

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

**Eightieth Session
January 29, 2019**

The meeting of the Legislative Commission's Budget Subcommittee was called to order by Chair Maggie Carlton at 8:38 a.m. on Tuesday, January 29, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, 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

SENATE COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Teresa Benitez-Thompson, Vice Chair



Assemblyman John Hambrick

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Julie Waller, Senior Program Analyst
Stephanie Day, Program Analyst
Colby Nichols, Program Analyst
Sally Ravenelle, Program Analyst
Kristina Shea, Program Analyst
Janice Wright, Committee Secretary
Lisa McAlister, Committee Assistant

After a call of the roll, Chair Carlton instructed the audience to silence their electronic devices. She reviewed the rules of the Subcommittee. She opened public comment, and there was no public comment in Las Vegas or Carson City.

Chair Carlton said that the hearing would consist of high-level reviews of the major budget items facing the state agencies listed on the Agenda ([Exhibit A](#)). She opened the hearing on the first item on the agenda that was a budget overview from the Judicial Branch.

The Honorable James W. Hardesty, Associate Justice, Supreme Court, presented ([Exhibit C](#)), a PowerPoint presentation titled "Judicial Branch Budget Overview," dated January 29, 2019. He explained that The Honorable Mark Gibbons, Chief Justice, Supreme Court was unable to attend because of a Court emergency. The PowerPoint overview of the Judicial Branch began on page 2 of [Exhibit C](#). Article 3, Section 1 of the *Nevada Constitution* established that the powers of the government of Nevada would be divided into three separate departments: Legislative, Executive, and Judicial. Article 6, Section 1 of the *Nevada Constitution* established that the judicial power of the state should be vested in a court system comprising a Supreme Court, a Court of Appeals, district courts, and justices of the peace. The duties of the Supreme Court outlined in the *Nevada Constitution*, and in jurisprudence interpreting it, delegated to the Supreme Court the duty to:

- Administer the Nevada judicial system.
- Decide, or assign to the Court of Appeals, civil and criminal cases appealed from district courts.
- Exercise extraordinary writ review: writs of mandamus, certiorari, prohibition, quo warranto and habeas corpus.
- License and discipline lawyers.
- Conduct appellate review for judicial discipline.

Justice Hardesty continued his presentation and explained that the Court of Appeals duties were to:

- Decide civil and criminal cases appealed from district court assigned to the court by the Supreme Court.
- Exercise extraordinary writ review: writs of mandamus, certiorari, prohibition, quo warranto, and habeas corpus.

Justice Hardesty referred to Exhibit C, page 4 that showed a composite graph of the workload of the Supreme Court and the Court of Appeals. The caseload was rising at a quick pace. He had never experienced 3,021 filings in a year in the history of the Supreme Court. He saw cases reach that level in December 2018 when more than 3,000 cases were filed with the Supreme Court. The Court of Appeals had been successful in completing timely dispositions. That fact was evidenced by the cases being filed. In 2017, there were 2,785 new cases filed, and that had increased by 146 in FY 2018. He projected an increase of 175 cases in FY 2019. In 2017, the Supreme Court transferred 971 cases to the Court of Appeals, and the Supreme Court resolved 1,578, with 1,754 cases pending. In that year, the Court of Appeals received 971 cases and resolved 875 cases, leaving 207 cases pending. The trend was concerning to the Supreme Court. The pending cases in the Supreme Court were increasing notwithstanding a substantial number of cases that were transferred in FY 2018. Pending cases in both the Supreme Court and the Court of Appeals were increasing. By FY 2019, the Supreme Court anticipated an increase of almost 500 cases pending, and the Court of Appeals would have an increase of over 300 cases pending, as compared with the FY 2017 levels.

Justice Hardesty explained the importance of the term "cases pending." Just because a case was pending did not mean that a case was ready to be decided. Cases pending included those cases that had just been filed, those cases that still had briefing taking place by the lawyers, those cases with motion practices that had been filed, and those cases not as yet submitted. He estimated that of the 1,772 cases in the Supreme Court, approximately 400 were in the position to be decided. The 1,322 cases transferred to the Court of Appeals were still being researched by the justices or staff to arrive at a decision or disposition. Some internal changes were being made to address some of those problems, but the sheer number of filings created a significant challenge to the Court's ability to affect a disposition. He applauded the members of the Court of Appeals. One of the goals of the Court of Appeals' operation was to reduce the time to disposition for those case types. The Court of Appeals received cases from the Supreme Court, and those were generally error-correction type cases. By the time the Court of Appeals received those cases, the briefing had been completed. The Court of Appeals had been able to resolve almost 98 percent within nine months after receiving the cases. Most of those cases were resolved in the first three months. The time to disposition had decreased dramatically.

The Supreme Court had increased its number of filed opinions to an average of about 85 to 90 per year, according to Justice Hardesty. Currently, over 115 opinions were filed and that exceeded the published opinions in most states. He made one other comparison about the cases. He followed the Mississippi model of the "push-down" system for the Court of Appeals. Nevada and Iowa pushed down cases from the Supreme Court to the Court of Appeals. But there was a major difference between the caseloads. In Iowa, the Court of

Appeals had 15 judges, and Nevada had 3 judges. The Nevada Supreme Court transferred about the same number of cases to its Court of Appeals that Iowa transferred to its Court of Appeals. The Supreme Court did not intend to request additional judges for the Court of Appeals this year. But it may become necessary to request additional judges during either the 2021-2023 or 2023-2025 biennium. He would work on some other changes before the need for additional judges became critical.

Page 5 of Exhibit C was reviewed by Justice Hardesty. The Judicial Branch revenue totaled \$137,592,635 from three sources:

- State General Fund totaled \$92,535,098 (67 percent).
- Administrative assessments and other fees totaled \$44,266,475 (32 percent).
- Federal grants totaled \$791,062 (1 percent).

Justice Hardesty explained the General Fund recommendation covered the following expenses:

- Salaries of the elected judicial officers including judges of the district courts, the Court of Appeals, and the Supreme Court (49 percent).
- Supreme Court, operations (21 percent).
- Specialty courts (9 percent).
- Court of Appeals (8 percent).
- Law Library used by the Office of the Attorney General and legislative lawyers (4 percent).
- Judicial Retirement System (4 percent).
- Judicial programs and services (3 percent).
- Senior judge program (2 percent).
- Judicial selection (less than 1 percent).

Justice Hardesty summarized the General Fund appropriation recommendations by decision unit type as follows:

- Adjusted base totaled \$80,811,054 (87.3 percent).
- Other maintenance totaled \$894,484 (1 percent).
- Salary survey increases totaled \$3,034,632 (3.3 percent).
- Redistribution of administrative assessments totaled \$3,143,178 (3.4 percent).
- Other enhancements totaled \$4,651,750 (5 percent).

Justice Hardesty referred to page 6 of Exhibit C. He noted that the Judicial Elected Officials budget account funded seven Supreme Court justices, three Court of Appeals judges, and 82 district court judges. Recommended General Fund appropriations totaled \$45,717,119 in the 2019-2021 biennium. He recommended that the Supreme Court absorb judicial selection in its Judicial Elected Officials budget. In the last two legislative sessions, the Court had to ask the Legislature to go through the process of appropriating money for judicial selection because that budget account had been underfunded in the last two bienniums. Once again, he found himself in that situation where the amount of funds necessary to conduct the judicial selection processes for the vacant judgeships was insufficient. Because the Supreme Court was unable to access its salary fund on its own and was required to seek legislative approval,

he had to ask the Legislature appropriate \$5,000 or \$10,000 during the 80th Session. He believed that was a waste of everyone's time because of the other important matters that the Legislature had to address, and the Court should be able to transfer the amount needed out of its salary account. He hoped the matter could be clarified and corrected going forward. He was unable to predict when certain judicial positions would become vacant. He knew that the *Nevada Constitution* mandated that those positions be filled through the judicial selection process. That process required the committee to meet, conduct extensive hearings on the applicants, and present three names to the Governor who then selected the individual. The election of Justice Silver from the Court of Appeals created a vacancy. Currently, there was a vacant Court of Appeals position, and three vacant district court judge positions in Clark County that resulted from retirements. He expected a vacancy in Washoe County in the family court with the resignation of Judge Humke. All of those judgeships needed to be vetted through the judicial selection process, and that process would increase the amount of appropriation necessary to the judicial selection budget account to process and fill the vacancies.

Budget-related matters for the Supreme Court budget were addressed in the *Nevada Constitution*, Article 6, Sections 1, 2, 3, 4, 7, and 19 and Chapter 2 of the *Nevada Revised Statutes*. The Supreme Court's budget included 84.53 full-time-equivalent (FTE) positions. According to Justice Hardesty, recommended funding totaled \$27,469,991 for the 2019-2021 biennium, funded 70 percent from General Funds and 30 percent from administrative assessments and fees, which represented an 11.6 percent increase over the legislatively approved 2017-2019 budget. The Court of Appeals had 22 FTE positions and recommended funding totaled \$6,956,286 for the 2019-2021 biennium which was 51.6 percent more than the legislatively approved 2017-2019 budget. The appropriation made by the Legislature to fund the three judges, their secretaries, and two law clerks represented about \$3.9 million. The \$3.9 million represented staff who were transferred from the Supreme Court to the Court of Appeals to assist with the production of cases. That cost was not an increase in cost per se, but it was simply a transfer of the General Fund appropriation that was spent for those staff members in the Supreme Court versus the Court of Appeals.

Justice Hardesty explained that the senior judge program funding of \$3,089,790 was similar to what was recommended in the past. General Fund appropriations represented 67.5 percent of the recommended amount. There were currently 33 senior judges in the program who were based throughout state. Those judges handled settlement conferences and covered many of the rural courts and also worked in Clark County and Washoe County. The most consistent coverage had been in drug courts for the counties of Washoe, Douglas, Lyon, Churchill and the northwest region. He had already discussed judicial selection and would approach the Legislature for a supplemental appropriation. There were three district court vacancies, and the Judicial Selection Commission had completed its work on the nominations for the replacement of Judge Silver, but had four vacancies coming up for district court judges and would need funding for that.

Justice Hardesty referred to page 7 of Exhibit C that listed the statutory authority for the Judicial Branch. Key to the operation of the Supreme Court was the Administrative Office of

the Courts that provided budget support, information technology support, and other support functions. The budget recommendation for the Office included 32 FTE positions funded with administrative assessments and other fees.

Justice Hardesty noted the Judicial Programs and Services budget supported various commissions and committees of the Supreme Court and the Judicial Branch throughout the rest of the state. The Office had 10 FTE positions.

Justice Hardesty explained the Uniform System of Judicial Records was an increasingly important part of the Supreme Court's effort as it tried to correctly define various statistics that guided the Court in its decisions. He noted the Judicial Education budget had 4 FTE positions. The recommended General Fund appropriations for the Judicial Retirement System were slightly less than the legislatively approved amounts for the 2017-2019 biennium budget. The Law Library had 6 FTE positions. The Judicial Support, Governance and Special Events budget was funded with peremptory challenge fees that totaled \$1,668,390. Justice Hardesty mentioned that the account handled various matters and projects. Most recently the Court entered into a contract with the National Council of Juvenile and Family Court Judges to conduct a top-to-bottom best practices review of the family court system. The study would begin tomorrow, and the Court would learn a great deal from that study. Many recommendations would be made to assist the court to evaluate a system that had not been studied in depth since it began in 1991.

Proposed legislation was listed on page 8 of Exhibit C. Assembly Bill 43 would increase the number of district judges in the state, with eight judges in Clark County, one family court judge in Washoe County, and one district court judge in Elko County. Justice Hardesty's understanding was that the Washoe, Clark, and Elko County commissions supported that recommendation. He looked forward to having the district court judges present testimony to the Legislature about why those positions were needed. Assembly Bill 46 provided for increases to salaries for all Supreme Court justices and judges of the Court of Appeals and district court beginning in January 2021. Under the *Nevada Constitution*, those salary increases cannot be made until January 2021. Salary increases for judges were last considered by the Legislature in 2007. None of the state court judges had received a salary increase since that time. The salary increase, whether or not it was approved, would be in place for the six-year period following January 2021. He looked forward to presenting an explanation in greater detail as to why the salary increase was appropriate. However, salary increases for judges was something that only occurred about every 12 years or so. The judges believed the increase was appropriate. Whether or not the salaries were approved, the next opportunity to address salary increases would not be for another eight years. That would mean that the Judicial Branch would go without any salary increases for about 15 years.

Justice Hardesty spoke to the General Fund increase shown on page 9 of Exhibit C. The increase totaled \$12,883,974 over the 2019-2021 biennium, and was composed of four general categories. The pie chart showed areas where the recommendation could be mitigated by actions of the Legislature. The component described as unfunded salary and

maintenance units totaled \$2,094,484. The unfunded salaries were salaries that were approved during the 79th Session (2017), but the Supreme Court and other agencies were expected to use funds from the existing budgets without any appropriation. It was an unfunded mandate and was an area for which he recommended some relief. He referenced the recommended salary increases that resulted from a market salary survey and would provide more detail later. During the 79th Session the Legislature adopted a market salary study and received the results of the study from the Supreme Court. His recommendations were the products of that study. The redistribution of administrative assessment revenue had been discussed many times during past legislative sessions. The Supreme Court was funded increasingly from General Fund and largely by administrative assessments that were imposed on individuals who were cited for traffic violations, other misdemeanor offenses, and some felony offenses. Most administrative assessments were not generated from those felony offenders who went to prison for life. The substantial portion of the revenue was received from administrative assessments generated from the limited-jurisdiction court process. Those assessments continued to decline over time. A modest increase was projected, but normally a decline occurred. As the declines had occurred, the Court had no option other than to request that the shortfall be funded with General Funds. He posed the question whether it was appropriate to fund the Supreme Court with a portion of traffic fines. There was no correlation between the two. He had in the past suggested that the Legislature revisit the funding mechanism for the Courts. The Legislature established an interim committee that extensively studied the subject of converting traffic fines to civil penalties. During the 80th Session, the Legislature would receive a bill from that committee with extensive recommendations to convert less serious offenses to civil penalties. That was a change to the collection of the administrative assessments. It might have a positive or negative fiscal effect, but it would have a dramatic effect on the Supreme Court.

Justice Hardesty noted that 10 percent of the recommended General Fund increase was accounted for from Driving Under the Influence (DUI) courts that had previously been funded by the DUI fees that the Legislature had approved in the past. The DUI fees had sunsetted each of the last three legislative sessions. The Legislature might reverse the sunset and reinstate the fees, and then the General Fund appropriations would not be necessary. The DUI courts had proven to be successful. He hoped that the Legislature would continue those programs. He suggested that the Legislature continue the DUI fees for those programs.

A new case management system was recommended in the budget because there was currently a dispute between the vendor and the Court over the installation of a system called JWORKS. JWORKS was a system provided to the limited-jurisdiction courts. He hoped that dispute could be resolved. However, in the meantime, that case management system would have to be addressed. There may be a need for litigation against the vendor to resolve the dispute.

Page 10 of Exhibit C was reviewed by Justice Hardesty. He said the maintenance units totaled \$894,484 and represented the normal maintenance units of most state agency budgets. The salary increases that were approved but not funded would be carried forward to the 80th Session. The salary increases that resulted from the salary market survey were included

as a budget increase. In June 2018 he presented the report that resulted from the survey [to the Committee to Study the Salaries of Certain Positions in the Unclassified and Nonclassified Service of the State (S.C.R. 6, 2017 Legislative Session)].

Justice Hardesty explained that in January 2018 the Court undertook a market salary survey. The Legislature had approved about \$18,000 to perform the study. The Court retained a recognized third-party consulting firm named Trüpp HR, and that firm gathered salary data for 15 position classification within the Court. Of the 15 classifications reviewed, the Supreme Court marshal position lacked sufficient data to make a recommendation, but the consulting firm made recommendations on the other 14 position types, and the Court was advised on the salary differences. The vendor evaluated and researched positions in 6 nearby jurisdictions that had relevant and comparable positions. Those included Carson City, Sparks, Clark, Elko, and Washoe Counties and the Sonoma County Superior Court in California. The study also canvassed Salary.com (a salary survey firm) and Economic Research Institute salary assessor tools. He looked forward to presenting the study in greater detail to the Subcommittee. The net effect of the salary study was to demonstrate, as reported to the Salary Committee in the interim, a significant difference in the salaries paid to the Court staff versus other staff positions. Those differences ranged between 17 percent and 20 percent in a number of cases. Page 11 of the exhibit showed staff attorney salaries were 17.3 percent below market and legal counsel salaries were 23.4 percent below market. The court administrator was 19.7 percent below market and the administrative assistants were 31.6 percent below market. The Court recommended salary adjustments of between 5 percent and 20 percent for 109 FTEs out of the total of 167.53 FTEs.

Justice Hardesty referred to page 12 of Exhibit C. He stated that including court staff in the Unclassified Pay bill was an ongoing concern that he had shared with the Legislature for each of the last five sessions. It was the Court's view that *Nevada Revised Statutes* (NRS) 284.013 provided that Chapter 284 governing the state personnel system did not apply to the Judicial Branch of state government. He noted that NRS 284.139 and NRS 284.140, which addressed the composition of the unclassified service, referred to the Executive Branch only and not the Judicial Branch. Nevertheless, the Legislature persisted in including the Judicial Branch employees listed on page 12 of the exhibit in its Unclassified Pay Bill which, in the Court's view, was in violation of the statute. He urged the Subcommittee to discontinue that practice.

Page 13 of Exhibit C regarding administrative assessments was reviewed by Justice Hardesty. The amount of administrative assessments collected depended on the amount of misdemeanor fines and the efforts made to collect them. In recent changes to the statute going back to the 26th Special Session (2010), the Legislature decided to add \$5 to the fee which influenced the collection rate for the administrative assessments for the remainder of the state. The \$5 went to the State General Fund. He had urged in past legislative sessions that the Legislature discontinue that practice or change the allocations to address the funding assessments available to the Supreme Court and to other agencies that relied on that funding source for their budgets. The order of distribution was:

- \$2 to the County Treasurer for Juvenile Court.

- \$7 to Municipal Court/Justice Court.
- \$5 to the State General Fund.
- Not less than 51 percent of the remainder to the Judicial Branch.
- Not more than 49 percent of the remainder to the Executive Branch.

The Judicial Branch currently received 60 percent of the administrative assessment revenues as part of its budget. Justice Hardesty asked the Legislature to study fines and fees and the fiscal effect of those revenues on the collection of administrative assessments in the future. He stated that Marsy's Law [Nevada State Question 1 (2018), an Amendment to the *Nevada Constitution* from Senate Joint Resolution No. 17 of the 78th Session] was a constitutional change effective November 2018 that required restitution to be collected first. The Court was uncertain of the size of the effect Marsy's Law might have on administrative assessment revenue. The new law would redirect and reorder the collection of fines and fees for restitution instead of administrative assessments. It was possible that the effect associated with Marsy's Law was similar to the collection effect that occurred as a result of the \$5 fee that the Legislature added for the State General Fund. The administrative assessments, including those that were provided to the Legislature, could be markedly different under the new law. Less revenue than one would expect might be received as a result of Marsy's Law.

Justice Hardesty said that page 14 of Exhibit C showed the projections for administrative assessments for the Judicial Branch based on current law and before the effect of Marsy's Law or any change in the traffic assessment process. He expressed concern about the lower amount of revenue to support the Supreme Court's budget needs. He recommended a redistribution of the administrative assessments. The proposal would require an amendment to *Nevada Revised Statutes* (NRS) 176.059. Justice Hardesty noted that reserves required by state law in several court budget accounts had been declining for the last few years. To fix the problem he recommended an adjustment, which he called a redistribution of revenues, to the accounts that experienced declining revenues or reserves. That recommendation was made to avoid any further increase of the Court's share of the administrative assessments beyond the 60 percent currently received. The proposal was something that he hoped the Legislature would consider so that the numerous other agencies that relied on the other 40 percent would not be affected by the process, and the Court could maintain the appropriate reserves that were required by state law.

Page 16 of Exhibit C was reviewed by Justice Hardesty. The Court recommended a net increase of one position, which included one new auditor position and one new marshal position, and the elimination of one law library position. Related to safety and security, the Court recommended the Multi-County Integrated Justice Information System (MCIJIS) upgrade in decision unit Enhancement (E) 360 at a cost of \$419,849. The current surveillance system was about 15 years old and replacement parts were increasingly expensive. Decision unit E-354 in BA 1494 was for the lieutenant marshal upgrade. Decision units E-235 and E-237 were for guardianship training and information technology (IT) services. All the reforms that were made in the past legislative sessions had been remarkable and had improved the guardianship system. The Court needed some additional

support for its IT staff and database subscription training. Decision unit E-226 in the Administrative Office of the Courts budget was a \$65,000 reduction in reserves to pay for audit training. Increased travel funding for the auditing unit was being recommended for proactive coverage of courts across the state.

Page 17 of Exhibit C listed the various enhancements for the IT services of the courts. Justice Hardesty explained that some hardware replacements were needed and he would explain the recommendation in greater detail during the subcommittees' budget hearings. Included in the budget recommendation were database monitoring software, webcast software, and modest increased travel for IT staff. The Court wanted to undertake a statewide e-filing study to explore the scope and cost of developing a statewide e-filing system across all the courts. The system would create large efficiencies in the courts and improve the ability to make better record collection information available.

Justice Hardesty stated that he had concluded his overview of the Judicial Branch budgets. He would answer any questions or make his staff available to provide additional information for anyone who had any questions.

Chair Carlton asked for clarification of the JWORKS CMS (case management for courts) problem and whether that was another IT project that had gone awry in the state.

