

MINUTES OF THE APRIL 29, 2010  
MEETING OF THE  
INTERIM FINANCE COMMITTEE  
LEGISLATIVE COUNSEL BUREAU  
Carson City, Nevada

Cochair Bernice Mathews called a regular meeting of the Interim Finance Committee (IFC) to order on April 29, 2010, at 9:17 a.m. in Room 4100 of the Legislative Building in Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building in Las Vegas, Nevada. [Exhibit A](#) is the agenda, [Exhibit B](#) is the guest list and [Exhibit C](#) is the meeting packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Bernice Mathews, Cochair  
Senator Steven Horsford, Cochair  
Assemblyman Morse Arberry Jr., Vice Chair  
Assemblyman David Bobzien for Assemblywoman Barbara Buckley  
Assemblyman Moises (Mo) Denis  
Assemblywoman Heidi Gansert  
Assemblyman Pete Goicoechea  
Assemblyman Tom Grady  
Assemblyman Joe Hardy  
Assemblyman Joseph Hogan  
Assemblywoman Marilyn Kirkpatrick for Assemblyman Marcus Conklin  
Assemblywoman Sheila Leslie  
Assemblywoman Kathy McClain  
Assemblyman John Ocegüera  
Assemblywoman Debbie Smith  
Senator Shirley Breeden for Senator Bob Coffin  
Senator Mike McGinness for Senator Dean Rhoads

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Joyce Woodhouse

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Barbara Buckley  
Assemblyman Marcus Conklin  
Assemblywoman Ellen Koivisto  
Senator Bob Coffin  
Senator William Raggio  
Senator Dean Rhoads

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Tracy Raxter, Fiscal Analyst, Assembly  
Mark Krmpotic, Fiscal Analyst, Senate  
Lorne Malkiewich, Director, Legislative Counsel Bureau  
Eileen O'Grady, Chief Deputy Legislative Counsel, Legislative Counsel Bureau  
Sherie Silva, IFC Committee Secretary  
Tracie Battisti, Fiscal Division Secretary

Cochair Mathews called the meeting to order and asked for a roll call.

A. ROLL CALL

Lorne Malkiewich, Director, Legislative Counsel Bureau and Secretary of the Interim Finance Committee, called the roll and announced a quorum of each House was present.

\*B. APPROVAL OF MINUTES OF THE FEBRUARY 3, 2010, MEETING.

ASSEMBLYMAN DENIS MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN  
MCCLAIN.

THE MOTION CARRIED.

\*C. APPROVAL OF MINUTES OF THE FEBRUARY 4, 2010, MEETING.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HOGAN.

THE MOTION CARRIED.

\*D. APPROVAL OF MINUTES OF THE FEBRUARY 9, 2010, MEETING.

ASSEMBLYMAN DENIS MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY SENATOR BREEDEN.

THE MOTION CARRIED.

\*E. STATE PUBLIC WORKS BOARD – REPORT FROM THE IFC'S  
SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS IN  
ACCORDANCE WITH NRS 218E.405.

Gus Nunez, Manager, Public Works Board, reported on the meeting of the IFC Subcommittee to Review Public Works Board Matters, which was held the previous day. The Subcommittee's report and recommendations were submitted as [Exhibit D](#). Mr. Nunez stated the first recommendation from the Subcommittee was to approve the siting of the new Elko County Readiness Center in Carlin, which would be co-located with the Fire Science Academy. The recommendation was also to modify the scope of the project to provide construction of a new 5,517-square-foot building for the Nevada Army National Guard and reduce renovations and on-site improvements approved for the project. The project would involve approximately \$8 million in state funds and \$8 million in federal funds. The purchase price of the property was \$10 million, and the remaining funds would be used for remodeling and/or new construction at the site.

With respect to the federal funding, Mr. Nunez said Adjutant General Burks had told the Subcommittee that the request had been submitted to the National Guard Bureau and the Congressional delegation in Washington, D.C., who were going to recommend approval and process the request to reallocate the money from Elko to Carlin.

Assemblyman Goicoechea asked if the change in funding from the Elko Armory to the Carlin Readiness Center required legislative action at the federal level. Mr. Nunez replied Assemblyman Goicoechea was correct.

Assemblyman Goicoechea affirmed that the \$8 million in state funds could be appropriated as long as there was assurance of a commitment of the federal funds. He would prefer that the monies were actually transferred from the Elko Armory to the Carlin Readiness Center before state funds were committed. He was very concerned the state would commit \$8 million in state funds and \$10 million would be committed to the University of Nevada, Reno (UNR) to retire a portion of the bonded indebtedness against the Fire Science Academy, but the students would still pay the \$6 fee to retire that debt. He said even with the \$10 million, there was an additional \$17 million owed on the facility. Assemblyman Goicoechea did not believe there would be any form of the Fire Science Academy in place in Carlin once UNR received its \$10 million and the National Guard started construction and took over; it would become the Readiness Center. He had heard a lot of dialogue about how well co-location was going to work with the National Guard, but the 400 acres was landlocked in the middle of a checkerboard. Assemblyman Goicoechea believed the only reason the Guard was looking at the Fire Science Academy was because it would help alleviate \$10 million in debt for UNR. If it was not for that fact, he did not believe the Guard or anyone else would look at the Academy as a prime site for a Readiness Center. He again expressed concern that the federal money be in place before state funds were committed.

Mr. Nunez stated that since the purchase of the land was \$10 million and the state funding was only \$8 million, the state would not be in a position to buy the land or begin the remodel or construct new facilities until the federal funds were actually received. He was not in a position to address the issue of the bonded indebtedness and student fees.

Assemblyman Goicoechea remarked he was glad to hear Mr. Nunez state for the record that commitment of the state funds would be contingent upon the reallocation of the federal funds. He pointed out that the Elko National Guard detachment would be losing

its armory. Federal funds in the amount of \$8 million had been committed to a new armory in Elko, and now the funding was being shifted to the Readiness Center, so Elko would be left without a new armory. He had heard application would be made for a new appropriation in 2015 or 2018, but he questioned whether the state would have to appropriate another \$10 million in state funds. He noted that technically \$20 million in state funds would be expended for an armory and a Readiness Center located 19 miles apart.

General Burks, Adjutant General for the State of Nevada, pointed out the process involved four steps. The first step was to receive approval from the Board of Regents for the purchase of the land. The next step was to obtain approval from the Interim Finance Committee; then approval would be needed from the National Guard Bureau, which was now in process; and the final step would be to get the funds re-appropriated from Elko to Carlin. General Burks said it was his plan to not only have a facility in Carlin, but a facility in Elko as well. The process involved with military construction (MILCON) funding required a 75/25 percent match. All of the state funding could not be used for the purchase of the land, because that would not leave matching funds for building construction or modifications. The total amount of federal funding was actually \$11.5 million, but only \$8 million to \$9 million would be used, leaving about \$2 million on the table, which would not be available for other uses. General Burks said a combination of building new and modifying existing structures was to accommodate co-location with the Fire Science Academy to ensure the Academy could maintain its operations.

General Burks went on to explain the MILCON funding was five-year funding, which began in fiscal year 2009, and it was already half-way through fiscal year 2010. With the construction and design, the facility would probably be ready for occupancy in late fiscal year 2013, which meant the existing Armory in Elko would be maintained for a number of reasons. One, it was a huge recruiting asset, and two, it would be needed until the move to Carlin in 2013. The future years' defense plan included taking the truck company in Elko off the books. General Burks hoped to move a helicopter unit to Elko because, contrary to the mission of the Guard, the northeast corner of the state was unprotected by helicopters. Lost or injured persons in the high mountains could only be rescued by helicopter, and presently the nearest helicopters were either in the Boise area or Salt Lake City. To better position the Guard to meet the state's mission, he would attempt to move two helicopters to Elko as soon as possible. He was willing to lease property at the Elko airport if necessary.

Cochair Mathews asked President Glick, University of Nevada, Reno (UNR), to address the questions concerning student fees.

Dr. Glick, President, UNR, explained the same amount of student fees was established for UNR and the University of Nevada, Las Vegas (UNLV). The UNLV student fee was being used for capital projects that directly affected and assisted the students on the UNLV campus. The UNR fee was being used to pay off the capital debt on the Fire Science Academy. If the IFC approved the item, Dr. Glick said the commitment was to use the \$10 million to directly pay down the debt from \$25.8 million to \$15.8 million, and the student fees that would be freed up would be used for priorities directly affecting the students on the Reno campus.

Assemblyman Goicoechea asked whether the Elko Guard unit would be moved to the Carlin Readiness Center or if it would remain in the old Armory in Elko.

General Burks replied that until the Carlin facility was actually constructed and modified, the Guard would remain at the existing Elko Armory; the move to Carlin would probably take place sometime in fiscal year 2013.

Assemblyman Goicoechea asked where the helicopter unit would be based.

General Burks replied the current plan was to have it based at the Elko airport. The Army National Guard was going through a Blue Ribbon Panel process to determine what the Army National Guard should look like in 10 to 15 years, and the plan was supposed to be finalized within the next 2 to 3 weeks. Location of the helicopter unit was a key component of the plan.

Assemblyman Goicoechea affirmed that the site for the proposed new Armory committed by the city of Elko was at the Elko airport. He noted that Assemblyman Carpenter was very concerned with the commitment of federal funds as well; they would both like to see the long-term plan for UNR at the Fire Science Academy. They were concerned that once the university received the \$10 million, it would bail out on the agreement.

Assemblyman Grady wanted to state for the record that during the previous day's IFC Subcommittee meeting, Dr. Glick had committed that the \$10 million would be used to pay down bonds; it would not be saved in a trust account to make payments. Also, the Adjutant General had discussed properties around the Fire Science Academy that could be used for training, but according to Assemblyman Goicoechea, the surrounding property was privately owned. He noted the Subcommittee had approved the request based on the understanding there was surrounding BLM ground available for training.

Mr. Nunez responded the CIP project included the purchase of the Fire Science Academy facility and the 400+ acres surrounding the facility.

Assemblyman Grady reiterated that General Burks had said there was BLM ground available around the facility that could be used for future training needs. He wanted the record to reflect whether there was BLM land available.

Assemblyman Goicoechea clarified the surrounding property was checkerboard land; every other section was private property, and the facility was basically landlocked.

General Burks remarked considerable training could be conducted on 460 acres. The current Elko Armory was located on one-third of an acre. The property had tremendous value.

Continuing with the Subcommittee report, Mr. Nunez reported the second item was a request to change the scope of Project 09-C18, Southern Nevada Veterans' Cemetery Expansion. The original scope of the project included expansion and renovation consisting of an existing administration building. The Office of Veterans' Services had requested demolition of the existing building and construction of a new

3,400-square-foot administration building with associated site changes to meet the current requirements. Mr. Nunez said the revised scope also included construction of a new entrance, demolition and relocation of the existing committal shelter and deletion of the columbarium wall addition. As a result of the request, a feasibility study was conducted to look at the cost effectiveness of the new construction versus the renovation, and the study determined that new construction was the most cost effective.

A traffic flow study for the site had confirmed the necessity for site changes to improve vehicular circulation within the cemetery. The Subcommittee recommended IFC approve the request to modify the scope of the Southern Nevada Veterans' Cemetery Expansion to include construction of a new administration building, traffic flow improvements, relocation of the committal shelter and deletion of the additional columbarium wall.

Mr. Nunez explained the third project recommended for approval by the Subcommittee was a request for the University of Nevada, Reno to accept a grant of \$104,000 funded by the American Reinvestment and Recovery Act (ARRA). The grant would be used to allow UNR to remodel and expand existing space at the Northern Nevada Early Head Start Infant and Toddler Program facility at 2667 Enterprise Road in Reno.

Mr. Nunez reported that two projects on the exception report were discussed by the Subcommittee. Public Works was working with the Department of Corrections on potential scope changes on Project 07-C05, the Indian Springs Correctional Center Work Camp. The item would be brought back to the IFC once a final solution was reached with the Department of Corrections. Mr. Nunez said the other project discussed was the boiler replacement at the Lovelock Correctional Center, CIP Project 09-M12. The existing boiler would be replaced by three smaller boilers, which would provide more efficiency. Mr. Nunez reported the Subcommittee recommended the IFC accept the exception report.

Concerning the Expansion of the Veterans' Cemetery in Southern Nevada, Assemblyman Hardy asked why the old building was being destroyed and a new one was being constructed.

Mr. Nunez said the federal Office of Veterans' Services had requested the state consider a new facility in lieu of a remodel and addition to the existing facility. A feasibility analysis of the two options was conducted, and it showed that new construction would be a more cost-effective way to proceed and would provide enhanced circulation and better ADA access throughout the facilities. No additional state funds were required.

ASSEMBLYMAN HARDY MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN SMITH.

THE MOTION CARRIED.

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

Mark Krmpotic, Senate Fiscal Analyst, explained the work program revisions were submitted by the Governor for expeditious action within 15 days and were for the Committee's information only. Item F-1 had been withdrawn.

There were no questions from the Committee.

G. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(a). INFORMATIONAL ONLY – APPROVED BY THE GOVERNOR BECAUSE OF AN EMERGENCY AS DEFINED IN NRS 353.263 OR FOR THE PROTECTION OF LIFE OR PROPERTY.

Mr. Krmpotic explained the work program revisions were approved by the Governor for the protection of life and property under NRS Chapter 353. Item 10 was revised to transfer the dollars to the American Reinvestment and Recovery Act (ARRA) Section 110 Vocational Rehabilitation grant instead of to the Unemployment Insurance Administrative category. Item 11 was revised to eliminate ARRA 2009 language. Item 13 included a number of work programs that were approved by the Governor to implement FY 2010 budget reversions largely authorized under Assembly Bill 6, Sections 1, 2 and 3, of the 26th Special Session. Item 13 also included agency reductions submitted to the Governor's office that were not included in A.B. 6.

There were no questions from the Committee.

\*H. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353, *NEVADA REVISED STATUTES*.

Items 75, 87, 106, 121 and 122 included block grants and required a public hearing.

Mr. Krmpotic indicated that Committee members were interested in hearing testimony on items 5, 9, 10, 11, 12, 19, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 74, 80, 90, 91, 110 and O-13D(4), 112, 114, 117, 133, 134, 136, 137, 138, 139, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 179, 188, 189 and J-4, 191 and 192.

Mr. Krmpotic indicated revisions had been made to the following work programs: Item 6 included an addition of \$14,300 in federal services training officers and prosecutors grant funds and \$7,000 in match funds; item 38 was revised to require IFC approval because grant funds exceeded \$50,000; item 65 was revised to add Common Interest Communities in place of Real Estate Education and Research; item 165 was revised to indicate addition of driver's licenses fees with a corresponding increase in the driver's license photos category; item 170 was revised to indicate transfer from the Division of Emergency Management Department of Homeland Security to increase homeland security program funding for the purpose of supplementing the Interoperable

Communications project; and item 171 was revised to identify the Department of Homeland Security Federal Emergency Management Agency funds.

Items 63, 64, 66, 163 and 169 had been withdrawn.

Mr. Krmptic stated staff had corrections on items 97 and 100 and requested that Laura Freed, Program Analyst, explain the changes in order that they could be included in the motion for approval.

Laura Freed, Program Analyst, Fiscal Analysis Division, explained technical corrections to two work programs for the Health Division; the Budget Division and Health Division concurred with the changes. Item 97 was an adjustment of the revenue and expense authority for the federal HIV Prevention grant. The work program as submitted was \$7,814 higher than the actual grant award; the correct amount was \$391,663, and the HIV Prevention category should be changed to \$505,762.

Ms. Freed further explained that item 100 involved the Chronic Disease program and was modified to reflect an augmentation in category 14 of \$238,898 and a reduction in category 12 of \$5,673.

Senator Horsford and Assemblyman Arberry disclosed that with regard to items H-110 and O-13-d(4), they served on the board of directors for one of the agencies involved and would abstain from voting.

There were no questions from the Committee.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL OF REMAINING WORK PROGRAM REVISIONS, INCLUDING THE CORRECTIONS AND REVISIONS RECOMMENDED BY FISCAL STAFF.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN SMITH.

THE MOTION CARRIED.

Senator Horsford and Assemblyman Arberry abstained.

### **Work Program Revisions**

- 1. Governor's Office – State Energy Office – Energy Conservation – FY 2010 –** Addition of \$5,190 in federal State Energy Program (SEP) formula grant funds and a transfer of \$40,428 from the Personnel Services category to the SEP grant category to align awarded cash and authority and to cover additional project costs in the program as approved by the United States Department of Energy. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17580**

Refer to motion for approval under Item H.



2. **Attorney General – Administrative Fund – FY 2010** – Transfer of \$80,000 from the Personnel Services category to the Tobacco Enforcement category to support increased activity for this program area this fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C17357**

Refer to motion for approval under Item H.

3. **Attorney General – Administrative Fund – FY 2010** – Addition of \$46,177 in Conference of Western Attorneys General (CWAG) revenue to provide the CWAG prosecutorial liaison services for the term of the proposed contract. Requires Interim Finance approval since the amount added to the CWAG expenses category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEM 4. Work Program #C17277**

Refer to motion for approval under Item H.

4. **Attorney General – Administrative Fund – FY 2011** – Addition of \$119,648 in Conference of Western Attorneys General (CWAG) revenue to provide prosecutorial liaison services. Requires Interim Finance approval since the amount added to the CWAG expenses category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEM 3. Work Program #C17692**

Refer to motion for approval under Item H.

5. **Attorney General – Special Fund – FY 2010** – Addition of \$1,815,820 in Omnibus Appropriations for Nuclear Waste funds for the Yucca Mountain Nuclear Waste Project federal expenditure category to conduct scientific oversight and participate in licensing activities. Requires Interim Finance approval since the amount added to the Nuclear Waste Federal Funds category exceeds \$50,000. **Work Program #C17504**

Marta Adams, Chief Deputy Attorney General, Attorney General's Office, explained the federal funds would be used for the Yucca Mountain licensing proceeding, as well as state litigation.

Debra Crowley, Attorney General's Office, further explained the work program was to true up the federal dollars received with the current legislatively-authorized amount. The current budget authorized \$3,182,900, and the actual federal award was \$4,998,720. The request was basically to increase the authority to match the amount with the federal appropriation.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED.

6. **Attorney General – Council for Prosecuting Attorneys – FY 2010** – Addition of **\$14,300 in** federal Services Training Officers Prosecutors (STOP) grant funds **and \$7,000 in match funds** to be transferred from the Violence Against Women account to produce a 30-minute video on the cycle of violence and abuse for the education of law enforcement, prosecution, judges and victim/witness advocates during training. Requires Interim Finance approval since the amount added to the STOP grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17518. REVISED APRIL 12, 2010.**

Refer to motion for approval under Item H.

7. **Attorney General – Victims of Domestic Violence – FY 2010** – Addition of \$47,003 in Transfer of Violence Against Women grant funds to implement a Statewide Domestic Violence Fatality Review Initiative (SDVFRI). Requires Interim Finance approval since the amount added to the Services Training Officers Prosecutors (STOP) SDVFRI category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17537**

Refer to motion for approval under Item H.

8. **Attorney General – Violence Against Women Grants – FY 2010** – Addition of \$239,352 in Sexual Assault Services Formula Grant Program (SASP) funds to support rape crisis and other nonprofit, nongovernment organizations that provide core services, direct intervention, and related assistance to victims of sexual assault. Requires Interim Finance approval since the Sexual Assault Services Program grant category exceeds \$50,000. **Work Program #C17250**

Refer to motion for approval under Item H.

Cochair Mathews announced that items 9 through 12 would be heard together.

9. **State Treasurer – Nevada College Savings Trust – Endowment Account – FY 2010** – Transfer of \$447,523 from the Reserve category to the Transfer to Budget Account 1083 Higher Education Trust category to support prepaid tuition administration costs and help the viability and security of the Prepaid Program. This action was approved at the November 2009 College Savings Board meeting. Requires Interim Finance approval since the amount transferred to the Transfer to Budget Account 1083 Higher Education Trust category exceeds \$50,000. **RELATES TO ITEM 11. Work Program #C17328**

10. **State Treasurer – Nevada College Savings Trust – Endowment Account – FY 2010** – Transfer of \$5,000,000 from the Reserve category to the Prepaid Tuition Stabilization category to increase the Best Estimate Percentage of Reserve to 100 percent over the next five fiscal years and to comply with the resolution passed by the College Savings Board at its January 20, 2010, meeting. Requires Interim Finance approval since the amount transferred to the

Prepaid Tuition Stabilization category exceeds \$50,000. **RELATES TO ITEM 12. Work Program #C17427**

11. **State Treasurer – Higher Education Tuition Trust – Non-Executive – FY 2010** – Addition of \$447,523 in Transfer from Fiduciary funds to support prepaid tuition administration costs with the College Savings Endowment Account, which will help the viability and security of the Prepaid Program. This action was approved at the November 2009 College Savings Board meeting. Requires Interim Finance approval since the companion work program requires IFC approval. **RELATES TO ITEM 9. Work Program #C17327**
12. **State Treasurer – Higher Education Tuition Trust – Non-Executive – FY 2010** – Addition of \$5,000,000 in Transfer from Fiduciary funds to increase the Best Estimate Percentage of Reserve to 100 percent over the next five fiscal years and to comply with the resolution passed by the College Savings Board at its January 20, 2010, meeting. Requires Interim Finance approval since the companion work program requires IFC approval. **RELATES TO ITEM 10. Work Program #C17429**

Mark Winebarger, Chief Deputy Treasurer, explained items 9 and 11 involved a request to transfer \$447,523 from the College Savings Endowment account to the Prepaid Tuition Trust Fund to cover administrative costs. Items 10 and 12 involved a request for a \$5 million loan from the College Savings Endowment account to the Prepaid Tuition Trust Fund to obtain 100-percent funding for the Prepaid Tuition Trust Fund.

