

**MINUTES OF THE MEETING OF THE LEGISLATIVE COMMISSION'S
BUDGET SUBCOMMITTEE**

January 24, 2019

The meeting of the Legislative Commission's Budget Subcommittee was called to order by Chair Joyce Woodhouse at 8:36 a.m. on Thursday, January 24, 2019, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Kelvin Atkinson
Senator Yvanna D. Cancela
Senator James A. Settlemeyer
Senator Ben Kieckhefer
Senator Pete Goicoechea

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblyman Jason Frierson
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Dina Neal
Assemblywoman Ellen B. Spiegel
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblyman Tyrone Thompson
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

COMMITTEE MEMBERS ABSENT:

Assemblyman John Hambrick (Excused)

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Felicia Archer, Committee Secretary
Vicki Kemp, Committee Secretary
Michael Keever, Committee Secretary

OTHERS PRESENT:

Kent M. Ervin, Ph.D., Legislative Liaison, Nevada Faculty Alliance
Tracy Brown-May, Director of Advocacy Board and Government Relations,
Opportunity Village
Nate Boyack, President, State of Nevada Association of Providers
Kelly Vinci Gonzalez, Education Team Chief, Legal Aid Center of Southern Nevada
Lynda Tache
Julie Ostrovsky
Steven Cohen
Dena Schmidt, Administrator, Aging and Disability Services Division, Department
of Health and Human Services
Rique Robb, Deputy Administrator, Aging and Disability Services Division,
Department of Health and Human Services
Thom Reilly, Chancellor, Nevada System of Higher Education
Andrew Clinger, Chief Financial Officer, Nevada System of Higher Education
Bart J. Patterson, President, Nevada State College
Kristen Averyt, Ph.D., President, Desert Research Institute
Federico Zaragoza, Ph.D., President, College of Southern Nevada
Joyce Helens, President, Great Basin College
Karin Hilgersom, Ph.D., President, Truckee Meadows Community College
Vincent Solis, Ph.D., President, Western Nevada College
Marta Meana, Ph.D., President, University of Nevada, Las Vegas
Marc Johnson, Ph.D., President, University of Nevada, Reno

Vic Redding, Vice President, Administration and Finance, University of Nevada,
Reno

Mary Kaye Bailey, Vice President of Finance and Administration, College of
Southern Nevada

Kyle Dalpe, Ph.D., Interim Executive Director of Legislative Affairs, Nevada
System of Higher Education

Nate Mackinnon, Vice Chancellor, Community Colleges, Nevada System of Higher
Education

Don Soderberg, Director, Department of Employment, Training and Rehabilitation

Kitty DeSocio, Deputy Chief Financial Officer, Department of Employment,
Training and Rehabilitation

Chris Sewell, Chief of Operations, Department of Employment, Training and
Rehabilitation

Dennis Perea, Deputy Director, Department of Employment, Training and
Rehabilitation

Renee Olson, Administrator, Employment Security Division, Department of
Employment, Training and Rehabilitation

Kara Jenkins, Administrator, Nevada Equal Rights Commission, Department of
Employment, Training and Rehabilitation

Julie Butler, Director, Department of Motor Vehicles

Cyndie Munoz, Deputy Director, Department of Motor Vehicles

JD Decker, Administrator, Compliance Enforcement Division, Department of
Motor Vehicles

Terri Albertson, Director, Office of Project Management, Department of Motor
Vehicles

Tonya Laney, Administrator, Division of Field Services, Department of Motor
Vehicles

Douglas Unger, Chair, Council of Faculty Senate, Nevada System of Higher
Education

CHAIR WOODHOUSE:

We will begin today's meeting with public comment.

KENT M. ERVIN, PH.D. (Legislative Liaison, Nevada Faculty Alliance):

The Nevada Faculty Alliance (NFA) fully supports the strategic goals of the Nevada System of Higher Education (NSHE) including student access and success, closing the achievement gap, workforce development and research solutions. The Alliance is dedicated to the hard work of students and needs State investment in institutions and faculty workforce.

We support items in the Governor's recommended budget that will be heard today. There are critical, high-priority budget needs at NSHE which were not included in the official agency budget request in August 2018, due to how the executive budgeting process works. The Board of Regents took the unusual step of submitting a supplementary budget request to the Governor which can be found in ([Exhibit C](#)).

Along with funding for several important, nonformula programs which have not had adequate funding since the financial crisis, the Board requested to address the most serious issue of faculty salary compression. Assembly Bill (A.B.) No. 202 of the 79th Session Interim and the Committee to conduct a study of the cost and affordability of higher education studied this issue and made recommendations, see Exhibit C.

Without regular raises based on performance, salaries of continuing faculty members have stagnated and become compressed. The chart on page 2 of Exhibit C shows that the net salary of a continuing faculty member has fallen about 12 percent since 2009, accounting for inflation and legislatively approved cost of living allowances. In the meantime, new faculty hires must be recruited with near market salaries because of the highly competitive national market in academia. These salaries must match, or exceed, those of faculty members who are continuing, or have been recently promoted. Star faculty teachers and researchers can, and do, get better offers from other academic institutions and, as a result, there is both a recruitment and retention problem. This issue needs to be addressed this Session and the NFA supports the Board's request for funding to fix salary compression, the A.B. No. 202 of the 79th Session Interim Committee recommendation and a bill to revamp the faculty compensation system of NSHE.

TRACY BROWN-MAY (Director of Advocacy Board and Government Relations, Opportunity Village):

I will speak from a statement ([Exhibit D](#)) in support of increasing reimbursement rates for jobs in day training (JDT) and supportive-arrangement providers

We would like to offer thanks to the Department of Health and Human Services Aging and Disability Services Division (ADSD) for improving reimbursement rates for people who have intellectual and developmental disabilities, and the providers who serve them.

Opportunity Village is a member of the State of Nevada Association of Providers (SNAP). The recommended rate increase from SNAP was 25 percent so that existing JDT and supportive-arrangement providers would be able to cover the cost associated with providing services for this very vulnerable population. Despite the increase, we are still significantly underfunded. Providers continue to face budget issues that result in problematic services and we recently lost a provider in southern Nevada as a result of inadequate rates. We are also requesting the State to review the Medicaid state plan. We are at maximum allowable reimbursement rates which were set in 2002.

NATE BOYACK (President, State of Nevada Association of Providers):

I will speak from a statement ([Exhibit E](#)) in support of increasing reimbursement rates for JDT and supportive-arrangement providers.

KELLY VINCI GONZALEZ (Education Team Chief, Legal Aid Center of Southern Nevada):

We have had the privilege of working in autism court which is a diversion court in Las Vegas to help kids who have gotten into trouble with the law. A repeated theme we see, is kids coming to court who are Medicaid eligible and who have not received services, are underserved or have not receive any applied behavior analysis. Many of these individuals have managed care without any providers.

One of the issues we see is that registered behavior technician (RBT) rates are \$31 in Nevada. Rates at Tricare are \$52 and institutions in New Mexico, California, Oregon and Washington also pay higher rates. Nevada can not recruit people for these technician jobs and kids go underserved, or end up in court as a result. To give an example, we worked with a family who was underserved and their child had made threats to a school. The child was sent to autism court having never been diagnosed. After being diagnosed and receiving the necessary treatment, the child is different. We would ask the Committees to consider raising the rate for RBTs to \$48 so we can do a better job of attracting providers to serve this fragile and underserved population to this area.

LYNDA TACHE (President, State of Nevada Association of Providers):

I will speak from a statement ([Exhibit F](#)) in support of increasing the RBT rate.

JULIE OSTROVSKY:

I will speak from a statement ([Exhibit G](#)) in support of increasing the RBT rate.

STEVEN COHEN:

I will start off by saying "ditto" on all the other autism issues with a preliminary disclosure that I was with Medicaid recipient services until 3 weeks ago thanks to the State's 700 hour program. I hope to rejoin the State workforce as soon as February 11, 2019, if the hiring process works itself out as it last did.

If we need to find a place to redistribute money, my suggestion would be to consolidate vocational rehabilitation into ADSD. There is so much duplication of case management with short-term and long-term intent.

If we pull the resources together and put our best effort forward, I hope questions from this morning, and throughout this Session will be answered. I hope we can protect the existing 700 hour program and also provide customized opportunities, through either vocational rehabilitation or ADSD, to people with autism. Without competitive wages for the 700 hour program, young adults must rely on public subsidies such as Medicare, Medicaid, Social Security, etc. These are never fun to deal with.

CHAIR WOODHOUSE:

We will close public comment and move onto the ADSD presentation.

DENA SCHMIDT (Administrator, Aging and Disability Services Division, Department of Health and Human Services):

On page 1 of ([Exhibit H](#)), the Committees will find the ADSD mission and vision statement. Page 2 consists of the Division's operations. The first is children's services, which includes the autism treatment assistance program (ATAP) and early intervention (EI) services. Next is developmental services, which include three regional centers, an intermediate care facility and family preservation programs. These all support individuals with intellectual and developmental disabilities. There are many aging and physical disability services aimed at keeping people in their homes. Some people do not understand how many small and complex programs we offer, for all levels of service, to keep people in their community and home-base settings. We now have quality assurance activities overseeing all programs with the inter-quality assurance unit. We also have a long-term care ombudsman program within quality assurance operations.

Page 3 of [Exhibit H](#) is our organizational chart with the addition of a quality assurance oversight unit. This is an effort we have been working towards to improve services across ADSD programs.

Page 4 of Exhibit H has a position summary including 97 new positions for maintenance and caseload growth and 21 new positions to support our intermediate care facility (ICF). There are several position transfers within the administrative account for the purpose of appropriate programmatic budgets.

Page 5 of Exhibit H outlines many of our accomplishments over the 2017-2019 biennium. All of them have aimed to support individuals and families to live meaningful and dignified lives. The ADSD has provided a rate increase to JDT providers, and supportive living arrangement services. This increase brought the JDT rate near the Medicaid maximum, and we will be proposing an enhancement to increase supportive-living arrangements to get the JDT rate closer to the Medicaid maximum.

The ADSD entered into a systems improvement agreement with the Centers for Medicare and Medicaid Services in November 2017 based on significant findings from a June 2017 survey at our facility. In December 2017, we had a full recertification visit as part of the systems improvement agreement. The ICF has met the conditions of participation, and there is no longer a risk of termination.

The ADSD has made many efforts to streamline the waiver enrollment process and enrollment times have increased. The ADSD has developed quality competency reviews within the EI program which are conducted based on the ADSD's Nevada early intervention services recommendations. The ADSD's elder protective services has been partnering with law enforcement and the Office of the Attorney General (AG) to educate individuals, law enforcement and community partners on ways to intervene, understand and recognize elder abuse. The ADSD participated in the National Adult Maltreatment Reporting System. This is the first national database that reports incidence of abuse and neglect.

On page 6 of Exhibit H, there is a summary of the ADSD's budget accounts (B/A). There are 3 new budget accounts for the 2019-2021 biennium: B/A 101-3206, B/A 101-3207 and B/A 101-3209. The ATAP was separated out to accurately report expenditures and revenue associated with operating this program.

On page 7, we have broken down the budgets by funding source. There is a total budget increase of \$104 million dollars for the 2019-2021 biennium with General Fund (GF) appropriations making up \$63 million. About 65 percent of that increase is related to caseload increases.

HEALTH AND HUMAN SERVICES

AGING AND DISABILITY SERVICES

HHS-ADSD - Communication Access Services — Budget Page DHHS - ADSD-61
(Volume II)

Budget Account 101-3206

HHS-ADSD - Applied Behavior Analysis — Budget Page DHHS-ADSD-78 (Volume II)

Budget Account 101-3207

HHS-ADSD - Autism Treatment Assistance Program — Budget Page DHHS - ADSD-73 (Volume II)

Budget Account 101-3209

Beginning on page 8 of Exhibit H, we have included our caseload charts. These programs provide services for people of all ages with intellectual and developmental disabilities. Home and community-based services (HCBS) is a caseload subset of regional center caseloads and illustrates waiver slots which are funded through Medicaid. The ADSD's family preservation program provides monthly financial aid to needy families for providing care in their home to children or relatives diagnosed with intellectual disabilities.

Found on page 10 of Exhibit H, ADSD's elder protective services receives and investigates claims of abuse, neglect, exploitation, abandonment and self-neglect for individuals over 60 years old. The ADSD's homemaker program, community option program for the elderly and personal assistance services program all provide support with housekeeping, shopping and meal preparation. This is in the effort to prevent long-term placement care and to keep people in their homes and in community settings as much as possible.

Our Senior and Disability Rx programs can be found on page 11. These are the State pharmacy assistance programs providing Medicare Part D premium subsidies to eligible individuals and premium prescription coverage during the Medicare gap. This assists with the out-of-pocket expenses to individuals enrolled in Medicare.

Children's services are found on page 12 of Exhibit H. Nevada early intervention services provide specialized support for children up to 3 years old who have developmental delays or disabilities. In ATAP, we assist parents and caregivers with the cost of providing autism treatment to their children. This program offers a variety of plan types designed to address the individual needs of each family. This includes comprehensive, insurance assistance, extensive plans and therapeutic and social skills.

Applied behavioral analysis is a service offered in Medicaid and is required to be medically necessary. The ATAP does not have that same requirement, and it is often up to the parents to choose what services they will receive. To better understand autism, the ADSD works with Nevada Leadership Education in Neurodevelopmental and Related Disabilities, the University of Nevada, Reno (UNR), the University of Nevada, Las Vegas (UNLV) and several others to collaborate with and educate the medical community.

We have provided an update to the children's services program on page 13 of Exhibit H. The Legislative Counsel Bureau (LCB) requested follow-up information on ATAP provider capacity and EI services. In the 2017-2019 biennium, we had 29 providers in ATAP with 17 enrolled as Medicaid providers. We now have 49 providers with 31 enrolled as Medicaid providers. Over 120 Medicaid eligible kids have been transferred from ATAP providers to Medicaid only providers.

