

MINUTES OF THE AUGUST 15, 2019  
MEETING OF THE  
INTERIM FINANCE COMMITTEE  
Las Vegas, Nevada

Chair Maggie Carlton called a regular meeting of the Interim Finance Committee (IFC) to order at 10:21 a.m. on August 15, 2019, in Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada.

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Maggie Carlton, Chair  
Senator Joyce Woodhouse, Vice Chair  
Senator Chris Brooks  
Senator Yvanna Cancela  
Senator Moises Denis  
Senator Pete Goicoechea  
Senator Ben Kieckhefer  
Senator David Parks  
Senator James Settelmeyer  
Assemblywoman Shea Backus  
Assemblywoman Teresa Benitez-Thompson  
Assemblywoman Lesley Cohen  
Assemblyman Jason Frierson  
Assemblyman John Hambrick  
Assemblywoman Sandra Jauregui  
Assemblyman Al Kramer  
Assemblywoman Daniele Monroe-Moreno  
Assemblywoman Dina Neal  
Assemblywoman Ellen Spiegel  
Assemblywoman Heidi Swank  
Assemblywoman Robin Titus  
Assemblyman Jim Wheeler

**LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:**

Rick Combs, Director, Legislative Counsel Bureau  
Mark Krmpotic, Fiscal Analyst, Senate  
Cindy Jones, Fiscal Analyst, Assembly  
Sarah Coffman, Principal Deputy Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Brenda Erdoes, Legislative Counsel  
Eileen O'Grady, Chief Deputy Legislative Counsel  
Cheryl Harvey, Fiscal Analysis Division Secretary  
Carla Ulrych, Fiscal Analysis Division Secretary

**EXHIBITS:**

Exhibit A: Meeting Packet – Volume I

Exhibit B: Meeting Packet – Volume II

Exhibit C: Meeting Packet – Volume III

Exhibit D: Public Testimony – Neal Cobb

Exhibit E: Public Testimony – Carol Coleman

Exhibit F: Overview of K-12 Funding Approved by the 2019 Legislature for the 2019-21 Biennium.

**A. ROLL CALL.**

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; all members were present.

**B. PUBLIC COMMENT.**

Thomas Kearns, National Federation of the Blind (NFB), Northern Nevada Chapter, provided public testimony regarding Agenda Item F-7, Department of Administration, Enterprise Information Technology Services (EITS). He said Agenda Item F-7 was a request for additional staff to help make state websites accessible to people with disabilities. Mr. Kearns spoke for 110,000 blind and visually-impaired people in Nevada, many of whom could not access state websites due to the state's failure to adhere to the recommendations of the Web Content Accessibility Guidelines 2.0.

Mr. Kearns said EITS staff had been helpful. He said EITS had taken on the task of implementing an electronic information "crawler," which identified and flagged inaccessible websites and documents, and determined how many times those items had been accessed. EITS was using the electronic crawler program and providing training to help state agencies understand the need for accessibility. Mr. Kearns said EITS was requesting four new employees to help with the project, because it was a daunting task. He noted that EITS had discovered approximately 100,000 documents that were inaccessible to the blind and visually-impaired community.

Mr. Kearns urged the Committee to approve Agenda Item F-7.

Jeanine Mooers, member of the Northern Nevada Chapter of the NFB, said the NFB had been working with the EITS User Accessibility Testing Group to examine state websites and various documents to determine accessibility issues. She emphasized the importance of making state websites and documents accessible to people with disabilities. The NFB was happy to partner with the state to ensure that all of the state websites and documents were fully accessible for the blind and visually-impaired, because it afforded them the same independence as sighted people. Ms. Mooers said the four new positions requested by EITS were critical to that mission.

Greg Suponch, member of the Northern Nevada Chapter of the NFB, also emphasized the importance of website accessibility in Nevada. Mr. Suponch said he had only been

blind for about three years, and it had been quite an adjustment period. He was learning how to use different websites, complete online applications, and similar tasks. He urged the Committee to consider EITS' request.

Dora Uehel, Northern Nevada Chapter of the NFB, echoed the comments of her peers. She said during the 2019 Legislative Session, it was difficult to review bill draft requests and bills, because the website was not compliant with the Americans with Disabilities Act (ADA). She was grateful to the Legislative Counsel Bureau (LCB) staff who assisted via telephone; a process that could be eliminated if EITS' request was approved by the Committee. Making state websites and online documents accessible by implementing an adequate and appropriate standard would give more independence to the disabled community.

Neal Cobb, honorary curator, Nevada Historical Society (NHS), said the NHS only had two honorary curators. He noted that the other honorary curator was a former Governor. Mr. Cobb said he had a very large photo collection at the NHS, which was protected under a permanent loan. Upon his demise, the collection would be gifted to the NHS. He had complete access to the photo collection, which he had used since 1988 to create hundreds of public outreach programs.

Mr. Cobb said NHS lacked adequate parking. Of the 47 parking spaces originally allotted to the NHS, 27 were currently being utilized by the University of Nevada, Reno (UNR), which meant the NHS had 57.5 percent less parking. Consequently, the lack of parking hindered programs at the NHS, which was a problem. Mr. Cobb said because the NHS was an outreach group, being on the UNR campus was a hindrance. He said the NHS interfered with the university's growth; however, the NHS also needed to grow. The lack of parking was a severe handicap. Mr. Cobb said Agenda Item N was of great importance to the NHS.

Mr. Cobb submitted written comments for the record ([Exhibit D](#)).

Sam Macaluso, retired teacher and current President of the NHS Docent Council, said he visited the NHS at its present location as a student and a teacher. He had been a docent since 2014 where he began in the artifacts area. He said the artifacts area was so full that the NHS used several storage facilities throughout Reno to house many of the artifacts, which he believed was a security concern.

Mr. Macaluso said he was responsible for many of the class tours. He noted the NHS could only accommodate one class at a time. While one class toured the building, the remaining classes had to visit the UNR planetarium or tour the campus. In the new facility, the NHS would be able to accommodate at least three classes at one time. He explained that the new facility had an auditorium; therefore, one class could attend a presentation in the auditorium while the other classes spent time in the hands-on activity area and toured the museum to view artifacts. He said the new facility might even be able to accommodate two different schools at the same time. Mr. Macaluso said students visited

the NHS to learn about Nevada history. The fourth-grade curriculum focused on Nevada history, so it did not make sense to have students visiting the planetarium.

Mr. Macaluso noted that on August 12, 2019, three new schools opened in Washoe County, and in the next few years more new schools would open. He said those students may not have the opportunity to visit the NHS without a larger facility.

Carol Coleman, President, Historic Reno Preservation Society, provided the following testimony regarding Agenda Item N ([Exhibit E](#)):

I'm a transplant from California, where I worked as a computer professional, retiring to Reno in 1999. I love my adopted state of Nevada. I joined Historic Reno Preservation Society and the Nevada Historical Society where I became a docent. In 2011, Arcadia published the book, *Early Reno*, which I wrote for the historical society. Because I had access to the Nevada Historical Society, a relative newcomer had gained the knowledge to write a "best seller" whose proceeds benefit the historical society.

The Nevada Historical Society is a gem. Its programs educate the public. The museum gives people the opportunity to browse through history. The Research Library and its staff can provide Nevadans and others an enormous depth of information about our area and the state of Nevada.

Today I speak to you as a former President of the Docent Council of the Nevada Historical Society and as the current President of Historic Reno Preservation Society, known as HRPS. HRPS is a 501(C)(3) non-profit whose focus is educating people about Nevada and Reno history, advocating for historic properties and encouraging the preservation of our history. We give historic walking tours, educational programs, a Home Tour, and offer grants to historic properties.

Historical research is essential to HRPS' mission, and that means access to the Nevada Historical Society.

However there is a problem with our doing research at NHS! And attending lectures at NHS. Access to the Nevada Historical Society on UNR campus and its programs is challenged:

1. Parking is a nightmare at UNR in general and so too at NHS. Students and others take up spaces dedicated to NHS. On a good day there is not enough parking for attendees at a lecture.
2. Football days and now basketball days close down NHS completely because of parking. NHS cannot open on those Saturdays. Many researchers can only research on Saturdays.
3. Space for lectures is inadequate at NHS at UNR. The fire code allows 42 people to sit in the event space. People are often turned away.
4. Archival space and museum display space are inadequate.

The Nevada Historical Society needs to move to another location! The opportunity to “trade” the NHS building at UNR for a UNR building on Second Street is a unique possibility. UNR’s Nelson Building on Second Street has more interior space and triple the parking space, plus street parking is available!

The Historic Reno Preservation Society Board recommends the move of the Nevada Historical Society to the Nelson Building.

The Nelson Building is a Mid-Century Modern structure that once housed the Reno Gazette-Journal and HRPS would like it to continue as a downtown building. It sits across the street from the 1910 St. Thomas Aquinas Cathedral, half a block from the 1931 El Cortez Hotel and down the street from the 1915 bank building once owned by George Wingfield.

**C. APPROVAL OF MINUTES OF THE APRIL 4, 2019, MEETING.**

ASSEMBLYMAN FRIERSON MOVED TO APPROVE THE MINUTES OF THE APRIL 4, 2019, MEETING.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**D. APPROVAL OF MINUTES OF THE MAY 2, 2019, MEETING.**

ASSEMBLYMAN FRIERSON MOVED TO APPROVE THE MINUTES OF THE MAY 2, 2019, MEETING.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**E. APPROVAL OF MINUTES OF THE JUNE 25, 2019, MEETING.**

ASSEMBLYMAN FRIERSON MOVED TO APPROVE THE MINUTES OF THE JUNE 25, 2019, MEETING.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**F. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353 OF NRS.**

Chair Carlton announced that the Committee would hear several items out of order. She said the LCB Fiscal Analysis Division would provide an overview of the

2019-21 biennium K-12 funding approved by the 2019 Legislature. She said the presentation by the Fiscal Analysis Division would resolve some miscommunication and wrong interpretations and provide clarity for new and alternate Committee members. As such, all of the Department of Education items would be heard before the other agenda items.

The Committee expressed interest in hearing further testimony regarding Agenda Items F-6, Department of Administration, EITS; F-7, Department of Administration, EITS; F-10, Department of Administration, Division of Human Resource Management; F-24, Department of Business and Industry, Employee Management Relations Board; and F-57 and F-58, Nevada Department of Transportation.

The following items were withdrawn: Agenda Items F-32, Department of Health and Human Services (DHHS), Division of Welfare and Supportive Services (DWSS); F-33, DHHS, DWSS; F-34, DHHS, DWSS; and F-49, Department of Public Safety.

Senator Kieckhefer requested further testimony on Agenda Item F-23, Department of Business and Industry, Insurance Division.

ASSEMBLYMAN FRIERSON MOVED TO APPROVE THE  
REMAINING WORK PROGRAM REVISIONS.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

1. **Office of the Attorney General - State Settlements - FY 2020** - Addition of \$500,000 in Settlement Income funds to support the development and implementation of the Protection Order Database in accordance with Assembly Bill 19 of the 2019 Legislative Session. Requires Interim Finance approval since the amount added to the Transfer to Department of Public Safety category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 51. Work Program #C47494**

Refer to motion for approval under Agenda Item F.

2. **Office of the Treasurer - College Savings Trust - FY 2020** - Addition of \$81,669 in Contract Services Charges revenue transferred from the Endowment Account to fund a new position and associated costs to serve as a statewide student loan ombudsman pursuant to Assembly Bill 383 of the 2019 Legislative Session. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO AGENDA ITEM F. 3. Work Program #C47473**

Refer to motion for approval under Agenda Item F.

3. **Office of the Treasurer - College Savings Trust - Endowment Account – FY 2020** - Transfer of \$81,669 from the Reserve category to the Transfer to Budget Account (BA) 1092 College Savings Trust category to fund one new position and associated costs for the Student Loan Ombudsman Program pursuant to Assembly Bill 383 of the 2019 Legislative Session. Requires Interim Finance approval since the amount transferred to the Transfer to BA 1092 College Savings Trust category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 2. Work Program #C47513**

Refer to motion for approval under Agenda Item F.

4. **Office of the State Controller - FY 2019** - Transfer of \$6,000 from the Out-of-State Travel category to the Personnel Services category, \$181,500 from the Information Services category to the Personnel Services category and \$4,500 from the Training category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C46770**

Refer to motion for approval under Agenda Item F.

5. **Department of Administration - Enterprise Information Technology Services - Agency IT Services - FY 2020** - Transfer of \$30,739 from the Reserve category to the Operating category, \$15,660 from the Reserve category to the Equipment category, and \$18,365 from the Reserve category to the Information Services category to fund additional leased office space. Requires Interim Finance approval since the cumulative amount transferred to the Information Services category exceeds \$75,000. **RELATES TO AGENDA ITEMS F. 6 and 7. Work Program #C47354. WITHDRAWN 7-29-19.**

6. **Department of Administration - Enterprise Information Technology Services - Agency IT Services - FY 2020** - Transfer of \$172,562 from the Reserve category to the Personnel Services category, \$5,701 from the Reserve category to the Operating category, \$16,698 from the Reserve category to the Equipment category, \$83,732 from the Reserve category to the Information Technology category, and \$1,260 from the Reserve category to the Training category to add four new positions and associated costs to perform Americans with Disabilities Act website remediation. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEMS F. 5 and 7. Work Program #C47416. REVISED 7-29-19.**

Agenda Items F-6 and F-7 were discussed jointly. Refer to testimony and motion for approval under Agenda Item F-7.

7. **Department of Administration - Enterprise Information Technology Services - Agency IT Services - FY 2021** - Transfer of \$237,069 from the Reserve category to the Personnel Services category, \$7,479 from the Reserve category to the

Operating category, and \$78,768 from the Reserve category to the Information Technology category to continue four new positions and associated costs to perform Americans with Disabilities Act website remediation. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEMS F. 5 and 6. Work Program #C47678. REVISED 7-29-19.**

Agenda Items F-6 and F-7 were discussed jointly.