Cochair Mathews said she was always leery when transferring funds for administration, particularly when students or potential students were involved. She asked for further clarification.

Karen Duddlesten, Senior Deputy, Treasurer's Office, stated she worked with the College Savings program, and explained the Nevada Prepaid Tuition Trust Fund was funded by the sale of contracts. The Treasurer's office worked with an actuary to look forward, as well as to evaluate the program based on the rate of return on tuition increases and how it was affecting the sales of contracts. She said the contracts were sometimes held by the state for up to 18 years when parents would buy a contract for their newborn child and use it when the child went to college. Ms. Duddlesten said with the returns and the tuition increases over the past several years, the College Savings Board had put a plan together to look at long-term stabilization of the plan, because Nevada's plan was not backed by the full faith and credit of the state or taxpayers; it was self sufficient. The only source to stabilize the fund was the College Savings fees which, by state law, could be used for the Prepaid Tuition Plan, the administration of the Prepaid Tuition Plan, and for programs to help Nevadans obtain higher education. She explained the board was trying to leave the funds actually paid by the taxpayers for their children to attend college in the trust fund and use the College Savings fees to further stabilize the trust fund and cover the administrative costs.

Assemblywoman Gansert remarked the two funds appeared to be related, but she thought they were more like apples and oranges in that the Prepaid Tuition Plan was

started by the state of Nevada, whereas the non-prepaid college savings plans (529 Plans) received fees from investments made with Vanguard and the various vendors. In reading through the documentation, it seemed to her that the Prepaid Tuition Plan should be able to fund itself and be wholly responsible. She observed the plan was slightly under funded, 98 percent of the 100 percent expected at this point versus other prepaid tuition plans that had greater amounts of 110 percent or 120 percent. She asked whether the Prepaid Tuition Plan should be independent or if it should rely on revenue from the 529 Plan, which was actually a separate program.

Ms. Duddlesten replied the Legislature originally set up a loan to start the Prepaid Tuition Program, and it was specifically allowed to be paid back from the College Savings fees; there was a history of using the College Savings fees to support the Prepaid Tuition Program. She said it was also listed in the *Nevada Revised Statutes* as an allowable use for the Prepaid Tuition Program. She agreed the intent was to have the program be self-sustaining, and the board had worked hard toward that goal. In the early years, the plans were sold for a very low cost per credit, and the reserves built into those original prices were 10 percent. The board had since increased the reserve to 30 percent of the contracts' prices. However, Ms. Duddlesten explained, there were contracts that were over 18 years old, and tuition had increased beyond what anyone could have anticipated 18 years ago. She said the board had an obligation to those contract holders, which was why the request was specifically set up as a loan. Through the investments allowed under NRS and prudent management, it was hoped the fund would reach 120 percent, and that some of the tuition increases that were above 5 or 6 percent could be used to start repaying that loan to the College Savings Fund.

Assemblywoman Gansert affirmed the intent was to have the fund be self-sustaining and the objective was to get to 120 percent with reserves. She did not recall that the programs were created at the same time; she thought the 529 Program was created several years later.

Ms. Duddlesten replied Assemblywoman Gansert was correct. The original loan was from the Legislature for the Prepaid Tuition Program, and when the College Savings fees came in, those fees were allowed to be used to pay back the Prepaid Tuition loan. The loan was paid back over a 10-year period with the College Savings fees.

Assemblywoman Gansert asked how frequently the office analyzed where the program was actuarially. Ms. Duddlesten replied a full evaluation was conducted once a year at the close of the fiscal year. The board looked at a 10-year model with updated tuition increases at least quarterly, and this year a new model had been conducted every 6 to 8 weeks. She said the office worked closely with the Nevada System of Higher Education (NSHE) on looking ahead at tuition increases.

Assemblywoman Gansert requested a copy of the latest 10-year model; Cochair Mathews asked that copies be provided to the Committee.

SENATOR HORSFORD MOVED FOR APPROVAL OF ITEMS 9,  
10, 11 AND 12.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

## THE MOTION CARRIED.

Assemblywoman Gansert recalled that during the 26th Special Session, funds were transferred from the Millennium Scholarship Fund. She was under the impression that the program would be solvent until 2014, but recent newspaper articles had contained conflicting information.

Mr. Winebarger replied that based on the revenues that came in April 15 and April 19, 2010, the projections for the tobacco revenues were \$5 million less than expected, which obviously impacted the long-term projections, as well as the short-term projections through 2011. He said the office was currently trying to get information from Moody's and other resources to assist in a re-evaluation and re-projection of the revenues.

Assemblywoman Gansert affirmed that the status of the program was uncertain as of now and through 2011. Mr. Winebarger stated she was correct.

Assemblywoman Gansert asked the amount of annual expenditures for the Millennium Scholarship Program. Mr. Winebarger said expenditures were approximately \$25 million. He reiterated the tobacco revenue was \$5 million less than anticipated, and the Millennium Scholarship Program was to have received 40 percent, which amounted to approximately \$2 million.

Assemblywoman Gansert observed that \$25 million was spent each year, and the tobacco shortfall amounted to \$2 million. She reiterated that she had understood the fund would be solvent until 2014.

Mr. Winebarger stated part of the problem was during the recent Special Session, \$5 million was withdrawn from the fund and transferred to the General Fund. Additionally, when the projections were first made, \$3.8 million of unclaimed property funds were to be transferred to the Millennium Scholarship Trust Fund, which had also been withdrawn.

Assemblywoman Gansert remarked the numbers were still not adding up to \$25 million over several years, and she requested the office report back with new projections. She asked how much was currently in the account.

Mr. Winebarger did not have that amount with him. There was several million; tuition payments were just made and the available cash should be sufficient through this fiscal year. However, he added, there were going to be some cash-flow issues in the future.

Assemblywoman Gansert affirmed there were sufficient funds for the 2010 spring semester. There were so many students who relied on the program, and she did not believe expectations were that it would be insolvent before 2014 when the transfers were agreed to during the Special Session.

Steve George, Chief of Staff, Treasurer's Office, stated one of the problems with financing the program was the \$7.6 million transfer from the unclaimed property account

that would go to the Millennium Scholarship Trust Fund each year had been eliminated for 2009, 2010 and 2011. In addition, \$5 million was taken from the account this year, and \$5 million was expected to be taken next year. Mr. George said the College Savings Board recently agreed to transfer \$200,000 so that the program could be made whole for 2011. With the tobacco revenue shortage, the shortfall amounted to approximately \$1.3 million to sustain the program through 2011.

Assemblyman Goicoechea asked if the Millennium Scholarship Program would be suspended as of 2011. He wondered if the criteria for the scholarships would have to be changed.

Ms. Duddlesten replied cash was received every year. She stated the Treasurer's office did not make the rules on eligibility or administration of the Millennium Scholarship Program. The office basically just paid the bills. The rules were established by the Legislature and administered to students by the Nevada System of Higher Education.

Mr. George explained that the \$200,000 transfer by the College Savings Board was to maintain the program until the 2011 Legislative Session, so that the Legislature would be able to determine whether the program would be funded going forward. He said in order to continue the program, the \$7.6 million transfer would have to be restored and future tobacco funds would need to be provided to the fund. Since the Legislature would have very difficult decisions to make, the future of the program was essentially dependent upon what could be provided in 2011.

Assemblyman Goicoechea asked if \$25 million was available to fund the next cycle through fiscal year 2011.

Mr. Winebarger responded that depending on fiscal year 2011 tobacco revenues, it would be very difficult, but he again noted that revenues were always coming in. It might be possible to work with NSHE to defer some payments on a cash-flow basis, which had been done during the current year.

Assemblywoman Gansert recalled that during the Special Session, it was anticipated some of the 529 Program revenues, the \$5.4 million reserve just discussed, could be transferred to help support the Prepaid Tuition Program. There was going to be \$4 million or \$5 million transferred to the Millennium Scholarship Fund, but it appeared the board did not approve the transfer. She asked if she understood the issue correctly and if it needed to be revisited.

Ms. Duddlesten replied the College Savings Board was asked to consider the transfer. The members debated it for some time and determined that statutorily they were charged with the Nevada Prepaid Tuition and College Savings Programs. Based on the projections at that time, they made their best effort and transferred \$200,000. That was their decision with regard to the transfer. She added a second request could be made to the board if that was the Committee's desire.

Assemblywoman Gansert said a second request might be needed. She was concerned that students would not have access to the funds they were counting on to continue

their education because of a temporary shortage of revenues. She asked if the \$5 million loan would be spent or put into the Prepaid Tuition Program reserve account.

Ms. Duddlesten replied the \$5 million was to be put into the Prepaid Tuition Trust Fund in order to fully fund the program.

Assemblywoman Gansert affirmed the program would actuarially be fully funded, but the monies would not actually be spent. Mr. George replied he believed that was correct.

Assemblywoman Gansert said she was suggesting that choices be weighed. There was money that could potentially have been used for the Millennium Scholarship Program to ensure solvency through 2011 or later, versus shoring up an actuarial amount in the Prepaid Tuition Fund. She was not sure there was anything that could be done because the \$5 million had been approved, but she believed it was important to consider that choice and whether the transfer should be reconsidered if it was needed to shore up the Millennium Scholarship Program, which was on a cash-need basis, versus an actuarial amount in the Prepaid Tuition fund.

Mr. George said he thought the College Savings Board's decision to not transfer the \$2.2 million involved a heated discussion during the board meeting about not transferring that money if, in fact, the \$7.6 million would not be there the next year. If the tobacco money would not be transferred as well, the board would be transferring \$4 million into that account with no guarantee the program would move forward, and the result of that transfer was uncertain. He said that fact weighed very heavily on the board's decision and was the reason members agreed to transfer only the \$200,000 which, at that time, would have held the program whole through 2011 and allowed consideration by the Legislature. He said Treasurer Marshall was continually working with others to try to come up with ways to get through 2011 so that decisions could be made whether the program would go forward. The College Savings Board had no financial interest in the Governor Guinn Millennium Scholarship Program; its priority was to make sure the College Savings and Prepaid Tuition Programs were whole.

Assemblywoman Gansert noted the \$5 million transferred to shore up the balance in the Prepaid Tuition Program was a loan; there appeared to be some uncertainty as far as when the loan was to be paid back and if the money could actually be accessed to shore up the Millennium Scholarship Fund. She again stated that many legislators agreed to the loan because they thought the Millennium Scholarship Fund would be made solvent, as was represented by the Treasurer's office.

Senator Horsford said he believed Assemblywoman Gansert was correct in her understanding; he also recalled that was what was represented to the Legislature during the Special Session. He asked what the reserve fund amounts were currently. He also requested that the update of revenue sources and projections be provided to staff as soon as possible to keep the Committee informed and aware of options. Since the determination would ultimately be made by the Legislature, members needed to know now where the shortfalls may be in order to start formulating options for next session.

Senator Horsford said that based on the reserve funds that were available and the information provided during the Special Session, the Legislature could have shored up the Prepaid Tuition Fund and transferred an amount that would have preserved the Millennium Scholarship Program through 2014. That was the Legislature's expectation, and he regretted that the College Savings Board did not agree with that approach.

Cochair Mathews asked Assemblywoman Gansert to follow up on the issue, and that the item be placed on the agenda for the next IFC meeting.

13. **State Treasurer – Unclaimed Property – FY 2010** – Addition of \$440,000 in Transfer from Abandoned Property funds to cover increased audit service expenses. Requires Interim Finance approval since the amount added to the Audit Services category exceeds \$50,000. **Work Program #C17593**

Refer to motion for approval under Item H.

14. **Department of Administration – Motor Pool – FY 2010** – Transfer of \$113,116 from the Vehicle Depreciation category to the Reserve category to record a six percent budget reduction per Budget Division's All Agency Memo #2009-37. Requires Interim Finance approval since the amount transferred from the Vehicle Depreciation category exceeds \$50,000. **RELATES TO ITEM 15. Work Program #C17700**

Refer to motion for approval under Item H.

15. **Department of Administration – Motor Pool – Motor Pool Vehicle Purchase – FY 2010** – Deletion of \$113,116 from the Transfer From Other Budget Account revenue to record a 6 percent budget reduction per Budget Division's All Agency Memo #2009-37. Requires Interim Finance approval since the amount deducted from the Vehicle Purchase category exceeds \$50,000. **RELATES TO ITEM 14. Work Program #C17695**

Refer to motion for approval under Item H.

16. **Department of Administration – Purchasing – Commodity Food Program – FY 2010** – Addition of \$27,187 in federal Emergency Food Assistance grant funds and \$61,665 in federal Commodity Supplemental Food Program funds to cover increased reimbursement requests from local agencies that distribute food, additional shipments in cold storage and the agency's distribution of food. Requires Interim Finance approval since the amount added to the Emergency Food Assistance Program category exceeds \$50,000. **Work Program #C17482**

Refer to motion for approval under Item H.

17. **Department of Administration – Buildings and Grounds – FY 2010** – Transfer of \$212,290 from the Reserve category to the Utilities category to support the anticipated utility expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds \$50,000. **Work Program #C17552**



Refer to motion for approval under Item H.

- 18. Department of Administration – Buildings and Grounds – FY 2010 –** Transfer of \$125,469 from the Reserve category to the Personnel Services category to support personnel through the state fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C17553**

Refer to motion for approval under Item H.

- 19. Department of Administration – Victims of Crime – FY 2010 –**Transfer of \$413,153 from the Reserve category to the Victims' Payments category to cover payments to victims of violent crimes committed in the state, including counseling, lost wages, financial losses to those responsible for maintaining the victim, living expenses when necessary, and funeral and burial expenses through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Victims' Payments category exceeds \$50,000. **Work Program #C17201**

Andrew Clinger, Director, Department of Administration, explained item 19 was a work program that transferred \$413,153 from the reserve category in the Victims of Crimes to the victims' payments category to pay victims' payments through the remainder of fiscal year 2010.

Bryan Nix, Coordinator for the Victims of Crime program, testifying from Las Vegas, introduced Rebecca Salazar, a Compensation Specialist for the program, and offered to answer any questions from the Committee.

Assemblywoman Smith said she had questions concerning what was causing the revenue shortfall and if more ARRA funds were anticipated.

Mr. Nix replied it appeared revenues had been lessening over the past year. He suggested the Budget Office could answer the questions more clearly. He explained funding was received primarily from fines and assessments imposed by the courts, and there had been a drop in those revenues from the courts to the counties and the state. The program had received \$500,000 in ARRA funds in fiscal year 2010, which were incorporated into victims' payments, and additional funds were not anticipated.

Evan Dale, Administrative Services, Department of Administration, stated that in total, the funding stream for Victims of Crime was running 5 percent below forecasts. The largest decreases were in fines and forfeitures from the court system, as well as wage assessments for restitution. Fines and forfeitures were down 31 percent below the authorized amount; wage assessments were down 43 percent; and restitution collections were down 22 percent.

Assemblywoman Smith asked if anyone had looked into why the revenues in those categories were so much lower.

Mr. Dale replied he did not know; he surmised the criminals were unable to pay the fines and restitutions that had been levied against them.

Assemblywoman Smith requested that the subject be looked into prior to the 2011 Session. During the 2009 Session, audits had revealed that some revenue had not been coming into the appropriate categories. She had also expressed concern during session with the amount of money spent on an outside contractor to examine the hospital bills. The contractor received a 19-percent increase, and she would prefer more money be given to the victims. She asked if anything had been done from the 26th Special Session directive to negotiate lower costs with the contractor. In 2011, she would like to again look at whether the state had existing resources to perform the examinations. It seemed to her the Consumer Health Assistance office did similar work in helping to negotiate lower hospital bills or ensure they were accurate. She reiterated she wanted to see more money diverted to actual victims instead of to a consultant.

Mr. Nix replied the office had been meeting with the contractor to negotiate some contract amendments. He wanted to clarify that the contractor was responsible for allowing the state to take the \$10 million received in funding and expand it into about \$25 million to \$30 million in benefits to the victims. He did not see a correlation between taking money from the vendor that provided that benefit and any additional benefits to the victims. He said Nevada was unique in the country in its ability to expand the resources made available by the state and federal government to provide a tremendous amount of benefits that otherwise could not be paid.

Assemblywoman Smith replied she understood what Mr. Nix was saying, but she wanted to make sure that if current staff and agencies were available, the agency would capitalize on existing resources rather than hire contractors. She asked to receive a report on the outcome of the negotiations with the contractor.

Assemblywoman Leslie noted there was still an outstanding issue that was revealed by a LCB audit, which maintained the agency was in violation of a statute. She acknowledged the agency did not believe it was in violation, but the Legislature did, and she wanted it on the record that there would be a bill draft in the 2011 Session to resolve the discrepancy.

Mr. Nix responded another bill draft request had been submitted for the 2011 Session. He said a request had been submitted in the 2009 and 2007 Sessions as well. He thought the Attorney General's Advisory Commission on the Administration of Justice Subcommittee on Victims of Crime had also adopted a bill draft request, but apparently it did not. Mr. Nix said there were numerous meetings with legislators during the 2009 Session, and there was an agreement to amend a pending bill to include changes the agency thought were necessary in the statute, but the bill was dropped in committee. He said the agency was doing its best, but some help would be needed from the Legislature.

Addressing Mr. Clinger, Assemblywoman Leslie pointed out the bill draft request did not get on the bill draft list.

Mr. Clinger replied the 2009 bill draft request had died in the administrative process before it got to the Legislature. He said the administration planned on resubmitting a bill draft through the Governor's office, and hopefully it would make it to the Legislature.

ASSEMBLYMAN ARBERRY MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY SENATOR BREEDEN.

THE MOTION CARRIED.

20. **Department of Information Technology – Director's Office – FY 2010 –** Deletion of \$211,040 in Cost Allocation Reimbursement revenue and transfer of \$17,655 from the Personnel Services category to the Reserve category, \$1,206 from the Out-of-State category to the Reserve category, \$2,503 from the In-State Travel category to the Reserve category, \$2,820 from the Operating Expense category to the Reserve category, \$23,300 from the Information Services category to the Reserve category, and \$9,003 from the Training category to the Reserve category to record budget reductions. Requires Interim Finance approval since the amount transferred from the Information Services category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17702**

Refer to motion for approval under Item H.

21. **Department of Information Technology – Systems and Programming Division – Application Design and Development Unit – FY 2010 –** Transfer of \$2,308 from the Personnel Services category to the Reserve category, \$3,228 from the Operating Expenses category to the Reserve category, \$6,594 from the Equipment category to the Reserve category, \$41,087 from the DoIT Internal Allocation category to the Reserve category, and \$12,498 from the Training category to the Reserve category to record budget reductions. Requires Interim Finance approval since the amount transferred from the DoIT Internal Allocation category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17701**

Refer to motion for approval under Item H.

22. **Department of Information Technology – Facility Management – Computing Division – FY 2010 –** Transfer of \$2,516 from the In-State Travel category to the Reserve category, \$1,221 from the Maintenance of Building and Grounds category to the Reserve category, \$91,512 from the DoIT Internal Allocation category to the Reserve category, and \$63,788 from the Training category to the Reserve category to record budget reductions. Requires Interim Finance approval since the amount transferred from the DoIT Internal Allocation category exceeds \$50,000. **Work Program #C17685**

Refer to motion for approval under Item H.

23. **Department of Information Technology – Facility Management – Computing Division – FY 2010** – Transfer of \$186,300 from the Reserve category to the Information Services category to replace switch modules that interface between the unit's Mainframe and Server Farm with the SilverNet data communication switches. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **RELATES TO ITEM 24. Work Program #C17485**

Refer to motion for approval under Item H.

24. **Department of Information Technology – Data Communications – Communications and Network Engineering – FY 2010** – Transfer of \$49,000 from the Reserve category to the Information Services category to replace switch modules to meet the increasing demands placed on the network infrastructure. Requires Interim Finance approval since the work program is a companion to item 23, which requires IFC approval. **RELATES TO ITEM 23. Work Program #C17486**

Refer to motion for approval under Item H.

