carlton shared Assemblywoman Spiegel's concerns regarding the demographic breakdown of LinkedIn users. She stated that she had a LinkedIn profile, but had not looked at in years. In fact, the large volume of LinkedIn e-mails she received went directly to her spam folder. However, she recognized that current and future generations utilized LinkedIn.

Assemblywoman Carlton said she had concerns about limiting recruitment efforts to one website. She thought there had to be a way to reach people nationwide who may be interested in the public service employment sector. She said people were seeking government jobs again, and it would be great to have fresh minds working for the state. Assemblywoman Carlton thought revising the pay scale would also inspire more people to apply for state employment.

Assemblywoman Carlton asked if the division sought feedback from the employee groups that would be impacted by the LinkedIn pilot program. Mr. Cates replied that the human resource working group did not work directly with employee groups, but updates from the working group were provided to the American Federation of State, County and Municipal Employees.

Assemblywoman Carlton said most training was agency-specific. State employees received training through their supervisor. The training was monitored, credible and applicable to an employee's duties. She did not want employees to spend time on training through LinkedIn only to learn it was not applicable to their specific job. For example, an accounting course through LinkedIn might vary greatly from the state's accounting methods. Assemblywoman Carlton thought it was important for training to be provided by the state so that employees were taught how to perform their duties based on state requirements.

Assemblywoman Carlton said she supported the recruitment module of the program; however, she thought it was excessive to include both recruitment and training modules in the pilot program. She thought there should be further discussion regarding the training module during the 2019 Legislative Session, which would give the agency time to learn more about the courses available through LinkedIn and compare them to the current courses provided by the state. She also wanted input from state training officers before making a decision on the training component.

Assemblywoman Carlton said she understood the need for the recruitment component, because the state needed a better method of recruiting qualified employees. She said between the upcoming change in state administration and the number of employees retiring, the state needed a new generation of state employees.

Assemblywoman Diaz asked how training was currently deployed for state employees, and if the training through LinkedIn was different from what was currently offered by the state. She recalled that much of her training as a new teacher was done in a classroom setting; however, more training was now offered online.

Mr. Long replied that many state agencies had training officers that provided agency-specific training. He said the DHRM Office of Employee Development offered a broader range of training to state employees. The division spent the last few years focusing on the Certified Public Manager (CPM) and Management Academy programs, both of which were offered to many employees. Currently, DHRM was working to develop a Supervisor Academy, which was due to be released in March 2019. He explained that there were approximately 25,000 supervisors in state service; however, oftentimes an employee was promoted to a supervisory position but not provided the tools to become an effective supervisor. The CPM and Management Academy programs were classroom trainings; however, other courses were available online, such as Evaluating Employee Performance and Progressive Disciplinary Procedures. He said DHRM also offered "soft-skills" training, such as Mixing Four Generations in the Workplace. He said the soft-skills training courses had not been updated recently, because the division had been focusing on updating the manager and supervisor programs.

Mr. Long said DHRM staff could review the LinkedIn courses and determine which ones were applicable to state service; however, the division did not have an adequate number of staff nor the expertise to create the broad range of classes offered through LinkedIn. He indicated that LinkedIn added approximately 30 classes per month. With only four trainers, DHRM could not offer the current training as well as develop that many new classes, so LinkedIn would broaden the training possibilities for state employees.

Mr. Cates added that the state did not offer any courses related to project management training in particular. He said EITS staff and the state Chief Information Officer felt they could build a project management curriculum around the offerings available through LinkedIn. Mr. Cates said the state could offer a certification program such as the Project Management Body of Knowledge (PMBOK), which was the gold standard; however, the training was very intensive and expensive. He said it would not be a good course for the state to set as the minimum standard, because it would be very difficult to attract enough qualified people. Mr. Cates said the division saw an opportunity to use the existing curriculum on LinkedIn to meet the immediate needs of the state.

In answer to a question from Assemblywoman Diaz, Mr. Cates replied that the pilot program would run for ten months. He said the program would begin upon the Committee's approval.

Assemblyman Sprinkle asked how the division would measure the effectiveness of the LinkedIn pilot program. Mr. Cates replied that for the recruitment component, the division would rely on feedback from managers and supervisors regarding whether they received more qualified applicants. He said the division would track whether agencies hired applicants found through LinkedIn and try to develop statistics around that information to determine the effectiveness of the program in hiring people through LinkedIn. With regard to the training component, effectiveness would be determined based on how many employees were accessing training through LinkedIn, and to the extent that DHRM could develop curriculum, how many employees were using customized curriculum.

Assemblyman Sprinkle said the division did not appear to have definitive benchmarks established for the pilot program, and Mr. Cates said that was correct.

Assemblyman Sprinkle suggested that, based on comments by Committee members, the division collect the demographics of applicants, to the extent allowable by law, as part of the findings of the pilot program. Additionally, if the pilot program was successful, he thought a formal RFP would be in order to avoid earmarking the program for just one company.

Assemblywoman Jauregui expressed concern about the difficulty in finding qualified employees. She thought perhaps people were seeking private sector jobs that paid a higher wage. She asked if there was concern about training and certifying employees only for them to leave state employment for a higher paying position, and if there was a way to ensure retention.

Mr. Long said the state experienced employee turnover; however, there were many state positions that were unavailable in the private sector. He said there were program responsibilities statewide that were specific to state service, even though skillsets of private sector employees were applicable to those program areas. He said the ability to search for people with those skillsets and get them into a state position they desired would help retain staff.

Mr. Cates added that the state was facing a problem with employee retention; however, he was unsure the LinkedIn program would help address the issue. He said the human resource working group was considering ways to improve employee retention. One of those methods was to expand the training available to state employees. Employees who felt valued and were provided opportunities to improve their skills were more likely to remain with the state.

Senator Gansert thanked the agency for presenting the LinkedIn pilot program. She thought it was a good direction for the state, because LinkedIn was a well-known platform for employment for professionals. Also, Lynda.com, which was purchased by LinkedIn, was well known for its training courses. She said the website offered basic training such as Microsoft Word and Excel; however, she knew people who also used the website for project management training. Many younger people preferred online training, because it was easily accessible. Senator Gansert said it would be good for state employees to have access to the training offered through LinkedIn.

Senator Gansert said, given the millions of dollars the state spent on IT hardware/software, as well as IT-related errors that had cost the state a significant amount of money, she thought it might be helpful to consider certification such as PMBOK for key personnel. She reiterated that Lynda.com and LinkedIn were basic platforms that would be beneficial for state employees.

Assemblyman Kramer shared the concern expressed by Assemblywoman Carlton concerning the number of inactive LinkedIn accounts. He said he had a LinkedIn profile that he had not logged into since it was established about ten years ago. Assemblyman Kramer thought the division should inquire about whether the 80 percent statistic mentioned previously referred to active users or all LinkedIn users.

Assemblywoman Carlton asked if the LinkedIn pilot program would be included in the agency budget request that was due in a couple weeks. Mr. Cates responded in the affirmative.

Assemblywoman Carlton asked if the division had determined the amount of the rate increase that would be incurred by state agencies to cover the program. Ms. Cartwright said, because DHRM was an internal service fund, the cost would be borne by state agencies through the rates; however, the rates had not yet been determined. She said the agency would work with the Governor's Finance Office after budgets were submitted by state agencies.

Assemblywoman Carlton reiterated that she had concerns about the state's ability to monitor the LinkedIn training to ensure it was truly valuable.

Assemblyman Sprinkle said he applauded the division for reevaluating the state's recruitment efforts. He said recruitment was an area of difficulty for the state, and DHRM was thinking outside the box.

Assemblyman Sprinkle said he was not convinced about the training component of the pilot program. He thought it was a topic that required further discussion.

> ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM E-11 FOR THE RECRUITMENT PORTION ONLY OF THE LINKEDIN PILOT PROGRAM AT A COST OF $86,799 AND REQUIRE THE DIVISION OF HUMAN RESOURCE MANAGEMENT TO PROVIDE DEMOGRAPHIC INFORMATION AT THE CONCLUSION OF THE PROGRAM.
>
> SENATOR RATTI SECONDED THE MOTION.

Senator Kieckhefer said he would support the motion, because he was in favor of the recruitment component. He added that he was also in favor of the training component, which could be a valuable tool in retaining state employees.

Senator Gansert agreed with Senator Kieckhefer's comments. She said her family had first-hand experience with Lynda.com. She thought it would be good training for all employees, and it was broad and inexpensive. She asked if the recruitment and training components could be separated in the contract.

Mr. Long replied that the recruitment and training components were two separate items in the contract.

Assemblyman Edwards said he would also support the motion; however, he thought it was a mistake not to approve both components of the pilot program. He said, all too often, the state did not support employees in the way that it should. He thought the training component was a good deal for the cost.

Chair Woodhouse said she thought the recruitment portion of the LinkedIn pilot program was a step in the right direction. She thought the training and development portion required further discussion during the 2019 Legislative Session. Chair Woodhouse said she was interested in seeing the division's proposal to the Governor and the 2019 Legislature.

Senator Denis said he supported the training component and thought the cost was reasonable. He said he would prefer if the training component was included in the motion, because it was important for retaining state employees.

Chair Woodhouse reminded the Committee that the motion was to approve the pilot program for the recruitment portion utilizing LinkedIn at a cost of $86,799, and deny the training and development portion. Additionally, the motion required the agency to track demographics.

THE MOTION FAILED. (Senators Denis, Gansert, Goicoechea and Kieckhefer, and Assemblymen Bustamante Adams, Diaz, Edwards, Hambrick and Titus opposed the motion.)

12. **Department of Administration - Human Resource Management - Unemployment Compensation - <u>FY 2018</u>** - Transfer of $293,005 from the Reserve category to the Unemployment Benefits category to provide budget authority to pay for fourth quarter unemployment benefits. Requires Interim Finance approval since the amount transferred to the Unemployment Benefits category exceeds $75,000. **Work Program #C43566**

Assemblyman Kramer noted the Department of Administration was requesting to transfer funds from reserves for unemployment benefits, while there were reports that the unemployment rate was continually improving. He assumed that unemployment benefits should be anticipated to decrease as unemployment decreased.

Jenni Cartwright, Administrator, ASD, Department of Administration, explained that the following factors contributed to the budgetary shortfall:

1. The unemployment insurance rate that DHRM paid to the Department of Employment, Training and Rehabilitation (DETR) increased.

2. The budgeted base for calculating the unemployment insurance rate was about $200 million lower than the actual wage base to which that rate was applied. That was an unanticipated increase in the cost from DHRM to pay the insurance to DETR. It was not tied to actual unemployment; rather, it was a rate and budget base issue.

Assemblyman Kramer noted that the insurance rate was spread out among all the state departments. He asked if the rate increased more than what was expected when the budget was developed two years ago.

Ms. Cartwright clarified that the wage base that the budget was calculated upon was lower than the actual current wages, so the state had to pay more unemployment insurance based on those higher wages.

Assemblyman Kramer asked if that was because the state paid unemployment insurance based on actual paid wages, and wages at the state level had improved beyond the anticipated level. Ms. Cartwright said that was correct.

ASSEMBLYMAN KRAMER MOVED TO APPROVE AGENDA ITEM E-12.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

13. **Department of Administration - Risk Management Division - Insurance and Loss Prevention - FY 2019** - Addition of $38,006 in Aviation Insurance and addition of $630,079 in Excess Liability Insurance and transfer of $36,484 from the Reserve category to the Insurance Premiums category in order to pay annual insurance policy premiums. Requires Interim Finance approval since the amount added to the Insurance Premiums category exceeds $75,000. **Work Program #C43878**

    Jenni Cartwright, Administrator, ASD, Department of Administration, said there was an adjustment to Work Program #C43878. She explained that GL 4323 for excess liability insurance was amended to $739,106 due to the premium invoice received being higher than originally anticipated. The overall Insurance Premiums category (Category 10) request was adjusted for a total of $777,112. The request to transfer $36,484 from reserves (Category 86) was cancelled.

    Assemblyman Kramer said it seemed that the insurance premiums for aviation included a line item for drones. He asked whether there had been a shift in the number of piloted aircraft as opposed to drones, or an enhancement in the use of drones that would cause the rate to increase.

    Ms. Cartwright said the Risk Management Division procured aviation insurance, which included insurance for drones, on behalf of agencies statewide. The premiums were passed on to state agencies for reimbursement. She said there was an increase in the cost of coverage as new drones and aircraft were added. An increase in revenue and expenditure authorities was required to pay that premium, and to receive in return from the agencies. In this particular case, the request for aviation insurance was related to an anticipated purchase of a helicopter by the Division of Wildlife in September 2018, which would result in the need to pay an additional amount for that premium.

    ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-13.

    SENATOR KIECKHEFER SECONDED THE MOTION.

    THE MOTION PASSED UNANIMOUSLY.

14. **Department of Administration - State Public Works Division - Administration** - **FY 2018** - Addition of $73,181 in Cost Allocation revenue to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO AGENDA ITEMS E. 15 and 16**. **Work Program #C43870**

    Refer to motion for approval under Agenda Item E.

15. **Department of Administration - State Public Works Division - Engineering and Planning - FY 2018** - Transfer of $31,782 from the Personnel Services category to the Department of Administration (DOA) Cost Allocation category to fund a pro-rated share of a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the DOA Cost Allocation category exceeds $75,000. **RELATES TO AGENDA ITEM E. 14. Work Program #C43874.**

    Refer to motion for approval under Agenda Item E.

16. **Department of Administration - State Public Works Division - Marlette Lake - FY 2018** - Transfer of $2,196 from the Operating category to the Department of Administration (DOA) Cost Allocation category to fund a pro-rated share of a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the DOA Cost Allocation category exceeds $75,000. **RELATES TO AGENDA ITEM E. 14. Work Program #C43883**

    Refer to motion for approval under Agenda Item E.

17. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2018** - Transfer of $12,847 from the Utilities category to the In-State Travel category to fund the cost of travel to Las Vegas by the Deputy Administrator and other skilled supervisorial maintenance staff. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43903**

    Refer to motion for approval under Agenda Item E.

18. **Department of Taxation - Marijuana Regulation and Control Account – FY 2019** - Transfer $60,835 from the Reserve category to the Building Security category to fund contracted armed security services at the Grant Sawyer State Office Building. Requires Interim Finance approval since the cumulative amount transferred to the Building Security category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43841**

    Refer to motion for approval under Agenda Item E.

19. **Department of Taxation - Marijuana Regulation and Control Account – FY 2018** - Addition of $2,000,000 in Excise Tax Wholesale revenue in order to provide sufficient authority to allow for the transfer of unused marijuana revenue to the Distributive School Account (DSA) at the close of Fiscal Year 2018. Requires Interim Finance approval since the amount added to the Transfer to DSA category exceeds $75,000. **RELATES TO AGENDA ITEM E. 20. Work Program #C43830**

Assemblyman Kramer noted there had been a lot of press regarding marijuana revenue that was supposed to have gone to school funding. He understood that the tax collections statewide for marijuana sales were $100 million, and $27 million of that had gone to school funding thus far. He asked for a status of incoming marijuana revenue, how much of that would go to the Distributive School Account (DSA), and the amount of revenue expected for the next fiscal year, including the last two months that were not yet accounted for.

Bill Anderson, Executive Director, Department of Taxation, introduced Melanie Young, Budget Officer, Department of Taxation, and Kile Porter, Deputy Director, Department of Taxation.

Mr. Anderson said the department had collected more marijuana revenue than what was anticipated. Through the first 11 months of the year, about $62.5 million was collected from the two main marijuana taxes: wholesale and retail. Previous estimates for this revenue was $50 million for the entire year. He said actual collections to date were about 25 percent above what was anticipated for the entire year.

Mr. Anderson said revenue from the 10 percent retail tax was transferred to the state's Rainy Day fund; to date, about $38 million had been transferred to the Rainy Day fund from that tax. He said the wholesale tax was a bit more involved. The wholesale tax provided $5 million to counties and local jurisdictions for marijuana enforcement efforts and paid for the department's operating expenses pertaining to the marijuana enforcement program. Any remaining funds at the end of the fiscal year must be transferred to the DSA through the Department of Education. Mr. Anderson said, because the industry had a stronger start than anticipated, revenue projections must be increased to accommodate that transfer.

Assemblyman Kramer asked what the department's revenue projections were going forward. Mr. Anderson said in the near term, the industry was expected to continue to grow at a relatively rapid rate, which would generate revenues slightly in excess of what was anticipated. At some point, the revenue would reach an equilibrium and stabilize. He reported that there were approximately 62 dispensary/retail licenses, 80 production licenses and 116 cultivation licenses. At some point, those numbers would level off – in fact, there was a cap of 132 licenses for retail. During the initial period of growth, the state's marijuana industry was expected to continue generating the kind of numbers seen in the first three quarters.

Senator Ratti asked if part of the reason collections were higher than anticipated was because the programs got a faster start than expected. Mr. Anderson agreed. He said forecasters assumed a slower start, but the start was relatively strong. Things began slowly in July 2017, but picked up in September 2017, and that pace was maintained.

Assemblywoman Titus said the marijuana industry had problems with banking services. She asked if the $62.5 million in revenue was paid in cash.

Mr. Anderson said the marijuana industry was currently a cash-only industry. He said the Department of Taxation was receiving a significant amount of cash due to the lack of a banking solution.

Assemblywoman Titus asked about the budget for security, oversight and double checking counters. Mr. Anderson said when the Department of Taxation closed the books for FY 2018, the operational cost of the program was expected to be approximately $4 million.

SENATOR RATTI MOVED TO APPROVE AGENDA ITEM E-19.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

20. Department of Education - Distributive School Account - <u>FY 2018</u> - Addition of $2,000,000 in Marijuana Excise Tax funds transferred from the Department of Taxation for the operation of school districts and charter schools. Requires Interim Finance approval since the amount added to the Basic Support Aid to Schools category exceeds $75,000. **RELATES TO AGENDA ITEM E. 19. Work Program #C43850**

Assemblyman Edwards asked how the $2 million in Marijuana Excise Tax funds would be distributed after it was deposited into the DSA. He was concerned that the funds would not reach the classroom level.

Steve Canavero, Superintendent, NDE, introduced Roger Rahming, Deputy Superintendent for Finance, NDE.

Mr. Canavero said the $2 million would be distributed through the funding formula after it was deposited into the DSA. He said the funds would not be treated any differently than General Fund dollars being distributed through the funding formula to the schools. The Marijuana Excise Tax funds would contribute to the per-pupil amount as guaranteed in the K-12 Education funding bill.

In answer to a question from Assemblyman Edwards, Mr. Canavero replied that any additional funds in the DSA would generally support education expenditures with the school districts and charter schools across the state.

Assemblyman Edwards thought the 2019 Legislature should better define how excess DSA funds were applied, because he was concerned that the funds would not reach the classroom level.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE AGENDA ITEM E-20.

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

21. Department of Education - Other State Education Programs - <u>FY 2018</u> - Deletion of ~~$5,172,818~~ ***$4,937,096*** in General Fund appropriations to allow the continuation of approved education programs in Fiscal Year 2019. Requires Interim Finance approval pursuant to Senate Bill 544, of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 22. Work Program #C44167. REVISED 7-31-18.**

Steve Canavero, Superintendent, NDE, introduced Andrea Osborne, Administrative Services Officer, NDE, and Roger Rahming, Deputy Superintendent for Finance, NDE.

Andrea Osborne, Administrative Services Officer, NDE, noted adjustments to the following categories: Category 25 was revised to a reduction of $102,458; Category 38 was revised to a reduction of $377; Category 45 was revised to a reduction of $338,382; Category 51 was revised to a reduction of $34; and Category 78 was revised to a reduction of $723,205.

Refer to motion for approval under Agenda Item E.

22. Department of Education - Other State Education Programs - FY 2019 - Addition of ~~$5,172,818~~ ***$4,937,096*** in General Fund appropriations to allow continuation of approved education programs. Requires Interim Finance approval pursuant to Senate Bill 544, of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 21. Work Program #C44104. REVISED 7-31-18.**

Andrea Osborne, Administrative Services Officer, NDE, noted adjustments to the following categories: Category 25 was revised to $102,458; Category 38 was revised to $377; Category 45 was revised to $338,382; Category 51 was revised to $34; and Category 78 was revised to $723,205.