Justice Hardesty responded that JWORKS CMS was the IT contractor who had not performed to the satisfaction of the Court. There was a legitimate performance dispute. The Court had issued a letter of default and hoped to resolve the dispute in one more meeting on Wednesday. There had been an ongoing problem for the past year and a half with this vendor. Because of the dispute, he preferred to provide information from his IT director directly to the Fiscal Analysis Division staff.

Chair Carlton said the problem was similar to ongoing problems presented to the Subcommittee during the presession hearings regarding IT contractors and data systems. She wanted to ensure that the Subcommittee understood the full extent of the problems.

Justice Hardesty responded that he would offer the Court's further explanation and detail about the dispute to the Fiscal Analysis Division staff. He thought the point of view of the Justices in all instances was to expect contractors to perform their work. Should a vendor not perform its work, the vendor should be held accountable.

Assemblyman Frierson said he had a long history with the courts and was familiar with many of its problems. He had far more questions than would be appropriate for him to ask today. Early in the presentation, the number of cases pending and appeals filed were discussed. He asked whether the Court had to accept any appeal that was filed. He knew the numbers of cases that were filed. He believed that was independent of the Court's discretion. He understood the number of appeals filed but wondered why there was an increase in the number of cases filed. He asked for insight about why that type of growth occurred. He noted that historically many parts of the appellate process related to construction defects and

medical malpractice were damaging the state. The Legislature had taken steps to address that problem over the last four years to eradicate that process as an option. Unfortunately, there was a continuing increase in the number of cases filed and wondered to what the Court would attribute that increase. He asked Justice Hardesty to speak about the process of filing and how that played into whether the Court actually heard an appeal.

Justice Hardesty responded that the Court was required to hear all appeals under the *Nevada Constitution*. The Court had discretion only in the case of extraordinary writ relief. When a person was unhappy with the outcome of a conflict or a case decided by a district court, that person might file an appeal with the Supreme Court. The Supreme Court was required to hear and decide that case—the Supreme Court had no choice. Unlike the United States Supreme Court and other state supreme courts that had discretionary review, the Nevada Supreme Court was required to review or assure for review and decide every appeal. The difference was with extraordinary writs. There were generally about 350 to 400 cases per year that were addressed by the Court by discretion. A writ was an example of a writ of mandate, which was filed when a person had filed suit in the district court and asked the judge to compel an official to perform a function that the official did not want to perform or did not believe was appropriate to perform and a legal dispute arose. The outcome of that case could then be reviewed by the Supreme Court. Many of those cases were filed originally with the Supreme Court. Of that group of 350 to 400 cases, probably about 85 to 90 percent were denied by the Supreme Court routinely either because the case was procedurally problematic or because the case was not adequately supported by underlying record. But the Court had to review all the cases. That was in the disposition category and any lawyer who attended a continuing legal education class on the subject of extraordinary writs was usually told that the chances of having the Supreme Court hear, consider, and decide an extraordinary writ were probably fewer than 10 percent, based on years of statistics.

The Supreme Court had to be ready to hear all cases. With every case there were oftentimes motions. Some of those motions were easier than others. Approximately 6,000 motions were filed with the Supreme Court every year. Some of those motions were as simple as requesting an extension of time to file the brief. Other motions were more difficult to deal with such as motions to dismiss the appeal in the first instance because there was a jurisdictional defect. Those numbers he provided reflected filings that the Court had to process.

Justice Hardesty continued speaking about the components of the cases filed with the Supreme Court. He had been on the Court for almost 15 years and found it interesting that there was an ebb and flow of case types. Some cases were construction defects and some were medical malpractice. The Supreme Court continued to receive a large number of medical malpractice cases. The Court also had seen an increase in construction defect disputes that called into question the effect of legislation adopted by the 78th Session (2015) [Assembly Bill No. 125 of the 78th Session (2015)] on that very topic. Thus the work of the Legislature had generated additional work for the Supreme Court. The Court had seen a number of homeowners' association (HOA) cases. During the last downturn in the

economy in Nevada much activity occurred in HOA foreclosure cases, and there was considerable litigation. Thousands of cases in the district courts challenged the title and the effects from foreclosures by banks and others from those foreclosures. The Supreme Court had been the ultimate beneficiary of those cases, and a substantial number of filings were related to that case category. The Court also had received a number of death penalty litigation cases, many during last fall and spring. Some of those cases related more to civil litigation between drug suppliers than between the state and a defendant over how the defendant should be executed. The Court continued to see a significant number of writ petitions filed by inmates. Justice Hardesty explained that it was very difficult to read a proper writ filed by an inmate. Those cases involved two challenges: first, it was a challenge to read their handwriting, and second it was a challenge to clearly understand what their arguments were. The Supreme Court was blessed to employ staff members who had been with the Court long enough and were able to recognize the handwriting of several of the inmates who were serving time in the prison system. That type of assistance aided the justices in understanding the arguments in those cases. But those cases were a serious problem and a serious contributor to the number of case filings. In summary, Justice Hardesty stated the Supreme Court received a large variety of cases.

Justice Hardesty added that the state's population was increasing. Nevada could no longer look at the judicial system as though it was the Nevada of old or Wyoming of new. Nevada was a populous state that attracted millions of visitors, many of whom generated extraordinary litigation. Nevada also had some unusual cases that other states did not experience. The October 1, 2017, massacre in Las Vegas was an extraordinary event resulting in litigation. Nevada courts saw a recent problem develop with endoscopy cases. A number of other unusual situations occurred and resulted in strange litigation cases. Nevada's efforts to attract businesses resulted in a number of cases that had attracted the attention of the Securities and Exchange Commission (SEC), and quite a few other jurisdictions asked for the appellate court's opinion on unique business dispute litigation. Because the Supreme Court was required to take all appeals under the *Nevada Constitution*, individuals knew that they would get a hearing and get a court of last resort deciding their particular questions. Justice Hardesty concluded that it was a panoply of issues that added to the caseload.

Assemblyman Frierson asked about the district court judges because Justice Hardesty had mentioned the type of judges from the two other jurisdictions. He wondered about the Eighth Judicial District Court (Clark County) and how many judges were civil, criminal, or family court judges.

Justice Hardesty responded that his understanding was one judge was being added to deal with homicide and death penalty cases. There was a homicide and death penalty team of judges with expertise in that area. Given the number of homicide cases that were backlogged in that system, the new judge position was desperately needed. Those types of cases created a huge problem, and there had been a large number of homicide and death penalty cases backlogged for some time. Four judges currently handled that docket and another judge was needed. There were two civil judges added and the remainder would be family court judges.

Of those family court judges, at least three of them would be replacing masters so the judicial functions would be handled by judges specializing in child cases.

Assemblyman Frierson said there was a set of 25 recommendations on criminal reform that he suggested would free up some judges on the existing courts to handle homicide cases. He heard Justice Hardesty state that justices on the Supreme Court had to wait eight years to have the opportunity for reconsideration of salary increases, and he was unsure what statute mandated that limitation.

Justice Hardesty responded that should the Legislature consider salary increases during the 80th Session, those salaries would not take effect until January 2021 and applied to the judges for the next six years. Election for all 82 district court judges would take place in 2020. Under the *Nevada Constitution*, those district court judges would earn the new salary effective January 2021 for the remainder of their six-year terms. Justice Hardesty's reference to eight years accounted for the time between now and 2027 when those judge's salaries could be increased again. This constitutional provision applied to district courts, the Supreme Court, and the Court of Appeals judges. The Supreme Court justices had staggered terms. When the salary increases went into effect in 2009, because the state budget had fiscal problems, Justice Hardesty and Justice Parraguirre deferred their salary increases for two years and directed that money remain in the Supreme Court budget to help the staff with the furloughs that had been mandated. Justice Hardesty was entitled to a salary increase commencing in 2009 and that same salary had been in place since then. Because he would not run for reelection again until 2022, any Legislature-approved salary increase that went into effect in January 2021 would not change his salary because of the constitutional limitation until 2023. In the case of the Supreme Court that had staggered terms, unlike the Court of Appeals that did not, the salary increases depended on when the justices were elected. The Court of Appeals judges would not see their salary increases until they were reelected in 2022.

Chair Carlton said that statute provided for two percent salary increase after four years of service for district court and Court of Appeals judges. In essence, each received a statutory pay increase of two percent after four years of service.

Justice Hardesty confirmed that Chair Carlton was correct. That had been the case ever since he had been a judge. Those statutory salary increases reached a maximum after the judge had served 11 years. After that there was no further increase.

Chair Carlton said the limit was the salaries could only go up by 22 percent. That would equal 11 years of increases stopping at 15 years of service. She wanted the information to be clear on the record for the members.

Senator Settelmeyer asked for a breakdown of the cases in the Supreme Court because anyone could file a case. The real question was whether or not there was sufficient merit to get the case appealed to the Supreme Court. He asked what percentage of cases were domestic, civil, criminal, or others and whether there was any way to compare Nevada's

caseload to other states. A review of that data might indicate if Nevada had a substantial number of cases in one particular field. If so, the Legislature may need to look at the laws in that field to clarify some of the requirements.

Justice Hardesty responded that the Court published an annual report. A copy was sent to each legislator and would be provided to Senator Settlemeyer. Justice Hardesty agreed to supplement that report with a memo providing further details. The information requested by Senator Settlemeyer was contained in the annual report that broke down case types that were filed. There was a perception that most of the cases filed in the Supreme Court were similar to most of the cases that were filed in district court and family court. That was not true. Somewhere in the area of 60 percent of the caseload in the district court was family matters. In the Supreme Court, family cases were probably 4 percent, so it was much less. The vast majority of cases were criminal and the remainder were civil. When one spoke about looking at laws that could clarify certain issues, Justice Hardesty explained that the Supreme Court received a number of cases that required it to interpret legislative matters. That was the Court's job under the *Nevada Constitution*. When the statutes were crystal clear without ambiguity, the court would require less time to review those cases.

Senator Settlemeyer said one of his first recollections of the Judicial Branch was sitting behind the desk of Judge David R. Gamble, who showed him the amount of security and the precautions in the office. Senator Settlemeyer was worried about the safety of the Judicial Branch and judges particularly. He asked whether there were any particular jurisdictions or areas in state that needed assistance. He worried that the state did not provide sufficient security because of the aging of the infrastructure and other concerns of that nature.

Justice Hardesty responded that he appreciated the expression of concern for the safety of the Judicial Branch. The Supreme Court was a good example of that problem and thankfully the Legislature agreed to its request for a marshal position that improved the security considerably. He could not underscore the seriousness of the problems at the facility in White Pine County. Many who served in the Legislature knew that the White Pine County Courthouse was a dangerous place to conduct trials. It was dangerous for the citizens of White Pine County who served as jurors or just went into the building to record a deed. He would invite anyone to go into that courthouse and ask themselves if they would be comfortable sitting in juror box number one during a trial for someone who was being tried on their fourth case for murder. The Office of the Attorney General and the Court expressed much concern about the security of a case in which a writ was filed with the Supreme Court asking to change the location of the trial to a different courthouse. The Court approved the request and the location was moved to Carson City.

Assemblywoman Spiegel asked how many criminal appeals cases resulted in reversals.

Justice Hardesty stated that he would prefer to provide a supplemental response to the Subcommittee and would provide details in response to Assemblywoman Spiegel's request. There were a number, but not an overwhelming number. The vast majority of cases were

affirmed but there were a number of cases that were reversed. Those cases were reviewed carefully by the justices as part of their process.

Chair Carlton asked that the supplemental information be provided to the Fiscal Analysis Division staff, and she would ensure that the information was provided to all the members.

Assemblywoman Titus asked about page 4 of Exhibit C and details of the projections of the caseload. She asked how many cases had been moved to the appellate courts as part of the process. She stated that when the appellate court system was approved, the intent was to improve the timely hearing of cases and allow everyone to get their day in court without delays. She thought about one-third of the Supreme Court cases had been moved down to the appellate court. She asked for the exact number of the cases. She understood that anyone could appeal to the Supreme Court and any case could be brought forward to it. She asked whether the appellate court had solved some of the caseload problems as far as cases being forwarded to the Supreme Court. She questioned whether there had been sufficient time or data to know how many of those cases were brought to the Supreme Court anyway. She was curious about that particular number because it was a big cost to the state to have the appellate court, and its purpose was to decrease the caseload of the Supreme Court. This caseload decrease was important for the citizens as well as the appellants having their day in court without delay. She was curious whether there was any information as yet about how many cases were appealed back to the Supreme Court.

Justice Hardesty responded that under the rules a petition for review could be filed with the Supreme Court for any case decided by the Court of Appeals. Unlike all of the appeals processes, those petitions were discretionary. Once a case was "pushed down" and decided by the Court of Appeals, its review was completely discretionary. The discretion required that the case that was petitioned to the Supreme Court be a matter of statewide importance, and involve a conflict in the law or a conflict with the Supreme Court's jurisprudence. Those were very high standards that were employed when those petitions were considered. He would provide the exact numbers. The number of petitions for review that had been filed with the Supreme Court were quantified, and the number of cases that were considered were also quantified. He represented that the number of cases that had to be reconsidered by the Supreme Court was probably not more than one percent. The Court did not consider very many of those cases, and it was a very small part of the docket.

Assemblywoman Neal asked about the breakdown of the reserves. She wanted to know the revenue sources that made up the reserves and whether those sources could be broken down into various categories. She did not see that data listed. She understood that the general category was administrative assessments but it seemed to be a mixture of other funds too. She asked for the details.

Justice Hardesty responded that he had that data in greater detail. The PowerPoint presentation did not disclose that information as well as the budget presentation and budget material did. The Administrative Office of the Courts accounts were funded fully by the administrative assessments. The Supreme Court's budget was funded by a combination of

State General Fund and administrative assessments. The reserves that were being depleted were in the Administrative Office of the Courts budget accounts that were funded by administrative assessments. There was a decline in the administrative assessments; however the costs remained stable. As the revenue declined, the reserves also had declined. He would provide greater detail during the subcommittee budget hearings or he could provide the data directly to the members now.

Assemblywoman Neal asked for the data to be provided to the Fiscal Analysis Division staff, and Justice Hardesty agreed to do so.

Chair Carlton said she would ensure that Assemblywoman Neal received the detailed data. She reminded the members that the work of the various subcommittees and their recommendations would be presented to the members of the full committees for processing. Chair Carlton said she had many of the same questions about the sources of the reserves. She said it was antithetical to fund the Judicial Branch from fines and penalties paid by individuals who did bad things when the Legislature discouraged individuals from doing bad things. She wanted to figure out a way to smooth out that funding stream. Chair Carlton said that concluded all the questions of the Subcommittee at this time, and she looked forward to discussing further details during the budget hearings. The next scheduled presentation would be from the Department of Public Safety.

George Togliatti, Director, Department of Public Safety, presented ([Exhibit D](#)) that was a copy of a PowerPoint presentation titled "Governor Recommended Budget for the 2019-2021 Biennium Presentation to the Legislative Commission Budget Subcommittee."

Sheri Brueggemann, Administrative Services Officer 4, Director's Office, Department of Public Safety (DPS), testified that she was the chief fiscal officer for the Department. She explained that she would present a high-level view of the significant budget recommendations as well as provide specific updates on the information requested by the Fiscal Analysis Division staff. Following that presentation, Christopher P. DeRicco, Chairman, Nevada Board of Parole Commissioners would present the Commissioners' budget from Las Vegas. She referred to page 2 of [Exhibit D](#) and said that many of the members were familiar with the DPS mission statement, vision statement, and motto. The Department prided itself on a unified, multidiscipline, total-force organization, which provided excellent public safety services and was known for its abilities and resource capabilities to take care of business anywhere and anytime in the state of Nevada.

Ms. Brueggemann referred to page 3 of [Exhibit D](#) and explained that DPS maintained a multidisciplined, experienced, stable, and unified management team structure within the Department capable of handling any emergency or natural disaster incident. She introduced the agency chiefs because the members of the Subcommittee would undoubtedly be seeing much more of them during the 80th Session. She introduced the staff listed on page 3 of [Exhibit D](#).

Ms. Brueggemann referenced page 4 of Exhibit D. She stated that the staff of the Fiscal Analysis Division, Legislative Counsel Bureau, had specifically asked for updates with regard to recruitment and retention as part of her presentation. Ms. Brueggemann indicated the DPS used applicant-friendly tracking software, Internet Collaborative Management System (iCIMS), which had tech-savvy features, was mobile, user-friendly, and came with great technical support. In most cases, platform changes could be made within hours or the next day. The Department eliminated its written exam designed for officer applicants because it determined that a large volume of applicants could not pass the exam, and that inability was not necessarily an indicator of a good officer. The agency had coordinated efforts among command staff, human resources, and the Public Safety public information officer (PIO) to plan and publicize open-house recruiting events on major social media platforms (Facebook, Twitter) and on the local television newscasts. In 2018, the Department held a total of eight open houses (mostly in Las Vegas) with two open house events that included testing and interviews. The Department also held six "Work for Warriors" recruitment events for the veterans in Las Vegas and one additional in Reno. The Las Vegas events included testing and interviews on the same day.

Ms. Brueggemann explained that page 5 of Exhibit D listed the recruitment and retention efforts of the human resource staff of the Department. She noted that online background investigation software sped things up on the back end and required less employee handling, so more time could be spent performing the Investigation. The critical-fill designation also greatly assisted by allowing the Department to fill vacancies temporarily or even long term, as in the case of the Capitol Police. That designation would end May 2019. In 2018, the Department participated in 46 career-fair events and was awarded the Seven Deals Award in recognition of its support of hiring individuals serving in the armed forces. The agency eliminated the written tests because it determined in 2017 that 40 percent of the applicants were unsuccessful because of poor results.

Ms. Brueggemann commented that page 6 of Exhibit D described the benefits of the Southern Academy to recruitment and retention efforts. She said the Southern Academy had allowed DPS to hold four academies instead of two, and the increase had definitely made a difference in hiring new officers. The optimal class size of 25-30 was a goal for each academy, but when necessary, the Academy could handle more students. The smaller class size also demonstrated that generally more cadets were successful in graduating, although there had been exceptions to that.

Referring to page 7 of Exhibit D, Ms. Brueggemann stated that the Department filled its PIO position in October 2017. Using traditional and innovative platforms and concepts, the Department PIO worked with the divisions' program specific PIOs to develop materials, messaging and content, and promoted public safety information and education through outreach to the public, stakeholders, and the media. Regarding page 8 of the exhibit, Ms. Brueggemann noted that one of the innovative concepts developed recently was a video series for the DPS YouTube channel produced in-house. The series described what the public safety academy was like, the training that was involved, and what candidates could expect when they joined the Department.

Page 9 of Exhibit D highlighted a Division of Parole and Probation, Department of Public Safety, success story that helped reduce recidivism and promoted successful reintegration of supervised individuals into society. Page 9 also identified a public service announcement from the Nevada Highway Patrol and a joint public service announcement from the Fire Marshal and the Red Cross. Page 10 of Exhibit D demonstrated that the Department continued to work closely with other agencies, partnering in programs such as SafeVoice with the Department of Education and the Investigation Division, Department of Public Safety; "See Something, Say Something," with the Department of Homeland Security and the Investigation Division; and the Nevada Most Wanted program with local law enforcement agencies and the Investigation Division.

Ms. Brueggemann stated that she knew that the Department was a great place to work. The opportunities within the organization were abundant for both sworn and civilian employees alike. She continually heard from the employees who ventured outside of the Department but then could not wait to return to DPS. The agency heard from exiting employees that they really hated to leave, but they had an offer they just could not turn down considering they had families to support. Aside from competing with the local law enforcement communities that offered higher pay and better benefits, DPS faced a retiring workforce. Forty officers retired in 2018. Another 26 officers retired in 2017. Thirty two officers had retired in 2015 and again in 2016. Page 12 of Exhibit D showed the recruitment and retention efforts of the Southern Academy. The first Southern Academy started in September 2016 and graduated 26 out of the 28 cadets in December. She noted in calendar year 2016, DPS only had three academies, followed by two full years of two academies each in Carson City and Las Vegas. The Southern Academy had been using the National Guard facility until now, but the Las Vegas staff were currently moving into their newly leased building. The next Southern Academy would be held in the new building and already had 26 cadets confirmed to start.

Ms. Brueggemann continued that page 13 of Exhibit D showed the benefits received by the Department from the officer recruitment efforts. The Department's efforts increased the volume of applications by 51 percent, the number of interviews by more than 250 percent, and the number of hires by 152 percent. In 2018, after DPS eliminated its written exam for officer applicants; 2,858 applications were received and 946 candidates were interviewed. In 2017, about 40 percent of the applicants were eliminated by written test; 268 candidates were interviewed; and 42 were hired. The chart on page 14 identified where the 106 new sworn employees had heard about DPS, excluding transfers within the Department or promotions. It also did not include temporary or critical hires. The applicants selected from a range of options. The report came from Internet Collaborative Management System (iCIMS), the sworn software system that allowed human resources staff to track applicants. She believed the social media links to the website accounted for the significant number of applicants who stated the DPS website was where they heard about the job opportunities. Unfortunately, in the same year DPS lost 111 sworn officers (page 15 of Exhibit D). The top two reasons were retirement (36 percent) and left for better pay or benefits (24 percent). Although DPS was still not hiring quite enough to cover the departing officer employees, DPS would continue to focus all available resources to increase the number of applicants.

Ms. Brueggemann spoke about reducing recidivism as shown on page 16 of Exhibit D. The Division of Parole and Probation made significant advances in reducing recidivism starting with the day-reporting centers (DRC) that were approved during the 79th Session. The DRCs were run by a contracted service through private vendors because of the complexity of the services offered. The Nevada DRCs were contracted through Sentinel. This was an intermediate sanction that was used before seeking revocation. The Las Vegas DRC opened in October 2017 and the Reno DRC opened in February 2018. The program has served a total of 441 participants statewide and 113 have graduated. There were 250 current participants. The average duration of participation was 100 days, and the cost was only \$8.54 per person each day.