25. **Department of Information Technology – Data Communications – Communications and Network Engineering – FY 2010** – Transfer of \$1,000 from the In-State Travel category to the Reserve category, \$22,411 from the DoIT Internal Allocation category to the Reserve category, and \$27,471 from the Training category to the Reserve category to record budget reductions. Requires Interim Finance approval since the amount transferred from the DoIT Internal Allocation category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17703**

Refer to motion for approval under Item H.

26. **Department of Information Technology – Telecommunications – FY 2010** – Transfer of \$407 from the Personnel Services category to the Reserve category, \$744 from the In-State Travel category to the Reserve category, \$18,676 from the DoIT Internal Allocation category to the Reserve category, \$93,651 from the Telephone Watts and Tolls category to the Reserve category, and \$7,558 from the Training category to the Reserve category to record budget reductions. Requires Interim Finance approval since the amount transferred from the Telephone Watts and Tolls category exceeds \$50,000. **Work Program #C17704**

Refer to motion for approval under Item H.

27. **Department of Information Technology – Network Transport Services – FY 2010** – Transfer of \$13,000 from the Personnel Services category to the Microwave Radio System category, \$5,000 from the Operating Expenses category to the In-State Travel category, and \$6,500 from the Operating Expenses category to the Microwave Radio System category to allow travel to the microwave facilities and purchase of needed parts and materials for

necessary repairs. Requires Interim Finance approval since the cumulative amount added to the Microwave Radio System exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17730**

Refer to motion for approval under Item H.

- 28. Department of Education – Other State Education Programs – FY 2010 –** Addition of \$35,043 in General Fund Appropriation transferred from FY 2011 to FY 2010 to cover a shortfall in Counselor National Board Certification funds. Requires Interim Finance approval pursuant to A.B. 563, Section 22, subsection 3 of the 2009 Legislative Session. **RELATES TO ITEM 29. Work Program #C17315**

Refer to motion for approval under Item H.

- 29. Department of Education – Other State Education Programs – FY 2011 –** Deletion of \$35,043 in General Fund Appropriation which is transferred from FY 2011 to FY 2010 to cover a projected shortfall in Counselor National Board Certification funds for FY 2010. Requires Interim Finance approval pursuant to A.B. 563, Section 22, subsection 3 of the 2009 Legislative Session. **RELATES TO ITEM 28. Work Program #C17333**

Refer to motion for approval under Item H.

- 30. Department of Education – Education State Programs – FY 2010 –** Transfer of \$165,240 from the Indirect Cost category to the Personnel Services category to provide funding for projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C17617**

Refer to motion for approval under Item H.

- 31. Department of Education – Education State Programs – FY 2011 –** Transfer of \$20,833 from the Administration Employee In-State Travel category to the In-State Travel category; transfer of \$14,222 from the Administration Operating category to the Operating category; transfer of \$4,824 from the Board of Education Travel category to the Out-of-State Travel category; transfer of \$18,968 from the Board of Education Travel category to the In-State Travel category; transfer of \$9,546 from the Charter School Administration category to the In-State Travel category; transfer of \$7,680 from the Charter School Administration category to the Operating category; transfer of \$3,318 from the Accountability Employee In-State Travel category to the In-State Travel category; transfer of \$8,224 from the Accountability Operating category to the Operating category; transfer of \$9,487 from the Education Equity Employee In-State Travel category to the In-State Travel category; transfer of \$3,747 from the Education Equity Operating category to the Operating category; transfer of \$6,218 from the Standards, Curriculum and Assessments Employee In-State Travel category to the In-State Travel category; transfer of \$11,545 from the Standards, Curriculum and Assessments Operating category to the Operating category; transfer of \$483 from the Education Technology Employee In-State Travel category to the

In-State travel category; transfer of \$121 from the Education Technology Operating category to the Operating category; transfer of \$897 from the Southern Nevada Office Operating category to the Operating category; and transfer of \$2,436 from the Southern Nevada Office Employee In-State Travel category to the In-State Travel category. This consolidates the travel and operating costs for all administrative functions and will streamline accounting processes. It does not increase overall travel or operating authority but consolidates existing authority. The costs will still be tracked within the standard categories using the organizational codes. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds \$50,000. **Work Program #C17335**

Refer to motion for approval under Item H.

- 32. Department of Education – Education Staffing Services – FY 2011** – Addition of \$64,850 in Cost Allocation Reimbursement funds to provide authority for a Grants Analyst position that was approved at the February 3, 2010, Interim Finance Committee meeting. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C17406**

Refer to motion for approval under Item H.

- 33. Department of Education – Gear Up – FY 2010** – Addition of \$535,693 in federal Gear Up grant funds and \$24,961 in funds transferred from the Gear Up Trust Fund to balance forward remaining federal grant funds to continue support for the program and to support scholarship administration for the Gear Up program. Requires Interim Finance approval since the amount added to the Gear Up Aid to Schools category exceeds \$50,000. **Work Program #C17405**

Refer to motion for approval under Item H.

- 34. Department of Education – Discretionary Grants – Restricted – FY 2010** – Addition of \$29,297 in federal 21st Century Learning Center grant funds and \$3,371 in federal Longitudinal Data Systems grant funds. This work program also transfers \$26,355 from the Education Homeless Children category to the Homeless Children grants category; \$16,826 from the English Language Acquisition State Activities category to the English Language Acquisition Aid to Schools category; and \$187 from the English Language Acquisition Admin category to the English Language Acquisition Aid to Schools category to continue these programs and align state authority with federal funds. Requires Interim Finance approval since the amount added to the 21st Century Learning Centers category exceeds \$50,000. **Work Program #C17418**

Refer to motion for approval under Item H.

- 35. Department of Education – Discretionary Grants – Restricted – FY 2010** – Addition of \$89,675 in federal Advance Placement Test Fees grant funds to fund costs of low-income students participating in advanced placement exams.

Requires Interim Finance approval since the amount added to the Advanced Placement Fee Payment category exceeds \$50,000. **Work Program #C17505**

Refer to motion for approval under Item H.

- 36. Department of Education – Elementary and Secondary Education – Title I – FY 2010** – Addition of \$991,816 in federal State Improvement 1003(G) American Recovery and Reinvestment Act (ARRA) grant funds; \$41,501 in federal Title I Basic grant funds; \$180,207 in federal School Improvement grant funds; \$488,989 in federal Reading First state grant funds; and \$3,049 in federal Even Start grant funds. This request also transfers \$2,068 from the Neglected or Delinquent Administrative category to the Neglected or Delinquent Aid category; \$23,030 from the Migrant Consortium Aid to Schools category to the Migrant Consortium Administrative category; \$252,708 from the Program Improvement Aid to Schools category to the Program Improvement Administrative category; and \$140,253 from the Title I Grant ARRA Funds category to the School Renovations category to continue these programs and align federal and state authority. Requires Interim Finance approval since the amount added to the ARRA 1003(G) School Improvement Administrative category exceeds \$50,000. **Work Program #C17458**

Refer to motion for approval under Item H.

- 37. Department of Education – Career and Technical Education – FY 2010** – Addition of \$297,472 in federal Carl Perkins Vocational Education grant funds and transfer of \$5,495 from the Operating category to the Indirect Costs Transfer category to continue the program and reflect actual grant funds available for this program for the current fiscal year. Requires Interim Finance approval since the amount added to the Career and Technical Education Basic Aid to Schools category exceeds \$50,000. **Work Program #C17415**

Refer to motion for approval under Item H.

- 38. Department of Education – Nutrition Education Programs – FY 2010** – Addition of \$500,000 in federal School Breakfast Program grant funds; \$500,000 in federal Child/Adult Care Program grant funds; \$1,200,000 in federal School Lunch Program grant funds; and \$169,425 in National School Lunch Program Equipment Assistance grant funds to continue these programs. ***Requires Interim Finance approval since the amount added to federal School Breakfast Program grant funds exceeds \$50,000 approval since the amount involves the allocation of block grant funds and this action requires a public hearing.*** **Work Program #C17487. REVISED APRIL 12, 2010.**

Refer to motion for approval under Item H.

Cochair Mathews announced that items 39 through 52 would be heard together.

- 39. Nevada System of Higher Education – University of Nevada – Reno – FY 2010** – Deletion of \$24,302,503 in General Fund Appropriation and addition

of \$24,302,503 in Transfer in American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 40. Work Program E4272980**

40. **Nevada System of Higher Education – University of Nevada – Reno – FY 2011** – Addition of \$24,302,503 in General Fund Appropriation and deletion of \$24,302,503 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 39. Work Program F4272980**
41. **Nevada System of Higher Education – University of Nevada – Las Vegas – FY 2010** – Deletion of \$30,946,503 in General Fund Appropriation and addition of \$30,946,503 in Transfer in American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 42. Work Program E4272987**
42. **Nevada System of Higher Education – University of Nevada – Las Vegas – FY 2011** – Addition of \$30,946,503 in General Fund Appropriation and deletion of \$30,946,503 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 41. Work Program F4272987**
43. **Nevada System of Higher Education – Great Basin College – FY 2010** – Deletion of \$3,500,400 in General Fund Appropriation and addition of \$3,500,400 in Transfer in American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 44. Work Program E4272994**
44. **Nevada System of Higher Education – Great Basin College – FY 2011** – Addition of \$3,500,400 in General Fund Appropriation and deletion of \$3,500,400 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 43. Work Program F4272994**
45. **Nevada System of Higher Education – College of Southern Nevada – FY 2010** – Deletion of \$19,384,055 in General Fund Appropriation and addition of \$19,384,055 in Transfer in American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 46. Work Program E4273011**
46. **Nevada System of Higher Education – College of Southern Nevada – FY 2011** – Addition of \$19,384,055 in General Fund Appropriation and deletion of



\$19,384,055 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 45. Work Program F4273011**

- 47. Nevada System of Higher Education – Western Nevada College – FY 2010 –** Deletion of \$3,916,267 in General Fund Appropriation and addition of \$3,916,267 in Transfer in American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 48. Work Program E4273012**
- 48. Nevada System of Higher Education – Western Nevada College – FY 2011 –** Addition of \$3,916,267 in General Fund Appropriation and deletion of \$3,916,267 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 47. Work Program F4273012**
- 49. Nevada System of Higher Education – Truckee Meadows Community College – FY 2010 –** Deletion of \$7,578,922 in General Fund Appropriation and addition of \$7,578,922 in Transfer in American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 50. Work Program E4273018**
- 50. Nevada System of Higher Education – Truckee Meadows Community College – FY 2011 –** Addition of \$7,578,922 in General Fund Appropriation and deletion of \$7,578,922 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 49. Work Program F4273018**
- 51. Nevada System of Higher Education – Nevada State College at Henderson – FY 2010 –** Deletion of \$2,760,661 in General Fund Appropriation and addition of \$2,760,661 in Transfer in American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 52. Work Program E4273005**
- 52. Nevada System of Higher Education – Nevada State College at Henderson – FY 2011 –** Addition of \$2,760,661 in General Fund Appropriation and deletion of \$2,760,661 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to support the Nevada System of Higher Education. Requires Interim Finance approval pursuant to the 26th Special Session, Assembly Bill 6, Section 11. **RELATES TO ITEM 51. Work Program F4273005**

Mark Stevens, representing the Nevada System of Higher Education (NSHE), explained work programs 39 through 52 implemented the provisions of Section 11 of Assembly Bill 6 of the 26th Special Session. The work programs totaled \$92.4 million in education stabilization funds authorized for the NSHE in fiscal year 2011 and transferred those funds to fiscal year 2010, along with corresponding offsets in General Fund appropriations. He said the transfer was part of the budget reduction solution during the 26th Special Session.

Mr. Stevens requested that the work programs be approved by the Committee contingent upon signature of the phase II application for education stabilization funds that was currently being reviewed by the U.S. Department of Education. He had discussed the issue with the Fiscal Analysis Division staff and the Budget Division staff, and they concurred with the request. Mr. Stevens explained the problem was a cash-flow issue. The NSHE could not draw additional ARRA funds until after the phase II application was signed. If the work programs reducing the General Fund in fiscal year 2010 were processed immediately, the System's ability to draw General Funds for cash-flow needs would be restricted. Therefore, if necessary, the System would like the ability to draw General Fund temporarily, probably for a few days or a week, and then those funds would be repaid once the System had the ability to draw the ARRA funds after the phase II application was signed. The NSHE would have a lot of authority, but no available cash to draw.

Mr. Krmpotic said Fiscal staff had worked with NSHE officials and concurred with the suggestion to make the work programs contingent upon phase II approval of ARRA stabilization funding. Based on staff's latest information, the revised phase II application was recently resubmitted to the federal government, so final approval had not yet been received.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

- 53. Department of Cultural Affairs – State Historic Preservation Office – FY 2010** – Addition of \$58,641 in federal National Park Service (NPS) Survey and Planning grant funds to subgrant to organizations for projects to identify and protect historic and archaeological resources. Requires Interim Finance approval since the amount added to the Survey and Planning category exceeds \$50,000.  
**Work Program #C17311**

Refer to motion for approval under Item H.

- 54. Department of Agriculture – Agriculture Registration/Enforcement – FY 2010** – Addition of \$74,975 in federal Environmental Protection Agency (EPA) Pesticide Enforcement funds to increase authority based on the FFY 2010 cooperative agreement which provides funds to distribute information about the appropriate use of pesticides, ensure products are used according to EPA registered requirements, and inspections. Requires Interim Finance approval

since the amount added to the EPA Pesticide Enforcement category exceeds \$50,000. **Work Program #C17410**

Refer to motion for approval under Item H.

55. **Department of Agriculture – Livestock Inspection – FY 2010** – Transfer of \$45,000 from the Reserve category to the Equine Infectious Anemia (EIA) Testing Expense category to cover a shortfall in operating and testing fees. Requires Interim Finance approval since the amount transferred to the EIA Testing Expense category exceeds 10 percent of the legislatively-approved amount for this category. **Work Program #C17332**

Refer to motion for approval under Item H.

56. **Department of Agriculture – Livestock Inspection – FY 2010** – Transfer of \$33,167 from the Reserve category to the In-State Travel category and \$15,634 from the Reserve category to the Operating category to provide funding for the printing and mailing of the head tax assessment and to cover in-state travel costs through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17468**

Refer to motion for approval under Item H.

57. **Department of Agriculture – Veterinary Medical Services – FY 2010** – Deletion of \$16,100 in United States Department of Agriculture (USDA) Chronic Wasting Disease funds to align revenue and expenditures to match the revised agreement. Requires Interim Finance approval since the cumulative amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C17632**

Refer to motion for approval under Item H.

58. **Department of Agriculture – Veterinary Medical Services – FY 2010** – Deletion of \$9,860 in United States Department of Agriculture (USDA) Foreign Animal Disease funds to align agreement authority and prevent, detect, control, and eradicate disease and pests of animals. Requires Interim Finance approval since the cumulative amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C17300**

Refer to motion for approval under Item H.

59. **Department of Agriculture – Pest, Plant Disease Noxious Weed Control – FY 2010** – Addition of \$152,122 in United States Forest Service (USFS) Weed Management to fund the treatment and control of weed growth. Requires Interim Finance approval since the amount added to the Noxious Weed Management category exceeds \$50,000. **Work Program #C17312**

Refer to motion for approval under Item H.

60. **Department of Agriculture – Pest, Plant Disease Noxious Weed Control – FY 2010** – Addition of \$156,425 in United States Department of Agriculture (USDA) Cooperative Weed Management Area (CWMA) Bio-Control funds to continue the management and control of weed growth. Requires Interim Finance approval since the amount added to the USDA Noxious Weeds category exceeds \$50,000. **Work Program #C17419**

Refer to motion for approval under Item H.

61. **Department of Agriculture – Predatory Animal and Rodent Control – FY 2010** – Addition of \$79,740 in Transfer from Wildlife funds to manage, protect, and restore wildlife and its habitat. Requires Interim Finance approval since the amount added to the Nevada Department of Wildlife Predatory Reduction category exceeds \$50,000. **RELATES TO ITEM 177. Work Program #C17082**

Refer to motion for approval under Item H.

62. **Commission on Mineral Resources – FY 2010** – Addition of \$26,767 in Mining Claim Fees, addition of \$8,236 in Dangerous Mine Fees, \$90,000 in Geothermal Fees, and \$11,200 in Transfer from Reclamation Bond Pool Fees to provide funding for projected expenditures for the remainder of FY 2010 including payment to the University of Nevada, Reno for payments associated with mining fees, to support a symposium, and conduct a land withdrawal study. Requires Interim Finance approval since the amount added to the Special Projects category exceeds \$50,000. **Work Program #C17603**

Refer to motion for approval under Item H.

63. **Department of Business and Industry – Insurance – Insurance Regulation – FY 2010** – Transfer of \$35,795 from the Reserve category to the Transfer to Insurance Administration Budget Account category to provide funding for the Insurance Premium Tax Desk Audit Program. Requires Interim Finance approval since the amount added to the Transfer to Insurance Administration Budget Account category exceeds \$50,000. **RELATES TO ITEM 64. Work Program #C17625. WITHDRAWN APRIL 19, 2010.**

64. **Department of Business And Industry – Insurance – Insurance Regulation – FY 2011** – Transfer \$140,322 from the Reserve category to the Personnel Services category and \$36,986 from the Reserve category to the Transfer to Insurance Administration Budget Account category to provide funding for the Insurance Premium Tax Desk Audit Program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 63. Work Program #C17627. WITHDRAWN APRIL 19, 2010.**

65. **Department of Business and Industry – Real Estate – Administration – FY 2010** – Addition of \$352,385 in Transfer from ~~Real Estate Education and Research~~ **Common Interest Communities**; deletion of \$214,955 in Licensing and Fees; and deletion of \$137,430 in Timeshare Filing Fees to provide funding for a projected shortfall in revenues. Requires Interim Finance approval as this

work program is a companion to work program ~~C17209~~ **C17841**, which requires Interim Finance approval. **RELATES TO ITEM 193. Work Program #C17208. REVISED APRIL 19, 2010**

Refer to motion for approval under Item H.

- 66. Department of Business and Industry – Real Estate – Education and Research – FY 2010** – Transfer \$352,385 from the Reserve category to the Transfer to Real Estate category to provide funding for a projected shortfall in revenues. Requires Interim Finance approval since the amount transferred to the Transfer to Real Estate category exceeds \$50,000. **RELATES TO ITEM 65. Work Program #C17209. WITHDRAWN APRIL 19, 2010.**

- 67. Department of Business and Industry – Financial Institutions – FY 2010** – Transfer of \$155,000 from the Reserve category to the National Mortgage Licensing System category for registration to the National Mortgage Licensing System. Requires Interim Finance approval since the amount added to the National Mortgage Licensing System category exceeds \$50,000. **RELATES TO ITEM 68. Work Program #C17492**

Refer to motion for approval under Item H.

- 68. Department of Business and Industry – Mortgage Lending – FY 2011** – Transfer \$29,466 from the Reserve category to the Information Services category and transfer \$5,026 from the Reserve category to the Training category to provide data base enhancements needed to transfer to the National Mortgage License System. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEM 67. Work Program #C17574**

Refer to motion for approval under Item H.

- 69. Department of Business and Industry – Industrial Relations – FY 2010** – Addition of \$75,528 in Workers' Compensation funds to provide funding for contract services related to the Subsequent Injury Board and the Subsequent Injury Board for Association of Self-Insured Public and Private Employers. Requires Interim Finance approval since the amount added to the Subsequent Injury Board category exceeds \$50,000. **Work Program #C17425**

Refer to motion for approval under Item H.

- 70. Department of Business and Industry – Industrial Relations – Occupational Safety and Health Enforcement – FY 2010** – Addition of \$67,434 in Workers' Compensation and Safety Funds for legal services. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C17366**

Refer to motion for approval under Item H.

71. **Department of Business and Industry – Industrial Relations – Occupational Safety and Health Enforcement – FY 2010** – Addition of \$44,765 in U.S. Department of Labor Occupational Safety and Health Administration grant funds to provide staff training. Requires Interim Finance approval since the amount added to the Training category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17569**

Refer to motion for approval under Item H.

72. **Department of Business and Industry – Industrial Relations – Safety Consultation and Training – FY 2010** – Addition of \$58,976 in U.S. Department of Labor Occupational Safety and Health Administration grant funds to purchase equipment, computer hardware, and operating supplies. Requires Interim Finance approval since the cumulative amount added to the Equipment category exceeds \$50,000. **Work Program #C17577**

Refer to motion for approval under Item H.

73. **Department of Health and Human Services – Director's Office – Administration – FY 2010** – Addition of \$35,000 in Early Childhood Comprehensive Systems (ECCS) grant funds to support states and communities in their efforts to build and integrate early childhood service systems that address the critical components of access to comprehensive health services and medical homes; social-emotional development and mental health of young children; early care and education; and parenting education and family support. Requires Interim Finance approval since the amount added to the ECCS category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C40279**

Refer to motion for approval under Item H.