Senator Kieckhefer asked if the Category 78 reduction was the drawdown of Career and Technical Education (CTE) funding. If so, he asked why all the funding did not get drawn down in FY 2018.

Mr. Canavero replied that all of the funds were allocated for CTE through the department by one of two mechanisms. The first mechanism for allocating funds was through a formula that distributed 100 percent of the funds to the school districts. The second mechanism for allocating funds was through competitive grants. He noted that the state held the funds until a school district requested them.

Mr. Canavero said a variety of factors contributed to the $722,000 that would be carried forward into FY 2019 and made available for further support of CTE programs. He said the first factor was district spending. For example, a school district may not have used funds that were requested to hire a teacher in the intended month, or the district may not have been able to find a teacher for a particular course. The second factor was that the state may not have received a district's full request for funds for FY 2018. Mr. Canavero said those were two common factors as to why there was an outstanding balance of CTE funds.

Refer to motion for approval under Agenda Item E.

23. **Department of Education - Office of the Superintendent - FY 2018** - Transfer of $42,222 from the Personnel Service category and $400 from the Information Services category to the Indirect Costs category to fund an increase in indirect costs. Requires Interim Finance approval since the amount added to the Indirect Costs category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C44139**

    Refer to motion for approval under Agenda Item E.

24. **Department of Education - Standards and Instructional Support - FY 2018** - Addition of $39,566 in federal Mathematics and Science Partnership grant funds to align state and federal authority to provide funding to support the professional development of teachers and other educators. Requires Interim Finance approval since the amount added to the Math and Science Partnership category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C44087**

    Andrea Osborne, Administrative Services Officer, NDE, said the department was requesting to revise Work Program #C44087 to $459,340.

    Refer to motion for approval under Agenda Item E.

25. **Department of Education - Individuals with Disabilities Education Act (IDEA) - FY 2018** - Addition of $269,051 in federal State Personnel Development grant funds and transfer of $3,000 from the State Personnel Development Grant Administration category to the State Personnel Development Grant Aid category to align state and federal authority to provide funding to support professional development of special education personnel. Requires Interim Finance approval since the amount added to the State Personnel Development Grant Aid category exceeds $75,000. **Work Program #C44140. WITHDRAWN 7-27-18.**

    Refer to motion for approval under Agenda Item E.

26. **Department of Education - Achievement School District - FY 2019** - Addition of $196,288 in Charter School Authorizer fees and deletion of $96,232 in School Improvement grant funds transferred from Education to fund ongoing operations for Fiscal Year 2019. Requires Interim Finance approval since the amount added to the Indirect Costs category exceeds $75,000. **Work Program #C43288**. **WITHDRAWN 7-18-18.**

27. **State Public Charter School Authority - FY 2019 -** Addition of $945,600 in New Nevada Education Funding Plan funds transferred from the Department of Education to distribute funds to state-sponsored charter schools as required by Senate Bill 178 from the 2017 Legislative Session. Requires Interim Finance approval since the amount added to the New Nevada Education Funding Plan category exceeds $75,000. **Work Program #C43723**

    Refer to motion for approval under Agenda Item E.

28. **Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2018** - Addition of $8,928 in University of California Davis subgrant funds and transfer of $13,551 from the U.S. Department of Agriculture (USDA) Forest Service category to the Personnel Services category, $12,138 from the USDA Agricultural Marketing Service Food and Nutrition Service category to the Personnel Services category, and $9,108 from the Reserve category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43926**

    Refer to motion for approval under Agenda Item E.

29. **Department of Agriculture - Livestock Inspection - FY 2018** - Transfer of $4,153 from the In State Travel category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C44009**

    Refer to motion for approval under Agenda Item E.

30. **Department of Agriculture - Nutrition Education Programs - FY 2018** - Addition of $5,532,404 in U.S. Department of Agriculture School Breakfast Program grant funds to operate nonprofit breakfast programs in schools and residential childcare institutions. Requires Interim Finance approval since the amount added to the School Breakfast Program category exceeds $75,000. **Work Program #C43724**

    Refer to motion for approval under Agenda Item E.

31. **Department of Agriculture - Nutrition Education Programs - FY 2018** - Addition of $423,859 in U.S. Department of Agriculture Fresh Fruit and Vegetable Program grant funds and transfer of $27,389 from the Reserve category to the Fruit and Vegetable grant category to provide free fresh fruits and vegetables to children at elementary schools. Requires Interim Finance approval since the amount added to the Fruit and Vegetable grant category exceeds $75,000. **Work Program #C43881**

    Refer to motion for approval under Agenda Item E.

32. **Division of Mineral Resources - FY 2019** - Addition of $193,825 in Clark County Abandoned Mine Lands (AML) Program funds and transfer of $200,000 from the Reserve category to the AML Enhancements category to continue mine hazard closure activities. Requires Interim Finance approval since the amount added to the AML Enhancements category exceeds $75,000. **Work Program #C44060**

    Refer to motion for approval under Agenda Item E.

33. **Department of Business and Industry - Insurance Division - Insurance Regulation - FY 2019** - Addition of $660,775 in federal Cycle IV grant revenue to conduct a study of Nevada's individual health insurance market. Requires Interim Finance approval since the amount added to the Cycle IV grant category exceeds $75,000. **Work Program #C43771**

    In answer to a question from Assemblyman Edwards, Laurie Squartsoff, Chief Deputy Commissioner, Division of Insurance (NDI), Department of Business and Industry (B&I), replied that the study of Nevada's individual health insurance market was intended to provide the division with information and tools to make policy decisions concerning the individual and small group health insurance markets. She said the funds would be used by the vendor to assess the existing information and determine what opportunities were available to stabilize the individual insurance market; reduce the number of uninsured Nevadans; improve consumer access to care; improve consumer choice with regard to insurance products; improve affordability to consumers; and increase competition among carriers and providers.

    Assemblyman Edwards asked why NDI staff could not perform the study instead of a contractor. Ms. Squartsoff replied that the findings of the study would supplement the information currently available to the division. The resources available with the contractor were such that the contractor would be able to delve into the specifics, review insurance markets across the country, and provide NDI with details and specific answers that may help the state with policy decisions and solutions for Nevada.

    In response to a question from Assemblyman Edwards, Ms. Squartsoff replied that the division was using resources available through the Cycle IV grant to the fullest capacity to provide timely information to the division and policymakers prior to the 2019 Legislative Session.

In answer to questions from Senator Kieckhefer, Ms. Squartsoff replied that the funds were Affordable Care Act (ACA) Cycle IV grant funds for rate review. Five years ago, the total grant amount was approximately $1.3 million. She said the $660,775 was the final section of the rate review grant funds.

Senator Kieckhefer asked how the first $400,000 in grant funds was allocated. Ms. Squartsoff said she did not have that information available, but would provide the Committee details regarding the allocation of the funds over the past four years since the inception of the grant program.

Senator Kieckhefer asked if the grant was due to expire. Ms. Squartsoff replied that the grant was originally set to expire at the end of September 2018; however, based on recent information from the Center for Consumer Information and Insurance Oversight (CCIIO), it was anticipated the grant would be extended through March 31, 2019. She said the division did not have to allocate the funds to receive the extension, but the division's proposal contained in Work Program #C43771 was included in the extension request. If the grant was extended, the division was considering how to utilize the available grant funds and provide the best resource to the state.

Senator Kieckhefer said page 304 in Volume I of the meeting packet (Exhibit A) referenced reconciliation of available Cycle IV grant authority; however, the Grant Description section referenced Grant Cycle II. He noted that the grant period was listed from 2011 through 2018.

Ms. Squartsoff said she would confirm the initial approval date for the Cycle IV grant and provide it to the Committee. She said the division had been running Cycle I through Cycle IV grants since the inception and approval of funds from CCIIO as a result of the ACA.

In answer to a question from Senator Kieckhefer, Ms. Squartsoff replied that the division was currently under contract with Wakely Consulting Group, and the study would fall within the scope of the existing contract.

Senator Kieckhefer said the small group and individual group markets were part of the overall insurance market in the state. He said the interrelation between those individual markets and the growth of government-funded health insurance was critical to a lot of issues related to matters such as the growth of high-deductible plans. He was unsure that the results of the study would provide new answers. Senator Kieckhefer said the 2019 Legislature would likely be presented with policy proposals as a result of Nevada Care Plan working group meetings held during the 2017-18 Interim.

Senator Kieckhefer said he was not comfortable with the division's request. He was concerned that NDI was rushing to utilize the remainder of the funds before the grant expired, and he was still uncertain how the first portion of the funds had been used.

Ms. Squartsoff replied that the intent of the extension along with the study was to provide information and answers specific to Nevada to help with policy decisions.

In answer to a question from Assemblywoman Spiegel, Ms. Squartsoff replied that the intent of the study was not to pinpoint one particular focus, but rather to look at the broad range of opportunities that were available in the state, to improve the conversation moving forward.

Assemblywoman Spiegel asked if the study would also include a network adequacy assessment. Ms. Squartsoff replied that there was a separate network adequacy advisory committee that worked on those types of issues. The individual health insurance market study would evaluate access and opportunities for health insurance through carriers and providers in Nevada.

Assemblywoman Spiegel asked if the study would review rental networks and how that filtered in as components of the plans that were offered. Ms. Squartsoff said she did not think it was exclusive to that, but more information would be available when the broad report was received from the contractor.

Assemblywoman Carlton said one of the key components of the study was to improve access to care throughout Nevada, especially in the 14 counties where only one carrier was available. She asked how that issue would be addressed.

Ms. Squartsoff replied that the study would determine the opportunities available for both urban and rural Nevada, and address concerns about the lack of carriers in 14 of the 17 counties. She said the study would help determine what other options were available.

In answer to a question from Assemblywoman Carlton, Ms. Squartsoff replied that NDI received confirmation from CCIIO that the approval for the extension was in progress. Although the division did not have the Notice of Extension from CCIIO, internal documents indicated that the grant would be extended through March 31, 2019. Ms. Squartsoff said the division anticipated the study would be completed by the end of 2018, and the results would be available for the 2019 Legislature.

Senator Kieckhefer recalled that the division solicited a request for information (RFI) in the early part of 2018 requesting input from interested stakeholders concerning the rural counties, coupling populations, etc. He asked if NDI received responses to the RFI, and if the information was available. Ms. Squartsoff replied that she would provide the RFI responses to the Committee.

In answer to a question from Senator Kieckhefer, Ms. Squartsoff said she did not anticipate that the results of the study would be duplicative to the RFI responses; however, it was possible that similar recommendations would be presented in two different manners.

Assemblyman Sprinkle thought the findings of the proposed study would supplement the work he had been doing over the summer with the Nevada Care Plan working group. He thought the study was an appropriate use of grant funds, and he supported the agency's request. He said the information would help the state move the insurance marketplace in the right direction.

> ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE AGENDA ITEM E-33.
>
> SENATOR RATTI SECONDED THE MOTION.

Assemblyman Edwards thought it was a good idea to obtain more information concerning health insurance in the state in order to make policy decisions. However, he thought the study should be handled internally instead of spending $660,000 to have it done by a contractor; therefore, he opposed the motion. He did not think the study was a good use of the grant funds. He remarked that the study should have been done several years ago instead of before the grant was due to expire.

Senator Gansert said she would support the motion, because she thought the findings of the study would be important for the 2019 Legislature; however, she thought the RFI responses and details concerning the expenditure of the first $400,000 in grant funds should have been made available to the Committee today.

> THE MOTION PASSED. (Senator Kieckhefer, Assemblyman Edwards, Assemblyman Hambrick and Assemblywoman Titus opposed the motion.)

Chair Woodhouse asked the agency to provide the requested information to the Committee.

34. **Department of Business and Industry - Housing Division - Housing Inspection and Compliance - FY 2019** - Balance forward of $38,503 remaining from a technology investment request (TIR) approved by the 2015 Legislative Session in order to complete implementation of the TIR. Requires Interim Finance approval since the amount added to the Technology Investment Request category exceeds $30,000 and 10 percent of the legislatively approved amount for that category. **Work Program #C43866**

    Refer to motion for approval under Agenda Item E.

35. **Department of Business and Industry - Real Estate Division - Recovery Account - <u>FY 2018</u>** - Addition of $69,099 in Recovery fees and $6,492 in Treasurer's Interest Distribution to satisfy claims against persons licensed under NRS 645 and to fund real estate education and research. Requires Interim Finance approval since the amount added to the Transfer to Education and Research category exceeds $75,000. **Work Program #C43331**

    Refer to motion for approval under Agenda Item E.

36. Department of Business and Industry - Taxicab Authority - FY 2019 - Addition of $1,067,620 in Balance Forward from Previous Year to continue work on replacement of legacy operations systems funded by the technology fee. Requires Interim Finance approval since the amount added to the Records Management System category exceeds $75,000. **Work Program #C43842**

Assemblyman Edwards requested a status update on the replacement of the legacy system. He asked if additional funds would be required to complete the project.

C.J. Manthe, Director, B&I, introduced Grant Reynolds, IT Manager, B&I, and Scott Whittemore, Administrator, Taxicab Authority, B&I. She said the B&I Director's Office and the Taxicab Authority Board jointly selected Mr. Whittemore to serve as the Administrator for the Taxicab Authority. She said Mr. Whittemore began his employment at the end of June 2018 and was adapting quickly.

Grant Reynolds, IT Manager, B&I, said the current legacy system was a commercial package that was implemented approximately 12 years ago. The new system, which was a software as a service (SaaS) model commercial package, was being setup by the agency's implementation partner.

In answer to a question from Assemblyman Edwards, Mr. Reynolds replied that approximately 45 to 50 staff would use the new system, the majority of which would be field staff. He reiterated that the software was SaaS, which meant the agency would pay per user, per year at a cost of approximately $2,400 each. Mr. Reynolds said the total implementation cost for all three phases was about $900,000.

Assemblyman Edwards asked if the total cost included annual operating fees. Mr. Reynolds said that the software, Excella, was a cloud-based solution, and the agency would pay per user, per year.

Assemblyman Edwards said as he understood it, the initial startup cost was $900,000, and the agency was requesting approximately $1 million; therefore, the startup cost per user was about $20,000. Additionally, the agency would pay $2,400 per user, per year, which was another $100,000 annually.

Mr. Reynolds clarified that the agency would pay a one-time implementation fee of approximately $900,000. The only ongoing costs were the per-user fees. He said the vendor required a certain number of licenses to be purchased up front; therefore, the agency agreed to purchase 20 licenses initially. He noted that the vendor had setup a test production for the agency.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM E-36.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

37. **Department of Health and Human Services - Aging and Disability Services - Senior RX and Disability RX - FY 2018** - Deletion of $80,000 in Tobacco Settlement Income transferred from the Treasurer's Office due to membership decreases. Requires Interim Finance approval since the amount deducted from the Senior Prescription Program category exceeds $75,000. **RELATES TO AGENDA ITEM E. 40. Work Program #C43765.**

    Refer to motion for approval under Agenda Item E.

38. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2018** - Deletion of $361,569 in General Fund appropriations to FY 2019 to support equipment for the home-delivered meals program. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 42 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 39**. **Work Program #C44126**

    Refer to motion for approval under Agenda Item E.

39. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2019** - Addition of $361,569 in General Fund appropriations from FY 2018 to support equipment for the home-delivered meals program. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 42 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 38. Work Program #C44098**

    Refer to motion for approval under Agenda Item E.

40. **Department of Health and Human Services - Aging and Disability Services - Home and Community-Based Services - FY 2018** - Addition of $80,000 in Tobacco Settlement Income transferred from the Treasurer's Office to continue to provide services through the Community Service Options Program for the Elderly (COPE). Requires Interim Finance approval since the amount added to the COPE Purchase of Services category exceeds $75,000. **RELATES TO AGENDA ITEM E. 37. Work Program #C43766.**

    Refer to motion for approval under Agenda Item E.

41. Department of Health and Human Services - Aging and Disability Services - Home and Community-Based Services - FY 2019 - Addition of $885,292 in Victims of Crime Act grant funds transferred from the Division of Child and Family Services to expand services to include Adult Protection Services. Requires Interim Finance approval since the amount added to the Victims of Crime Act category exceeds $75,000. **Work Program #C43608**

Dena Schmidt, Administrator, Aging and Disability Services Division (ADSD), Department of Health and Human Services (DHHS), introduced Melissa Lewis, Administrative Services Officer, ADSD, DHHS, and Ross Armstrong, Administrator, Division of Child and Family Services (DCFS), DHHS.

Ms. Schmidt said Work Program #C43608 was a request to accept Victims of Crime Act (VOCA) grant funds from DCFS. She said ADSD applied for the funding as one of several efforts to begin the expansion of Elder Protective Services (EPS) from elderly individuals to all vulnerable adults over the age of 18. Ten percent of the VOCA grant was designated to provide services to underserved populations, which included both seniors and individuals with disabilities. Previously, there was no application for the funding stream, so ADSD worked with DCFS and identified that ADSD had the capacity to provide services to both of the aforementioned groups. The funding would be used to provide direct services to vulnerable individuals over the age of 18. Ms. Schmidt said the services would include legal advocacy, mental health interventions, emergency services and case management. In addition to the VOCA grant funding, ADSD was currently utilizing 2016 Administration for Community Living (ACL) grant money to fund a team of experts from the National Adult Protective Services Association (NAPSA). She said the NAPSA consulting team would assist with the planning and expansion of the EPS program to a full Adult Protective Services (APS) program. Ms. Schmidt said the NAPSA consulting team would provide ADSD with a blueprint for implementation in early October 2018. Additionally, the division applied for 2018 ACL grant funds to enhance the adult protective systems. She said the ACL grant was a three-year grant opportunity that would assist the division with enhancing these systems. With that, the division intended to increase its database capabilities in order to report on all populations served through ADSD programs.

Ms. Schmidt said Nevada was one of only three states not providing APS. She said everyone deserved to be free from abuse at every stage in life, regardless of age or disability. She thanked the Committee for considering the work program, because it would allow ADSD to take the first steps toward enhancing protective services to ensure that all vulnerable individuals had access to services and support that alleviated abuse, neglect and exploitation.

Assemblywoman Benitez-Thompson said she was glad that Nevada was moving in a direction that would provide protection for adults, especially vulnerable adults. She said current statute referenced the rights of both the elderly and vulnerable individuals.

Assemblywoman Benitez-Thompson said it appeared that in addition to the existing EPS caseload, the division would gain approximately 330 new cases per month with the addition of individuals with disabilities. Ms. Schmidt confirmed that was correct.

In answer to a question from Assemblywoman Benitez-Thompson, Ms. Schmidt replied that the division currently received calls concerning individuals under the age of 60, but the calls were referred to law enforcement; therefore, the division did not track them. However, the division worked with the Office of Data Analytics in the development of the projects by comparing other states that provide protective services to all vulnerable individuals.

Assemblywoman Benitez-Thompson indicated that the current EPS caseload ratio was 1 social worker to 40 cases per month. Ms. Schmidt thought the current caseload was slightly higher. She said she would provide the information to the Committee.

Assemblywoman Benitez-Thompson said it was important that the EPS program was appropriately staffed prior to increasing the caseload to avoid straying from caseload standards.

Assemblywoman Benitez-Thompson asked for clarification concerning the duties of the Elder Rights Specialists. Ms. Schmidt said the division did not currently have statutory authority to perform investigations for vulnerable individuals; however, the division would pursue that authority during the 2019 Legislative Session. The VOCA funds were available to provide direct support services to individuals vulnerable to abuse. The intent of the division was to use the funds to provide case management and direct support services to those individuals. Ms. Schmidt reiterated that the division would not be doing investigations at the current time, and VOCA funds could not be used for investigations.