Ms. Brueggemann continued that the Division of Parole and Probation, Department of Public Safety, had been working in partnership with the University of Nevada, Las Vegas (UNLV). Dr. William Souza assisted with preparing a research brief to determine the effectiveness of reducing recidivism through the Nevada DRCs. The preliminary results of the research from the service-area grant were that DRC participants were less likely to have their release revoked and were more likely to be successfully discharged from parole or probation than the control group. Additionally, the DRCs had collaborated with community partners, such as the Department of Health and Human Services (DHHS) which assisted with state-funded medical, food stamps, and other programs and Truckee Meadows Community College which assisted with job placement, education, and trade programs. The Las Vegas DRC, through Sentinel, had collaborated with the Hard Rock Café to receive donations such as linens. Additionally, the Las Vegas DRC had a clothing donation center to assist participants to dress for success. The Reno DRC, through Sentinel, had a bicycle program "Peddling for a Positive Change" in which bikes were donated to provide transportation for participants.

Chair Carlton wanted clarification of the numbers on the DRCs and the cost of \$8.54 per person per day. She asked how long an average stay was, and Ms. Brueggemann responded that the average stay was 100 days. The cost was paid through the State General Fund. Chair Carlton wanted to know whether there were any associated fees charged to the offender. Ms. Brueggemann responded that there were no fees charged to the offenders. Ms. Brueggemann stated that for an upcoming meeting of the Interim Finance Committee a full report on the DRCs would be presented, but she could provide one sooner. Because the DRC was a new program and the members would need to evaluate it, Chair Carlton asked for that report to be provided to the members of the Subcommittee as soon as possible. When the subcommittees started their budget hearings, the members would have a full picture.

Ms. Brueggemann referred to page 17 of Exhibit D. Effective practices in community supervision (EPICS) taught officers how to apply the principles of effective intervention and core correctional practices specifically to community supervision. Officers were taught to increase interactions with higher-risk offenders, to stay focused on criminogenic needs, which meant "producing or tending to produce crime or criminality," especially through behavior links, and to use a social learning, cognitive behavioral approach to their interactions. The training was three days onsite followed by five months of follow-up coaching. Training might also include a five-day, train-the-trainer course. As of January,

74 staff members had been trained in EPICS, which included 30 in the Reno/Carson area, 2 in rural areas, and 42 in Las Vegas. The EPICS program was behind schedule, and train-the-trainer was cancelled because of delays related to the University of Cincinnati and delays in the use of the grant that paid for the first platform. The grant required that the train-the-trainer course be completed by the end of November 2017. However, the training had taken longer than expected because of scheduling conflicts with the University of Cincinnati. The sessions would be rescheduled after the next end-user training was completed. The EPICS training consisted of three platforms. One platform had to be completed before the staff could move to the next platform. The Division of Parole and Probation recommended a work program for the January 30, 2019, agenda of the Interim Finance Committee (IFC) to fund two train-the-trainer classes, one in the north and one in the south. Southern command would host a five-day, train-the-trainer course in EPICS on March 11, 2019, through March 15, 2019. Northern command would host a five-day, train-the-trainer course in EPICS on April 22, 2019, through April 26, 2019.

Ms. Brueggemann continued with information about reentry and parole planning. The Division of Parole and Probation had taken responsibility for full reentry and parole planning per *Nevada Revised Statutes* (NRS) 213.140. The Division worked collaboratively with the Department of Corrections to enable timely release, reduce prison overcrowding, and expedite the transition to community supervision. The nine Parole and Probation specialists embedded in the primary correctional facilities were specifically tasked with the following responsibilities:

- Meet with a large number of inmates daily.
 - Formulate plans with inmates via telephonic communication with outside family, sponsors, and programs.
 - Initiate program and funding application processes.
 - Email a list of parole plans and addresses for multiple inmates daily to headquarters for prerelease processing. If the parole plan was denied, they would begin again.
- A total of 11,921 contacts with inmates occurred in 2018.

Ms. Brueggemann said it was important to note that there were a number of inmates on the past-parole eligibility date list that the Division had no influence over and could not expedite. Examples of the reasons included for that were inmates who refused to sign their parole documents; sex offender placement and community notification; a pending interstate compact; and parole to hold (warrants). State-funded house arrest was approved during the 79th Session (2017) as an intermediate sanction. The enhancement was significant because it allowed Division officers to use a sanction that permitted parolees and probationers to remain in the community and be productive, while also serving as a sanction for a violation that did not demand a release revocation. During the 79th Session, the Division received funding to assist inmates to parole to stable residences. Ms. Brueggemann noted that as of January 3, 2019, for fiscal year (FY) 2019, there were 390 offenders funded and set for release under the housing-deposit assistance program that used indigent funds. Comparatively, 428 offenders were funded and set for release during FY 2018. The average payment assistance for transitional housing was \$500 per offender but might be adjusted should the need be determined.

Ms. Brueggemann spoke about the Division of Emergency Management (DEM), Department of Public Safety, and the Office of Homeland Security, Department of Public Safety. The unprecedented number and magnitude of emergencies and disasters in calendar year 2017 resulted in the development of a statewide resilience strategy to align with the Federal Emergency Management Agency (FEMA)'s focus on resilience initiatives and ultimately the creation of the Nevada Resilience Commission. The Division continued recovery efforts for the Northern Nevada flood disasters from January and February 2017, working with affected jurisdictions on 260 different projects totaling over \$30 million.

According to Ms. Brueggemann, the Division had successfully integrated the new emergency management programs manager position authorized by the 79th Session (2017). The position served as the statewide interoperability coordinator and the single point of contact for interoperable emergency communication. The Nevada Intrastate Mutual Aid system was established by the 78th Session (2015) and became effective on July 1, 2015, as provided by Chapter 414A of the *Nevada Revised Statutes* (NRS), to coordinate mutual aid throughout the state during the response to and recovery from an emergency or disaster. The establishment of the system allowed jurisdictions throughout the state to rely on a uniform system for providing and receiving resources during an emergency. The Division would continue to make refinements to processes, policies, and regulations to improve resource sharing across all professions and disciplines. The Nevada Resort Planning Task Force was established in February 2018 to address the need to review and update NRS 463.790 that required resort properties within the state to submit emergency response plans to local first-responder agencies and to the state DEM. The task force was created as a short-term public body under the authority of the Chief of DEM and was composed of members from Nevada resort properties, law enforcement, emergency management, and gaming regulation. Their work resulted in the planning guide to assist in the development of new plans or the refinement of current resort emergency response plans.

Ms. Brueggemann said the mission of the Nevada Office of Cyber Defense Coordination was to serve as the primary focal point for cybersecurity strategy, policy, planning, and coordination. The long-term vision of the Office was to become the leader in cybersecurity information, risk, education, training, and workforce development. As outlined on page 20 of Exhibit D, in the first 16 months of operations, the Office had focused on several key areas in cybersecurity. Notably, the Office had developed strong partnerships with the chief information security officer of the Office of Information Security in the Department of Administration in support of improved security of the state's information systems. Further, in collaboration with the Division of Emergency Management, Department of Public Safety, the Office aided in the development of a statewide emergency support function for cybersecurity that would be used in the event of a catastrophic cyberattack against the state or its interests. Additionally, the Office in partnership with the University of Nevada, Reno (UNR) created a statewide information-sharing platform supporting cyber defense for numerous political subdivisions and private sector entities throughout Nevada. Since beginning operations, the Office staff had engaged over 75 different cybersecurity stakeholders across Nevada, including organizations in federal, state, and local governments; academia; and the private

sector. The Office would continue developing collaborative partnerships to improve cybersecurity across the state and meet its strategic objectives.

Ms. Brueggemann stated that the Investigation Division, Department of Public Safety, had an extraordinary year. The Division established the SafeVoice program in partnership with the Department of Education. The Division was aware that a significant number of children's lives were saved as a result of the program intervention. The Governor's budget recommended to convert the 12 SafeVoice contract employees to state employees. Because of the cost of the contracts, this enhancement resulted in a net increase of only \$13,448 over the biennium. The Division also expanded its opioid interdiction and outreach to combat the opioid crisis that was affecting the entire country. Ms. Brueggemann referred to page 22 of Exhibit D that was a pie chart of the calendar year 2018 tips received by SafeVoice by category. Since the start of the program in January 2018, SafeVoice had proven instrumental in helping to save the lives of many students and young individuals. As the chart reported, SafeVoice had received numerous tips that involved threats to students and young individuals such as suicide threats, self-harm threats, guns, and sexual assaults. As it related to those threats involving suicide and self-harm, the information that SafeVoice had provided to members of the various multidisciplinary teams had led to numerous students and young individuals receiving medical help, behavioral and mental health help, and other interventions. Some of the numerous responses and comments that SafeVoice had received from tipsters, students, parents, school staff, and members of the various teams showed the benefit and effectiveness of the program for the safety of Nevada's students and schools. Per *Nevada Revised Statutes* (NRS) 388.14553, the multidisciplinary teams were made up of at least three staff members from each school and included, without limitation, a school counselor, psychologist, social worker (if the school employed one), and a school administrator.

Ms. Brueggemann explained that the underlying data systems that supported the Department's various criminal justice programs were collectively known as the Nevada Criminal Justice Information System (NCJIS). It was through those systems that Nevada's criminal justice community communicated with each other, with other states, and with the Federal Bureau of Investigation (FBI), resulting from the Department's records bureau [Records, Communications and Compliance Division] role as the FBI's criminal justice information system agency. The NCJIS was a conglomeration of multiple intertwined applications that processed criminal justice and public safety information on a daily basis. The stakes were high, therefore it was critical that the underlying data systems were modern and functional. The components of NCJIS were designed at different times and in different platforms, and some were built on a platform that was no longer vendor-supported. The internal staff at the Division of Enterprise Information Technology Services (EITS), Department of Administration, who understood the old technology had dwindled because of retirements and staff turnover. Major components such as the law enforcement message switch relied on a company with fewer than five employees, and that had frequently posed problems for DPS in trying to get projects completed timely. Over the last six years, the Department had been working with EITS to modernize the NCJIS system, and, although it was not nearly complete, DPS completed some very important upgrades that should keep the

system running until a final solution could be identified. The Department had reached out to its vendor MTG to update the assessment to modernize NCJIS. The vendor came back with the suggestion to pursue an "off-the-shelf" solution. That plan would require three biennia to complete. For the 2019-2021 biennium, the Governor recommended a total of \$15,455,300 which included State General Fund appropriations of \$8.5 million and agency reserves of \$6,955,300. If those budget initiatives were approved, the Department would continue to use its vendor MTG as a consultant to shepherd the program from the request for proposal (RFP) to installation, guided by a project management office similar to the one for the SMART 21 program.

Ms. Brueggemann referred to page 27 of Exhibit D and stated that the Records, Communications and Compliance Division completed data entry of more than 900,000 court dispositions into the state and FBI criminal history systems after learning of a backlog in March 2014. The agency had a successful FBI audit. The Division successfully decommissioned the Elko dispatch center with no known negative effects and rerouted radio traffic for the entire state to Las Vegas or Carson City.

Moving to page 28 of Exhibit D, Ms. Brueggemann said the Department had been diligently working to identify the best solution to modernize the Offender Tracking Information System (OTIS) going forward. It had received a quote from MTG to help evaluate how far along OTIS had come, which would take the Department through to an RFP if that was the best solution. The EITS was assisting by developing a Request for Information. The Governor's budget recommended a one-shot General Fund appropriation of \$2,711,874 to replace the OTIS. However, Ms. Brueggemann indicated the recommendation would be amended when more information became available.

The challenges resulting from Marsy's Law were shown on page 29 of Exhibit D. Ms. Brueggemann explained that because Marsy's Law went into effect in November 2018, it added a sense of urgency for a new OTIS as well. Without an accounting program, the process for handling current restitution payments along with diverted funding from other revenues put additional pressure on the Division of Parole and Probation's fiscal unit. A work program had been submitted for the January 30, 2019, meeting of the Interim Finance Committee (IFC) to add contract staff to the accounting unit for the sole purpose of handling restitution accounting and payments to victims. The potential loss in fees was not as yet known nor was the potential loss in court assessments that might affect funding for DPS records.

Ms. Brueggemann spoke about the Division of Parole and Probation's caseload shown on page 30 of Exhibit D. Decision unit Maintenance (M) 200 reflected the recommended caseload-related position changes that resulted from projections prepared by the JFA Institute (a private vendor). The projections resulted in a need for an additional six sergeants and the loss of one officer position. Decision unit M-201 recommended a reduction of 15 civilian positions and related costs based upon projected court services (presentence investigation reports [PSI]) caseload information from JFA. Decision unit Enhancement (E) 361 recommended restoration of positions eliminated in decision unit M-201. In decision unit

E-362, the Governor recommended a follow-up workload study from the National Council on Crime and Delinquency. The PSI study that was completed in 2016 recommended that because specialist 4 positions were responsible for providing training and support to specialist 3 staff, it might be worth revisiting the calculation for more specialist 4 positions to be filled to lower the ratio between the two position types. The position restoration in decision unit E-361 resulted from that recommendation. Decision unit M-203 recommended the elimination of one specialist 3 and the addition of one new supervisor position (a civilian supervisor for the Interstate Compact comparable to the PSI supervisors) in Las Vegas. Based upon the JFA estimates, decision unit M-204 recommended two specialist 2 positions for the fugitive apprehensive unit, a reduction of one specialist 2 position in the pre-release unit, one new specialist 4 position for the pardon's unit, and three new supervisors for the headquarters office.

Ms. Brueggemann referenced page 32 of Exhibit D regarding the Nevada Highway Patrol. She said the Nevada Highway Patrol had not received an increase in authorized sworn positions since 2006. There were a number of areas where additional staffing was needed. One concern was the newly constructed segment of Interstate 11 outside Las Vegas that was part of the southern command region. There were gaps in patrol coverage because of a lack of resources usually during the overnight hours. The gaps in coverage resulted in:

- Service calls that might go uncovered.
- Call-outs for troopers outside of their regular shifts.
- Coverage by county law enforcement of NHP jurisdictional highways.
- An inability to assist allied agencies.
- Extended response times.

In northern Nevada, because of the unprecedented influx of technology-based companies into the Reno area, the newly expanded State Route 439 had seen phenomenal growth in use and traffic volume. In 2014, that highway saw an average of 6,500 vehicles per day. In 2016, the average volume had increased to 8,400 vehicles per day, a nearly 30 percent increase. With its location outside of the urban Reno area and the traffic and incident volumes, the only NHP response available to that area was from urban Reno, drawing much needed resources from the city. Since September 2016, there had been a total of 140 crashes in the area, including one fatality. That accounted for approximately 2.2 percent of the crashes in the northern command during that period. The Governor recommended three administrative assistants to manage and coordinate contract services. Some examples of contract services were wide-load escorts and traffic control for special events such as the Candy Dance. All contract services were provided on overtime to not affect regular Highway Patrol duties.

Page 33 of Exhibit D showed the position recommendations for the Records, Communications and Compliance Division which included:

- Four full-time-equivalent (FTE) positions to staff an increase in the caseload of sex offender registrations because of the Adam Walsh Act [Assembly Bill 579 of the 74th Session (2007)].
- One FTE position for the Fingerprint Examiners Unit to complete the increased workload.

- One supervisory FTE position for the Criminal Records Unit to complete supervisory tasks that were currently being performed by an administrative assistant 4.
- Two FTE business process analysts to complete detailed project requirements and write technical documents.
- An increase in the civil applicant state fee of \$3.50 from the current \$23.50 to the recommended \$27. There had not been an increase since 2012.

The fee increase would help to support the NCJIS modernization project and future maintenance of the new system. Decision unit E-550 was for the NCJIS modernization project and would be funded with a one-shot General Fund appropriation and agency reserves. Funding would be used to establish a project management office using both state overlap staffing and contracted staff. The project management office would issue a request for proposal (RFP) through the Purchasing Division, Department of Administration, for procurement of a new message switch for the computerized criminal history system to replace Jlink.

Page 34 of Exhibit D displays position recommendations for the State Fire Marshal Division and Office of Traffic Safety. The reclassification of a training officer 1 to a training officer 2 position would eliminate any disparity in job duties and functions between positions. This position was responsible for performing all the duties of a training officer 2 as well as additional administrative and management duties. The new hazardous material specialist position recommended in decision unit E-235 was funded 100 percent with fees collected by the Division of Environmental Protection (DEP), State Department of Conservation and Natural Resources, for hazardous material training and associated costs. The upgrade of the training officer 1 position to a training officer 2 position in decision unit E-236 was funded with 5 percent from the State General Fund, 47.5 percent from fees collected by the State Emergency Response Commission, and 47.5 percent from fees collected by the DEP for hazardous material training and associated costs. The Governor recommended funding to continue a management analyst position as approved by the IFC on October 24, 2018, to support the state's new ignition interlock program.

Ms. Brueggemann spoke about page 35 of Exhibit D. The Department of Public Safety purchased nine card-key temporary evidence lockers in 2010 that had been placed throughout the state. The software that was purchased and was currently in use was outdated and no longer supported by the vendor to allow new officers to be added to the lockers. The purpose of those lockers was to track and secure evidence in the rural temporary locations until the evidence could be transported to one of the three main property rooms throughout the state. All of those lockers also had a refrigerated unit, some of which were currently not operable. The recommended solution was to purchase updated software that would support the lockers and the components that operated the lockers and to repair the refrigerated units using the same company that manufactured the lockers. The manufacturer now had an office in Nevada that could provide services for those lockers.

Ms. Brueggemann noted the Training Division used the Crown Pointe Skills Manager software and database to track the training of DPS sworn employees. The current version of

Crown Pointe Skills Manager was housed on a state server and maintained by the Division of Enterprise Information Technology Services (EITS), Department of Administration. Interruptions in the data-entry process occurred on a regular basis because of computer system limitations and maintenance of the system. The state server/network was slow and cumbersome. The Division currently had five user licenses for Crown Pointe Skills Manager, meaning that five individuals could access the program at one time. However, when more than two individuals worked in the database at any given time, it became extremely slow and it frequently bumped users out of the system. Often data that had been entered was lost. The situation made it difficult and slow to input information into the database.

Finally, Ms. Brueggemann stated that the Governor's budget included a number of recommendations for replacement equipment and vehicles. Those enhancements would be covered in the various divisions' individual budgets. She concluded the DPS presentation and was ready to answer any questions.

Chair Carlton said several members had questions. Both the NCJIS and OTIS had been used for a long time. She realized DPS had stopped to reevaluate OTIS and the agency would provide more details later during the budget hearings. She expressed some concerns about the NCJIS model, the history Nevada had with it, and the money that had been spent. She believed there might be a technical problem with the money in the decision unit that was a duplicate of a one-shot appropriation and asked for an explanation. She asked DPS to work with the Fiscal Analysis Division staff to ensure that if a budget amendment was needed it would be presented to the members. She asked about the civil applicant fingerprint fee increase and did not realize those dollars were going to be used for the modernization of NCJIS. She asked for clarification when the civil applicant fingerprint fee was discussed. She thought that the fee would be charged to those individuals who had to get sheriff's cards to go to work. The fact that people had to get a card to go to work alone was a difficult thing to accept. But it seemed wrong that the fee would be increased to individuals who needed a job and had to go to work to pay for a program that had been not handled in the way that the Legislature had hoped it would be handled. She did not think such an approach was appropriate. It was appropriate, however, to hold the discussion right now. Chair Carlton was bothered that DPS was cost-shifting to individuals who just wanted to go to work. She asked for a deeper discussion about how to handle NCJIS and how to fix the problem so it did not reoccur in the future.

Ms. Brueggemann responded that Mindy McKay was present to answer some of those questions. Mindy McKay, Records Bureau Chief, Records, Communications and Compliance Division, Department of Public Safety, responded with an overview on the NCJIS modernization. Originally back in 2012, DPS brought in MTG management consultants to perform a study of its systems including the criminal history systems. All of the criminal justice systems were studied including one operated by the Division of Parole and Probation. The MTG performed a study of what the Department currently had and where it needed to go to modernize and ensure it had systems that were operational, functional, and could meet the mandates of the state and federal regulations. Many

requirements were imposed by the Federal Bureau of Investigation (FBI), and the Department needed to ensure functionality to comply with those requirements. The study included recommendations to give DPS a path forward and show the steps necessary to get there. There were a number of different factors that led DPS in a direction different from the MTG proposal.

Chair Carlton asked for a general history of the discussion points of how DPS ended up with Division of Enterprise Information Technology Services (EITS), Department of Administration, doing the project and where problems began after DPS started to work with EITS.

Ms. McKay said DPS was originally going to work with outside vendors, but EITS decided it could complete the project in-house at a lesser cost. That was the direction that DPS went. Unfortunately, the Division shared resources with other divisions within DPS, and it had to prioritize the work. The Division had to decide what work would be done first and how long it would take to complete given funding and other resources. Technology was not cheap, it was ever-changing, and was always being updated, and even without inflation, the cost of technology continued to increase. Without proper funding and without adequate resources, the Division had to make do with what was presented by EITS.

Ms. McKay continued by noting that with the available money and other resources, the Division was able to upgrade the existing law enforcement message switch used by all of the criminal justice agencies within Nevada as well as other states and the FBI. The FBI frequently accessed the information through that message switch. The Division was also able to upgrade the computerized criminal history system that housed all of the criminal history records in Nevada for anyone who was arrested and booked into any facility in Nevada. The Division created the criminal history record and provided that record for multiple purposes. That was upgraded, but it still did not have as much functionality as needed to operate within the federal guidelines that had been received from the FBI. The system needed to be more user-friendly for staff and for the agencies to access the criminal history records. Thus there was still a lot of work to be done.