74. **Department of Health and Human Services – Director's Office – Administration – FY 2010** – Addition of \$482,781 in Health Information Technology (HIT) grant funds to fund three new positions that will establish Nevada's Health Information Exchange (HIE) framework. Requires Interim Finance approval since the amount added to the ARRA HIT Blue Ribbon Panel category exceeds \$50,000. **Work Program #C40278**

Shawna Derausse, Fiscal Officer for the Director's Office, Department of Health and Human Services (DHHS), explained the purpose of the work program in item 74 was to book funding for the cooperative agreement for the Health Information Technology (HIT) program. Funding was received on February 8, 2010, and this was the first opportunity for IFC approval.

Senator Horsford pointed out the amount currently being provided from the Contingency Fund would expire on June 30, 2010. He affirmed that amount would be needed as part of the match for the federal money.

Ms. Derausse replied there were different points throughout the next four years of the cooperative agreement when the funding would change, and there was not a match requirement for the current period. The agency had a work program in the system for the June IFC meeting requesting that the unspent Contingency Funds in fiscal year 2010, about \$165,000, balance forward and the reversion date be extended. She said the first matching fund portion of the program would start on October 1, 2010.

Senator Horsford asked for clarification of the membership of the Blue Ribbon Task Force. He understood the Governor had made appointments to the committee, but he had not received any information. The Task Force was such an integral part of the health care delivery system going forward, and he felt the Legislature was out of the loop, but yet it was responsible for providing the match for federal money.

Lynn O'Mara, Health Information Technology Project Manager, Department of Health and Human Services, stated the membership of the Blue Ribbon Task Force was available on its website, but she would be happy to provide the membership and history of the Task Force to the Committee. Ms. O'Mara said the Task Force had been meeting almost monthly since October. Its chief responsibility was to assist the Department of Health and Human Services in developing and preparing the required strategic Health Information Technology implementation plan; the first deliverables of this particular agreement were due the end of August. The committee was composed of 20 key stakeholders, which was a requirement of the cooperative agreement. She said the department was required to work with key stakeholders who would benefit from having health information technology and health information exchange in particular, which included physicians, payers, pharmacies, public health officials and some legal representatives for the ethics and privacy issues.

Senator Horsford asked if the meetings were public and if there would be an opportunity to add additional stakeholders. He had heard there were individuals who did not feel they were allowed to participate in the process.

Ms. O'Mara replied the bylaws stipulated the Task Force and all of its subcommittees must follow the open meeting law. The Governor stipulated in his Executive Order that the committee would be limited to 20 members; however, other stakeholders had been added through subcommittees to assist with planning activities, and it was anticipated there would be more, which could include additional stakeholders. In addition, Ms. O'Mara said the Task Force was considering what types of public workshops would be required to receive stakeholder input. There was also an environmental scan that was required to assess readiness for the plan, and that would also reach a broad group of stakeholders so they could have direct input through a survey process. The survey process was being done jointly with Medicaid, which had its own health information exchange requirements and would also help to establish when and where public workshops should be conducted.

Mr. Krmpotic stated that staff had identified an adjustment to the work program. When the work program was submitted by the department, it projected approximately four months of expenditures, and since it was now the end of April, staff recommended that revenues and expenditures be reduced to \$252,622, the enhancement to the personnel category be reduced to \$14,425 and the enhancement to the HIT category be

decreased to \$238,197. Mr. Krmpotic said it was staff's understanding that the agency concurred with the changes.

SENATOR HORSFORD MOVED FOR APPROVAL.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED.

- 75. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 2010** – Addition of \$1,467,507 in federal Community Services Block grant (CSBG) funds to support contracted auditors to perform fiscal reviews of the CSBG FY 2009 Grants and provide community services to low-income families. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Work Program #C40275**

Shawna Derosse, Fiscal Officer for the Director's Office, Department of Health and Human Services, explained item 75 was an adjustment to the Community Services block grant in the Director's office. A small amount of funds was being booked into the grant category, about \$27,000, in the operating account to pay contractors to do fiscal reviews, and the remaining funds would be booked to the reserve category to go forward into the next fiscal year.

Cochair Mathews asked how many contractors were involved. Ms. Derosse replied the department contracted with six different certified public account (CPA) firms throughout Nevada.

There were no questions from the Committee. Cochair Mathews asked for public testimony; there was none.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN DENIS.

THE MOTION CARRIED.

- 76. Department of Health and Human Services – Aging and Disability Services Division – Tobacco Settlement Program – FY 2010** – Addition of \$4,572,860 in funds transferred from the Trust Fund for Healthy Nevada to expend tobacco settlement funds in the form of grants for existing or new programs that assist senior citizens with independent living. Requires Interim Finance approval since the amount added to the Grants category exceeds \$50,000. **Work Program #C40956**

Refer to motion for approval under Item H.



77. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010** – Addition of \$23,500 in federal Administration on Aging Title IV and Title II Discretionary Projects grant funds to increase access by seniors to civil legal services throughout Nevada. Requires Interim Finance approval since the amount added to the Senior Legal Assistance category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C40945**

Refer to motion for approval under Item H.

78. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010** – Addition of \$411,407 in federal Title V Senior Employment grant funds to provide part-time employment (and training opportunities) for low-income adults age 55 and older by networking with nonprofit and public agencies. Requires Interim Finance approval since the amount added to the Title V Senior Community Services category exceeds \$50,000. **Work Program #C40946**

Refer to motion for approval under Item H.

79. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010** – Deletion of \$678 in Title VII Elder Abuse grant funds and addition of \$26,091 in Title VII Ombudsman grant funds to align funds with the FFY 2010 grant awards. Title VII Elder Abuse grant funds are awarded to develop, strengthen and carry out programs for the prevention and treatment of elder abuse, neglect, isolation and exploitation. Title VII Ombudsman grant funds are awarded to investigate and resolve complaints made by or on behalf of residents of nursing homes or other long-term care facilities. Requires Interim Finance approval since the amount added to the Title VII Ombudsman category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C40948**

Refer to motion for approval under Item H.

80. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010** – Addition of \$2,230,616 in federal Title III-B Social Services grant funds, \$19,371 in federal Title III-C Training grant funds, \$2,101,325 in federal Title III-C Nutrition Services grant funds, \$73,573 in federal Administrative Cost Allowance grant funds, \$81,887 in federal Title III-D Prevention/Health grant funds, and \$694,991 in federal Title III-E Caregiver grant funds. These funds will be used to maximize support provided to older Americans, age 60 and older, to remain in their homes and communities, support nutrition services, provide support services for family caregivers, and develop or strengthen preventive health service systems. Requires Interim Finance approval since the amount added to the Title III-B Social Services category exceeds \$50,000. **Work Program #C40949**

Carol Sala, Administrator, Aging and Disability Services Division, Department of Health and Human Services, explained item 80 was a request to align the fiscal year 2010

Title III budgeted authority to the amount actually received under the notice of grant award. She said the Title III grant award was higher than budgeted, and the division was requesting to use a portion of the additional administrative funds in the amount of \$5,428 to pay for a portion of AlloCAP, a software program being purchased from the Public Consulting Group by divisions within the Department of Health and Human Services. Ms. Sala said the software would streamline processes and increase the accuracy of Medicaid billing and administrative claiming to Medicaid. The remaining excess administrative funds, \$68,145, would be used to offset General Fund used for funding personnel, and it would be reverted.

Ms. Sala explained the division had not budgeted for the AlloCAP software originally, and it had a contract with Medicaid to reimburse the division's portion of the software. Medicaid was paying for the majority of the software with General Fund, and the division would be paying a portion with the Title III revenue source. She said the contract for AlloCAP had been approved by the Board of Examiners, and some work had been done on the project. Processing the administrative billing to Medicaid usually took over a week of staff time; the software would enable the process to be completed in one day.

Assemblywoman McClain remarked she had heard that less tobacco settlement money had been received this year, and she wondered how much less the division would be receiving from the tobacco money for its Independent Living grants (ILG).

Ms. Sala replied a sweep of \$465,000 was taken from ILG during the Special Session, leaving a balance of about \$3.4 million to grant out. The grants had just been reviewed by outside reviewers and final decisions were being made. However, Ms. Sala said the reduced amount of tobacco settlement funding overall, whether for the ILG grants, the Senior Rx, Disability Rx or the department's grants management unit, would create a \$3.4 million hole.

Assemblywoman McClain affirmed that Title III would help with some of the grantees. Ms. Sala replied that was correct; Title III was money received under the Older Americans Act, and there were several different categories. For example, home delivered and congregate meals programs and supportive services interfaced with Independent Living grants to help with transportation and other services throughout the entire aging network in the state to provide services.

Assemblywoman McClain complimented the division on doing a great job on a shoestring budget.

Returning to the Title III funding, Assemblywoman Leslie noted that it was Fiscal staff's recommendation that the entire amount be reserved for reversion in order to avoid conflict with the 2009 Authorizations Act. She asked if the division agreed.

Ms. Sala replied the division respectfully disagreed with Fiscal staff's opinion that the issue was a Section 7 situation. The division was awarded \$887,000 for administration under Title III, and \$814,000 was budgeted. She again stated that \$68,000 in General Fund would be replaced, and \$5,428 would be used to pay Medicaid for the division's portion of the AlloCAP software.

Mr. Krmptic said it was true the agency was proposing to revert \$68,145 of the administrative funds to the General Fund. Generally, Fiscal staff tended to look at Section 7 issues on a black or white basis; therefore, it appeared the entire amount would fall under Section 7 – not just \$68,145.

Assemblywoman Leslie remarked the Committee did not like to make exceptions to Section 7. She was not sure how the \$5,428 was going to be used.

Mr. Krmptic explained the \$5,428 was proposed to be added to category 26 to provide a portion of the Aging Division's share of the cost of software to assist with Medicaid billing. He was not sure of the total cost to Medicaid and what impact withholding the \$5,428 would have on the project.

Lynn Carrigan, Administrative Services Officer for the Division of Health Care Financing and Policy (HCF&P), said the project was in response to a requirement from the federal government in order to get a State Plan amendment approved that would allow the agencies to continue billing for medical claims. The division agreed to pick up the state General Fund portion of the final piece of this engagement, which was rather extensive. Ms. Carrigan said the various divisions affected were going to cost allocate their portion of the cost and draw money from federal or other revenue sources that would benefit from the project.

If the request was not approved, Assemblywoman Leslie asked, would the \$5,000 have to be made up from somewhere else in the General Fund? Ms. Carrigan replied it would.

Mike Torvinen, Deputy Director for Fiscal Services for the Department of Health and Human Services, said that Section 7 stipulated that if General Fund money was appropriated for a certain purpose and other funds were available to pay for the same purpose, the General Fund must be decreased by that amount. He thought there was a distinction in that the division had not contemplated or budgeted for the AlloCAP or the cost allocation process in the 2009 Session, and therefore it was a different purpose. He believed it was appropriate to spend the \$5,000 on the software, adding that it was a large compliance issue with the Centers for Medicare and Medicaid Services (CMS). There was \$100 million in revenue at stake, and the entire department was working to engage the contractors and go through the process to get everybody lined out, and this was the last step.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

81. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010** – Addition of \$87,440 in federal State Health Insurance Assistance Program (SHIP) grant funds to support a network of volunteers located throughout the state, as well as to provide education, outreach, and long-term care planning through subgrants to

providers. Requires Interim Finance approval since the amount added to the SHIP category exceeds \$50,000. **Work Program #C40955**

Refer to motion for approval under Item H.

- 82. Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010 –** Addition of \$121,585 in federal Nutrition Services Incentive grant funds to reward effective performance in the efficient delivery of nutritious meals to older adults. Requires Interim Finance approval since the amount added to the Nutrition Services Incentive Program category exceeds \$50,000. **Work Program #C17456**

Refer to motion for approval under Item H.

- 83. Department of Health and Human Services – Division of Health Care Financing and Policy – Intergovernmental Transfer Program – FY 2010 –** Addition of \$949,604 in School Distinct Reimbursement funds to pay school based medical claims in accordance with the new Medicaid State Plan Amendment (SPA). Requires Interim Finance approval since the amount added to the Transfer to BA 3243-Medicaid category exceeds \$50,000. **RELATES TO ITEMS 86 and 88. Work Program #C17319**

Refer to motion for approval under Item H.

- 84. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 2010 –** Addition of \$55,797 in Transfer from Long-Term Care (LTC) Provider Tax funds to receive additional administrative revenue due to the projected increase in provider tax revenue. Requires Interim Finance approval since the companion work program requires Interim Finance approval. **RELATES TO ITEMS 85 and 187. Work Program #C17686**

Refer to motion for approval under Item H.

- 85. Department of Health and Human Services – Division of Health Care Financing and Policy – Increased Quality of Nursing Care – FY 2010 –** Addition of \$5,579,697 in Long-Term Care Provider Tax funds and deletion of \$78,514 in Treasurer's Interest Distribution funds to pay the state share of rate enhancements to skilled nursing facilities. Requires Interim Finance approval since the amount added to the Transfer to Medicaid category exceeds \$50,000. **RELATES TO ITEMS 84 and 92. Work Program #C17380**

Refer to motion for approval under Item H.

- 86. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Check-Up Program – FY 2010 –** Addition of \$255,776 in Transfer from Intergovernmental Transfers (IGT) Account funds to pay school based medical claims in accordance with the new Medicaid State Plan Amendment (SPA). Requires Interim Finance approval since the amount

added to the Program Medical Expenditures category exceeds \$50,000.  
**RELATES TO ITEM 83. Work Program #C17297**

Refer to motion for approval under Item H.

- 87. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Check-Up Program – FY 2010 –** Transfer of \$6,684 from the Operating category to the In-State Travel category to allow the Nevada Check Up investigator to continue investigations and ensure program integrity. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C17322**

Charles Duarte, Administrator, Division of Health Care Financing and Policy, introduced Lynn Carrigan, Administrative Services Officer for the division, and went on to explain that item 87 was a work program for the Nevada Check-Up program, which would move \$6,684 from operating into in-state travel in order to allow the Nevada Check-Up investigator to perform his duties across the state. He noted the amount was considered a block grant, requiring a public hearing.

Cochair Mathews asked for questions from the Committee; there were none. There was no public testimony.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

- 88. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 2010 –** Addition of \$1,229,728 in federal Title XIX funds, addition of \$693,828 in Transfer from Intergovernmental Transfers (IGT) Account funds and transfer of \$3,265,903 from the Pass Thru to Local Government category to the School Based Services category to pay school based services in accordance with the new Medicaid State Plan Amendment (SPA). Requires Interim Finance approval since the amount added to the School Based Services category exceeds \$50,000.  
**RELATES TO ITEM 83. Work Program #C17321**

Refer to motion for approval under Item H.

- 89. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 2010 –** Addition of \$6,428,199 in federal Title XIX funds to pay the federal share of Targeted Case Management (TCM) claims for services provided by county agencies. Requires Interim Finance approval since the amount added to the Pass Thru to Local Government category exceeds \$50,000. **Work Program #C17330**

Refer to motion for approval under Item H.

90. **Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 2010 – Addition** *Transfer* of \$28,371,212 in General Fund Appropriation *from FY 2011*, addition of \$50,657,659 in federal Title XIX funds and deletion of \$342,487 in County Reimbursement funds to ensure sufficient budget authority is available for projected expenditures through the end of the fiscal year. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 91. Work Program #C17381. REVISED APRIL 9, 2010.**
91. **Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 2011 – Deletion** *Transfer* of \$28,371,212 in General Fund Appropriation *to FY 2010* and *deletion of* \$37,547,032 in federal Title XIX funds to augment FY 2010 as allowed by A.B. 562, Section 34 of the 2009 Legislative Session to ensure sufficient budget authority is available for projected medical service expenditures. Requires Interim Finance approval since the amount deducted from the MAABD category exceeds \$50,000 *pursuant to A.B. 562, Section 34 of the 2009 Legislative Session*. **RELATES TO ITEM 90. Work Program #C17383. REVISED APRIL 9, 2010.**

Charles Duarte, Administrator, Division of Health Care Financing and Policy, explained items 90 and 91 dealt with the Medicaid shortfall for fiscal year 2010. He noted the Committee had been provided with changes in the amounts involved in the work programs. Fiscal staff had worked with division staff to develop revisions associated with the latest caseload projections compared with actual data through March 2010. Revisions also included some budget reductions and reductions in HMO rates.

Mr. Krmpotic explained the revisions to the work program requests made by Fiscal staff:

- The transfer of General Fund appropriation as submitted in item 90 was \$28,371,212, and staff recommended revision to \$27,021,250.
- In revenue ledger 3511, the work program as submitted added \$50,657,659; staff recommended the amount be revised to \$51,467,213.
- In revenue ledger 4103, the work program reflected a decrease in revenue of \$342,487; staff recommended the decrease be revised to \$1,141,360.

Mr. Krmpotic further explained revisions on the expenditure side:

- Category 12 reflected \$42,545,478; staff recommended revision to \$47,455,721.
- In category 14, the work program reflected \$51,952,927, which should be revised to \$51,570,056.

- Category 15 reflected a decrease of \$1,353,351; staff recommended a decrease of \$6,118,863.
- Category 17 reflected a decrease of \$790,917, which should be revised to a decrease of \$1,366,450.
- Category 19 reflected a decrease of \$7,018,693, which should be revised to \$6,901,632.
- Category 28 reflected a decrease of \$6,649,060 and had been revised to \$7,291,729.

Mr. Krmptotic explained the work program revisions in item 91 called for a decrease of \$28,371,212, which was revised to \$27,021,250. Further revisions included:

- A decrease of \$37,547,032 in revenue 3511 was revised to a decrease of \$37,192,747.
- On the expenditure side, category 12 should be revised from a decrease in General Fund authority of \$13,965,317 to a decrease of \$12,643,941.
- Category 14 called for a decrease of \$51,952,927, which should be revised to a decrease of \$51,570,056.

Assemblywoman Leslie asked if Mr. Duarte had any information about the extended American Reinvestment and Recovery Act (ARRA) Federal Medicaid Assistance Percentage (FMAP).

Mr. Duarte replied he had not heard anything new on the extension, and the division did not have a backup plan.

Assemblywoman Leslie asked if the extension of the unemployment benefits had been factored in when the caseload re-projections were calculated.

Mr. Duarte said he had not directly worked on the projections. He thought the department had included variables that took the cutoff of unemployment benefits and the impact on caseloads during the May-June timeframe into consideration.

Assemblywoman Leslie was interested in the impact of unemployment benefits on caseload projections. She asked if the division had received information concerning when the caseloads would start leveling off as the economy started to improve and whether that factor was considered in the projections.

Mr. Duarte responded the projections reflected caseloads starting to decline in approximately 2015. The division had been developing projections on a monthly basis, but he was not sure if that would be continued since the data was subject to month-to-month individual data variations. He assured Assemblywoman Leslie new projections would be forthcoming within the next quarter.

ASSEMBLYWOMAN MCCLAIN MOVED FOR APPROVAL OF ITEMS 90 AND 91, INCLUDING THE ADJUSTMENTS RECOMMENDED BY FISCAL STAFF.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN SMITH.

THE MOTION CARRIED.

92. **Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 2010 –** Addition of \$4,796,982 in federal Title XIX funds and \$4,796,982 in Transfer from Long-Term Care (LTC) Provider Tax funds to pay the state share of rate enhancements to skilled nursing facilities. Requires Interim Finance approval since the amount added to the MAABD category exceeds \$50,000. **RELATES TO ITEM 85. Work Program #C17389**

Refer to motion for approval under Item H.

93. **Department of Health and Human Services – Health Division – Consumer Health Protection – FY 2010 –** Transfer of \$82,987 from the Personnel Services category to the Operating category to support the revisions to regulations and other operating expenses for the remainder of the fiscal year and transfer of \$7,600 from the Personnel Services category to the Information Services category to support licensing expenses for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C17420**

Refer to motion for approval under Item H.

94. **Department of Health and Human Services – Health Division – WIC Food Supplement – FY 2010 –** Transfer of \$15,000 from the Aid to Individuals category to the In-State Travel category to support the electronic benefits transfer (EBT) implementation and vendor monitoring, transfer of \$1,250,000 from the Aid to Individuals category to the Central Bank Contract category to support the bank charges to provide the EBT, transfer of \$235,000 from the Aid to Individuals category to the Sub grants - Local Agency category to support the increased monthly participation. Requires Interim Finance approval since the amount transferred from the Aid to Individuals category exceeds \$50,000. **Work Program #C17520**

Refer to motion for approval under Item H.

95. **Department of Health and Human Services – Health Division – WIC Food Supplement – FY 2010 –** Deletion of \$1,137,443 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds; transfer of \$30,000 from the ARRA - Electronic Benefits Transfer (EBT) category to the Personnel Services category; \$6,300 from the ARRA - EBT category to the In-State Travel category; \$4,735 from the ARRA - EBT category to the Operating category; and \$24,878 from the ARRA - EBT category to the Nevada State Health Division Administrative Cost Allocation category to support an Integration Manager and



partially balance forward grant authority into FY 2011. Requires Interim Finance approval since the amount deleted from the ARRA - EBT category exceeds \$50,000. **RELATES TO ITEM 96. Work Program #C17288**

Refer to motion for approval under Item H.