The EI program has maintained a shared caseload between community providers and the State. Currently we have up to 20 cases between community and State providers with this figure constantly fluctuating over time due to parent choices.

Page 14 of Exhibit H provides a summary of the ADSD's major proposed enhancements for the 2019-2021 biennium. These are all aimed at vulnerable populations and to enhance community-based options. Provider rate increases ensure our providers can keep and retain staff. Many services are individualized and the quality of care provided is due to consistent caregivers. In order to retain their staff, provide consistent care and have better outcomes, providers need support to retain these people. We have proposed several rate increases throughout our personal assistance and supportive living programs to support providers. We have our waitlist reduction for Medicaid waivers and ATAP. In our Desert Regional Center B/A 101-3279, we are requesting 21 additional staff to support the ICF. This was based on recommendations from our technical

assistance and consultant. They recognize the need for staff to support a high level of care in that particular setting.

HHS-ADSD - Desert Regional Center — Budget Page DHHS-ADSD-90
(Volume II)
Budget Account 101-3279

Our last major enhancement is to expand adult protective services. The ADSD offers elder and child protective services and does not offer adult protective services. Nevada is one of three states not providing this service. These services are provided to vulnerable individuals between the ages of 18 and 59. In Nevada, vulnerable persons are defined as those with intellectual disabilities, developmental disabilities and severe mental illness. Currently, when these individuals are being exploited or abused, law enforcement is the only resource available to support them.

In addition, the ADSD has received new grants from administrative on community living to support this effort. We were using a national consultant to help in the transition, information technology (IT) and training infrastructure which will now be paid for completely by grants.

A summary of the ADSD's policy and bill draft requests (BDR) can be found on page 15 of Exhibit H. These include BDR No. 19A4022112, BDR No. 19A4022084 and Senate Bill (S.B.) 18.

SENATE BILL 18: Revises provisions relating to persons with intellectual and developmental disabilities. (BDR 39-198)

CHAIR WOODHOUSE:

How have increases in providers affected the ability of the ADSD to provide autism services?

Ms. SCHMIDT:

At the end of the 79th Session, our biggest focus was to get kids who were on Medicaid to be served by a Medicaid provider. This was because ATAP was "paying and chasing" and we were unable to serve more kids. Now that we have accomplished this with only a handful of kids left, we anticipate to continue addressing the existing waitlist over the next six months.

ASSEMBLYWOMAN SPIEGEL:

For individuals who were autistic as children, or had other intellectual disabilities, would these individuals automatically rollover and be counted as someone in need of adult protective services, or would there be some separate process for them and their families to apply for coverage?

Ms. SCHMIDT:

The adult protective services program aims to receive and investigate complaints of abuse, neglect, self-neglect and exploitation. If an individual between the ages of 18 and 59, regardless of the diagnosis, was being abused or neglected, we would investigate.

ASSEMBLYMAN FRIERSON:

How many states are there operating without adult protective services? Is this proposal similar to what exists in other states, or will there be more work to be done?

Ms. SCHMIDT:

Rhode Island and Connecticut are the only other states that do not provide this service. There are many different models with some state programs operating out of one agency. We believe the one agency model is better coordinated, streamlined and efficient.

ASSEMBLYWOMAN NEAL:

How does ADSD engage with the regional housing authority or government housing? What does community outreach look like in poorer communities?

Ms. SCHMIDT:

The majority of senior services receive funds and these funds are granted out to the community through the Older American Act of 1965. Many community partners are direct service providers to seniors with activities ranging from transportation, personal care and home-modification programs. We do not have any funds that are directly related to housing; however, we do provide support to keep people in their homes. Most housing-related outreach is done by our community partners, including Nevada Senior Services, Catholic charities and other organizations.

ASSEMBLYWOMAN NEAL:

Do you have data around those community partners and information on their effectiveness, service-delivery models and whether they are meeting the needs

of the community? Have there been complaints about these partners coming from certain Zip Codes? Is there Zip Code data?

Ms. SCHMIDT:

Yes, we do have this data and I will follow-up and get that to you. We do track and monitor that data regionally and often fund based on region and Zip Code.

ASSEMBLYWOMAN CARLTON:

Given the amount of movement in these budgets, ADSD and staff will need to provide a "crosswalk" from where we are now, to where things are going.

Referring to the graphs on page 11 of Exhibit H, can you explain the range of highs and lows?

Ms. SCHMIDT:

Senior and disability Rx programs are Medicare wrap-around programs providing two different benefits to individuals. We support and pay a portion of their Medicare Part D premium on a monthly basis until they go into the gap. Once an individual enters the gap, we pay the prescription coverage which is why there are these spikes. People go into the gap and then move out of the gap while sometimes receiving no services until they hit the gap.

ASSEMBLYMAN THOMPSON:

For the ATAP, is this treated on a first-come first-served basis or is there a triage system where individuals with greater needs can advance in line?

RIQUE ROBB (Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services):

We do have indicators evaluating the child's eligibility and when they can come into the program from the waitlist. We also do a case mix so providers are not overloaded based on a specific behavior issue or plan type. We try to make sure providers are not overwhelmed as well as the families.

ASSEMBLYMAN THOMPSON:

Are families aware of where they stand on the waitlist?

Ms. SCHMIDT:

In our frailty waiver, we have a tiered system with those who are at a higher risk are moved to the top of the list. Currently, we do not have anything official like this in ATAP. This is something we plan to address moving forward.

SENATOR KIECKHEFER:

Is the ADSD capturing eligible children in the Early Intervention Services Program, and is there an increased declination in the service? Or is there a reason why that population is not growing with the overall population growth?

Can you talk about what is happening within the program to replace the developmental specialist positions with a management analyst positions? There is a decrease in external billing services and ADSD is losing revenue from private, state and federal reimbursements.

MS. SCHMIDT:

The developmental specialist positions are being transferred into management analyst positions because the ADSD struggles with data and understanding associated costs and revenue that should be coming in. We would like these management analysts to maximize revenue and perform data analysis of our current model. There has been a lot of talk on whether the current model should be changed, and we will need to perform research and analysis to determine this.

The ADSD plans on getting a new data and billing system with the hope of bringing in more revenue. Our revenue may have been overstated during the 79th Session by not understanding which kids were in EI services and which were being served by developmental services. Now that we have a better sense of how many kids are in the Medicaid program, those projections will go down.

The ADSD is not sure why caseload growth is leveling. Whether we are meeting the need in the community, or whether there is not enough outreach, we are looking into this to ensure children up to three years old are receiving services. Last quarter we saw a small increase in caseload growth, and we will see again what it looks like in March 2019.

CHAIR WOODHOUSE:

Next we will hear from Nevada System of Higher Education.

THOM REILLY (Chancellor, Nevada System of Higher Education):

The NSHE is made up of 8 institutions, including: the Desert Research Institute (DRI), UNR and UNLV: two R1 high research activity universities; and Nevada State College (NSC). This also includes four community colleges: College of Southern Nevada (CSN), Great Basin College (GBC), Truckee Meadows Community College (TMCC) and Western Nevada College (WNC). All of our institution presidents are here to address the Committees and are open to answer any questions.

In reflecting the diversity of our presidents, the population of NSHE is made up of half females and half represent ethnic groups. Through conversations with legislators, individuals in the community and campuses, the Board of Regents developed five goals for constructing these budgets which can be found on page 4 of ([Exhibit I](#)).

Our first goal is focused on increasing access to higher education. Currently, we rank 49th in the Nation among 18 to 24-year-olds who are engaged in higher education, and more work needs to be done. Our second goal is student success. When students enroll with us, more of them need to graduate or receive a certificate. Our third goal is to close the achievement gap for populations receiving Pell Grants, our Latino populations and African American populations. Our fourth goal is to focus on the workforce and meeting the needs of our economy now, and in the future. The NSHE must continue pursuing excellence in research and problem solving in the community.

On page 5 of [Exhibit I](#), we have outlined several statistics regarding our enrollments, and NSHE is considered a majority/minority system. On page 6 we have outlined information regarding registration fees and how they stack up to other 4-year institutions.

Registration and tuition fees for NSHE's 2-year institutions also remain below average costs of other western state institutions as shown on page 7 of [Exhibit I](#). On page 8, the Committees will see an upward trend in student success with the number of students conferred an award from our 4-year institutions. Student success for 2-year institutions is also upward trending in the number of students conferred an award.

On page 10 of [Exhibit I](#), there is a historical breakdown of graduation rates from our 7 institutions. Using the National Integrated Postsecondary Education Data System as a comparison, we see graduation rates of six years at four-year

institutions and three years for two-year institutions. Recently, NSHE held a student success summit to look at best practices for increasing graduation rates. These plans have been adopted, and the Board feels these are realistic. The Board also plans to hold a summit on closing the achievement gap where we will develop 20 to 25 goals for tackling this issue.

On page 11 of Exhibit I, there is a similar historical breakdown of the number of students conferred an award by institution and institutional targets in the future. On page 12, the Committees will see historical persistence rates and goals for the future. Part of setting 20 to 25 goals is to hold our institutions accountable every year to increase these rates.

ANDREW CLINGER (Chief Financial Officer, Nevada System of Higher Education):
The funding formula for determining GF distribution is highlighted on page 14 of Exhibit I. Weighted Student Credit Hours (WSCH) only account for completed courses. Each course has a weight associated with it, multiplied with the number of credit hours a student takes. The funding formula or caseload growth is based on the difference between WSCHs of fiscal year (FY) 2017-2018 and FY 2015-2016. We can see what is included in the Governor's budget on page 14. Accounting for a slight technical adjustment, there is \$21.32 million a year in caseload adjustment.

The funding formula was first implemented in FY 2013-2014. On page 15 of Exhibit I, there is a historical overview on the performance of the formula for our 7 institutions. As a result of implementing the formula, many of our institutions have experienced growth, particularly NSC which has also seen significant growth in their enrollments. If this graph was adjusted for inflation, we would see decreasing trends for GBC and WNC.

On page 16 of Exhibit I, we have tracked formula performance based on a per student full-time enrollment (FTE) basis. From this graph we can see UNLV, CSN, TMCC and NSC have all seen their funding increase while UNR, GBC and WNC have decreased. Differences in funding are expected between universities and community colleges because higher-level courses at the universities have a higher rating and greater weight.

One page 17 of Exhibit I, we have broken down GF appropriations by institution. Comparing GBC and NSC changes, there is a percentage change in FY 2019-2020 to FY 2018-2019 related to enrollment growth. For professional schools on page

18, most funding appropriations are flat with exception to the UNLV medical school. UNLV medical school is bringing on new cohorts, which require additional GF dollars. Overall, the entire budget amounts to \$699.6 million in FY 2019-2020 and \$712.7 million in FY 2020-2021. The Committees will find a breakdown of scholarships on page 19 of Exhibit I. The Nevada Promise Scholarship was established during the 79th Session and is intended to be a "last dollar" scholarship for community colleges. The Governor's budget includes \$4.5 million one-shot appropriations to continue this program. The Millennium Scholarship is funded with tobacco settlement dollars and in recent years these dollars have not been enough to fulfill this scholarship.

The Governor has recommended \$33 million from the Marijuana Tax to this scholarship, which was originally intended for the Account to Stabilize the Operation of the State Government, also known as the Rainy Day Account. Both of these scholarships are not included in our higher education budgets. The Silver State Opportunity Grant, which was established by the 78th Session, will continue with \$5 million per year.

Information on registration fees can be found on page 20 of Exhibit I. A 4 percent increase of these fees has been approved by the Board over FYs 2019-2020 and 2020-2021. On page 21, we have highlighted how these registration fees translate into revenue for each institution. Registration fee revenues are also broken out for professional schools on page 22. In total, \$280.2 million in revenue will be collected in registration fees for FY 2019-2020 and \$288.9 million in FY 2020-2021. On page 23, the Committees will find details of an enhancement request by the Board, with recommendation by the Governor, for capacity building. These capacity enhancements are research focused for the universities and workforce focused for the community colleges.

The Governor has recommended expanding the prison education program to TMCC and WNC. The \$876,000 is a combination of GF allocations and registration fees to pay for this expansion. More details of this can be found on page 24 of Exhibit I. Page 25 highlights several Capital Improvement Programs (CIP) recommended by the Governor, and other projects not included in the recommended budget. Historically, the State has funded capital construction for higher education and special construction fund for higher education. These funds total \$15 million per biennium for deferred maintenance. Due to a decline in Slot Tax revenue, the State has had to contribute these funds. The Governor has recommend to do this again for the 2019-2021 biennium with \$1.6 million.

MR. REILLY:

Found on page 27 of Exhibit I, a supplemental request has been submitted which is not included in the Governor's budget. This request is concerned with faculty and staff compensation. This is very important to the Board and, as previously heard from our faculty, we had a professional study conducted to look at salaries for two-year and four-year institutions. This has also been addressed in A.B. No. 202 of the 79th Session and is an issue surrounding salary compression which has occurred over a long period of time. We are proposing a target for addressing this issue over 3 sessions with 33 percent coming from the institutions, and the remainder coming from the State.

BART J. PATTERSON (President, Nevada State College):

On page 29 of Exhibit I, we have provided a snapshot of NSC statistics. The NSC has experienced about 30 percent growth in the last 2 years. Since the 79th Session, we have had a substantial increase in enrollment which has also come with challenges in available space and our ability to accommodate more students. Nevada State College (NSC) is a very diverse institution with our largest population of Hispanics at 35 percent. Both growth and diversity are even more substantial in our freshman classes. The freshman class in the fall of 2017 was a 72 percent increase over 2016. These classes are coming in at about 90 percent diverse.

The average entering grade-point average has climbed to 3.02, and last year we had a 40 percent increase in graduates. There is still a lot of work needed to increase graduation rates, and we are moving in the right direction. Part of the issue is we have large freshman classes composed of pre-nursing students. We have expanded the pre-nursing program to be the largest in the State with permission from the State Board of Nursing to add another 48 enrollments for a total of 144 in the part-time program and 144 in the full-time track each year. This is still not enough to keep up with the demand of pre-nursing students coming in.