At present, Ms. McKay said the Division had been able to get the domestic violence protection orders off of an old platform, and the new feature was ready to go live in the next couple of weeks. The Division also upgraded the Oracle platform. The Division had been able to make some progress to upgrade some of the systems so that the work could be completed. But the Division needed to focus on what it would take to make the remaining changes that were necessary. The Division brought in MTG and asked it to do a refresh to its modernization proposal to determine where the system was today and recommend the direction to follow and provide the cost and steps necessary to complete the project. That was the level of effort. The MTG recommended that the Division create a program or a project management office to help guide where the project needed to go. That was what happened. As funding became available, the Division has started to get the individuals that it needed to create a project management office. Also, the Division has been identifying the components and needs for the new systems. That information would be put into the RFP so

that vendors could advise the Department what they could or could not do for the Division. That was what she was working on now.

To recap, Chair Carlton said that through the 77th Session (2013) and 78th Session (2015) the state was looking at nearly \$19 million in project costs over a six-year period. Now the timeline was to finish the project during the 82nd Session (2023) or the 83rd Session (2025) at a cost of approximately \$57.5 million. Ms. McKay agreed that Chair Carlton's summary was correct. Chair Carlton noted there would be further discussions about the civil fingerprint fee when that line item was presented during subcommittee budget hearings.

Assemblyman Thompson asked about the day reporting centers (DRC) and wanted a full report including outcomes from Sentinel during the budget subcommittee hearings. The Department mentioned there were 113 graduates, and he wanted to dig deeper about who received and retained jobs. He also requested other information because it was his understanding that the state invested quite a bit of money into Sentinel, which was a non-Nevada service provider. He had concerns about contracting with Sentinel during the 79th Session (2017) because the state had many great service providers in Nevada and in the communities that worked with the target populations. He needed a report on that. He also requested a report on the \$500 that was given per inmate when they were released. He wanted to know whether there was a connection with the Department of Corrections on reentry and with the continuum of care because there were three centers in the state that might be a temporary fix. He wanted to know how the agency ensured that the individuals were not homeless because \$500 could be a three-week stay.

Ms. Brueggemann responded that the \$500 was not given to the offender upon release, rather it was used to pay for transitional housing for as long as it was considered necessary to get the offender up on their feet and out of the system.

Natalie Wood, Chief, Division of Parole and Probation, Department of Public Safety, responded that the Division received approximately \$150,000 per year from the 79th Session (2017) in indigent funding to assist individuals who had been granted parole but were unable to be paroled into the community for various reasons. There were individuals on that list who could not be assisted for other reasons. The Division had provided reports in response to letters of intent throughout the interim regarding state-funded house arrest, indigent funding, and the day reporting centers. Ms. Wood stated the Subcommittee members would benefit from reviewing those letters and some of the reports on the status of the program because the program had done very well. The Division contracted with state vendors in the amount of \$500 on average per individual to support them in the community for about 10 to 12 days. She said the Division would request an increase in that funding during the 80th Session because she believed the long-term benefits after assisting parolees for 21 to 28 days to stabilize them in the community would be beneficial. The money went directly to the state vendors, not to the individual parolees themselves.

Assemblyman Thompson said it would be incumbent on the Division to do some research about the Division's connection with the continuum of care and with the Department of

Corrections because those were the dollars that provided more supportive and stable housing than transitional housing. He understood the Division would be requesting an increase in funding, and he hoped that report would show the connections with the continuum of care.

Ms. Wood responded that she would provide the report, and it would include the information Assemblyman Thompson requested and answer many of his questions. If needed, she would provide additional information. The Division worked with state vendors for continuum of care services.

Assemblyman Thompson asked about page 7 in Exhibit D and the outreach efforts. This was his concern during the 79th Session (2017). He asked for Ms. Wood to share the Division's intentional strategies for outreach to ensure the hiring and recruiting of a diverse workforce on all levels, in all communities, and for all populations. He asked whether the Division conducted outreach and recruiting in the high schools as well. He believed that a better connection with law enforcement in communities of color would result in more interest from a diverse population because the individuals who looked more like them would attract more diverse applicants. He said Nevada had great officers across the board, but it would make for a better relationship and rapport and also create career tracks.

Ms. Brueggemann asked Mavis Affo to respond because she had been working on those matters. Mavis Affo, Human Resource Manager, Department of Public Safety, stated that in regard to outreach, the Department went to the universities to recruit. She did not currently recruit in high schools; however, it was one of her considerations. She also attended community events which allowed the local population to participate. Sometimes she did all-day recruitment, testing, and interviewing to try and make it more convenient for individuals. She went to the military bases because one of her goals was to reach individuals with varied backgrounds.

Assemblyman Thompson said the Department had to go deeper if it was committed to diversity because its efforts sounded very surface-level. Assemblyman Thompson suggested that the Department not just show a list, but provide outcomes data to ensure that individuals were ultimately attaining employment and careers.

Assemblywoman Titus asked about page 13 of Exhibit D and expressed concern about eliminating the written test and outcomes based on that. She asked whether the Department was the only agency that had eliminated the written test or were other agencies such as sheriff's departments still requiring the written tests.

Ms. Affo responded that the written test elimination was a carefully considered move, and the Department weighed the benefits and risks associated with that. She noted the Division of Human Resource Management, Department of Administration had eliminated written tests for all of its classified positions. Even after that action, the Department of Public Safety (DPS) continued to require written tests. Later, DPS continued to have difficulty recruiting and getting many candidates to pass the written tests. This action was carefully considered.

Her understanding was that a majority of sheriffs' offices still administered the written test as part of the selection process.

Assemblywoman Titus said many sheriffs still used the written test. She was married to a retired sheriff and it was important to him that his candidates pass a written test because they needed to be able to file a written report and be articulate and have that basic understanding. She would be curious to see the results because this action was newly done to increase the applicant pool. She was interested to see the eventual outcomes and the retention that resulted. Regarding page 29 of Exhibit D, Assemblywoman Titus noted that one of the unintended consequences of Marsy's Law was that people wanted victims to be paid first, but most did not know where that money went and what other processes would be delayed. The Department indicated that the fiscal affect may result in offenders not being able to pay Deoxyribonucleic Acid (DNA) fees and other similar issues. She asked for a breakdown of where the restitution went. She heard that the restitution fees also went to Peace Officers' Standards and Training (P.O.S.T.) and some other agencies. She asked whether those were two of the areas that could have unintended consequences.

Ms. Brueggemann responded that Marsy's Law affected all the revenues that funded the Division of Parole and Probation and P.O.S.T. including the court assessments. In general, if any offender was ordered to pay restitution in a court and was still in the court, then the court could not use the money paid by the offender for its fees or anything else because that money had to go to restitution. The Department still did not have a process by which that restitution money would get to the victim because that process was a court function, creating part of the problem. Once an offender was being supervised, the Department maintained the victim repayment for restitution fund and received the restitution payments. The Department took the restitution payments, but it had always been up to the offender to determine what they wanted to pay—whether the supervision fees, the DNA fees, or restitution. Now they were required to pay restitution first. That meant the supervision fees and all the other fees that were normally received would not be available. It was difficult for her to figure out how much that was going to cost because not all offenders owed restitution. The OTIS system could not tell her how many different offenders had to pay restitution. The accounts were joint and several, so if a judge were to order a group of offenders who committed a crime to pay back \$500 worth of damages that money would go to the victim. Offender A says I would give you \$10. Offender B says I would give you \$5, and Offender C would not give you anything, then that joint and several account was still \$500 regardless of who pays. That was something in the OTIS system that was difficult to track and was the purpose for the hiring of contract workers. Staff had met with the Department of Corrections and several entities that would be affected by the loss of administrative assessments including the courts, P.O.S.T., and the Division of Parole and Probation (P&P). She still needed to figure out a way to pass the money that the offenders paid to different areas that were not P&P or set up a central location in the state so that everything could go there and be handled at that point, which had not as yet been done.

Assemblywoman Titus had a strong feeling that the discussion would be continued, and she would appreciate updates on the matter.

Assemblywoman Spiegel asked about the written test. She wondered whether the percentage of cadets who had successfully completed the academy had changed from before the written test was eliminated until now.

Ms. Affo responded that the Department did not currently have that type of analysis or report to provide, but that was certainly something that she could provide at a later time.

Assemblywoman Spiegel said that data would help her understand the effects of eliminating the written test.

Ms. Affo commented that elimination of the written test had increased the volume of individuals who were able to proceed from the testing phase into the selection process. The volume had significantly increased.

Assemblywoman Spiegel said it was the efficacy that she wanted to understand.

Senator Cancela talked about the SafeVoice program. There was a wide variety of categories reported on page 22 of Exhibit D. But the "other" category still accounted for 20 percent. She wondered why and what was included in the "other" category.

Ms. Brueggemann responded that she had asked her staff to put together a pie chart and by the time it was partially created, the chart was so small that you could not see the pieces. The other category included discrimination, assault, guns, sexual assault, bus transportation complaints, pranks, inappropriate use, anxiety, unsafe driving, planned school attack, inappropriate staff/student communication, theft, battery, alcohol abuse, and drug distribution.

Senator Cancela asked about the development of the SafeVoice Program, and she wanted to know how much of the budget was spent on awareness and ensuring that students knew that the program was active and usable.

Patrick Conmay, Chief, Investigation Division, Department of Public Safety, explained that the SafeVoice program is a partnership with the Department of Education. The Department of Public Safety operated the center to take the tips on behalf of SafeVoice. The funding, the disbursement of that funding, the outreach, the training, and all the other things were done by the Department of Education, which was a better agency to respond to the question.

Senator Cancela asked what system was in place to enable the communication between both agencies and ensure that the Investigation, when followed up on, were being shared with the Department of Education.

Mr. Conmay responded said the system that was used to receive and transfer data to the various parties was called a P3 system, and it was a vendor-based system that was basically computerized. Individuals could contact the SafeVoice center using phone applications, computers, regular telephones, and the communications specialists recorded and entered that

information. The SafeVoice system contained information about the multidisciplinary teams and the contacts in schools and law enforcement, and that data was shared with the various parties. The specialists monitored that process to ensure that someone, within a reasonable time given the urgency of the report, took appropriate actions. Those actions were then reported back. That was a high-level summary of the process. As far as interaction with the Department of Education, he probably spoke to them every day on the telephone, but the Department of Education held weekly meetings with stakeholders and other individuals to ensure that any issues were addressed and any problems were talked about. SafeVoice had good communications and a good process.

Senator Kieckhefer said there was an advance planning request in the Capital Improvement Program (CIP) project for a DPS headquarters building and wanted details about where it was and the justification for it.

Ms. Brueggemann responded that DPS was the only Department that did not have a headquarters building. The agency rented quarters at the Department of Motor Vehicles (DMV). The Department of Public Safety spent a lot of money on rent when it could be reimbursing the state. The Department's request for a headquarters building had been on the agenda for the last 12 years and had never made it to the CIP planning stage. The proposed location would be the old National Guard Armory site. The intent was to build on a site with easy access to the highways and in a centralized location for all of Reno and Carson City. The DPS could then pull its staff out of those rented buildings including the Stewart facility that housed quite a few of its divisions. She indicated DMV needed the space at the top of the DMV building that DPS was now renting. It made sense to move DPS out of DMV and into a headquarters for the Department. Financially and operationally it made sense. She was hoping to go forward with that plan.

Chair Carlton welcomed George Togliatti in his second day serving as the Director of the Department of Public Safety.

Mr. Togliatti made a couple of observations. He was still very positive and he thought it would be challenging and a lot of fun. Education was a big part of his background. The questions about the written test were things that he had to take a look at. There were a number of other items that popped up but obviously after two days on the job he was unfamiliar with. He would do a thorough analysis into a lot of the matters that were going to be before the Legislature, and he would participate more than he did today, and he would make some positive changes. He had a meeting with the University of Nevada, Las Vegas (UNLV) yesterday to get UNLV more involved with state government and he received a positive response. He would build that relationship as well as improve some benefits for the Department employees and for corrections and others. He would be more prepared for the next meeting.

Chair Carlton thanked him and she looked forward to him coming to visit because there was a lot to talk about over the next 120 days.

Christopher P. DeRicco, Chairman, State Board of Parole Commissioners presented a copy of a PowerPoint presentation ([Exhibit E](#)) titled "Board of Parole Commissioners Governor's Recommended Budget for the 2019-21 Biennium." He referenced page 2 of [Exhibit E](#) and read the mission statement, "In an effort to ensure public safety, the Board of Parole Commissioners (Board) renders fair and just decisions on parole matters based on the law, the impact on victims and the community, and the goal of successfully reintegrating offenders back into society." The first goal of the Board was to conduct and complete prompt, fair, and impartial hearings on parole release and parole violation matters. The second goal was to maintain the safety of the general public as the top priority in the decision-making process.

On page 4 of [Exhibit E](#), the enhancements for the Board began with the expansion of the Board's main office. Decision unit Enhancement (E) 225 was a recommendation for funds for additional lease space in the main Parole Board building located at 1677 Old Hot Springs Road, Suite A, in Carson City. If approved, the lease for the entire building would be for a period of ten years. The Parole Board presently had two offices located in Carson City. The main office was located at 1677 Old Hot Springs Road and the annex was located across Research Way at 1445 Old Hot Springs Road, Suite 108A/B. The main office lease expired on September 30, 2019, and the annex lease expired on October 31, 2019. With both leases expiring in the fall of 2019, the Board now had the opportunity to expand the main office and bring the staff and records section together in one location.

By way of reference, Mr. DeRicco noted the main office housed two videoconference hearing rooms, a designated area for victims, and a waiting room for supporters and attorneys. Additionally, four board members, three managers, and six support staff presently occupied the building. The annex presently housed one additional manager, six support staff, and three part-time, contracted hearing representatives and housed the Board's records section. The records office presently housed over 40,000 confidential files, in addition to pardons board files, lifetime supervision files, and other legal files.

On average, over 30 new commit files (new inmates) were created each day, and that caused the need for additional file cabinets and space. The retention schedule for inmate files after discharge was three years. However, the Board retained those files for up to an additional three years in case of recidivism or legal suits before purging and sending them to archives. Pardons Board files had a retention schedule of 25 years, and lifetime supervision files were held forever, and that also necessitated the need for additional space. Staff moved approximately 100 files back and forth between the two offices several times a day crossing Research Way each time. Putting all staff and records together in one building would avoid possible injuries to staff, especially in bad weather, and would keep the confidential files and documents safe from the elements.

Mr. DeRicco continued that originally all of the Carson City Board members and staff were housed in the 1445 Old Hot Springs Road location (which is now the annex). In 2007, there were changes to *Nevada Revised Statutes* (NRS) Chapter 213 that expanded the staff. This resulted in expanded hearings via videoconferencing to include multiple hearing rooms.

Once videoconferencing began, the Board moved to 1677 Old Hot Springs Road. Because of those changes, additional staff was required, and to remain in compliance, the Board needed two hearing rooms and separate areas to hold victims, supporters, and attorneys that attended the same hearings. With two videoconferencing rooms at 1677 Old Hot Springs Road, there was no longer room to house all of the Board's Carson City staff and confidential files, so half of the Carson City staff, and all the offender files, were moved back to 1445 Old Hot Springs Road. Just for reference, the Board could hold approximately 25 parole hearings per day per conference room at the 1677 Old Hot Springs Road location.

Mr. DeRicco referenced page 5 of Exhibit E and said E-226 was a revalidation of the parole risk instrument. Subsection 6 of NRS 213.10885 required the Board to comprehensively review the standards adopted by the Board on or before January 1 of each odd-numbered year. The Board had used the validated risk instrument since 2003. The parole risk instrument was created based upon the recidivism measure of a new felony conviction within three years of release from incarceration. The Board contracted with an outside consultant to perform the revalidation of the risk instrument. The cost to perform the revalidation ranged from \$20,000 to \$25,000 for each revalidation. The last revalidation of the parole risk instrument was completed in 2017. The Board was funded \$25,000 in fiscal year (FY) 2018 to perform the revalidation. Those funds were reverted to the State General Fund because two years was insufficient time to determine whether the risk instrument was working properly using empirical evidence.

Page 6 of Exhibit E described the recommended alarm- and camera-monitoring upgrades. Mr. DeRicco said E-230 was recommended because the Division of Enterprise Information Technology Services (EITS), Department of Administration, would be migrating to Windows 365 in the 2019-2021 biennium. Headsets and microphones would be useful when using Skype and would provide the office videoconferencing capabilities from the desktops. Decision unit E-712 was a request for funds to upgrade the camera equipment and the alarm system in the Board's Las Vegas office. That equipment was now 13 years old. Because the alarm equipment was so old, if the equipment broke down it would need to be replaced with an updated model per IntraWorks (which was the Board's security monitoring company). The Board had been informed that if the equipment broke it was unrepairable. The current camera-monitoring equipment was inoperable in Las Vegas and had been for some time. As a result, the Board was unable to record the events occurring in the lobby, IT room, two hearing rooms, and the administrative area. Lastly, because of a recent expansion of the office in Las Vegas, the Board needed a camera in the new victim waiting area.

Presently all but 3 of the Board's 49 computers (laptops and desktops) were nearly five years old and ran on Windows 7 operating systems. The Windows 7 operating system expired in 2020, and EITS would be switching over to the Windows 10 operating system. Because the Board's machines were purchased nearly five years ago, they did not come with Windows 10 licenses. As previously mentioned, the Governor's budget included decision unit E-230 that recommended the Windows 365 office suite. That program was not compatible with the Windows 7 operating system, and EITS would be migrating to Windows 365 in the 2019-2021 biennium. He was aware of the limited State General Fund, but if funding was

available, it would be beneficial to have the remaining 16 desktop computers replaced so that all of the operating systems were the same and would be fully supported.

Mr. DeRicco spoke about page 8 of Exhibit E. The laptop computers were used in the hearing rooms and were taken to institutions for parole-violation hearings. The Board held 8,885 hearings in FY 2018. The laptops were used for accessing the Offender Tracking Information System (OTIS), which was the corrections case management system, and for research and entry of information during the hearings conducted by Board members. Approximately 25 hearings per day could be conducted in each of the Board's four hearing rooms. Those laptops were used every day. The Board presently had 32 desktop computers, 27 for full-time employees and an extra one for the Chairman when in Las Vegas. Three computers were used by the six part-time, contracted hearing representatives and one was for the scanner. Although Windows 10 operating licenses could be purchased for the existing computers, if any of the computers failed, there was no warranty, and the Board did not have any backup computers available. This was the EITS recommendation.

Mr. DeRicco continued with Page 9 of Exhibit E which described the videoconference equipment and software recommendation. The Board held 8,885 total hearings in FY 2018. Of those, 6,988 parole hearings were conducted via videoconference from one of the four Parole Board hearing rooms and conferenced directly into the institutions where the inmates were housed. That equated to nearly 79 percent of the hearings last fiscal year conducted by way of videoconferencing. The remaining 1,897 hearings were conducted directly at the institutions for parole violations. Two of the Board's four hearing rooms had video equipment that was purchased in 2013 and was over five years old. There were no warranties or maintenance agreements in the event one of the units failed. Under that scenario, the Board would need to cancel up to 25 hearings per day until such time as that problem was resolved. The technical problems could result in hearings occurring after an inmate's eligibility date. That delay was not fair to the inmate and would negatively affect the Department of Corrections (NDOC) financially. Upgrading was needed because the current videoconferencing software did not perform well on the Windows 10 platform, and the Windows 10 operating system would be needed for the computers by FY 2020 because Windows 7 would expire that year.

Mr. DeRicco spoke about page 10 of Exhibit E. The Board currently used an Antex DMX8 audio mixer for hearings. Antex was no longer in business so replacement parts were not available. Using an audio mixer by network would help alleviate the cost for upgrades or changes to the system. This would also expedite any upgrades, which would likely avoid interference or delays to daily hearings. The Board depended on the videoconferencing units to conduct daily parole hearings. If a unit ceased to work, it would not only affect the Board by having to reschedule hearings, but it would also affect the NDOC as some inmates were moved to specific facilities solely for their hearings.

Chair Carlton asked whether the Board was operating on Windows 7. Mr. DeRicco affirmed that was correct. She thanked him for the presentation and said the next scheduled presentation was the Department of Corrections.

James Dzurenda, Director, Department of Corrections presented ([Exhibit F](#)), a copy of a PowerPoint presentation titled "Nevada Department of Corrections Governor Recommends Budget State Fiscal Years 2020 and 2021," dated January 29, 2019. Mr. Dzurenda introduced some of his staff. He said page 3 of [Exhibit F](#) showed the mission statement, vision, philosophy, and goals of the Department of Corrections (DOC). The entire mission of DOC was to reduce victimization of the community. The DOC could do that by providing tools to the offenders and changes to the system that directly affected the communities to make them safer for families, friends, and the entire community. The long-term direction for the agency as highlighted on page 4 of [Exhibit F](#) was to enhance evidence-based programming, safety and security, and the reentry program. The Department would use every tool available to assist the offender so that upon release the offender would be prepared to be more successful in the community. The goal was to reduce the population capacity of DOC in the future and reduce the need and cost for future expansion of the facilities. Justice reinvestment was another tool that DOC would use. The Advisory Commission on the Administration of Justice (ACAJ) created pursuant to *Nevada Revised Statutes* (NRS) 176.0123 studied many issues and would present bills during the 80th Session intended to reduce the prison population. That Commission's goals were to make Nevada's communities safer and ensure that the right offenders were in the prison population in the future. Some of the data related to justice reinvestment that would affect his presentation was that the female prison population continued to grow at the national level. The U.S. Department of Justice (DOJ) analyzed data last year and provided a report to the ACAJ. The data showed that 60 percent of the female population incarcerated in the DOC were there for nonviolent offenses. He looked at the reasons offenders were put into the prison system and the resources in the communities to support the offenders upon release to help them be successful and not victimize anyone else. That topic would provide a big discussion during the 80th Session on the bills that affected the prison population. The sentencing of the male population was another part of the discussion, namely were the appropriate sentences being imposed to put the right individuals in prison. Those topics would affect the population numbers, the use of resources, and money saved in the future, which could be used to support services for the communities.