- 96. Department of Health and Human Services – Health Division – WIC Food Supplement – FY 2011** – Addition of \$1,137,443 in federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to partially balance forward grant authority to support the implementation of the EBT program. Requires Interim Finance approval since the amount added to the ARRA - EBT category exceeds \$50,000. **RELATES TO ITEM 95. Work Program #C17462**

Refer to motion for approval under Item H.

- 97. Department of Health and Human Services – Health Division – Communicable Diseases – FY 2010** – Addition of \$399,477 in federal HIV Prevention grant funds and transfer of \$114,099 from the Health Division Cost Allocation category to the AIDS Prevention category to support the HIV prevention and education activities. Requires Interim Finance approval since the amount added to the AIDS Prevention category exceed \$50,000. **Work Program #C17304**

Refer to motion for approval under Item H.

- 98. Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 2010** – Transfer of \$177,121 from the Reserve category to the Operating category to support the contracted services for mandated inspections until the new state personnel could be hired and trained. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000. **Work Program #C17533**

Refer to motion for approval under Item H.

- 99. Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 2010** – Addition of \$952,039 in federal Hospital and Health Care Preparedness grant funds to support the Emergency System for Advance Registration of Volunteer Health Professionals (ESAR-VHP) to develop a health care workforce that can meet the increased demand for qualified health and public health personnel during a medical surge event. Requires Interim Finance approval since the amount added to the Hospital and Health Care Preparedness grant category exceeds \$50,000. **Work Program #C17129**

Refer to motion for approval under Item H.

- 100. Department of Health and Human Services – Health Division - Chronic Disease – FY 2010** – Addition of \$253,457 in federal Tuberculosis Elimination grant funds to support the subgrants to local health authorities for the

infrastructure to treat tuberculosis patients in their respective areas. Requires Interim Finance approval since the amount added to the Tuberculosis Elimination category exceeds \$50,000. **Work Program #C17373**

Refer to motion for approval under Item H.

- 101. Department of Health and Human Services – Health Division – Chronic Disease – FY 2010** – Addition of \$105,067 in federal American Recovery and Reinvestment Act (ARRA) of 2009 Wellness grant funds to support the activities related to improving overall wellness through state level policy and environmental changes as well as to fund the Nevada Tobacco Quitline at UNR. Requires Interim Finance approval since the amount added to the ARRA Quitline category exceeds \$50,000. **Work Program #C17411**

Refer to motion for approval under Item H.

- 102. Department of Health and Human Services – Health Division – Chronic Disease – FY 2010** – Addition of \$320,000 in federal State Health Access Program (SHAP) funds and transfer of \$34,047 from the Health Division Cost Allocation category to the Health Care Access category to support health insurance coverage for uninsured 60-to 64-year-olds, who are not yet Medicare eligible. Requires Interim Finance approval since the amount added to the Health Care Access category exceeds \$50,000. **Work Program #C17430**

Refer to motion for approval under Item H.

- 103. Department of Health and Human Services – Health Division – Chronic Disease – FY 2011** – Addition of \$680,000 in federal State Health Access Program (SHAP) funds to support health insurance coverage for uninsured 60-to 64-year-olds, who are not yet Medicare eligible. Requires Interim Finance approval since the amount added to the Health Care Access category exceeds \$50,000. **Work Program #C17432**

Refer to motion for approval under Item H.

- 104. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2010** – Addition of \$31,864 in federal Core Injury grant funds and transfer of \$1,834 from the Personnel Services category to the Core Injury Program category to support the trauma registry and the Injury Task Force for community education initiatives regarding injury prevention. Requires Interim Finance approval since the cumulative amount added to the Core Injury Program category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17316**

Refer to motion for approval under Item H.

- 105. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2010** – Addition of \$80,209 in federal Rape Prevention grant funds; addition of \$38,092 in Transfer from Health Division funds; and transfer of \$506 from the Health Division Cost Allocation category to the Rape Prevention and Education category to support rape prevention

activities, the Sexual Violence Prevention Coalition, and two Crisis Call Centers for education and outreach. Requires Interim Finance approval since the amount added to the Rape Prevention and Education category exceeds \$50,000. **Work Program #C17412**

Refer to motion for approval under Item H.

- 106. Department of Health and Human Services – Division of Welfare and Supportive Services – TANF – FY 2010** – Addition of \$7,118,000 in federal Temporary Assistance for Needy Families (TANF) Program Block grant funds to continue providing cash assistance and support for the projected caseload through the end of the fiscal year. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C17364**

Sue Smith, Division of Welfare and Support Services, explained the work program requested approval to increase the federal TANF block grant funds to continue providing cash assistance and support services for the projected caseloads through the end of fiscal year 2010. The request involved block grant funds and required a public hearing.

Cochair Mathews asked for questions from the Committee; there were none. There was no public testimony.

ASSEMBLYMAN DENIS MOVED FOR APPROVAL.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

- 107. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 2010** – Addition of \$249,173 in federal Child Support Program grant funds and \$574,338 in federal Child Support Incentive funds and transfer of \$17,626 from the Out-of-State Travel category to the federal Incentive Award category; \$6,976 from the In-State Travel category to the federal Incentive Award category; \$21,518 from the Operating category to the federal Incentive Award category; \$276,878 from the Equipment category to the federal Incentive Award category; \$84,000 from the Transfer to Division of Welfare category to the federal Incentive Award category; \$26,791 from the State Collections and Disbursement Unit category to the federal Incentive Award category; and \$862,821 from the Information Services category to the federal Incentive Award category to reconcile Incentive funds transferred to the State and provide a set amount of State Share of Collections to Washoe County in exchange for its share of FFY 2006 and FFY 2007 incentive funds to be used for program-wide enhancements. Requires Interim Finance approval since the amount added to the federal Incentive Award category exceeds \$50,000. **RELATES TO ITEMS 108 and 109. Work Program #C17280**

Refer to motion for approval under Item H.

- 108. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 2011 –** Transfer of \$300,000 from the Reserve category to the State Share of Collections to Washoe County category to provide a set amount of State Share of Collections to Washoe County in exchange for its share of FFY 2006 and FFY 2007 incentive funds to be used for program-wide enhancements. Requires Interim Finance approval since the amount transferred to the State Share of Collections to Washoe County category exceeds \$50,000. **RELATES TO ITEMS 107 and 109. Work Program #C17360**

Refer to motion for approval under Item H.

- 109. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Federal Reimbursement – FY 2010 –** Deletion of \$1,199,798 in federal Child Support Program grant funds and \$841,930 in federal Child Support Incentive funds to reconcile Incentive funds transferred to the state and provide a set amount of State Share of Collections to Washoe County in exchange for its share of FFY 2006 and FFY 2007 incentive funds to be used for program-wide enhancements. Requires Interim Finance approval since the amount deducted from the Incentives - In-State category exceeds \$50,000. **RELATES TO ITEMS 107 and 108. Work Program #C17281**

Refer to motion for approval under Item H.

- 110. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Assistance and Development – FY 2010 –** Addition of \$5,771,607 in federal Childcare Discretionary grant funds and \$1,434,682 in federal Childcare Mandatory Matching grant funds to continue providing childcare assistance to families in Nevada. Requires Interim Finance approval since the amount added to the Childcare Mandatory Matching grant category exceeds \$50,000. **Work Program #C17367**

Sue Smith, Division of Welfare and Supportive Services, explained item 110 requested approval to reconcile the federal fiscal year 2009 grant funds and receive the federal fiscal year 2010 Childcare Development grant funds. The funds would be placed in the client services category, with a very small portion in the utilities category, to continue to provide childcare services to support working families in Nevada. The balance of the funds would be placed in reserve for future caseload changes.

Assemblywoman Leslie asked if the intent was to stay with United Way as the fiscal agent with the Urban League performing the actual resource and referral.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services, replied Assemblywoman Leslie was correct. United Way had agreed to continue as the fiscal agent for the program and a contract was in place through 2013.

Assemblywoman Leslie asked how the decision was made on the increase in the childcare provider rates. Was there a formal public process, or did the agency make the decisions?

Mr. Gilliland replied the decision was a combination of both. There were plans to increase the childcare provider rate to the median rate based on the 2008 market rate survey. The last time a market rate survey had been conducted and the rates were adjusted was 2004. The federal guide was the rates be at the 75th percentile of the market rate, and Nevada was well below. Mr. Gilliland said he had sought the guidance of the childcare advisory committee, which represented constituents throughout the community. He added the adjustment was not at the preferred level, but it was one the state could accommodate.

Assemblywoman Leslie asked if funding was sufficient through fiscal year 2012. Mr. Gilliland said the division had a target reserve at the end of the biennium of \$1.7 million, and in addition to the increase in the market rate to the median, the 80-percent subsidy for the discretionary category would be restored.

Assemblywoman Leslie asked the status of the waiting lists. Mr. Gilliland replied there was a waiting list for the 70-percent subsidy and lower; he believed it was approximately 1,500. The objective of the \$1.7 million reserve at the end of the biennium was to also open the 70-percent subsidy within the next several months once sufficient funding was assured. Mr. Gilliland said it appeared the waiting list was not growing; if anything, his general sense was there was less pressure on the waiting list. He added the number of 1,500 on the waiting list was being validated and an exact number would be available within the next several weeks.

Senator Horsford, Assemblyman Arberry and Assemblyman Hogan disclosed they were members of the advisory board of the Urban League and would be abstaining from the vote.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Horsford, Assemblyman Arberry and Assemblyman Hogan abstained.

- 111. Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 2010** – Addition of \$401,082 in federal Shelter Plus Care grant funds to pay for residential services allowed by the grant. Requires Interim Finance approval since the amount added to the Shelter Plus Care grant category exceeds \$50,000. **Work Program #C17361**

Refer to motion for approval under Item H.

- 112. Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 2010** – Transfer of \$247,074 from the Personnel Services category to the Professional Services category and \$299,627 from the Personnel Services category to the Southern Nevada Adult Mental Health Services (SNAMHS) Psychiatric Residency Program category to provide funding for contracted psychiatric services. Requires Interim Finance approval since the amount transferred to the SNAMHS Psychiatric Residency Program category exceeds \$50,000. **RELATES TO ITEM 117. Work Program #C17630**

Refer to testimony and motion for approval under Item H-117.

- 113. Department of Health and Human Services – Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 2010** – Addition of \$116,555 in Transfer from Attorney General funds to assist with Mobile Mental Health Teams. The funding is part of the United Health Care settlement funds. Requires Interim Finance approval since the amount added to the Health Resources and Services Administration (HRSA) Hospital Preparedness Program category exceeds \$50,000. **Work Program #C17229**

Refer to motion for approval under Item H.

- 114. Department of Health and Human Services – Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 2010** – Transfer of \$104,686 from the Personnel Services category to the Professional Services category and \$93,957 from the Personnel Services category to the Northern Nevada Adult Mental Health Services (NNAMHS) Psychiatric Residency Program category to provide funding for contracted psychiatric services. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000. **RELATES TO ITEM 117. Work Program #C17355**

Refer to testimony and motion for approval under Item H-117.

- 115. Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 2010** – Addition of \$172,073 in Projects for Assistance in Transition from Homelessness (PATH) grant funds to support the delivery of eligible services to persons who are homeless and have serious mental illnesses. Requires Interim Finance approval since the amount added to the PATH grant category exceeds \$50,000. **Work Program #C17121**

Refer to motion for approval under Item H.

- 116. Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 2010** – Addition of \$54,954 in Health Resources and Services Administration (HRSA) Hospital Preparedness Program funds to develop and maintain the Mental Health Disaster Victim Assistance Program, hospital evacuation plans, and complete State Emergency Operation Center (SEOC) staff training. This request also transfers \$38 from the

Operating category to the HRSA Hospital Preparedness Program category to correct an accounting error. Requires Interim Finance approval since the amount added to the HRSA Hospital Preparedness Program category exceeds \$50,000.  
**Work Program #C17131**

Refer to motion for approval under Item H.

- 117. Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 2010** – Addition of \$299,627 in Transfer from Las Vegas Mental Health funds and \$93,957 in Transfer from Northern Nevada Mental Health funds to provide funding for contracted psychiatric services. Requires Interim Finance approval since the amount added to the Psychiatric Residency Program Southern Nevada category exceeds \$50,000. **RELATES TO ITEMS 112 and 114. Work Program #C17571**

Dave Prather, Administrative Services Officer for the Mental Health and Developmental Services Division (MHDS), explained that items 112, 114 and 117 were related to the Psychiatric Residency program, and the purpose of the work programs was to reconcile the contractual authority for the program with the budget authority.

Assemblywoman Gansert said it seemed there was a pattern of spending money out of budget before approval by IFC or the budget was reanalyzed. She asked for further information.

Harold Cook, Administrator, MHDS, replied he was not sure what pattern Assemblywoman Gansert was referring to. Over the past four or five years, the Psychiatric Residency program had been supplemented with category 08 funding because the authority for the program had not been sufficient to meet the needs.

Assemblywoman Gansert observed that oftentimes more was spent than was authorized; she wondered if the reason was a budget processing issue. More recently, the amount appeared to be several hundred thousand dollars more than what was budgeted.

Mr. Cook replied Assemblywoman Gansert was correct. The division had been spending more money than what was authorized for the Psychiatric Residency program for several years. The primary reason was the cost of program had increased over the past five to seven years and exceeded the budget authority for the program. Rather than reduce the program, the decision was made to augment the contract with category 08 funding.

Assemblywoman Gansert suggested that looking forward to the next budget cycle, the practice should be adjusted to better reflect the division's expectations for the program. Mr. Cook responded that was the division's intent.

Assemblywoman Leslie stated she agreed with Assemblywoman Gansert. She added that she had a serious concern about the inability to recruit psychiatrists, particularly in the northern part of the state, and more and more post-graduate residents were being used in other ways. She asked if that practice would affect the state's licensing and certification in the future.

Mr. Cook replied he shared Assemblywoman Leslie's concern about recruitment and retention of psychiatrists. It was not a new issue; the division had been coping with the problem for many years. When he started as director of the Northern Nevada Mental Health Services in 1999, the first issue brought to his attention was the need to stabilize the psychiatry staff; there had been a revolving door of psychiatrists in and out of the facility, and at times the staff was at 50 percent of authorized full-time equivalent (FTE). Mr. Cook said the issue was still problematic.

Mr. Cook stated one reason for the residency program was it provided the department with a pool of recruits, as well as supplementary staff, although residents still provided a valuable psychiatric service to the facilities. He said an increased inability to recruit and retain psychiatric staff could absolutely have an impact on licensure and certification. The Joint Commission and the Centers for Medicare and Medicaid could review the state's programs at any time, and if they determined that staffing was not adequate, immediate sanctions could be imposed or the department would need to rectify the situation immediately before sanctions would be applied. Recruiting psychiatrists was a time-consuming process.

Assemblywoman Leslie asked how many openings currently existed. Mr. Cook replied there were three FTE being recruited in the north; he did not have the information for southern Nevada. He added that pay was an issue; Nevada was at the lower end of the pay scale. A psychiatrist was lost in southern Nevada the previous year, as well as a medical director, who went to work for a local provider at a \$30,000 to \$40,000 increase. Mr. Cook said it was very easy for psychiatrists to go elsewhere and be paid considerably more.

Assemblywoman Leslie stated she was concerned the state was going to be sanctioned. She received calls from Elko every week complaining about the lack of psychiatric care in that area. People in the court system were being shipped from Elko to Reno just to get care, and there was not enough care in Reno. Assemblywoman Leslie offered to discuss the matter offline to try to come up with a solution. Mr. Cook stated he shared her concerns.

Cochair Mathews remarked that the problem had been in existence since the late 1950s, if not before, when she had served on evaluation committees. Part of the problem was the limited supply of psychiatrists, as well as nurses, in the state. Mr. Cook concurred.

SENATOR HORSFORD MOVED FOR APPROVAL OF ITEMS  
112, 114 AND 117.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

Mr. Krmptic advised the Committee that staff had recommended a technical adjustment to item 114, which did not change the amount of the work program, but changed the category designated for expenditure. Category 09, professional services, was reflected to add \$93,957; staff identified category 11, other direct costs, to be used.



ASSEMBLYWOMAN MCCLAIN MOVED TO RESCIND THE MOTION TO APPROVE ITEM 14.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HOGAN.

THE MOTION CARRIED.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE ITEM 114 WITH THE TECHNICAL ADJUSTMENT.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN MCCLAIN.

THE MOTION CARRIED.

- 118. Department of Health and Human Services – Mental Health and Developmental Services – Desert Regional Center – FY 2010** – Transfer of \$25,000 from the In-State Travel category to the Information Services category and \$25,000 from the Facilities Maintenance category to the Information Services category to purchase 157 Microsoft Office licenses. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17040**

Refer to motion for approval under Item H.

- 119. Department of Health and Human Services – Mental Health and Developmental Services – Facility for the Mental Offender – FY 2010** – Transfer of \$41,729 from the Community Health category to the Operating category to cover the food savings associated with reducing the number of beds at Lakes Crossing from 76 beds to 70 beds. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17243**

Refer to motion for approval under Item H.

- 120. Department of Health and Human Services – Division of Child and Family Services – UNITY/SACWIS – FY 2010** – Addition of \$132,634 in Transfer of Title XIX grant funds and deletion of \$113,416 in federal Child Welfare Services Title IV-E funds to realign the funding mix for federally funded positions and to fully support the Avatar system support and maintenance upgrades. Requires Interim Finance approval since the amount added to the Avatar category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16708**

Refer to motion for approval under Item H.

- 121. Department of Health and Human Services – Division of Child and Family Services – Victims of Domestic Violence – FY 2010** – Addition of \$1,110,000 in Victims of Domestic Violence funds; addition of \$205,665 in Transfer from DHHS - Director funds; and transfer of \$508,653 from the Reserve category to the Domestic Violence category to cover sub-grants through the end of the fiscal year. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C16989**

Diane Comeaux, Administrator, Division of Child and Family Services (DCFS), explained item 121 was a work program for the Victims of Domestic Violence to align the revenue and expenditure categories to ensure sufficient authority for the projections through the end of the state fiscal year. She said the work program involved an allocation of a block grant and required a public hearing.

Cochair Mathews asked for questions from the Committee; there were none. There was no public testimony.

SENATOR HORSFORD MOVED FOR APPROVAL.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

- 122. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2010** – Addition of \$293,946 in Title XX Social Services Block Grant - Disaster Relief Funding for the Fernley office which provides child protective services and child welfare services. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C17307**

Diane Comeaux, Administrator, DCFS, testified that item 122 was for the Rural Child Welfare budget to establish revenue and expenditure authority for additional Title XX disaster relief funding to establish a child welfare office in Fernley. She said the work program was an allocation of a block grant and required a public hearing.

Cochair Mathews asked for questions from the Committee; there were none. There was no public testimony.

ASSEMBLYMAN GRADY MOVED FOR APPROVAL.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED.

- 123. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2010** – Addition of \$409,537 in General Fund Appropriation to ensure payment of medical expenses for foster and adoptive children who do not qualify for coverage under the federal Medicaid

(Title XIX) Program. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 124. Work Program #C17583**

Refer to motion for approval under Item H.

- 124. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2011** – Deletion of \$409,537 in General Fund Appropriation to augment FY 2010 to ensure payment of medical expenses for foster and adoptive children who do not qualify for coverage under the federal Medicaid (Title XIX) Program. Requires Interim Finance approval pursuant to A.B. 562, Section 34 of the 2009 Legislative Session. **RELATES TO ITEM 123. Work Program #C17588**

Refer to motion for approval under Item H.

- 125. Department of Health and Human Services – Division of Child and Family Services – Child Welfare Trust – FY 2010** – Addition of \$432 in Treasurer's Interest Distribution; deletion of \$432 in federal Social Security Income; and transfer of \$37,118 from the Payments to Rural Child Welfare category to the Refund Social Security Client category to allow for a refund to the appropriate entity of Social Security or other funds held in trust for youth in the division's care. Requires Interim Finance approval since the amount transferred to the Refund SS/Client category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17377**

Refer to motion for approval under Item H.

- 126. Department of Health and Human Services – Division of Child and Family Services – Transition from Foster Care – FY 2010** – Transfer of \$51,132 from the Reserve category to the Washoe County category, \$82,768 from the Reserve category to the Rural category and \$15,937 from the Reserve category to the Tribes category to provide youth to adult life skill outreach services for children who are transitioning out of foster care to become economically self-sufficient. Requires Interim Finance approval since the amount transferred to the Rural category exceeds \$50,000. **Work Program #C17205**

Refer to motion for approval under Item H.