We are focused on building out our education program to be the largest in the State. This is a core program for a state college to have teacher preparation programs and we offer a lower-cost option compared to universities, about 40 percent lower. The NSC is an ideal college for students to prepare for teaching. There is a critical shortage, and we need to dramatically increase those programs.

During the 79th Session, enhancements were approved for the budget in speech pathology. We have hired faculty to start offering a master's level program in speech pathology beginning in fall 2019, and we have over 120 applications submitted. We intend to accept 25 students initially for full-time enrollment and 25 in part-time enrollment. Nevada is the only state in the Nation that allows bachelor's strength speech pathologists to work in school districts. Currently, NSC is the only institution with a bachelor's speech pathology program. We plan to expand the speech pathology program at \$825,000 over the 2019-2021 biennium.

The next program capacity enhancement is for early childhood education. The NSC will start a new degree program that will pair with the new building that is in the Governor's budget. If we receive this funding, NSC expects to begin classes in 2021. The next enhancement is in teachers academies. In four Clark County high schools, with more to come, we are early identifying students who want to go into teaching and providing them with dual credit opportunities in general education and teaching. We want to grow our own and get more students to choose teaching as a profession. The NSC has been successful with those first four high schools: Mojave, Southeast Career Technical Academy, Liberty and East Career Technical Academy. We are looking to expand to Foothill High School and other high schools around the valley. Details on all these enhancements can be found on page 30 of Exhibit I.

On page 31 of Exhibit I, the Committees will see details on additional enhancements for an infomatics/data science program and our statewide mission. The infomatics/data science program is a critical-need area and would be NSC's first computer science-related degree. This enhancement will help us establish this program and hire the necessary faculty. We project to start this program in the fall of 2020. Our final enhancement request is to grow our statewide mission. The NSC has partnerships across the State, and with WNC in education. We want to grow this program and our partnership in visual media graphic design and education with TMCC. We plan to also look at healthcare professions within these partnerships. The NSC wants to be established as a State college to help deal with critical needs.

The education academic building CIP is the number-one ranked project by the Board. It was included in the Governor's recommendation and ranked as a key priority by the Southern Nevada Forum, the Henderson Chamber of Commerce, the Metro Chamber and others. We are also a proud partner with the CSN on

a nursing building which will allow us to consolidate our operations to Henderson. Currently, we have part of the nursing program working at the Shadow Lane site. The education academic building is a critical need. Available space is a big issue on campus and the liberal arts building of 40,000 square feet was the last building built for NSC, by the State, in 2008. Since then, NSC has built two buildings through a long-term financing plan which we pay for through a special student fee, general improvement fees and capital improvement fees. With 30 percent growth in students and continued growth, we still continue to struggle with space for studying and office use.

The education academic building would help alleviate the need for space and also help build these new degree programs and expand existing programs. This would be a \$62 million project with \$56 million in State funds and a \$6 million match from NSC. We have achieved our share from commitments received and dollars in our foundation. During the 79th Session, we received \$3.5 million in State funds, and we are well along our way in completing the design. The State Public Works Board recently identified that these projects will be "shovel ready" this year, if approved. This building would also include an early childhood lab to connect with the community on child care and a speech pathology clinic to treat individuals with service needs in the community. The clinic and lab would be projected to open in the fall of 2021. As the Committees will see, NSC has increased the budget based on our student enrollment. This creates a challenge for us to teach so many more students and feel we have managed this well. As a result, our per-student FTE funding is not high.

CHAIR WOODHOUSE:

Next we will hear from Desert Research Institute (DRI).

KRISTEN AVERYT, PH.D. (President, Desert Research Institute):

The DRI is one of the top environmental science institutions in the Country. According to the National Science Foundation, we rank in the top 5 percent of all academic institutions in earth and atmospheric sciences, and rank higher than the University of California, Davis and the Massachusetts Institute of Technology. On page 35 of Exhibit I, we have provided the mission our reputation is built on and a map of scientific disciplines focused on addressing challenges we face in the State.

The DRI budget constitutes approximately 1 percent of the overall NSHE budget. In FY 2017-2018, our revenue portfolio totaled \$46 million and was comprised

of 3 components: base funding from the State; contracts and grants from federal, states and private funds; and gifts from our foundation. Funds to cover the cost of doing business are generated through two mechanisms, both of which are tied to our success of securing grants and contracts. The first mechanism is indirect cost recovery (ICR) and the second is State appropriation based on the funding formula.

Revenue is generated from our grants and contracts by applying an ICR rate. The DRI's ICR rate for federal contracts is approximately 65 percent. For every \$100 funded by a sponsoring agency in support of our science, we have to add an additional \$65 to support the administration of those funds. In FY 2017-2018, 19 percent of DRI's revenue came from ICR and the vast majority of these funds were used to cover the fraction of institutional research administration which is not covered by DRI's base-formula funding appropriated by the State.

In FY 2017-2018, our State appropriation from the funding formula represented 14 percent of our total revenue. Unlike other NSHE institutions where State appropriation is driven by WSCH, we do not have students and our State funding formula is based on total expenditures from contracts and grant outlined on page 37 of Exhibit I. This is a sliding scale and dependent on a two-year retroactive look back at total dollars expended. Based on our tiered structure of funding, the more revenue our scientists generate from external resources, the smaller percentage of support we receive from the State. In addition, resources to support DRI operation and maintenance (O&M) are calculated separately based on the square footage of our facilities. The Governor's budget keeps DRI whole and provides additional funding to support capacity building investments for our faculty, laboratories and field equipment.

On page 38 of Exhibit I, there is a technical adjustment, E-289 in our based funding formula that we would like to see; however, these changes will not impact the sum total of the proposed budget.

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These changes include funds that were inadvertently placed in other categories. The DRI and NSHE will clarify those numbers. Overall, the budget includes just over \$300,000 per year in growth, which is a reflection of the success of our scientists in securing additional resources through external contracts and grants. The budget includes one-time funding of just over \$220,000 per year to account for inflationary impacts on salaries.

The budget also includes requested funds for capacity building found on page 39 of Exhibit I. We are requesting \$500,000 over the 2019-2021 biennium to invest in DRI's early career scientists program. This program will continue to provide the tools and skills necessary to successfully compete for contracts and grants as these scientists grow to become the next generation of leaders at DRI and throughout the State.

The DRI has many senior career scientists heading towards retirement and there is an acute need to invest in our early career researchers and help them be competitive in their respective fields, while retaining them at DRI. The budget also includes \$1 million in funding over the biennium to invest in laboratory and field equipment. This is intended to purchase midlevel equipment and repair aging equipment within a \$10,000 range. These repairs are often difficult to fund through traditional grants and contracts and investment is vital for DRI to remain a strong competitor.

CHAIR WOODHOUSE:

Next we will hear from the College of Southern Nevada (CSN).

FEDERICO ZARAGOZA, PH.D. (President, College of Southern Nevada):

The CSN enrolls 15,000 noncredit students in addition to its 35,000 degree seeking students, and we are the largest hiring credit institution in the State. We are a community college with students coming from diverse neighborhoods and communities of southern Nevada. Our student body is diverse, nontraditional, and the average age is 27 years. We are also made up of 67 percent minority, 57 percent female, more than 40 percent low income students and 70 percent are part-time students. College of Southern Nevada students come from, and stay, in the community with 92 percent retention. They are highly skilled workers critical to the southern Nevada economic and regional workforce.

The CSN has greatly benefited from the capacity enhancements for higher education approved during the 79th Session. Our current priority enhancement projects fall under three areas: workforce education, accelerated business and health science pathways, and community enhancements. In the workforce area, we are able to establish certificates allowing CSN students to accelerate entry into high-demand wage occupations. We have added a one year certificate in air-conditioning, a one semester certification on interindustry conference and auto collision repair, and four certificates in welding.

We have also added an accelerated industrial manufacturer certificate pathway, and are able to articulate between noncredit manufacturing job-creating programs and our engineer technology associate's degree. In the business area, the Board approved our applied science degree in project management. This degree includes an accelerated pathway for associate's degree graduates to earn a bachelor's degree in project management in three semesters. The CSN is also establishing an enhanced logistics management program with an emphasis in supply chain management. Currently, we are in enrollment mode adding two additional propositions to address these business enhancements. Additional information can be found on page 42 of Exhibit I.

The CSN's primary community enhancement project is a migration into multisystem college delivery options with alignments to workforce needs and economic activities of our municipal partners. We hired a campus vice president and fully executed a successful pilot program at our Henderson campus. This program has allowed us to develop a template for full migration of our other campuses scheduled to be executed in fall 2019. We are currently working with the national recruitment firm Gold Hill Associates to hire campus vice presidents for our North Las Vegas and Charleston campuses by April 15, 2019. The identified CSN target programs are aligned with the southern Nevada Workforce Connection's demand occupations and Department of Employment, Training and Rehabilitation (DETR) occupational demand labor market information. In addition, we ensured our programs were responsive to the Las Vegas Metro Chamber of Commerce workforce development priorities. Additional information can be found on page 42 of Exhibit I.

The number one objective at CSN is to implement student success agendas so that students can graduate, complete, transfer and prosper. Half of the students who attend CSN come with the intent of transferring to a university, yet more than 70 percent who are first-time college students are not college ready. To

remedy this, we have added faculty to our English and math departments, and college writing courses. This contributed toward assisting almost 4,000 CSN students to become college ready and to successfully transfer to universities in pursuit of graduate degrees. We are fully committed and recognized by the Lumina Foundation. We are a National demonstration site of implementing student success best practices. Our practices include mandatory advising and prescriptive onboarding which ensures all CSN students have an academic map to graduation. The CSN is establishing a 350:1 ratio of students to advisors. Currently, our ratio is 1,200:1. Additional information can be found on page 43 of Exhibit I.

The CSN is an Achieving the Dream leader and we have been engaged in math and English remediation since 2010. We plan to expand our successful college programs in areas of contextual academic enrichment. This allows us to relay students with co-requisite enrollment instead of the less effective sequential remediation model. We plan to incorporate co-requisites, academic skill instructions and life skill instructions into our college ready sequencing. This includes our dual enrollment pathways.

On page 44 of Exhibit I, we have provided information on CSN's prison education program, which was established under S.B. 306 of the 79th Session. This is intended to create a "prison to work" or "prison to learn" pathway for inmates. There is no more important priority in southern Nevada than the need for nurses. This is the top-ranked legislative priority for the Southern Nevada Forum, in part because of the acute demand for nurses and health professionals. Noted by the Governor's Office of Economic Development, more than 18,000 new healthcare practitioners will be needed in the State by 2025. In 2017, there were approximately 1,900 unfilled nursing jobs in southern Nevada. This occupational gap impacts the quality of health. It is not just a workforce consideration, it is also a quality of life consideration. The CSN is requesting the construction of a 70,000 square foot health and science building in partnership with NSC. This will allow the CSN to double nursing enrollments and graduates.

Our current capacity for students is 350, generating 200 graduates annually. While we accept an average of 150 students annually, we turn away another 200 fully qualified applicants due to space limitations. With this new building, we will also be offering programs in phlebotomy, certified nursing assistants, medical assistants and medical lab technologists. These will generate an additional 150 to 200 health professionals. The building proposal includes 4 biology labs allowing 1,400 student to overcome the current "biology bottleneck" to science,

technology, engineering, or mathematics (STEM) career pathways. These proposals are in line to address regional workforce gaps and increase access to STEM careers. We have secured the \$6 million commitment match from private, municipal and institutional sources. The project is "shovel ready" and community responsive. It will impact over 2,000 students annually and directly respond to the needs of our students, community and district stake holders. Additional information can be found on page 45 of Exhibit I.

CHAIR WOODHOUSE:

Next we will hear from Great Basin College (GBC).

JOYCE HELENS (President, Great Basin College):

The GBC is Nevada's leading provider of higher education in rural areas of 86,000 square miles, or 10 counties, over 2 time zones. Our main campus is located in Elko with branches in Winnemucca, Battle Mountain, Ely and Pahrump. We also have 19 satellite centers throughout the State. Serving such a large geography has its rewards and challenges in delivering higher education and the associated costs of technology. The GBC is a leader in online education with approximately 15 full-time programs and 61 percent of our enrollments online.

We would like to continue to expand our nursing and teacher education programs in Pahrump. All of our rural communities require healthcare professionals and teachers who will stay in our schools and who understand rural lifestyle and issues. In 2020, GBC would like to focus on paramedic and first-responder training. We recently received an accreditation of best practices. Our primary focus area is always rural practices. We know our rural communities, clinics and healthcare providers are concerned about having a highly skilled workforce. Additional information can be found on page 47 of Exhibit I.

Often in these rural areas, transportation times to a hospital can be long, which can decrease a person's chances of survival. Many people who enter our program are veterans with experience in combat, but with no degree to accredit their previous training. In 2021, GBC wants to focus on the expansion of human services. We have offered this as an associate's degree and now as a bachelor's degree in partnership with universities. This is focused on substance abuse counseling and is important throughout the State and specifically in rural areas which have been greatly impacted by the opioid crisis. Additional information can be found on page 47 of Exhibit I.

The GBC offers the only online land surveying bachelor's degree in the Nation. As a best in practice, we have approximately 75 students with only 1 instructor. We are going to pursue accreditation which will require another instructor, and all of these things are provided by important enhancements. We are very grateful for this, and these enhancements will allow us to respond to workforce needs of our rural communities.

CHAIR WOODHOUSE:

Next, we will hear from Truckee Meadows Community College (TMCC).