In answer to a question from Assemblywoman Benitez-Thompson, Ms. Schmidt replied that the VOCA funds being discussed did not require the victim to pursue prosecution. To be eligible for VOCA Victim Assistance grant funds, the crime must be reported to law enforcement; however, that requirement did not apply to the funds being requested in Work Program #C43608. Ms. Schmidt said the funds would be used to provide services directly to an individual to help alleviate the problem. For example, the funds could be used to help restore power service for a victim or assist with guardianship or other legal needs. The division would still coordinate those services with law enforcement, and refer the matter to law enforcement to pursue criminal action when appropriate. She explained that investigations were the only aspect of APS that would not be managed by the division.

Assemblywoman Benitez-Thompson asked at what point were cases referred to the division. She also asked if the investigation portion for cases related to vulnerable adults would be handled by law enforcement prior to referring the case to the division.

Ms. Schmidt replied that a case could be referred through law enforcement or directly to the division. She said the current EPS program did not provide services to vulnerable adults; however, if the Committee approved the work program, the funds would provide staff to help with resource navigation and provide emergency services. She said the division had a strong partnership with law enforcement where ADSD provided the social service side of the case and law enforcement pursued the legal side of the case; however, the division would not be doing investigations.

Assemblywoman Benitez-Thompson noted that the Mental Health Counselors would be working on service delivery models. She asked if they would be providing direct mental health services to clients.

Ms. Schmidt confirmed that the Mental Health Coordinators would be providing and assisting with mental health services. The division anticipated that a lot of individuals in the new population of vulnerable adults being served by the APS program would have co-occurring intellectual and mental health issues; therefore, the division thought it was important to ensure that appropriate staff were in place to provide assistance in an emergency situation. She stated that one Mental Health Coordinator would be located in Northern Nevada and another in Southern Nevada.

Assemblywoman Benitez-Thompson asked if the $161,471 allocated for additional usage of the Crisis Call Center would be better utilized to hire more Mental Health Coordinators since the need for mental health services was so great. Ms. Schmidt replied that the EPS program currently contracted out for some emergency services. She said the Crisis Call Center also provided ancillary services that were paid out to individuals to provide direct services.

Assemblyman Sprinkle said the Committee would probably agree that the APS program was a good idea, and the grant funds would be used to provide a valuable service. He asked if funding for the program would be included in the agency's budget if the grant funds were discontinued.

Ross Armstrong, Administrator, DCFS, DHHS, said DCFS hosted the VOCA grant, which had been expanded greatly over the last couple years. He said in 2019 the State of Nevada would receive over $30 million per year in VOCA grant funds compared to $3 million approximately ten years ago; however, it was not guaranteed that the state would continue to receive that amount in the future. Mr. Armstrong said the state was required to direct 10 percent of VOCA grant funds toward underserved populations, and the APS program met that requirement. From the perspective of DCFS, the division believed there would be sufficient VOCA funds in the future to support the APS program. He stated that ADSD would need to apply for the funds annually like other grantees. The ADSD would also be responsible for determining if other revenue streams were available to build or expand on the grant funds.

Ms. Schmidt added that most states with similar programs funded them through a combination of VOCA grant funds, Medicaid administrative costs and General Fund dollars. She indicated that ADSD was currently working on a budget enhancement for the 2019 Legislative Session. The EPS program was currently funded through the General Fund; however, the agency was considering how to best utilize Medicaid administrative funds in combination with VOCA funds to sustain the program in the future.

Assemblywoman Titus said she also had concerns about funding the program if the grant funds were no longer accessible. Conceptually, she agreed that the state needed services for people between the ages of 18 and 59. She was particularly concerned about access in the rural areas; however, there was a significant need for services for this population in both the rural and urban areas. She asked how the APS program would be used in the rural areas.

Assemblywoman Titus said there were many victims of crime, not just among the intellectually disabled. For example, there were a significant number of victims at the Route 91 Harvest Music Festival Shooting in Las Vegas. Although there was a great deal of assistance offered in the Las Vegas area, many victims were not local to Southern Nevada and did not know how to access those services. She asked if the VOCA grant funds requested in the work program were only available for the establishment and operation of the APS program, or would the funds cover all areas of need for victims of crime.

Mr. Armstrong replied that the $885,000 for the APS program was part of a $16.8 million grant, and there were numerous grantees throughout the state providing services to the entire spectrum of victims. The VOCA Victim Assistance grant funds were being used to address a whole host of victims' needs. He said Work Program #C43608 would provide a portion of those grant funds for a necessary program expansion.

Senator Spearman agreed with Assemblywoman Titus in regard to the use of VOCA grant funds for the rural areas. She asked if the funds would be disbursed directly to individuals or an entity that would address a specific demographic or subdemographic of those identified in the grant. She also asked about accountability for the use of the grant funds.

Ms. Schmidt replied that a portion of the funding would be used for direct support staff. The division would hire staff to address the needs of and work directly with victims. The APS program would provide a range of services including mental health, case management, etc.

With regard to concerns about the rural areas, Ms. Schmidt said the division and the counties were discussing how to provide APS in each area. She said the division had been meeting with the counties since the concept of the APS program came

about to ensure the needs of the counties were met. Additionally, the division would expand its memorandum of understanding partnership with law enforcement.

Ms. Schmidt said the funds would be used for emergency situations, such as restoring power service. She stated that the agency would dictate the use of funds and provide the direct service. The division would not be awarding subgrants.

Senator Spearman recalled that the Office of the Attorney General (OAG) requested funds in 2017 to prosecute victims of crime cases. She asked if ADSD was working with the OAG on those cases to ensure the state was coordinating its efforts and maximizing fiscal resources.

Ms. Schmidt replied that the division did a portion of the investigations for EPS cases, and the OAG and ADSD exchanged information concerning those cases; however, she reiterated that the agency would not be allowed to do investigations for cases concerning vulnerable individuals between the ages of 18 and 59 until statutory authority was provided by the Legislature. Additionally, the VOCA funds were intended as direct service dollars only, and not to be used for investigation purposes. Ms. Schmidt said there would be a gap for a few months, but it would provide the division time to get a sense of the need for APS in the community and the direct services that would be the most beneficial.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-41.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

42. Department of Health and Human Services - Health Care Financing and Policy - Administration - <u>FY 2018</u> - Deletion of ~~$1,855,100~~ ***$2,767,100*** in General Fund appropriations to fund projected shortfalls related to actuarial services and health information technology activities in FY 2019. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEMS E. 43 and 44. Work Program #C43730. REVISED 7-31-18.**

Refer to motion for approval under Agenda Item E.

43. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2019 - Addition of ~~$1,855,100~~ ***$2,767,100*** in General Fund appropriations and ~~$3,135,100~~ ***$2,718,100*** in federal Title XIX grant funds to cover shortfalls related to actuarial services and health information technology activities. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEMS E. 42 and 44. Work Program #C43827. REVISED 7-31-18.**

Refer to motion for approval under Agenda Item E.

44. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2019** - Transfer of $200,000 from the Operating category to the Temporary Contract Staffing category to hire contract staff to assist the Surveillance and Utilization team in identifying fraud, waste and abuse by Medicaid providers. Requires Interim Finance approval since the amount added to the Temporary Contract Staffing category exceeds $75,000. **RELATES TO AGENDA ITEMS E. 42 and 43. Work Program #C44106**

    Refer to motion for approval under Agenda Item E.

45. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Check Up Program - FY 2018** - Deletion of $37,770 in General Fund appropriations to support the Nevada Check Up program. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 46. Work Program #C43675**

    Refer to motion for approval under Agenda Item E.

46. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Check Up Program - FY 2019** - Addition of $37,770 in General Fund appropriations and $2,641,259 in federal Title XXI funds to cover a projected shortfall for the Nevada Check Up program. Requires Interim Finance pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 45. Work Program #C43663**

    Refer to motion for approval under Agenda Item E.

47. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2018** - Deletion of ~~$20,418,626~~ ***$10,721,956*** in General Fund appropriations to cover projected shortfalls in Medicaid program in FY 2019. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 48. Work Program #C43679. REVISED 7-31-18.**

    Agenda Items E-47 and E-48 were discussed jointly. Refer to testimony and motion for approval under Agenda Item E.48.

48. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2019** - Addition of ~~$20,418,626~~ ***$10,721,956*** in General Fund appropriations and ~~$38,070,707~~ ***$19,991,181*** in federal Title XIX grant funds to cover projected Medicaid program expenditures. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 47. Work Program #C43680. REVISED 7-31-18.**

    Agenda Items E-47 and E-48 were discussed jointly.

Assemblywoman Benitez-Thompson recalled that at the June 20, 2018, IFC meeting the agency requested a number of transfers to address budgetary shortfalls. She said Work Programs #C43679 and #C43680 were intended to augment some of the transfers from the June IFC meeting. She inquired about the Medicaid shortfall and the division's projections.

Ellen Crecelius, Chief Financial Officer, Division of Health Care Financing and Policy (DHCFP), DHHS, replied that the division was regularly reevaluating the shortfall. Taking into account updated caseload numbers, Medicaid claims, etc., the DHCFP projected the General Fund shortfall in FY 2019 would be approximately $56 million. She said the division implemented many strategies to reduce the shortfall, and if those efforts fully recovered the anticipated amount, the shortfall would be reduced to $20 million. Ms. Crecelius said the division still anticipated the need for a supplemental request during the 2019 Legislative Session.

Assemblywoman Benitez-Thompson said the anticipated shortfall applied to the present budget cycle. She recalled public comment earlier in the meeting from a provider who was appreciative of the help she received, but frustrated with the Medicaid preauthorization and reimbursement process. She asked if the amount of the budgetary shortfall included pending preauthorizations and payments owed to providers.

Marta Jensen, Division Administrator, DHCFP, DHHS, replied that the $20 million shortfall included preauthorizations and payments owed to providers. She said the division instituted several initiatives to become more efficient, and no Medicaid services were cut.

Ms. Jensen said it was her responsibility to ensure that services were medically necessarily. Through public workshops and other means of feedback, it was determined that it would be more appropriate to allow three sessions of psychotherapy or neurotherapy prior to requiring preauthorization. Two weeks prior to a public workshop held on August 14, 2018, Ms. Jensen met with several providers to discuss other solutions. At the workshop, the division delayed implementation of a proposed policy change to require prior authorization of psychotherapy and neurotherapy services, and increased the number of sessions from three to five before preauthorization was required. The proposed changes may not go into effect until October 1, it depended on what the division could accomplish from a solution perspective before meeting with providers again in six weeks. Ms. Jensen said she agreed to establish a working group to discuss alternative solutions.

Assemblywoman Benitez-Thompson said one of the concerns among providers was the ability to provide services to clients while awaiting preauthorization. She said it was difficult to ensure that services would be provided, especially emergent services, while waiting on the preauthorization process. She asked how many services now required preauthorization compared to a year ago. She said there was

a problem if a tool meant for efficiency was restricting clinicians' ability to perform needed services.

Ms. Jensen said she was unsure of the exact number, but she did not recall that a large number of preauthorization requirements were placed on services in the last year. She said preauthorization was now proposed for psychotherapy and neurotherapy, particularly in the area of biofeedback, due to misuse of dollars. In FY 2015, the amount of expenditures for biofeedback was approximately $2.3 million compared to $24 million today, which was concerning, because the population had not increased that much. Ms. Jensen said the division was trying to be responsible with taxpayer money by ensuring that services were medically necessary, and the preauthorization process helped with that mission. She said she was not trying to prevent services, and crisis intervention was not affected. Additionally, emergent issues did not require preauthorization. Ms. Jensen said preauthorization prevented unnecessarily funding sessions that were not medically necessary. She noted that 26 sessions was the allowable maximum, but the number of sessions could be increased if medically necessary.

Ms. Jensen acknowledged that there were problems with the preauthorization process, which she was addressing with the division's fiscal agent. She thought it was alarming and unacceptable that 100 percent of a provider's preauthorizations had been denied. She had already begun to check into the matter and was working with Lisa Foley, the Clinical Director at Healing Minds, to come to a resolution.

Assemblywoman Benitez-Thompson asked if preauthorization was specific to the mental health field or across all Medicaid-paid services. Ms. Jensen replied that a lot of Medicaid-paid services required preauthorization. She explained that it was a mechanism to ensure medical necessity across all Medicaid programs.

Assemblywoman Benitez-Thompson said the budgetary shortfall was currently $56 million, but ideally it would be reduced to $20 million. She asked if it was possible that the shortfall would increase instead of decrease.

Ms. Jensen replied that the division was watching the shortfall closely. The DHCFP had forecasting meetings, but it was difficult to project expenditures so the figures fluctuated. However, she did not anticipate a significant swing. She said Ms. Crecelius had done a great job forecasting the Federal Medical Assistance Percentages and the large items; however, the month-to-month caseload was difficult to forecast. She said the caseload itself seemed flat, but people were receiving more services, and it was difficult to balance those two things.

Assemblywoman Benitez-Thompson noted that Work Program #C43679 requested a General Fund transfer and reduced authority in the following categories: CHIP-to-Medicaid, MAABD, Waiver, Sister Agency Medical Payments and Child Welfare Services (page 361, Exhibit A). She asked if reduced authority was a

reduction in the ability to spend from those categories, of if there would be a reduction in services.

Ms. Crecelius replied that the figures listed in the work program were remaining General Funds from FY 2018. The division tried to balance forward all available General Funds to help minimize the shortfall in the second year of the biennium. She said each of those caseload groups had funds that could be balanced forward to help offset the shortfall in the second year of the 2017-19 biennium.

Assemblyman Sprinkle asked if DHCFP was receiving direction from the Centers for Medicare and Medicaid Services (CMS) regarding preauthorization requirements. Ms. Jensen replied that the preauthorization initiative was agency-driven.

Assemblyman Sprinkle said he was aware that providers were finding it difficult to get through the preauthorization process. He asked if the agency was working to implement efficiencies that would improve the process and help determine medical necessity so people could obtain services more quickly.

Ms. Jensen said she was working with the division's fiscal agent to determine the nature of the problem, and what was driving the increase in preauthorization denials. The division was examining ways to make the process smoother so the turnaround time would be more appropriate. Assemblyman Sprinkle thought that would alleviate some of the concerns.

Senator Spearman said it sounded as though some of the difficulty was related to the forecasting process. She asked if the forecasting issues were a consequence of the state legislative process. More specifically, she wondered if the process of meeting every two years made forecasting efforts more difficult.

Ms. Crecelius replied that during the budget building process, the agency had to make assumptions for the average cost per client two years in advance, and a lot could change during that time; therefore, the biennial legislative process did make forecasting efforts more challenging.

Ms. Jensen replied that health care was a topic at the national level, and in 2017 the division was reading new versions of federal proposals every few days. She said there was some concern that if one of those versions passed, it could have had an impact on the budget for the current biennium. Therefore, the division had to be prepared to adjust the budget appropriately depending on changes in policy at the national level.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE AGENDA ITEMS E-47 AND E-48.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

49. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2019 - Addition of $10,313,935 in County Reimbursement funds to allow the receipt of county assessments for the county indigent program not to exceed the 8 cent limitation established pursuant to NRS 428.285. Requires Interim Finance approval since the amount added to the County Indigent Program category exceeds $75,000. **Work Program #C43665**

This item was withdrawn.

50. Department of Health and Human Services - Public and Behavioral Health - Health - Low-Level Radioactive Waste Fund - FY 2018 - Addition of $209,805 in Burial Fee-Non Radioactive funds to maintain the closed low-level radioactive waste disposal site. Requires Interim Finance approval since amount added to the Perpetual Care fund category exceeds $75,000. **Work Program #C43843**

Refer to motion for approval under Agenda Item E.

51. Department of Health and Human Services - Public and Behavioral Health - Women, Infants, and Children Food Supplement - FY 2019 - Addition of $226,197 in federal Farmer's Market Nutrition Program grant funds to continue the summer program. Requires Interim Finance approval since amount added to the Farmers Market Nutrition Program category exceeds $75,000. **Work Program #C43546**

Refer to motion for approval under Agenda Item E.

52. Department of Health and Human Services - Public and Behavioral Health - Facility for the Mental Offender - FY 2019 - Transfer of $1,237,465 from the Personnel Services category to the Professional Services category to continue services with contracted doctors and nurses to meet the needs of clients. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $75,000. **Work Program #C43606**

Refer to motion for approval under Agenda Item E.

53. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2019 - Addition of $10,985,175 in federal Victims of Crime Act (VOCA) Victim Assistance grant funds to provide assistance and services to victims, add a Social Services Chief 3, a Grants and Projects Analyst 2 and a Management Analyst 2 to manage the large increase in the VOCA federal grant award and add two contracted positions to develop a new internal reporting system for the grant subrecipient data. Requires Interim Finance approval since the amount added to the U.S. Crime Victims VOCA category exceeds $75,000. **Work Program #C43669**

Ross Armstrong, Division Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS) introduced Mandi Davis, Deputy Division Administrator, DCFS, DHHS.

Mr. Armstrong said Work Program #C43669 requested authority to use the Victims of Crime Act (VOCA) Victim Assistance grant funds to enhance a grant staff contract for information technology (IT) positions to help develop an appropriate data collection system and authorize additional authority to receive increased VOCA funding.

In response to a question from Assemblywoman Benitez-Thompson, Mr. Armstrong replied that VOCA had two sources of grant funds: Victim Assistance and Victim Compensation. He said DCFS was responsible for the oversight of Victim Assistance funds, which had more flexibility than Victim Compensation funds. Victim Compensation funds were administered by the Department of Administration, and a victim had to be verified as such by a certified provider to qualify for funds.

Assemblywoman Benitez-Thompson asked Mr. Armstrong for clarification concerning how the requested positions would allow DCFS to address the deficiencies identified in the March 2018 Office of the Inspector General (OIG) audit.

Mr. Armstrong responded that the OIG audit included more than 20 recommendations to correct the division's methods for administering the grant. The recommendations were broken down into three major categories: process of awarding grant funds, fiscal and program oversight, and data collection. He said the additional staff that were being requested would help address fiscal and program oversight issues with the expansion of the grant. The new staff would also work with providers to ensure compliance with the grant requirements.

With regard to data collection, Mr. Armstrong said the division needed to utilize an IT contractor to ensure the division's data collection system met federal reporting requirements. Additionally, the data collection system would provide DCFS with pertinent information to make quality decisions concerning the funding of victim services.

Assemblywoman Benitez-Thompson asked if the Social Services Chief position would oversee the entire Grants Management Unit.

Mr. Armstrong confirmed that the Social Services Chief position would oversee the entire Grants Management Unit. He said the Grants Management Unit currently managed nine different grants. All of the positions in the unit were cost allocated; therefore, any duties related to the VOCA grant would be paid for by the grant as determined by staff time tracking.

Assemblywoman Benitez-Thompson recalled the findings of a state audit that revealed that some grant positions were funded more than 100 percent with grant dollars. She asked if the division had implemented stricter time tracking requirements. Mr. Armstrong responded in the affirmative.

Senator Kieckhefer said the grant management component was only a small portion of how the funds would be allocated; however, the Grants Management Unit was already overseeing approximately $30 million in grant funds that were distributed to about 185 recipients. He found it concerning that the OIG audit findings revealed that DCFS did not have processes and procedures in place to adequately monitor those grants; therefore he supported the division's request for additional staff.

Senator Kieckhefer said the majority of states received VOCA grant funds and probably had an established program that could be used by Nevada instead of hiring contract staff to create a custom program.

Mr. Armstrong responded that contract staff would not be used to reinvent the wheel, but a custom solution was required for Nevada. He said the division would utilize solutions established in other states when possible.

Mr. Armstrong said the VOCA administrator within the Grants Management Unit attended conferences with other VOCA administrators. He indicated that Nevada was entering an exciting new era for victims' services in the state due to the large infusion of VOCA Victim Assistance grant funds. Mr. Armstrong said the division was working with its state partners to ensure that all agencies that funded victim services in Nevada did so in a similar manner.

Senator Kieckhefer asked why Nevada needed a custom solution when federal grant requirements were the same for most states.

Mandi Davis, Deputy Division Administrator, DCFS, DHHS, replied that in reaching out to other states, it was determined that the VOCA program was managed by different divisions and departments in each state. In one state, the program may be maintained by the Office of the Attorney General, and in another state it may be maintained by the Department of Public Safety. She said DCFS wanted a solution that could be maintained by division staff, thereby eliminating the need for a vendor. The division did not anticipate the solution would be complex or high level. Instead, it would be a web-based program to collect data, with validated fields to ensure the data was entered properly. Additionally, the division would have the ability to generate reports to evaluate trends in services, distribution of funds and the number of victims served, which would assist DCFS in the decision-making process.