Michael Dietrich, State Chief Information Officer, EITS, Department of Administration, introduced Suzie Block, Chief Information Technology (IT) Manager, EITS, Department of Administration.

Mr. Dietrich said, speaking for himself, Ms. Block, Linda DeSantis, IT Manager, EITS, Department of Administration, and all of the EITS web team, the division was honored and humbled to be recognized by the blind and visually-impaired community for all of the division's efforts related to ADA compliancy. That said, website and document inaccessibility was a significant problem, which involved a large scope of work to completely solve for accessibility needs. He said EITS appreciated the Legislature's instructions during the 2019 Legislative Session to build a fuller and more robust plan. However, the only way for EITS to be successful with the resources provided was through force multipliers, which would require additional participation outside of EITS, as well as effectiveness multipliers, which were better methods of serving the high-priority needs of the blind and visually-impaired community. Mr. Dietrich stated that Ms. Block would discuss the structure of the program and the division's request.

Suzie Block, Chief IT Manager, EITS, Department of Administration, said the work programs addressed concerns with State of Nevada websites that were outlined in a compliance agreement drafted by the NFB. The decision unit submitted during the 2019 Legislative Session included software, new positions and funding for consultants and testing resources. She said the additional positions required to fulfill those needs included a Program Officer 3 and three Public Service Interns. The Program Officer 3 position would fulfill the requirements of a web-accessibility coordinator to represent the Executive Branch agencies as well as boards and commissions of the Executive Branch, and establish a cross-functional web-accessibility committee. The three Public Service Intern positions would allow EITS to train state agencies on how to properly remediate web documents, and assist state agencies with more difficult document remediation activities. She said two and a half EITS staff were currently responsible for remediating documents and training agency personnel.

Ms. Block said EITS would also retain an independent web-accessibility consultant that was a subject matter expert on web-accessibility compliance, which would fulfill a request made by the NFB. The web-accessibility consultant would also provide an initial evaluation regarding the State of Nevada's website compliance. She said



the consultant would offer guidance on state web-accessibility policies. She said the budget enhancement presented during the 2019 Legislative Session included funding to cover testing activities to ensure state websites met the necessary guidelines of accessibility. Ms. Block said EITS would request additional funding for the consultant services and testing resources at the October 2019 IFC meeting. The funding of those resources would help EITS expand outreach and support.

Chair Carlton noted several dates had been provided for the state's websites to become ADA compliant. She asked if a new date had been set.

Mr. Dietrich replied that the equation for work completion was a simple time and materials equation with the denominator being the number of resources available to complete the work. Adding the additional four employees to handle remediation work and staff training to create force multipliers would reduce the amount of time. He said it was not a linear formula; it depended on participation. He said several other effectiveness multipliers were being proposed by EITS as part of the program, which would help reduce the amount of time it took to deliver remediated documents.

Mr. Dietrich said the significant number of Executive Branch documents that required remediation was not the main problem. The main problem was that members of the blind and visually-impaired community had a critical need to access particular documents. To target that problem while continuing with document remediation, EITS had devised a process called Just in Time Remediation (JITR). He said JITR came about through the AT Accessibility program, which was a tool for individuals with disabilities to request assistance. If someone encountered a document of critical importance that had not been remediated, they could submit a request to have it remediated as soon as possible. Mr. Dietrich said much of EITS' efforts would be focused on JITR in order to address those critical-need documents. He said even with a few additional staff, it would take nearly 17 years to remediate the large number of documents that were currently inaccessible. At that rate, people could potentially wait years for a particular document to be remediated. Allowing individuals to request remediation of a document and having the necessary resources to remediate that document was a logical solution. Mr. Dietrich clarified that a remediated document was a document in a specific format that made it feasible for an electronic screen reader to read the document aloud. He noted that the new staff would work with other agencies to accelerate the JITR process. He stressed that the project required participation by other agencies, because it was necessary to have those multipliers and to crowd source the work. EITS was requesting that agencies assign resources to work with the core EITS team, which would provide training and assist with perplexing remediation challenges, thereby reducing the time for the JITR process.

Mr. Dietrich said, while remediating documents of critical importance was the main focus, EITS would continue to remediate all of the remaining documents. He said it would take approximately 16 to 17 years to remediate all the inaccessible documents; however, that time would be reduced significantly as more agencies became involved and additional staff and resources were allocated to the cause.

Chair Carlton said there was a broad range of disabilities. While the state understood the barriers for the blind community, there were also barriers for members of other disabled communities. It was important to know that EITS intended to address accessibility issues for all individuals affected by a disability.

Mr. Dietrich confirmed that the AT Accessibility program was available for all individuals affected by a disability. He said EITS was working to support other disabled individuals in addition to the blind. Technologies such as adaptive keyboards, speech-to-input methodologies, etc. were tools to assist disabled individuals. Although it was not within EITS' purview to deliver those types of technologies, the division could connect individuals to entities with the resources to provide those tools. He said content technology, such as document remediation and closed captioning, were within EITS' purview.

Assemblywoman Swank recalled discussions during the 2019 Legislative Session about ADA compliancy. She was glad the conversation was continuing, because it impacted more than just the blind community.

Assemblywoman Swank said she understood that websites were generally built using various templates. She asked if state agencies used special templates, or if a general template was available for their use. She thought that it was templates rather than individual website pages that had to be made ADA-compliant. Ultimately, that would reduce the number of individual pages that required remediation.

Assemblywoman Swank asked if the term "documents" referred to web pages or forms. There were many different pieces within a website, but she thought everything was being placed under the label of documents. She said it was important to discuss templates further, because there were a significant number of documents that had not been remediated.

Ms. Block said any agency that hosted with EITS on its content management platform had access to ADA-compliant templates, but there were agencies that opted to use other solutions. EITS had done outreach and discussed the complexity and issues related to ADA compliance through collaborative meetings. Ms. Block said she could provide the Committee with the percentage of websites that were using the new ADA-compliant templates.

Ms. Block said EITS was doing a lot of outreach regarding ADA-compliant documents. The division provided classroom and online training to teach agencies how to create ADA-compliant documents for their website. She said Richard Whitley, Director of the Department of Health and Human Services, and his staff were a stellar example of the collaborations between EITS and state agencies. She said non-ADA-compliant content was no longer permitted on any of the DHHS websites. Ms. Block said she would provide the Committee with statistics that EITS had obtained regarding the ADA-compliancy of state websites.

In response to a question from Assemblywoman Swank, Ms. Block replied that EITS had a platform that hosted websites comprised of templates. She said websites included templates, which was the content, as well as documents, and both required compliance with the ADA and Web Content Accessibility Guidelines 2.0.

Senator Kieckhefer said he understood that the four positions requested by EITS should be permanent positions based on the scope of work and the project. He said he was unfamiliar with the Public Service Intern position. He asked if the Public Service Intern positions would be temporary or long term. Ms. Block replied that EITS had a good experience using a Public Service Intern in the past. The agency hired a Public Service Intern to address ADA document remediation issues. She said the individual in the Public Service Intern position was hired through an outreach event at a local college. Ms. Block said document remediation was a specialized skill, but EITS was able to onboard the position quickly and provide training, which worked well for the division.

Senator Kieckhefer thought EITS should consider keeping staff long term considering that the agency provided onboarding and training.

Assemblywoman Cohen said document readers had a difficult time with documents that contained multiple colors. For example, a revised legislative bill may have several colors indicating various types of revisions. She asked if it was problematic to use document readers on state websites, or if the overall workload was just too voluminous.

Mr. Dietrich said color-coded documents were just one example of the many difficulties that screen reader technology encountered. He said the screen reader had to know how to interpret special conditions such as color coding and table formatting, and communicate that through speech to a blind or visually-impaired person. Each special condition required customized markup or hidden code to allow the reader to announce the intent of that block, which made it complex to remediate those types of documents. Mr. Dietrich said a robust document that included multiple elements required a special code to announce each of those elements to the blind person.

Assemblywoman Cohen said Microsoft had a program available that narrated the world around a visually-impaired person. She asked if that type of technology was an option for the state.

Mr. Dietrich replied that companies such as Microsoft and Google were designing new technologies all the time. He said EITS was open to advanced technology like the Microsoft program as well as a program that would help remediate documents more quickly. However, one of the challenges was that certain technologies were only capable of accurately interpreting certain types of documents; therefore, EITS would be required to perform quality control on all documents to ensure compatibility with the technology. Mr. Dietrich said technology was evolving at an astonishing

rate, and the division was watching for a breakthrough that would allow remediation goals to be accomplished more quickly.

Chair Carlton was certain that other technologies would evolve in the time it would take to complete the state's remediation process.

Assemblywoman Spiegel asked why the state did not have an official policy requiring agencies to use ADA-compliant templates. She asked if the agencies understood the ramifications of creating content that was not ADA-compliant.

Ms. Block replied that the State of Nevada had a website accessibility policy. The division found that oftentimes state websites were partially compliant. EITS was providing outreach, training and collaboration to shed light on the problem and help state agencies properly remediate their websites.

Mr. Dietrich said the Web Content Accessibility Guidelines 2.0 was a classic example of a guideline that involved several components and included a lot of steps that were largely unknown. Although agency staff may understand at a high level what needed to be achieved as well as the importance of it, a lot of state agency staff did not possess the training and knowledge required for implementation. Mr. Dietrich said the training offered by EITS would help state agencies through that implementation process. The first step in the process required a scan of the agency's website using EITS' site scanning tool. In addition, training was offered online and in person, and a wealth of resources regarding remediation of website content, documents and templates were available on the EITS website.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA ITEMS F-6 AND F-7.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

8. **Department of Administration - Enterprise Information Technology Services - IT Security - FY 2019** - Transfer of \$101,759 from the Information Services category to the Operating category to fund cyber security insurance reimbursements to the Division of Risk Management. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C47030**

Refer to motion for approval under Agenda Item F.

9. **Department of Administration - Nevada State Library, Archives and Public Records - State Library - FY 2019** - Addition of \$293,105 in federal Library Services and Technology Act grant funds and transfer of \$89,583 from the Personnel Services category to the Library Development Title I category to continue support for local

public libraries. Requires Interim Finance approval since the amount added to the Library Development Title I category exceeds \$75,000. **Work Program #C47262**

Refer to motion for approval under Agenda Item F.

10. **Department of Administration - Human Resource Management - FY 2020** - Transfer \$94,604 from the Reserve category to the Personnel category, \$90 from the Reserve category to the Operating category, \$31,601 from the Reserve category to the Collective Bargaining category, and \$393 from the Reserve category to the Information Services category to add one new Division Deputy Administrator position to develop and oversee collective bargaining functions to implement Senate Bill 135 of the 2019 Legislative Session. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$75,000. **Work Program #C47692**

Agenda Items F-10 and F-24 were discussed jointly. Refer to testimony and motion for approval under Agenda Item F-24.

11. **Department of Administration - Risk Management - Insurance and Loss Prevention - FY 2020** - Transfer of \$385,324 from the Reserve category to the Insurance Premiums category to fund insurance premiums and fees for property, contents, vehicles, equipment, and cyber liability. Requires Interim Finance approval since the amount transferred to the Insurance Premiums category exceeds \$75,000. **Work Program #C47759**

Refer to motion for approval under Agenda Item F.

12. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2019** - Transfer of \$300,391 from the Utilities category to the Maintenance of Buildings and Grounds category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds \$75,000. **Work Program #C47181**

Refer to motion for approval under Agenda Item F.

13. **Department of Taxation - Marijuana Regulation and Control Account - FY 2019** - Addition of \$194,181 in Excise Tax Medical, \$11,665,364 in Excise Tax-Wholesale, \$2,815,000 in Establishment Application Fees, \$2,987,064 in Establishment License Fees, \$399,154 in Agent Card Registrations, \$475 in Administration Fees Returned Checks, \$159,204 in Time and Effort Assessments, \$89,500 in Civil Penalties, and establish \$25 in Miscellaneous Revenue in order to align revenue authority to expected collections and transfer authority to the Distributive School Account. Requires Interim Finance approval since the amount added to the Transfer to Distributive School Account category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 14. Work Program #C46742**

Refer to motion for approval under Agenda Item F.

- 14. Department of Education - Distributive School Account - FY 2019** - Addition of ~~\$15,815,155~~ **\$19,210,000** in School Support Tax and \$21,116,911 in Marijuana Excise Tax transferred from the Department of Taxation to support the operation of school districts and charter schools. Requires Interim Finance approval since the amount added to the DSA Basic Support Aid to Schools category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 13. Work Program #C46826. REVISED 7-31-19.**

Refer to motion for approval under Agenda Item F.

- 15. Department of Education - Educational Trust Account - FY 2019** - Transfer of \$30,000 from the Reserve category to the Operating category to support the evaluation of the New Nevada Education Funding plan pursuant to Senate Bill 178 of the 2017 Legislative Session for the 2017-18 school year. Requires Interim Finance approval since the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C47072**

Refer to motion for approval under Agenda Item F.

- 16. Department of Education - Department Support Services - FY 2019** - Transfer of \$58,641 from the Salary Transfer category to the Personnel Services category to fund a shortfall in personnel costs through the end of the fiscal year. Requires Interim Finance approval since the amount transferred from the Salary Transfer category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C47475**

Refer to motion for approval under Agenda Item F.

- 17. State Public Charter School Authority - FY 2020** - Addition of \$2,244,000 in New Nevada Education Funding Plan funds transferred from the Department of Education to allow for the distribution of funds to state-sponsored charter schools pursuant to Senate Bill 555 of the 2019 Legislative Session. Requires Interim Finance approval since the amount added to the New Nevada Education Funding Plan category exceeds \$75,000. **Work Program #C47511**

Refer to motion for approval under Agenda Item F.

- 18. Department of Agriculture - Registration and Enforcement - FY 2020** - Addition of \$95,500 in Highway Funds transferred from the Department of Transportation to fund one new position and associated costs to perform weed mitigation plans for highway infrastructure projects. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 19. Work Program #C47140**

Refer to motion for approval under Agenda Item F.