KARIN HILGERSOM, PH.D. (President, Truckee Meadows Community College):

We are a comprehensive community college with a great mix of workforce and transfer programs. As a Hispanic-serving institution, we have topped the minimum 25 percent threshold of students who are Latino/Latina in addition to some other eligibility requirements. We serve mostly the Reno and Sparks area and have been busy expanding our international program for the benefit of both international and domestic students. The TMCC is an Aspin Institute top 150 community college which is achieved through a rigorous process to be recognized for excellence. With relatively high graduation rates, we still have much to improve.

At TMCC, we will use the Governor's budget inclusion for capacity enhancements to expand best practices that improve student success. We continue to emphasize gateway and developmental courses, including college-level math and English. Subjects in math are some of the greatest barriers for community college students to completing college. We have been looking for new ways to teach and provide students with resources for completing these challenging courses. These capacity enhancements will help us hire more tutors and lab technicians in our workforce programs. We are also focused on increasing advising services. We have about 9 advisors for 11,000 students every year. We would like to improve this ratio.

At TMCC, we would also like to expand our dual credit offerings. Expansions in this have been made in the last two years and we would like to do more. Our partnership with Washoe County School District continues to provide accelerated options in high school which helps families save money and increases the number of people completing two-year and four-year degrees. We would also like to utilize data analytics and monitor program pathways. If a student has a clear pathway, their chances of success improves. We will also refresh classrooms with new technologies.

The prison education program is new to TMCC and operates as a reentry program with referrals from probation and parole officers. We teach our participants how to be ready for gainful employment, including financial literacy. They will go through a one credit occupational safety and health administration training in preparation to enter technical programs such as heating, ventilation, air conditioning and refrigeration training. We have great partnerships and scholarships. We know the best way to reduce recidivism is to give them a skill. Additional information can be found on page 50 of Exhibit I.

CHAIR WOODHOUSE:

Next we will hear from Western Nevada College (WNC).

VINCENT SOLIS, PH.D. (President, Western Nevada College):

Our dual enrollment programs have been beneficial with a 93 percent success rate among students who take part, particularly in our flagship program Jump Start. When considering low costs for parents, graduation rates and success rates, 40 percent of students who enter this program will graduate with a degree before they graduate from their respective high schools. Funding enhancements would provide more capacity to increase the program and maintain success rates in the 90th percentile.

The WNC also wants to look at the need for nurses in Nevada. This is a priority for us particularly in the Fallon area where we are filled to capacity with 19 students. This capacity is limited by the shortage of instructors. We hope these enhancements will help recruit instructors, increase student capacity and serve the needs of Nevada.

The WNC is proposing enhancements for under-served students. Our student population is made up of 31 percent minority and we have a Latino cohort program which has been extremely successful with a graduation rate of 52 percent. This is achieved through structured advising, structured pathways, assistance with financial aid, mentoring and parental involvement. With other minority groups graduating at 28 percent, we would like to apply the Latino cohort program to other minority groups. Additional information can be found on page 52 of Exhibit I.

Currently, WNC provides a prison education program that has tremendous success rates with students who participate, and we want to provide them with the educational services they need to be successful. Approximately 91 students

are projected to register for classes, and we believe this could increase to over 200. This funding would help allow inmates to access the program with the staff to serve them. Right now, this program is funded through fundraising sales and donors. We are working to offer degrees in applied sciences and in areas where inmates can receive immediate work through a welding program that we are developing. Funds would go towards equipment and staffing needs. Additional information can be found on page 53 of [Exhibit I](#).

CHAIR WOODHOUSE:

Next we will hear from the University of Nevada, Las Vegas (UNLV).

MARTA MEANA, PH.D. (President, University of Nevada, Las Vegas):

I am submitting testimony ([Exhibit M](#)) for the UNLV legislative budget hearing presentation. References to slides 1 through 6 in [Exhibit M](#) correlate with pages 54 through 59 of [Exhibit I](#).

CHAIR WOODHOUSE:

Next we will hear from the University of Nevada, Reno (UNR).

MARC JOHNSON, PH.D. (President, University of Nevada, Reno):

I will follow up on President Meana's comment about the Carnegie R1 classification which is a high research classification. Both UNR and UNLV have been focused on developing strong research, graduate and undergraduate programs over the last several years. The UNR is requesting to continue the enhancement program for an advanced manufacturing research initiative. This initiative was selected by the University after the Governor's Office of Economic Development identified that advanced manufacturing would be the foundation of economic growth in northern Nevada. Advanced manufacturing includes new ways to manufacture existing products and new products emerging from new technologies. There are three categories of resources needed to develop this program.

The first is a facility with modern laboratories, teaching spaces and office space. This resource does not come from grants, and thus becomes a responsibility of the State and institution. The second resource needed is staffing. These are the people who teach, research and communicate with the public on research findings. The UNR does not have a lot of grants to hire staff and, as human infrastructure for these programs, this becomes a responsibility of the State and institution. The third resource is operations where the State can gain leverage.

When we invest in the people who make up our research institutions, these people are able to generate their own operating resources by being competitive for federal and state grants. These grants allow them to bring in the operating resources to do their work.

In applying this to advanced manufacturing, the UNR is requesting \$2 million beginning in FY 2019-2020 to be spent on one-time operations of laboratory renovations and equipment in preparation for new faculty positions. Over the 2019-2021 biennium, we are requesting \$4.1 million in the first year, and \$5 million in the second year, to hire 35 tenured faculty positions for teaching and research, 50 graduate research assistants, who will also be enrolled as students, and 5 core facility managers who would manage a set of expensive equipment. Currently, we have temporary leadership and could make greater use by hiring full-time doctoral prepared managers. We would also hire six administrative assistants in support roles. This will be a very transformational program for UNR and is aligned with developments in advanced manufacturing for economic development throughout the entire State. Additional information can be found on page 61 of Exhibit I.

On page 62 of Exhibit I, the Committees will find details about the Nevada Teach program which is included as a continuation in the Governor's budget. The purpose of this program is to address issues of having teachers prepared in both content knowledge and pedagogy skill. When a student comes into the Nevada Teach program, they sign up for a secondary certificate in the College of Education and for a major in a STEM field. Throughout their four years, these students will have contact with schools, be mentored by teachers and receive a degree in a STEM field. The idea would then be for these students to be hired in our educational workforce market. The UNR has been adopted by a consortium of universities, led by the University of Texas, Austin, who have signed on to this program where teachers will provide degrees in a STEM field and good pedagogical training. Resources of the first \$300,000 in the 2017-2019 biennium was spent to give stipends to mentor teachers who are experienced and help these students learn. Exam fees, scholarships and instructional materials are all covered with these stipends.

When we transitioned to the UNR School of Medicine on July 1, 2017, the same time the UNLV School of Medicine was launched, the University had additional funds to make this transition occur and allow both UNR and UNLV to grow. The UNR is not requesting additional funds for the 2019-2021 biennium or the

2021-2023 biennium, and we have done a lot of development in the last few years. One of these developments has been receiving full accreditation. We are also allowing community physicians to be teachers, so students can go into their clinics and receive training. The UNR has expanded the clinical platform for teaching by reaching into rural areas and health districts, such as Carson Tahoe Health and the hospital program in Elko. We launched a physician's assistant program last summer which brought in 24 students and will bring in 24 more in the summer of 2019. We have purchased a building centrally located in Reno that will be developed this year to ultimately move some of our clinical operations located on campus to a more accessible location in 2020. Additional information can be found on page 63 of [Exhibit I](#).

On page 64 of [Exhibit I](#), the Committees will find information on our new engineering building. This building was approved by the 79th Session and is very complimentary to the advanced manufacturing program and beneficial to workforce development in this industry. Both Tesla and Panasonic have developed engineering internship programs available to our students, and the performance reports we receive on our students who participate are satisfactory. The building project is going along well with installation of concrete and basic utility infrastructure. Construction began in July 2017.

MR. REILLY:

The NSHE is also submitting the following exhibits: ([Exhibit J](#)) on the NSHE 2019-2021 biennial budget summary, ([Exhibit K](#)) on NSHE funding pre-post-formula and ([Exhibit L](#)) on NSHE funding pre-post-formula inflation.

ASSEMBLYWOMAN TITUS:

How does NSHE define its historical graduation rates and its target rates found on page 10 of [Exhibit I](#)?

MR. REILLY:

Half of NSHE's population is made up of part-time students. The overall goal of NSHE is to provide all students with a clear pathway and advisement to receiving a certificate or degree. There is no evidence to suggest some college is beneficial for individuals entering the job market. Mandatory advising is one of the changes planned to come out of our upcoming student success summit. Transfer students are well accounted for in these graduation rates, and we have other data that captures transfer student information. Definitions of completion for NSHE are the same nationally.

ASSEMBLYWOMAN TITUS:

I think information supporting these graduation targets and the reasons why students are not successful would be helpful to the Committees.

MR. REILLY:

We will be putting together information on our student success, per institution, with these kinds of details. One issue we are trying to make improvements on is remedial education. Data has shown that students who begin in remedial education will not graduate and may need to take three, four or five courses before they can get onto a pathway towards a degree. To remedy this, NSHE is working with kindergarten through Grade 12 partners to move remedial back to the high schools. After students have completed these remedial courses, as new college enrollees they will be placed into co-requisite courses. This model has proven successful nationally to increase graduation rates.

ASSEMBLYWOMAN CARLTON:

Can NSHE provide the Committees with a high-level overview of what the self-supporting budgets are, and how they are funded?

MR. REILLY:

We have had a conversation about NSHE's self-supporting budgets, and we will provide the Committees with information on these.

MR. CLINGER:

On the NSHE website we publish the self-supporting budgets along with our operating budget. In FY 2016-2017, there was \$667 million worth of expenditures which are funded from student fees, sales and services, and endowment income. There are more than 1,800 different self-supporting accounts spread across the organization. We will provide the Committees with up-to-date information on this.

ASSEMBLYWOMAN CARLTON:

Can you expand on the purpose behind these accounts, their philosophy, why they exist and why they are not included in the discussions we have?

MR. CLINGER:

I would describe these budgets as internal-service funds. As an example, dormitories are paid by dormitory fees collected from student residents which help fund O&M costs.

VIC REDDING (Vice President, Administration and Finance, University of Nevada, Reno):

I agree with everything Mr. Clinger said in regard to these accounts. Resident life, summer schooling not funded by the State, continuing education, non-degree programs and summer school budgets are all examples of self-supporting budgets. These types of budgets do not fall under grants or contracts. They are the enterprise fund part of the institutions.

ASSEMBLYWOMAN NEAL:

Referring to pages 10 and 11 of Exhibit I, can I get some clarification of the correlation between graduation rates and goals for student success?

MR. REILLY:

The table on page 10 of Exhibit I is referring to graduation rates and the table on page 11 refers to the number of students conferred an award. These tables show a historical tracking of graduation rates and awards conferred in the past, and projected targets in the future, which are expected to increase. Both UNLV and CSN graduation rates have been static with little increase.

ASSEMBLYWOMAN NEAL:

Is NSHE seeing more certificates versus degrees being awarded?

MR. REILLY:

In community colleges we are seeing a large increase in certificates awarded. This helps increase the total number of degrees or certificates conferred. The NSHE is trying to align the trajectory of conferred awards and persistence from year to year as shown on page 12 of Exhibit I.

ASSEMBLYWOMAN NEAL:

Can NSHE provide the Committees with demographic information on graduation rates?

MR. REILLY:

Back when we held our student success summit, the Board felt very strongly that NSHE needed a separate goal on closing the achievement gap. As a result, we will be holding a third summit in April 2019, which will focus on this by breaking

out graduation rates, student success and persistence rates by demographics, such as African American, Latino and Pell Grant students.

ASSEMBLYWOMAN NEAL:

In 2014, NSHE created an excess credit fee for students who "stay on" and do not complete their program. Where does this money go, how does it help those students to succeed, and how many of these students are of color?

MR. REILLY:

We will provide this information in detail at a later time.

ASSEMBLYWOMAN NEAL:

Recently CSN approved student union fees and the CSN also has a fee increase in your budget request. How much is CSN expecting to collect, and will this be reduced due to the new building project?

MARY KAYE BAILEY (Vice President of Finance and Administration, College of Southern Nevada):

The projects are on schedule and we are moving forward with all three student unions at each of our campuses.

ASSEMBLYWOMAN NEAL:

The CSN has a low graduation rate for students of color and implemented the Bump Up program two years ago. If students take remedial courses, do they not receive financial aid? How is CSN helping these students succeed, and how does financial aid eligibility change with co-requisite courses?

MR. ZARAGOZA:

For co-requisite enrollments, students are eligible for financial aid because they would be enrolled in a credit program. This is one of the advantages of the co-requisite model along with placing students into a pathway for success and remediating them contextually. Our data shows that these students do twice as well as other pathways.

ASSEMBLYWOMAN NEAL:

How many students who take remedial courses are also behind in earning a degree or certificate, and who are also being charged the excess credit fee?

MR. ZARAGOZA:

We will need to provide this information at a later time.

SENATOR SETTELMAYER:

Is there any information on individuals who have graduated and are employed within their field of study?

MR. REILLY:

Each of our institutions track this information, and we can provide this to the Committees.

ASSEMBLYWOMAN SWANK:

I am interested in seeing how small-institution funding is going as these institutions become larger. Figures of 50,000 and 100,000 WSCHs are very round and vague that we are tying a lot of money to. I would like to make sure these are the correct figures. I would also like information on the performance funding pool of 20 percent and make sure these are goals that are challenging our institutions.

SENATOR GOICOECHEA:

What is the difference between a lower- and upper-level fees for community colleges?

MR. CLINGER:

The cost of upper-level courses is higher than lower-level courses.

MR. REILLY:

At GBC, enrollments were down significantly which lead to a decrease in funding. The president has a plan to fix this and GBC has seen enrollment increase and projects this trend to continue. Another benefit for GBC will be through a new agreement they have with MGM Resorts International for online education. The GBC has the most online courses and certificates of any other institution in Nevada.