Mr. Dzurenda stated he would explain his population numbers that were different from the population projections prepared by JFA Associates. It was important to put the right offenders in prison and have the right resources to reduce the population. That concern was the key to what he would explain about changing the Capital Improvement Program (CIP) needs for this budget. He mentioned during the 79th Session (2017) that when Nevada was compared to other states, those states that had already completed justice reinvestment had made their communities stronger and safer. New York and Connecticut both reduced the prison populations, New York by 15,000 over the last 15 years and Connecticut by 8,000 over the last 7 years. The benefit of justice reinvestment was not solely just a reduction of the prison population but the savings that resulted from that reduction. That was the crucial factor in what would be done in Nevada. New York redirected over 50 percent of the money saved from closing or reducing the prison population into the school system for special education. That affected the future of the communities long-term because it reduced violence and put fewer offenders in prison. The other factor to consider was what

was done with the rest of the money to increase community support and resources to keep offenders out of prison. That all related to what DOC needed to do better in the prison population with reentry. Mr. Dzurenda stated he would address those matters today and explain how that would play a factor in reducing community victimization.

Christopher Franklin, Management Analyst 4, Department of Corrections, testified from Las Vegas and spoke about some of the accomplishments of DOC. The Department worked in cooperation with the Office of the Attorney General on the sexual assault kit initiative grant implementation. It obtained grant funding to retroactively test Deoxyribonucleic Acid (DNA) samples from inmates to enter into the combined DNA index system of the Federal Bureau of Investigation (FBI). The Department validated samples for 12,985 inmates with only 278 samples remaining in process, and he anticipated those would be completed by spring. He said DOC would continue DNA sampling as part of its intake process for new inmates. Some of the Department's successes fell right in line with some of the goals of the reentry task force and the strategic plan. The Department had met all of the deliverables for the successful completion of the second year of the Second Chance Act grant. The DOC was awarded the third year of grant funding. This would be the last year of that grant, and DOC was in the process of closing out that grant. The Department was in the so-called implementation and sustainment phase, so many of the key areas were in place for DOC to continue with the successes it had made. The Department was recognized nationally as one of the Second Chance Act Statewide Recidivism Reduction (SRR) leaders. Nevada was currently a mentor for the state of Alaska and was a subject matter expert and assisted Maryland, Arizona, the District of Columbia, and Ohio.

The core correctional practices taught the staff some of the principles of intervention, prosocial modeling, and cognitive restructuring. Initially the SRR program was rolled out to a cross-section of staff, and DOC's goal was to have 100 percent of the staff trained by June 2019. Standardized evidence-based programming meant that all of the programs now had been converted to evidence-based, and any future programming had to go before a program review committee to ensure it met the rigorous standards of evidence-based principles. Moral reconnection therapy (MRT) had begun for the youth offender program at the Lovelock Correctional Center. The Department had MRT throughout its facilities, but this Lovelock program was designed for juveniles. It helped with their cognitive behavioral interventions and with their personal challenges and changed unhealthy cognitive distortions to help them to start thinking in different ways.

Mr. Franklin stated that one of DOC's biggest successes was automation of the Nevada Risk Assessment System (NRAS). The system was based on the Ohio risk assessment system that was nationally recognized. Right now, DOC completed a risk assessment during intake and periodically throughout the inmate's incarceration. A final assessment was conducted before discharge to determine that person's risk and needs so DOC could tailor programming and treatment for the inmate. The reentry programs were established in collaboration with community-based programs such as Hope for Prisoners, Freedom House, and Ridge House. Those programs had expanded tremendously through many of the DOC partners. When staff completed certain training (core correctional and moral reconnection), they were also provided

with train-the-trainers contacts so they had their own training system that made it sustainable. The Department invited the community partners to provide a continuum of care for the inmates who were released into the community. What was started at DOC carried on out on the street after their release. He had listed a few of the community partners, but there were many more including the Department of Employment, Training and Rehabilitation (DETR); the Division of Parole and Probation, Department of Public Safety; the University of Nevada, Las Vegas (UNLV); the University of Nevada, Reno (UNR); the College of Southern Nevada (CSN); and others. The collaboration had strengthened the community base and the release practices and given DOC an overall picture. The Department just recently received and started using a reentry and employment strategic planning grant that helped to link state programs and services and provide a statewide job-rating assessment. That assessment would be used with inmates before their release to guide them in the right direction and transfer them to the job services in the community to avoid returning to prison.

Mr. Dzurenda referred to page 6 of Exhibit F that continued the listing of agency accomplishments. The centralization of mental health services was important to him, and the services could always use improvement. Many of the inmates who returned to prison had been unable to receive appropriate mental healthcare in the communities or from DOC. He believed that the Connecticut plan of centralizing mental healthcare and mental health providers was effective. He had decided to make the most effective use of his resources by centralizing mental healthcare for the acute mental health and the most seriously mentally ill inmates at the Northern Nevada Correctional Center (NNCC) in Carson City. The Governor recommended a Capital Improvement Program (CIP) project to evaluate of future housing needs at NNCC for at least 100 seriously mentally ill offenders. The programs were designed to make offenders successful and give them the needed treatment to socialize them to be successful in the general population in the facilities and to connect with the communities. Currently, the mentally ill were assigned to facilities throughout the state. The Department previously housed the seriously mentally ill in Ely and put them in segregation because there were no other resources for them. The Department considered the seriously mentally ill inmate's behavior and other factors. Mr. Dzurenda directed the agency to move those inmates out of the segregation status and start providing services because they would eventually go back into the communities. The Department needed to ensure it did the best job to make the inmates successful. Their success meant there would be fewer victims in the communities, and DOC would have fewer inmates returning into the system. The Department would save money in the future by reducing the prison population, and that money could be put back into the community.

Harold Wickham, Deputy Director of Operations, Department of Corrections, stated that the DOC accomplishments included reducing the dependence on lethal force to operate the prisons, providing officers with options such as pepper spray, expandable batons, Tasers, and 40 millimeter direct-impact munitions. Those items were used with core correctional practices for the officer training to help staff understand the dynamics of proper communication with the inmates and offenders. The officer training had been effective, and the officers were doing a better job because of the training.

Mr. Dzurenda said that an outside agency, Vera Institute of Justice from New York City, completed an evaluation of the disciplinary process, the segregation status, and the number of offenders placed in punitive segregation and the reasons and length of the placement. The former process was to release offenders directly from punitive segregation to the communities at the end of the sentence. However, that was more dangerous to the community because inmates did not receive the appropriate training to change their behaviors while they were in the system before they were released. Mr. Dzurenda indicated he changed the disciplinary process and reduced the segregation significantly. The monthly reports showed that the use of force and assaults that had occurred over the years had been reduced as well by reduced segregation. Not only was there less segregation, but DOC was providing new treatment to those offenders who staff knew would be more successful with their behaviors. Examples of treatment included dialectical behavioral therapies, moral reconnection therapies, and programs that other states had used to show that they could reduce violence with the offenders and teach them methods for long-term control to change their behavior from bad to good. During that process, DOC developed behavioral modification units that served different priorities, one of which was a step-up unit for offenders who were in segregation to get them out of segregation status sooner. Punitive segregation single-cell status took up a lot of prison capacity. The Department moved offenders into behavioral modification units on a step-up to get them more socialized by having a cellmate. Then more offenders were able to come safely out of their cell. The Department provided the offenders with the programs to be able to control their behaviors and live with the general population because that was what they eventually needed to do in the communities. When they were successful and passed the behavioral modification units, the inmates were monitored and put into the general population with the appropriate program. That reduced segregation dramatically and decreased incidents.

Mr. Dzurenda explained that the other problem was those offenders who simply had a bad day and might have been caught up in a bad circumstance. Instead of moving them directly from the general population to segregation status, there was a large number of offenders who did not need segregation status. Through discipline, some of those offenders could just use a time out or get some quick therapy to keep them in general population or be placed in step-down units. Behavioral modification would take the inmates out of general population because of their bad behavior and put them in housing units that had recreation and therapy time that might not be provided in segregation status. Those inmates would not have to go to segregation status and could be returned to the general population and monitored so that DOC could safely keep them on track for reentry. Close-custody programming provided increased out-of-cell time to provide incentives for positive inmate and staff behavior. Close custody was the highest level of security programming for long-term offenders who were the most violent and were not in segregation status or death-row status. Those offenders were being let out of their cells two hours per day, five days per week, when Mr. Dzurenda first arrived at the Department. According to the Federal Bureau of Prisons, two hours of out-of-cell time per day was considered by the U.S. Supreme Court as segregation. The inmates were classified and put into close custody and that was a violation of due process. The Department moved them from two hours of out-of-cell time to five hours of out-of-cell time for recreation and programming. That had dual benefits because it kept the Department

out of litigation and also gave the inmates more incentive to behave. The more incentives given to those offenders who behaved, the better they behaved. The inmates could remain in those statuses without losing programs or out-of-cell time. The inmates became free from bad behavior free because they had more things to lose.

Bill Quenga, Acting Deputy Director, Industrial Programs, Department of Corrections, stated that Silver State Industries received \$6.4 million in revenue and \$344,292 was transferred to the Victims of Crime Compensation Fund. This program was self-funded. It provided many job skills, taught work ethics, and provided certifications. The Department reached out to get those inmates marketable skills upon release. He worked with a new truss company on Parr Boulevard in Reno which started in June 2018. He used trustees from the Stewart Conservation Camp, and six inmates worked on two different day shifts, three worked on swing shift, one worked out of a half-way house, and one had been released. All the offenders who worked there upon release had an opportunity to work with the company out in the community erecting those trusses. The company made wooden trusses for residential buildings. The offenders who worked made minimum wage, gained skills, and earned skilled forklift certifications. They were transported back and forth from the transition center and were held to the highest standards and looked forward to working there. Everyone wanted to work out of the camp, and it was motivating for them.

Mr. Quenga said the other company working with Silver State Industries was Nevada Organics, which employed 19 offenders from the Stewart Conservation Camp. That company had a large composting field and sold their products to the community. Mr. Quenga said Nevada Organics was also working with a large corporation in Nevada and upon release, those offenders would transfer out and work for that corporation at its site. The inmates would thus gain that skill as a trustee at the camp and then get a job upon release. Two other companies were interested in the program. A company named SCI from Culver City, California was a hanger-sorting company and was introduced to the industrial program advisory committee. They were currently in negotiations, and SCI was interested in employing 26 offenders and leasing 10,000 square feet of space at the High Desert State Prison. The SCI Company would provide warehousing and sorting services. The company received many of the hangers from major retail stores. Their job was to pick up the hangers from their warehouse and repackage those hangers to resell them. This process would streamline their operation in Southern California and Mexico. The goal was to shut down their operation in Mexico and create their western distribution center in Nevada and use the offenders as the workforce. The offenders would have employment opportunities upon release.

Mr. Quenga said the Ink to Work Company manufactured and recycled ink cartridges and was a high-end, large corporation. It had a facility in Southern California and had moved the operation to Texas but wanted to operate at the High Desert State Prison and also maybe the Southern Desert Correctional Center. The Company needed 15 inmates to start and provided Hewlett Packard certifications. The company had no biohazard material involved or threat of contraband.

Mr. Quenga said Silver State Industries sought other industry partnerships, companies, and opportunities. He worked with Western Nevada College and encouraged offenders to take basic math and general studies courses, and some had completed a welding course. Upon completion, those offenders would receive a certification and come to Silver State Industries to earn different certifications. They were then eligible to work for contractors who were willing and anxious to hire them because they had skills and certifications.

Mr. Dzurenda emphasized what Silver State Industries could do for the communities. The program was always opened to legislators and leaders of the communities to tour Silver State Industries to see what it did and what it offered to the communities and to suggest further improvements. The program wanted to show what it could do to help communities keep costs down by having some of the vendors working in the industry make and build things for their communities.

Referring to page 8 of Exhibit F, Mr. Dzurenda mentioned the challenges facing the Department.

Chair Carlton asked Mr. Dzurenda to summarize the remainder of the presentation and provide a more high-level overview because of time constraints. The Subcommittee had spent over 20 minutes on the presentation, and the agency was only on page 8 out of 39 pages in the exhibit. She stated that the members were very interested in the accomplishments and challenges, but the details would be better addressed at the subcommittee budget hearings. The members had questions, and she wanted to ensure that there was sufficient time for the questions at the end of the presentation.

Mr. Dzurenda agreed to do so. The challenges faced by the Department of Corrections included providing 16 to 18 year-old youth offenders with needed programs and services. The Prison Rape Elimination Act imposed certain requirements, but Nevada had a small number of youth offenders, and it was difficult to relocate them and provide the needed programs. His biggest problem was with the female youth offenders. Nevada had one and she was moved to Phoenix, Arizona. Nevada had no place to house any female youth offenders in the female corrections facility in Las Vegas. A problem would be encountered when DOC received any future female youth offenders.

Hepatitis C testing and treatment and transgender matters were national litigation problems in multiple agencies. He was following those cases closely because they were large cost items that might affect Nevada. He said how and when we test for Hepatitis C, how we treat it, and who gets treated and who does not get treatment were all problems pending in the U.S. Supreme Court and the resolution of those would affect Nevada. Mr. Dzurenda stated that transgender was something else that would be a problem. The Department would need to determine what to do with hormone treatment and sex reassignment surgeries, which were matters also pending in the U.S. Supreme Court.

He had already spoken about the statewide mental health programs. He mentioned the unpredictable medical expenses and was concerned that one offender could cost millions of

dollars a year with just one large medical expense. Those things were unpredictable. The legislative inquiry regarding overtime and utilization of posts was important to him. It was important to understand where the Department was and where it was going. He spoke about the help he needed from the Fiscal Analysis Division staff and the Governor's staff to finalize what DOC should do.

During the past year, he asked Deputy Director Dave Tristan to remain for 10 months past his retirement date to go to every single post and facility on every shift to see what was needed. The biggest needs were addressed in The Executive Budget and included 52 additional officers for transportation, guarding, and local hospital and doctor runs. That would help the Department, but the legislatively approved post chart needed to be updated and revised. He asked for help to update the chart. Before the Legislature began, he had asked every prison warden to take a one-day snapshot of activity at each facility. That snapshot would show all posts, all facilities, and every shift and what was different from the legislatively approved post chart. The snapshot showed the needs on that day and the importance of what DOC was required to do. As an example, the snapshot would show the youth housing unit, and DOC had to staff it. That was a requirement because DOC could not leave a housing unit unposted. The snapshot would show that DOC had to make a change in the post chart to cover that housing unit. He stated that other snapshots would show where DOC had to shut down units or programs to do something in a facility such as a hospital run or hospital guarding or to cover a post that was not being covered. A change in the legislatively approved post chart was needed. That snapshot would show the situation on the same day throughout the state and what DOC had to do differently. But he needed to have the legislatively approved post chart changed or revised. It had not been revised in the last 15 years. The Department had been managing the required posts with overtime, but that should never happen. Now was the best time to get the DOC staff, the Fiscal Analysis Division staff, and the Governor's staff to meet and decide what was necessary to adjust the legislatively approved post chart so DOC would not have to return to every Interim Finance Committee (IFC) meeting to explain why overtime was used or why DOC had to change the post chart. Unfortunately the revision process took too long and it was a work in progress. Mr. Dzurenda said that all the staff needed to work together to finalize the changes so the problem would not keep resurfacing every year as it has for some time. Mr. Dzurenda stated that the out-of-state placement of offenders in Phoenix was another problem that needed to be addressed.

Mr. Wickham spoke about the use of hybrid shifts that was outlined on page 9 of Exhibit F. This was a pilot program that showed early indications of saving overtime and improving staff satisfaction, which would help with recruitment and retention. The agency was defining the shift hours based on the mission rather than requiring staff be present at a certain time. As an example, visitation hours were established and Mr. Wickham questioned why it would be necessary to keep staff past visiting hours for a visiting post. The Department was experimenting with hybrid shifts and had some good success. Under the Director's authority and through discussions with the executive and legislative staff regarding the temporary transfer of the staff, DOC was able to close an entire unit at Ely State Prison that did not affect the evidence-based programs. The Department used those positions to cover the

unbudgeted posts such as hospital guarding, transportation runs, and things that arose on an emergency basis. Those tasks previously caused a significant amount of overtime. He was working on how to return those positions in the future as quickly as possible.

Mr. Wickham mentioned page 10 of Exhibit F and the map that showed DOC facility locations throughout the state, which provided a graphic representation of the challenges faced by the Department. The distances between facilities affected the ability to provide emergency response. It was necessary for the Department to provide weekly transportation or bus runs to each facility. That was quite the challenge. He included the medical and hospital runs to each facility that were cumbersome along with the transportation. Mr. Wickham said that sometimes he had to use emergency transportation such as helicopters, and those were expensive. The dispersion of facilities also led to the challenge in recruitments because it was hard to compete within certain geographical locations to find qualified staff to fill the vacancies.

Mr. Wickham continued by pointing out DOC had to move many inmates to avoid a bottleneck. When inmates were not moved, the Department was unable to process individuals out of the prison system. The inmate started out at the intake facilities and then might be reduced in custody or classifications, and that process was a huge reason for the movements. The Department had to classify the inmates not only based on their offenses, gang affiliations, enemies, or coconspirators in their crime, but also based on sentence structure. Staff did its best to maneuver or move the offenders to a lower level of classification when possible. If staff could lower their classification, it could lower the level of custody and that was a large savings.

Mr. Wickham noted that medical and court runs were required from all of the DOC facilities. That was why the Department had a huge problem with transportation. It had seven major institutions, nine conservation camps, and two transitional housing centers located throughout the state. The Department experienced a challenge because of the transportation and medical demands and the staffing demands to fill those positions.

Mr. Dzurenda said he would combine pages 12, 13, and 14 of Exhibit F to explain the breakdown of the data. When he first came into the Department during the 79th Session, JFA provided projections of what it believed the population numbers would be if the Department did not make any changes. Those population projections required him to look into what future Capital Improvement Program (CIP) projects were needed. He had predicted an entire new facility to house 1,500 inmates as prison eight was needed. He looked at the addition of two Nevada T [T refers to the shape of the building that is designed like the letter T for maximum security] housing units at Southern Desert Correctional Center and another Nevada T housing unit at Northern Nevada Correctional Center to be able to manage the population that JFA projected DOC would face if it did not change its business model. The graph on page 12 of the exhibit showed that the population numbers were decreasing because DOC was doing better with its evidence-based programs. The Department was also doing better in the community and with the Division of Parole and Probation, Department of Public Safety, which had helped in providing services in the

community, including the continuity of care. He knew those prison population numbers would continue to decrease if DOC continued to increase the evidence-based programming. He said if DOC decreased the number of times that it had to shut down programming to cover posts, and if DOC continued to show an increase in community programs and the continuity of care and while adopting the Advisory Commission on the Administration of Justice (ACAJ) recommendations on justice reinvestment, then the population numbers would drop even further. That action would have a big effect on the costs in the future. In January he asked the State Public Works Division, Department of Administration, to slow down the CIP project for the two Nevada T housing units at Southern Desert Correctional Center because he knew there were tools available to reduce those population numbers and make the offenders more successful in the community. He reduced the CIPs resulting in cost savings of over \$109 million just by doing that. He knew the Department could handle the future population, and those evidence-based programs would play a factor. Everything he discussed would reduce prison population numbers so in the future DOC would not need more facilities or more housing units.

Mr. Dzurenda said his biggest concern was the female prison population, and those numbers continued to increase. If the community resources were not provided and the business practices did not change, the female inmate population would become a problem. With the connections DOC was currently making with the Division of Parole and Probation and the community providers, he believed DOC could keep those offenders out in the community longer, thereby keeping the community safer and providing and transferring more services using the grants that the Department received. He expected the female population to decrease. The JFA projections did not show that decrease because it did not have that information provided over a full-year period, but he knew the Department's numbers would decrease.

Robin Hager, Medical Administrator, Department of Corrections, stated that page 15 of Exhibit F showed the inmate projections for the 2019-2021 biennium that were used to generate the total cost included in The Executive Budget. The projections would be updated by JFA in February and would be used to assist in developing the legislatively approved budget. While the population was not getting older, it was, however, getting sicker, as shown on page 16, and the prison population required more medical services and associated custody coverage. The two graphs showed the increase in the total number of chronic enrollees from fiscal year (FY) 2015 through FY 2018. The graph showed an increase in hospital admissions and hospital days. There had not been a large increase in hospital admissions, but there had been a large increase in hospital days.

Mr. Wickham referred to page 17 of Exhibit F. The Capital Improvement Projects (CIP) reflected that the DOC facilities were getting older, and the infrastructure was deteriorating. Many of the facilities needed ongoing maintenance and replacement. The cost of 23 CIP projects approved for the 2017-2019 biennium was \$62.8 million. The Department had worked well with the State Public Works Division, Department of Administration and they have been moving the projects forward. Page 18 of the exhibit continued the CIP information. In August 2018 DOC requested 143 CIP projects, but based on evaluation

and prioritization, 19 projects were recommended in The Executive Budget at a cumulative cost of nearly \$67 million. The Department was committed to reducing the inmate population. It did not see a need to continue to build more facilities but to use what it had in a more effective and efficient manner. The agency was committed to doing more with the reentry programs to reduce recidivism and create programs that were evidence-based because those programs showed a reduction in victimization nationally and would accomplish the DOC mission.