- 19. Department of Agriculture - Registration and Enforcement - FY 2021** - Addition of \$95,500 in Highway Funds transferred from the Department of Transportation and transfer of \$9,746 from the Reserve category to the Personnel Services category to fund one position and associated costs to perform weed mitigation plans for highway infrastructure projects. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 18. Work Program #C47650**

Refer to motion for approval under Agenda Item F.

- 20. Department of Agriculture - Registration and Enforcement - FY 2021** - Addition of \$144,890 in Industrial Hemp Research fees to fund one position and associated costs to perform hemp program activities. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C47648**

Refer to motion for approval under Agenda Item F.

- 21. Department of Agriculture - Commodity Foods Distribution Program – FY 2020** - Addition of \$212,000 in federal Trade Mitigation Food Purchase and Distribution Program grant funds to support increased food costs provided directly to participating food banks, to receive, warehouse and distribute additional food to Nevada's food insecure population. Requires Interim Finance approval since the amount added to Trade Mitigation Program category exceeds \$75,000. **Work Program #C47294**

Refer to motion for approval under Agenda Item F.

- 22. Department of Business and Industry - Private Activity Bonds - FY 2020** - Transfer of \$61,411 from the Reserve category to the Personnel category, \$90 from the Reserve category to the Operating category, \$24,692 from the Reserve category to the Affordable Housing Private Activity Bond category and \$393 from the Reserve category to the Information Services category to add one new Management Analyst position and associated costs to implement Assembly Bill 476 of the 2019 Legislative Session. Requires Interim Finance approval since the cumulative amount transferred to the Personnel category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C47525**

Refer to motion for approval under Agenda Item F.

- 23. Department of Business and Industry - Insurance Division - Insurance Regulation - FY 2020** - Addition of \$96,642 in federal State Flexibility to Stabilize the Market grant funds to develop an analysis tool to ensure that health insurance networks are fair and equitable. Requires Interim Finance approval since the amount added to the State Flexibility Grant category exceeds \$75,000. **Work Program #C47437**

Jeremey Gladstone, Assistant Chief Examiner, Division of Insurance, Department

of Business and Industry, said the purpose of the grant was to explore potential discrimination in network design when looking at network adequacy for a health care plan. The division's current review for discrimination was limited to plan and benefit design and drug formulary design. The federal grant would potentially allow the division to expand its review to determine if a plan's network design was discriminatory toward individuals with high-cost illnesses.

Senator Kieckhefer said the justification for the work program indicated that the division discovered through prior research and work with the Network Adequacy Advisory Council that discrimination and network plan design existed. He was unable to locate the backup information on the Division of Insurance website or through the advisory council. Senator Kieckhefer asked if the division had any reports available that detailed the discrimination.

Mr. Gladstone said discrimination in general had been discussed through the Network Adequacy Advisory Council, but he was unaware of any formal report. One purpose of the study was to definitively define whether such discrimination existed.

Senator Kieckhefer said the grant appeared to be for the purpose of building a system to screen products for discrimination. Mr. Gladstone confirmed that was correct. The Division of Insurance was currently developing methodologies, which may be incorporated into future plan reviews to look at potential discrimination in network design among carriers in the health care market.

Senator Kieckhefer asked if there were specific guidelines at the federal or state levels that outlined what constituted discrimination within a network design. Mr. Gladstone said specific guidelines had not been established. The division was trying to develop those methodologies and had contracted with a biostatistician. He said the division was working to develop statistical methods to analyze variations within carriers in a market to determine if there was a procedure or indicator that could be used to determine if discrimination existed.

Senator Kieckhefer said he was concerned about the vast shortage of medical professionals. He said additional constrictions and confines around network requirements would reduce the number of networks available. Senator Kieckhefer said he was interested to see how the situation progressed as rules were established related to discrimination among networks.

Chair Carlton noted that the backup documentation provided by the agency did not specify whether Agenda Item F-23 involved the allocation of block grant funds; therefore, it would be treated as if it were a block grant.

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



SENATOR KIECKHEFER MOVED TO APPROVE AGENDA  
ITEM F-23.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

24. **Department of Business and Industry - Employee Management Relations Board - FY 2020** - ~~Transfer of \$37,397 from the Reserve category to the Personnel category, transfer of \$2,561 from the Reserve category to the Operating category, transfer of \$6,182 from the Reserve category to the Equipment, category and transfer of \$756 from the Reserve category to the Information Services~~ **Addition of \$132,474 in State Employee Assessment revenue to fund the addition of one Administrative Assistant position** to support implementation of Senate Bill 135 of the 2019 Legislature. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C47435. REVISED 8-1-19.**

Agenda Items F-10 and F-24 were discussed jointly.

Deonne Contine, Director, Department of Administration, introduced Peter Long, Administrator, Division of Human Resource Management (DHRM), Department of Administration.

Peter Long, Administrator, DHRM, Department of Administration, said the division was requesting to transfer funds from reserves to the Personnel Services category to establish a position and hire a Deputy Administrator to oversee the Labor Relations Unit to coordinate and implement the provisions of S.B. 135 (2019 Legislative Session), which established collective bargaining for state employees.

Mr. Long said the DHRM was not requesting the staff listed in the fiscal note for S.B. 135, because the division's reserves could not accommodate it at the present time. Additionally, the division did not have an immediate need for that many employees. He said the division would need those employees in the future, but currently the DHRM was in need of a high-level position that could interpret the provisions of S.B. 135 and meet the various timelines. Mr. Long said the division submitted proposed job classes in each bargaining unit to the Employee Management Relations Board (EMRB). He said the EMRB would certify the proposed job classes and then the various unions could begin the process of becoming the sole provider for each unit. Upon completion, the bargaining process could begin.

Bruce Snyder, Commissioner, EMRB, said S.B. 135, which was signed into law, made the EMRB the agency responsible for regulating labor relations with local governments as well as the state government.

Mr. Snyder said the EMRB was established in 1969. The EMRB had one employee until 1981 when the Commissioner position was established. He said the agency still had only two employees; but, the EMRB was requesting the addition of an Administrative Assistant 2 position to help with the increased workload resulting from S.B. 135. With the addition of state government, the EMRB would be responsible for regulating 25 percent more employees. Mr. Snyder said the Administrative Assistant 2 position would not be dedicated solely to state government matters. All three employees would be responsible for both local and state government matters.

In answer to a question from Chair Carlton, Mr. Snyder said the EMRB was awaiting employee counts from the DHRM. At that time, the EMRB would invoice at a rate of \$6.00 per employee, similar to the local government rate. Remittance would be due within 30 days of the issuance of the invoice.

Chair Carlton asked if state government funds would be accounted for separately from local government funds.

Mr. Snyder said that particular issue was raised at meetings with the Governor's Finance Office and the LCB, and the EMRB was not opposed to having a separate revenue item for state funds. He stated that the EMRB attempted to amend S.B. 135 in an effort to have one integrated system rather than separate systems. To that end, the agency's recommendation was to have one reserve for the entire agency, because it was very difficult for staff to divide the workload between local and state government. Much of the agency's work was integrated, because it benefitted both local and state government, such as the EMRB newsletter. Mr. Snyder said the main goal of the work program was to receive authority to hire an Administrative Assistant 2. He would adhere to the wishes of the Committee if a separate reserve was recommended for state government revenue.

Chair Carlton said the Committee was not opposed to the agency's request for another employee; however, because the state was paying for that employee, transparency was important. She asked Brenda Erdoes, Legislative Counsel, LCB, to weigh in on the requirements of S.B. 135 as it related to how the EMRB should track state government revenue.

Brenda Erdoes, Legislative Counsel, LCB, said the LCB Legal Division respectfully disagreed with the opinion of the EMRB. She said the language in the statute was clear that the revenue received from state government must be accounted for separately. The language in NRS 288.105(5) had the same meaning as was used in various other budget-related NRS sections, clearly meaning to account separately for that specific money. In addition, the LCB Legal Division believed that revenue from late payments further supported the language in NRS 288.105(5) stating that funds must be accounted for separately between the state and local governments.

Chair Carlton hoped that resolved any confusion and that the EMRB would proceed accordingly.

Mr. Snyder said the EMRB would submit a work program for the October 2019 IFC meeting requesting funds to cover the cost of elections in case any elections were necessary as labor organizations came forward with petitions for recognition. Depending on how many cards were provided to the EMRB, up to 11 initial and 11 runoff elections may occur, if necessary. Mr. Snyder said if the EMRB used a separate reserve for state government revenue and allocated the cost of staff through a formula, the reserve account may not have enough funds to handle the elections, because the reserve would not have time to grow.

Chair Carlton said that particular issue would most likely be discussed at the October IFC meeting. She stated that LCB legal counsel was quite clear about how the agency should proceed. Chair Carlton said elections would not be necessary if the EMRB did a card check. Mr. Snyder confirmed that S.B. 135 provided for a card check.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEMS F-10  
AND F-24.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- 25. Department of Business and Industry - Division of Financial Institutions - FY 2020** - Transfer of \$69,169 from the Reserve category to the Personnel category, \$4,002 from the Reserve category to the Operating category, \$4,474 from the Reserve category to the Equipment category, and \$2,429 from the Reserve category to the Information Services category to add one new Financial Institutions Examiner position to implement the provisions of Senate Bill 201 of the 2019 Legislative Session. Requires Interim Finance approval since the cumulative amount added to the Personnel category exceeds \$75,000. **Work Program #C47502**

Refer to motion for approval under Agenda Item F.

- 26. Department of Health and Human Services - Director's Office - Upper Payment Limit Holding Account - FY 2019** - Transfer of \$326,789 from the Reserve for Reversion to General Fund category to the Transfer to Other State Agency category to allow for private Upper Payment Limit supplemental payments to private hospitals. Requires Interim Finance approval since the amount added to the Transfer to Other State Agency category exceeds \$75,000. **Work Program #C47485**

Refer to motion for approval under Agenda Item F.

- 27. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2020** - Addition of \$40,552 in federal Money Follows the Person (MFP) planning funds, deletion of \$18,768 in federal Title XIX funds, and transfer of

\$37,535 from the Operating category to the MFP Planning grant category to fund MFP activities. Requires Interim Finance approval since the amount transferred to the MFP Planning grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C47028**

Refer to motion for approval under Agenda Item F.

28. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2020** - Transfer of \$559,840 from the Money Follows the Person (MFP) Reserve category to the MFP Reinvestment category to fund MFP program services. Requires Interim Finance approval since the amount added to the MFP Reinvestment category exceeds \$75,000. **Work Program #C47522**

Refer to motion for approval under Agenda Item F.

29. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2020** - Transfer of \$2,835,000 from the Personnel Services category to the Professional Services category to continue services with contracted physicians and mid-level practitioners to meet the needs of clients. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C47152**

Refer to motion for approval under Agenda Item F.

30. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2019** - Transfer of \$10,000 from the Professional Services category to the Personnel Services category and \$10,000 from the Mental Health Tech Services category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C47703**

Refer to motion for approval under Agenda Item F.

31. **Department of Health and Human Services - Public and Behavioral Health - Facility for the Mental Offender - FY 2019** - Transfer of \$15,000 from the Food category to the Personnel Services category and \$5,000 from the Information Services category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C47702**

Refer to motion for approval under Agenda Item F.

- 32. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2019** - Addition of \$127,500 in Budgetary Transfers and deletion of \$127,500 in federal Temporary Assistance for Needy Families Program grant funds to cover a projected shortfall in matching requirements to provide services. **This work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and it requires Interim Finance approval pursuant to Assembly Bill 518, Section 54 of the 2017 Legislative Session. RELATES TO AGENDA ITEM F. 33. Work Program #C47123**

Agenda Item F-32 was withdrawn on August 6, 2019.

- 33. Department of Health and Human Services - Welfare and Supportive Services - Assistance to Aged and Blind - FY 2019** - Deletion of \$255,000 in Budgetary Transfers to cover an unanticipated projected shortfall for matching requirements of cost allocated expenditures in the receiving budgets. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 54 of the 2017 Legislative Session. **RELATES TO AGENDA ITEMS F. 32 and 34. Work Program #C47100**

Agenda Item F-33 was withdrawn on August 6, 2019.

- 34. Department of Health and Human Services - Welfare and Supportive Services - Welfare Field Services - FY 2019** - Addition of \$127,500 in Budgetary Transfers and deletion of \$127,500 in federal Temporary Assistance for Needy Families Program grant funds to cover a projected shortfall in matching requirements to provide services. **This work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and it requires Interim Finance approval pursuant to Assembly Bill 518, Section 54 of the 2017 Legislative Session. RELATES TO AGENDA ITEM F. 33. Work Program #C47126**

Agenda Item F-34 was withdrawn on August 6, 2019.

- 35. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2020** - Transfer of \$127,203 from the Personnel Services category to the Temporary Contract Staffing category to cover vacancies in hard to fill Child Welfare positions. Requires Interim Finance approval since the amount added to the Temporary Contract Staffing category exceeds \$75,000. **Work Program #C47067**

Refer to motion for approval under Agenda Item F.

- 36. Department of Corrections - Prison Medical Care - FY 2019** - Addition of \$525,943 in Budgetary Transfers and transfer of \$147,531 from the Professional Services category to the Personnel Services category to cover a projected shortfall

for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C47824**

Refer to motion for approval under Agenda Item F.

- 37. Department of Corrections - Prison Medical Care - FY 2020** - Transfer of \$629,857 from the Personnel Services category to the Professional Services category to fund contracted services for licensed health care professionals as projected through Fiscal Year 2020. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$75,000. **Work Program #C47196**

Refer to motion for approval under Agenda Item F.

- 38. Department of Corrections - Correctional Programs - FY 2019** - Addition of \$251,212 in federal Strategic Recidivism Reduction Plan grant funds to continue to implement Nevada's strategic plan for the reentry of offenders into society and reduce recidivism. Requires Interim Finance approval since the amount added to the Statewide Recidivism Reduction category exceeds \$75,000. **Work Program #C47054**

Refer to motion for approval under Agenda Item F.

- 39. Department of Corrections - Ely State Prison - FY 2019** - Deletion of \$77,621 in Budgetary Transfers to fund projected shortfalls within the Prison Medical Care budget account for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C47834**

Refer to motion for approval under Agenda Item F.