SENATOR GOICOECHEA:

I am wondering if we need to change the curriculums. We are very limited in accommodating students on campuses in Elko and Pahrump and this is preventing us from reaching our goals. In eastern Nevada, students are going to universities in Idaho and Utah because community colleges in Nevada are not feasible.

MS. HELENS:

The issue of affordability blocks persistence and completion at GBC. We are using data for the first time to diagnose the issue of enrollment and have found that the system was able to take unused Silver State Opportunity Grant money and give it to GBC, roughly \$500,000. Through making phone calls to previously enrolled students, we found students were not returning because they could not afford to do so. With the assistance of this \$500,000, a significant portion of these students did return. Funding is very important in rural areas, when tackling the affordability issue. During the recent economic recession, GBC moved most of its programs to online after our funding was dramatically affected.

SENATOR GOICOECHEA:

I will be interested to see what funding for our small institutions looks like. Students in rural areas are an asset to our communities.

SENATOR KIECKHEFER:

The capacity building plan which was originally presented in 2017 was for a four-year funding plan and now it is for five years. Have those capacity building exercises increased in cost by 20 percent, or is there a delay? Some of the capacity building programs are going to generate student credit hours which will increase revenue. Is each project being looked at within their own business plans so that they may be self-sufficient moving forward?

MR. REDDING:

The capacity enhancement which was a four-year plan is now a five-year plan. The fifth year has not changed in its total dollar value of \$50 million. What has changed is the ramp-up period which was originally proposed to the Board as 4 years between FY 2017-2018 and FY 2020-2021. As requested by Governor Sandoval, the plan was delayed a year to begin in FY 2018-2019. In preparing the 80th Session budget, the plan was extended another year to 5 years. This was also intended to become permanent funding. As many of the presidents discussed, this funding goes directly towards programs and initiatives in the instructional budget and would continue to support those.

SENATOR KIECKHEFER:

Is the total appropriation of capacity enhancements for this budget just over \$40 million? How much did we allocate for the current fiscal year?

MR. REDDING:

The current fiscal year was a total of \$10 million spread across all institutions.

SENATOR KIECKHEFER:
What about the fifth year?

MR. REDDING:
The fifth year would be in the 2021-2023 biennium.

SENATOR KIECKHEFER:
You just said this was not going to increase the total dollar cost.

MR. REDDING:
As it was originally planned, there was \$10 million in the first year, \$25 million in the second, \$50 million in the third and \$50 million in the fourth.

SENATOR KIECKHEFER:
So the total increases over the run on; however, the total dollar amount in the final year remains the same?

MR. REDDING:
In the final year and every year following that. So while it will take longer to get to \$50 million, it does not exceed \$50 million.

SENATOR KIECKHEFER:
If NSHE anticipates there will be a \$50 million line item each subsequent year to fund the programs, are the generated WSCHs deducted from these programs?

MR. REDDING:
This is a matter that has not been decided on yet. When the project was originally a four-year program, it was intended to be seed money to support other programs. The count years for the funding formula are FY 2017-2018 for FY 2019-2020. Moving it back 1 year took the first initiative out of the first count year, because it was in FY2018-2019. The first WSCHs that any of this capacity enhancement would generate would be in FY 2019-2020 and the 81st Session would use these for FY 2021-2022 and FY 2022-2023. When the plan was moved out to five years, it was intended to move it to permanent funding and remove that count year discrepancy because the WSCH generation is so far into the future.

SENATOR KIECKHEFER:

It seems this plan has changed dramatically from what was originally envisioned. I remember this being seed money, and this would be incorporated into ongoing institution and operating budgets moving forward. Now we are talking about a \$100 million biennium line item that may be troublesome. We will need to look into this more in subcommittees.

ASSEMBLYWOMAN JAUREGUI:

Why was there a lot of growth in student success for 2-year institutions between 2013 and 2014 as shown on page 9 of Exhibit I?

MR. REILLY:

This was because certificates increased the total number of awards conferred. Comparing our two-year degree community college graduation rates nationally, we are below average. Now that we offer certificates, we are seeing those awards increasing.

ASSEMBLYWOMAN JAUREGUI:

Certificates were not counted prior to 2013?

MR. REILLY:

Yes. Nationally there is recognition that certificates are important, and we are beginning to collect that data.

KYLE DALPE, PH.D. (Interim Executive Director of Legislative Affairs, Nevada System of Higher Education):

The skills certificate, which is anything from 9 to 29 credits, leads directly to an occupational category where a student can get employment. This is a category that is counted in addition to traditional certificates, which are 30 to 60 credits in associate degrees.

ASSEMBLYWOMAN JAUREGUI:

Is there a recommended ratio of students to advisors that we should be striving for?

NATE MACKINNON (Vice Chancellor for Community Colleges, Nevada System of Higher Education):

The National Association for Academic Advisors recommends a ratio of 350 students to 1 advisor. The CSN and other institutions are moving towards this ratio.

MR. REILLY:

By the fall, we will have instituted that every institution has mandatory advising for beginning student.

ASSEMBLYWOMAN CARLTON:

Are all those apprenticeship certificates counted in conferred awards? Do these certificates transfer over to the associate degrees?

MR. DALPE:

The skill certificates step into certificates of achievement, which step into associate degrees.

ASSEMBLYWOMAN SPIEGEL:

Is there any data comparing the 35 percent of ex-inmates who are employed and or enrolled in college to those who are not in a prison education program?

MR. ZARAGOZA:

I do not believe we have that comparison data; however, it is a part of the process in terms of moving forward and reevaluating the effectiveness of the program.

I would also like to clarify the question regarding financial aid. There are two pathways leading to the remedial education sequence. Students who are seeking a degree are eligible for financial aid. There are other students on a noncredit track who do not qualify for financial aid. They go through a separate onboarding process. For the excess credit issue, the noncredit would never count towards the degree-seeking standard.

ASSEMBLYWOMAN NEAL:

Does CSN know how much money has accumulated in the excess credit?

MS. BAILEY:

We will need to provide this information at a later time.

CHAIR WOODHOUSE:

Next, we will hear from the Department of Employment, Training and Rehabilitation (DETR).

DON SODERBERG (Director, Department of Employment, Training and Rehabilitation):

The DETR is requesting \$186 million for FY 2019-2020 and \$189 million in FY 2020-2021. This is comprised of 3 percent GF, 68 percent federal funds and 29 percent from a variety of sources. We anticipate to be 1.5 percent under the GF cap. If the budget is approved as recommended by the Governor, we will have a net decrease of 18.5 full-time employees.

KITTY DESOCIO (Deputy Chief Financial Officer, Department of Employment, Training and Rehabilitation):

On pages 3 and 4 of ([Exhibit N](#)), the Committees will find a breakdown of funding sources and department expenditures for DETR. Other sources of revenue include the career enhancement program, the blind business enterprise program (BEN), penalties and interest and other programs. Revenue allocations include the Employment Security Division (ESD), Rehabilitation Division or Rehab, Administrative Services Division or Admin, the Nevada Equal Rights Commission (NERC) Division and the Commission on Postsecondary Education (CPE) Division. On page 4 there is a Department budget overview for the 2019-2021 biennium.

On page 5 of [Exhibit N](#), there is information on DETR's full-time employees for the biennium and how these employees are distributed throughout the divisions. On page 6 we have highlighted our first major initiative on allocation of building maintenance. This will reduce expenditures to the ESD special fund, and penalties and interest for the next biennium.

Our second major initiative found on page 7 of [Exhibit N](#) is the reorganization and centralization of administrative staff for ESD. This will transfer ESD administrative staff, ESD council and members of the ESD legal unit to the new budget account (B/A) 205-4773. This will provide more time reporting efficiency and appropriate allocation of ESD administrative costs to benefiting programs within the ESD.

HEALTH AND HUMAN SERVICES

EMPLOYMENT, TRAINING AND REHABILITATION

DETR - ESD Administration — Budget Page DETR-85 (Volume II)
Budget Account 205-4773

On pages 8 and 9 of [Exhibit N](#), the Committees will find budget account information for the ESD. These include B/A 205-4770 for Workforce

Development, B/A 101-2666 for the CPE, B/A 205-4772 for Unemployment Insurance (UI) and B/A 235-4771 for ESD Special Fund.

DETR - Workforce Development — Budget Page DETR-46 (Volume II)
Budget Account 205-4770

DETR - Commission on Postsecondary Education — Budget Page DETR-127
(Volume II)
Budget Account 101-2666

DETR - Unemployment Insurance — Budget Page DETR-72 (Volume II)
Budget Account 205-4772

DETR - Employment Security - Special Fund — Budget Page DETR-64
(Volume II)
Budget Account 235-4771

On page 10 of Exhibit N, we have highlighted challenges facing UI. Workforce development full-time employees will be increased by 25 positions. This is accomplished by converting 25 intermittent staff positions to permanent ones, adding 5 positions and transferring 5 positions to the newly organized administrative B/A 205-4773. In all, the full-time employee count will increase from 195 to 220. The ESD administration will be staffed with 11 full time employees, the CPE will remain at 4 employees and UI will remain at 49 employees. A breakdown of this information can be found on page 11.

Operating budgets for DETR are as follows: \$142,182,035 for workforce development, \$2,686,561 for ESD administration, \$1,082,630 for the CPE, \$20,503,376 for ESD special fund and \$53,992,207 for UI, totaling \$220,446,809 for the 2019-2021 biennium. On page 13 of Exhibit N, the Committees will find details on B/A B/A 235-4770 enhancement unit requests E-234 through E-236, E-241 through E-245 and E-247.

E-234 Efficient and Responsive State Government — Page DETR-50
E-235 Efficient and Responsive State Government — Page DETR-51
E-236 Efficient and Responsive State Government — Page DETR-51
E-241 Efficient and Responsive State Government — Page DETR-52
E-242 Efficient and Responsive State Government — Page DETR-52

E-243 Efficient and Responsive State Government — Page DETR-53
E-244 Efficient and Responsive State Government — Page DETR-53
E-245 Efficient and Responsive State Government — Page DETR-54
E-247 Efficient and Responsive State Government — Page DETR-54

If these enhancement units are approved, they will help to support the career enhancement program. This will include a paid work experience and increased business service staffing and rural staffing. These will enable DETR to provide employment and training to unemployed people of Nevada, foster job creation, minimize unemployment costs to employers and meet the needs of employers by providing skilled workers. The total cost over the biennium is \$897,506. Additional information can be found on page 13 of Exhibit N.

As described on page 14 of Exhibit N, the DETR is requesting enhancement unit E-233 to B/A 205-4770 for continuation of the Semi-Autonomous Research Assistant (SARA) project which is a virtual assistant software designed to contact clients via text and email. This software provides two-way communication with clients and records conversations into case notes. It can also perform more tedious tasks in data entry which frees up time for staff to perform more complex tasks and to serve Nevadans. We are also requesting enhancement unit E-911 to transfer UI trade expenditures from B/A 205-4770 to B/A 205-4772 with a budgetary reduction of \$36,499. These funds are better aligned with UI function.

E-233 Efficient and Responsive State Government — Page DETR-50
E-911 Tsf From 4770 To 4772 - Trade — Page DETR-61

On page 15 of Exhibit N, the Committees will find details outlining enhancement unit requests for B/A 235-4771; E-226, E-235, E-491 and E-550.

E-226 Efficient and Responsive State Government — Page DETR-65
E-235 Efficient and Responsive State Government — Page DETR-66
E-491 Expiring Grant/Program — Page DETR-66
E-550 Technology Investment Request — Page DETR-67

On pages 16 and 17 of Exhibit N, we have provided information on enhancement units E-226, E-225, E-490, E-491 and E-492 for B/A 205-4772 and budgetary reductions associated.

E-226 Efficient and Responsive State Government — Page DETR-65

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E-225 Efficient and Responsive State Government — Page DETR-75
E-490 Expiring Grant/Program — Page DETR-76
E-491 Expiring Grant/Program — Page DETR-77
E-492 Expiring Grant/Program — Page DETR-77

Enhancement unit request E-228 for B/A 101-2666 can be found on page 18 of Exhibit N as well as a one-shot appropriation.

E-228 Efficient and Responsive State Government — Page DETR-129
One-Shot Appropriation — Technology Investment to develop a replacement for the current Access database being used

On pages 19 and 20 of Exhibit N, the Committees will find budget account information for the Rehabilitation Division. These include B/A 101-3268 for the Rehabilitation Administration, B/A 101-3269 for the Bureau of Disability Adjudication, B/A 101-3265 for Bureau Vocational Rehabilitation (BVR), B/A-101-3254 for the Bureau of Services to Persons who are Blind or Visually Impaired and B/A 101-3253 for BEN.

DETR - Rehabilitation Administration — Budget Page DETR-7 (Volume II)
Budget Account 101-3268

DETR - Disability Adjudication — Budget Page DETR-11 (Volume II)
Budget Account 101-3269

DETR - Vocational Rehabilitation — Budget Page DETR-18 (Volume II)
Budget Account 101-3265

DETR - Services To Blind Or Visually Impaired — Budget Page DETR-28
(Volume II)
Budget Account 101-3254

DETR - Blind Business Enterprise Program — Budget Page DETR-34 (Volume II)
Budget Account 101-3253

On page 21 of Exhibit N, we have provided information on full-time employee counts and operating budgets per each DETR budget account. On page 22 there are enhancement unit requests E-805 and E-225 for B/A 101-3268 and B/A 101-3269 respectively.

E-805 Classified Position Changes — Page DETR-9

E-225 Efficient and Responsive State Government — Page DETR-13

Enhancement unit E-805 for B/A 101-3268 is being requested to ensure that the rehabilitation administration has the appropriate personnel with adequate skillsets, capabilities and experiences to support the Division and assure compliance with new federal regulatory mandates. Enhancement unit E-225 in B/A 101-3269 will assist with maintaining a consistent level of caseload processing.

On page 23 and 24 of Exhibit N, the Committees will find enhancement unit requests E-225, E-229, E-230, E-232, E-233 and E-237 for B/A 101-3265.