New construction was included in the CIP. The Three Lakes Valley Conservation Camp needed to be reinforced with more fencing. That would allow DOC to take more suitable offenders out of the higher-cost institutions and put them into the lower-cost facility. The offenders he talked about were the ones that DOC could pull out of the facility. Increased perimeter security, for example, would allow the DOC to pull out the Immigration and Customs Enforcement detainees who had not previously been pulled out of the high-cost facilities because they were otherwise a flight risk. That was an innovative approach to getting offenders out of the major facilities to lower the cost at a more program-acclimated facility.

The second new construction was at the High Desert State Prison because more classroom space was needed to provide vocational training. The training helped keep recidivism down by providing the opportunity, skills, and certifications for inmates to go out into the community and be successful rather than returning to the prison.

Most of the planning was a continuation of the 2018 CIP and was the next phase of where the Department needed to move because the Northern Nevada Correctional Center (NNCC) had experienced severe degradation of the facility and the infrastructure. Page 20 of Exhibit F showed the maintenance needed to upgrade the antiquated locks and controls and replace boilers and other typical maintenance.

Chair Carlton said she had to end the DOC presentation and understood there was a lot of information contained in the presentation, but much of it was self-explanatory to the members of the Subcommittee. The members would study the details of the budget requests and the CIPs. She wanted to ensure that she heard Mr. Dzurenda correctly when he said he would request two housing Ts and that request was included in The Executive Budget.

Mr. Dzurenda replied that no, he had removed the housing Ts from the Department's budget request. The State Public Works Division originally recommended to add two Nevada Ts to the Southern Desert Correctional Center in its CIP presentation. He asked them to remove that and delay it for 24 months, subject to further review, because he did not think it would be necessary. It was not included in his CIP presentation.

Chair Carlton asked to return to the planning projects that the 79th Session approved for housing projects, because 100 inmates who were still in Arizona was a great concern to the members of the Subcommittee. She did not want those inmates there, and they should be returned to Nevada. She asked when the inmates in Arizona would be returned to Nevada

where they should be incarcerated. She expressed some concerns about the maintenance issues and how some of the housing counts were being done.

Mr. Dzurenda replied that the Department returned 100 inmates in July 2018, but had left 100 inmates in Arizona. He had transferred those inmates to Arizona originally because he wanted to send a message to the gang leaders and the gang members who were recruiting those inmates. The point was DOC would not tolerate gang behavior. Those inmates who caused offenders to commit violent acts would not be tolerated and would be transferred out to Arizona. He had the option to prevent those gang leaders from entering into programs that were popular. The inmates were not transferred to Arizona because of a lack of bed space or capacity. He decided that if the gang members failed to stop their disruptive behavior, those gang members would not be allowed into various programs. You cannot have successful programs if you did not have a safe and secure environment. He pulled out the most dangerous inmates and those inmates who had the most gang activity with recruiting and extortion and sent those inmates to Arizona. That was his priority in sending them there without regard to the bed space problem at that time. He moved the offenders around based on the renovations of Building 8, which was almost finished being refurbished and would accommodate the return of the 100 inmates from Arizona. He would have space for the second 100 inmates to return. If he returned the 100 inmates, he would need the funding to pay the cost of bringing them back. In summary, Mr. Dzurenda stated that he picked the most dangerous and most violent gang members, and they were sent to Arizona because they were causing the most disruption for the staff and inmate population and preventing him from doing a better job with the reentry programming for the offenders who really did want and need the help.

Chair Carlton said she appreciated that explanation. She asked what the vacancy rate was right now for the correctional officer positions.

John Borrowman, Deputy Director, Support Services, Department of Corrections, stated that the vacancy rate had been about 150 on Friday but now it was 158 correctional officers. There was a normal amount of vacant sergeant, lieutenant, and senior correctional officer positions that resulted from turnover. There was nothing unusual that occurred, but it was simply a recruiting process to get those positions filled. Most vacancies were at the correctional officer position level.

Chair Carlton understood that there were 158 officer position vacancies now, but DOC was still requesting an extra 50 new positions on top of the ones they had not been able to recruit.

Mr. Borrowman answered that DOC currently had 158 vacancies. He knew that many of the vacancies were located at the Ely State Prison and the Ely Conservation Camp. But any change at the Ely State Prison would affect the Conservation Camp. The Executive Budget included a 5 percent increase specifically for the Ely Conservation Camp and the Ely State Prison. Mr. Borrowman believed the adjustment would help DOC be more competitive with challenges such as geography and the mining industry specific to Ely. The new positions recommended would not only help with recruitment but probably the bigger effect would be

with retention. A substantial portion of the officers at Ely did not live in Ely and made a significant commute, usually from Las Vegas or surrounding areas. The Department received a lot of transfer requests to return to Las Vegas because the officers could get paid the exact same amount whether they worked in Las Vegas or Ely. The budget recognized that dynamic and provided a financial incentive to remain at Ely, and he thought that would help with retention. The Department had asked for the 50 additional positions because it determined that new positions were to fill the unbudgeted coverage for medical transportation and hospital guarding and many of those posts that had been mentioned. Even if DOC was unable to fill the positions, the additional funding in the budget would allow the Department to offset overtime expenses. The Department needed funding for the unbudgeted expenses. If DOC was funded for overtime or funded for new positions then it could pay for the unbudgeted coverage. The additional funding would provide relief and would reduce the number of trips made to the IFC for the allocations from the Contingency Account (*Nevada Revised Statutes* (NRS) 353.266). If DOC was able to get the funding for the new positions, they might be filled with straight-time employees. However, if DOC received funding for overtime it could not fill those positions. His intent was to request the new positions instead of getting the overtime budgeted.

Chair Carlton appreciated the answer. She apologized to Speaker Frierson that the kinder and gentler chairwoman was about to leave the room. She needed to make some remarks on the record. She noted that the Legislature has had a long two years of dealing with post charts and overtime. She heard Mr. Borrowman say "if" we were budgeted for those times, but she pointed out that the money committees had budgeted for those times and had taken care of that problem. Unfortunately the Subcommittee cannot get the numbers needed to be able to approve the money to avoid the overtime. So until the Department and the Fiscal Analysis Division staff could get together and figure out what the numbers were, the members were shooting a dart at the dartboard and did not want to deal with that approach and overtime anymore. Because we did not want to have to deal with the overtime anymore. Chair Carlton indicated she was aware DOC engaged a consultant during the interim to help them through this. He was a brilliant man, but even he could not figure it out. So the Department had an issue that must get fixed this session and it cannot go on anymore. The money committees want to be able to budget this the way it needs to be done and needed to know what was going on. Chair Carlton said she truly hoped that the Department and the Fiscal Analysis Division staff would be able to sit down and put the past behind them and be able to communicate the numbers in a new budget and tell us what is actually going on to fix the problem. She only had a couple of years left in the legislative process, and she hoped this was one of the things they could fix before she leaves office because she was sure it would take that long. She thanked Speaker Frierson and the members of the Subcommittee for allowing her that chairman's moment but it was something that she did not want the Chair who came after her to have to deal with.

Assemblywoman Titus asked for more details about page 16 of Exhibit F that showed the problem of the increasing clinic visits and healthcare provider needs and costs. She saw that problem in her practice and as the county health officer when dealing with corrections issues. The problem was in not knowing the inmate's medical history. She never had records when

the inmate arrived so a lot of tests were repeated. She wanted more information on how DOC kept medical records and how DOC could help prevent repeating tests especially CAT scans and brain scans that were incredibly expensive. She wanted to save some of those costs. Regarding page 8 of Exhibit F that listed the Hepatitis C epidemic, Assemblywoman Titus noted that currently there were about 3.5 million patients who had Hepatitis C. The new Hepatitis C treatments were about 99 percent effective. Fortunately, there were pills now instead of injections, but unfortunately the pills cost about \$75,000 for a 12-week course of treatment. She would be curious to see what the numbers were in the budget and details during the subcommittee hearings.

Assemblywoman Neal said the DOC presentation mentioned recidivism several times and the community programs, but she did not see information about how many had not reoffended, and she was trying to figure out the efficiencies. The Department spent federal money that was provided by grants to community partners to help DOC with the effort to reduce recidivism. Then DOC had an internal program that helped ensure inmates would not return to prison. But only page 14 of Exhibit F showed that the admissions and releases in 2018 were starting to meet each other. She asked how the money worked to improve the outcomes and wanted details about whether the programs were effective and efficient.

Mr. Dzurenda answered that the U. S. Department of Justice conducted a study on justice reinvestment that as part of the Advisory Commission on the Administration of Justice (ACAJ). He did not have those numbers with him but would share that with the members so everyone would see that data. Originally Pew Research Center prepared those statistics, but what it failed to take into account was that 28 percent of the inmates that DOC released were not going back to the community and were not part of Nevada's census. Those inmates were counted in the successful reentry to the communities and reduction in recidivism, but the 28 percent either left the country or were deported or were sent back to their home states. That was not successful reentry. That inmate population needed to be taken out of those numbers. The DOJ had a new study as part of the ACAJ that he would provide.

Kim Thomas, Deputy Director of Programs, Department of Corrections, stated that it was important to realize that the 2014 recidivism report included a cohort of individuals who had not experienced the level of evidence-based programming and reentry wraparound services that was currently provided. He wanted to make that clear because as DOC looked to the future, the next recidivism report would go back and look at a cohort of individuals who had been released and not returned to prison for a three-year period.

Chair Carlton noted that she saw no further questions, and she said the Department of Corrections had its homework regarding the CIP recommendations and the overtime matters. It would provide additional details during the budget subcommittee hearings. She said the Subcommittee would recess [at 12:32] until 1:30 p.m.

Chair Carlton reconvened the Subcommittee at 1:38 p.m. The next presentation on the agenda was the Department of Transportation. She understood that this was the last meeting for Mr. Malfabon after 31 years with the state, and she thanked him for his service.

Rudy Malfabon, P.E., Director, Department of Transportation, presented ([Exhibit G](#)), a copy of a PowerPoint presentation titled "State of Nevada Department of Transportation, 2019-2021 Biennial Budget, Budget Subcommittee Presentation," dated January 29, 2019. He introduced some of his staff. He said the first half of the exhibit contained a lot of background information, and he would get into the details of the budget recommendations in the latter half of the presentation. The Department of Transportation (NDOT) maintained about 5,400 miles of highways and 1,154 bridges. The NDOT goals were safety, environmental stewardship, operations and maintenance, customer service, and organizational and workforce development for the employees. Page 3 of [Exhibit G](#) noted the Department's budget philosophy and strategy was to support the state's economic development, optimize federal funding, preserve the assets, and cooperate with its many partners around the state.

Page 4 of the exhibit depicted the Department's organizational chart. The Department had 1,844.51 full-time-equivalent (FTE) positions in fiscal year (FY) 2018. Assistant directors were assigned to supervise the administration, planning, engineering, and operations sections. There was one deputy director over each of the three districts. District 1 was Southern Nevada, District 2 was Washoe County, and District 3 was in the northeast portion of the state. The Department had a separate section for storm water that was also overseen by a deputy director position. The agency also had a deputy director in the north who oversaw the support divisions such as civil rights, internal audits, compliance, and others. Page 5 of the exhibit showed where the employees were assigned, primarily in construction and maintenance of roadways and facilities and project delivery and quite a few in repair, maintenance, and fleet management that supported maintenance operations throughout the state. The Department used much of its salary savings to hire construction aides and temporary employees, and that really helped to attract employees to permanent positions and counter the high turnover in the Department.

Page 6 of [Exhibit G](#) showed a map of the NDOT maintenance and support locations throughout the state. Many of the sites had been studied previously regarding decommissioning various locations, but for the most part, a lot of the facilities were maintained for responsiveness during winter months with snowplowing on the summits around the state.

Mr. Malfabon explained governing legislation shown on page 7 of [Exhibit G](#). Highway funding was provided in Article 9, Section 5 of the *Nevada Constitution*. Fuel taxes were reserved exclusively for the construction, maintenance, and repair of public highways in Nevada. Pursuant to *Nevada Revised Statutes* (NRS) 408.106, NDOT was administered by the Board of Directors that met on a monthly basis and approved all construction contracts in excess of \$5 million and service agreements over \$300,000. Below those dollar amounts, the authority was delegated to the NDOT Director. The Statewide Transportation Improvement Program (STIP) was the list of projects for the federal fiscal years 2019-2022. For those who wanted to look at that information electronically, one could google NDOT eSTIP, which would provide a useful program that was searchable by county. If you knew the state route that you were interested in, you could find the exact projects. It was a lot better than the

previous printed document that was very hard for the public to access and search through. The online site had a list of all the transportation projects.

Mr. Malfabon continued that NDOT shared the State Highway Fund with the Department of Motor Vehicles and the Department of Public Safety. The Department looked at the revenues and the expenditures with the Office of Finance, Office of the Governor and with the Fiscal Analysis Division staff and carefully considered the revenue projections and the expenditures. It had a desired minimum balance for the Highway Fund of approximately \$120 million and that was based on one and a half months of capital payments to the contractors and a month of internal payments for the staff who supported NDOT to cover any type of drastic situation. There was a federal shutdown, but NDOT was not directly affected because the federal Highway Fund was covered by a surface transportation bill. The projects were approved by the Board of Directors and shown in the STIP document, so NDOT knew what was on the slate of projects to deliver and kept track of the minimum fund balance, keeping it well above that target.

Shown on page 9 of Exhibit G were pie charts of the State Highway Fund revenue sources for fiscal year (FY) 2018. Mr. Malfabon said the gas taxes and special fuel taxes such as diesel together totaled over \$300 million. Federal aid primarily from the Federal Highway Administration was about \$381 million. There were bond proceeds and other receipts such as the transportation tax from Uber trips, property tax provided by Assembly Bill No. 595 of the 74th Session (2007), and fuel revenue indexing, among others.

The gas tax pie chart on page 10 of Exhibit G showed federal and state taxes made up the bulk of the state collections for gas taxes. Federal and state taxes were roughly about 18.5 cents each. There was a county optional tax and county mandatory taxes that the counties received. Pointing to the history on page 10 of the exhibit, Mr. Malfabon noted there had not been a substantial change since 1995. Special fuel taxes were associated with diesel. Page 11 of Exhibit G showed the federal tax rate and the state tax rate per gallon. There were also taxes on other special fuels such as propane and compressed natural gas. No substantial change occurred to those taxes since 1995 either. On page 12 of the exhibit, he said modest increases were projected for the transportation revenue. He was shocked to see the price of gasoline so low lately and was pleased. It did incite many people to drive more and enjoy the low cost of fuel. The gas tax revenue projections were built in cooperation with DMV. The other revenue projections included funds from Assembly Bill No. 595 of the 74th Session and Senate Bill No. 5 of the 26th Special Session (2010) and the fuel revenue indexing bonds in Clark County. The first fiscal year for the fuel revenue indexing receipts was a little less than \$5 million. It increased substantially in the next few years. Projects funded with fuel indexing revenues were in Clark County because that was where the revenue was raised. The Governor recommended distributing 75 percent of the governmental services tax (GST) to the NDOT budget and 25 percent to the State General Fund.

Mr. Malfabon turned to page 13 of Exhibit G. The Department operated under what was known as the Fixing America's Surface Transportation Act (FAST) that was approved in

December 2015 and was a five-year bill. In the fifth year, there was insufficient federal fuel tax revenue to sustain the amounts that had been given to the states to spend from the federal allocation. There was about a \$7.5 billion recession or a "take back" of some of that federal funding anticipated in federal fiscal year 2020. Nevada's share of that was roughly about \$71 million and he had concerns about that. He was hopeful NDOT could sustain that take back with the current balance in the State Highway Fund in case it came to pass and Congress did not rescind its action. The Department was not affected by the current federal shutdown because the FAST Act authorized transportation funding. Because NDOT was not affected, the employees showed up to work and processed the billings for reimbursement. The Federal Transit Administration (FTA) enacted furloughs, however those employees were back at work now. The FTA was heavily affected by the recent federal government shutdown, and the FTA reimbursements were delayed as a result. However, NDOT continued to process invoices for rural transit providers during the shutdown because those providers met a critical need for seniors, disabled, and other Nevada residents who relied on transit services.

Mr. Malfabon explained page 14 of Exhibit G and stated the federal aid highway program was an apportionment that was distributed to various programs and could only be used on eligible projects or in specific areas. The Department had federal pots of money that included the national highway performance program, surface transportation block grants, congestion mitigation, air quality (limited to areas with air quality issues such as Washoe County, Reno/Sparks, and Las Vegas), and the highway safety improvement program. To be eligible to receive funding from those pots of money, projects had to meet program criteria. There was a limit on how much states could obligate to control the rate of expenditures. Once NDOT obligated money and spent state money on a project, the state was reimbursed by the federal government. He noted that because there was so much federally managed land in Nevada, one of the benefits that NDOT enjoyed was the lowest amount of state match required to receive federal funding. Nevada typically received 95 percent federal funds by providing a 5 percent match of state funds. Some programs were a little different. Nevada enjoyed a large amount of federal funds for the larger programs because it had so much federal land that was not generating tax money for the state.

Mr. Malfabon added that the NDOT financial management staff did a great job at obtaining federal funds that were not obligated or spent during a federal fiscal year. Some states might not obligate all their federal funds because projects slipped, they were late, or missed a deadline for the federal fiscal year. Funds may be unobligated because the federal grants were not put out on schedule. A substantial amount of unobligated funding associated with the Tiger Grant Program was redistributed through the August redistribution. The NDOT received \$32 million of additional spending authority from the Federal Highway Administration. All in all, it meant more money in the State Highway Fund that could be used on other projects after the state was reimbursed.

Mr. Malfabon wanted to call attention to several of the major projects shown on page 16 of Exhibit G. The U.S. 95 northwest corridor phases 3C, 3D, and 3E would finish the beltway interchange. Phase 3C which was currently underway was a \$78 million project that built

some flyover ramps. Phase 3D and phase 3E were a few years away. The I-15 North phase 4 widened all the way to U.S. 93 from where NDOT just completed work at the speedway interchange in Las Vegas. The Tropicana interchange had to be reconstructed. Mr. Malfabon stated that if you had driven around Las Vegas and saw Tropicana, you might have noticed some bridge supports that were preventing the widening of I-15 under the bridge. So NDOT had to knock down the old bridge and rebuild a new one that would allow for expansion of I-15. In northern Nevada, the biggest project was the Reno Spaghetti Bowl Xpress that was a \$150 million design/build project. The members might have heard about the airport's concern about the ramps. The engineers had been working diligently on the project to try to find a way to maintain that flyover southbound into the airport. He thought the engineers might have a plan to address the airport's concerns with the flyover ramps. He did not want to lose that access to the airport and thought there might be a solution. The other projects starting to get underway included the widening of U.S Highway 50 to U.S. 95A that was the junction by Silver Springs. The Department was finishing the path at Lake Tahoe on State Route 28 and completed the repaving project on I-80 from Keystone to the California state line.

Page 17 of Exhibit G displayed expenditures from the State Highway Fund. Mr. Malfabon explained that the bulk of the funding was used for transportation, primarily for capital improvements and bond payments associated with the projects. The other agencies that use the Highway Fund were listed on that page including DMV and the Department of Public Safety. There were a small amount of transfers to bond funds.

Mr. Malfabon addressed the NDOT budget request, beginning on page 18 of Exhibit G. The Department had State Highway Fund bonds in the amount of \$100 million per year. With the existing fund balance, the worst-case scenario might be a delay in getting some major projects out the door. Fuel revenue indexing bonds were associated with projects in Clark County that were sustained by the fuel revenue indexing that had been in place for a few years. The total of \$60 million each year would be associated with fuel revenue indexing bonds. The anticipated projects to be funded with bond proceeds in part included U.S. 95 northwest corridor phases 3D and 3E in Clark County and the Spaghetti Bowl Xpress on Interstate 580 (I-580) in Washoe County. The Spaghetti Bowl Xpress project would address the problem with Wells Avenue traffic trying to merge onto Interstate 80 eastbound with traffic trying to get either southbound or northbound on Highway 395 and I-580. The project would widen some bridges over the river and over the railroad tracks and add some lanes headed southbound toward the airport. The upgrades would address the congestion of that quadrant that was the main safety problem with the interchange in Reno.

Debt service details were shown on page 19 of Exhibit G. Mr. Malfabon stated that the Department's policy was no fewer than three-times coverage on senior liens. The state revenue for the gas tax and the special fuels tax was \$306 million in fiscal year (FY) 2018 and that amount divided by three was the NDOT capacity of \$102 million. The existing debt service and interest associated with it provided some additional bonding capacity. He felt that some of those projects that he wanted to pay for with bonding were needed now instead of later to address safety and congestion issues.

Decision unit Enhancement (E) 125 shown on page 20 of Exhibit G would fund some rest area upgrades. Mr. Malfabon added that he constantly received emails from the public that the condition of the rest areas was substandard. He recommended funds to do the designs for Miller's rest area on U.S. 95 north of Tonopah, Trinity rest area at the junction of U.S. 93 and I-80, and Beowawe rest area on I-80. Those rest areas needed to be designed, and then in the next biennium (2021-2023) NDOT would request the construction funds to replace those three rest areas. The Department had about \$10 million per year associated with the Federal Highway Administration freight program and could use some of that for expansion of the rest areas for truck parking. The amount of commerce was a growing problem, and there were a lot more trucks on the highways now. Truck drivers had limited hours of service and had to park somewhere, and these projects would expand the rest areas and provide parking opportunities for truckers.