- 40. Department of Corrections - Northern Nevada Correctional Center - FY 2019** - Deletion of \$104,413 in Budgetary Transfers to cover a shortfall in the Personnel Services category within the Florence McClure Women's Correctional Center budget account for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 42. Work Program #C47308**

Refer to motion for approval under Agenda Item F.

- 41. Department of Corrections - Northern Nevada Correctional Center - FY 2019** - Deletion of \$325,000 in Budgetary Transfers to fund projected shortfalls within the Prison Medical Care budget account for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C47820**

Refer to motion for approval under Agenda Item F.

- 42. Department of Corrections - Florence McClure Women's Correctional Center - FY 2019** - Addition of \$104,413 in Budgetary Transfers to fund a shortfall in the Personnel Services and Inmate Drivens categories for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 40. Work Program #C47303**

Refer to motion for approval under Agenda Item F.

- 43. Department of Corrections - Casa Grande Transitional Housing - FY 2019** - Addition of \$40,678 in Budgetary Transfers and transfer of \$29,229 from the Inmate Drivens category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C47844**

Refer to motion for approval under Agenda Item F.

- 44. Department of Corrections - Stewart Conservation Camp - FY 2019** - Deletion of \$80,000 in Budgetary Transfers to fund projected shortfalls within the Prison Medical Care budget account for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C47821**

Refer to motion for approval under Agenda Item F.

- 45. Department of Corrections - Jean Conservation Camp - FY 2019** - Transfer of \$4,236 from the Personnel Services category to the Inmate Drivens category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Inmate Drivens category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C47304**

Refer to motion for approval under Agenda Item F.

- 46. Department of Corrections - Prison Industry - FY 2020** - Transfer of \$160,100 from the Retained Earnings category to the Operating category to fund building repairs at the Southern Desert Correctional Center. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C47585**

Refer to motion for approval under Agenda Item F.

- 47. Department of Motor Vehicles – Motor Vehicle Pollution Control - FY 2019 -** Addition of \$658,359 in Pollution Control Fee revenue to align state revenue authority with projected revenue and projected distributions for Washoe and Clark Counties. Requires Interim Finance approval since the amount added to the City/County Air Quality category exceeds \$75,000. **Work Program #C47319**

Refer to motion for approval under Agenda Item F.

- 48. Department of Motor Vehicles - License Plate Factory - FY 2019 -** Addition of \$1,140 in Special Plates Cost Allocation and transfer of \$8,360 from the Reserve category to the Personnel Services category to cover an anticipated shortfall through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C47263**

Refer to motion for approval under Agenda Item F.

- 49. Department of Public Safety - One-Shots - FY 2020 -** Addition of ~~\$380,572~~ **\$572,518** in federal Highway Funds transferred from the Department of Transportation to fund the replacement of the Nevada Highway Patrol's (NHP) mobile data computers (MDC). Requires Interim Finance approval since the amount added to the NHP Comp MDC and Radio Equipment category exceeds \$75,000. **Work Program #C47281. REVISED 7-29-19.**

Agenda Item F-49 was withdrawn on August 13, 2019.

- 50. Department of Public Safety - Nevada Highway Patrol Division - FY 2020 -** Addition of \$188,962 in federal Road to Zero (RTZ) Safe Systems Innovation grant funds to support and expand Intelligent Traffic Management Sites programs to reduce speed and crashes throughout Las Vegas. Requires Interim Finance approval since the amount added to the RTZ Grant Program category exceeds \$75,000. **Work Program #C47413**

Refer to motion for approval under Agenda Item F.

- 51. Department of Public Safety - Central Repository for Nevada Records of Criminal History - FY 2020 -** Addition of \$500,000 in Settlement Income funds transferred from the Office of the Attorney General to support the development and implementation of a Protection Order database pursuant to Assembly Bill 19, Section 8 of the 2019 Legislative Session. Requires Interim Finance approval since the amount added to Settlement Income Funds category exceeds \$75,000. **RELATES TO AGENDA ITEM F. 1. Work Program #C47539**

Refer to motion for approval under Agenda Item F.



**52. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2019** - Addition of \$267,500 in Settlement Income - Restricted, deletion of \$187,500 in Emissions and Maintenance fees transferred from Air Quality Management to accept funds from settlement agreements related to industrial operating permit violations. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C47797. WITHDRAWN 7-29-19**

**53. Department of Conservation and Natural Resources - Environmental Protection - Industrial Site Cleanup - FY 2019** - Transfer of \$52,174 from the Basic Management Incorporated Companies category to the Personnel Services category to fund a shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C47006**

Refer to motion for approval under Agenda Item F.

**54. Department of Wildlife - Game Management - FY 2019** - Addition of \$26,344 in Sportsmen Revenue to fund a projected shortfall in Personnel Services for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **Work Program #C47804**

Refer to motion for approval under Agenda Item F.

**55. Department of Wildlife - Fisheries Management - FY 2020** - Addition of \$265,225 in federal Wildlife Restoration grant funds and \$28,275 in Sportsmen Revenue to support conservation efforts of aquatic species which are state protected or listed on the Endangered Species Act. Requires Interim Finance approval since the amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C47106**

Refer to motion for approval under Agenda Item F.

**56. Department of Wildlife - Habitat - FY 2020** - Addition of \$575,000 in Mining Assessment fees transferred from the Wildlife Fund Account to restore and protect wildlife habitat impacted by industrial developments. Requires Interim Finance approval since the amount added to the Industrial Development Projects category exceeds \$75,000. **Work Program #C46803**

Refer to motion for approval under Agenda Item F.

**57. Department of Transportation - Transportation Administration - FY 2020** - Addition of \$989,443 in Highway Fund Authorizations to cover the projected funding shortfall associated with the replacement of the state's turbo-prop and jet aircrafts approved during the 2019 Legislative Session. Requires Interim Finance approval

since the amount added to the Equipment category exceeds \$75,000. **Work Program #C47398**

Agenda Items F-57 and F-58 were discussed jointly. Refer to testimony and motion for approval under Agenda Item F-58.

- 58. Department of Transportation - Transportation Administration - FY 2021 -** Addition of \$701,700 in Highway Fund Authorizations to cover the projected funding shortfall associated with the replacement of the state's turbo-prop and jet aircrafts approved during the 2019 Legislative Session. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C47743**

Agenda Items F-57 and F-58 were discussed jointly.

Robert Nellis, Assistant Director of Administration, Department of Transportation (NDOT), introduced Cole Mortensen, Deputy Director, NDOT; Felicia Denney, Chief of Financial Management, NDOT; and Scott Hoffmeyer, Chief Pilot, NDOT.

Mr. Nellis said NDOT was requesting the addition of Highway Fund authorizations to cover the projected shortfall in funding associated with the replacement of the state's turboprop and jet aircrafts approved during the 2019 Legislative Session. Due to the demand for the replacement aircraft, the cost of both planes increased from the original projections. The department planned to order the Beechcraft King Air in FY 2020 instead of FY 2021. He said the aircraft was already on the assembly line. Mr. Nellis said the department would also put down two deposits in FY 2020 toward the purchase of the Pilatus PC-24 aircraft, which would be available in FY 2021. Approval of the work programs would allow NDOT to secure the price of each aircraft, make the necessary deposits for both, and complete the purchase of the Beechcraft King Air in FY 2020 as well as the Pilatus PC-24 in FY 2021.

Senator Settlemeyer asked why there was a discrepancy in cost from when the budget was closed to present day.

Mr. Nellis replied that NDOT estimated the cost early in the budget process based on the price of each aircraft at that time; however, without approval from the Legislature to purchase the planes, the department was at a disadvantage to negotiate and secure those prices. Ultimately, NDOT was subject to market conditions. He reiterated that there was a high demand for both aircraft, especially the Pilatus. Mr. Nellis said it was his understanding that the Pilatus was sold out for two to three years. If NDOT missed the chance to negotiate, the department would not be able to purchase the aircraft for several years, which may also impact the cost.

Chair Carlton asked why the 2 percent contingency was not requested during the 2019 money committee hearings. Mr. Nellis replied that NDOT rarely purchased

aircraft. The current airplanes were 32 and 38 years old. The department thought a 2 percent contingency would cover small unforeseen items that were not considered during the process. Although it was unlikely, NDOT wanted to ensure there was money available to avoid another request for Highway Funds.

Assemblywoman Titus said the revenue from the sale of the two existing NDOT airplanes was supposed to be used to offset the costs of the new aircraft. She asked if the department would lose money from the sale of NDOT's current aircraft due to the delay in purchasing the new airplanes.

Scott Hoffmeyer, Chief Pilot, NDOT, said aircraft values remained fairly stable on the older aircraft. He said market conditions for pre-owned and new aircraft were very good. As long as NDOT continued to maintain the aircraft while waiting to take delivery of the new aircraft, the prices would remain quite stable unless there was a major market downturn, which was not anticipated to occur.

Assemblywoman Titus recalled that one of the reasons for replacing the department's current aircraft were maintenance costs. She asked if there would be additional maintenance costs for NDOT's current aircraft. Mr. Hoffmeyer replied that the department intended to remain within the current maintenance budget for the aircraft until they were ready for disposal. He said the airplanes needed to be flown and maintained while the department waited to take delivery of the new aircraft. Mr. Hoffmeyer further stated that no additional funds for maintenance expenditures would be needed.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE AGENDA ITEMS F-57 AND F-58.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED. (Senator Settlemeyer opposed the motion.)

- 59. Department of Transportation - Transportation Administration - FY 2019 -** Addition of \$235,000 in Sale of Oil and Gas revenue to cover a projected shortfall in the Sale of Gas and Oil category for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Sale of Gas and Oil category exceeds \$75,000. **Work Program #C47744**

Refer to motion for approval under Agenda Item F.

- 60. Department of Health and Human Services - Aging and Disability Services - Early Intervention Services - FY 2019 -** Addition of \$210,000 in Budgetary Transfers for the partial return of funds transferred under Work Program #C76788. Revenue projections were lower than previously projected resulting in a shortfall. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 62 of the

2017 Legislative Session. **RELATES TO AGENDA ITEM F. 63. Work Program #C47922. RECEIVED AFTER THE SUBMITTAL DEADLINE, 7-29-19.**

Refer to motion for approval under Agenda Item F.

- 61. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2019 - Deletion of \$210,000 in Budgetary Transfers to fund a projected salary shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 62 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM F. 62. Work Program #C47931. RECEIVED AFTER THE SUBMITTAL DEADLINE, 7-29-19.****

Refer to motion for approval under Agenda Item F.

- 62. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2019 - Addition of \$210,000 in Budgetary Transfers to fund a projected salary shortfall for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 62 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM F. 61. Work Program #C47924. RECEIVED AFTER THE SUBMITTAL DEADLINE, 7-29-19.****

Refer to motion for approval under Agenda Item F.

- 63. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2019 - Deletion of \$210,000 in Budgetary Transfers for the partial return of funds transferred under work program C46788. Revenue projections were lower than previously projected resulting in a shortfall. Requires Interim Finance approval pursuant to Assembly Bill 518, Section 62 of the 2017 Legislative Session. **RELATES TO AGENDA ITEM F. 60. Work Program #C47925. RECEIVED AFTER THE SUBMITTAL DEADLINE, 7-29-19.****

Refer to motion for approval under Agenda Item F.

- 64. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2020 - Addition of \$80,000 in Settlement Funds revenue transferred from the Air Quality Management Account to fund the purchase of specialized equipment pursuant to a settlement agreement. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C47153. RECEIVED AFTER THE SUBMITTAL DEADLINE, 7-29-19.****

Refer to motion for approval under Agenda Item F.

## **G. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION**

1. Request to modify the scope of CIP Project 17-M33, Domestic Water Pump House Replacement, Wells Conservation Camp and to increase the authority to receive and expend additional funding of \$200,000 to address project shortfalls, pursuant to NRS 341.145 (1)(f), and to transfer \$200,000 from CIP Project 17-M10, Heating Water and Electrical Distribution System Replacement, Northern Nevada Correctional Center, pursuant to Section 34 of Senate Bill 546 of the 2017 Session, to fund the shortfall for CIP Project 17-M33.

Ward Patrick, Administrator, State Public Works Division (SPWD), Department of Administration, introduced Kent LeFevre, Deputy Administrator, SPWD, Department of Administration.

Mr. Patrick said the SPWD was requesting to transfer funding from CIP Project 17-M10, Heating Water and Electrical Distribution System Replacement, Northern Nevada Correctional Center to CIP Project 17-M33, Domestic Water Pump House Replacement, Wells Conservation Camp. He said CIP Project 17-M33 was a relatively simple project with high ramifications as the pump house was collapsing the piping system. He said there was a large increase in project costs, but there were no frills on the project.

Chair Carlton asked for an explanation on the cost estimates for the Wells Conservation Camp project. She said the cost appeared to be 60 percent higher compared to the original budget, which was a significant increase.

Mr. Patrick replied that Nevada’s construction community was a “boom or bust” environment, and the community was currently experiencing a boom. During a boom, construction contractors were busy, which allowed them to be more selective about which projects to bid. He stated that there was only one bidder on CIP Project 17-M33. Factors used to determine whether to bid on a project included location, risk, complexity and size. He said the Wells Conservation Camp project checked a number of those boxes given that Wells was a remote location, which also created a risk for contractors. Additionally, it was a small project, so it would be easy to exceed the budget. Consequently, the project lacked multiple bidders, which caused a need for additional funding.

Chair Carlton asked how negotiations were handled when there was only one bidder.

Mr. Patrick replied that the process began with a comprehensive design and review, and permitting. The SPWD advertised the project in newspapers and approached prospective bidders to increase the likelihood of multiple bidders. He said oftentimes a mandatory pre-bid conference was held to determine how many contractors were interested in the project. The bidding process continued when there were three or more bidders for the project. If there was a lack of bidders then the SPWD reached out to the construction community to ensure

there were bidders on the project. Even then, there were times when contractors expressed an interest in the project, but did not bid.