In answer to a question from Senator Kieckhefer, Ms. Davis replied that the number of staff in the Grants Management Unit would increase from five to eight if the work program was approved.

In response to a question from Assemblywoman Benitez-Thompson, Mr. Armstrong replied that all of the positions would be in the Grants Management Unit; however, their time would be split between all of the grants managed by the Grants Management Unit.

Assemblywoman Benitez-Thompson recognized that DCFS was implementing changes in response to the OIG audit as well as the state audit. In light of the October 2017 Route 91 Harvest Music Festival shooting in Las Vegas, she thought it would be beneficial to have more VOCA staff to ensure compliance with rules and regulations and the Victim Compensation program. She was unsure if the Committee approved an allocation for additional positions for the Victim Compensation program at a previous IFC meeting; however, she thought the agency's current request focused more on management staff instead of support staff that could concentrate primarily on victims' services.

Mr. Armstrong said the Management Analyst position would process requests for funds from grantees. The Management Analyst position would ensure the accounting was accurate and that money flowed through to service providers. He said the Grants and Project Analyst position would assist providers in exploring new and creative ways to reach more victims.

Mr. Armstrong recalled that the Department of Administration had requested additional staff for the Victim Compensation program, especially with the backlog of cases after the Route 91 Harvest Musical Festival shooting. He explained that the two agencies operated differently, even though they were funding many of the same people. The Victim Assistance program disbursed funds to grantees that were providing services to victims. On the other hand, the Victim Compensation program worked to certify victims as eligible for services, and also to certify vendors to receive funds. Mr. Armstrong said the difference in nature of how the two programs operated did not allow for much crossover; however, the agencies were working together more frequently, which was helpful to victims overall.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE AGENDA ITEM E-53

SENATOR RATTI SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

54. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - <u>FY 2018</u> - Transfer of $14,757 from the Temporary Contract Staffing category to the In-State Travel category and $62,119 from the Temporary Contract Staffing category to the Non-XIX Medical category to cover projected shortfalls due to unanticipated travel for staff shortages in rural district offices and medical expenditures for foster and adoptive children who do not qualify for coverage under the Medicaid program. Requires Interim Finance approval since the amount

transferred to the Non-XIX Medical category exceeds $75,000. **Work Program #C43634**

Refer to motion for approval under Agenda Item E.

55. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2018 - Deletion of $408,510 in General Fund appropriations to support adoption subsidies. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 56. Work Program #C43773**

Refer to motion for approval under Agenda Item E.

56. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2019 - Addition of $408,510 in General Fund appropriations to support adoption subsidies. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 55. Work Program #C43764**

Refer to motion for approval under Agenda Item E.

57. Department of Employment, Training and Rehabilitation - Employment Security - Workforce Development - FY 2019 - Transfer of $819,738 from the Reserve category to the Personnel Services category, transfer of $248,220 from the Reserve category to the Operating category, transfer of $125,000 from the Reserve category to the Client Services category, transfer of $19,005 from the Reserve category to the Information Service category, and transfer of $3,727 from the Reserve category to the Utilities category to support the implementation of the Paid Work Experience Initiative pilot program, position reclassifications, division marketing efforts, process improvement consultation, rural staffing, the Telephone Placement Unit, and the Business Service Office Job Bank. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $75,000. **Work Program #C43920**

Renee Olson, Administrator, Employment Security Division (ESD), Department of Employment, Training and Rehabilitation (DETR), introduced Kitty DeSocio, Chief Financial Officer, DETR, and Don Soderberg, Director, DETR.

Ms. Olson said Work Program #C43920 requested a total of $1,215,690 in Career Enhancement Program (CEP) funds from the Reserve category in Budget Account 4770 to fund a combination of personnel, operating and client service expenditures that would allow actions to augment and make needed improvements to services for job seekers, businesses and the workforce development system. Ms. Olson believed the request presented an opportunity for the division to implement service improvements needed in the near term. The division would add innovative projects to serve job seekers and improve operations. The funding would

be used to add capacity to serve more customers without having to expand the facility footprint. For example, Ms. Olson said, in 2017 the division assigned existing staff to library locations in Clark County; the increase in staff would allow the division to restore capacity at JobConnect offices.

Ms. Olson said the requested funds would help to improve customer service and provide timely and adequate one-on-one career services and support. She explained that Workforce Services Representative (WSR) in several offices split their time between assisting clients and working at the reception desk or in the resource centers during peak wait times. The funding would support new workforce initiatives by staffing the reception and resource center areas with Administrative Assistants, allowing WSRs to focus on meeting with job seekers.

Ms. Olson said the funding would provide improved services to businesses that requested staff-assisted screening services. She noted that whether businesses posted jobs themselves using the self-service feature, or through a WSR, the capacity to find the right match of employer to job seeker could be improved.

Ms. Olson explained that the work program would augment the vetting of new business customers registered through self-service in order to better protect job seekers from dishonest people trying to get personal information or money. The pilot Paid Work Experience program would allow the division to pay a job seeker's salary so that the businesses could test a prospective employee without the hiring risks. It would enhance prison outreach as well as augment career services provided to job seekers in rural areas. It would develop effective communication to the public about services offered by JobConnect and the Workforce Innovation and Opportunity Act (WIOA) One-Stop Career Center system.

In conclusion, Ms. Olson added that the division would explore and develop an ongoing program of process improvement and customer service improvement using the Lean Six Sigma concept.

Assemblywoman Carlton said she understood that CEP revenue was collected from employers based on wages. When the revenue collections reached a certain level, the excess money would be added to the Unemployment Compensation Fund (UCF) to use in the case of an economic downturn.

Ms. Olson explained that the CEP required employers to pay a tax of .05 percent, which was separate from the Unemployment Insurance Tax; however, the same agency was used to collect both taxes. She explained that when the statutory reserve level exceeded 90-days' worth of expenditures for the next fiscal year, the excess revenue would then transfer to the UCF. Ms. Olson explained, if the division collected more than it planned to spend to provide services and promote job programs, the money went into the UCF.

Assemblywoman Carlton asked for the balance of the UCF and whether that balance was at an appropriate level based on projections for 2019 and 2020.

Ms. Olson responded that the division was in a good position, because the balance of the UCF was $1.4 billion, which would cover 14-months' worth of benefits, based on data from previous recessions.

Assemblywoman Carlton noted Nevada's workforce was different than it was in 2009. She recalled the division went through a lot of money during the last recession. She noted recessions were cyclical and the state needed to maintain a healthy level in the UCF. Assemblywoman Carlton asked what the optimal level of funding should be for the UCF.

Ms. Olson said the division was in a position to pay the same level of benefits it paid during the 2009 recession for over a year, which exceeded federal guidance.

Assemblywoman Carlton said the workforce was much larger than it was in 2009, due in part to Governor Sandoval's focus on economic development. She asked, in case of an economic downturn, whether the UCF balance would be sufficient to pay benefits according to today's employment numbers.

Additionally, Assemblywoman Carlton expressed concern that the division requested to spend excess revenue funds. Assemblywoman Carlton said she would prefer that the excess funds be moved to the UCF, rather than to programs that may have an ongoing cost. She asked why the division was asking for these enhancements while budgets were being built for the 2019 Legislative Session.

Ms. Olson said there was an immediate need to provide additional services to clients. Clients in some of Las Vegas offices endured long wait times. The work program request contained intermittent positions that, if approved, would help reduce wait times, allow for an increase of job referrals, serve more people and employ more clients. Ms. Olson explained there was an increase in jobs, but a lack of trained job seekers. The department serves job seekers with barriers to employment. The job seekers utilized services from WSRs who considered their specific needs, evaluated barriers and created a reemployment plan to prepare the job seeker for reentry to the workforce. The work program requested funding for intermittent positions, but the division would request permanent positions during the 2019 Legislative Session.

Assemblywoman Carlton said she had a number of other questions, and she was still concerned that funds were not going back into the UCF.

Assemblywoman Spiegel said her understanding was that the average wait time in the Fallon office was 16½ minutes, and between 7 to 14 minutes in other rural offices. She asked how those wait times compared to other metro area wait times, and what the wait times should be.

Ms. Olson said the main reason for the extended wait times was the difficulty in covering staff members on sick leave and annual leave. She noted it was difficult to schedule intermittent coverage in the rural areas such as Fernley and Silver Springs.

Ms. Olson said wait times in the metro offices were much longer. She said the North Las Vegas office had an average wait time of 3 hours and 26 minutes. She explained that was the length of time customers were waiting in the office to meet with a WSR. The Maryland Parkway location had a wait time of 2 hours and 17 minutes; Henderson, 1 hour and 52 minutes; Reno, 1 hour and 22 minutes; Sparks, 46 minutes; and Carson City, 36 minutes. Ms. Olson said a wait time of 15 minutes was reasonable.

Assemblywoman Carlton moved on to the request for $125,000 for the Paid Work Experience program. She said $5,000 would be paid directly to employers to hire 25 job seekers. The job seeker would receive job training that would increase the likelihood of gaining the skills needed for the job and the employer would get a risk-free trial period before hiring the employee or paying the salary. Because of the low unemployment rate, the people that would be placed in these positions generally had a more difficult time finding a job.

Ms. Olson confirmed that the program would pay a salary up to a maximum of $4,800 or eight weeks, for up to 25 job seekers participating in the program. Ms. Olson said, by having the program pay the employee salaries, the employers would receive a risk-free trial with the job seeker, and could then offer the job seeker employment if the trial period worked out.

In response to a question from Assemblywoman Carlton about the success rate of the program, Ms. Olson said the division did not have a program similar to the Paid Work Experience program to compare. She noted, under the Silver State Works programs the employer hired the employee, paid the salary, and absorbed the hiring risk. The programs were incentive based, where the division provided the employer money after the employer hired the job seeker and paid the salary. If the employee did not work out, the employer had the risk of separating the employee from employment.

Ms. Olson said the division believed the proposed model could make businesses more willing to take on job seekers that had additional barriers to employment. She explained that the division did not know what kind of barriers a job seeker might have, as each job seeker was evaluated on a case-by-case basis. The Paid Work Experience program would benefit employers by allowing them to become acquainted with the job seeker before making a hiring decision or a financial commitment.

Assemblywoman Carlton noted the intermittent positions being requested were not permanent and would not be included in the base budget. She clarified that if the funds were not available in the future, then the intermittent positions would be eliminated.

Assemblywoman Carlton asked how the wait times at the One-Stop Career Center offices would be affected by the addition of the intermittent positions. She noted the unemployment rate was low. She asked if current job seekers had more intensive needs that required more help.

Ms. Olson said some job seekers were harder to place due to issues such as addiction, mental health, homelessness, poverty, lack of transportation, lack of childcare, or language barriers. Some job seekers were not successful using the self-service tools the division provided, and were required to visit the offices for assistance. She added that some job seekers only needed a small amount of assistance such as work cards, tools or uniforms.

Ms. Olson said each individual had a unique plan and the division worked with different partners to help address the varied challenges.

Assemblywoman Carlton asked for clarification of the Lean Six Sigma contract. She was unclear about the program itself and the gains the division expected to receive. She also asked if there would be metrics created to measure the success of the program.

Ms. Olson said Lean Six Sigma was a process improvement concept. The initial contract would allow the division to learn more about the concept. The division would use the initial training to build a sustainable program. She said the Lean Six Sigma concept was meant to be a continual improvement process where customer service models and processes were evaluated for efficiencies. The division would look at programs through the eyes of the customer to understand whether the services offered were effective.

Assemblywoman Carlton noted that the request was to spend funds for an initial contract. She asked if the division would be requesting ongoing funding for the contract to be built into the division's budget.

Ms. Olson said she was unsure if the Lean Six Sigma was a concept that would work in future years, because staff turnover made it difficult to ensure that knowledge of process improvement was passed on. Ms. Olson thought Lean Six Sigma could be of value to the division, but she needed to educate herself more before making that determination. She had attended meetings where other states shared their accomplishments gained through the process improvement program. She was impressed by the changes in the other states' organizations and would like to see if that could lead to improvements within the division. If it appeared the concept would

work well in the division, she would request continuation of the program in the agency's budget.

In response to a question from Assemblywoman Carlton about the request for funds for a marketing contract, Ms. Olson said the division would not spend more than $100,000 on marketing. The division researched reasonable costs for a marketing contract and prepared a Request for Information (RFI) for further research efforts.

Ms. Olson said the division thought it was important to reach out to businesses and job seekers about the services offered. The division could be considered somewhat of a "hidden gem" in that businesses could receive help searching for qualified individuals and screening employees. In addition, the division provided a fertile opportunity for job seekers. She said that businesses and job seekers might not be aware of the services offered at JobConnect and One-Stop Career Center offices.

In response to a question from Assemblywoman Carlton, Ms. Olson said the UCF balance was about $800 million at that time. The balance was depleted during the 2009 recession, which caused the division to borrow over $800 million. Ms. Olson confirmed that the balance had been insufficient to cover the Great Recession, which was an event that could not have been predicted.

Assemblywoman Carlton agreed and noted that Ms. Olsen previously stated the UCF's 2018 solvency level was 1.1, which was less than the solvency level in 2009, but above the minimum standard. Assemblywoman Carlton equated the UCF to Nevada's Rainy Day Fund. There needed to be enough UCF revenue available in the future to get Nevada through the "bumps in the road."

Assemblywoman Carlton responded that she was concerned about the funding requested for marketing. She would be more supportive of putting additional funds into the Paid Work Experience program.

Assemblywoman Carlton added that she had concerns about the benefits of the Lean Six Sigma contract to the division. She noted that other agencies studied their own efficiencies, so she was unsure that a contract with Lean Six Sigma was necessary. Assemblywoman Carlton said she understood the need for intermittent workers, and that the division needed to be sure there were enough telephone representatives to provide customer service.

In response to a question from Senator Kieckhefer, Ms. Olsen said the request for $125,000 was a cautious amount and would accommodate up to 25 job seekers in the pilot program. The division would be happy to add capacity if the Committee thought it was a better use of funds.

Senator Kieckhefer asked if the job seekers would be referred from DETR's Bureau of Vocational Rehabilitation. Ms. Olsen said the job seekers would come from a multitude of programs. The division would work with partners to identify job seekers that might be a good fit.

Senator Kieckhefer said he believed there were many people that still needed help gaining employment. If this program gave them that opportunity, he would support an expansion of the request.

Assemblywoman Bustamante Adams noted that the Paid Work Experience program was a pilot program. She added, for the record, in certain zip codes people ages 18 to 24 were an underserved population that still experienced double-digit unemployment. Assemblywoman Bustamante Adams said the feedback she received from youth was that they could not get a job, because they lacked work experience.

Assemblywoman Bustamante Adams said she knew how difficult it was to advertise the division's message from a unified standpoint, because there were several brands. She would love to see a state brand, but that may be a long-term goal. She understood how difficult it was to get the message out, because no funding was allocated for outreach.

Assemblywoman Bustamante Adams noted that the Department of Health and Human Services (DHHS) used the Lean Six Sigma program to increase efficiency and reduce wait times in several divisions. She added, DHHS Director Richard Whitley implemented a "train the trainer" program for DHHS staff to ensure continued improvement.

Senator Ratti said she felt it was urgent to reduce the wait times for job seekers prior to the 2019 Legislative Session. She asked if all items on the expenditure request were needed to reduce wait times.

Ms. Olson said the most important need was to hire Administrative Assistants, which would allow the WSRs to provide dedicated career services to walk-in clients. Ms. Olson said the Telephone Placement Unit and employer vetting positions were also a priority.

Ms. Olson explained that there was an increase in the number of businesses registering through the self-service system and requesting the division to screen job seekers. When a business asked the division to screen job seekers, the business did not provide its name on the job posting. The job seeker must go through the division to be pre-screened for qualifications.

Ms. Olson explained that vetting of employers was necessary to protect job seekers from scams. She said bogus job postings from people pretending to be legitimate businesses were posted using the self-service employer registration. The fraudulent

business could obtain a job seeker's personal information and ask a job seeker to pay money for a job. The division wanted to prevent clients from being cheated by dishonest people. Therefore, it was important for the division to ensure legitimate businesses were posting legitimate jobs.

Senator Ratti said she supported moving forward with items 1 through 7, but items 8 and 9 could be addressed during the 2019 Legislative Session.

Assemblywoman Carlton asked that the motion delineate the items to be approved for the record.

Senator Gansert recalled there was a discussion of moving the $100,000 requested for the marketing contract to the Paid Work Experience program.

Assemblywoman Carlton said the division did not seem comfortable including more that the initial 25 people in the pilot program. The division could make another request at the October or December IFC meeting to add another 25 people to the program.

SENATOR RATTI MOVED TO APPROVE THE FOLLOWING ITEMS REQUESTED AS PART OF E-57:

1. PAID WORK EXPERIENCE INITIATIVE CONTRACTS, $125,000
2. GENERAL OFFICE PERSONNEL, $446,506
3. RECLASSIFICATIONS, $20,659
4. CEP PROGRAM SUPPORT PERSONNEL, $87,171
5. FALLON OFFICE PERSONNEL, $51,585
6. TELEPHONE PLACEMENT UNIT (TPU) PERSONNEL, $170,861
7. JOB BANK PERSONNEL, $113,908

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

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

58. Department of Corrections - Director's Office - <u>FY 2018</u> - Deletion of $1,272,752 in State Criminal Alien Assistance Program (SCAAP) grant authority to align authority with projected award amounts. Requires Interim Finance approval since the amount deleted from the Personnel Services category exceeds $75,000. **Work Program #C43621**

Refer to motion for approval under Agenda Item E.

59. Department of Corrections - Director's Office - FY 2018 - Addition of $7,000 in Reimbursement of Expenses to align grant authority for reimbursement of overtime worked from the Organized Crime Drug Enforcement Task Forces Program. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds $75,000. **Work Program #C42987. WITHDRAWN 7-31-18.**

60. Department of Corrections - Director's Office - FY 2018 - Deletion of $2,253 in Budgetary Transfers, transfer of $4,363 from the Operating category, $3,886 from the Uniform Allowance category, and $3,689 from the Inmate Drug Testing category to fund a projected shortfall in the Inmate Transportation category for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Inmate Transportation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43686**

Refer to motion for approval under Agenda Item E.

61. Department of Corrections - Prison Medical Care - FY 2019 - Transfer of $727,737 from the Personnel Services category to the Professional Services category to fund contracted services for licensed healthcare professionals as projected through Fiscal Year 2019. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C43687**

Refer to motion for approval under Agenda Item E.

62. Department of Corrections - Ely State Prison - FY 2018 - Addition of $28,000 in Budgetary Transfers and the transfer of $54,742 from Inmate Drivens category to the Utilities category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Utilities category exceeds $75,000. **Work Program #C43684**

Refer to motion for approval under Agenda Item E.

63. Department of Corrections - High Desert State Prison - FY 2018 - Addition of $38,878 in Budgetary Transfers to fund projected shortfalls in the Inmate Drivens and Utilities categories for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Inmate Drivens category exceeds $75,000. **Work Program #C43700**

Refer to motion for approval under Agenda Item E.

64. Department of Corrections - Southern Desert Correctional Center - FY 2018 - Addition of $3,349 in Budgetary Transfers and transfer of $6,423 from the Uniform Allowance category to the Utilities category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the

cumulative amount transferred to the Utilities category exceeds $75,000. **Work Program #C43689**

Refer to motion for approval under Agenda Item E.

65. Department of Corrections - Lovelock Correctional Center - <u>FY 2018</u> - Deletion of $215,178 in Budgetary Transfers to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount deleted from the Personnel Services category exceeds $75,000. **Work Program #C43666**

Refer to motion for approval under Agenda Item E.

66. Department of Corrections - Warm Springs Correctional Center - <u>FY 2018</u> - Addition of $14,021 in Budgetary Transfers to fund a projected shortfall in the Utilities category for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Utilities category exceeds $75,000. **Work Program #C43696**

Refer to motion for approval under Agenda Item E.