Decision unit E-377 was the shared radio system with NDOT, Nevada Department of Public Safety, Washoe County, and NV Energy, according to Mr. Malfabon. The request would replace an outdated system of communications and provide NDOT a P25 compliant radio system. Washoe County had a separate contract with the contractors for its share of about \$26.5 million. NV Energy paid its share of \$27.7 million, and the state's share was roughly \$55.4 million. About 92 percent of those expenses were associated with the State Highway Fund and those agencies that relied on the shared radio system, such as the Department of Public Safety and DMV. There were some State General Fund agencies and some other local agencies that wanted to partner and use the system for public safety. The replacement schedule for the shared radio system was shown on page 22 of Exhibit G and listed completed and planned activities.

Page 23 of Exhibit G showed decision unit E-550 details. Mr. Malfabon said NDOT had been using the cloud for data storage because it was more efficient to use the cloud rather than maintaining a number of servers to store data. The cloud approach was the right way to go, and those funds would support NDOT's initiatives. The Department used the Outlook email system in the cloud and was moving away from servers for data to the cloud-based services.

Mr. Malfabon was thankful for the Legislature's support of the replacement of mobile and fleet equipment. The maintainers, especially during winter operations, relied on the equipment, and much of it was outdated. He believed that the Governor's recommendation of \$7.9 million each year to replace the equipment was reasonable. The Department had done its due diligence on leasing versus buying some of the equipment. That information was presented to the Board of Directors for approval for any equipment purchases over \$50,000. The Department had a lot of equipment that was overdue for replacement and was systematically trying to replace some of the mobile and fleet equipment. He also recommended money for replacement of some of the radios that would be compatible with the recommended new radio system upgrade.

Page 25 of Exhibit G showed details of the flight operations budget recommendations. Mr. Malfabon stated that NDOT had recommended airplane replacement for many years. In

decision unit E-712, the Governor recommended the replacement of two existing NDOT airplanes, a 31-year-old Cessna Citation II 550 and a 37-year-old Aero Commander 840. The Department had put a lot of money into the existing aircraft, and replacing the aircraft was expensive but he felt it was necessary. Substantial funds had been invested into the avionics, the engines, reskinning the planes, and the interiors. He had flown on the airplanes many times and did not believe the airplanes were unsafe. But those needed to be replaced. He asked for the opportunity to provide any justification needed to the Legislature. It was more cost effective and economical for them to fly their own planes instead of commercial planes. Other agencies also relied on those planes to attend meetings or do their due diligence on engineering projects in Las Vegas. The Governor recommended Highway Fund authorizations of \$7.4 million in fiscal year (FY) 2020 and \$6.5 million in FY 2021. There would be associated savings, and increasing seat capacity would help support staff with business trips rather than using Southwest Airlines, and it would be more economical in the long run. The Executive Budget built in the sale of the existing aircraft to offset the cost. Decision unit E-815 was for the unclassified pilot salary shown on page 27 of the exhibit. The Governor recommended a correction to an appropriate tier for the unclassified pilots. In the 79th Session (2017) the pilot positions were approved to be moved from classified service to unclassified; however those positions were assigned to an incorrect salary tier. The classification was looked at more as an administrative position when it was really a pilot. A higher salary was needed to earn more to attract and retain jet pilots. He had seen a lot of pilots come and go, and NDOT had a chief pilot who he believed deserved higher pay for that level of responsibility, heading up the flight operations and acting as the chief pilot for the jet.

New equipment was recommended in E-720 shown on page 28 of Exhibit G. Mr. Malfabon said there was a list for the headquarters and each of the three districts. The basic equipment that NDOT needed was a bridge inspection truck, a drill rig that went around the state to investigate gravel pit sites on BLM lands, loaders, water trucks, snow blowers, and paint stripers. The Department was going to wider paint stripers to improve highway safety for Nevada's aging population. Having the wider stripe would improve safety on some of the rural highways. Brooms, excavators, and transport trailers were basic pieces of equipment for the maintenance crews. For the agencywide needs, the Governor recommended a LIDAR package which was a light detection and ranging device that would make a three-D model of the road. It would help the engineers to design, operate, and maintain the system more efficiently. Some of the other equipment was associated with the materials and testing lab for spectroscopy and for traffic beads testing that was used on the reflectivity for paint stripes. The lab trailers were associated with testing materials and construction projects, and hydraulic hammers were used to break down materials such as rocks.

Mr. Malfabon explained that NDOT had a lot of old maintenance stations as shown on page 29 of Exhibit G including 358 buildings with an average age of 47 years. The oldest buildings were in District 1 and District 3, and those were 77 years old. The funds recommended in decision unit E-730 were for the upkeep of those facilities. He knew that NDOT was not going to request a big program for building replacement, but he wanted to keep those facilities useful and ensure they met the needs of the maintenance, construction,

and administrative staff in the districts. It was a substantial amount of money, but it was needed to keep those older facilities in operation. The position reclassifications recommended by the Governor were shown on page 30 of the exhibit. Decision unit E-811 was a recommendation for the right-of-way position reorganization. In the past, Mr. Malfabon stated he took some vacant positions from the right-of-way staff and transferred them to the storm water group because NDOT was facing the EPA consent decree requirements. Some new positions were requested for the construction crews on page 31 of the exhibit. He was hesitant to rely on sustained funding from the federal government. Congress passed the FAST Act. One of the things being done to address the storm water program and some of the other needs throughout the Department was to repurpose some of the construction crews through attrition. The Department was spending about \$21 million each year on construction management consultants to support construction programs. The Department had a good balance and had bonded major projects. It maintained the right amount of oversight that was necessary to maintain the federal reimbursement on the construction projects. He requested the addition of two new construction crews, one in District 1 in Las Vegas and one in District 2 in Reno. It was a substantial expense, but the costs of equipment, support, and personnel would actually result in a lot of savings if NDOT did this themselves and used construction consultants to only manage the peak load. It was a necessary expenditure to maintain proper oversight on the construction program.

Mr. Malfabon reviewed page 32 of Exhibit G that showed decision unit E-231 for new positions and related equipment for the geographical information systems (GIS) and human resources. With the amount of Investigation that were conducted in a timely manner, NDOT needed additional personnel in human resources and additional right-of-way staff. The new staff positions would allow NDOT to manage some of the other responsibilities with property management and water rights. Accounting had been a mainstay for NDOT. Keeping track of federal funding and getting reimbursement quickly and working with financial management was important. The Department had a need for a higher-level position in accounting, and additional staff was needed in information technology (IT) units. The staff had done an amazing job of supporting NDOT initiatives to allow electronic signatures, procurement, and moving to the cloud, and he wanted to see the IT section supported. He learned that it was too costly to do a project the size of Department's project NEON so NDOT needed to operate more efficiently. In Southern Nevada, NDOT colocated with the Nevada Highway Patrol (NHP), Department of Public Safety, and the Regional Transportation Commission (RTC). Traffic operations was the proper method to support the IT systems and the radio systems. Four more positions in District 1 were recommended, one of which was an equipment operating instructor position. The Department was trying to emphasize a better safety culture and reduce the number of crashes involving equipment and injuries to employees. The recommended positions would help meet that goal and also maintain some of the aging facilities in District 1. The traffic center technicians would help NDOT move toward 24-hour coverage on the highways. During winter storms, the public could look at NDOT maps to see all the up-to-date chain restrictions or accidents causing delays. Having 24-hour staffing in District 2 in Reno and District 3 in Elko would be helpful to grow the 24-hour support for those traffic centers.

Page 33 of Exhibit G showed details of decision unit E-731 for expansion and maintenance of the Old Hot Springs facility. Mr. Malfabon stated that the building needed refurbishment and expansion. He wanted to bring in staff who were housed in leased space. There was maintenance needed on the roofing, HVAC, and siding of the building. The expansion would turn storage space into office space. That concluded the budget presentation of the Department of Transportation.

Chair Carlton said the members had a number of questions.

Senator Goicoechea asked whether some passing lanes could be created on Highway 93 between Wells and Jackpot. There were three more fatalities on that road this month.

Mr. Malfabon responded that he had asked the engineers to go out there and scope some passing lanes initially. He knew there had been a lot of crashes and a lot more truck traffic on that road. Eventually he wanted to take a phased-in approach to widening similar to what was done on U.S. 95 to Searchlight and to Laughlin. He wanted to make that road four lanes. He had identified some areas to put passing lanes and was in the midst of scoping that work and eventually it would go to design and then construction as soon as possible. He knew it was a significant safety problem.

Assemblyman Wheeler asked for confirmation that the southbound flyover on I-580 going into the airport was currently going to be put back into the plan. Mr. Malfabon responded that what NDOT was looking at before was the widening of I-580 southbound and to knock out the supports for the current flyover into the airport for the southbound direction. The engineers told him recently they believed they could do a modification to the design. He told the airport this modification would not be seen in the draft environmental impact statement, but NDOT was working to get it into the final environmental impact statement. The anticipated schedule for the final document would be the middle of this year, and he hoped to get that engineering done and get that addressed in the final document for the Spaghetti Bowl Xpress project.

Assemblyman Wheeler asked for confirmation that the current turboprop airplane would be replaced with a newer King Air 350. Mr. Malfabon confirmed that the Aero Commander 340 turboprop would be replaced with a new King Air 350 airplane.

Assemblywoman Swank asked about the rest areas. For women who traveled alone, she wondered whether there was any security or security cameras on-site. Mr. Malfabon agreed to get further details and provide that data to her. There would be improved lighting, but he did not anticipate there would be staff on-site at the rest areas. In the future, NDOT could design the facilities so that tourism agencies could get some volunteers or others to staff the rest areas. That was a problem that he could look into with the architects and ask them to address with their designs.

Assemblywoman Swank said cameras would be very helpful. At least there would be something there to record what was going on at the rest areas.

Assemblywoman Titus said she had conversations about the safety of Highway 50 and the ever increasing wild horse population. On page 16 of Exhibit G the Department noted the project to widen Highway 50. She asked for assurance that funding for the fencing continued to be in the project and that those projects that had been presented would go forward in the next biennium.

Mr. Malfabon replied the fencing was an element of the current widening project that went all the way to the junction with U.S. 95 Alternate to Fernley. Unfortunately, NDOT could not put in some undercrossings similar to what it did on the previous projects because there was a lot of private property, and he did not want to funnel the horses onto private property. The project would have fencing to prevent horses from access to the highway. There would be openings along some of the approaches and side roads. Horses were smart animals and NDOT could put up cattle guards, but once the horses learned they could cross cattle guards they would teach their foals to do that. He was also looking at the portion that NDOT had already widened around the Stagecoach area. The Department would go back and do some retrofitting and fencing along there as a separate project to address wild horses constantly getting into the state highway right-of-way.

Senator Atkinson asked about the transportation network company (TNC) dollars. The Legislature approved the first \$5 million per biennium. He asked where that was going. He had heard it was spread out through projects and wanted to know the number. In the past he thought he had done the numbers where a certain amount had gone to the south and some to the north. He asked where the funds went and how they would be used.

Mr. Malfabon responded that the money had been used for the electric highway and some of the charging stations and would supplement where some of the power companies working with the Office of Energy, Office of the Governor, had put some charging stations on commercial sites. But NDOT was filling in the gaps so someone could drive from Las Vegas to Reno and find a location in the rural area to charge an electric vehicle. The other use of those funds had been the Office of Traffic Safety for highway safety programs to reduce fatalities on the state highways.

Senator Atkinson asked because when he served during the 78th Session (2015) he was clear that the money should be used on roads. He thought the Legislature had done an injustice for many years by moving money for roads into the budget for other purposes. He asked about the thought process of moving that money to the roads. He was okay with the charging stations, but those did not help the majority of individuals who were paying those fees. He wanted to know the long-term plan for the funds.

Mr. Malfabon said he looked at the restrictions on the use of fuel taxes. Congress passed the FAST Act. Congress had approved a policy that allowed NDOT to have flexibility and use those federal funds for highway traffic safety projects from the Office of Traffic Safety under the Department of Public Safety (DPS). Congress by its policy decision in the FAST Act said you cannot do that anymore. As a result, the Department experienced a shortfall for the Office of Traffic Safety that had traditionally received some of the federal safety funds.

When that happened, NDOT was taken by surprise and worked with the delegation to try to rescind that policy. Unfortunately, funding was necessary to support the Zero Fatalities program and a lot of the other programs that focused on trying to get drivers to buckle up and not be impaired. Basic safety programs and campaigns also funded some of the overtime costs for the Department of Public Safety to provide more coverage throughout the state to improve traffic safety. It was the flexibility of that funding from the TNCs such as Uber and Lyft that allowed NDOT to feel comfortable that the funds were available for those purposes for the electric highway and for the Office of Traffic Safety programs. The Department committed the bulk of the funding to transportation projects, and that was where contractors preferred to see the money spent. He was in a tough spot when that policy changed, and he was taken aback by the actions of Congress.

Senator Atkinson said he hoped to hold some deeper discussions during the 80th Session. The alternative use of the funding was not consistent with the legislative intent. When that policy changed, the Legislature should have been included in the discussions. Some legislators had still been telling constituents who were against the TNCs that the funds were being used for roads. He looked forward to those discussions.

Chair Carlton asked whether there were any further questions from the members. Hearing none, she thanked Mr. Malfabon. She recessed briefly [at 2:29 p.m.] to allow the next PowerPoint to be set up. The next presentation would be the Department of Business and Industry. [She reconvened at 2:33 p.m.]

Michael Brown, Director, Department of Business and Industry, presented ([Exhibit H](#)), a copy of a PowerPoint presentation titled, "Department of Business and Industry, 2019-2021 Executive Budget, Presented to the Legislative Commission's Budget Subcommittee," dated January 29, 2019. He said it was an honor to be before the Subcommittee. He had recused himself from all matters pertaining to his former employer, Barrick Gold Corporation, and he looked forward to "Act 3" in his life focused on public service. He believed what Thomas Jefferson wrote that, "When a man assumes a public trust, he should consider himself public property." He was inspired in life by the late Elliot Richardson, one of only two individuals to have held four federal cabinet positions. His guiding philosophy was to seek creative balance in public policy. Governor Sisolak sought that same balance with his call to make sure that today's economic success made it to every dinner table in Nevada. That would be the goal of the Department of Business and Industry (B&I). He had been on the job for 15 days and the range of activities were quite broad, from banks to Uber and from boilers to weather. The Department was the product of the 1992 Commission on Governmental Reorganization and the associated enabling legislation. By his estimate when he looked at what the agency did, it regulated about 25 percent of the economy and provided workers' compensation and safety for nearly 98 percent of the economy.

Looking back on its history, he had come to realize that B&I was at its core, a regulatory agency. He would strive to enforce the law in a fair and equitable manner. He would coach and encourage the regulated industries but enforce when required. He would also take the initiative to meet new challenges. He was pleased that the real estate and banking divisions

reached out to the various entities that B&I regulated to ensure that everyone showed patience with the federal employees affected by the recent federal shutdown.

The Department's mission had been expanded to include small business and consumer affairs and the advancement of civil rights through the Minority Ombudsman and the Minority Affairs Commission. He commended Emily Ku in his office who, with the Commission on Minority Affairs, recently completed a new report on the status of minorities in Nevada. In his 15 days as Director, he had visited the offices in Carson City and Las Vegas and spoken with several hundred of his employees. He would be in Carson City for the entire 80th Session (2019). He spent six hours on patrol with the Las Vegas peace officers who regulated the taxi cab industry. Just two days before his tour, there was a shot fired at the corner of Fremont Street and Casino Center in Las Vegas as a regional transit authority guard responded to an incident there. The suspect was shot and eventually died. The first officers to respond to assist were officers from the Taxicab Authority including Compliance Enforcement Investigator Freddy Caseres, Chief Investigator Ruben Aquino, and Division Administrator Robert Whittemore. Those were three employees who put their lives on the line for the citizens of Nevada. They should be recognized for that. As Director Brown came into the job, he noted he was being assisted by a capable deputy and staff. He said a person could come into a job like this in two ways. One could launch like a rocket and try to go straight up or one could take off similar to a 747 jet to cruising altitude. He was committed to learning the agency, learning the desires of the Legislature, and the wishes of the Governor, and he would take the slow approach up to cruising altitude.

Mr. Brown said B&I was a complicated agency and it came together through a series of government reforms over the years that put together a variety of functions that were unrelated to gaming, mining, or utilities. He considered it almost a cabinet within a cabinet. The Director's Office served as a shared business unit and provided support for very diverse divisions. Coming from the private sector, he commended the Governor, the agency, and the Legislature for that kind of arrangement. Under the shared business services model, private sector businesses had one unit that provided human resources and accounting and other related supports so that the core divisions could focus on their core missions. This was a pleasant surprise. Nevada was ahead of the trend.

Referring to page 4 of Exhibit H, Mr. Brown said B&I had essentially four panels. The traditional commerce and capital regulation included the various offices in that panel: Financial Institutions, Housing Division, Division of Insurance, Division of Mortgage Lending, Real Estate Division, Taxicab Authority, and Nevada Transportation Authority. The labor and workforce protection panel included the Office of Labor Commissioner, Local Government Employee Management Relations Board, Division of Industrial Relations (workers' compensation, mechanical, and OSHA/mine safety), and Office of the Nevada Attorney for Injured Workers. It was in that box that over the next several months he would be spending a considerable amount of his time to understand how B&I would move forward. The next panel included the Office of Business Finance and Planning (small business and providing support for groups such as the Latin Chamber of Commerce, the Asian Chamber of Commerce, and the Urban Chamber of Commerce through the Nevada Business Center in

Southern Nevada) and private activity bonds. The Department had four key thrusts. It had its most unique function in the fourth panel that included the Director's Office (Consumer Affairs Unit, Commission on Minority Affairs, Ombudsman of Consumer Affairs for Minorities), Housing Advocate (Housing) and Homeowners Association (HOA) Ombudsman (real estate). It was his plan to coordinate those into one holistic view rather than have all of those consumer and external features siloed. He would be pulling that group together to look at some of the trends in the area to see whether he had to address anything on a broader policy basis or call anything to the attention of the Attorney General. He discovered that when he took the job it had the companion title of the commissioner of consumer affairs. He looked forward to participating in that area.

Mr. Brown stated that B&I had 740 full-time-equivalent (FTE) positions as shown on page 5 of Exhibit H. There were 25 policy-making boards, commissions, and advisory council/committees. There were 60 board members and 12 offices throughout the state.

Terry Reynolds, Deputy Director, Department of Business and Industry, testified that page 6 of Exhibit H summarized the Department's funding sources. Fewer than 3.5 percent of the funding for B&I came from the State General Fund. About 70 percent of the funding came from fees charged to various industries including real estate, banks, and insurance. A small amount came from transfers from the Workers' Compensation Fund. The Office of the Attorney General funded the Consumer Affairs Unit with settlement funds. Page 7 of Exhibit H showed the history of the State General Fund contributions. Over a period from fiscal year (FY) 2010 through FY 2018, B&I contributed a combined total of about \$284 million to the General Fund. An anomaly occurred in FY 2018 because one of the policy holders paid its premium tax all in one quarter rather than spacing it out. The chart identified the effect of the contributions, but all the revenues went straight to the General Fund.

Mr. Reynolds explained that page 8 of Exhibit H showed how The Executive Budget for the 2019-2021 biennium compared to the legislatively approved budget for the last biennium. In FY 2021, the budget was \$218,385,029 compared to FY 2019 at \$217,231,244. The Department recommended a minimal increase for the biennium of \$1,153,785 that represented a conservative increase of about one-half of a percent for the budget.

Mr. Reynolds noted the Director's Office had a variety of tasks as follows:

- Provided direct support to the Department's 11 divisions including centralized fiscal services, budget, collections, payroll, human resources, information technology, and licensing for the Financial Institutions and Mortgage Lending Divisions.
- Administered provisions of law and development of regulation and policies.
- Assisted with economic growth development initiatives and coordinated programs to encourage growth and retention of business.
- Provided advocacy and protection for consumers and minority affairs.
- Provided constituent services.
- Served as the state conduit issuer for private activity, industrial revenue, housing bonds and charter school bonds. The Department had an active year last year and

issued a number of industrial revenue and housing bonds. It had issued a couple of charter school bonds and anticipated more in the next year.

Page 10 of Exhibit H showed the recommended changes to the B&I Director's office. Mr. Reynolds explained that a new administrative assistant 2 was recommended for the mortgage lending license section to support mortgage servicing demand. The Department was able to license mortgage servicers, and, to date, it regulated 117 mortgage service companies doing business in Nevada. The demand had increased over the last couple of years, and B&I needed the new staff position to serve the demand. The Department would transfer out two information technology (IT) positions to the Division of Industrial Relations, Department of Business and Industry. Those IT positions were both within the Director's Office and provided 100 percent support to the Division. Instead of cost-allocating those positions back to the Director's Office, the Governor recommends moving those positions. There was no cost to move the positions because the Department was not cost-allocating the positions. The Governor recommended upgrading the classification of an existing IT professional 2 to an IT professional 3 position and that was approved by the Human Resources Division, Department of Administration. The incumbent worked out of his class, and a desk audit had been recommended to ensure that person was doing work at the higher classification level.

Mr. Reynolds moved to page 11 of Exhibit H and spoke about the Consumer Affairs Unit that was located within the Director's Office. The Consumer Affairs Unit was dissolved in 2012 and reestablished in 2014 and was funded through settlement funds every biennium. The unit had 6.5 full-time-equivalent (FTE) positions, of which 5 FTE positions were in Las Vegas and 1.5 FTE positions were in Carson City. The Las Vegas positions included an administrative law judge. Those positions handled about 2,000 complaints each year. Page 13 of the exhibit showed the details of the cases handled by the Unit. The Consumer Affairs Unit had recovered a considerable amount of funds for consumers. In 2018, restitution for Nevada consumers was collected in the amount of \$280,303.