Mr. Patrick said there were no specific laws regulating instances when there was only one response to a public bid; however, there were statutory requirements regarding project negotiations. If the bid amount exceeded a percentage of the advertised estimate, then the project could not be negotiated. Consequently, the SPWD had to rebid or repackage the project, or in the case of CIP Project 17-M33, obtain additional funding.

Senator Brooks asked if the original budget of approximately \$263,000 was included in the bid package. Mr. Patrick replied that the SPWD advertised the consultant's estimate in the bid package, not the SPWD's budget.

Senator Brooks said the SPWD advertised a project cost of approximately \$400,000 with a consultant's budget estimate of \$263,000, which probably scared away contractors that understood the actual cost of the project. He asked if the division was still negotiating with the bidder contingent upon IFC approval.

Mr. Patrick replied that projects were bid with the architect and engineer's estimate. He said the SPWD did not bid projects if the estimate was believed to be outside a 10 percent range of the available budget. CIP Project 17-M33 was bid, but it was outside the range that allowed for negotiations.

Senator Brooks asked if there was bid security associated with the \$400,000 bid from the sole bidder on the project. He asked what the current status was on that bid, and whether the SPWD would request funds from the IFC and rebid the project based on the revised cost.

Mr. Patrick said the SPWD required a bid bond on projects, so there were some expenditures for prospective bidders. The SPWD planned to transfer funds from an existing project to CIP Project 17-M33 and then rebid the project. Per the division's bidding instructions and NRS 341, the project could not be awarded to the prior bidder.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA  
ITEM G-1.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

2. Request to modify the scope of CIP Project 17-M63, Lighting Upgrades, Various Department of Motor Vehicle and Nevada Highway Patrol Facilities and to increase the authority to receive and expend additional funding of

\$362,000 to address project shortfalls and to add additional lighting fixtures, and 17-M72, Replace Plumbing Fixtures, Department of Motor Vehicles, Carson City, to address a decrease in total costs pursuant to NRS 341.145 (1)(f), and to transfer \$160,000 from CIP Project 17-M60, Central Plant and Control System Upgrades, Nevada Highway Patrol Headquarters, \$62,000 from CIP Project 17-M72, Replace Plumbing Fixtures, Department of Motor Vehicles, Carson City, and \$140,000 from CIP Project 17-S01h, Roofing Replacement, Department of Motor Vehicles and Inspection Station, Henderson, pursuant to Section 34 of Senate Bill 546 of the 2017 Session, to fund the shortfall for CIP Project 17-M63.

Mr. Patrick said, as part of the federal American Recovery and Reinvestment Act, approximately \$4.0 million in lighting fixtures were replaced in interior buildings at Department of Motor Vehicles and Highway Patrol facilities. Changes to exterior lighting areas were postponed. Mr. Patrick said CIP Project 17-M63 was one of the first projects involving retrofitting of exterior lighting areas. The division reviewed various drawings of the six facilities to obtain specifications and exact quantities. He said the original estimate included approximately 323 light fixtures, but there was a need for an additional 28 fixtures. Additionally, the light fixtures were not durable and would not provide sufficient lighting in the parking areas of the DMV and Highway Patrol facilities; therefore, the fixtures were unacceptable. Mr. Patrick said increasing the quantity and quality of the light fixtures created the need for additional funding.

Senator Brooks remarked that in addition to the cost overrun, there was also a scope change in the lighting package, which increased the budget. Consequently, the SPWD was requesting to transfer funds from several projects that came in under budget. Mr. Patrick confirmed that was correct. He said the SPWD was requesting a scope change to increase the quality and quantity of the light fixtures, which required using funds from the other projects that came in under budget.

Senator Brooks asked why there were cost savings associated with the other three projects. He asked if the cost savings were related to a scope change, or because the bid was less than the engineer's estimate.

Mr. Patrick said cost savings from three projects were contributing to CIP Project 17-M63. The first two projects included the Henderson roofing project and the central plant and control system for the Nevada Highway Patrol facility in Reno. He said the original project scopes matched the completed scopes, so there were favorable bids on the projects, which created additional savings. The third project was the replacement of plumbing fixtures at the Department of Motor Vehicles. He said there was an oversight related to the replacement of urinals. The cost estimate did not include revamping the carriers behind the urinals and the entire construction of a wall. If the project

had continued, the cost would have increased substantially. He said approximately \$6,500 worth of porcelain fixtures were not replaced, because it would have also required replacement of the carriers. Mr. Patrick said the division's request included a scope change on that particular project.

Senator Brooks said sometimes a scope change positively impacted the budget and other times it negatively impacted the budget. He said in this instance, the project size increased by 60 percent due to unforeseen circumstances. He found it concerning that the savings associated with the two projects would be used to increase the scope of an existing project instead of covering unanticipated overages.

SENATOR SETTELMAYER MOVED TO APPROVE  
AGENDA ITEM G-2.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED  
THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Mr. Patrick said the Project Exception Report contained 20 items. He said a year ago, SPWD staff met with LCB Fiscal Analysis Division staff. The SPWD lacked transparency in the past, because not all exceptions were reported; however, the division had since become more transparent by reporting exceptions more frequently.

Mr. Patrick provided an update on the division's approach to cost containment tracking, scope changes and inflation tracking. He said the SPWD continued to work with the Governor's Finance Office and Fiscal Analysis Division staff to develop a path for the future. Prior to the 2019 Legislative Session, the SPWD met with the board chairman and director, and provided two presentations to the Information Technology Strategic Planning Committee. The division's technology investment notification was approved by EITS and the Legislature, which included a slight culture change in regard to information technology, moving to a more data-driven culture.

Mr. Patrick said the SPWD implemented a variance analysis system during the 2019 Legislative Session. The variance analysis system would be used to compare original project budgets to actual expenditures, and unit prices and quantities to the actual, estimated or provided. He said the division believed the information would provide clarity in the future. Since the 2019 Legislative Session, the SPWD provided an overview of the variance analysis system to the seven-member board. He noted that the board was comprised of members



appointed by the Senate and Assembly as well as the Governor's Office and the Director of the Department of Administration. He said the division was receiving ongoing support from EITS. Mr. Patrick indicated that the SPWD planned to engage stakeholders, develop a solid working plan to ensure a transparent process, and provide training for project managers, which was in line with the division's mission and part of Mr. Patrick's management philosophy of continuous improvement.

Mr. Patrick said the SPWD had a history of cost containment and that culture persisted. For example, approximately 20 years ago the SPWD began commissioning mechanical work. Commissioning had since progressed to the heating, ventilation and air conditioning system, electrical and lighting. He said the SPWD was currently working to institute a building envelope commissioning, all of which resulted in better buildings and lower lifecycle costs.

Mr. Patrick noted that with regard to Work Program #C47181, which was approved earlier in the meeting, many departments lacked utility savings; however, energy efficiency projects completed by the division resulted in utility savings that could be made available to support maintenance projects.

Mr. Patrick said cost containment and tracking scope changes were not new concepts in construction, design or public works. He said the efforts of the SPWD would result in a more transparent, efficient and economic system for the division, which would instill confidence and trust in stakeholders and Nevada citizens.

## **H. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, said the Statement of Contingency Account Balance was located on page 359 in Volume II of the meeting packet ([Exhibit B](#)). The total unrestricted General Fund balance prior to the meeting was approximately \$25.0 million. She noted there had been some minor meeting costs since the beginning of FY 2020. Ms. Jones said requests from the unrestricted General Fund totaled \$442,754, which reduced the balance to \$24.5 million for the 2019-21 biennium. The available balance for the Highway Fund was \$1.6 million and there were no requests before the Committee. Ms. Jones said various tranches of Contingency Account funds approved by the 2017 Legislature were listed on the subsequent pages.

Ms. Jones said the restricted Contingency Account appropriations (2019 Legislature) began on page 367 in Volume II of the meeting packet ([Exhibit B](#)). There was a request before the Committee for \$351,312 of the \$1.0 million set aside for the implementation of A.B. 445 (2019 Legislative Session). Additionally, the Committee had already approved requests for \$115,000 of the \$900,000 set aside for S.B. 467 (2019 Legislative Session) and \$284,293 of the approximate \$6.5 million set aside for the implementation of S.B. 543 (2019 Legislative Session).

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

1. Office of the Governor – Patient Protection Commission – Request for an allocation of \$296,072 to cover projected costs related to the Patient Protection Commission pursuant to Senate Bill 544 of the 2019 Legislative Session.

Agenda Items I-1 and M-1 were discussed jointly.

Chair Carlton noted that Agenda Items I-1 and M-1 would be discussed jointly, because both requests pertained to the Patient Protection Commission.

Susan Brown, Director, Governor's Finance Office, said Agenda Item I-1 was a request for \$296,072 for the creation of the Patient Protection Commission as outlined in S.B. 544 of the 2019 Legislative Session. She said S.B. 544 established a commission dedicated to innovative health care approaches in the state; systematic review of issues related to health care; and quality, accessibility and affordability of health care in Nevada. Additionally, Agenda Item M-1 was a request for three unclassified positions related to the establishment of the commission. The positions included an Executive Director, Policy Analyst and Executive Assistant.

Chair Carlton asked for an update regarding the establishment of the Patient Protection Commission and the appointment of commission members.

Allison Combs, Office of the Governor, said a website was established in conjunction with the State of Nevada Boards and Commissions website for interested parties to submit an application to serve on the commission. The deadline for applications was August 30, 2019, at which time the Governor would make appointments as required and provided for under S.B. 544. Ms. Combs said the appointments were contingent upon the action of the IFC.

In response to a question from Chair Carlton, Ms. Combs replied that S.B. 544 outlined a very ambitious agenda for the commission. Ideally, the plan was to work with the appointed chair of the commission as well as the new Executive Director to focus on the long list of items identified in the bill and create an agenda for the interim. Ms. Combs said a report regarding the actions of the Patient Protection Commission was due by January 1, 2020. She said the commission would strive to meet that deadline.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA ITEMS I-1 AND M-1.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

2. Department of Business and Industry – Office of the Labor Commissioner – Request for an allocation of \$146,682 to cover projected costs related to the Task Force on Employee Misclassification pursuant to Senate Bill 493 of the 2019 Legislative Session.

Shannon Chambers, Labor Commissioner, Department of Business and Industry (B&I), said Agenda Item I-2 was a request for \$146,682 to cover the cost of two new Compliance Audit Investigator 1 positions to support the Task Force on Employee Misclassification established through S.B. 493 (2019 Legislative Session).

Chair Carlton recalled significant discussion about the task force during the 2019 Legislative Session. She also recalled the difficulty in determining the type of staff that would be necessary, because some of the provisions of S.B. 493 were already accounted for within the Labor Commissioner's jurisdiction. However, the staff and the workload at the Office of the Labor Commissioner had increased. Chair Carlton said she was inclined to consider only one new Compliance Audit Investigator position and see how that would impact the workload. She asked how one Compliance Audit Investigator, instead of two, would impact the office. She also asked what the responsibilities would be for that position.

Ms. Chambers replied that the Office of the Labor Commissioner currently employed a total of eight investigators for the entire State of Nevada: two in Northern Nevada and six in Southern Nevada, including the Chief Investigator. Ms. Chambers said in FY 2019, the Office of the Labor Commissioner received more than 4,000 complaints, which meant staff was spread thin. Therefore, she would prefer two Compliance Audit Investigator positions; however, she understood the position of the Committee. The Compliance Audit Investigator would investigate cases related to misclassification, and focus on particular industries where misclassification had been known to occur. Additionally, the Compliance Audit Investigator would support the task force and its vision. She said the Compliance Audit Investigator would probably be assigned other duties within the Office of the Labor Commissioner due to the current workload. Ms. Chambers noted that in addition to misclassifications, the office also handled issues related to minimum wage, overtime, public works and prevailing wage.

Chair Carlton recalled a similar response during the 2019 Legislative Session. She said it was unknown what the task force would focus on and how it would evolve. Also, based on the fact that the position would assist with other work within the Office of the Labor Commissioner, she was still inclined to approve one position rather than two. She noted that the Compliance Audit Investigator position was specifically associated with S.B. 544. Chair Carlton said the Committee could discuss the issue further after the task force was established and specific workloads could be provided.

Assemblywoman Spiegel asked if the agency could provide the percentage of claims and complaints relative to the total workforce. She asked whether the Office of the

Labor Commissioner tracked how that percentage had changed over time so the Committee had a sense of how it would be impacted by future workforce changes.

Ms. Chambers said she would provide that information to the Committee. She said the Office of the Labor Commissioner tracked the private workforce through the Department of Employment, Training and Rehabilitation, and the workforce was increasing, which was good for Nevada. The most recent review indicated that the workforce was about 1.4 million. Averaged with approximately 4,000 complaints per year, it was a small percentage of the workforce; however, whenever the workforce increased, the workload at the Office of the Labor Commissioner also increased due to the potential for more claims and complaints.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA ITEM I-2 IN THE REVISED AMOUNT OF \$85,841 FOR ONE NEW COMPLIANCE AUDIT INVESTIGATOR POSITION AND SYSTEM UPGRADES.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO ASSEMBLY BILL 445, SECTION 16.5 (2019 Legislature)** (Note: IFC may approve a different amount for an allocation than the amount requested). **Department of Taxation** – Request for an allocation of \$351,312 to cover projected costs associated with the implementation of Assembly Bill 445.

Melanie Young, Executive Director, Department of Taxation, said Agenda Item J was a request for \$351,312 from the IFC Contingency Account to implement A.B. 445 (2019 Legislative Session), the Marketplace Facilitator bill. She said the department had been working diligently to implement the bill, which was scheduled to go into effect on October 1, 2019. Ms. Young said the Department of Taxation met with LCB staff; other states, specifically Iowa, on which the bill was modeled; and individual taxpayers that may be impacted.