- 127. Department of Employment, Training and Rehabilitation – Administrative Services – Research and Analysis – FY 2010** – Addition of \$216,272 in federal Administration Cost Allowance grant funds for America's Labor Market Information System (ALMIS)/Projections Managing Partnership (PMP) funds to align federal grant authority with state budget authority to improve state and local market information regarding statistical data on labor force activities. Requires Interim Finance approval since the amount added to the ALMIS grant category exceeds \$50,000. **Work Program #C17317**

Refer to motion for approval under Item H.

128. **Department of Employment, Training and Rehabilitation – Administrative Services – Equal Rights Commission – FY 2011** – Deletion of \$5,143 in funds balanced forward from the previous year and \$138,000 in Housing and Urban Development (HUD) Revenue Contract funds to eliminate authority for two positions and support costs that were contingent upon the passage of A.B. 559 of the 2009 Legislative Session. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C17494**

Refer to motion for approval under Item H.

129. **Department of Employment, Training and Rehabilitation – Administrative Services – Equal Rights Commission – FY 2011** – Transfer of \$26,423 from the Utilities category to the Operating category to align the budget authority to fund building rent and other operating expenses due to the Nevada Equal Rights Commission relocation from St. Louis Avenue to the state-owned Grant Sawyer state office building in Las Vegas. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17496**

Refer to motion for approval under Item H.

130. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Disability Adjudication – FY 2010** – Addition of \$999,851 in federal Disability Determination grant funds to provide adequate authority for the Bureau of Disability Adjudication's (BDA) projected expenditures through the remainder of the fiscal year and to allow for the purchase of a generator and five new computers as authorized by the Social Security Administration (SSA). Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C17567**

Refer to motion for approval under Item H.

131. **Department of Employment, Training and Rehabilitation – Employment Security – FY 2010** – Transfer of \$228,000 from the Reserve category to the Information Services category to provide sufficient expenditure authority for projected computer-related expenditures for the remainder of the fiscal year and to purchase computer setups for 36 intermittent positions previously approved February 26, 2009, through work program C14716. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C17566**

Refer to motion for approval under Item H.

132. **Department of Employment, Training and Rehabilitation – Employment Security – FY 2010** – Addition of \$8,676,729 in federal Workforce Investment Act (WIA) grant funds to align state budget authority with federal grant funding;

transfer of \$1,192,029 from the Reserve category to the Employment Security (ES) 7b Reserve category to comply with requirements in Wagner Peyser grant to designate 10 percent of the grant award for services for groups with special needs; and transfer of \$102,098 from the Reserve category to the Displaced Homemaker Program category to align state budget authority with contractual authority for counseling and educational activities planned through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the WIA Program category exceeds \$50,000. **Work Program #C17576**

Refer to motion for approval under Item H.

Cochair Mathews indicated that items 133 through 158, with the exception of items 135 and 140, would be heard together.

133. **Department of Corrections – Director's Office – FY 2010** – Deletion of \$47,574 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate Transportation category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17662**
134. **Department of Corrections – Prison Medical Care – FY 2010** – Addition of \$1,029,024 in Budgetary Transfers and transfer of \$4,515 from the Maintenance of Buildings and Grounds category to the Operating category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds \$50,000. **Work Program #C17658**
135. **Department of Corrections – Correctional Programs – FY 2010** – Addition of \$144,526 in federal Workplace and Community Transition Training for Youth Offenders grant funds to continue the program. Requires Interim Finance approval since the amount added to the Youthful Offender grant category exceeds \$50,000. **Work Program #C17557**

Refer to motion for approval under Item H.

136. **Department of Corrections – Correctional Programs – FY 2010** – Deletion of \$74,489 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Going Home Prepared category exceeds \$50,000. **Work Program #C17675**
137. **Department of Corrections – Ely State Prison – FY 2010** – Deletion of \$271,721 in Budgetary Transfers and transfer of \$236 from the Utilities category to the Maintenance Contracts category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds \$50,000. **Work Program #C17652**

138. **Department of Corrections – High Desert State Prison – FY 2010** – Addition of \$454,261 in Budgetary Transfers and transfer of \$11 from the Blood Spill Kits - Custody category to the Inmate Drivens category and \$25,275 from the Agency Issue Uniform category to the Inmate Drivens category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds \$50,000. **Work Program #C17673**
139. **Department of Corrections – Northern Nevada Correctional Center – FY 2010** – Addition of \$459,112 in Budgetary Transfers and transfer of \$101 from the Equipment category to the Utilities category; \$15,360 from the Maintenance Contracts category to the Maintenance of Buildings and Grounds category; and \$2,727 from the Maintenance Contracts category to the Utilities category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$50,000. **Work Program #C17663**
140. **Department of Corrections – Northern Nevada Correctional Center – FY 2011** – Transfer of \$566,280 from the Operating category to the Utilities category to properly account for expenditure authority for wood fuel to operate the BioMass Plant. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds \$50,000. **Work Program #C17238**

Refer to motion for approval under Item H.

141. **Department of Corrections – Nevada State Prison – FY 2010** – Deletion of \$129,274 in Budgetary Transfers and transfer of \$4,464 from the Inmate Drivens category to the Maintenance Contracts category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate Drivens category exceeds \$50,000. **Work Program #C17660**
142. **Department of Corrections – Southern Desert Correctional Center – FY 2010** – Deletion of \$408,623 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds \$50,000. **Work Program #C17677**
143. **Department of Corrections – Lovelock Correctional Center – FY 2010** – Deletion of \$288,526 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate Drivens category exceeds \$50,000. **Work Program #C17654**
144. **Department of Corrections – Southern Nevada Correctional Center – FY 2010** – Deletion of \$54,242 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from

the Utilities category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17646**

145. **Department of Corrections – Warm Springs Correctional Center – FY 2010 –** Addition of \$3,280 in Budgetary Transfers and transfer of \$3,505 from the Operating category to the Utilities category; \$713 from the Maintenance Contracts category to the Utilities category; and \$1,128 from the Inmate Drivens category to the Utilities category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category includes a budgetary transfer that balances against other work programs. **Work Program #C17659**
146. **Department of Corrections – Florence McClure Women's Correctional Center – FY 2010 –** Deletion of \$38,978 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate Drivens category includes a budgetary transfer that balances against other work programs. **Work Program #C17671**
147. **Department of Corrections – Casa Grande Transitional Housing – FY 2010 –** Deletion of \$387,548 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. **Work Program #C17669**
148. **Department of Corrections – Northern Nevada Restitution Center – FY 2010 –** Deletion of \$55,246 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Operating category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17665**
149. **Department of Corrections – Stewart Conservation Camp – FY 2010 –** Addition of \$111,009 in Budgetary Transfers and transfer of \$15,549 from the Inmate Drivens category to the Utilities category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$50,000. **Work Program #C17667**
150. **Department of Corrections – Pioche Conservation Camp – FY 2010 –** Deletion of \$41,253 in Budgetary Transfers and transfer of \$1,722 from the Utilities category to the Operating category and \$392 from the Utilities category to the Maintenance Contracts category to provide funding for statewide projected shortfalls within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17647**

151. **Department of Corrections – Three Lakes Valley Conservation Camp – FY 2010** – Deletion of \$28,719 in Budgetary Transfers and transfer of \$6,019 from the Inmate Drivens category to the Utilities category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate Drivens category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17674**
152. **Department of Corrections – Wells Conservation Camp – FY 2010** – Deletion of \$31,863 in Budgetary Transfers and transfer of \$3,000 from the Utilities category to the Maintenance of Buildings and Grounds category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Utilities category includes a budgetary transfer that balances against other work programs. **Work Program #C17648**
153. **Department of Corrections – Humboldt Conservation Camp – FY 2010** – Deletion of \$12,580 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate Drivens category includes a budgetary transfer that balances against other work programs. **Work Program #C17649**
154. **Department of Corrections – Ely Conservation Camp – FY 2010** – Deletion of \$36,268 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17650**
155. **Department of Corrections – Jean Conservation Camp – FY 2010** – Deletion of \$20,807 in Budgetary Transfers and transfer of \$11,449 from the Utilities category to the Operating category to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Utilities category includes a budgetary transfer that balances against other work programs. **Work Program #C17666**
156. **Department of Corrections – Silver Springs Conservation Camp – FY 2010** – Deletion of \$19,084 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Closure Costs category includes a budgetary transfer that balances against other work programs. **Work Program #C17651**
157. **Department of Corrections – Carlin Conservation Camp – FY 2010** – Deletion of \$52,251 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate



Drivens category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17653**

- 158. Department of Corrections – Tonopah Conservation Camp – FY 2010 –** Deletion of \$57,640 in Budgetary Transfers to provide funding for statewide projected expenditures within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Inmate Drivens category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17668**

Howard Skolnik, Director of the Department of Corrections, introduced Jeff Mohlenkamp, Deputy Director for Support Services, Department of Corrections.

Mr. Mohlenkamp explained the 24 work programs involved budgetary transfers completed each year in order to make categories whole. Money in categories with surpluses was moved into categories with insufficient funds. Mr. Mohlenkamp said the department would return to the Committee in June to reconcile adjustments for revenues, personnel services and inmate-drivens.

Mr. Mohlenkamp pointed out that even with the requested transfers, the department would still be unable to cover its shortfall at the end of fiscal year 2010, which was currently projected at between \$2 million and \$2.5 million. The shortfall was being driven primarily by shortfalls in revenues, medications, which was an inmate-driven category, and personnel services. He said the department had made tremendous efforts to reduce expenditures and had met with Fiscal staff several weeks before, at which time the shortfall was projected to be \$3.5 million.

Assemblywoman Smith asked what was going to be done about the shortfall. In looking at the information submitted to the Committee, she observed it appeared there was a lack of job opportunities, which was affecting housing payments, and there were some drug issues.

Mr. Mohlenkamp said he would speak to the cause of the shortfall, noting that the process was fairly standard – the department had been short virtually every year. He had reviewed Contingency Fund supplemental appropriations over the past years, and it had been the nature of how the department had been funded to some degree.

As far as this year's shortfall, Mr. Mohlenkamp said about \$1 million was in the revenue category, primarily caused by the lack of jobs in the community. The inmates were suffering from unemployment along with everyone else. He said the restitution centers in the north and south were designed to get inmates back into the workforce and community prior to the discharge of their sentence, and the department was having difficulty getting them into the workplace at the level that had been projected.

Continuing, Mr. Mohlenkamp said the same situation existed with the camps as a result of a reduced fire season and less revenue coming in from the Division of Forestry. Lastly, the Prison Industries program was suffering from lack of business in the community as well.

With regard to the shortage in personnel services, Mr. Mohlenkamp pointed out the department was down to a projection of approximately \$2.5 million in overtime, which was a considerable reduction from prior years. He indicated that overtime would probably not be reduced further, and may possibly increase.

Mr. Mohlenkamp explained the shortage in medications was a result of three factors:

- There was a \$500,000 stale claim from the prior year that would have to be processed in this fiscal year.
- The HIV treatment funding under the Ryan White grant was lost. However, a contract had just been signed with Renown to provide HIV medications at a reduced cost. The department was taking advantage of the federal 340B drug pricing program, which provided significant subsidies for the cost of HIV medications.
- In response to a medical lawsuit, the department had to disburse increased supplies of medications to the facilities to ensure inmates received medications in a timely manner. As a result, inventory purchases were increased this fiscal year, but it was expected they would be stabilized and not be a problem going into fiscal year 2011.

Assemblywoman Smith asked if the department had consulted experts in the Department of Health and Human Services concerning assistance with the prescription drug program.

Mr. Skolnik said the department had a new chief pharmacist who had been in contact with the Department of Health and Human Services concerning mutual purchasing and other possibilities. The new pharmacist had already reduced probable fiscal year 2011 expenditures by over \$500,000 by modifying some of the formularies, and she anticipated being able to increase savings in the future. Mr. Skolnik noted she was doing an incredible job.

Assemblywoman Smith remarked she hoped the 2011 Legislature would hear that existing expertise within the state was being tapped. She asked for an update on the potential lease of the Southern Nevada Correctional Center.

Mr. Skolnik replied he had just had discussions with the director in California; there had been some misunderstanding between the two agencies, which had been clarified. He anticipated a response from California in the near future. However, he had some concerns about any long-term contract with no future construction; there needed to be some kind of safety valve for the department. Mr. Skolnik said if an agreement could be reached with California that would allow the department to move Nevada's inmates in with California's inmates, he would be fairly optimistic; he did not want to lease the facilities and be left with i.o.u.'s.

Assemblywoman Smith asked if the inmate populations and projections were still looking flat.

Mr. Skolnik replied they were still stable, although lately they had been increasing slightly. The projections at this point were for about a 0.5 percent growth over the next 5 to 10 years. He believed the projection was optimistic, although he thought it would hold true for at least the next 2 or 3 years.

Assemblywoman McClain expressed concern with the high amount of overtime, and she believed overtime should be included in the biennial budget approved by the Legislature. She recalled that during the 26th Special Session, the department was directed to institute 12-hour shifts, which would have reduced overtime. She asked why the 12-hour shifts were not instituted. She also inquired about the status of the Nevada State Prison.

Mr. Skolnik replied that across-the-board 12-hour shifts would not reduce overtime; they would have actually increased expenditures for personnel services by about \$4 million due to adding 4 hours per pay period to each individual's pay.

Assemblywoman McClain remarked those were not the statistics the Legislature was given. Differential shift and overtime costs would have been saved.

Mr. Skolnik argued that he did not believe overtime money would have been saved. The department had done a comparison between the 8-hour and 12-hour shifts that were instituted for two-year periods at the same facilities, and there was no significant change. In fact, he said, the overtime costs when 12-hour shifts were instituted between 2007 and 2008 increased by over 10 percent. Between 2008 and 2009, overtime costs dropped over 27 percent, and based on current overtime projections, the costs would drop another 53 percent this year. Mr. Skolnik remarked the department was doing an extraordinarily good job with overtime, although it was not coming without cost. He said overtime had basically been shut down over the past 2 months for anything that was not a life-threatening emergency. During a 6-week period, visitation was closed for 22 days; 1,669 posts were pulled or shut down; towers were left unmanned for 24 shifts; 8 program days were closed; training hours were reduced; and there had been at least 31 partial lockdowns. Mr. Skolnik pointed out these actions were taken before the implementation of mandatory furloughs. He strongly believed the reductions would result in a powder keg, and he did not know where or when the fuse would be lit.

Continuing, Mr. Skolnik stated that the Nevada State Prison was still at full operation with 750 inmates. Because of the furloughs, some operations may have to be moved or consolidated. Furloughs would begin on July 1, 2010, and result in the loss of 4.6 percent of the staff. He pointed out that Nevada's staff-to-inmate ratio was the second lowest in the United States; the only state with fewer staff per inmate was Alabama.

Assemblywoman McClain affirmed furloughs would start July 1. She asked why they were not implemented in 2009.

Mr. Skolnik replied he did not want to close down visiting and towers, and he did not want incidents. He said in the last two weeks there had been two unprovoked staff assaults at Southern Desert, which were the first he could remember.

Cochair Mathews remarked the same issues would be discussed in the 2011 Session. She called for a motion.

ASSEMBLYMAN DENIS MOVED FOR APPROVAL OF ITEMS 133 THROUGH 158, EXCLUDING ITEMS 135 AND 140.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED.

- 159. Department of Corrections – Offenders' Store Fund – FY 2010** – Transfer of \$250,000 from the Retained Earnings category to the Transfer to Inmate Welfare category to fund projected shortfalls in the Inmate Welfare account. Requires Interim Finance approval since the amount added to the Transfer to Inmate Welfare category exceeds \$50,000. **RELATES TO ITEM 160. Work Program #C17655**

Refer to motion for approval under Item H.

- 160. Department of Corrections – Inmate Welfare Account – FY 2010** – Addition of \$250,000 in funds transferred from the Offenders' Store Fund. This request also transfers \$12,000 from the Warm Springs Correctional Center Law Library category to the Transfer to Medical Co-Pays category; \$7,000 from the Northern Nevada Correctional Center Library category to the Transfer to Medical Co-Pays category; \$8,000 from the Nevada State Prison Library category to the Transfer to Medical Co-Pays category; \$15,000 from the Indigent Inmate Postage category to the Transfer to Medical Co-Pays category; \$5,000 from the Inmate Gate Money category to the Transfer to Medical Co-Pays category; \$10,000 from the Cremations category to the Transfer to Medical Co-Pays category; \$20,000 from the Direct Payment Damages category to the Transfer to Medical Co-Pays category; \$10,000 from the Satellite TV Costs category to the Transfer to Medical Co-Pays category; \$11,000 from the Florence McClure Women's Correctional Center Library category to the Transfer to Medical Co-Pays category; \$30,000 from the A.B. 389/533 Stale Claims category to the Transfer to Medical Co-Pays category; \$35,800 from the Residential Substance Abuse Treatment Match - Offenders Acting in Solidarity to Insure Sobriety (OASIS) category to the Transfer to Medical Co-Pays category; and \$18,000 from the Transfer to OASIS North category to the Transfer to Medical Co-Pays category to cover projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Transfer to Medical Co-Pays category exceeds \$50,000. **RELATES TO ITEM 159. Work Program #C17656**

Refer to motion for approval under Item H.

- 161. Department of Motor Vehicles – Director's Office – FY 2010** – Addition of \$500,000 in Highway Fund Authorization transferred from FY 2011 to cover projected kiosk expenditures for the remainder of the fiscal year. Requires

Interim Finance pursuant to A.B. 562, Section 50 of the 2009 Legislative Session.  
**RELATES TO ITEM 162. Work Program #C17564**

Refer to motion for approval under Item H.

- 162. Department of Motor Vehicles – Director's Office – FY 2011** – Deletion of \$500,000 in Highway Fund Authorization transferred to FY 2010 to cover projected kiosk expenditures for the remainder of FY 2010. Requires Interim Finance approval pursuant to A.B. 562, Section 50 of the 2009 Legislative Session. **RELATES TO ITEM 161. Work Program #C17585**

Refer to motion for approval under Item H.

- 163. Department of Motor Vehicles – Automation – FY 2010** – Transfer of \$35,000 from the Data Telecommunications category to the Voice Telecommunications category to provide adequate authority for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Voice Telecommunications category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17581. WITHDRAWN APRIL 7, 2010**

- 164. Department of Motor Vehicles – Automation – FY 2010** – Addition of \$40,106 in reimbursement of expenses from the Insurance Verification budget account based on the projected overtime hours necessary for the rewrite of the **On-line** Insurance Verification program, which is referred to as the Nevada Liability Insurance Validation Electronically (NV LIVE). Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 166. Work Program #C17516. REVISED APRIL 9, 2010.**

Refer to motion for approval under Item H.

- 165. Department of Motor Vehicles – Administrative Services – FY 2010** – Addition of \$737,329 in Drivers Licenses fees based on projected receipts for the remainder of the fiscal year **with a corresponding increase in the Drivers License Photos category**. Requires Interim Finance approval since the amount added to the Drivers License Photos category exceeds \$50,000. **Work Program #C17587. REVISED APRIL 9, 2010**

Refer to motion for approval under Item H.

- 166. Department of Motor Vehicles – Verification of Insurance – FY 2010** – Transfer of \$16,000 from the Reserve for Reversion category to the On-line Insurance Verification category to provide adequate authority for the rewrite of the Insurance Verification program, which is referred to as the Nevada Liability Insurance Validation Electronically (NV LIVE). Requires Interim Finance approval since the cumulative amount transferred to the Online Insurance Verification category exceeds \$50,000. **RELATES TO ITEM 164. Work Program #C17522**

Refer to motion for approval under Item H.

167. **Department of Public Safety – Capitol Police – FY 2011** – Deletion of \$175,965 in Transfer from Supreme Court funds to reflect the elimination of two full-time equivalent Capitol Police officers and related operating expenses in lieu of the Supreme Court contracting with Clark County 8th Judicial District Court in its Las Vegas facilities. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C17285**

Refer to motion for approval under Item H.

168. **Department of Public Safety – Forfeitures – Law Enforcement – FY 2010** – Transfer of \$50,000 from the Reserve category to the Investigations Division category to provide narcotics officers with the necessary buy funds to purchase drugs as evidence for arrest and prosecution. Requires Interim Finance approval since the amount transferred to the Investigation Division category exceeds \$50,000. **Work Program #C17325**

Refer to motion for approval under Item H.