E-225 Efficient and Responsive State Government — Page DETR-21

E-229 Efficient and Responsive State Government — Page DETR-22

E-230 Efficient and Responsive State Government — Page DETR-22

E-232 Efficient and Responsive State Government — Page DETR-23

E-233 Efficient and Responsive State Government — Page DETR-23

E-237 Efficient and Responsive State Government — Page DETR-24

The DETR is requesting enhancement unit E-232 for B/A 101-3253, see page 25 of Exhibit N. This enhancement unit involves a business enterprise officer II, which will be responsible for providing training to BEN programs, blind trainees and blind owner operators. Training will focus on Occupational Safety and Health Administration requirements, fiscal budgeting payroll, inventory control, business operations, management practices, merchandising and marketing.

E-232 Efficient and Responsive State Government — Page DETR-37

CHRIS SEWELL (Chief of Operations, Department of Employment, Training and Rehabilitation):

On page 26 of Exhibit N, the Committees will find information on B/A 101-2580 for the NERC.

DETR - Equal Rights Commission — Budget Page DETR-92 (Volume II)
Budget Account 101-2580

On page 27 of Exhibit N, DETR has provided details on full-time employee counts and operating budget within the NERC. Enhancement unit requests for

B/A 101-2580 can be found on page 28. In addition, the new management analyst II will be responsible for implementing a new software program and doing outreach in rural counties. Enhancement unit E-880 for B/A 101-2580 will help Nevada citizens with the first step in filing a complaint with NERC. As a result, this will free up investigator time to concentrate on investigating these complaints. This will also allow supervisors to pull statistical data, monitor investigations and supervise investigators. Statistical data collected would be useful to legislatures who are interested in data on specific discriminations DETR covers. Currently we have to hand count files to develop any statistical information.

E-248 Efficient and Responsive State Government — Page DETR-94

One-Shot Appropriation — Technology Investment to Implement a Case Management Software

On pages 29 and 30 of Exhibit N, the Committees will find budget account details for the Administrative Services Division. These include B/A 101-3272, DETR Administration, B/A 101-3273, Research and Analysis Bureau and B/A 101-3274, Information Development and Processing.

DETR - Administration — Budget Page DETR-102 (Volume II)
Budget Account 101-3272

DETR - Research & Analysis — Budget Page DETR-118 (Volume II)
Budget Account 101-3273

DETR - Information Development and Processing — Budget Page DETR-110
(Volume II)
Budget Account 101-3274

On page 31 of Exhibit N, we have provided full-time employee count and operating budget details for the Administrative Services Division. On pages 32 and 33, we have highlighted enhancement unit requests E-504, E-904, E-509, E-909, E-510, E-910 and E-239 for B/A 101-3272.

E-504 Adjustments To Transfers — Page DETR-105

E-904 Transfer To 3772 — Page DETR-107

E-509 Adjustments To Transfers — Page DETR-105

E-909 Tsf Frm 4772 To 3272 Storage — Page DETR-107

E-510 Adjustments To Transfers — Page DETR-105

E-910 Tsf From 4770 To 3272 Storage — Page DETR-108

E-239 Efficient and Responsive State Government — Page DETR-104

On pages 34 and 35, the Committees will find enhancement unit requests E-250, E-227 and E-493 for B/A 101-3273. Enhancement unit E-250 is important for the chief economist to stay updated with information on what other states are doing, which will benefit Nevada workers and employers. Both positions being eliminated under enhancement units E-227 and E-493 are currently vacant.

E-250 Efficient and Responsive State Government — Page DETR-121

E-227 Efficient and Responsive State Government — Page DETR-120

E-493 Expiring Grant/Program — Page DETR-121

On pages 36 and 37, we have provided information on enhancement unit requests E-225, E-233, E-235 and E-493 for B/A 101-3274. Enhancement unit E-235 will provide knowledgeable programmers to maintain and support critical application of unemployment insurance Nevada (UInv). Retirements, staffing departures and federal mandates have affected the number of current positions for this function.

E-225 Efficient and Responsive State Government — Page DETR-112

E-233 Efficient and Responsive State Government — Page DETR-113

E-235 Efficient and Responsive State Government — Page DETR-113

E-493 Expiring Grant/Program — Page DETR-114

The DETR has a Department-wide initiative requesting a budget amendment to replace an aging phone system and interactive voice response system.

DENNIS PEREA (Deputy Director, Department of Employment, Training and Rehabilitation):

The DETR has been working with the Division of Enterprise Information Technology Services (EITS) and over 90 percent of the equipment for our current phone system is out-of-date. Our vendors have refused to service our equipment and we need to upgrade our system. We have collaborated with EITS to move our infrastructure to their system in hopes of moving into a cloud-based system. The DETR would like to work with the Governor's finance office and Legislative Council Bureau (LCB) staff to find the best way to fund this new system.

We have previously submitted BDR No. 19A90121156C requesting exemption from Section 7 of the Authorization Act for BVR. In 2011, the LCB contacted us

with the belief that the DETR was in violation due to pre-matching federal grants with GF dollars. Since then, we have relinquished federal dollars. The Governor's finance office and LCB believe there may be a more appropriate way to deal with this.

ASSEMBLYWOMAN CARLTON:

Provide the Committees with background information for a new phone system and how it will be included in the Executive Budget.

MR. PEREA:

Funding for this system was originally included in our budget request; however, it was then determined to be funded incorrectly. We will need to look at funding streams which have caused consternation and figure out if the system needs to be funded a different way. The DETR has been in conversations with the Governor's Office and LCB for some time.

ASSEMBLYWOMAN CARLTON:

What is going wrong?

MR. PEREA:

The biggest problem we have in upgrading this system is our complicated call centers. There are concerns with how to upgrade the system, while avoiding significant issues in customer service.

ASSEMBLYWOMAN CARLTON:

I am suspicious that when we upgrade a service, everything collapses and hundreds of people begin calling every day because they need services. This will need to be timed appropriately.

Has DETR seen problems related to the federal shutdown?

MR. SODERBERG:

Yes.

RENEE OLSON (Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation):

There are four groups of people who are being impacted right now. There are essential federal employees who are working and not getting paid. These people accrue costs of working, are unable to look for other employment and are

currently not eligible for UI benefits, per instructions from the U.S. Department of Labor and *Nevada Revised Statutes* (NRS). The DETR is working with the Governor's Office to explore options for providing assistance to these people. We will begin to assist these people as soon as we find a legal option to do so. In recent days, we had approximately 130 UI claims filed by this group.

There is another group of federal furloughed staff who are not getting paid. These people are not currently working, qualify for UI and would qualify under the federal program; however, a bill was recently passed and signed by the President of the United States to guarantee back pay. This is also true for essential federal employees. In the case of furloughed staff, if they do receive benefits from the State, they will need to pay those back after receiving their back pay. We will be working with those federal agencies to establish some type of payroll deduction.

ASSEMBLYWOMAN CARLTON:

Do we know how many people that might be?

MS. OLSON:

We have approximately 380 claims from furloughed staff.

Another group is employees of businesses who are reliant on federal contracts. These people have possibly been laid off temporarily and do qualify for UI benefits. We would process these claims as a regular UI claim. The last group of employees would be those who have lost business from patrons. The impact of this might be slower, and we would process these claims. Individuals from this group are generally eligible for UI benefits.

ASSEMBLYWOMAN CARLTON:

If there is a way for us to statistically figure out where unemployment has been in recent months due to the shutdown and the impacts we can expect, this information would be helpful.

ASSEMBLYMAN THOMPSON:

I reference to pages 13 and 36 of Exhibit N, where are the 2 new workforce service positions going to be located?

MS. OLSON:

One of those positions will be located in northern Nevada and one in southern Nevada.

ASSEMBLYMAN THOMPSON:

Would these positions be housed in DETR offices? It is important that services are taken to vulnerable populations. Where are the 2 Public Service Intern positions going to be located?

MS. OLSON:

We would initially station these positions at a Job Connect office and are open to suggestions of where they may be better located. These positions would be responsible for community outreach.

ASSEMBLYMAN THOMPSON:

These positions need to work with the Nevada Department of Corrections and help people making the transition from jail to the workforce without needing to rely on other social services in the community.

MS. OLSON:

We agree and will work towards this.

MR. PEREA:

The two public service intern positions on page 36 of Exhibit N are intended to work with NSHE and bring in talent. It is difficult to bring in talent for IT services.

ASSEMBLYWOMAN NEAL:

Can I get some clarification on enhancement unit E-235 found on page 15 and 36 of Exhibit N? Are these requesting the same dollar amount or two different amounts?

MR. PEREA:

Enhancement E-235 is requesting a single dollar amount of \$1 million to improve our UInv program.

ASSEMBLYWOMAN NEAL:

What is the function of the database that would be replaced under enhancement unit E-880 of B/A 101-2666 on page 18 of Exhibit N?

MS. OLSON:

The CPE is required to be the repository for transcripts of schools that closedown. They also license schools and manage that information. The CPE would like to have a new system which allows schools, students and other stakeholders to look for and file required information as part of their licensing. Currently, the CPE is

using an old Microsoft Disk Operating System which is very difficult to use. The new system will be more efficient for employees and stakeholders to look for information, file information and makes payments.

ASSEMBLYWOMAN NEAL:

What dollars, if any, is the DETR investing to unify business services with the 16 partners?

MS. OLSON:

Currently, business services is trying to meet their obligations with system partners to create business outreach and engagement services. We have invested Wagner-Peyser Act of 1933 dollars in the system and are focusing on business engagement process. The DETR is working to find out what we are doing and what we can do better. We are having a meeting on this topic on February 6, 2019. We have individuals called business services representatives who will be responsible for providing business outreach and engagement services for the whole system. Anybody within the system who has clients looking for work can access jobs posted in our employment system.

ASSEMBLYWOMAN NEAL:

I understand DETR business services was assigned to the City of North Las Vegas for recruitment efforts in November 2018. These efforts were found to be ineffective and blame was placed on DETR.

MS. OLSON:

The Rehabilitation Division also has business engagement professionals who work within the system and they have invested in this process.

SENATOR PARKS:

In regard to the NERC on page 28 of Exhibit N, will the case management system be an "off the shelf" type of program, or will it be built from the ground up?

KARA JENKINS (Administrator, Nevada Equal Rights Commission, Department of Employment, Training and Rehabilitation):

We took preparative actions to find software that would help us with our case management system. We do intakes manually which take up about 20 percent of investigator time from investigating cases. We have received 6 proposals for this which will not be developed from the ground up. If this request is approved, we

will collect proposals, see what we can afford and get an online case management system to streamline cases.

MR. SODERBERG:

In many budget requests received from DETR agencies, we are asking to modernize a case management system. The NERC has no case management system and if we have an inquiry for information, we have to get that over the phone, or in person. Without a more efficient system, valuable time is taken away from other services.

ASSEMBLYMAN THOMPSON:

Will this software be compliant with federal government standards?

MS. JENKINS:

We did some research and talked with other fair employment practice agencies in Colorado, California and other states in the southern United States. The Equal Employment Opportunity Commission (EEOC) has approved this and they also have an integrated management system which operates very slowly. Information must be shared with EEOC because we are partners with them. There are guidelines on how to keep information confidential and we have NRSs keeping these complaints confidential.

ASSEMBLYMAN THOMPSON:

Even though the system is slow, it seems that would be the system we should be on. Are there grant opportunities we can be a part of to lessen the impact?

MS. JENKINS:

I am not aware of any opportunities, and I can look into this. We have a good relationship with EEOC. This request deals more with NERC's ability to process information. We could still use the EEOC system; however, a new system would deal with internal tasks separately.

MR. SODERBERG:

The EEOC expressed one concern with the way California implemented their system, by asking a lot of questions of claimants. We made a commitment to not implement a system that would select people out and not connect customers to a live person.

CHAIR WOODHOUSE:

Next we will hear from the Department of Motor Vehicles (DMV).

JULIE BUTLER (Director, Department of Motor Vehicles):

The DMV is comprised of seven operational divisions under the authority of the Director's office. There are 18 field offices throughout the State and 1,269 full-time equivalent employees, making us one of the largest Executive Branch agencies within Nevada state government. The DMV plays a significant role in collecting revenue for governmental services at the city, county and State levels. Additionally, we are charged with improving traffic safety through licensing, monitoring and intervention programs, assisting State and federal air quality standards, insuring the integrity and privacy of information and protecting consumers and businesses against fraud and unfair business practices. Additional information can be found on page 1 of ([Exhibit O](#))

On page 2 of [Exhibit O](#) the Committees will find revenue distribution information for FY 2017-2018. Blue Book is the DMV's summary of revenues collected across all divisions and business lines for each revenue stream. It includes base year actuals, the work program year and projections for the upcoming biennium.

On page 3 of [Exhibit O](#), the DMV has provided information on the 22 percent spending cap. This percentage can and has changed depending in the State's needs. The 78th Session included a provision to allocate 50 percent of the increased Governmental Services Tax (GST), collected from the GF, to the Highway Fund in FY 2016-2017. Senate Bill No. 502 of the 78th Session was passed to fund the DMV's System Modernization project by assessing a \$1 technology fee on any paid transactions with the DMV. This increased the spending cap to 27 percent through FY 2019-2020. During the 79th Session, a provision was included to allocate 75 percent of the increase GST collected to the Highway Fund through FY 2018-2019. For the 80th Session, the DMV is proposing to extend the \$1 technology fee collection through June 30, 2022, for implementing, upgrading and maintaining the DMV's platform of IT. A budgetary bill will be forthcoming to implement this request once exact dollar amounts have been finalized for the DMV's E-550 enhancement unit within the System Technology Application Redesign (STAR) budget account.