Ms. Young said Nevada was one of 33 states, including Washington D.C. that had implemented similar legislation. She said the funding request would provide for five positions, IT programming and operating costs. Those positions included a Management Analyst to act as a liaison for marketplace facilitators and an Accounting Assistant to assist with the processing of tax returns and payments. The third position was a Statistician that would be responsible for monitoring the reporting of marketplace facilitators and sellers that opted out of the program, as well as the reporting of referrers concerning facilitated sales of marketplace sellers. She said the

funding would also allow the department to expand the call center hours to accommodate out-of-state taxpayers.

Chair Carlton asked the department to elaborate on the implementation of A.B. 445 by October 1, 2019. Ms. Young replied that the department had been meeting internally to discuss the implementation and requirements of the bill. The department had also been meeting with individual taxpayers. She said the Department of Taxation was currently drafting regulations and making system changes; however, due to limited resources, the agency was awaiting the Committee's decision before securing an independent master service agreement contractor to work on the programming. Ms. Young said, after meeting with key taxpayers, the department was considering having individual facilitators submit a separate sales and use tax return to the Department of Taxation to track facilitated sales separately from individual taxpayers.

Chair Carlton asked how the department determined the staff that would be required to implement A.B. 445, in particular, how the department determined the necessity for a Statistician. She said the department already had an Economist, so she was unsure a full-time Statistician was necessary.

Ms. Young said the department identified about 1,500 marketplace facilitators with whom the department would be working. Based on research from marketplaceposts.com, there were currently over 140,000 marketplace sellers worldwide that sell more than \$100,000, and 20,000 marketplace sellers that sell more than \$1.0 million. Ms. Young said there were two sections in the bill that required reporting of individual sellers: Section 5 of A.B. 445 required that marketplace facilitators submit a report concerning sellers that opted out of the facilitated sales tax payment to the Department of Taxation. The department was concerned that individuals could opt out of the marketplace facilitators and escape payment of tax, which was one reason for the Statistician position. She said the duties of the Statistician would be lower than that of an Economist. She said the Statistician would work with individual taxpayer accounts. The department wanted to ensure that sellers that opted out of marketplace facilitators were registered with the Department of Taxation and continued remitting sales tax. If the department chose to implement the referrer section, which was located in Section 7 of the bill, there would be additional reporting requirements to monitor, because referrers would be required to report referred sales of the sellers.

Chair Carlton said currently the workload was general, not specific to the bill. Additionally, it was unclear how many businesses would be impacted until the analysis was complete; therefore, it was unknown whether the Statistician position was truly necessary. Chair Carlton asked if the department needed the position immediately, or if it could be reconsidered at a later date.

Ms. Young replied that the department was open to recommendations from the Committee regarding the Statistician position. The department thought the position was critical to ensure the legislation was implemented correctly, especially with the opt-out provision.

Assemblywoman Neal said her understanding of A.B. 445 was that taxpayers could remit the tax either directly to the state or through a marketplace facilitator, which was not opting out of paying the tax. She said the Statistician position could be delayed, but the idea was to ensure the state had accurate data regarding companies that were coming into the state, and companies that had an established contract with big box sellers such as eBay, Google or Amazon. Assemblywoman Neal agreed that the Statistician position could be postponed, unless the Department of Taxation had new information since meeting with Amazon and other taxpayers.

Ms. Young said the department anticipated that the larger marketplace facilitators would comply with the bill. The department was looking at some of the smaller marketplace facilitators, because the language in the bill included facilitators in the form of a shop, store, booth, catalog, internet site or other forum. Ms. Young said, if the Committee had concerns with the Statistician position, the Department of Taxation would be agreeable to returning to the IFC after the implementation process was further identified.

Chair Carlton thought the two Tax Examiner positions were very important for ensuring that taxpayers remained compliant. Additional positions could be discussed after the regulations were developed and the actual workload was determined. She remarked that the department may discover that additional tax examiners were necessary.

Chair Carlton recommended that the Committee approve all of the requested positions except for the Statistician, and ask the department to return to the IFC when precise workloads were determined.

Ms. Jones said \$1.0 million was set aside in the Contingency Account for the implementation of A.B. 445, of which \$351,312 was requested by the Department of Taxation. If the Committee chose to approve only four positions and delay the Statistician position, the amount would be reduced by \$56,260 to \$295,052.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA ITEM J  
IN THE REVISED AMOUNT OF \$295,052 FOR FOUR NEW  
POSITIONS TO IMPLEMENT ASSEMBLY BILL 445.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO SENATE BILL 543, SECTION 74.5 (2019 Legislature)** (Note: IFC may approve a different amount for an allocation than the amount requested). **Department of Education – Office of the Superintendent** – Request for an allocation of \$284,293 to support the implementation of the new proposed Pupil-Centered Funding Plan pursuant to Senate Bill 543.

Jhone Ebert, State Superintendent of Public Instruction, NDE, said S.B. 543 included an appropriation totaling \$6.6 million to support the implementation of the bill. If the department's request was approved, the funds would be used to hire staff to support the development of the new funding formula as well as related operating costs, travel for the commission, and development of the uniform financial reporting system. Ms. Ebert said the request before the Committee was for \$284,293 to begin implementation of the bill. The funds would be used for two full-time positions, an Administrative Services Officer 3 and a Management Analyst 4, and related operating costs to provide training for staff for the development of the new plan, implementation, and evaluation for the proposed new funding formula. The request also included \$40,000 to support the anticipated travel for the commission during FY 2020. Ms. Ebert said the department planned to return to the Committee at a later date to request the remaining funds.

In response to a question from Chair Carlton, Heidi Haartz, Deputy Superintendent for Business and Support Services, NDE, said the department's intent was that the Division of Human Resource Management (DHRM) would approve the two positions and allow the recruitment process to begin with the announcement noting that the positions were contingent upon approval of funding. Unfortunately, the DHRM was delayed in its approval process, so the department was unable to open recruitment for those positions. She said the NDE had hoped to complete the interview process and have staff begin as soon as August 19, 2019.

Chair Carlton asked if a new date had been set for the recruitment. Ms. Haartz replied that the NDE was still waiting for the DHRM to approve the classifications. As soon as that was complete, the department would begin the recruitment process.

Assemblywoman Neal said in reviewing the duties for the new positions, she noted that one of the responsibilities would be researching funding methodologies as well as working with program and fiscal staff. She asked for clarification.

Ms. Ebert replied that S.B. 543 allowed for the establishment of the commission and for the development of the uniform financial reporting system. She said the department had done a considerable amount of work over the last decade using APA, Applied Analysis and other groups such as WestED, but moving forward, those were a precursor to the final product that would be recommended for approval by the Legislature and the Governor.

In answer to a question from Assemblywoman Neal, Ms. Haartz replied that the department's intent was to create two positions similar to existing positions within the department that provided support for the Distributive School Account calculations and the distribution of those funds. The two new positions would need to become familiar with the current funding formula so they would be able to assist with the finalization and implementation of the new funding formula. Ms. Haartz said the NDE anticipated future requests for comparisons and contrasts of the funding formulas, so the department hoped the two new positions could assist with that based on shared knowledge.

Chair Carlton said that followed suit with the philosophy the Legislature had about running the funding formulas side-by-side to analyze the current formula versus the proposed funding formula, which would provide answers to discrepancies between the two funding formulas.

Chair Carlton asked why the department was using different consulting services for the new funding model. Ms. Haartz replied that the department had not made any commitments regarding consulting firms. As Superintendent Ebert indicated, the NDE was beginning as much pre-work as possible. Once the commission was established and held its first meeting, the department would make decisions based on the commission's requests as well as any identified needs within the department.

Chair Carlton said she assumed those outside services would be used to augment the new positions, not duplicate any efforts. Ms. Haartz agreed.

Senator Woodhouse asked for a status update on the appointment of commission members. Ms. Ebert replied that Assemblywoman Titus had made her selection for the member that filled the Assembly minority seat. The department had also received recommendations for the four Chief Financial Officers (CFO), which included the CFOs from Clark County School District, Washoe County School District, Carson City School District and White Pine School District. She said those recommendations came from the Nevada Association of Superintendents and were currently before the Governor. Ms. Ebert said the Governor's selection for commission chairman was still in queue as were the two majority seats for the Senate and Assembly.

Senator Denis asked how the department determined that an Administrative Services Officer 3 and a Management Analyst 4 would be required to implement S.B. 543, given that professional staff services to the commission was intended to be a joint effort provided by the NDE and the Governor's Finance Office.

Ms. Haartz replied that the two additional positions were requested to focus specifically on the calculation and testing of the new funding formula, and to become familiar with the current funding formula to assist with any analysis necessary to identify the pros and cons of the funding methodologies. As the bill indicated, the commission would be staffed by representatives from both the NDE and the Governor's Finance Office. In working with the Governor's Finance Office, the department believed that additional staff was necessary to meet the established timeframes. She said the two new positions would



also work with the school districts when they began running their budgets using the new funding formula.

Assemblywoman Neal asked if the positions would be filled by individuals in state. Ms. Ebert said the department sought highly-qualified staff in state whenever possible, but the NDE always looked for the most qualified applicant for the position.

Assemblywoman Neal said it made sense to hire individuals already familiar with the funding formula. She said it would be a shame to hire someone from out of state who may need several months to become familiar with Nevada's funding formula.

Chair Carlton stated that the department would fill the positions according to personnel rules.

Chair Carlton said, although the department originally indicated a start date of August 19, 2019, she thought September 1, 2019, would be more appropriate. Ms. Ebert agreed.

Ms. Jones noted that the adjustment to the work program to reflect the reduction in personnel costs from August 19, 2019, to September 1, 2019, would reduce the request from \$284,293 to \$271,878.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA  
ITEM K IN THE REVISED AMOUNT OF \$271,878.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE  
MOTION.

THE MOTION PASSED UNANIMOUSLY.

- L. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO SENATE BILL 467, SECTION 3.5 (2019 Legislature)** (Note: IFC may approve a different amount for an allocation than the amount requested). **Department of Education – Office of the Superintendent** – Request for an allocation of \$115,000 to contract with a project manager to guide the development of the costs of desktop monitoring and school improvement computer software tools and related implementation costs for personnel, professional development and travel.

Jhone Ebert, Superintendent of Public Instruction, NDE, said Senate Bill (S.B.) 467 (2019 Legislative Session) included an appropriation totaling \$900,000 to support the acquisition and implementation of monitoring tools, a school improvement tool and a project manager to guide the selection and deployment process. The request before the Committee was for IFC Contingency Account funds totaling \$115,000, which would allow the department to hire a project manager as a temporary employee to guide the selection process and implementation of the new desktop monitoring system.

Chair Carlton said her understanding was that the state previously received the e-Note System free of charge through WestEd; however, beginning in January 2020 the system would no longer be maintained nor accessible to the department. The requested funding would allow the NDE to hire staff and replace the system. Ms. Ebert confirmed that was correct.

Chair Carlton asked how the costs would be allocated between state and federal programs. Ms. Haartz replied that the department intended to cost allocate the purchase and implementation costs across state and federally-funded programs. The vision was for the project manager to help develop the methodology for ensuring that costs were shared equitably across all programs and funding sources.

Senator Denis asked when the e-Note System would be replaced. Ms. Haartz replied that WestEd indicated it would stop supporting the system at the end of 2019; however, she was unsure of the exact date. The department hoped to hire a project manager quickly. She said the project manager would help move through the procurement process efficiently so the new system would be in place as close to the start of FY 2021 as possible.

Senator Denis asked if the systems would run parallel to one another, and if it would be easy to switch between the two systems. Ms. Haartz replied that ideally the systems would run parallel; however, without knowing exactly which system would be selected or how quickly the procurement process would occur, it was unsure if that would be possible.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO  
APPROVE AGENDA ITEM L.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**M. REQUESTS FOR APPROVAL FOR THE ESTABLISHMENT OF UNCLASSIFIED POSITIONS PURSUANT TO ASSEMBLY BILL 542 SECTION 2 (2019 Legislature)**

1. Office of the Governor – Patient Protection Commission – Requests for the establishment of three unclassified positions:
  - a) Unclassified Executive Director
  - b) Unclassified Policy Analyst
  - c) Unclassified Administrative Assistant

Agenda Items I-1 and M-1 were discussed jointly. Refer to testimony and motion for approval under Agenda Item I-1.

2. Department of Health and Human Services
  - a) Office of Consumer Health Assistance – Request for the establishment of an unclassified Chief, Elder Rights position.

Agenda Items M-2a and M-2b were discussed jointly. Refer to testimony and motion for approval under Agenda Item M-2b.

- b) Aging and Disability Services Division – Nevada Commission for Persons who are Deaf, Hard of Hearing or Speech Impaired – Request for the establishment of an unclassified Executive Director position.

Agenda Items M-2a and M-2b were discussed jointly.

Chair Carlton said the Committee did not have concerns with Agenda Items M-2a and M-2b. She said both items related to positions that were inadvertently omitted from the unclassified Pay Bill during the 2019 Legislative Session.

Dena Schmidt, Administrator, Aging and Disability Services Division (ADSD), DHHS, said Agenda Item M-2a was a request to establish an unclassified position within the Office of Consumer Health Assistance for the new Consumer Health Protection Bureau, which would provide dispute resolution regarding balance billing, also known as surprise billing. The funding for the position was approved in the budget, but was omitted from the unclassified Pay Bill. She stated that Agenda Item M-2b was a request to establish the unclassified Executive Director position for the Nevada Commission for Persons who are Deaf, Hard of Hearing or Speech Impaired. The position was created by S.B. 93, but was omitted from the unclassified Pay Bill.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE AGENDA ITEMS M-2a AND M-2b.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- 3. State Department of Conservation and Natural Resources – Division of Outdoor Recreation – Request for the establishment of unclassified Administrator and Deputy Administrator positions.

Dominique Etchegoyhen, Deputy Director, Department of Conservation and Natural Resources (DCNR), said DCNR was requesting the establishment of an unclassified Administrator and Deputy Administrator position for the new Division of Outdoor Recreation. He said the Legislature approved Assembly Bill 486 (2019 Legislative Session) and the budget for the new division was also approved; however, both positions were omitted from the unclassified Pay Bill.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA ITEM M-3.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- N. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS** – Request for approval to exchange money and properties between the State Land Registrar and the Board of Regents, Nevada System of Higher Education on behalf of the University of Nevada, Reno (UNR) pursuant to NRS 323.100.