67. Department of Corrections - Casa Grande Transitional Housing - <u>FY 2018</u> - Addition of ~~$107,337~~ ***$82,337*** in Budgetary Transfers to fund a projected shortfall in the Operating Category for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Operating category exceeds $75,000. **Work Program #C43678. REVISED 7-27-18.**

Refer to motion for approval under Agenda Item E.

68. Department of Corrections - Stewart Conservation Camp - <u>FY 2018</u> - Addition of $31,462 in Budgetary Transfers to fund projected expenditure shortfalls in the Salaries, Operating, Maintenance, Inmate Drivens and Utilities categories for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Inmate Drivens expenditure category exceeds $75,000. **Work Program #C43799**

Refer to motion for approval under Agenda Item E.

69. Department of Corrections - Pioche Conservation Camp - <u>FY 2018</u> - Addition of $7,709 in Budgetary Transfers and the transfer of $1,939 from the Equipment category to the Utilities category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds $75,000. **Work Program #C43683**

Refer to motion for approval under Agenda Item E.

70. **Department of Corrections - Three Lakes Valley Conservation Camp - FY 2018** - Deletion of $25,000 in Budgetary Transfers to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount deleted from the Personnel Services expenditure category exceeds $75,000. **Work Program #C43786. WITHDRAWN 7-27-18.**

71. **Department of Corrections - Inmate Welfare Account - FY 2019** - Transfer of $100,740 from the Retained Earnings category to the Satellite TV Costs category to fund ongoing satellite television services for inmates. Requires Interim Finance approval since the amount transferred to Satellite TV Costs category exceeds $75,000. **Work Program #C43455**

    Refer to motion for approval under Agenda Item E.

72. **Department of Motor Vehicles - System Modernization - FY 2018** - Transfer of $1,348,679 from the Required Implementation Costs category to the Transfer to Motor Vehicle Information Technology (MVIT) category to allow technology fee revenue to be used for implementing, upgrading and maintaining the department's platform of information technology in accordance with NRS 481.064. Requires Interim Finance approval since the amount transferred to the Transfer to MVIT category exceeds $75,000. **RELATES TO ITEM E.73. Work Program #C43855.**

    Refer to motion for approval under Agenda Item E.

73. **Department of Motor Vehicles - System Modernization - FY 2018** - Addition of $294,864 in technology fee revenue to fund implementing, upgrading and maintaining the department's platform of information technology in accordance with NRS 481.064. Requires Interim Finance approval since the amount added to the Transfer to Motor Vehicle Information Technology category exceeds $75,000. **RELATES TO ITEM E.72. Work Program #C43404.**

    Refer to motion for approval under Agenda Item E.

74. **Department of Motor Vehicles - System Modernization - FY 2018** - Deletion of $17,988,681 in Highway Fund Appropriations to continue the implementation of the System Technology Application Redesign, formerly known as System Modernization project. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 75. Work Program #C43655. WITHDRAWN 7-24-18.**

75. **Department of Motor Vehicles - System Modernization - FY 2019** - Addition of $17,988,681 in Highway Fund Appropriations to continue implementation of the System Technology Application Redesign, formerly known as the System Modernization project. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 32 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 74. Work Program #C42938. WITHDRAWN 7-24-18.**

76. Department of Motor Vehicles - Administrative Services Division - <u>FY 2018</u> - Deletion of ~~$630,440~~ ***$644,425*** in Highway Fund Appropriations to fund anticipated credit card expenditures. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 36 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 77. Work Program #C43728. REVISED 7-27-18.**

Refer to motion for approval under Agenda Item E.

77. Department of Motor Vehicles - Administrative Services Division - FY 2019 - Addition of ~~$630,440~~ ***$644,425*** in Highway Fund Appropriations to fund anticipated credit card expenditures. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 36 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 76. Work Program #C43729. REVISED 7-27-18.**

Refer to motion for approval under Agenda Item E.

78. Department of Public Safety - Director's Office - Forfeitures - Law Enforcement - FY 2019 - Transfer of $1,667,005 from the Reserve category to the Department of Public Safety (DPS) Tasers category to purchase replacement Tasers. Requires Interim Finance approval since the amount transferred to the DPS Tasers category exceeds $75,000. **Work Program #C43762**

Assemblywoman Titus said she was supportive of the use of Tasers by law enforcement. She asked if the new Tasers would be deployed department-wide. She recalled that the department received new Tasers approximately five years ago and asked if the new equipment also had a five-year guarantee.

Jim Wright, Director, Department of Public Safety (DPS), introduced Captain Todd Hartline, Nevada Highway Patrol (NHP), DPS, and Sheri Brueggemann, Administrative Services Officer, DPS.

Mr. Wright confirmed that the department deployed the current Taser, the X26P model, five years ago; however, the equipment had reached its service ability and warranty period. He also confirmed that the new Tasers would be deployed department-wide. The last time new Tasers were deployed, the department found it easier for transition training to deploy the equipment to all officers and troopers at the same time.

Assemblywoman Titus said technology became outdated very quickly. She asked if the new Tasers were compatible with the current body cameras. She stated that she was a proponent of body cameras, because it impacted the behavior of officers as well as the public.

Mr. Wright agreed that changes in technology happened quickly. He said DPS had been a leader in body camera deployment within the state. He noted that the Taser vendor was also the vendor for the Axon body cameras used by officers in Nevada.

He said when an officer used a Taser, the body camera was activated to capture the incident of video.

Mr. Wright said he appreciated the Committee's support for the new Tasers. Likewise, officers and troopers across the state appreciated the Committee's support in providing the tools they needed to perform their job.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE AGENDA ITEM E-78.

SENATOR RATTI SECONDED THE MOTION.

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

79. Department of Public Safety - Division of Emergency Management - <u>FY 2018</u> - Deletion of $31,512 in Emergency Management Performance Grant (EMPG) funds transferred from Emergency Management Grant Assistance and addition of $11,661 in federal Emergency Management Agency (FEMA) Northern Nevada February 2017 Disaster grant to align federal authority to continue public assistance for damages caused by the federally declared flooding disaster of February 2017. Requires Interim Finance approval since the cumulative amount deleted from FEMA Northern Nevada February Disaster category exceeds $75,000. **Work Program #C43533**

Refer to motion for approval under Agenda Item E.

80. Department of Public Safety - Division of Emergency Management - FY 2019 - Addition of $79,128 in Federal Emergency Management Agency (FEMA) grant funds and deletion of $18,000 in Department of Energy (DOE) Agreement in Principal (AIP) grant funds to support agency disaster management activities and align state and federal authority. Requires Interim Finance approval since the cumulative amount added to the FEMA 4303 Northern Nevada January Disaster category exceeds $75,000. **RELATES TO AGENDA ITEM K.2a**. **Work Program #C43503**

Refer to motion for approval under Agenda Item E.

81. Department of Public Safety - General Services - Central Repository for Nevada Records of Criminal History - FY 2019 - Transfer of $175,169 from the Reserve category to the Personnel Services category, $9,162 from the Reserve category to the Operating category, $9,344 from the Reserve category to the Equipment category, and $9,355 from the Reserve category to the Information Services category to cover the costs associated with adding four new positions for the division's Point of Contact Firearms Program. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $75,000. **Work Program #C43368**

Julie Butler, Division Administrator, Records, Communications and Compliance Division (RCCD), DPS, introduced Mindy McKay, Records Bureau Chief, RCCD, DPS, and Tammy Trio, Chief Fiscal Officer, RCCD, DPS.

Ms. Butler said Work Program #C43368 requested funding for four new positions in the division's Point of Contact (POC) program. Under the authority of the Brady Handgun Violence Prevention Act of 1993 (Brady Act), anyone with a federal firearms license must contact the division's POC background check system prior to the transfer or sale of a firearm to an unlicensed person to determine if that individual was prohibited under state or federal law from owning or possessing a firearm.

Ms. Butler said several factors prompted the division's request. First, the division experienced a steady increase in the number of background checks conducted by the POC program since the program's inception in 1994 when the program was established under the temporary provision of the Brady Act. In calendar year 2006, the POC program completed 62,863 background checks compared to 102,252 in CY 2017, an increase of 63 percent. She said the division did not anticipate a decrease in the annual total, nor had the division experienced a flat line, which was consistent with figures nationwide. Ms. Butler said the Federal Bureau of Investigation's (FBI) National Instant Criminal Background Check System (NICS) office was also experiencing unprecedented growth in the number of transactions at its call center. Thus, NICS was utilizing previous staff that had worked at NICS in any capacity to assist the call center. She said the POC program was experiencing a similar problem as NICS. She noted that spikes in firearm sales and background checks were also experienced when tragedies such as the shootings at Sandy Hook Elementary School and Pulse Nightclub occurred. Ms. Butler said the division had reached a point of saturation.

Ms. Butler said the second factor that prompted the division's request was the 2017 Initiative Petition Question 1, Expanded Background Checks. At the direction of the Office of the Attorney General, the division conducted background checks for individuals who wanted to transfer firearms on a voluntary basis, which contributed to the division's workload.

Ms. Butler said the last factor related to staffing levels within the division. She said staffing levels for the POC program had not increased in over six years. The increased workload had to be absorbed by existing staff and supervisors. The division received numerous complaints over the years from gun dealers, legislators, the Governor's Office and the DPS Director's Office about long hold times when contacting the POC program, and long wait times by customers attempting to purchase a firearm. Ms. Butler reiterated that the division had reached a point of saturation, which needed to be addressed sooner than the 2019 Legislative Session.

Assemblyman Brooks asked the agency to elaborate on the risks or potential ramifications that could result from the increasing backlog of background checks resulting in an "unresolved" status.

Ms. Butler replied that firearms dealers received one of three responses when requesting a background check. The responses included: proceed, meaning the buyer did not have any prohibiting criminal history; deny, meaning the buyer did have prohibiting criminal history; or delay, meaning critical information was missing that prevented the division from making a determination. Under federal law, if someone was put into delay status, the division has three business days to gather the necessary information to determine whether the sale should proceed or be denied. If a determination could not be made within three business days, the firearms dealer could release the gun without repercussions. She explained there were various reasons that prevented the division from making a determination within the allotted time, such as the requirement of a deposition from an out-of-state court. Ms. Butler said POC staff had an additional 90 days to work on those cases; however, due to the volume of requests, staff was unable to devote the time and attention necessary to do the research.

Ms. Butler said, if a firearm was released to an unresolved individual, there was a risk that the firearm could be released to a prohibited person. For example, a firearm used in a South Carolina shooting a couple of years ago was released to an unresolved individual. On a local level, within the last month, the Reno field office of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) contacted the division about an unresolved situation. The ATF had questions concerning a gun that was used in an armed robbery in Reno. Ms. Butler said the ATF was able to trace the serial number and determine where the gun was purchased. After contacting the division, it was determined by the ATF that the division made the appropriate decision even though the gun was released to an unresolved individual. Ms. Butler said those were two examples of the potential ramifications of releasing a firearm to an individual in unresolved status.

Assemblywoman Titus noted that she was a Concealed Carry Weapon (CCW) permit holder. In that regard, she asked if the division experienced a decrease in applications after the law was passed that allowed CCW permit holders to purchase a firearm without prior approval. Ms. Butler replied that as a result of the passage of that law, the division's workload increased due to a greater number of CCW permit requests.

Assemblyman Sprinkle said it appeared that overtime hours had increased substantially despite the number of background checks remaining fairly consistent. He asked what factors were driving the increased overtime.

Ms. Butler replied that a few factors impacted the amount of overtime accrued by the agency. She explained that the POC program was open seven days per week including most holidays with the exception of New Year's Day, Independence Day, Thanksgiving Day and Christmas Day. Over the past few years, there was a noticeable shift in the workforce, and fewer people were willing to do shift work. As a result, the division was struggling with recruitment, which meant the responsibility fell on other staff. Senior staff did not want to work overtime, because they felt they

had paid their dues, and new staff, despite expressing a willingness to work overtime during the interview, were also refusing to work overtime. Consequently, supervisors were working overtime to ensure the POC program was adequately staffed; however, they were paid a higher wage than line staff. Ms. Butler thought the steady increase in overtime costs over the past few years was due to the need for supervisors to work overtime. She said supervisors were stepping in to work overtime to ensure that requests were completed within three business days. Additionally, supervisors were also assisting the Administrative Assistants who were responsible for researching transactions due to the increased workload. Ms. Butler said the difficulty of filling positions that required shift work and the unwillingness of staff to work overtime contributed to the increased overtime within the division.

Assemblyman Sprinkle said vacancies were part of the problem, but the unwillingness of line-level staff to work overtime was more of a problem. He indicated that the main factor for the increased overtime costs was the necessity for supervisors to work overtime. He asked if the need for overtime related to the potential ramifications of not completing a background check within three business days. Ms. Butler confirmed that the division had three business days to make a determination about whether an individual was approved to purchase a firearm. She added that federal regulation stated that a firearms dealer could make the final decision if the division did not provide a response within three business days. She said some dealers were willing to release a weapon on an unresolved status and others were not; however, there were no legal ramifications for the dealer if they decided to release the gun.

Assemblywoman Carlton remarked that the Nevada Criminal Justice Information System modernization project was still in progress. She asked if the agency anticipated that improved processes resulting from the upgrade would limit the need for overtime and additional staff. She asked how the modernization project would help the POC program.

Ms. Butler replied that the division was in the midst of a massive modernization program that would be presented to the 2019 Legislature in much more detail. Part of that modernization program would include the replacement of the current POC system. It would also include the addition of content management software, because the majority of processes within the unit were manual. She said the division was hopeful the content management software and the new application would help streamline processes and potentially reduce task times. With regard to the timeframe, she said the agency had just received a draft of the needs assessment from the consultant, and the replacement application for the POC system would probably be available in FY 2022 or 2023.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM E-81.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis was not present for the motion.)

82. Department of Public Safety - Fire Marshal - FY 2019 - Addition of $23,151 in Transfer from State Emergency Response Commission and $23,151 in Transfer from Environmental Protection to fund the purchase of a replacement vehicle that is used to support the agency's hazardous material training program. 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 #C44004**

Refer to motion for approval under Agenda Item E.

83. Department of Conservation and Natural Resources - Office of Historic Preservation - FY 2019 - Deletion of $85,000 in Historic Preservation subgrants and addition of $85,000 in U.S. Historic Preservation Fund grants, and transfer of $25,422 from the Operating category to the Historic Preservation Fund grant category, $5,840 from the National Register and Certified Local Government category to the Historic Preservation Fund grant category, and $4,028 from the Review and Compliance category to the Historic Preservation Fund grant category to establish more efficient program visibility and utilization. Requires Interim Finance approval since the amount transferred to the Historic Preservation Fund grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43980**

Refer to motion for approval under Agenda Item E.

84. Department of Conservation and Natural Resources - Water Resources - FY 2019 - Transfer of $44,000 from the Operating category to the Court Reporter category to cover court reporter costs that are identified as the responsibility of the protestant. Requires Interim Finance approval since the amount added to the Court Reporter category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43849**

Refer to motion for approval under Agenda Item E.

85. Department of Conservation and Natural Resources - Forestry - <u>FY 2018</u> - Transfer of $51,103 from the Personnel category to the Communications category to fund an increase of the Statewide Microwave System Replacement Project. Requires Interim Finance approval since the amount added to the Communications

category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43727**

Refer to motion for approval under Agenda Item E.

86. Department of Conservation and Natural Resources - Forestry Division - Forest Fire Suppression - FY 2018 - Transfer of $4,742 from the Non-Fire Expense category, $250,000 from the Transfer to Forestry (4195) for Vehicle Repairs category, and $363,893 from the Prior Year Claims category; and addition of $31,399 to the Personnel category and $587,236 to the Fire Suppression Costs category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Fire Suppression Costs category exceeds $75,000. **Work Program #C44074**

Dave Prather, Deputy Administrator, Division of Forestry (NDF), Department of Conservation and Natural Resources (DCNR), introduced John Christopherson, Deputy State Forester, NDF, DCNR. Mr. Prather said Work Program #C44074 was a request to transfer authority to fund fire suppression costs for FY 2018.

Assemblyman Sprinkle recalled that the Committee authorized funds in June 2018 to pay existing bills for federal cooperator agencies, and now the agency was requesting authorization to reprioritize and redistribute those funds. He asked why the division needed to reprioritize bills, and how the division reached the conclusion that the funds needed to be redistributed.

Mr. Prather replied that the division maintained the same prioritization for bills, which included private vendors, local cooperators and state agencies. For the division, it was a matter of which bills were presented and managing the unexpected.

In answer to a question from Assemblyman Sprinkle, Mr. Prather replied that it was difficult to control when bills would be received for the fire season. He said Wildland Fire Protection Program (WFPP) members were busy managing fires, and the division could not proceed until bills were submitted. The NDF could determine which cooperators were tending to a particular fire through the Resource Ordering and Status System and Incident Qualification System; however, without specific details, the division could not submit payment.

Assemblyman Sprinkle said the Department of Corrections (NDOC) billed NDF for $473,614 in FY 2018. He said NDOC was supposed to submit bills to the division within 45 days of the completion of an incident. He asked why the fire billing claims were submitted to NDF well beyond the agreed upon timeframe.

Scott Ewart, Administrative Services Officer, NDOC, said NDOC had a long historical partnership with NDF, which had been very successful over the years. He stated that NDOC recognized there were shortcomings in the billing reimbursement process. He said the timing of fires was random, and 2018 was an historical year

for wildfires. In many cases, NDOC provided assistance to NDF by supplying two to four inmate crews, which required coverage by two to four correctional officers. In FY 2018, NDOC provided coverage for 88 NDF incidents.

Mr. Ewart explained that a correctional officer was not required if the inmate crew was scheduled to return to the conservation camp within the same day. However, in the case where NDF required two or three inmate crews for three days to three weeks at a time, NDOC correctional officers must be with the inmate crew the entire time. He said inmate crews did not return to the conservation camp until the NDF crew boss was satisfied that the fire was suppressed and that no other outbursts would occur. Mr. Ewart said that in many cases, inmate crews and correctional officers returned to the conservation camp after three to four weeks. Subsequently, correctional officers needed time to complete their retroactive time sheets, obtain the appropriate fire time paperwork from NDF, and submit everything to NDOC fiscal staff to perform an exhaustive audit. Sometimes inmate crews were only back a day or two before NDF required assistance with another fire. Mr. Ewart said the department tried to get everything completed and submitted to NDF within 45 days; however, that was not always feasible due to the large number of fires that required the assistance of inmate crews. He acknowledged there were lag times, and NDOC was working with NDF to improve the process. He said, lately NDOC was trying to provide NDF with an indication of upcoming expenditures. However, the information was limited, because it relied on the correctional officer completing their timesheet, which was used as the primary tool to provide information to NDF. Mr. Ewart said the department was also working with the Governor's Finance Office to develop a more efficient process, because the current process was labor intensive and required a lot of paperwork on the part of both agencies.

Assemblyman Sprinkle said he appreciated the work of inmate fire crews. He said they were instrumental in the way wildfires were fought in Nevada. Cooperation between NDOC and NDF was important, and over the years, he had witnessed the cooperation between the two agencies first hand.

Assemblyman Sprinkle said over the last several IFC meetings, NDOC requested funds for overtime; yet the department could not manage to complete fire billings within the required timeframe. Specifically, NDOC was ten months delinquent in submitting bills to NDF. Assemblyman Sprinkle thought it was unfair to put NDF in a position where the agency needed to reauthorize funds. He remarked that even the Governor's Finance Office was asking the department to review its billing processes. He thought the reason for the delay was laying in NDOC's lap.

Mr. Ewart replied that due to the number of fires in FY 2018 and FY 2019, NDOC custody staff at the conservation camps was limited in terms of returning to the camp and completing and submitting the paperwork in a timely manner without being interrupted again to provide coverage for an inmate crew that was dispatched to another fire. He said that was especially the case with out-of-state fires, where three or four inmate crews from several different conservation camps and four to

six correctional officers could be gone four to six weeks. The correctional officers could not complete and submit their paperwork to NDOC fiscal staff until they returned from the fire. Mr. Ewart said he was unsure what the answer was, but NDOC was working to develop a more streamlined process. He said there was a lot of work involved in determining ways to reduce paperwork as well as some of the bureaucracy.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM E-86.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis and Senator Gansert were not present for the vote.)