PUBLIC SAFETY

MOTOR VEHICLES

DMV - System Technology Application Redesign — Budget Page DMV-15
(Volume III)
Budget Account 201-4716

E-550 Technology Investment Request — Page DMV-20

The charts on page 3 of Exhibit O show the DMV's projected revenue sources for the 2019-2021 biennium. Statistics on page 4 provide a snapshot of the DMV's workload. The entire population of the State is estimated at around 3 million people with approximately 80 percent of them having a driver's license or identification card issued by the DMV, and these numbers grow daily. This positions the DMV to be the number one customer-facing agency in State government.

The DMV began the process of modernizing its legacy IT applications after the 78th Session with a project called System Modernization. A contract was awarded in 2016 for this effort and was then cancelled in 2018. Subsequently, the DMV consulted Gartner Consulting to assist the DMV with its modernization efforts. Gartner recommended an entire reconstruction of the project management office and helped the DMV write a new request of proposals to solicit bids from vendors with proven solutions from other states. The project was renamed STAR and ranked the number one IT priority for the State of Nevada, according to the statewide IT Strategic Planning Committee. This is the DMV's number one priority also. Responses to requests for proposals were received on January 16, 2019, and are being reviewed by the request for proposal (RFP) committee. We hope to enter into contract negotiations by February 2019, with the goal of contract execution in the Board of Examiners meeting in April 2019. This will give the DMV time to provide firm numbers to the LCB Fiscal Staff for the STAR project's 2021 budget. Additional information can be found on page 4 of Exhibit O.

Information on automatic voter registration can be found on page 5 of Exhibit O. The system, established by the Secretary of State, DMV and each county clerk held to this measure, must allow voter registration information, collected by the DMV, to be transmitted electronically to the Secretary of State and county clerks for the purpose of registering a person to vote or updating voter registration information. This is intended to correct statewide voter registration lists. The government structure of executive, steering and working groups will be responsible for creating an automated voter system that complies with initiative requirements. The steering committee and working groups have recently met to

define the scope of the effort, establish a government structure and agree upon the process to implement changes needed by each party.

The DMV will be requesting \$84,000 in GF Contingency Fund appropriations to hire a contract programmer for the period of February 1, 2019, through June 30, 2019, to learn the IT environment and get a jump start on the anticipated changes needed on the DMV's end to transmit required information to the Secretary of State and county clerks. Funding for FY 2019-2020 has been requested through a one-shot appropriation for the upcoming biennium in the amount of \$87,000 for contract programming. Additional funding, for anticipated increased postage to comply with automatic voter registration, has been requested each year through enhancement unit E-737 in the Central Services B/A 201-4741 for each year of the biennium in the amount of \$55,872.

One-Shot Appropriation — Funds the Automatic Voter Registration Initiative

DMV - Central Services — Budget Page DMV-81 (Volume III)
Budget Account 201-4741

E-737 New Programs — Page DMV-86

The Department of Administration has contracts with all 17 Nevada counties to collect and distribute the motor fuel taxes. Contracts have been in place since collections of this tax were moved to the DMV on January 1, 2002. Each county agrees to pay the DMV 0.5 percent on all fuel tax distributed to the county. Prior to these taxes; consisting of gasoline, gasohol and jet fuel and moving to DMV; they were collected by the Department of Taxation. The DMV has always been responsible for collecting taxes for diesel fuel.

We have additional contracts with Washoe County and Clark County to administer the indexed tax and statute allows a fee of 1 percent. Authority for the DMV to assess the full 1 percent was called in to question by Fiscal Staff during the DMV's budget hearings of the 79th Session. Fiscal Staff does not believe county money should be used to pay any part of the Motor Carrier Division's budget that is not directly related to fuels. Additional information can be found on page 5 of Exhibit O.

DMV - Motor Carrier Division — Budget Page DMV-118 (Volume III)
Budget Account 201-4717

Cost allocation methodology was set up in 2002 when motor fuel tax collections were moved to the DMV to determine how much of the tax examiner's and related staff's time was spent on special fuel tax collections. Special fuel tax collections were already at the DMV and motor fuel tax collections came over from the Department of Taxation. The Department was asked to look at the cost allocation and come up with additional proposals.

The DMV looked at 2 other options, outlined on page 5 of Exhibit O and is recommending a clarification in statute which allows for the fee collection as the State incurs additional costs for administering the county fuel tax above and beyond Motor Carrier Division staffing costs. For example, the Office of the Treasurer and Controller handle incoming payments, outgoing payments and bad debt referrals. The AG's Office handles any disputes arising from contested audits or other findings. The EITS charges the DMV for data usage and maintenance. The existing motor fuel system is scheduled for replacement as a part of STAR at an estimated cost of \$3.3 million, plus monthly maintenance fees. Revisions were submitted to change the words "reimbursement for cost" to "fee for services" in the title of the statute which allows the DMV to retain the fees agreed upon by the counties through contracts with the DMV.

Additionally, a new section is added to clarify commissions received from the indexed fees and are to be used by the DMV to fund the Motor Carrier Division budget, including the cost for future programming and maintenance of existing county tax collections and distributions. In conversations with the counties, they understand it would cost them significantly more to stand up a system for county tax distributions than what they currently pay the DMV through their existing contracts. It should be noted that any indexed collections which exceed the Motor Carrier Division budget will be reverted to the Highway Fund for use in the county in which the excess funds were received.

The DMV anticipates a very active Session this year with five budget bills and several housekeeping bills. Details of these budget bills can be found on page 6 of Exhibit O. For the penalties for insurance lapse BDR19A8102135, the DMV's proposed changes would mean that customers would no longer be burdened with maintaining a certificate of financial responsibility, also known as SR22 Insurance, for a first offense lapse of insurance of more than 90 days. This type of insurance is more expensive to maintain and NRS provides for higher one-time penalties for longer lapses of insurance. Additionally, the Bill would correct the fine for a

second offense lapse in insurance as it was originally intended from legislation enacted in the 76th Session.

Under BDR No. 19A8102136, the DMV is proposing to extend the length of time that the \$1 technology fee can be charged to help fund its STAR modernization project. Consistent with practices by other states, under BDR No. 19A8102137, the DMV requests to charge a fee for the replacement of special parking placards used by disabled persons in an effort to cut down on fraud and abuse of placards. Such fraud and abuse makes it difficult for legitimate placard holders to find parking spots reserved specifically for them. The fee is intended to create a disincentive to asking for a replacement placard by those who do not have any business having those placards.

Changes requested for BDR No. 19A8102148 of temporary placard fee would correct an oversight from the 79th Session and would allow the DMV to oversee the costs of the program that allows a vendor to work directly with the vehicle industry to provide temporary placards security sealers for vehicle dealers. Currently, the DMV purchases the security sealers from the vendor and then resells them to the vehicle dealers at cost. There is nothing to prevent the vendor from charging an unreasonable fee to the vehicle dealers for the security seals. This request would ensure charges to vehicle dealers for the program are in line with the cost of the program and are not excessive. Additional benefits are mentioned on page 6 of Exhibit O.

The DMV is requesting authority to retain the commissions received by the Motor Carrier Division, under BDR No. 19A8102149, through contracts with the counties for collection and distribution of motor fuel taxes and indexed fuel taxes. Such commissions would go to fund the Motor Carrier Division's budget, including the cost for future programming and maintenance of existing county tax collections and distributions. In counties imposing indexed taxes, any commissions exceeding the Motor Carrier Division's budget at the end of the fiscal year would revert to the Highway Fund for use by the county of origin.

The DMV has 5 housekeeping bills dealing with several issues noted on page 7 of Exhibit O. We will present these bills in appropriate committees. These bills are A.B. 24, A.B. 53, A.B. 63, S.B. 22 and S.B. 71.

ASSEMBLY BILL 24: Revises provisions governing the requirements for posting of security bonds by motor vehicle-related industries and activities. (BDR 43-229)

ASSEMBLY BILL 53: Revises provisions governing the issuance and revocation of drivers' licenses, instruction permits and privileges to drive by the Department of Motor Vehicles. (BDR 43-225)

ASSEMBLY BILL 63: Revises provisions governing vehicles. (BDR 43-226)

SENATE BILL 22: Revises the definition of salvage vehicle. (BDR 43-227)

SENATE BILL 71: Revises provisions governing the Motor Carrier Division of the Department of Motor Vehicles. (BDR 43-228)

The DMV also has a policy bill this current Session with the passage of amendments made to autonomous vehicle NRS 482A.100 with A.B. 69 of the 79th Session. Previous language given to the DMV to create regulations for different types of transportation technologies was removed. Assembly Bill 23 would create a new chapter of NRS 482B to regain that authority in order to deal with a variety of technologies, outside of the autonomous vehicle chapter, that will directly affect the DMV.

ASSEMBLY BILL 23: Authorizes Department of Motor Vehicles to adopt regulations relating to certain electronically controlled vehicles and transportation devices. (BDR 43-365)

A non-exhaustive list of enhancement units can be found on page 8 of Exhibit O. These deal with staffing and exceptional funding. Enhancement unit E-809 found in B/A 201-4711, B/A 201-4731 and B/A 201-4741 would fund the auto progression of incumbent DMV technicians II to DMV technicians III after attaining 2 years of continuous service. Currently, there is an inequality within the DMV's technician series. Individuals working within the Central Services and Records Division do not automatically progress to a higher pay grade after two years of continuous service. Their counterparts with the same title in the Field Services Division do auto progress. These enhancement units would rectify this situation and allow the DMV to recognize and adequately compensate our staff for the expertise required to do their jobs.

DMV - Records Search — Budget Page DMV-102 (Volume III)
Budget Account 201-4711

E-809 Classified Position Changes — Page DMV-106

DMV - Verification of Insurance — Budget Page DMV-96 (Volume III)
Budget Account 201-4731

E-809 Classified Position Changes — Page DMV-101
E-809 Classified Position Changes — Page DMV-86

For enhancement units E-901 and E-902, these positions are currently needed to support existing applications, provide desktop and network support, and to maintain the DMV's security and infrastructure for B/A 201-4716 and B/A 201-4715. There are 4 enhancement units for the STAR project: E-550, E-227, E-805 and E-806. The positions in enhancement units E-805 and E-806 will be discontinued at the end of the STAR project. Previous attempts to use contract positions were not successful.

E-805 Classified Position Changes — Page DMV-22
E-806 Classified Position Changes — Page DMV-22
E-901 Transfer of Information Technology Positions — Page DMV-23
E-902 Transfers of Information Technology Positions — Page DMV-23

DMV - Automation — Budget Page DMV-40 (Volume III)
Budget Account 201-4715

E-901 Trnsfr of Support Pcn's From BA 4716 To BA 4715 — Page DMV-48
E-902 Trnsfr IT Pcn's From BA 4716 To BA 4715 — Page DMV-49

There are 2 enhancement units for the Motor Carrier Division B/A 201-4716: E-550 and E-227. Enhancement unit E-550 would fund an International Registration Plan (IRP) system to automate manual processes and offer online capabilities which will provide customers with the ability to manage their own accounts and reduce wait times in the Motor Carrier Division field offices. Replacement of the IRP system was included in the original DMV system modification project; however, an urgent Motor Carrier Division business need to replace the International Fuel Tax Agreement (IFTA) system after the termination of the Tech Mahindra contract, prompted the redirection of the IRP and IFTA

systems from future DMV system modernization efforts. These are being requested separately. Enhancement unit E-227 would allow the Motor Carrier Division to retain commissions for the fuel tax services it provides to the counties.

E-227 Efficient and Responsive State Government — Page DMV-17
E-550 Technology Investment Request — Page DMV-20

There are 2 enhancement units for the Field Services Division B/A 201-4735: E-225 and E-227. Enhancement unit E-225 would fund an employee development manager position to oversee training units in north and south statewide assessor offices and American Automobile Association (AAA) partner locations. With 18 field service offices, 8 assessor offices and 4 AAA partner locations across the State, and 3 more AAA partner sites on the way, it is imperative that we have a managerial position to coordinate the consistency and efficiency of our statewide training programs. Enhancement unit E-227 would fund 2 program officers, 1 position for the commercial driver's license section and accommodate federal mandates enacted in 2016. These mandates lead to an increase in audits for services delivered to our commercial drivers, driving schools and driving companies in Nevada.

DMV - Field Services — Budget Page DMV-108 (Volume III)
Budget Account 201-4735

E-225 Efficient and Responsive State Government — Page DMV-110
E-227 Efficient and Responsive State Government — Page DMV-111

There are various enhancement units for the Director's office B/A 201-4744.

DMV - Director's Office — Budget Page DMV-26 (Volume III)
Budget Account 201-4744

Enhancement unit E-225 for the Administrative Service Division's B/A 201-4745 requests funding for an internal auditor 3 position to focus on audits of assessor's offices and partner sites such as AAA offices that perform transactions on behalf of the DMV. This position will ensure that these external offices and partner sites are complying with federal and State laws and are following accepted accounting practices. The DMV proposes to eliminate two vacant IT positions in the STAR budget account and eliminate one deputy administrator position in northern Nevada for the Compliance Enforcement Division. With the new division

administrator in the Compliance Enforcement Division and a restructuring of sections under that it, the former configuration of a northern and southern deputy administrator are no longer necessary.

DMV - Administrative Services Division — Budget Page DMV-51 (Volume III)
Budget Account 201-4745

E-225 Efficient and Responsive State Government — Page DMV-53

DMV - Compliance Enforcement — Budget Page DMV-59 (Volume III)
Budget Account 201-4740

The DMV has requested several one-shot appropriations to deal with large expenses in B/A 201-4715 that are needed, independent of the STAR project, and intended for the automatic voter registration initiative in the Central Services Division budget account. Details of these items can be found on page 9 of Exhibit Q.

One-Shot Appropriation — Funds CrowdStrike software.

One-Shot Appropriation — Funds the replacement of uninterruptible power supply equipment.

One-Shot Appropriation — Funds the replacement of Storage Area Network units.

One-Shot Appropriation — Funds an upgrade to the Avaya phone and PBX systems.