Charlie Donohue, Administrator, Division of State Lands, DCNR, and State Land Registrar, introduced Peter Barton, Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs. He noted that staff from the University of Nevada, Reno (UNR) were also present in Carson City.

Mr. Donohue said the item before the Committee was previously heard at the IFC meeting in December 2018. The request was an exchange of real property between UNR and the State of Nevada. The properties in question included the Warren Nelson Building located on West Second Street in Reno, as well as the Nevada Historical Society (NHS) Building, which was located on state grounds near UNR. Mr. Donohue said the exchange also included a vacant, undeveloped piece of property within UNR boundaries held by the state. The property was assigned to the Division of Child and Family Services (DCFS); however, DCFS did not plan to develop the property, and UNR had been interested in it for quite some time. He said the value of the properties in December 2018 were such that additional cash of approximately \$700,000 had to be included in the agreement to reach an equitable exchange. Mr. Donohue noted that the agreement was developed under NRS 323.

Chair Carlton said the original request was presented to the IFC in December 2018 during the 2017-18 Interim. She recalled significant discussion regarding the request. Ultimately, the Committee deferred the item to the 2019 Legislative Session; however, it was not discussed during the legislative session.

Chair Carlton was concerned about how the exchange would impact the budget for the Division of Museums and History. Additionally, the request was approved by the previous Board of Examiners (BOE), but the item had not gone before the current BOE for approval. She noted that two of the three BOE members were new to the board.

Mr. Donohue confirmed that the request was not submitted for approval by the current BOE.

Peter Barton, Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs, added that the item was supposed to be presented to the BOE at the August meeting; however, Mr. Donohue received communication from the Governor's

Finance Office a few weeks prior stating that the item would not be reheard by the BOE. He indicated that the Governor's Finance Office was comfortable with the prior approval in December 2018.

Chair Carlton asked if there was written documentation that confirmed it was unnecessary for the request to be approved by the current BOE. Mr. Barton confirmed that an e-mail was sent by the Governor's Finance Office.

Mr. Donohue said his understanding was that the request did not need to go before the BOE again, because action had already been taken on the item. He thought the Director of the Governor's Finance Office may be able to speak more directly to the question regarding the new BOE members.

Chair Carlton explained that she was questioning the matter, because the proposal had changed over the last several months. She said it was important that everyone involved had an opportunity to weigh in on the matter.

Susan Brown, Executive Director, Governor's Finance Office, stated that the proposal was vetted by the Governor's Office. She said the Governor's Office made the final determination that the request did not need approval by the current board, because the item had already been approved by the former BOE.

Chair Carlton said the exchange would become part of the Governor's budget, so it was important that all interested parties had a say in the decision.

Chair Carlton asked if UNR anticipated an impact on its budget due to the property exchange.

Vic Redding, Vice President of Finance and Administration, UNR, said the university did not anticipate that the UNR budget would be impacted. Operation and maintenance (O&M) of buildings and square footage within the formula instructional budgets was covered as part of the weighted student credit hour amount in total, so there was not a separate mechanism for O&M for formula budget space.

Chair Carlton asked if any public works issues may arise as a result of the exchange.

Ward Patrick, Administrator, SPWD, Department of Administration, said the SPWD had a limited and supportive role in the project. He noted that both buildings were state-owned. He said the SPWD completed a facility-condition analysis report, which included a walk-through and estimates based on the life of the systems. The current conditions of the buildings were as expected based on the age of the buildings, and especially considering that neither building had undergone major renovations. Mr. Patrick said the Warren Nelson Building included two structures; the smaller structure was built in 1930 and the second structure was built in 1959. The NHS Building was constructed in 1969. He said the safety upgrades done in the Warren Nelson Building were limited to a fire alarm upgrade and some minor sprinkler upgrades since the original construction.

Chair Carlton said the Warren Nelson Building would now be used for school tours. She asked if there were any other life safety issues that needed to be addressed based on the fact that children would be touring the building. Mr. Patrick said that would require further evaluation by the SPWD. Chair Carlton asked the SPWD to keep in mind during the evaluation that children would be in the building. She said the Committee wanted to ensure it had all the necessary information as the project progressed.

Assemblywoman Benitez-Thompson said the last time the Committee heard the proposal, the SPWD was still in the process of evaluating the buildings, so the information did not become available to the Committee until February 2019. Now that the Committee had the SPWD's report, she was comfortable with the proposed property exchange.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO APPROVE AGENDA ITEM N.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- O. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335 – Department of Education** – Request for approval to accept the donation of ~~\$98,620~~ **\$123,600** from Governor Sisolak for educational supplies for Title I schools. **REVISED 7-31-19.**

Jhone Ebert, Superintendent of Public Instruction, NDE, said payments were distributed to the schools as the donations were received.

Chair Carlton asked the department to provide a list of the schools that had received donations and the schools that were still awaiting donations. She said it would be helpful for Committee members to know which schools were receiving the funds, especially if those schools were located in their district.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE AGENDA ITEM O.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- P. APPOINTMENT OF MEMBERS TO THE COMMITTEE ON INDUSTRIAL PROGRAMS – NRS 209.4817.**

Chair Carlton stated that it was the responsibility of the IFC to appoint members to the Committee on Industrial Programs consisting of the Director of the Department of Corrections, Administrator of the Purchasing Division, and nine regular members. The

IFC was responsible for appointing two members of the Senate, two members of the Assembly, two people to represent manufacturing, one person to represent business, and two people to represent organized labor. The following members had been designated: Allen Puliz, representing manufacturing; Bruce Aguilera, representing business; and Randy Soltero and Beverly Williams, representing organized labor. Lisa Levine was an interested individual and had submitted an application to serve on the committee for the 2019-20 Interim. Chair Carlton noted that Ms. Levine's application was included in Volume III of the meeting packet (page 107, [Exhibit C](#)). She said Ms. Levine was employed at International Gaming Technologies as the Director of Government Relations for North America. She said Ms. Levine was designated as one of the two members representing manufacturing.

Chair Carlton recommended the appointment of Assemblyman Glen Leavitt and Assemblywoman Daniele Monroe-Moreno, who graciously agreed to continue her service on the committee for the sake of continuity. The two Senators that were appointed included Senator Pete Goicoechea and Senator David Parks.

SENATOR WOODHOUSE MOVE TO APPROVE THE PROPOSED MEMBERS OF THE COMMITTEE ON INDUSTRIAL PROGRAMS FOR THE 2019-20 INTERIM.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

#### **Q. INFORMATIONAL ITEMS.**

The Committee expressed interest in hearing testimony on Agenda Items Q-3, Department of Education, and Q-15, Legislative Counsel Bureau, Fiscal Analysis Division.

1. OFFICE OF THE SECRETARY OF STATE – Progress report on implementation of the Automatic Voter Registration initiative petition that was approved by the voters during the November 2018 General Election.

There was no discussion on this item.

2. OFFICE OF THE STATE TREASURER
  - a) Report on the Bond Interest and Redemption Fund pursuant to Assembly Bill 541, Section 20(3) (2019 Legislature).
  - b) Report on the anticipated tobacco revenue that will be credited to the Fund for a Healthy Nevada (Fund) pursuant to settlement agreements with tobacco producers to determine the amount of money available for allocation to pay for the administrative costs of the Fund in FY 2020.

There was no discussion on these items.

3. DEPARTMENT OF EDUCATION – Update on the state Pre-K program for the 2019-2021 biennium.

Jhone Ebert, Superintendent of Public Instruction, NDE, thanked the Legislature and the Governor for approving the state’s pre-K program. She said nearly \$20 million was made available for the program.

Ms. Ebert said the department initially distributed funds to the recipients as requested using the average per-seat cost of \$7,875 for fully-funded seats and \$3,937.50 for partially-funded seats. However, the department was later advised by the Governor’s Finance Office and the LCB that the funding methodology did not align with the legislative intent based on closing budget actions taken by the money committees. Based on that concern, the NDE withdrew the subgrants and revised the funding methodology, striving to fund the seats that existed during FY 2019 based on actual seat costs. She said the NDE determined that it was not possible to use actual FY 2019 expenditures as a basis on FY 2020 subgrants, because the final requests for reimbursement were not due until August 10, 2019. In an effort to distribute funds quickly to the subrecipients so that pre-K students could be seated, the department initiated a three-phase funding process, which was detailed in the backup material provided by the NDE. Ms. Ebert said the subgrant awards were issued as soon as possible; the subrecipients identified how many seats they could accept for the year; and subgrants were amended as seats were transferred from one entity to another.

Ms. Ebert said the department had to allocate 3,020 seats, and as of August 12, 2019, 2,973 seats had been allocated. She said efforts were underway. The NDE was collaborating with its partners to allocate the remaining 50 partially-funded seats that were initially available for FY 2019. The department was also in the process of identifying the 48 newly approved seats that would be allocated next.

Chair Carlton indicated there was miscommunication at the end of the 2019 Legislative Session regarding the closings, braided funding, one-time allocations and new seats; however, she thought most of the issues had been resolved. She asked if there were any barriers with regard to the funding and getting the new seats online. She said the goal was to expand the program to ensure that the number of available seats increased.

Ms. Haartz replied that the initial barrier faced by the department was ensuring that the money was distributed to the schools as quickly as possible, while striving to attain a balance with a methodology that made sense for the schools and in alignment with the legislative intent. She said the school districts were asked to demonstrate incredible patience as the NDE identified the amount of money available for each seat. The department continued to work with various school districts and subrecipients to determine how the remaining seats could be allocated



quickly and equitably so the children for whom the funds were intended could be served.

Chair Carlton was hopeful a process would be developed before the next school year so that some of the one-time funds could be pulled out and also to provide the state with a better understanding of precisely where the funds were needed. That would allow for a smoother process so that pre-K seats would be available earlier in the school year.

Assemblywoman Benitez-Thompson said it seemed like everyone was on the same page concerning the priority and funding of pre-K seats. She asked if the districts would be reimbursed for existing seats, or if seats would be added during the current school year after the funding was allocated. She asked how that would impact student enrollment.

Ms. Ebert replied that the 48 seats were new. When the seats were allocated, the districts would continue to fill them. She said the department hoped to fill the seats as soon as possible, but it may take until October 2019 to fill them.

Ms. Haartz added that the school districts may have identified other funding sources that allowed them to fill pre-K seats at the beginning of the school year. She said she would check with the department's programmatic staff and provide the Committee with a more detailed answer.

Chair Carlton said the Committee would request updates on the issue in the future.

Senator Woodhouse asked how the NDE was working with the school districts and charter schools to ensure the use of braided funding to support pre-K seats.

Ms. Haartz replied that subrecipients were notified in the subgrant agreements that the department would identify reporting requirements by September 1, 2019. She said the NDE was currently working to identify those requirements. The goal was to have all subrecipients report actual expenditures for the state's pre-K program. In the financial report, the department wanted subrecipients to identify other funding sources that were used, and how much per funding source for the braided seats so that the NDE could develop an accurate cost of a pre-K seat, keeping in mind that those costs may vary by school or school district.

Assemblywoman Neal understood that the funding was a three-phased process, but some seats were already fully-funded for FY 2019. Referring to the table on page 122 in Volume III of the meeting packet ([Exhibit C](#)), she asked if the zeros in the column for fully-funded seats in FY 2019 indicated that those subrecipients had declined seats, or if the numbers would change in a month or two.

Ms. Haartz replied that the table to which Assemblywoman Neal referred was intended to show the number of seats that each subrecipient had in FY 2019. She

said the number of pre-K seats listed in the table was the starting point for FY 2020. She noted that not every recipient received funding for fully-funded seats in FY 2019. Ms. Haartz said the three-phased funding approach gave each subrecipient the opportunity to continue providing the same number of seats at the beginning of FY 2020; thus, the number of fully-funded and partially-funded seats for each subrecipient would change in FY 2020.

Assemblywoman Neal said it appeared that Clark County School District (CCSD) received approximately \$1.3 million in pre-K funding, but did not fill any seats for FY 2019.

Ms. Haartz said it was her understanding that in FY 2019 the CCSD did not receive any funds directly for the Preschool Development Grant. The district only received funds through a subgrant for the Nevada Pre-K Education program. She said the CCSD was a subrecipient of the United Way of Southern Nevada. Those seats were realigned for FY 2020, so the CCSD was now a subrecipient of the NDE, not the United Way of Southern Nevada.

Assemblywoman Neal asked why the funding was distributed through the United Way rather than provided directly to the CCSD.

Chair Carlton said funding for the pre-K pilot program was through a nonprofit organization prior to the full implementation of the state's pre-K program.

4. DEPARTMENT OF BUSINESS AND INDUSTRY – Home Means Nevada, Inc. – Quarterly report concerning the status of the Foreclosure Mediation Assistance program for the period ending June 30, 2019, pursuant to NRS 107.086(16).

There was no discussion on this item.

5. DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS – Division of Museums and History - Museum Dedicated Trust Funds – Semiannual report regarding the investment and expenditure of private funds for the period ending June 30, 2019, pursuant to NRS 381.0033(1)(b).

There was no discussion on this item.

6. DEPARTMENT OF HEALTH AND HUMAN SERVICES
  - a) Aging and Disability Services Division
    - 1) Notice to transition the Senior and Disability Program to a Medicare Part D premium subsidy program beginning January 1, 2020.
    - 2) Quarterly report for the Senior Rx and Disability Rx Prescription Caseload Data for the period ending June 30, 2019, pursuant to NRS 439.630(1)(c).
  - b) Division of Healthcare Financing and Policy – Quarterly report on the Disproportionate Share Hospital Supplemental Payment Program for the period ending June 30, 2019, pursuant to NRS 422.390(2).

- c) Division of Welfare and Supportive Services – Annual report concerning the FY 2018 evaluation of programs of energy assistance required pursuant to NRS 702.280(2)c.

There was no discussion on these items.