87. **Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2019** - Transfer of $961,102 from the Transfer to State Agencies category to the Solid Waste category to cover transfers to non-state agencies for solid waste program activities. Requires Interim Finance approval since the amount added to the Solid Waste category exceeds $75,000. **Work Program #C43639**

Refer to motion for approval under Agenda Item E.

88. **Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2018** - Transfer of $40,400 from the Department of Energy grant category to the Transfer to Environmental Protection Administration category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Environmental Protection Administration category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C42855**

Refer to motion for approval under Agenda Item E.

89. **Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2018** - Transfer of $39,309 from the Department of Energy (DOE) grant category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the DOE grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C43914**

Refer to motion for approval under Agenda Item E.

90. Department of Wildlife - Fisheries Management - FY 2019 - Addition of $49,005 in federal U.S. Fish and Wildlife Service grant funds and $16,335 in Transfer from Wildlife Fund Aquatic Invasive Species fees to support watercraft inspections, decontamination and public education efforts. 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 #C43767**

Refer to motion for approval under Agenda Item E.

91. Department of Wildlife - Fisheries Management - FY 2019 - Addition of $300,000 in federal U.S. Bureau of Land Management grant funds to support conservation efforts of aquatic species which are currently protected or listed on the Endangered Species Act list. Requires Interim Finance approval since the amount added to the Fisheries Small Grants category exceeds $75,000. **Work Program #C43806**

Refer to motion for approval under Agenda Item E.

92. Office of the Military - Emergency Operations Center - FY 2018 - Transfer of $1,003 from the Reserve category to the Emergency Management Building category to cover utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Emergency Management Building category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C44059**

Refer to motion for approval under Agenda Item E.

93. Office of the Military - State Active Duty - FY 2018 - Addition of $500,000 in Transfer from Division of Emergency Management and $100,000 in Transfer from Forestry to establish authority for the Office of the Military's State Active Duty budget account. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C44018. WITHDRAWN 8-6-18.**

94. Office of the Military - State Active Duty - FY 2019 - Addition of $470,000 in Transfer from Division of Emergency Management and $100,000 in Transfer from Forestry Division to establish authority for the Office of the Military's State Active Duty budget account. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C44020. WITHDRAWN 8-6-18.**

95. Department of Administration - State Public Works Division - Buildings and Grounds - FY 2018 - Transfer of $57,963 from the Utilities category to the Maintenance of Buildings and Grounds category to fund unanticipated building maintenance costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Maintenance of Buildings and Grounds category exceeds $75,000. **Work Program #C44173. RECEIVED AFTER SUBMITTAL DEADLINE, 7-20-18.**

Jenni Cartwright, Administrator, ASD, Department of Administration, said the State Public Works Division (SPWD) was requesting to revise Category 12 from $57,963 to $71,571, and Category 59 from a deficit of $57,963 to a deficit of $71,571. She said the adjustment to Work Program #C44173 was due to the receipt of additional invoices pertaining to the maintenance of buildings and grounds after the work program was prepared in early July 2018.

Refer to motion for approval under Agenda Item E.

96. Department of Corrections - Northern Nevada Correctional Center - FY 2018 - Deletion of $12,600 in General Fund appropriations to complete deferred maintenance projects in FY 2019. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 97. Work Program #C44491. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

97. Department of Corrections - Northern Nevada Correctional Center - FY 2019 Addition of $12,600 in General Fund appropriations to fund deferred maintenance projects. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 96. Work Program #C44391. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

98. Department of Corrections - Pioche Conservation Camp - FY 2018 - Deletion of $18,475 in General Fund appropriations to complete deferred maintenance projects in FY 2019. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 99. Work Program #C44480. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

99. Department of Corrections - Pioche Conservation Camp - FY 2019 - Addition of $18,475 General Fund appropriations to fund deferred maintenance projects. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 98. Work Program #C44392. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

100. Department of Corrections - Ely State Prison - FY 2018 - Deletion of $4,262 in General Fund appropriations to complete deferred maintenance projects in FY 2019. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 101. Work Program #C44482. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

101. Department of Corrections - Ely State Prison - FY 2019 - Addition of $4,262 in General Fund appropriations to fund deferred maintenance projects. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 100. Work Program #C44404. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

102. Department of Corrections - Humboldt Conservation Camp – FY 2018 - Deletion of $54,708 in General Fund appropriations to complete deferred maintenance projects in FY 2019. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 103. Work Program #C44481. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

103. Department of Corrections - Humboldt Conservation Camp - FY 2019 - Addition of $54,708 in General Fund appropriations to fund deferred maintenance projects. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 102. Work Program #C44079. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

104. Department of Corrections - Carlin Conservation Camp - FY 2018 - Deletion of $4,462 in General Fund appropriations to complete deferred maintenance projects in FY 2019. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 105. Work Program #C44492. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

105. Department of Corrections - Carlin Conservation Camp - FY 2019 Addition of $4,462 in General Fund appropriations to fund deferred maintenance projects. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 43 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM E. 104. Work Program #C44080. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18.**

Refer to motion for approval under Agenda Item E.

106. Department of Conservations and Natural Resources - State Parks - <u>FY 2018</u> - Deletion of $3,097,685 in General Fund appropriation to continue funding for expenses related to construction and maintenance projects. Requires Interim Finance approval pursuant to Section 45 of Assembly Bill 518 (2017 Legislative Session). **RELATES TO AGENDA ITEM E. 107. Work Program #C44483. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18. RELATES TO AGENDA ITEM E. 107.**

Refer to motion for approval under Agenda Item E.

107. Department of Conservation and Natural Resources - State Parks - FY 2019 Addition of ~~$3,070,140~~ $3,097,685 in ~~Balance Forward from Previous Year~~ ***General Fund appropriations*** ~~fund~~ to ***continue funding for*** expenses related to Construction and Maintenance Projects. Requires Interim Finance approval ~~since the amount added to the Construction and Maintenance Projects category exceeds $75,000~~ ***pursuant to Assembly Bill 518, Section 45 of the 2017 Legislative Session***. **RELATES TO AGENDA ITEM E. 106. Work Program #C44469. RECEIVED AFTER SUBMITTAL DEADLINE, 8-9-18. REVISED 8-9-18.**

Assemblywoman Titus said the Walker River State Recreation Area was approved during the 2017 Legislative Session, and recently a severe flash flood event caused considerable damage to a number of bridges in that area. She recalled that one bridge was unstable prior to the flood as indicated in testimony provided during the 2017 Legislative Session. Assemblywoman Titus asked for an update on the status of the Walker River State Recreation Area, and if funds would need to be diverted to ensure there was access to the park and that the bridges were stable.

Eric Johnson, Administrator, State Parks Division, DCNR, introduced Jennifer Idema, Administrative Services Officer, State Parks Division, DCNR. He said the division received funding and approval to install three restrooms and develop campsites at the Elbow Campground area near the East Walker River. The project was complete, and the restrooms and campsites were operational. Additionally, the division received approval for the installation of a restroom in the Fletcher area, which was also complete and operational.

Mr. Johnson said two campgrounds were approved by the Legislature, the first of which was a primitive campground. He said construction was underway, and the project was nearly complete. The campground was expected to open in approximately five weeks. Mr. Johnson said the other campground, a full-hookup campsite, had gone out to bid and was awarded. The project was expected to begin within two months with an estimated completion date of spring 2019.

Continuing, Mr. Johnson said a contract for Wi-Fi was awarded through the RFP process, and installation was scheduled to begin on September 27, 2018. Additionally, the pull-through campsites were almost finished. He noted that the

pull-through campsites at Washoe Lake would be completed in conjunction with the power installation.

Mr. Johnson said, overall, the work at the Walker River State Recreation Area was moving along at a good pace. He was pleased with the progress, and the division did not anticipate the need for additional funds.

With regard to flooding and bridge concerns, Mr. Johnson said the campsites, facilities and features were all designed with the flood zone map in mind. However, the location of one of the restrooms was changed, because there was an indication of flooding at the original location, even though it was outside the flood zone. Although water levels were high in 2017, the park did not experience any flooding issues. He said there was extremely high water flow over the Bridgeport Reservoir, but nothing was damaged. The last event was not associated with the Bridgeport Reservoir; it was a monsoonal event parked over the Louis Unit. The Louis Unit, which was still undeveloped, was hit hard by the storm. Consequently, water began to pond in areas that were typically dry, but there was no damage to park facilities or residences.

Mr. Johnson said the bridge in question at the Morgan Unit was damaged; however, a Nevada Department of Transportation bridge located 200 yards upstream did not sustain any damage. He noted that the Flying M Ranch managers were still able to access their residence. Mr. Johnson clarified that the bridge discussed during the 2017 Legislative Session was the Minister Road Bridge, which did not sustain damage during the most recent flooding event.

Assemblywoman Titus thanked the division for the progress being made at the Walker River State Recreation Area. She encouraged everyone to visit the new state park.

> ASSEMBLYWOMAN TITUS MOVED TO APPROVE AGENDA ITEM E-107.
>
> SENATOR RATTI SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Senator Denis, Senator Gansert and Senator Kieckhefer were 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 AND SALARY
Office of the Attorney General - Violence Against Women Grant	030/1040	0316	Grants and Projects Analyst 1 Code: 7.757 Grade 33/01 Employee/Employer Paid Retirement $45,810.72	Administrative Assistant 3 Code: 2.211 Grade 27/01 Employee/Employer Paid Retirement $35,725.68
Department of Public Safety – Director's Office	650/4706	0526	Mail Service Clerk 1 Code: 2.127 Grade: 21/01 Employee/Employer Paid Retirement $28,292.40	Admin Services Officer 2 Code: 7.217 Grade: 39/01 Employee/Employer Paid Retirement $59,236.56

F. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION

1. Request to modify the scope of CIP Project 15-M03, Replace Air Handling Units, Lovelock Correctional Center Phase II Housing Units, to establish an advance planning project to investigate and evaluate deficiencies in the hot and cold water HVAC piping system pursuant to NRS 341.142. **REVISED 8-1-18.**

   Ward Patrick, Administrator, State Public Works Division (SPWD), Department of Administration, said some of the projects included in Agenda Item F were being brought before the Committee to mitigate risk and expense, and others for purposes of completion of projects.

   Mr. Patrick said CIP Project 15-M03, Replace Air Handling Units, Lovelock Correctional Center (LCC) Phase II Housing Units, was complete. The division was requesting to modify the scope of the project to establish an advance planning project to investigate and evaluate deficiencies and perform design work on the hot and cold water loops. In 2012, leaking occurred that could have resulted in a replacement project in the 2013 CIP; instead, it was proposed to conduct a system evaluation and interim repairs, because it was believed that additional work would not be required in the near future. However, additional repairs were made in 2017, which was likely due to localized problems that had evolved into systemic problems. Mr. Patrick said the division's goal was to enter into an analysis and design process to expedite a complete replacement project for the hot and cold water systems at LCC.

   Assemblywoman Carlton asked why an advance planning project was not recommended during the 2015 or 2017 Legislative Sessions to address the hot water piping issue, given the assessment work that was completed under CIP Project 13-M13. She also asked why the division was requesting approval

of the advance planning project today rather than during the 2019 Legislative Session.

Mr. Patrick replied that the assessments that were done in the past led the division to believe the problems were localized; therefore, it was thought that the interim repairs had addressed the problem.

Mr. Patrick said approval of the advance planning project now would enable the division to expedite the project. He said the issue was a serious matter for NDOC, because if the leaking continued and became catastrophic during winter months, extensive emergency heating would be required at the facility or inmates would need to be relocated.

In answer to a question from Assemblywoman Carlton, Mr. Patrick replied that a consultant who was very familiar with the systems at the facility visited the site during a recent leak. A reliable contractor from the Reno area was also involved with the issue. Thus, the division was certain the entire system must be replaced, because the problem was systemic as opposed to localized.

> ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-1.
>
> SENATOR SPEARMAN SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY. (Senator Denis and Senator Gansert were not present for the vote.)

2. Request to modify the scope of CIP Project 17-C06, Construction of New Engineering Building, University of Nevada, Reno, to increase the authority to receive and expend an additional $4,172,925 in funds from the University of Nevada, Reno to fund a build-out of four classrooms, add a secondary cooling system, construct a parking lot, install acoustical ductwork and install an overhead coiling door pursuant to NRS 341.145(1)(f).

   Mr. Patrick said Agenda Item F-2 was a request to modify the scope of CIP Project 17-C06, Construction of New Engineering Building, University of Nevada, Reno (UNR), to increase authority to receive and expend an additional $4,172,925. He said projects were being completed through the use of design/build procurement methods as well as construction management at-risk procurement methods. As a result, SPWD was in close contact with the construction community. On a daily basis, division staff interacted with many architects and engineers who understood current and projected pricing in the Nevada construction market. The division was also involved with construction cost estimators as well as builders in the Nevada market. He stated that current and proposed projects benefited from the information obtained through the division's involvement with the construction community.

Senator Ratti asked if the agency anticipated any additional cost increases beyond what was requested today, as a result of inflationary or other factors. Mr. Patrick stated that CIP Project 17-C06 was issued a Notice to Proceed and the contractor was onsite preparing for demolition efforts. He said inflationary impacts were locked in as of the bidding of the construction manager at-risk project; therefore, the division did not foresee inflationary impacts.

Senator Ratti asked if the revised project authority included furniture, fixtures and equipment (FF&E). Mr. Patrick replied that the project authority included all of those items. The original project budget included approximately $6 million for FF&E; however, due to the nature of the project, it was determined it would be necessary to integrate some of the equipment into construction; therefore, funding was transferred from the FF&E to the Construction line item.

Assemblywoman Diaz recalled that the project scope for the new DMV field office in Reno was revisited at the June 2018 IFC meeting. Because an inflation increase of $8.7 million was anticipated, the square footage of the building had to be reduced to ensure that enough funding was available for the project; however, the square footage for CIP Project 17-C06 was being increased by approximately 7,500 square feet, which only raised the cost by about $4 million. Assemblywoman Diaz said the DMV field office and the new UNR Engineering Building were located in the same general vicinity. She asked why the square footage of the DMV building had to be reduced, but the square footage of the UNR Engineering Building could be increased with very little impact on the cost. She also asked how the cost of the building would be funded if the increase in square footage increased the project cost more than anticipated.

Mr. Patrick said it was likely that inflation was underestimated on the DMV project. He noted that it was identified early on that funding would be short for the new DMV field office. Shortly after the 2017 Legislative Session, it was determined that the funding would not be sufficient to complete the project based on the original square footage. Mr. Patrick said the SPWD initiated a consensus building process with the DMV to ensure the agency's long-term needs would be accommodated, and the square footage was reduced as a cost savings measure. He explained that the cost was underestimated to a greater level on that project compared to the UNR Engineering Building. He reiterated that the needs of the DMV were still being met in spite of the reduced square footage of the building.

Vic Redding, Vice President of Administration and Finance, UNR, said when the bids came in, the UNR President reviewed the options, one of which was to reduce the project scope. However, with the continued generous support of the UNR Foundation, which contributed $2.4 million of the overage, there was enough funding that UNR only had to contribute an additional $1.77 million from the Internal Construction fund. He said the overage was fully funded, and those

funds, as well as the remaining part of the campus cash match, were transferred to the state on July 2, 2018.

In answer to a question from Assemblywoman Diaz, Mr. Redding replied that the state and UNR were insulated from further increases per the contract; therefore, the contractor would deliver the building for the agreed upon price.

Mr. Patrick explained that the contract was a construction management at-risk contract, and the original bid was denoted as a guaranteed maximum price.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM F-2.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis and Senator Gansert were not present for the vote.)

3. Request to modify the scope of CIP Project 17-M02, Upgrade of Building Door Controls-Phase II, High Desert State Prison, to replace the door control systems in housing units 1, 2, and 3 pursuant to NRS 341.145(1)(f).

   Refer to motion for approval under Agenda Item F-5.

4. Request to increase the authority to receive and expend an additional $123,402 for CIP Project 17-M41, Chiller Replacement – Building 7 at Southern Nevada Child and Adolescent Services Campus to address project shortfalls, and to transfer $123,402 from CIP Project 17-M21, Security System Installation, Desert Regional Center, pursuant to Section 34 of Senate Bill 546 of the 2017 Session, to fund the shortfall for CIP Project 17-M41.

   Refer to motion for approval under Agenda Item F-5.

5. Request to modify the scope of CIP Project 17-M47, HVAC Replacement, Buildings 11, 13 and 14 at Southern Nevada Child and Adolescent Services Campus, to increase the authority to receive and expend an additional $203,393 to include the replacement of 5 HVAC units that were overlooked when the cost estimate was completed, pursuant to NRS 341.145(1)(f), and to transfer $203,393 from CIP Project 17-M21, Security System Installation, Desert Regional Center, pursuant to Section 34 of Senate Bill 546 of the 2017 Session, to fund scope increase for CIP Project 17-M47.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS F-3 THROUGH F-5.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis and Senator Gansert were not present for the vote.)

6. Request to modify the scope of CIP Project 17-S04, Statewide Advance Planning Program, to increase the authority to receive and expend an additional $600,000 to establish an advance planning project to investigate and evaluate deficiencies in the Grant Sawyer Building's electrical, mechanical, HVAC and structural systems, pursuant to NRS 341.142 and NRS 341.145(1)(f), and to transfer $400,000 from CIP Project 17-C14, Kinkead Building Demolition, and to transfer $200,000 from CIP Project 17-M09, Central Plant Renovation, Sawyer Building, pursuant to Section 34 of Senate Bill 546 of the 2017 Session, to fund the scope increase for CIP Project 17-S04.

   Mr. Patrick said Agenda Item F-6 was a request to modify the scope of CIP Project 17-S04, Statewide Advance Planning Program. The request was to increase the authority to receive and expend an additional $600,000 to establish an advance planning project to investigate and evaluate the engineering systems in the Grant Sawyer Building. Additionally, an alternative analysis would be conducted to determine whether the building should be repaired, remodeled or replaced. The project was proposed to be funded with $400,000 of available funding from the Kinkead Building Demolition project, and $200,000 from the Grant Sawyer Building Central Plant Renovation project.

   Mr. Patrick said the project was essential in mitigating the length of time occupants were in a building that was operating with systems beyond their useful life. The project required three legislative approvals, the first of which would be the investigation and options analysis. Once the options analysis determined whether the Grant Sawyer Building should be repaired, remodeled or replaced, the division would seek approval for the design work. He said NRS required planning prior to construction on projects over $10 million, and the cost of the project would most likely exceed that amount; therefore, a third approval by the Legislature would be necessary to mitigate the conditions in the Grant Sawyer Building. If the Committee approved the division's request for the investigation and options analysis, approval for the design work would be sought in July 2019, and approval of remediation or construction would occur in July 2021, with an estimated project completion date of January 2023. Mr. Patrick noted that Buildings and Grounds would still be required to repair leaks and failing equipment during that time period.

Assemblywoman Carlton said there had been previous discussions about issues and maintenance projects occurring in the Grant Sawyer Building. She asked why the division required outside consultants to address some of those issues. She noted that CIP projects typically moved slowly, and asked why the work could not be delayed for consideration until the 2019 Legislative Session. Assemblywoman Carlton said delaying the request may provide a better indication of the next steps to take concerning the Grant Sawyer Building.

Mr. Patrick said the investigation and options analysis was a significant project. It involved approximately 4,000 hours of engineering and architecture time. He said SPWD staff were focused on managing the projects in the 2015 and 2017 CIPs, so the 4,000 hours necessary for the investigation and options analysis would require the division to delay other projects.

Assemblywoman Carlton asked if it would be better for the investigation and options analysis to be included in the 2019 CIP since it involved a significant number of man hours. She reiterated that there would be a better prognosis for the Grant Sawyer Building at that time.