169. **Department of Public Safety – Emergency Management Division – FY 2010** – Addition of \$26,775 in Transfer from ~~Department~~ *Division* of Emergency Management (DEM)-~~Division~~ *Department* of Homeland Security (DHS) to **increase State Homeland Security Program (SHSP) funding** to supplement the "Breaking Down the Barriers" project, which includes planning, exercise, and training funds to support and enhance emergency preparedness. Requires Interim Finance approval since the amount added to the Homeland Security Grant Program Training category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17336. REVISED APRIL 9, 2010. WITHDRAWN APRIL 16, 2010**

170. **Department of Public Safety – Emergency Management Division – FY 2010** – Addition of \$54,281 in Transfer from ~~Department~~ *Division* of Emergency Management (DEM)-~~Department~~ of Homeland Security (DHS) **to increase State Homeland Security Program (SHSP) funding** for the purpose of supplementing the Interoperable Communications project to support and enhance statewide communications preparedness. Requires Interim Finance approval since the amount added to the Homeland Security Grant Program (HSGP) Interoperable Communications category exceeds \$50,000. **Work Program #C17440. REVISED APRIL 9, 2010**

Refer to motion for approval under Item H.

171. **Department of Public Safety – Fire Marshal – FY 2010** – Addition of \$28,000 in *Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA)* funds to **provide accept the FFY 2009 State**

**Fire Training grant funding** statewide training opportunities. Requires Interim Finance approval since the amount added to the United States Fire Administration / National Fire Academy grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17604. REVISED APRIL 9, 2010.**

Refer to motion for approval under Item H.

- 172. Department of Public Safety – Highway Patrol – FY 2010** – Addition of \$117,628 in High Intensity Drug Trafficking Area (HIDTA) reimbursement funds to allow reimbursement from the Las Vegas Metropolitan Police Department for participation in the HIDTA Task Force. Requires Interim Finance approval since the amount added to the HIDTA Task Force category exceeds \$50,000. **Work Program #C17511**

Refer to motion for approval under Item H.

- 173. Department of Public Safety – Bicycle Safety Program – FY 2010** – Transfer of \$3,504 from the Reserve category to the Equipment category and \$26,207 from the Reserve category to the Bicycle/Pedestrian Safety Program category to purchase graphics, equipment storage, and bicycle mounts. Requires Interim Finance approval since the amount transferred to the Bicycle/Pedestrian Safety Program category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17390**

Refer to motion for approval under Item H.

- 174. State Department of Conservation and Natural Resources – State Lands – FY 2010** – Addition of \$108,370 in federal Department of Defense Community Planning Assistance grant funds to facilitate the development of a Joint Land Use Study that will identify opportunities and associated challenges for the Floyd Edsall facility and the surrounding community of Las Vegas. Requires Interim Finance approval since the amount added to the Floyd Edsall grant category exceeds \$50,000. **Work Program #C17292**

Refer to motion for approval under Item H.

- 175. State Department of Conservation and Natural Resources – Division of Water Resources – FY 2010** – Addition of \$157,718 in funds transferred from the Nevada Department of Wildlife for the South Fork Dam project. Funding will be used for maintenance services on the dam. This request allows for the reversion of General Fund that was identified in the 26th Special Session. Requires Interim Finance approval since the amount added to the South Fork Dam category exceeds \$50,000. **Work Program #C17417**

Refer to motion for approval under Item H.

- 176. State Department of Conservation and Natural Resources – Environmental Protection – State Revolving Fund – Administration – FY 2010** – Addition of

\$209,774 in federal Environmental Protection Agency Drinking Water State Revolving Fund Administrative grant funds to support the state's Wellhead Program activities through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Wellhead Program category exceeds \$50,000. **Work Program #C17125**

Refer to motion for approval under Item H.

- 177. Department of Wildlife – Administration – FY 2010** – Transfer \$79,740 from the Reserve category to the Predator Management Program for Wildlife Services category for predation management. Requires Interim Finance approval since the amount transferred to the Predator Management Program for Wildlife Services category exceeds \$50,000. **RELATES TO ITEM 61. Work Program #C17270**

Refer to motion for approval under Item H.

- 178. Department of Wildlife – Trout Stamp Program – FY 2010** – Addition of \$82,660 in Dingell Johnson Federal Aid and transfer \$27,553 from the Reserve category to the Hatchery Refurbishment category to fund cooling tower media replacement expenses. Requires Interim Finance approval since the amount transferred to the Hatchery Refurbishment category exceeds \$50,000. **Work Program #C17579**

Refer to motion for approval under Item H.

- 179. Public Employees' Benefits Program – FY 2011** – Addition of \$1,116,472 in Premium Income and transfer of \$2,167,269 from the Reserve for Rate Stabilization category to the Self-Insured Administration Costs category to implement the care management and wellness program. Requires Interim Finance approval since the amount transferred to the Self-Insured Administration Costs category exceeds \$50,000. **Work Program #C17623**

Kateri Cavin, Interim Executive Officer, Public Employees' Benefits Program (PEBP), introduced Donna Lopez, the Quality Control Officer, and Jon Hager, the Chief Financial Officer. She also introduced James Wells, who would be starting his position as the new Executive Officer of PEBP on June 1, 2010.

Ms. Cavin stated that PEBP had contracted with a national vendor, U.S. Preventive Medicine, to implement a wellness program for PEBP Preferred Provider Organization (PPO) participants. She said Mr. Hager would explain item 179, which was a request for a transfer of funds.

Jon Hager, Chief Financial Officer, PEBP, explained that item 179 was a work program request for fiscal year 2011 for a \$1,116,417 addition in premium income and a transfer of \$2,167,269 from the reserve for rate stabilization category to the self-insured administrative costs category to implement PEBP's new care management and wellness program with Live Well, Be Well. Mr. Hager said over the next three years the



program was expected to reduce premium revenue by \$6.8 million and state subsidy requirements by \$200,000.

Cochair Mathews asked what the effect would be on the reserve and what would happen the following year if the costs leveled out.

Mr. Hager said the contract, the rate-setting process and the work program had all been going on at the same time. When the PEBP Board set rates on March 11, 2010, for fiscal year 2011, the costs were included in the rates. Because of a large increase in projected inflation for 2011, PEBP had reduced its Rate Stabilization Reserve (RSR) by \$1.2 million, which reduced the confidence level that PEBP would have enough funds to meet its claims obligations from 95 percent to 85 to 90 percent. Mr. Hager said it was hoped that would be in place for only one year and the trend would reduce at that point.

Assemblyman Denis affirmed that wellness programs existed in other states.

Mr. Hager replied wellness programs existed all over the country. He said this particular vendor contracted with North Dakota, Nebraska, Arkansas, Colorado and New York, mostly for the disease management side, but also for wellness services. Wellness programs in general were fairly new; Live Well, Be Well had been doing the program to be implemented in Nevada with large companies for nearly two years. The company was receiving first indications that there were significant savings. Mr. Hager said while the company did not have specific dollar amounts, there were indications that in one year the programs had resulted in 42 percent of the people considered to have high-risk blood pressure decreased to moderate to low-risk levels; 31 percent of people with high risk for fasting blood sugar levels had been reduced to moderate or low-risk levels; and 22 percent of people at high risk for cholesterol had been reduced from high risk to moderate or low-risk levels. Mr. Hager stated those reductions would definitely translate into real dollar amounts.

Assemblyman Denis remarked the program sounded like a good solution for people to maintain good health and at the same time save the state money.

Cochair Mathews asked how the program would benefit senior citizens.

Donna Lopez, PEBP Quality Control Officer, replied there would be just as much attention given to the older population within PEBP as to the younger population. She said the senior population was also interested in improving their health through exercise, diet and medication management.

Assemblywoman Gansert felt it was very important to have preventive care, but she was concerned about the expense. The budgeted amounts of \$5 million for fiscal year 2012 and \$6 million for fiscal year 2013 were substantial. She asked how frequently PEBP would update the Committee on the cost benefits and the company's success in other states to ensure the program was a good investment.

Mr. Hager replied that PEBP staff would be receiving reports on a monthly basis and would report to the PEBP Board on a quarterly and annual basis. He said PEBP could provide reports to the Committee on whatever schedule it requested.

Assemblywoman Gansert said it was important to receive at least quarterly reporting given the substantial investment. She reiterated she believed in wellness and preventive care, but she wanted to ensure the state received a return on the dollars.

Assemblywoman Hardy noted that since people would be kept healthier longer through the wellness program, they would live longer and increased health care costs would be incurred. He was interested in how the prolonged coverage would affect the overall cost benefits.

Assemblywoman Smith agreed with Assemblywoman Gansert. She thought the concept made absolute sense, but there was not a good track record for these companies yet. She would be interested in the reporting, as well as how the individual participants' accountability and compliance in the program would be documented. She appreciated the idea and believed participants should be encouraged to stay healthy, but she was worried about the track record.

Ms. Cavin replied PEBP would be happy to keep the Legislature apprised of the progress through quarterly reports.

In addition, Assemblywoman Smith suggested that PEBP develop ways to ensure the participants were accountable to the plan and the rates being developed because of the plan.

Senator Horsford said he agreed with the previous comments. He wanted to know to what extent the contract could be modified or amended to include performance benchmarks; reasonable performance should be expected within a reasonable period of time, and if it was not, the contract could be terminated. The state could not start new programs without a clear expectation of what was to be provided, and if performance benchmarks were not met, there should be a review and a decision whether to continue.

Ms. Cavin stated the agency agreed; there were returns on investments built into the contract.

Mr. Hager explained there were multiple contract guarantees in place for the contract. Every contract PEBP entered into included contract guarantees. There were financial penalties for the contractor if the performance was not as expected. He said this particular contractor had put at risk 30 percent of its administrative fees; if the company did not perform in various categories, 30 percent of the annual costs could be taken off. There were guarantees such as implementation success, participant satisfaction, participation, risk reduction and return on investments. Mr. Hager said many months had been spent working with the contractor and PEBP's actuaries to ensure that a sound return on investment was guaranteed. The vendor had guaranteed a 1.5-percent return on investment for the wellness side by year three, which included all of the costs for the first two years as well. On the disease management side, there was a 1-percent investment guarantee for year two and a 2-percent investment for year three, which also included costs for year one as well. Mr. Hager said PEBP had seen studies indicating that for every dollar an employer spent on wellness, there was a \$1 to \$3 return on

investment, which amounted to a 0 percent to 200 percent return on investment. He said he was optimistic that the guarantees assumed by the contractor would be met.

Senator Horsford commented he appreciated the efforts; they spoke to a very good approach. However, there appeared to be some discrepancy in the information provided to the Committee, and he asked Mr. Hager to meet with Fiscal staff to ensure the Committee had the correct information.

Assemblywoman Leslie was concerned about timing of the program and whether it was a good time to be undertaking it. She asked Mr. Hager if he had any indication from the Governor's office or the Budget Division of what kind of budget cut or cost containment PEBP should be expecting in the next biennium.

Mr. Hager replied PEBP did not yet have a target from the Budget Office; it was expected within the next several weeks and would be presented to the PEBP Board at its June meeting. He said the agency felt very strongly about the wellness program; if it was delayed, there would not be a return on investment for the additional time it was delayed.

Assemblywoman Leslie said she understood, but she was not sure there would be a return on the investment anyway. She believed it was a great concept, but there were a lot of other areas that could have been funded, Medicaid for example, that would have saved money through prevention efforts. Her concern was the costs were being paid from reserves; she asked if she understood correctly.

Mr. Hager replied the employer's portion was being paid from reserves, and the participant's portion was being paid through increased premiums.

Assemblywoman Leslie remarked that what was being used in reserves could be what would be needed to meet the budget targets. Mr. Hager agreed that was possible, depending on the policies of the PEBP Board.

ASSEMBLYMAN DENIS MOVED FOR APPROVAL.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblywoman Leslie voted nay.

Assemblywoman Kirkpatrick was not present for the vote.

**180. Public Employees' Benefits Program – FY 2010** – Transfer of \$14,686 from the Personnel Services category to the Reserve category, \$15,100 from the In-State Travel category to the Reserve category, \$83,336 from the Operating Expenses category to the Reserve category, and \$10,980 from the Information Services category to the Reserve category to record budget reductions. Requires Interim Finance approval since the amount transferred from the Operating Expenses category exceeds \$50,000. **Work Program #C17717**

Refer to motion for approval under Item H.

- 181. Public Employees' Benefits Program – FY 2011** – Transfer of \$58,745 from the Personnel Services category to the Reserve category, \$2,341 from the Out-of-State Travel category to the Reserve category, \$14,101 from the In-State Travel category to the Reserve category, \$200,211 from the Operating Expenses category to the Reserve category, \$100,672 from the Fully Insured Program Costs category to the Reserve category, \$7,486 from the Information Services category to the Reserve category, and \$4,046 from the Training category to the Reserve category to record budget reductions. Requires Interim Finance approval since the amount transferred from the Operating Expense category exceeds \$50,000. **Work Program #C17721**

Refer to motion for approval under Item H.

- 182. Public Employees' Benefits Program – Retired Employees' Group Insurance – FY 2010** – Addition of \$24,700,000 in Receipts from Trust Agent Transfer and transfer of \$1,000,000 from the Retired Group Insurance category to the Reserve category to withdraw funds from the Retirement Benefits Investment Fund pursuant to Section 79 of A.B. 3 of the 26th Special Session and invest the funds in a low risk investment vehicle until needed to pay for a portion of retiree health benefits in FY 2011 and reflect savings in the Retired Employee Group Insurance category due to lower than expected retiree subsidy requirements. Requires Interim Finance approval since the amount transferred from the Retired Group Insurance category exceeds \$50,000. **RELATES TO ITEM 183. Work Program #C17690**

Refer to motion for approval under Item H.

- 183. Public Employees' Benefits Program – Retired Employees' Group Insurance – FY 2011** – Addition of \$3,353,603 in Balance Forward from Previous Year and \$24,848,200 in Receipt from Trust Agent; and deletion of \$28,201,803 in Receipts for Retiree Employee Insurance Subsidy to use funds withdrawn from the Retirement Benefits Investment Fund and excess reserve from FY 2010 to pay for a portion of retiree health benefits for FY 2011 pursuant to Section 79 of A.B. 3 of the 26th Special Session. Requires Interim Finance approval as this work program is a companion to work program C17690, which requires Interim Finance approval. **RELATES TO ITEM 182. Work Program #C17691**

Refer to motion for approval under Item H.

- 184. Public Employees' Benefits Program – Active Employees' Group Insurance – FY 2010** – Addition of \$5,166,956 in Receipts for Active Employees' Insurance Premiums due to higher than expected enrollment. Requires Interim Finance approval since the amount added to the Active Employees' Group Insurance category exceeds \$50,000. **Work Program #C17626**

Refer to motion for approval under Item H.

- 185. Adjutant General and National Guard – Military – FY 2010** – Addition of \$46,190 in federal Department of Defense Funds to support nine additional fire fighting positions at the Air National Guard Base Fire House. Requires Interim Finance approval since the work program includes new positions. **Work Program #C17664**

Refer to motion for approval under Item H.

- 186. Adjutant General and National Guard – Adjutant General Construction Fund – FY 2010** – Transfer of \$34,908 from the Reserves category to the Maintenance of Buildings and Grounds category to provide the state's share (25 percent) of the repaving project at the Plumb Lane Armory. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17435**

Refer to motion for approval under Item H.

- 187. Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 2010** – Addition of \$106,191 in Health Information Technology (HIT) grant funds and deletion of \$9,029 in federal Title XIX funds to assist in the state's planning, assessment, and analysis activities associated with implementing the HIT provisions under Section 4201 of the American Recovery and Reinvestment Act (ARRA). Requires Interim approval since the amount added to the HIT Grant category exceeds \$50,000. **RELATES TO ITEM 84. Work Program #C17572. RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 6, 2010.**

Refer to motion for approval under Item H.

- 188. Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 2010** – Addition of \$33,447 in federal Title XIX funds and \$33,448 in Transfer from Interim Finance Committee Contingency funds to initiate preliminary planning and identification of resource requirements of health care reform. Requires Interim Finance approval since the amount added to the Fund for a Healthy Nevada category exceeds \$50,000. **RELATES TO AGENDA ITEM J4. Work Program #C17750. RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 6, 2010.**

- 189. Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 2011** – Addition of \$245,670 in federal Title XIX funds and \$245,671 in Transfer from Interim Finance Committee Contingency funds to initiate preliminary planning and identification of resource requirements of health care reform. Requires Interim Finance approval since the amount added to the Fund for a Healthy Nevada category exceeds \$50,000. **RELATES TO AGENDA ITEM J4. Work Program #C17752. RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 6, 2010.**

- \*J. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (GENERAL FUND) PURSUANT TO NRS 353.268.
  - 4. Department of Health and Human Services – Health Care Financing and Policy – Request for an allocation of \$279,119 to establish a planning and implementation team to address federal health care reform legislation. **(RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 6, 2010).**

Charles Duarte, Administrator, Division of Health Care Financing and Policy, requested that items 188, 189 and Agenda Item J-4 be heard together. He introduced Mike Willden, Director, Department Health and Human Services, who would provide an update on the division's current planning activities.

Mr. Duarte explained items 188 and 189 requested a transfer from the Legislative Contingency Fund totaling \$279,119. The transfer amount for item 188, which related to fiscal year 2010, was \$33,448, and the amount for fiscal year 2011 was \$245,671. He said the work programs would allow the division to hire two staff members in order to do initial planning work with multiple agencies within the department affected by healthcare reform. Mr. Duarte said the planning needed to be accomplished very soon, and it was critical to have the two positions hired in order to assist all of the staff working on health reform during an otherwise very busy time. He went on to say the request included funding for consulting services and a small amount of out-of-state travel associated with seminars and other activities related to healthcare reform.

Mike Willden, Director, Department of Health and Human Services, explained Item J-4 was a request for state Contingency Funds to match the two work programs. On March 23, 2010, the President signed the Patient Protection and Affordable Care Act, (Healthcare Reform Act), and on March 30, 2010, the Reconciliation Act passed. The Governor opposed the legislation and was fighting it, but Mr. Willden's position was that the law was the law, and until it was not, the department needed to plan for implementation. The Governor's office had asked Mr. Willden to lead a task force to study the federal legislation and determine its requirements for implementation. The task force was comprised of staff in the DHHS Director's office, Health Care Financing and Policy, the Public Employees' Benefits Program (PEBP), the Insurance Commissioner's office, State Risk Management and the Attorney General's office. Mr. Willden said the task force had been meeting weekly to study each and every issue to determine what the state needed to do to implement the requirements. He said the legislation was extremely detailed and complex; many of the issues would not take effect until 2014, but there were major system issues to be undertaken and many large policy decisions to be made.

Mr. Willden said in the short term, the department was making decisions every day. The bill had some retroactive provisions; the pharmacy programs were retroactively impacted back to January 1, 2010. Decisions needed to be made regarding the high-risk pool, and other serious decisions were required. He indicated staff members were tracking the time spent on the Reform Act, and about 1,300 hours had been spent over the previous 4 weeks and involved 70 staff; the burn rate was projected to be about 600 hours per week going forward. There were daily conference calls with the

Centers for Medicare and Medicaid Services (CMS), the Department of Health and Human Services, and the National Governors' Association.

Mr. Willden encouraged approval of the request for Contingency Funds in order for the department to establish the project management team early and engage consultants, adding that it would not be the first request submitted. The issues were very complex, and the department needed to move forward with the analysis in order to make the necessary policy decisions.

Assemblywoman Leslie asked how the Governor's decision to have the federal government manage the high-risk pool impacted the current request for Contingency Funds.

Mr. Willden said the decision did not impact this request; the current request was for longer-term planning and system and policy issues. The high-risk pool would be managed by the federal government, and therefore the state would not have to staff for the administration and implementation of the pool. The request included in Item J-4 was primarily for Medicaid policy and systems planning. The Secretary of Health and Human Services would be sending letters to the Governor mandating multiple decisions with 90-day deadlines, 6-month deadlines and year-out deadlines.

Assemblywoman Leslie asked if there were any decisions to be made by the Governor versus consulting with the Legislature that would impact the current request for funds. Mr. Willden replied there were not.

Assemblywoman Leslie wanted to have a better understanding of what the Governor would be able to do without approval of the Legislature. In terms of the current request, she thought the consultant should be funded first before additional positions were filled, in the event the consultant recommended different staffing needs. In addition, new people would be hired who would not necessarily be up to speed.

Mr. Duarte replied all of the positions were needed now; hundreds of hours of staff time per week were already being burned, and some was work that could be done by two staff members, an Administrative Services Officer and a Social Programs Specialist, to ensure preparation for engagement of the consultants. It would be stipulated that potential applicants must have some Medicaid and/or policy experience. He understood Assemblywoman Leslie's concern with hiring someone without experience, but even without a lot of experience, qualified individuals would relieve a lot of the workload in the project planning aspects that was currently being done by division chiefs and supervisors in addition to their own responsibilities.

Mr. Willden added he did not believe the positions would be filled with people off the street. The positions would be promotional opportunities from within the department. Everything he had learned over his many years in the department would change, and there was a whole new set of challenges. He said he could not emphasize enough the necessity to keep the project organized; it had been chaos over the past several weeks. The department needed to power up as quickly as possible.

Assemblywoman Leslie said she was not against hiring the positions, and it made more sense to her that current employees would be promoted.