7. DEPARTMENT OF CORRECTIONS – Director’s Office – Quarterly report on the capacity issues and transfer of inmates out of state for the period ending June 30, 2019 (letter of intent, 2017 Legislature).

There was no discussion on this item.

8. DEPARTMENT OF MOTOR VEHICLES – System Technology Application Redesign (STAR) – Semiannual report on the status of the STAR project for the period ending June 30, 2019 (letter of intent, 2017 Legislature).

There was no discussion on this item.

9. DEPARTMENT OF PUBLIC SAFETY – Division of Emergency Management – Emergency Assistance Account – Quarterly report on the expenditures made from the Emergency Assistance Account for the period ending June 30, 2019, pursuant to NRS 414.135(5).

There was no discussion on this item.

10. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – Division of State Parks – Notice to increase one full-time equivalent (FTE) position to facilitate grants in the new Outdoor Education and Recreation Grant Program created through the passage of Assembly Bill 331. This results in an increase from 273 FTE to 274 FTE.

There was no discussion on this item.

11. SILVER STATE HEALTH INSURANCE EXCHANGE – Semiannual report on how applicable new or modified federal laws would impact its operations for the period ending June 30, 2019 (letter of intent, 2017 Legislature).

There was no discussion on this item.

12. CLARK COUNTY SCHOOL DISTRICT – Semiannual progress report, which describes each expenditure incurred for a human resource management information system for the period ending June 30, 2019, pursuant to Senate Bill 550, Section 2, subsection 2(a) (2017 Legislature).

There was no discussion on this item.

13. Reports on the use of consultants for the January 1, 2019, through June 30, 2019, reporting period:
  - a) Reports from school districts pursuant to NRS 391.155.
  - b) Reports from boards and commissions pursuant to NRS 333.705(7).
    - 1) Reports on the use of consultants for the January 1, 2019, through June 30, 2019.
    - 2) Reports on the use of consultants for the July 1, 2018, through December 31, 2018.
  - c) Reports from the Nevada System of Higher Education, pursuant to NRS 333.705(7).

There was no discussion on these items.

14. DEPARTMENT OF AGRICULTURE – Division of Plant Industry – Notice to increase one full-time equivalent (FTE) position due to increased activity to support the Industrial Hemp program. This results in an increase from 25 FTE to 26 FTE. RECEIVED AFTER SUBMITTAL DEADLINE, 8-2-19.

There was no discussion on this item.

15. LEGISLATIVE COUNSEL BUREAU – Fiscal Analysis Bureau – Overview of K-12 funding approved by the 2019 Legislature for the 2019-21 biennium.

Adam Drost, Senior Program Analyst, Fiscal Analysis Division, LCB, introduced Jaimarie Ortega, Program Analyst, Fiscal Analysis Division, LCB. He said the Fiscal Analysis Division was asked to prepare and present an overview of the K-12 funding for the 2019-21 biennium that was approved by the 2019 Legislature. He noted that a copy of the overview was provided to each of the Committee members ([Exhibit F](#)).

Mr. Drost said the 2019 Legislature approved total state, local and federal funding of \$5.0 billion in FY 2020 and \$5.1 billion in FY 2021 for K-12 education. He noted that the state funding included both Nevada Plan formula funding as well as categorical, or targeted, funding. The aforementioned totals excluded funding provided for the Department of Education (NDE) to administer K-12 within the State of Nevada.

Mr. Drost said the following notable items were included in the K-12 funding and approved by the 2019 Legislature:

- General Fund appropriations of \$180.4 million over the 2019-21 biennium, which provided funding equivalent to a 3 percent cost-of-living adjustment (COLA) in FY 2020 for all school employees. The funding included positions funded through the Nevada Plan funding formula, the class-size reduction program and the special education program.

- General Fund appropriations of \$176.4 million over the biennium to provide funding for roll-up costs equivalent to 2 percent in each year of the biennium, which provided funding that reflected the approximate cost associated with school employees earning merit increases due to the attainment of additional education and/or additional years of service.
- Depositing the proceeds from the 10 percent retail excise tax on recreational marijuana into the Distributive School Account (DSA) budget, which provided a budget enhancement for the Nevada Plan funding formula totaling \$58.6 million in FY 2020 and \$61.3 million in FY 2021. That provided a per-pupil increase of \$120 in the first year of the biennium and \$119 in the second year of the biennium.
- General Fund appropriations of \$40.0 million over the 2019-21 biennium as a budget enhancement for school districts and charter schools through the Nevada Plan funding formula, which was a per-pupil increase of approximately \$41 per pupil in each year of the biennium.
- General Fund appropriations of \$22.2 million over the biennium for various inflationary increases related to utilities, textbooks, library books, instructional supplies, etc., which was a per-pupil increase of approximately \$23 in each year of the biennium. Mr. Drost noted that the last time an inflationary increase was approved by the Legislature was during the 2009 Legislative Session.
- General Fund appropriations of \$69.9 million in each year of the biennium for the New Nevada Education Funding Plan, which provided \$1,200 per eligible student on top of the funding received through the Nevada Plan funding formula. The program was first implemented by S.B. 178 during the 2017 Legislative Session. It implemented specific education interventions to improve the academic performance of students.
- General Fund appropriations of \$75.1 million over the biennium for various school safety initiatives.
- General Fund appropriations of \$35.1 million in FY 2020 and \$36.8 million in FY 2021 for supplemental support for the operation of school districts. The appropriation was reflected in S.B. 551 of the 2019 Legislative Session. He noted that A.B. 309 provided block grant funds totaling \$19.3 million in each year of the biennium to support the operation of school districts and charter schools.

Mr. Drost stated that a list of all categorical funding sorted by the FY 2020 amount was located on page 2 of the handout ([Exhibit F](#)). He said the largest portion of funding was for special education. Funding increased from \$383 million in the 2017-19 biennium to \$429.0 million in the 2019-21 biennium. He noted that class-size reduction and the New Nevada Education Funding Plan increased from the 2017-19 biennium. School safety items totaled \$75.0 million over the

2019-21 biennium. Mr. Drost said Senate Bill 551 of the 2019 Legislative Session, which provided supplemental funding for school districts, provided \$72.0 million over the biennium. He said the Read by Grade Three program also received an increase.

Mr. Drost stated that the table on page 2 only reflected K-12 categorical funding. Total categorical funding was approximately \$720.0 million in FY 2020 and \$711.0 million in FY 2021. He noted that funding for the early childhood education and adult education programs was not included in the table.

Mr. Drost said the 2019 Legislature discussed school safety initiatives at great length during the legislative session. Funding was provided for those various initiatives during the 2019 Legislative Session through S.B. 555, or the K-12 funding bill, as well as S.B. 528 and S.B. 551. The table on page 3 included the Governor recommended amount for each initiative as shown in yellow and the legislatively approved amount as shown in blue ([Exhibit F](#)). The Legislature approved funding of \$75.1 million compared to the Governor's recommendation of \$76.2 million for the biennium. Mr. Drost noted that the Social Workers/Behavioral Health Professionals program received total funding of \$35.4 million by the 2019 Legislature. The increased funding provided approximately 86 additional social workers or other mental health workers. In addition, the Legislature approved funding of \$10.0 million for school resource officers and school police officers, which was estimated to provide another 70 school resource or police officers over the 2019-21 biennium.

Mr. Drost said a list of local, state and federal sources that passed through the NDE to the school districts and charter schools was provided on page 4 of the handout ([Exhibit F](#)). The first item on the chart was the local guaranteed funding under the Nevada Plan formula funding, which included the in-state portion of the local school support tax and the one-third property tax portion. The state share of Nevada Plan funding included the General Fund from the state and other revenue in the DSA, such as room tax revenue, marijuana revenue, slot tax revenue and out-of-state local school support tax. The local non-guaranteed revenue reflected the remaining two-thirds portion of the property tax as well as the governmental services tax, interest earnings, rent and other revenue sources not guaranteed by the state, but which were available to the school districts and charter schools.

Mr. Drost said state categorical funds were reflected in the earlier table for categorical targeted K-12 programs. Federal funds reflected funding provided by the federal government, which flowed through the NDE to the school districts and charter schools. He noted that the school districts and charter schools may receive additional funding directly from the federal government. The second table on page 4 provided the funding on a per-pupil basis based on projected enrollment for each year of the biennium. Mr. Drost noted there was a \$97 increase in FY 2019. The per-pupil basis had an increase of \$994 in FY 2020 compared to FY 2019, and an increase of \$83 in FY 2021 compared to FY 2020.

Mr. Drost stated that the chart on the third table included total funding on a per-pupil basis. The basic support guarantee was noted in the bottom two portions of the chart; however, it should be noted that does not include all total available funding provided to school districts and charter schools. It only reflected the guaranteed amount by the state, which was the local guaranteed funding and the state portion of the Nevada Plan funding formula.

Mr. Drost said page 5 showed a graphical representation of the 2017-19 legislatively approved funding for K-12 education and the 2019-21 biennium revenue for K-12 education ([Exhibit F](#)). He stated that the local non-guaranteed formula funding increased by approximately 30.6 percent, or \$493.0 million, and the total state guaranteed formula funding increased by 10.4 percent, or \$333.0 million. Mr. Drost noted that the total state categorical funding increased by \$310.0 million between the biennia. Looking at the total general operating fund available, the total funding for K-12 education was \$8.9 billion in the 2017-19 biennium and \$10.1 billion in the 2019-21 biennium, which represented a \$1.2 billion increase, or 13.8 percent. He said the table reflected only those mentioned revenue sources; however, school districts and charter schools had access to other revenue sources such as capital, enterprise, and local grants that they may receive. The chart reflected budgeted amounts, and actual amounts may differ.

Chair Carlton thanked the Fiscal Analysis Division staff for the presentation. She thought the overview was helpful, because a number of Committee members had received questions regarding K-12 funding. She said it was important that all Committee members had the same information. It was also a good refresher for everyone. Chair Carlton said the information would be shared with other members of the Legislature who wanted a better understanding of the K-12 funding as questions were raised and accusations arose that the Legislature did not fund education.

Assemblywoman Neal agreed it was helpful to have an overview of the K-12 funding. She said after the 2019 Legislative Session, it was publicized that the CCSD had a budgetary shortfall of \$20.0 million; however, the presentation provided by LCB staff demonstrated that the CCSD received funding. She asked if staff had discussed the shortfall with the CCSD.

Chair Carlton said it would be difficult for LCB Fiscal Analysis Division staff to answer Assemblywoman Neal's question, because the school year had just begun. She said the question was more appropriate for the school district itself and how it was disbursing state funding.

Assemblywoman Neal noted there was a 3 percent increase for the local non-guaranteed formula funding. She asked what the local non-guaranteed funding was comprised of. Mr. Drost replied that the items included in the local non-guaranteed revenue included the two-thirds portion of the property tax, the

operating portion of the governmental services tax, franchise tax that the school districts may receive, possible bond proceeds that were booked in the school district's general fund as well as opening balance available to school districts for expenditure and minor federal revenue that districts might receive.

Assemblywoman Neal asked if the Fiscal Analysis Division was provided with information concerning local grants that the school districts received. Mr. Drost replied that the school districts provided a report required under Chapter 387 of the *Nevada Revised Statutes*, which included all the revenue sources received by the school district. He said the NDE received the information annually.

Assemblywoman Neal asked if there was a carryover from FY 2019. She asked if the Committee could be provided with copies of the reports. Mr. Drost said he was uncertain about a carryover amount. He said the Fiscal Analysis Division received the NRS 387 reports annually, but they were also posted on the NDE website.

Chair Carlton requested that the information be provided to the Committee.

Assemblywoman Benitez-Thompson said the \$180.4 million that was allocated for teacher raises reflected the 3 percent cost of living adjustment (COLA). She said nothing indicated those numbers were calculated inaccurately. Mr. Drost agreed. He noted that the \$180.4 million was the approximate cost of the 3 percent COLA based on the projected number of full-time employees in the base year. He said that was a local decision negotiated between the school districts and their bargaining units.

Assemblywoman Benitez-Thompson said there may be a question about whether the funds existed for teacher raises. She stated that those funds did exist; the state did fund the 3 percent COLA for teachers. Assemblywoman Benitez-Thompson said she wanted to ensure that the \$180.4 million was still an accurate figure to accomplish the mission of teacher raises.

Mr. Drost noted that the 3 percent COLA funding included positions that fell under the Nevada Plan funding formula as well as the special education and class-size reduction programs.

Senator Kieckhefer noted the increase of \$1.2 billion in total general operating funds for the 2019-21 biennium. He asked if staff could provide a breakdown as to how much was General Fund versus local or other sources. Mr. Drost said he did not have a breakdown by General Fund, because there were other state revenue sources within the DSA. He said state funding for the Nevada Plan funding formula increased by \$89.3 million.

Assemblywoman Titus commended staff for condensing the K-12 funding information into a single five-page document. She requested clarification regarding the figures in the third table on page 4 ([Exhibit F](#)). She said per-pupil funding was



determined by dividing the total projected number of K-12 pupils in the state by the combined funding from local, state and federal sources. Mr. Drost confirmed that was correct. He said per-pupil funding was based on the projected number of K-12 pupils statewide.

Assemblywoman Titus asked if pupils in some districts received a different amount of per-pupil funding. Mr. Drost confirmed that was correct. He explained that the equity allocation model was used for the final K-12 funding bill, which took into account local revenue, enrollment, and economies of scale. Adjustments were then made to calculate a basic support guarantee for each district.

Assemblywoman Titus asked for a funding breakdown per school district. Mr. Drost replied that staff would try to provide an analysis of funding by school district; however, it may be difficult, because some of the categorical funding was based on competitive grants that may not be awarded until the end of the fiscal year.

Chair Carlton said education was at the forefront of the 2019 Legislative Session, and there would be further discussions in the future. She thanked Fiscal Analysis Division staff for their efforts in providing an overview of the K-12 funding.

**R. PUBLIC COMMENT.**

There was no public comment.

**S. ADJOURNMENT.**

Chair Carlton adjourned the meeting at 1:41 p.m.

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Assemblywoman Maggie Carlton, Chair  
Interim Finance Committee

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