Mr. Patrick replied that the investigation and options analysis was an urgent project. He said engineering systems in the building were failing and drain lines were leaking into offices. Additionally, leaking pressure lines were being repaired. In comparing the Grant Sawyer project and the LCC project, Mr. Patrick stated that the division was trying to determine if the issue was a localized or systemic problem. He said the systems investigation along with input from engineers and contractors would help make that determination. Mr. Patrick said consultants would submit proposals to expedite the work so the division could provide the 2019 Legislature with the information necessary to mitigate the time that the problems in the Grant Sawyer Building remained unaddressed.

In answer to a question from Assemblywoman Carlton, Mr. Patrick replied that the engineering analysis would begin before the options analysis. He said the engineering analysis and options analysis would be staggered; however, the engineering analysis would not have to be finalized in order to incorporate the findings into the options analysis.

Assemblywoman Carlton asked for the estimated project cost. Mr. Patrick replied that SPWD reviewed the possible cost of repairs, assuming that many of the systems had systemic problems. The division estimated that the repair order magnitude costs, including project costs, would be approximately $55 million.

In answer to a question from Senator Kieckhefer, Mr. Patrick replied that the majority of the estimated $55 million would be included in the 2021 CIP.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-6.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis, Senator Gansert and Assemblywoman Bustamante Adams were not present for the vote.)

7. Request to modify the scope and funding to CIP project 15-S04, Statewide Advance Planning Program. **WITHDRAWN 8-1-18.**

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

   Mr. Patrick said the Project Exception Report included 11 items, the majority of which had already been discussed. He said the division anticipated that CIP Project 17-C15, New Medical School Building, University of Nevada Las Vegas (UNLV), would be submitted as an action item at the October 2018 IFC meeting. He indicated that the SPWD would have reached a consensus with UNLV, the consultant and the contractor by that date. Mr. Patrick said inflationary impacts had affected CIP Project 17-C05, National Guard Readiness Center; therefore, the division would probably need to defer certain items. He said that project would probably be an action item at the October 2018 IFC meeting as well.

   There was no further discussion on this item.

G. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, LCB, said the balance of the unrestricted General Fund portion was approximately $7.1 million prior to the meeting today. The Committee had already approved a couple of requests, and if all the requests were approved totaling $244,000, the balance of the unrestricted General Fund portion would be reduced to approximately $6.8 million. The balance of the Highway Fund was $1.67 million, and there were no requests before the Committee. The balance of the restricted General Fund portion was $18.2 million; however, $1 million was approved by the Committee, which reduced the balance to $17.2 million.

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).

1. Department of Corrections – Director's Office – Request for an allocation of $158,000 for Fiscal Year 2019 to purchase information technology equipment from the Department of Motor Vehicles.

   James Dzurenda, Director, NDOC, said the request before the Committee was very important to the department. With the requested IT equipment and Blue Tree Solutions, NDOC would be able to proceed in a different manner than originally intended. The department would be able to proceed with the telephone system enhancement, and fully implement systems for electronic health records, body cameras and staff scheduling. Mr. Dzurenda said all of those projects would be difficult without the new equipment, because the old equipment lacked adequate space for storing, transferring and transmitting data necessary for the electronic upgrades. He said the new equipment would allow the department to increase previously approved technology investment requests (TIR), and develop a revised plan that was more efficient and less costly.

   Assemblyman Sprinkle asked if the department had the necessary bandwidth to support the new infrastructure.

   John Borrowman, Deputy Director, NDOC, said the department's TIRs were approved, and some of the solutions included onsite storage. Purchasing the IT equipment from the DMV would provide for the redundancy the department was seeking. He said the opportunity to purchase the hardware from the DMV came at the same time as the department's opportunity to substantially increase its network bandwidth. Mr. Borrowman said NDOC worked with the Governor's Finance Office and the Division of Enterprise IT Services (EITS) to evaluate an offer from a private vendor using a master services agreement (MSA) with CenturyLink, which would allow the department to substantially increase the bandwidth at most NDOC locations, with the exception of three. He said the agreement with CenturyLink was signed approximately one week ago, and the vendor was actively working on design and implementation. Mr. Borrowman said the additional bandwidth would be available to NDOC in approximately 60 to 90 days.

   Assemblyman Sprinkle said he supported the agency's efforts. He recalled discussion during the 2017 Legislative Session about the department's need to upgrade various electronic systems, and he was glad progress was being made. He asked if the increased bandwidth would be sufficient to accomplish the department's goals.

   Mr. Borrowman replied that the department was optimistic about the upgrades to the various electronic systems. He said during discussions concerning the department's TIR for an electronic medical records system, there were strong

concerns about the ability to adopt a system of that type without increasing bandwidth. During that meeting, NDOC indicated it would request a material increase in bandwidth during the 2019 Legislative Session. Mr. Borrowman said the department was considering a couple alternatives for multiple software upgrades for the electronic medical records system, but the current infrastructure could not support the programs. Through research and development, and cooperation among some state agencies and entities in the private sector, NDOC would be able to increase the bandwidth at most of its institutions. He noted that the bandwidth at some of the major institutions would increase from 1 to 20 megabytes. He said fiber optics would be run to many NDOC locations. Mr. Borrowman said the department was required to commit to a four-year contract with the vendor, which was authorized under the MSA. Given the exponential increase in bandwidth, NDOC was satisfied that it would be sufficient to implement and expand various applications such as the Nevada Offender Tracking Information System, security cameras, telephone, etc., but it would also provide redundancy within NDOC. He explained that NDOC's data storage was currently separate from the operating servers. In the case of a disaster, the data would be available; however, until the original operating center was back online, the department would be down. He said the new equipment would be extremely useful in establishing a redundant database. For example, if there was a geographically isolated failure in Carson City, NDOC would still be able to maintain the majority, and eventually all of its operations, using the data center in Las Vegas. Mr. Borrowman said the equipment was ideal for a true, operating redundant system, and the increased bandwidth would support that type of design.

Assemblyman Sprinkle thought Mr. Borrowman's comments sounded promising. He asked if the department anticipated additional infrastructure needs to fulfill the department's other goals.

Mr. Borrowman replied that NDOC was working well with some other state agencies and entities in the private sector. He said the bandwidth change would begin at the demarcation point of the building. The vendor was responsible for ensuring transmission from the building to the main pipe at the highway. The vendor would also be liable for providing the necessary equipment to accomplish that goal. Mr. Borrowman said the department did not foresee material changes at any of the institutions to take advantage of the infrastructure or additional bandwidth. He said NDOC had enough physical space to add a redundant disaster recovery system, and the new equipment would include most of the required cables.

Mr. Borrowman said the department did not anticipate a need for additional resources. He thought NDOC could implement the various applications discussed previously with the $158,000 allocation from the Contingency Account as long as the department carefully coordinated projects within the department.

Assemblywoman Spiegel asked why the servers were no longer needed by the DMV.

Terri Albertson, Director, Department of Motor Vehicles (DMV), said she supported NDOC's purchase of the Oracle equipment that was procured by the DMV in FY 2016. She said the original cost of the equipment was approximately $1.1 million. The equipment was purchased by the DMV at the same time as the Oracle software for the department's system modernization project. Ms. Albertson noted that in FY 2016, a total of $11.7 million was expended from the Information Services category by the DMV. The funding utilized for the expenditures consisted of $6.4 million in technology fees and $3.5 million in Highway Funds, which meant Highway Funds, rather than technology fees, were used to purchase the hardware. Ms. Albertson said, since the cancellation of the system modernization project in January 2018, the DMV made the decision that Oracle would not be the platform for the department's new modernization effort; therefore, the DMV obtained quotes from a third-party reseller for the Oracle hardware. She said the quote valued the hardware at $158,000. The Highway Fund would be reimbursed that amount regardless of whether the equipment was resold to NDOC or through a third-party reseller. She said a work program would be completed to accept the funds from NDOC with IFC approval, with an offset to Highway Fund reversion. Ms. Albertson said the DMV believed that it was a win-win situation for the state in that NDOC would benefit from the use of the technology that was no longer needed by the DMV.

Continuing, Ms. Albertson stated that the decision to use Oracle equipment at the onset of the department's system modernization effort was made by the previous administration. Based on the findings of an internal audit and a health assessment, and through discussions with industry partners that had been through successful DMV implementations, it was determined that the Oracle hardware would not ensure a successful outcome for the department. She stated that Mr. Borrowman could explain why the equipment would work for NDOC when it would not work for the DMV.

Assemblyman Edwards said NDOC could essentially gain from the DMV's loss, and approximately $1 million in taxpayer dollars would be saved. Additionally, the NDOC programs that were approved by the 2017 Legislature would be accelerated at a lower cost, thereby reducing the need for additional funds in the future. He said ultimately, it was a good situation for everyone involved. Ms. Albertson and Mr. Dzurenda agreed.

Mr. Dzurenda noted that the conservation camps located in Pioche, Ely and Wells would not benefit immediately from the increased bandwidth. He said telemedicine would be fully implemented at 15 NDOC facilities, and the department would work on making it available at the other 3 facilities in the future.

Assemblywoman Carlton said NDOC was originally scheduled to pay EITS $1.4 million for bandwidth. She asked how EITS would be impacted by the department's transition to CenturyLink.

Mr. Borrowman replied that the infrastructure had variable and fixed expenditure components, but EITS was dependent on budgeted revenue to honor its commitments. Therefore, NDOC would continue to pay EITS for the budgeted amount for bandwidth service. He said utilization of the current infrastructure would decrease as the department transitioned to an alternative bandwidth provider. Given the fact that some of the equipment was a fixed expenditure, it was not within the department's scope to anticipate how much of a savings EITS would accrue due to NDOC's reduced utilization; however, the department intended to pay EITS for the amount billed up to the budgeted amount. If EITS was able to establish a savings by the department's reduced utilization, the agency was encouraged to pass the savings on to NDOC. Mr. Borrowman said the department was committed to holding the system harmless as NDOC transitioned to another network.

Mr. Borrowman said the TIR to upgrade the department's telephone system had already been approved. However, the department was able to reconfigure a solution that would allow NDOC to take advantage of the opportunity for increased bandwidth. He said the department could convert the telephone system from a traditional landline to Voice over Internet Protocol (VoIP). Consequently, the department's long-distance expenditures would be reduced materially, but not entirely. Additionally, the department's current network relied on other carriers, such as AT&T and other local providers, for the various facilities, so NDOC had to pay for circuit connectivity for the current bandwidth. He said the department would be able to eliminate those circuits and take advantage of the agreement with CenturyLink. By terminating the circuits and reducing long-distance expenditures, the department would be able to save enough money to pay for the contract; therefore, the agreement with CenturyLink would result in a cost savings to the agency.

In answer to a question from Assemblywoman Carlton, Mr. Borrowman replied that the agency had signed an agreement with CenturyLink, which was a user participation agreement through the existing MSA.

Assemblywoman Carlton noted that NDOC would be paying both EITS and CenturyLink for the same service. Mr. Borrowman said that was correct. He reiterated that the savings generated through the reduction of long-distance service and the circuits would pay for the alternative bandwidth provider.

Assemblywoman Carlton remarked that there were many times over the past couple of years when NDOC indicated that a savings would be realized that never actually came to fruition. She was concerned about NDOC paying twice for the same service. Additionally, she had concerns about the long-term impact

to EITS and ultimately, other state agencies. Those agencies may need to request Contingency Account funds to cover increased costs. Assemblywoman Carlton thought the acquisition of the equipment from the DMV could occur during the 2019 Legislative Session, which would allow NDOC to complete its contract with EITS; however, NDOC had already signed an agreement with CenturyLink. She retirerated that she was concerned about the department committing to two different entities for the same service.

Mr. Borrowman said the department recognized there would be a fiscal challenge by paying two companies for the same service; however, NDOC would save money by utilizing CenturyLink and having increased bandwidth compared to the costs with the existing structure. He said NDOC was compelled to take advantage of the cost savings measure, because the department was seeking every opportunity to save funds in the current fiscal year.

Senator Kieckhefer said he shared the concerns expressed by Assemblywoman Carlton about double payments for the same service; however, he thought the increased bandwidth would allow NDOC to proceed with IT projects that were approved during the 2017 Legislative Session. If NDOC waited until the 2019 Legislative Session, implementation would be delayed by almost a year; therefore, he thought it made sense to approve the request.

> SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM H-1.
>
> ASSEMBLYMAN EDWARDS SECONDED THE MOTION.
>
> THE MOTION PASSED. (Assemblywoman Carlton opposed the motion. Senator Denis, Senator Gansert and Assemblywoman Benitez-Thompson were not present for the vote.)

2. Department of Public Safety
   a) Nevada Highway Patrol Division – Request for an allocation of $11,100 to cover the cost of providing dignitary protection services for Fiscal Year 2018.

      Captain Todd Hartline, Nevada Highway Patrol (NHP), DPS, introduced Jim Wright, Director, DPS. He said NHP was requesting a transfer from the Contingency Account to the Visiting Dignitary Protection account to cover FY 2018 costs for protective services to dignitaries, as requested by the U.S. Secret Service, that were in excess of current budgetary authority. Visits to Las Vegas by Vice President Pence and Secretary of Transportation Chao in January 2018, coupled with a visit to Northern Nevada by the Secretary of the Environmental Protection Agency, Andrew Wheeler, significantly drew down available authority in the Visiting Dignitary Protection account. At the

request of the U.S. Secret Service, NHP provided additional protective services for President Trump when he visited Las Vegas in June 2018. Captain Hartline said the visit by President Trump at the end of FY 2018 exceeded the budgeted amount for the Visiting Dignitary Protection account.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM H-2a.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis, Senator Gansert, Assemblywoman Benitez-Thompson and Assemblyman Hambrick were not present for the vote.)

b) Records, Communications and Compliance Division – Central Repository for Nevada Records of Criminal History – Request for an allocation of $86,398 for Fiscal Year 2019 to support the addition of a Management Analyst 3 position responsible for the operations, development and implementation of the Sexual Assault Kit Initiative/Program (SAKI).

Julie Butler, Division Administrator, Records, Communications and Compliance Division (RCCD), DPS, said the division was requesting Contingency Account funds for a new position within RCCD to assist with the tracking of sexual assault kits. Ms. Butler introduced Mindy McKay, Records Bureau Chief, RCCD, DPS, who was the lead staff member for the Sexual Assault Kit Initiative Program (SAKI).

Mindy McKay, Records Bureau Chief, RCCD, DPS, said Assembly Bill (A.B.) 97, Section 1.7 (2017 Legislature) stated that a statewide program to track sexual assault forensic evidence kits must be established in the state. The Attorney General shall, pursuant to the recommendation of the SAKI Working Group, designate a department or division of the Executive Department of State Government to establish the program. Ms. McKay said RCCD within DPS was appointed as the designated agency in March 2018; although, the agency was alerted to the possibility in October 2017.

Ms. McKay said the Office of the Attorney General (OAG) established a SAKI program using grant funds. The division was involved with that program and in the process of finding a vendor to provide the state with an electronic tracking program; however, the program established by the OAG was only for labs in Washoe and Clark Counties. Knowing that A.B. 97 required a statewide tracking program, the division was collaborating with the OAG to help select a vendor; ensure the vendor would allow RCCD to assume control of the product when the time was necessary; and allow the product to be turned on statewide to meet the tracking and reporting requirements set forth

in A.B. 97. Ms. McKay introduced Christian Schonlau, Chief Financial Officer, OAG.

Christian Schonlau, Chief Financial Officer, Office of Attorney General, stated that more than 8,000 sexual assault kits were backlogged, some of which dated back 30 years. He noted that the OAG received three federal awards to address the backlog. The SAKI grants paid for testing and prosecution, as well as inventory of inmate sexual assault deoxyribonucleic acid (DNA). In addition, A.B. 97 provided $3 million for the Washoe County and Las Vegas Crime Labs. He said the OAG also contributed $1.4 million to ensure there was a sufficient amount of project funds. Mr. Schonlau said no other funds were available for the project.

In that regard, Ms. McKay said no other funding resources were available as RCCD assumed control of the SAKI program. To date, she was the only RCCD staff member attending various committee meetings. She was also a member of the RFP panel and tracking working group. As the Records Bureau Chief, she was responsible for supervising 14 different programs with more than 120 staff. Consequently, she lacked the time that was necessary to devote to such an important program. Ms. McKay said the division was requesting a high-level Management Analyst 3 who would be able to dedicate 100 percent of their time to the program. The management analyst would be intimately involved in every aspect of acquiring the SAKI program. The individual would be responsible for developing a comprehensive plan for assuming control of the program, and would also manage the process to ensure a successful transition. Ms. McKay indicated that the division may require additional resources for the SAKI program at a later date.

Assemblywoman Benitez-Thompson agreed there were many moving pieces to the SAKI program, and it was important to have the right office oversee the program. She noted that a contracted Project Manager was currently overseeing the SAKI program. She asked when the contract was scheduled to expire, and when the program would be transferred to RCCD.

Mr. Schonlau replied that the current grant was scheduled to expire in December 2019, and the contract with the project manager would expire at the end of 2018. He said the project manager was limited on hours, and depending on the implementation and required workload, the position could end sooner. He said it was important to ensure that there were enough resources to transition the program responsibility to RCCD.

Assemblywoman Benitez-Thompson said the Contingency Account funds would allow the division to ramp up the program and provide a seamless transition. Debbie Tanaka, Grants Manager, OAG, said that was correct. She noted that there was no other grant funding available to support the

Management Analyst 3 position. She said the OAG was in agreement with Ms. McKay about the desire to fill the position.

Assemblywoman Benitez-Thompson recalled that in March 2018 the SAKI Working Group voted to designate DPS as the agency responsible for overseeing the SAKI program. She asked if there was firm consensus on the matter. Ms. Tanaka confirmed that was correct.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM H-2b.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis was not present for the motion.)

I. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO SENATE BILL 187, SECTION 1 (2017 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested). Nevada Museum of Art, Inc. – Request for an allocation of $1,000,000 to establish a fine arts museum in Las Vegas, Nevada and to expand the Nevada Museum of Art in Reno, Nevada.

David Walker, Nevada Museum of Art, Inc., provided an update on the status of S.B. 187 (2017 Legislature). He said he was happy to report that the agency had successfully obtained the required one-to-one match for the $1 million allocation earmarked in S.B. 187 for the expansion for the Nevada Museum of Art in Reno and the establishment of the Art Museum at Symphony Park in Las Vegas. Since the merger of the Art Museum at Symphony Park and the Nevada Museum of Art, Inc. on May 24, 2018, more than $1 million had been secured.

Mr. Walker said the official articles of merger were filed with the Secretary of State on May 24, 2018. Since that time, a one and a half acre parcel of land in Symphony Park as well as $2 million was provided by the City of Las Vegas. He said the parking area and the structure were currently being negotiated. He noted that the new museum would be located next to the Smith Center.

Mr. Walker said a firm based in New York and San Francisco was conducting a national search for a founding director for the museum. Three excellent candidates had been identified, and interviews would occur in September 2018 in Las Vegas.

Continuing, Mr. Walker said the agency was also collaborating with international architectural consultant, Richard Koshalek, to formulate an architecture competition committee for purposes of the facility in Las Vegas. In Reno, the agency was collaborating with Rem Koolhaas of the Pritzker Architecture Prize winning firm OMA based in Rotterdam, Netherlands, to develop concept and design feasibility studies for

the expansion of the Nevada Museum of Art in Reno. Numerous sites were explored, and the agency was honing in on where to move forward with design schematics to create a research and education facility to better serve the public schools in Northern Nevada.

Mr. Walker thanked the Committee for its early support of the museum expansion in Reno and the new museum in Las Vegas.

Chair Woodhouse thanked Mr. Walker for the update. She wished the agency continued success in both projects.

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

J. REQUEST FOR THE ESTABLISHMENT OF AN ADMINISTRATOR OF THE DIVISION OF PLANNING OF THE AGENCY FOR NUCLEAR PROJECTS PURSUANT TO ASSEMBLY BILL 517, SECTION 2(1) (2017 Legislature). Office of the Governor – Agency for Nuclear Projects – Request the establishment of a full-time equivalent position of the Administrator of the Division of Planning. **RELATES TO AGENDA ITEM E. 2.**

This item was discussed in conjunction with Agenda Item E-2. Refer to testimony and motion under Agenda Item E-2.