After several years of planning, the DMV and State Public Works Board are pleased to report the new south Reno DMV is planned to open on November 2, 2020. The legislature approved funds to open a northern Nevada express DMV office in Reno, if needed, when the new south Reno DMV was approved for funding. With the opening of the AAA office at Legends, slated for April 2019, the DMV will have a better gauge of whether or not the express office will actually be needed.

The DMV is also submitting ([Exhibit P](#)) containing our strategic summary and organizational chart.

ASSEMBLYMAN SPRINKLE:

Were there deputy administrator positions created during the 79th Session?

CYNDIE MUNOZ (Deputy Director, Department of Motor Vehicles):

Yes. Those positions were reclassified several sessions ago and it is possible those could be confused with positions from another department.

JD DECKER (Administrator, Compliance Enforcement Division, Department of Motor Vehicles):

It is my understanding that these positions have been in existence for a few sessions.

ASSEMBLYWOMAN CARLTON:

Can the DMV provide a status update on the STAR system?

TERRI ALBERTSON (Director, Office of Project Management, Department of Motor Vehicles):

We just received responses for the project on January 16, 2019, and they are currently being reviewed by the RFP evaluation committee. We are having oral presentations by the vendors on January 28, 2019, and anticipate having vendor selection on, or soon after, February 6, 2019. The actual project cost will be presented upon completion of contract negotiations. We look forward to going to the Board of Examiners for approval of the contract in April 2019. Legislative approval during the 80th Session for the technology fee and Highway Fund appropriation will be brought forth to the appropriate committees. We anticipate this contract duration will be ten years for the STAR project versus five years for the System Modernization project. We are going for a commercial off-the-shelf (COTS) solution. There is a vendor who has demonstrated success in 13 other state DMVs with on-time and on-budget implementations.

The budget also includes independent consultants for independent verification and validation (IV&V), given some of the issues we experienced with the System Modernization project. We feel it is important to bring in independent verification consultants to assess the DMV's and vendor's process throughout a contract term. We are recruiting to fill the position of an organizational change manager the Interim Finance Committee (IFC) approved. We have also updated the project in government's charters and internal policies and procedures. We have also been successful in reselling the Oracle equipment that was purchased under the System Modernization project, through State purchasing in their auction process. State of Nevada – Position Questionnaire or NPD-19 forms have been submitted for new positions to complete the office of project management. Monthly status reports

from Gartner Consulting with overall assessments of the project, continue to be in green status with no major issues or risks identified.

ASSEMBLYWOMAN CARLTON:

Has any actual work been completed towards modernizing this system?

MS. ALBERTSON:

There is work previously completed under the System Modernization project that we will be able to use for the STAR project, including security hardware and software. We are going in a very different direction from the System Modernization project and those COTS solutions. We now know there are vendors who have successfully produced COTS solutions in other DMV's across the country.

ASSEMBLYWOMAN CARLTON:

I have concerns that this COTS solution will be a ten-year project instead of the original five-year project. Future Nevada legislators will have to deal with DMV complaints if this turns out to be a ten year project.

MS. ALBERTSON:

To clarify, the contract term is for ten years with a vendor hosted solution. The implementation of the system itself would be for approximately four years. We will have the system in place in four years, and ongoing maintenance and support of the system will extend for an additional six year term.

ASSEMBLYWOMAN CARLTON:

I do not believe there was a six-year tail in the original System Modernization project and have concerns about this as well.

MS. ALBERTSON:

With the original solution under the System Modernization project, there would have been ongoing maintenance costs with the Oracle equipment licensing. This is the same concept for the STAR project, except we are going through the vendor solution.

SENATOR SETTELMAYER:

During one of the Legislative meetings, or IFC, we had a discussion about third-party vendors working in Clark County who would gather people's title change forms and other forms of that nature. The DMV did a policy change on

this where these vendors could only represent 2 people in the fast-check line rather than 15 at a time. Has this been enacted?

Ms. MUNOZ:

Yes, we did have a policy change on internal processes through a pilot program.

TONYA LANEY (Administrator, Division of Field Services, Department of Motor Vehicles):

Yes, we moved the process of third-party registration services, who are not partners with DMV, and who bring business to the DMV on behalf of customers. The DMV had public facing windows in each of our offices that were doing this on an appointment basis, and moved it behind the scenes as a batch drop-off process. Initially we had severe concerns from third-party registration services who thought this was going to shut them down and limit their businesses. With batch drop-off, these vendors have found that they are able to process more transactions than they were able through the appointment process. Occasionally, we are unable to process entire transaction forms because they may have errors on the paperwork or a credit card information may be declined. However, they are able to process more transactions by dropping them off in batches. This has freed up counters to assist more customers on an individual basis.

SENATOR DENIS:

The DMV brought in Gartner Consulting to figure out what you needed to do. Have they completed everything they need to do?

Ms. ALBERTSON:

That contract is still ongoing with Gartner, and they are doing monthly health assessments on the status on the project, assisting with the RFP process and are actively engaged. The current contract under the Master Services Agreement will end on June 30, 2019, and we are looking forward to using them as our IV&V consultant going forward.

SENATOR DENIS:

If they are the ones who put that together, you may want them involved, whenever those positions who will manage the new system get involved. How much money did the DMV make on sold equipment that was previously purchased for the System Modernization project? Was it ten cents on the dollar?

Ms. ALBERTSON:

Yes. The sale was at an extremely reduced cost. A large portion of that equipment was purchased by the Department of Corrections and they benefited from that greatly. It was the actual ecologic and exadata database that were sold through auction. We made approximately \$200,000 to \$300,000 on this equipment.

SENATOR DENIS:

Did the DMV pay a lot more for that equipment?

MS. ALBERTSON:

Yes, in the millions of dollars.

SENATOR DENIS:

For vendor hosting, I understand the vendor will take care of everything as opposed to having a contract with another entity to maintain the system. After the ten years, what will happen to our ability to access and control our own data?

MS. ALBERTSON:

The contract term is actually for 20 years, with opt out provisions if we are not happy with the services. We gave the vendors the opportunity to bid for a cloud solution or vendor-hosted solution, and had multiple discussions with EITS in taking the approach towards modernization. We have their full support in putting those options into the RFP.

SENATOR DENIS:

For what the DMV is going to receive, is this something that can be taken somewhere else?

MS. ALBERTSON:

Yes.

SENATOR DENIS:

Is the voter registration database programmer position meant to be used in a consultant capacity, or will they be writing code?

MS. BUTLER:

Is this in relation to our request for contingency funds of \$87,000?

SENATOR DENIS:

Yes.

MS. BUTLER:

We are hiring someone initially because there are three programming languages used at the DMV and our systems are antiquated. If we bring someone on, it will take them some time to learn about our environment and get trained on these systems. This is the first part of the IFC work program that we will be presenting to this body next week. We will continue with this programmer into FY 2019-2020 within the required changes needed to be made with the DMV and Secretary of State's office to move automatic voter registration forward.

SENATOR DENIS:

That second part will be included in the DMV's budget in the future. Are you currently requesting to get this position filled?

MS. BUTLER:

Yes.

SENATOR DENIS:

This is a newer programmer as opposed to an antiquated programmer that might know all this stuff already.

MS. BUTLER:

We hope so.

ASSEMBLYWOMAN NEAL:

How much money was wasted on the System Modernization project to get to the STAR system?

MS. ALBERTSON:

The total costs that were incurred from the original appropriation for the project were \$38 million. A large portion of that was for hardware and software. The remaining was for State resources, operations of the building where the project was located and other items. There was a very small portion paid to Tech Mahindra for 1 deliverable during the entire term of the project, about \$26,000, for a document they completed and approved.

ASSEMBLYWOMAN CARLTON:

What kind of dollar amount does the DMV expect to collect by implementing a replacement parking placard fee?

Ms. MUNOZ:

There is no dollar amount; however, we polled to see what other states do and it ranges from \$1 to \$10 per placard.

ASSEMBLYWOMAN CARLTON:

How significant does the DMV feel this problem is? I have concerns that this may not solve the problem and may not be worth pursuing.

Ms. MUNOZ:

This is difficult to determine because these complaints come from law enforcement, particularly up at UNR and UNLV, where it is believed that there is abuse going on. Law enforcement does not have time to investigate these offenders. We can provide some more information to the Committees.

Ms. BUTLER:

What we are proposing to do with this initiative is to address the fee in regulation. The amount we could generate from this would depend on what we set the fee at. The DMV's intentions are in the right place, as we are trying to correct an issue for people who need the placards.

ASSEMBLYWOMAN CARLTON:

If the DMV could provide some data on this, that would be helpful to us.

SENATOR DENIS:

Does the DMV have a proposal for dealing with placard offenders?

Ms. BUTLER:

No. This is more of a law enforcement question on what that process might be. It has come to the attention of DMV that people are continuing to use placards belonging to deceased family members. This is the kind of fraud we want to stop.

ASSEMBLYWOMAN TITUS:

Can the DMV provide information on A.B. 53 which will permit the State to develop regulations more stringent than federal regulations for commercial drivers? I am interested why the State feels it needs to be more stringent than federal regulations.

ASSEMBLYMAN KRAMER:

In regards to hiring an auditor to audit the counties and AAA offices, has there been any evidence of AAA, or the counties, registering vehicles incorrectly? If so, why is this not being caught by county auditors or external auditors?

Ms. MUNOZ:

This position would be more of an internal auditor. With our partner locations at AAA offices and assessor offices, we currently have one auditor for the entire department and there is only so much work they can keep up with. As we add more partner locations, the workload has become more difficult to handle. The intention of DMV auditors is not to identify incorrect procedures at partner offices. Instead, they audit fund handlings to ensure alignment with DMV processes.

SENATOR GOICOECHEA:

I understand there is a bill coming forward where some cities in eastern Nevada want DMV services. Can this be done as a county office in Lincoln or Elko?

Ms. LANEY:

Is this in regards to auditing, or DMV transactions being delivered through a county office?

SENATOR GOICOECHEA:

The DMV field offices requested for West Wendover and Caliente.

Ms. LANEY:

Full-service DMV offices have been requested for West Wendover and Caliente. The DMV is structured with assessors placed in locations where there is not a full-service DMV office. Currently, Elko is the closest office that serves West Wendover and Caliente. Both of these locations do not have an assessor.

SENATOR GOICOECHEA:

Is there a field office in Pioche?

Ms. LANEY:

No.

SENATOR GOICOECHEA:

Does the DMV have a full-service office in Lincoln County?

Ms. LANEY:

No.

SENATOR GOICOECHEA:

So people who live there have to go to Las Vegas for DMV services?

MS. LANEY:

Yes.

SENATOR GOICOECHEA:

I was not aware if the DMV would be able to fund these offices. I am concerned that if cities begin to request DMV offices, you all will be very busy. I am curious if the assessor in Lincoln County could request an office to be placed in Caliente, rather than Pioche, as to not establish a precedents that there will be full-service offices places in every city.

MS. LANEY:

We agree with this. The DMV has issues with staffing rural communities to provide full-service. The assessor option would be better.

SENATOR GOICOECHEA:

The Assessor's Office in Elko is 120 miles away. Maybe the City Clerk's Office could be included in that?

MS. MUNOZ:

The issue created with these full-service offices is keeping the DMV within its operating cap of 22 percent.

SENATOR GOICOECHEA:

If there was a field office for registrations, it might alleviate some of the load.

CHAIR WOODHOUSE:

Our last item is public comment.

DOUGLAS UNGER (Chair, Council of Faculty Senate, Nevada System of Higher Education):

The capable leaders of our universities, colleges and institutes have eloquently described and presented our common goals today, powered by the high aspirations we reach for to educate our students and to serve as one of the primary builders of our State. Our faculty is more united behind the budget they

presented, and the common goals we share, than we have ever been in the three decades I have been in the System. We have been involved in the process very transparently with our new chancellor, and the kind rivalry between north and south really seems to have gone away. We truly are united. We are full of optimism in our schools these days, and we feel it from our students.

Our students know education is not only what they learn from books, classrooms, laboratories, or in our beautiful new buildings. It is also how they learn to live their lives. We know from every survey and summit that what matters most in their educational experience is the faculty who teach them and the one-on-one, hands on and mind-to-mind relationships they have with us. Quality education relies on quality faculty, and for all his goodwill and caring for Nevada and its citizens so heartfelt, it is disappointing that the Governor's budget for higher education has left out one crucial piece. As an elected official of 7,000 faculty members in the NSHE system, it is my task to state this most respectfully.

I ask distinguished legislators to consider that our State must address the issue of salary compression, so our schools can hire and retain the most qualified faculty. We ask you to consider a bill taking shape that should provide a structure for faculty salaries to avoid this compression issue from happening again. Frank Lloyd Wright said "The beauty of a building is defined by the space within." This beautiful edifice and structure of our higher education system, that all of you are helping us to build, is defined by faculty and students. We are the space within, and ask for your support in adding back into the Governor's budget this one missing, and most essential, piece to ensure fair and just faculty compensation.

CHAIR WOODHOUSE:

I will now adjourn the meeting at 3:31 p.m.

RESPECTFULLY SUBMITTED:

Michael Keever,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	17		Attendance Roster
	C	8	Kent Ervin / NFA	Testimony
	D	2	Tracy Brown-May / Opportunity Village	Testimony
	E	1	Nate Boyack / SNAP	Testimony
	F	2	Lynda Tache	Testimony
	G	1	Julie Ostrovsky	Testimony
	H	17	Dena Schmidt / ADSD	Presentation
	I	67	Thom Reilly / NSHE	Presentation
	J	1	Thom Reilly / NSHE	NSHE 2019-2021 Biennial Budget Summary
	K	1	Thom Reilly / NSHE	NSHE Funding Pre-Post- Formula
	L	2	Thom Reilly / NSHE	NSHE Funding Pre-Post- Formula Inflation
	M	4	Marta Meana / NSHE	Testimony
	N	40	Don Soderberg / DETR	Presentation
	O	53	Julie Butler / DMV	Presentation
	P	6	Julie Butler / DMV	Organizational Chart and Strategic Summary