Mr. Brown added that when he visited with the Consumer Affairs Unit recently, he learned about a whole series of public events the Unit had conducted to protect seniors and other vulnerable citizens from fraud. The Unit provided information about their work with legal aid through the Office of the Attorney General.

Mr. Reynolds continued that the Consumer Affairs Unit handled cases from many different areas. It received referrals and complaints from the Office of the Governor, Office of the Attorney General, and the minority federal ombudsman who worked with different chambers and minority communities in Reno and Las Vegas. The Unit put on sessions with seniors, homeowners associations (HOA), and other groups to discuss what the Unit could do for consumers. The Unit worked in three types of areas that included education, the fraud task force to keep up with scams, and complaints.

Mr. Brown noted that as Nevada had come out of the economic recession, and had a high level of economic activity, there was a corresponding rise in the number of complaints. He

was making sure that the regulatory resources were sufficient to meet the size of today's economy. He did not want to have a lag and then a few years from now have something go wrong because B&I did not have the right regulatory resources and talent in place.

Mr. Reynolds stated that page 14 of Exhibit H showed the details of the Division of Financial Institutions. The Division maintained a system that was safe and sound, protected consumers, and oversaw state-chartered banks, credit unions, payday lenders, and financial guardians within Nevada. Most recently, the Division had worked to bring Charles Schwab banking services into the state. That was a multibillion dollar company that had successfully chartered its operations in both southern and northern Nevada. Their trust department headquarters was in Henderson. This was good news but had also given B&I some challenges, so he recommended a new financial institutions examiner 4 position to keep up with the exams that the Department had to do with the banks. The Governor had also recommended three reclassifications: an administrative assistant 2 to an administrative assistant 4, because the position's duties were changing for bank exams, and two financial institutions examiner 2 positions to financial institutions examiner 3 positions. As those individuals reached certain levels of training, and should be they moved up in their classification. On their own initiative, the staff completed the requisite training to be certified for the bank exams.

Mr. Reynolds stated that page 15 of Exhibit H provided details of the Housing Division, Department of Business and Industry. During the 79th Session (2017), the Legislature approved the merger of manufactured housing into the Housing Division. That merger had gone well. Because of the merger, the Division was reclassifying a program officer 3 to a program officer 2 because of the level of supervision that now exists and a vacant administrative services officer 3 position to a management analyst 4 in Las Vegas because it would be doing more program work rather than fiscal work. Those position downgrades would save money, and the changes were necessary for the type of duties the staff were performing.

The Division of Insurance, Department of Business and Industry, details were shown on page 16 of Exhibit H. The Division also regulated bail bonds and title insurance. Several bill draft requests (BDR) were being developed to safeguard the information that went into the insurance industry. The recommended BDRs were listed on page 16 of the exhibit.

Mr. Brown added that it was important to ensure that the state had insurance carriers providing support in rural Nevada. At one point Nevada lacked coverage in the rural areas. The last administration was able to get one insurance carrier for the rural areas. The state now had insurance coverage for 14 of the 17 counties.

Page 17 of Exhibit H contained details describing the Division of Mortgage Lending. According to Mr. Reynolds, the Division regulated nondepository mortgage lending and related business, protecting the public from predatory lenders and mortgage servicers. Nevada was fortunate to have legislation passed to license mortgage servicers. The nondepository lending described the nonbanking mortgage industry that had become

a \$4 billion industry. It was incumbent to license mortgage servicers to be able to regulate that industry. Years ago, Nevada ranked in the top five states for mortgage fraud. The Division had worked from 2015 to now to enact new laws and regulations to manage the mortgage industry. The Division pursued a phased approach and added examiner positions in the 79th Session. The Governor recommends adding two new mortgage lending examiner positions to ramp up licensing of the servicers. The state had about 127 mortgage servicing companies operating within Nevada.

The Real Estate Division, Department of Business and Industry details were shown on page 18 of Exhibit H. The Division licensed real estate brokers, agents, and timeshares and approved subdivision maps, worked with appraisers, and provided real estate education for the licensees. The Division also licensed property managers and weatherization inspectors and had a broad variety of license groups. In FY 2018, the number of licenses totaled 40,000. The number of licensees was not yet back to the levels of 2005, 2006, or 2007, but there was a healthy real estate industry in Nevada. The Division also provided assistance in matters related to the Homeowners Associations (HOA). The Division received a per-door fee that supported the HOA work. The Division licensed community managers and had a dispute resolution system through the ombudsman to mediate and work with the different HOAs and their members to resolve disputes. Assembly Bill 31 recommended fingerprinting of community managers. Senate Bill 39 updated the appraisal statutes to comply with federal requirements for appraisers. The Division recommended one new program officer for the HOA work with the ombudsman. One new HOA was created every month in 2018. In the last two years, more than 30 new HOAs were created in Nevada. Nevada had hundreds of thousands of individuals living within HOAs in the state.

Mr. Brown added that one in four persons was living in an HOA in Nevada. He briefly served as interim chair of his HOA at Anthem and received a full dose of everything that went on within those organizations. Recently he discussed plants at his front door just as Lindsay Vonn was going to take the last Olympic ski run of her career. Mr. Reynolds pointed out that before his employment at the Department both he and Mr. Brown served on the boards of HOAs and were well-versed.

Regarding page 20 of Exhibit H, Mr. Reynolds stated that the details of the Taxicab Authority were more difficult. With a transportation network company (TNC) such as Uber or Lyft, the Authority had seen a drop of approximately 10 million taxicab rides since the licensing of TNCs. That was a big change. Nevada now had 41,607 active TNC drivers versus 3,530 approved taxicabs, and a majority of the TNC drivers operated in Las Vegas. It had changed the industry. To keep up with that, the Division licensed taxicab drivers, performed vehicle safety inspections and ensured compliance and enforcement of regulations within the industry. To keep pace with the drop in revenues, the Authority recommended the elimination of 15 vacant positions. Even though there were fewer rides, there were still about 3,500 licensed cabs on the street. The medallion count was 3,470 active cabs on the street. The Governor recommended raising the medallion fee from \$100 to \$300. The fee had not been raised for the last 40 years. That was a way to maintain the basic enforcement level needed within the agency because of the decrease in the number of cabs versus rides.

During the 79th Session, new rules for the inspection of cabs placed more responsibility on the cab companies to do inspections. The Authority checked the inspection programs and that required fewer inspectors and provided some relief. But the Authority still saw a lot of activity, especially in the downtown area and the casino core with cabs. He said the Authority needed to have enforcement and needed to have individuals on the streets.

Mr. Brown added that this situation was not unique to Nevada and was happening around the world in large municipalities. Large municipalities were trying to figure out how to deal with the consequence of what was a unique disruption of a traditional industry.

Page 22 of Exhibit H provided details of the Nevada Transportation Authority. Mr. Reynolds explained that unlike the Taxicab Authority, the Nevada Transportation Authority (NTA) had experienced an increase in business. As noted earlier, the NTA had 41,607 active TNC drivers. Mr. Reynolds noted there were individuals masquerading as Uber and Lyft drivers and gypsy cabs, which drove the need for the NTA to have a very active enforcement group.

Mr. Reynolds stated that the Office of the Labor Commissioner was a busy office. The Office protected wage earners and monitored the prevailing wage in Nevada. The Office handled 5,900 wage claims, collected \$2.3 million in wages for workers, and collected \$265,000 in penalties from businesses that did not pay the proper wages or tried to obfuscate the wages. The Office had 440 prevailing wage claims and the wages collected from those claims was \$353,737. The Office registered 1,196 public works projects of which 555 were in northern Nevada and 641 were in southern Nevada. The Office licensed 36 private employment agencies in the state.

The Local Government Employee-Management Relations Board was shown on page 24 of Exhibit H. Mr. Reynolds said it was the Department's smallest office and was composed of two FTE positions and the Commissioner for the Board. During the 79th Session, the Legislature increased the Board's membership from three members to five members [Senate Bill 460 of the 79th Session (2017)]. That allowed the members to sit on panels and allowed the Board to do away with the backlog of cases. The expanded Board was able to address cases more quickly, which was working well. Many of those cases were difficult and some involved cities and their police and fire departments or school districts and were high visibility cases. The Board handled the cases well, comported itself well, and kept up with its business.

Mr. Reynolds explained that the Division of Industrial Relations shown on page 25 of Exhibit H was the largest division of the Department. It covered the entire state for occupational safety and health. The U.S. Occupational Safety and Health Administration (OSHA) provided the structure for safety consultation and training and trained businesses and employees. The Division provided mine safety training. It had employees in southern Nevada, Carson City, Reno, Winnemucca, and Elko who provided mine safety training as well as inspections. The Nevada Attorney for Injured Workers handled cases for workers who were injured on the job and had compensation claims. It defended those workers and

processed their claims. If those cases were appealed to district court and the Supreme Court, the Division represented them all the way through the process. Nevada was one of only two states that did that. It was a viable and responsible service that was provided. Senate Bill 40 was recommended to align occupational safety penalties with OSHA requirements. The Division was required by OSHA to ensure that penalties and occupational safety goals matched OSHA. The Governor recommended a new business process analyst in the OSHA section because it had an old card system that was being updated and converted into electronic records. The Executive Budget recommended the transfer of two IT positions from the Department centralized IT unit to the Division of Industrial Relations.

Mr. Reynolds mentioned that the Office of the Nevada Attorney for Injured Workers represented injured workers claiming rights under the Nevada Industrial Insurance Act, as shown on page 26 of Exhibit H. The Office had offices in Reno and Las Vegas. The Office worked with the Hearings Division, Department of Administration, in representing workers. There was a trend of more appeals going to the district court and the Supreme Court. It took more time and more effort to do that, but the Office was handling its cases. The staff was effective and had returned \$6,759,307 to injured workers.

Mr. Reynolds spoke about the Office of Business Finance and Planning that worked on business development and advocacy. The Department was able to open the Nevada State Business Center and broadcast or stream its meetings and training sessions. It worked with several partners, including the Chambers of Commerce, the U.S. Department of Labor, and different business groups to bring training sessions to individuals who were interested in starting a business. The Office of the Secretary of State helped to bring that information to the business when it was starting up. It was a complete business portal where you could look at everything from the requirements of the city that you were in, to training, laws, taxes, and anything else to know about starting a business in Nevada. The Office also teamed up with the chambers to convene a Governor's conference on business. It worked with the industrial revenue bond program and charter school bonds. The Department had also administered the new market tax credit program and was now starting to see reinvestment into the program and into new businesses. The Department worked with the Office of Economic Development, Office of the Governor, on opportunity zones and partnered with them on a session workshop.

Chair Carlton stated that the presentation had covered much information.

Senator Settlemeyer said he was curious about the \$5 million that the Department received from the State Highway Fund. He asked for details about what the Department did with those funds.

Mr. Reynolds responded that those funds went into the Nevada Transportation Authority (NTA) as part of the regulatory funding that supported that section. The funds did not support Uber and Lyft activities but supported the movers, tow vehicles, and limousines for the NTA.

Assemblywoman Jauregui asked to return to page 13 of Exhibit H that showed a jump of Internet and media complaints that were received during 2016 and 2017. She asked for an explanation of the cause of the significant increase and wondered whether consumer outreach was a factor.

Mr. Reynolds replied that the agency held community work sessions to which the public was invited. The Department put on consumer affairs presentations in various areas including Reno and Las Vegas and for senior groups as a more personalized type of activity and that probably affected that type of complaint. The Department spent more effort on putting on those consumer affairs presentations. It would be doing one shortly in Clark County and one in Washoe County. The agency determined that it could reach individuals directly and get more questions answered and could pinpoint groups such as seniors who enjoyed those types of interactive presentations.

Assemblywoman Jauregui noticed that in 2016 the Department initiated tracking of referrals from the Office of the Attorney General and wondered whether that was new or why there were no referral numbers for the previous years.

Mr. Reynolds replied that the Office of the Attorney General had a consumer affairs unit, but it tended to handle bigger, national types of cases. Their focus was not on the smaller cases that were not cost-effective for that office to address. That prompted them to refer the smaller types of cases to B&I. He had a breakdown of the types of cases that included 387 product purchases, 154 timeshare cases, nearly 100 Internet scams, and some auto body workshop cases. Those types of cases were in the \$5,000 to \$10,000 range at the most and were not cost-effective for the Attorney General, which had referred more of its cases to the Department. The Department could handle those cases more cost-effectively and had about a 90 percent clearance rate for those.

Mr. Brown added that he was meeting on Thursday with the Attorney General, and he would discuss how the Department could better coordinate the process.

Assemblywoman Jauregui asked whether the Department kept track of all the claims that came through to determine whether there were any trends.

Mr. Reynolds replied that the Department kept track of all the claims. It had a full accounting, and that would be provided to the members. The Department kept track of all the complaints using a new software program. The program kept track of each type of case and the length of time to resolve it as well as the resolution for every case.

Chair Carlton asked that the information be provided to the Fiscal Analysis Division staff, and she would ensure that the members received copies.

Senator Cancela said that she recently met the ombudsman for minority consumer affairs who was very passionate and outspoken about the wonderful things the Department was doing. The ombudsman spoke about the outreach she was doing in the community.

Senator Cancela said as Uber and Lyft took off nationally, there was a whole set of workers who were being displaced from jobs that they had done for a lifetime. She asked whether there were any programs in other states or municipalities that could be explored to provide training or programs for taxicab drivers who were having their hours cut or having to work twice as hard to be able to make the paycheck that they were making in the past.

Mr. Reynolds said the answer was yes. The Department was looking at that. He and Mr. Brown had recently read an article about what other communities were doing to look at the problem of workers being displaced. There were a couple of trends. One involved more drivers leasing cabs in the Las Vegas area where multiple drivers leased the same cab. Also, the Department was looking at autonomous vehicles that would not replace the drivers, but the driver would instead be a tender in the vehicle. That was an area that B&I needed to examine and it was keeping abreast of what was going on around the country. There was a significant problem when there were thousands of drivers who were losing business.

Mr. Brown added that one of the things he was trying to do was infuse a bit more policy into the agency. He linked Emily Ku with the Brookings Institute in Washington D.C. and with other groups that had data that would be useful. Administrator Whittemore and he had been searching the nation for experts who were on the cusp of how the regulatory regime got disrupted by the advent of new technologies. New York University Journal of Legislation and Public Policy had produced some articles, and there were some individuals out there studying the problems. He could try to arrange to have one of them come to Carson City during the 80th Session to speak to those issues because it was a new frontier on the regulatory side.

Assemblyman Thompson asked about page 22 of Exhibit H. The chart showed citations and an increase in drivers for TNCs. However, the citations seemed disproportionate. He asked for an explanation. He asked whether most of those citations were mainly corrective actions or were they also associated with fines.

Mr. Reynolds replied that when the TNC laws were enacted, the NTA could only cite TNC drivers but not gypsy cabs. Only the Taxicab Authority could issue citations to gypsy cabs with nonlicensed drivers or to individuals masquerading as TNC drivers. One of the things that the Legislature looked at during the 79th Session was giving the NTA authority to cite so both entities would have powers equal to the Taxicab Authority, and both could cite drivers who were masquerading as Uber or Lyft drivers. If you were a licensed Uber or Lyft driver you could be cited for violations, and that was what was showing up on page 22 of the exhibit. That page did not show the whole picture, excluding citations for those who were masquerading as gypsy cabs.

Assemblyman Thompson asked for help with the Nevada transportation piece. There were 41,607 TNC drivers, but he asked for the sum of the transportation groups that included the taxicab drivers, busses, limos, and movers.

David Newton, Commissioner, Nevada Transportation Authority, testified that there were between 4,000 to 5,000 limo drivers and probably no more than 2,000 drivers in the other fields including charter busses, tow trucks, and household goods movers. In addition to looking at the number of citations, you had to also look at the number of impounds. The majority of the enforcement work that NTA had been experiencing regarding transportation network companies was drivers who were operating off the application. So there was an associated impound with most of their citations. In the limousines and other carrier side of the business, there were not as many impoundments, especially of certificated drivers. Their drivers were cited for solicitation or for not having their paperwork filled out correctly and related things.

Assemblywoman Titus asked about page 16 of Exhibit H. Mr. Brown had mentioned that he was going to keep an eye on what was happening in the rural areas because there was only one insurance provider for 14 counties. She asked for more assurance and wanted him to recognize that it had been a crisis in the rural areas. She wanted more details about what the state was doing about that problem.

Mr. Brown responded that he met with the Insurance Commissioner recently and noticed a map of the United States in her office. The green areas on the map had more than one insurance carrier, the yellow areas had one insurance carrier, and the red areas had no insurance carrier. He had asked for a copy of the map and it now hung in his office.

Assemblywoman Titus asked about page 20 of Exhibit H and the number of TNC drivers. It was encouraging to see 41,607 active TNC drivers. She asked whether there were any regulations that prevented a taxicab driver from becoming a TNC driver.

Mr. Newton responded that there were no regulations preventing a taxicab driver from becoming a TNC driver. There was an hours of service limit that a driver was allowed to perform each day. The NTA had some regulations in place to require that if a driver was driving a taxicab for part of the day and for a TNC for part of a day, the driver must still not exceed that number of hours.

Assemblywoman Titus said when she had taken Uber or Lyft and ridden in cars with drivers who had previously been taxicab drivers, they loved their new TNC job. As we make progress in industry, industry had to keep up with that. She wanted to ensure there was no reason the drivers could not switch and become TNC drivers.

Senator Goicoechea asked whether the NTA regulated tow truck drivers. He thought the tow truck drivers were regulated by the Public Utilities Commission of Nevada (PUCN).

Mr. Newton replied that NTA regulated tow trucks primarily in the area of nonconsent tows, but it also had some limited regulation over other aspects of the towing industry. He was not aware that the towing industry was regulated by the PUCN any longer.

Senator Goicoechea said a tow truck or a freight carrier used to be awarded a franchise area by the PUCN. That appeared to have changed.

Chair Carlton wanted to follow up on the TNC discussions. She asked about the charge of being a regulatory agency. She knew we did not pull highway patrol officers off the street because they did not write enough tickets. She knew that we needed the highway patrol officers on the road to ensure that individuals complied with the law. She had concerns because the dollars were not coming in, and there would be insufficient funds for the regulatory compliance and enforcement part of the job that needed to be done to protect the public. She hoped to have further discussions about that in the subcommittee budget hearings. She asked for data on the costs, the types of things going on, and what the Department was looking at. It went back to some of the earlier discussions about assessments. You cannot base your enforcement off of someone doing something wrong because you set yourself up for failure as a regulatory body. She thought the members needed to hold further discussions about how to ensure that everybody played by the right rules. She had heard good and bad things about taxicabs. She had also heard good and bad things about TNCs. She wanted to ensure that the law was applied equally and the public was safe no matter what car door they opened. She thought that was the Department's and the Legislature's job to ensure that the resources were provided to get the job done. She looked forward to that discussion and how we approach that in the future.

Chair Carlton asked for further questions and, seeing none, closed the hearing on the budget for the Department of Business and Industry.

Chair Carlton asked for public comment.

Hieu Le, private citizen, Las Vegas, Nevada, stated that he was a new Senate intern from the University of Nevada, Las Vegas (UNLV). He thanked the members for the opportunity to come and learn from them and learn more about the legislature. He knew this was the Subcommittee for growth for Nevada. He stated that e-sports was a new thing and it would be good to see it grow in Nevada as well.

There was no further public comment. Chair Carlton said tomorrow morning at 8:30 a.m. the Subcommittee would meet and Senator Woodhouse would be chairing the Subcommittee. When the Subcommittee's work was over, there would be a brief break and then the members would convene as the Interim Finance Committee (IFC) at 1:30 p.m.

There being no further business before the Subcommittee, Chair Carlton adjourned the meeting at 3:38 p.m.

[([Exhibit I](#))] was a letter dated January 29, 2019, to the Legislative Commission's Budget Subcommittee, authored by Matthew Kaplan, President, Nevada Highway Patrol Association, in support of the Department of Public Safety's budget. It was presented during the hearing and Chair Carlton asked that it be included as part of the record for the hearing.]

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBITS

Exhibit A is the Agenda.

Exhibit B is the Attendance Roster.

Exhibit C is a copy of a PowerPoint presentation titled "Judicial Branch Budget Overview," dated January 29, 2019, presented by the Honorable Justice James W. Hardesty, Associate Justice, Supreme Court.

Exhibit D is a copy of a PowerPoint presentation titled "Governor Recommended Budget for the 2019-2021 Biennium Presentation to the Legislative Commission Budget Subcommittee," presented by George Togliatti, Director, Department of Public Safety.

Exhibit E is a copy of a PowerPoint presentation titled "Board of Parole Commissioners Governor's Recommended Budget for the 2019-21 Biennium," presented by Christopher P. DeRicco, Chairman, State Board of Parole Commissioners.

Exhibit F is a copy of a PowerPoint presentation titled "Nevada Department of Corrections Governor Recommends Budget State Fiscal Years 2020 and 2021," dated January 29, 2019, presented by James Dzurenda, Director, Department of Corrections.

Exhibit G is a copy of a PowerPoint presentation titled, "State of Nevada Department of Transportation, 2019-2021 Biennial Budget, Budget Subcommittee Presentation, dated January 29, 2019, presented by Rudy Malfabon, P.E., Director, Department of Transportation.

Exhibit H is a copy of a PowerPoint presentation titled, "Department of Business and Industry, 2019-2021 Executive Budget Presented to the Legislative Commission's Budget Subcommittee," dated January 29, 2019, presented by Michael Brown, Director, Department of Business and Industry.

Exhibit I is a letter dated January 29, 2019, to the Legislative Commission's Budget Subcommittee, authored by Matthew Kaplan, President, Nevada Highway Patrol Association, in support of the Department of Public Safety's budget.