K. REQUESTS FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335.

1. Department of Education – Request for approval to accept the donation of $1,500,000 from Tesla, Inc. to support the initiative for Robotics, STEM and sustainability education programs. **RECEIVED AFTER SUBMITTAL DEADLINE, 7-19-18.**

   Steve Canavero, Superintendent, NDE, introduced Chris Reilly, Workforce Development and Education Programs Director, Tesla. He said the department was requesting approval to accept the second installment of Tesla's donation of $37.5 million over five years.

   Chair Woodhouse asked Mr. Reilly to provide a short discussion of the grant award process.

   Chris Reilly, Workforce Development and Education Programs Director, Tesla, said the education grants were part of the Tesla Gigafactory 1 agreement. He said Tesla's $37.5 million investment into the Nevada K-12 education system was set to begin in July 2018. The first Tesla investments were announced at the July 19, 2018, State Board of Education meeting, and all funds would go into

the state's Education Gift Fund. He said Tesla planned to continue the investments and disbursements via quarterly reviews.

Mr. Reilly provided a high-level overview of the investment selection process. He said a few years ago Tesla worked on some of the high-level metrics after noticing the acceleration of Science, Technology, Engineering and Mathematics (STEM) jobs was 40 percent higher than non-STEM jobs. Tesla assessed the middle-skills gap and looked at existing legislation in Nevada to see where program investments could be made to address the gap. An informal advisory committee consisting of educators, legislators and business leaders in other industries was established to get a better perspective of what was happening in the community, and how to amplify that voice. Mr. Reilly said the advisory committee was trying to give a permanent footprint in Nevada to local and international partners with some of the best programs in the world. He said the committee was looking at a small number of investments chosen each quarter for regular review. The investments would be used for continued funding or to bring new investments to Nevada.

Mr. Reilly said the mission of Tesla's investments was to direct initiatives to support robotics, STEM and sustainability efforts; increase program access and quality throughout the state; and focus on supporting the development of future engineers in Nevada. He said the initiatives were focused on four categories:

- Innovative Programs – Seeking local programs that would have the most impact on the state.

- Teacher Development Opportunities – Building an infrastructure, specifically around robotics or new industries, was important for STEM programs.

- District and School Infrastructure – Tesla would support two positions to assist with administration of the funding and program management, as well as supporting surrounding counties. One position would be based in the Washoe County School District and the other in the Clark County School District.

- Pathways to Employment – Focusing on a partnership with NDE's Office of Career and Technical Education on program development and standards boards, as well as opportunities like Jobs for America's Graduates that focused on the education-to-employment pathway.

In response to a question from Senator Ratti, Mr. Reilly confirmed that applications for grants were accepted. He added that entities could contact Tesla directly at educationprograms@tesla.com concerning the grants. Tesla wanted to include the grants as part of a rolling RFP, and e-mail was the best way to start a conversation regarding any investment.

Mr. Canavero said NDE hoped to return to the IFC in December 2018 to seek the Committee's approval of a work program that would encompass Tesla's donations for the remainder of the fiscal year. He said the State Board of Education, Tesla, NDE and other partners wanted to ensure accountability and that the programs were launched and supported. Mr. Canavero said the State Board of Education and Tesla would monitor the quarterly investments.

SENATOR RATTI MOVED TO APPROVE AGENDA ITEM K-1.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis, Senator Gansert, Assemblywoman Benitez-Thompson and Assemblyman Hambrick were not present for the vote.)

2. Department of Public Safety
   a) Division of Emergency Management – Request for approval to accept Federal Emergency Management Agency, Hazardous Mitigation grant funding of $2,255,778 to reimburse state agencies, local jurisdictions and tribes for costs of approved mitigation projects associated with the January 2017 flood disaster. **RELATES TO AGENDA ITEM E. 80**

   Caleb Cage, Chief, Division of Emergency Management (DEM), DPS, introduced Justin Luna, Administrative Services Officer, DEM, DPS. He said the division was requesting approval to accept approximately $2.25 million in grant funds associated with the Hazard Mitigation program from the Federal Emergency Management Agency for the January and February 2017 floods.

   SENATOR GOICOECHEA MOVED TO APPROVE AGENDA ITEM K-2a.

   ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

   THE MOTION PASSED UNANIMOUSLY. (Senator Denis, Senator Gansert, Assemblywoman Benitez-Thompson and Assemblyman Hambrick were not present for the vote.)

   b) Office of Criminal Justice Assistance – Request for approval to accept Emergency Federal Law Enforcement Assistance grant authority in the amount of $2,000,100 to reimburse state agencies and local jurisdictions for costs associated with the October 1, 2017, Route 91, Harvest Festival Event Shooting.

   Mirjana Gavric, Administrator, Office of Criminal Justice Assistance (OCJA), DPS, said the OCJA was requesting approval to accept Emergency Federal Law Enforcement Assistance grant authority in the amount of $2.1 million to

reimburse state and local agencies that responded to the October 1, 2017, Route 91 Harvest Music Festival shooting in Las Vegas.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM K-2b.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Denis, Senator Gansert, Assemblywoman Benitez-Thompson and Assemblyman Hambrick were not present for the vote.)

L. 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 Analysis Division, LCB, reported that *Nevada Revised Statutes* 209.4818 required, in part, that the Committee on Industrial Programs submit a semiannual report to the Interim Finance Committee (IFC) before July 1 and December 1 of each year on the status of current and proposed industrial programs for correctional institutions. She provided the following status report based upon the meetings of the Committee held through June 22, 2018.

Ms. Shea reported that in the nine months ending March 31, 2018, Prison Industries (PI) realized a combined net income of $115,004. The net income from the Prison Ranch was $35,648. The net income for the two programs combined was $150,652. The PI Capital Projects Fund balance was $45,158. Total net income was $195,810.

Ms. Shea reported that unreserved retained earnings for the nine months ending March 31, 2018, were $3,743,158. Cash at the end of the period was $3,793,845.

Ms. Shea reported that in the nine months ending March 31, 2018, PI realized a combined net operating profit of $195,810. Five of the six sponsored PI programs generated the following net profits.

- Northern Nevada Correctional Center (NNCC) Mattress Factory, $27,111;
- NNCC Print/Bindery Shop, $24,373;
- NNCC Furniture and Metal Shop, $9,009;
- Lovelock Correctional Center (LCC) Garment and Drapery Factory, $236,344; and
- NNCC Prison Ranch, $35,648.
- Southern Desert Correctional Center (SDCC) Auto/Upholstery Shop, net loss of $28,426.

Ms. Shea summarized some of the more significant program issues addressed by PI in the nine months ending March 31, 2018.

Ms. Shea said the Auto and Upholstery Shop incurred a net loss of $28,426 as of March 31, 2018, due to the sale of its two remaining motorcycles. The motorcycles were manufactured by inmates in 2006 and sold at a price below the manufacturing cost in order to liquidate the inventory. She said the Committee on Industrial Programs would continue to monitor the financial statements of the Auto and Upholstery Shop at its quarterly meetings.

Ms. Shea said the Prison Ranch included operations of the dairy, livestock sales, hay sales, estray sales, horse boarding, the Bureau of Land Management (BLM) wild horse contract, and composting programs. As of July 31, 2018, the Prison Ranch had approximately 767 horses and burros in its possession with a maximum capacity of 2,000. According to the agency, a new BLM contract was negotiated that increased the per diem rate per horse from $3.82 to $5.10. The new contract, which commenced June 6, 2018, was different in that it included stipulations regarding hay reimbursements, among other things.

Ms. Shea said wage assessments generated in the nine months ending March 31, 2018 (FY 2018), totaled $353,461, which comprised room and board of $251,009; PI Capital Improvement Fund of $51,226; and Victims of Crime Fund of $51,226.

Ms. Shea said the Committee on Industrial Programs recommended approval of the following three new prison industries at its December 11, 2017, meeting:

- Nevada Organics, Inc. (previously Terra Firma Organics, Inc.) acquired Full Circle Compost, which operated an organic waste composting operation at the Prison Ranch in Carson City. Nevada Organics took over operations in April 2018 and currently employed 12 offenders on the original Full Circle Compost site.

- Erickson Framing NV LLC was a fabrication and wooden product assembler, which produced wooden trusses, wall panels, doors and trim for the Nevada residential housing market. Erickson Framing started operations the first week of June 2018 and employed 8 offenders from the Stewart Conservation Camp in Northern Nevada, at its site in Reno. The company planned to add a second shift and employ an additional 12 offenders in the coming months.

- Sewing Collection, Inc. provided recycling and resorting services for clothing hangers. The company was in the process of moving forward with a contract with Nevada Department of Corrections to employ 12 offenders at High Desert State Prison with an estimated annual contract of $324,814.

Ms. Shea noted that at the June 2018 Committee on Industrial Programs meeting, Ink2Work, LLC, which recycled ink cartridges for businesses and currently operated at correctional institutions throughout the United States and overseas, made a presentation to the committee. Ink2Work, LLC expressed interest in starting a new industry at Southern Desert Correctional Center or High Desert State Prison, which would employ

between 10 and 15 offenders. That proposal would likely be discussed at the Committee on Industrial Programs meeting in September 2018.

M. INFORMATIONAL ITEMS.

The Committee expressed interest in hearing testimony on Agenda Item M-6, Department of Business and Industry, Taxicab Authority.

1. OFFICE OF THE GOVERNOR – Governor's Finance Office – Budget Division – Quarterly report of the agency activity relating to contracting with current or former employees of the state, for the period ending June 30, 2018, pursuant to NRS 333.705(5).

   There was no discussion on this item.

2. OFFICE OF THE STATE TREASURER
   a) Annual report of the Nevada Prepaid Tuition Program for Fiscal Year 2017 pursuant to NRS 353B.170. THE FULL REPORT IS ON FILE IN THE FISCAL ANALYSIS DIVISION AND IS AVAILABLE FOR REVIEW UPON REQUEST.
   b) Report on the Bond Interest and Redemption Fund pursuant to Senate Bill 546, Section 31(3) (2017 Legislature).

   There was no discussion on these items.

3. DEPARTMENT OF ADMINISTRATION
   a) Director's Office – Merit Award Board – Annual report summarizing rejected employee suggestions, adopted employee suggestions and any required legislation needed before an employee suggestion may be adopted for the period ending June 30, 2018, pursuant to NRS 285.060(3)(d) and Senate Bill 72, Section 4 (3)(d) (2017 Legislature).
   b) Division of Human Resource Management – Notice to split two full-time equivalent (FTE) positions that are job-share positions into four part-time positions.
   c) Report on Veterans with Service-Connected Disabilities Bidders' Preference pursuant to NRS 338.13846 for the period July 1, 2016, through June 30, 2018.

   There was no discussion on these items.

4. DEPARTMENT OF EDUCATION
   a) Quarterly report on Class-Size Reduction Variances for the period ending November 1, 2017, of the 2017-18 school year, pursuant to NRS 388.700(5).
   b) Quarterly report on Class-Size Reduction Variances for the period ending February 1, 2018, of the 2017-18 school year, pursuant to NRS 388.700(5).

   There was no discussion on these items.

5. 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 June 30,2018, pursuant to NRS 453A.600.

   There was no discussion on this item.

6. BUSINESS AND INDUSTRY – Taxicab Authority – Report on the agency's financial solvency and operations and a credible, long-term plan for financial sustainability (letter of intent, 2017 Legislature)

   Scott Whittemore, Administrator, Taxicab Authority, Department of Business and Industry (B&I), referred the Committee to the long-term financial sustainability plan on page 183 in Volume III of the meeting packet (Exhibit C). He said the agency was working to align expenditures and revenues due to the significant decline in taxi trips in Clark County over the past few years (page 185, Exhibit C). He noted that a few potential expenditure reductions were outlined in the backup documentation.

   Assemblyman Sprinkle asked how the agency planned to reduce its operating costs. He also asked if the use of technology would help reduce some of those costs.

   Mr. Whittemore replied that the agency instituted a significant number of reforms to help reduce operating costs. He said the Taxicab Authority spent $650,000 per year on Attorney General (AG) cost allocations, which was the cost of approximately six attorneys. As a result of negotiations with the Office of the Attorney General (OAG), the agency made changes to its arraignment process. He explained that in the past the agency held full court hearings three times per week with 15 different citations, which generated significant AG time and cost. In general, the Taxicab Authority was spending $500 to collect a $100 citation. In an effort to lower those costs, the agency was offering to reduce citation fees for taxi drivers who paid the fine in lieu of a hearing. He noted that the new process was already underway.

   Continuing, Mr. Whittemore stated that the Taxicab Authority budget allowed for 54 full-time staff; however, only 37 positions were currently filled. Of the 17 vacancies, 12 were enforcement positions. Consequently, the agency was doing a lot more work with much less staff. Mr. Whittemore said the new legacy system would replace many of the current manual processes. He said currently nearly all agency processes were performed manually, including inspections, citations, hearings, licensing files, medallions, medical files, etc. As mentioned previously by Mr. Reynolds, Mr. Whittemore stated there was a finite cost of $1.1 million associated with the contract for the new legacy system. He said there would be an ongoing cost of approximately $68,000 in licensing fees. The Taxicab Authority currently received about 25 cents per taxi trip in Clark County, of which 20 cents was allocated to operating fees and 5 cents to the technology fee. However, the agency

questioned whether there was a better way to allocate those funds. On the expenditure side, the Taxicab Authority was reassessing every process. As a 50-year-old agency, many of its processes were inefficient and in need of change; however, there were too many staff vacancies to implement some of those changes. Mr. Whittemore said one of the reasons for the increased number of vacancies was due to the uncertainty of the future of the Taxicab Authority. He said the agency was interested in finding solutions during the 2019 Legislative Session that would provide a better balance of the agency's revenue.

In answer to a question from Assemblyman Sprinkle, Mr. Whittemore replied that the agency had an ongoing recruitment for Category II police officers. Category II officers underwent a significant and lengthy vetting process, but officers with a Category II certification were qualified for a variety of jobs within state and local agencies. He said the agency was constantly trying to recruit officers to an agency with significant staff turnover. He explained that the turnover was caused by an uncertain budget scenario in the future.

Assemblywoman Benitez-Thompson said, in looking at the six recommendations provided by the agency (page 190, Exhibit C), she noted that the recommended fee increase was plausible, because the cost of a medallion had not increased since 1971. She said the second recommendation, concerning the Senior Ride Program, would likely be a topic of discussion during the 2019 Legislative Session. When discussing the accessibility of transportation to all communities, Assemblywoman Benitez-Thompson thought it was important to ensure that all varieties of transportation companies were part of that conversation. She said discussion about transportation accessibility was not limited to the Senior Ride Program, but also the way programs compensated for areas that lacked ride assistance for individuals with disabilities.

Assemblyman Edwards noted that the agency anticipated saving $60,000 per year by eliminating the use of a conference room. He asked for further clarification. Mr. Whittemore replied that the rent associated with that item was the cost of a full courtroom that was also used as a hearing room as well as a board room for the Taxicab Authority Board. The agency eliminated the cost by using office space at the Grant Sawyer Building and the B&I offices on West Sahara Avenue in Las Vegas. He stated that the agency was trying to become as efficient as possible.

In answer to a question from Assemblyman Edwards, Mr. Whittemore replied that with input from the B&I Director's Office, Governor's Office and Nevada Transportation Authority (NTA), the Taxicab Authority was considering all possible methods of reducing costs and improving allocation of the agency's limited resources. He stated that the Taxicab Authority was a public safety agency and the service it provided was important, especially for the Las Vegas Strip. The Taxicab Authority vetted drivers, inspected vehicles and enforced state law through routine patrol to make Las Vegas a safe community. Mr. Whittemore said the long-term plan would help the Taxicab Authority find the proper revenue balance to

reduce recurring shortfalls and staff turnover. He said the Taxicab Authority was also focusing on improving efficiencies in certain areas, such as sharing resources with the NTA.

There was no further discussion on this item.

Chair Woodhouse noted at 12:12 p.m. that Senator Ford was excused for the remainder of the meeting. Senator Spearman served in his absence.

Chair Woodhouse called a recess at 12:12 p.m. The meeting was reconvened at 12:52 p.m.

7. DEPARTMENT OF HEALTH AND HUMAN SERVICES
   a) Director's Office – Grants Management Unit – Semiannual report on how tobacco settlement funds were used to expand and establish the Federal Qualified Health Centers (FQHCs) in the state for the period ending June 30, 2018 (letter of intent, 2017 Legislature).
   b) Division of Health Care Financing and Policy – Quarterly report on the Disproportionate Share Hospital Supplemental Payment Program for the period ending June 30, 2018, pursuant to NRS 422.390(2).
   c) Division of Welfare and Supportive Services – Semiannual report on the average wait times of clients at its district offices and any action that may have been taken for the period ending June 30, 2018 (letter of intent, 2017 Legislature).

   There was no discussion on these items.

8. DEPARTMENT OF CORRECTIONS
   a) Semiannual report on the agency's statistical data related to the implementation of body and stationary cameras for the period ending June 30, 2018 (letter of intent, 2017 Legislature).
   b) Director's Office – Quarterly report on the capacity issues and transfer of inmates out of state for the period ending June 30, 2018 (letter of intent, 2017 Legislature).

   There was no discussion on these items.

9. DEPARTMENT OF PUBLIC SAFETY
   a) Director's Office – Nevada Office of Cyber Defense – Quarterly report regarding the operations and effectiveness for the period ending June 30, 2018 (letter of intent, 2017 Legislature).
   b) Division of Emergency Management – Emergency Assistance Account – Quarterly report on the expenditures made from the Emergency Assistance Account for the period ending June 30, 2018, pursuant to NRS 414.135(5).

   There was no discussion on these items.

10. SILVER STATE HEALTH INSURANCE EXCHANGE – Semiannual report on how applicable new or modified federal laws would impact the Silver State Health Insurance Exchange operations for the period ending June 30, 2018 (letter of intent, 2017 Legislature).

    There was no discussion on this item.

11. OFFICE OF THE MILITARY – Report on the strategic plan that details the funding required for state Military Security Officer position in lieu of contract security (letter of intent, 2017 Legislature).

    There was no discussion on this item.

12. Reports on the use of consultants for the January 1, 2018, through June 30, 2018, reporting period:
    a) Reports from school districts pursuant to NRS 391.155.
    b) Reports from boards and commissions pursuant to NRS 333.705(7).
    c) Reports from the Nevada System of Higher Education, pursuant to NRS 333.705(7)

    There was no discussion on these items.

N. PUBLIC COMMENT.

Mona Lisa Samuelson introduced herself as the very first medical marijuana patient lobbyist. She noted that over $100 million in marijuana revenue had been collected to date. She appreciated the Department of Taxation's work in the regulation of the marijuana industry, but said that there were huge issues regarding Nevada's marijuana industry.

Ms. Samuelson said the most alarming issues related to testing standards initially established for marijuana and marijuana infused products made in Nevada. She said the marijuana industry was encouraged to regulate itself, but the industry did not take into consideration input from medical marijuana patients. She said there was a huge gap between what the industry was interested in providing and what was needed to utilize marijuana in a medical fashion to increase quality of life.

Ms. Samuelson said the legislative requirements surrounding medicinal marijuana should be very important to the Legislature. She said the medical marijuana patients looked to the Legislature for protection. She noted the 2019 Legislative Session would begin in just five months. Ms. Samuelson said she would contact the Committee Secretary to ensure all of the Committee members understood the plight of medical marijuana patients. She said proper consideration should be given to people who used the cannabis plant for medicinal purposes. She noted that $100 million had been collected in revenue for products that were unsafe for consumption by medical marijuana patients, which added insult to injury.

Ms. Samuelson stated that she would provide the Committee Secretary with a more detailed explanation of the needs of medical marijuana patients.

O. ADJOURNMENT.

Chair Woodhouse adjourned the meeting at 4:14 p.m.

_____
Senator Joyce Woodhouse, Chair
Interim Finance Committee

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