Assemblywoman Smith said she was happy the Committee could provide the agency with some help. Through discussions with Fiscal staff, she was aware that healthcare reform was going to be overwhelming. It would be necessary for Fiscal staff to be intimately involved with agency staff to prepare for the next session. She assumed it was a good opportunity for the DHHS staff to work closer with the Committee's Fiscal and policy staff as well.

Mr. Willden thanked Assemblywoman Smith for her comment, adding that the DHHS staff would be working closer with Fiscal staff. This was a monumental effort and a whole different way of approaching things; he again emphasized that there were massive changes coming. If 97 percent of Americans would eventually have healthcare, all of the dynamics would change – disproportionate share hospitals, indigent care and so on.

Assemblywoman Smith noted the consultant was a sole-source contract; she assumed there was a limited pool of people since the issues were so new. She asked how the consultant would be recruited.

Lynn Carrigan, Division of Health Care Financing and Policy, replied the division currently had a consulting contract with people qualified in the field. She had met with them the previous day, and it was agreed they could be immediately engaged if that was the division's desire.

Mr. Willden added a reason for a sole-source contract was it was not possible to bring in people with no knowledge of Nevada. There were consultants who had been engaged in the state for years, and they were familiar with how the state conducted business, its policies and processes. He acknowledged there would be other consultants trying to pressure department staff, legislators and others to require a request for proposal, but time was of the essence. Fifty-four states and territories would be trying to engage consultants and policy experts, and Nevada needed to move as quickly as possible.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HARDY.

THE MOTION CARRIED.

- 190. State Department of Conservation and Natural Resources – Water Resources – FY 2010** – Addition of \$83,795 in federal National Dam Safety grant funds in support of the state's Dam Safety Program. Specifically this funding will be use to support the agency's public outreach and public awareness initiatives. Requires Interim Finance approval since the amount added to the federal Dam Safety Grant category exceeds \$50,000. **Work Program #C17749. RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 6, 2010.**

Refer to motion for approval under Item H.



Cochair Mathews announced items 191 and 192 would be heard together.

- 191. Department of Business and Industry – Insurance – Insurance Examiners – FY 2010** – Transfer of \$35,795 from the Reserve category to the Premium Audit Program category to provide funding for the Insurance Premium Tax Desk Audit Program. Requires Interim Finance approval since the amount added to the Premium Audit Program category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEM 192. Work Program #C17839. RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 19, 2010.**
- 192. Department of Business and Industry – Insurance – Insurance Examiners – FY 2011** – Transfer \$140,322 from the Reserve category to the Personnel Services category and \$36,986 from the Reserve category to the Premium Audit Program category to provide funding for the Insurance Premium Tax Desk Audit Program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 191. Work Program #C17843. RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 19, 2010.**

Scott Kipper, Nevada Insurance Commissioner, Division of Insurance, explained items 191 and 192 were work programs that would transfer \$35,795 in fiscal year 2010 from the reserve category in the examination budget to provide funding for the insurance premium tax desk audit program. A similar transfer in fiscal year 2011 would transfer \$140,322 from reserve to personnel services and an additional \$36,986 to the desk audit program. Mr. Kipper said the transfers would fund the premium tax desk audit program as passed in Assembly Bill 6 of the 26th Special Session. The need for the program was identified during an internal audit of the Division of Insurance, and the audit recommendation was to create the program, which the division agreed to do during the 2011-13 biennium. He said the language in A.B. 6 accelerated the effective date to July 1, 2010.

Assemblywoman McClain recalled that A.B. 6 assumed that \$10 million would be generated in premiums for the General Fund. She asked if the program would realize that amount of money.

Mr. Kipper replied when he testified to the IFC in February 2010, he stated that \$5 million would be an aggressive figure. He was not sure whether \$10 million could be reached, but time and effort would tell.

Assemblywoman McClain asked how the division would determine who would be audited.

Mr. Kipper said the largest carriers would be audited first, followed by smaller carriers in order of amount of premium. By statute of limitations, the audit would look back at seven years of premiums.

ASSEMBLYWOMAN MCCLAIN MOVED FOR APPROVAL.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

- 193. Department of Business and Industry – Real Estate – Common Interest Communities – FY 2010** – Transfer \$352,385 from the Reserve category to the Transfer to Real Estate Administration category to provide funding for a projected shortfall in revenues. Requires Interim Finance approval since the amount transferred to the Transfer to Real Estate category exceeds \$50,000. **RELATES TO ITEM 65. Work Program #C17841. RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 19, 2010.**

Refer to motion for approval under Item H.

**Reclassifications**

<b>Agency</b>	<b>Agency/ Account Number</b>	<b>Position Number</b>	<b>Present Class Title, Class Code, Grade &amp; Salary</b>	<b>Proposed Class Title, Class Code, Grade &amp; Salary</b>
Office of the Governor/Nevada State Energy Office	011/4868	0010	Staff II, Associate Engineer Code: 6.228, grade 37, step 8, \$67,692.96 Employee/Employer Paid Retirement	Energy Programs Manager Code: 7.758, grade 41, step 6, \$74,082.24 Employee/Employer Paid Retirement
DHHS/Division of Mental Health and Developmental Services	408/3162	0276	Maintenance Repair Specialist I Code: 9.441, grade 30, step 01, \$36,915.84 Employee/Employer Paid Retirement	Administrative Assistant IV Code: 2.210, grade 29, step 01, \$35,475.12 Employee/Employer Paid Retirement

Refer to motion for approval under Item H.

**I. STATEMENT OF CONTINGENCY FUND BALANCE.**

Mr. Krmpotic reviewed the Statement of the Contingency Fund Balance. The unrestricted General Fund portion of the Contingency Fund contained \$12.1 million as of the current meeting. If all of the requests for allocation were approved, the balance remaining in the unrestricted portion of the Contingency Fund would total \$11.7 million. Mr. Krmpotic said the Highway Fund portion of the Contingency Fund currently had a balance of \$2.5 million; if the Committee approved Agenda Item K, a request from the Department of Motor Vehicles in the amount of \$476,000, the remaining balance would be approximately \$2 million.

Cochair Mathews asked for questions from the Committee; there were none.

**\*J. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (GENERAL FUND) PURSUANT TO NRS 353.268.**

1. Department of Education – Career and Technical Education – Request for an allocation of \$12,130 to meet the required Maintenance of Effort (MOE) for the Carl D. Perkins Vocational and Technical Education grant.

Jim Wells, Deputy Superintendent for the Department of Education, explained the request from the Contingency Fund was the amount needed to meet the maintenance of effort requirements for the Carl D. Perkins Vocational and Technical Education grant. He said there were some salary adjustment dollars dealing with cost-of-living adjustments that the department had authority to draw down, and when that was done, the department failed to include them in the maintenance of effort calculation. The result was a shortage this year of \$12,130. Mr. Wells said the ramifications of not maintaining the maintenance of effort for this grant would allow the federal government to remove the entire federal portion of the grant, which was about \$8 million.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblywoman Smith congratulated Mr. Wells on his new position as Executive Officer of the Public Employees' Benefits Program, adding that the Legislature would miss his expertise in K-12 education.

2. Department of Health and Human Services – Division of Child and Family Services – Request for an allocation of \$1,572 to cover a technical error in adoption subsidy payments.

Diane Comeaux, Administrator, Division of Child and Family Services, explained the request was for an allocation from the Contingency Fund in the amount of \$1,572; this was the second allocation made for a technical error in adoption subsidy payments. She said the division had attempted to negotiate an agreement, but the plaintiffs did not accept the negotiation terms. Ms. Comeaux said the \$1,572 was the final payment of the settlement agreement.

There were no questions from the Committee.

ASSEMBLYMAN HOGAN MOVED FOR APPROVAL.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

3. State Department of Conservation and Natural Resources – Division of Conservation Districts – Request for an allocation of \$10,229 to cover the unbudgeted portion of its Attorney General's liability and vehicle coverage costs for fiscal year 2010.

Charles Donahue, Deputy Administrator for the Division of State Lands, testified he was appearing on behalf of the Division of Conservation Districts. The division was requesting \$10,229 from the IFC Contingency Fund to pay for the unbudgeted portion of insurance premiums as established by the Attorney General's office for district supervisors, their staff and vehicles. Mr. Donahue said the costs were associated with a special use category within budget account 4151, which was not updated by the Nevada Executive Budget System (NEBS) when the rates changed. He said the division recognized the problem would also exist in fiscal year 2011, and it was anticipated the agency would have to return to the Committee for a Contingency Fund allocation in early fiscal year 2011 to meet the balance, which would also be \$10,229.

Senator Horsford asked why the agency could not find other savings in its budget for fiscal year 2011 rather than ask for more out of the Contingency Fund now that the shortfall was recognized.

Mr. Donahue reiterated the only possible way the division could find \$10,000 would be through additional cuts to the grant program to the 28 conservation districts in the state. The districts had already cut their grants by 20 percent. He said the shortage was a result of an oversight and it was felt to be an appropriate use for the Contingency Fund.

Mr. Donahue further explained the grants were used to leverage federal and private dollars for conservation efforts on private lands, as well as local community lands. He said that \$1 of state dollars leveraged \$25 to \$26 of federal money.

SENATOR HORSFORD MOVED FOR APPROVAL.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED.

4. Department of Health and Human Services – Health Care Financing and Policy – Request for an allocation of \$279,119 to establish a planning and implementation team to address federal health care reform legislation. **(RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 6, 2010).**

Refer to testimony and motion for approval under Agenda Items H-188 and H-189.

Cochair Mathews opened discussion of Agenda Item J-5 and Informational Item O-10.b.

5. State Department of Agriculture – Veterinary/Medical Services – Request for an allocation of \$131,661 to establish a new division administrator pursuant to NRS 561.205. **(RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 19, 2010).**
- O. INFORMATIONAL ITEMS – REPORTS ON LETTERS OF INTENT, COMMITTEE REQUESTS AND STATUTORY REQUIREMENTS.
10. DEPARTMENT OF AGRICULTURE
    - b. Veterinary/Medical Services – Response to questions asked by the Fiscal Analysis Division regarding ability to meet its statutory

requirements described in NRS 561.205 upon the elimination of the Veterinary Medical Services Division Administrator effective July 1, 2010, as approved by the Legislature during the 26<sup>th</sup> Special session.

Tony Lesperance, Director, Department of Agriculture, explained the request for an allocation of \$131,661 to establish a new division administrator was somewhat confusing and needed to be clarified. He said as the budget crisis had escalated, and prior to the 26th Special Session, the Department of Agriculture was asked by the Fiscal Division to establish some priorities for cuts. Mr. Lesperance felt there was no place left to cut in his department that would not kill a program, which he was reluctant to do. He then determined the only place for further possible cuts was in the Veterinary Medical Services area.

Mr. Lesperance said during the Special Session, the position of Administrator of Veterinary Medical Services was somehow declared an open position, even though it was not. As with all open positions at that time, it was eliminated. In the process of eliminating the position, funding for the position was also lost. He said it was not his intent to lose that position under any circumstances, as it would put the department in a very serious situation.

Mr. Lesperance recalled that during the 2009 Legislative Session, he had frequently discussed the importance of the veterinarians and the work they do. He introduced Dr. Boyd Spratling, a veterinarian in Elko and a member of the Board of Agriculture, Alan Porazzo, Chairman of the Board of Agriculture, and Dave Stix and Jim Schneider, board members. Mr. Lesperance had asked Dr. Spratling to provide the Committee with more detailed information concerning the importance of the issue; letters of support had been distributed to Committee members ([Exhibit E](#)).

Cochair Mathews remarked it would be appropriate for the Legal Division to provide a legal opinion on the issue, as requested by Assemblyman Goicoechea.

Brenda Erdoes, LCB Chief Legislative Counsel, said it was her understanding that the position was eliminated in A.B. 6 during the 26th Special Session as a vacant position for budget savings. However, the position currently being proposed had a different title, Administrator of Veterinary Medical Services. Ms. Erdoes recited the requirements of NRS 561.205:

**NRS 561.205 Management of activities pertaining to protection and promotion of livestock industry.**

The Director shall appoint a person to manage the activities of the Department relating to the protection and promotion of the livestock industry of the State of Nevada. The person is in the unclassified service of the State and must:

1. Be appointed on the basis of merit;
2. Be a graduate of a veterinary school or college approved by the American Veterinary Medical Association; and
3. Have at least 5 years' experience in official work for regulating and controlling diseases in livestock.

The Director may remove the person from office with the approval of the Board.

It was Ms. Erdoes' opinion that the IFC had authority to create the position, but it would have to be as a different position; the previous position that was eliminated during the 26th Special Session could not be re-established. If the IFC approved the allocation, it was her understanding the money could not be spent on the position until the department returned to IFC after a State Personnel study was conducted to establish the salary for the position. The new position would have to be added by IFC as an omission to the unclassified pay bill.

In summary, Ms. Erdoes said authority did exist for the Committee to add a position if it was omitted from the unclassified pay bill. She said the Committee would have to meet the requirements to approve the allocation being requested at this meeting. The position would be a new position, and NRS 561.205 required the director to have the position.

Assemblyman Goicoechea was concerned that the position was never vacant even though it was suspended in the Special Session. He believed the Legislature had violated the law in the 26th Special Session by suspending the position because the statute clearly required that the Board of Agriculture approve the termination of the administrator position. He pointed out that the board was one of the few boards with authority to hire or dismiss its director, and technically the director worked for the board. Assemblyman Goicoechea questioned whether a new position needed to be created when elimination of the position was in violation of the law.

Ms. Erdoes replied she understood the situation was unusual, but she did not believe the Legislature violated NRS 561.205 by eliminating the funding for the position under vacancy savings for fiscal year 2011. That action was taken on the basis that the position would be vacant for the next fiscal year. She said it was correct that the statute stated the director may remove the person from office with the approval of the board. However, that was not what occurred. The Legislature actually approved the funding for the position as vacancy savings on the basis that the position would be vacant in fiscal year 2011. Ms. Erdoes acknowledged the matter could have been a misunderstanding, but the Legislature had the authority to override the statute, even if it was a conflict. However, she did not believe it was a conflict.

Cochair Mathews noted a number of legislators believed elimination of the position was a mistake on their part, and she asked if the position could legally be reinstated as it was.

Ms. Erdoes replied the proposal just put forth was the only way for IFC to have the ability to re-establish the position, because the Interim Finance Committee could not undo something that the entire Legislature voted upon.

Assemblyman Grady asked when Dr. LaRussa's final day was working for the department. Mr. Lesperance replied Dr. LaRussa was still working for the department; the position was eliminated as of July 1, 2010.

Assemblyman Grady asked if after the position was eliminated anyone in the department realized that the position of State Veterinarian had been eliminated. Mr. Lesperance said it occurred to him the morning after the end of Special Session.

Assemblyman Grady noted the IFC had met since the Special Session. Mr. Lesperance stated many people had been working hard to get the position reinstated, and this was the earliest date the issue could be brought before IFC.

Assemblyman Hogan asked if Mr. Lesperance anticipated the approval of IFC and the Department of Personnel process would permit the department to re-establish the newly-named position without a gap in veterinary coverage for the state.

Mr. Lesperance said it was possible the department would have to return to IFC in June, but he saw no problem, as long as the funding and position were approved. Dr. LaRussa would be employed July 1 in the same position and salary as he was previously.

Assemblywoman Smith asked Ms. Erdoes how the same person could be kept on the payroll for a newly created position.

Ms. Erdoes replied it was actually the new position that was being re-created; the action of IFC did not speak to who would fill the position. The decision to fill it would be left to the Executive Branch, and in her opinion the department would be free to fill the position with the same person.

Assemblywoman Smith said she was slightly nervous with the connotation on the record that the Committee would move forward like the situation never happened. She was not trying to weigh in on who would be hired or how the position was filled, but she wanted it on the record that the Committee would resolve the problem by creating the new position. She added the problem also begged the question of making sure this situation did not occur again.

Assemblyman Hardy surmised that the legislative intent was to give up the position in order to be able to make future budget cuts, but in making the cuts, the position was inadvertently lost; the department had not intended to eliminate the State Veterinarian.

Mr. Lesperance replied if he had deliberately intended to eliminate the position, he would have been in violation of the law; that was far from his intent. Appointment of the position was the responsibility of the director, and he would reappoint Dr. LaRussa if everything fell into place effective July 1.

Assemblywoman Smith remarked she was still uncomfortable with the process, and she asked Ms. Erdoes to provide further clarification.

Ms. Erdoes stated the legal requirements for filling the position would have to be complied with; this was a new position, it would have to be treated as such, it would have to be filled, and the necessary paperwork would have to be completed. All of the required processes for filling a new unclassified position would have to be followed.

Cochair Mathews called for a motion.

Assemblyman Goicoechea disclosed his son was a practicing veterinarian in the state of Nevada, but the decision would not affect him.

ASSEMBLYMAN GIOICOECHEA MOVED FOR APPROVAL OF  
THE NEW POSITION AS OUTLINED BY LEGAL COUNSEL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN GRADY.

Assemblyman Goicoechea clarified his motion was made with the understanding that Dr. LaRussa met the qualifications of the position and the Committee had the commitment from the director to follow the employment process to fill the position.

Senator Horsford added that the department would have to follow the regulations and process of the Department of Personnel; no commitments could be made outside of the Personnel process.

Cochair noted that Mr. Lesperance had indicated he understood and would comply with the direction of the Committee.

THE MOTION CARRIED

6. Office of the Governor – Request for an allocation of \$40,000 to fund a contract to complete the Federal Race to the Top application. **(RECEIVED AFTER SUBMITTAL DEADLINE, APRIL 19, 2010).**

Stacy Woodbury, Deputy Chief of Staff, Governor's Office, introduced Dan Klaich, Chancellor of the Nevada System of Higher Education (NSHE) and co-chairman of the Governor's Blue Ribbon Task Force on Education Reform.

Ms. Woodbury said Item J-6 was a request for \$40,000 to fund an independent contractor to complete phase 2 of the Race to the Top application on behalf of the state. She explained the task force was formed in March 2010, and the members had split into areas of expertise based on the six sections of the application. The Department of Education had been providing the data and components of the application, and the task force provided the vision and strategy on the direction of the application. Ms. Woodbury said when the first draft of the application was completed, the task force realized there was much more work to be done to finalize the application for submission to the Board of Education on May 14 and for the Governor's signature on May 21 to meet the June 1, 2010 deadline. The task force co-chairs, the Governor's office, the Department of Education and the State Board of Education agreed that additional resources were needed to complete the application.

Ms. Woodbury said a grant-writing team had been assembled with Department of Education staff and the task force subcommittee chairs to work on the various areas of the application. However, a project manager with experience in Race to the Top funding was needed in order to make the deadline, and a contract was being drafted with a contractor from Texas for \$40,000, which included 175 hours of consulting time



and up to \$6,000 in travel cost reimbursements. Ms. Woodbury said the contractor and grant-writing team were working diligently to complete the application. The state would be eligible for up to \$116 million to improve its lowest-performing schools if the efforts were successful.

Cochair Mathews acknowledged that the team assembled to work on the Race to the Top application consisted of many quality people. She wanted assurance that the contractor had completed previous Race to the Top applications. Ms. Woodbury replied she had.

Senator Horsford said he supported the item, but he was concerned with the number of hours based on the scope of the contract. In the event additional hours were required, he asked if the scope of the work would be completed.

Ms. Woodbury replied she had met with the consultant the previous day, and as far as she was concerned, the \$40,000 was the final amount – one invoice would be sent upon completion of the project for up to \$40,000. The contractor was committed to working the number of hours it would take to complete the application.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN DENIS.

THE MOTION CARRIED.

- \*K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (HIGHWAY FUND) IN ACCORDANCE WITH NRS 353.268 – Department of Motor Vehicles – Division of Administrative Services – Request for an allocation of ~~\$476,765~~ **\$436,765** due to a projected shortfall in Merchant Services Fees. **REVISED APRIL 23, 2010.**

Mr. Krmptic explained the request for a Contingency Fund allocation from the Highway Fund had been revised from \$476,765 to \$436,765, a reduction of \$40,000 based on additional savings in the budget account to address a shortfall. The allocation would provide additional authority to address a shortfall in merchant service fees associated with credit card transactions. He said Fiscal staff had no issues with the request.

ASSEMBLYWOMAN LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

- \*L. CREATION OF THE LEGISLATIVE COMMITTEE FOR THE FUNDAMENTAL REVIEW OF BASE BUDGETS PURSUANT TO NRS 218E.440.

Mr. Krmptic explained Agenda Item L dealt with the creation of a Legislative Committee for the Fundamental Review of Base Budgets, pursuant to NRS 218E.440.

The item called for the Committee to appoint committee members, to designate a committee chairman, and to designate agencies for review. A list of potential agencies for review by the committee was distributed to Committee members ([Exhibit F](#)). He said it was anticipated that if the item was approved by the IFC, staff would begin working on the process in May, with an estimated timeframe to complete the majority of the work by the end of August 2010.

Mr. Krmpotic further explained that creation of the committee was intended to allow the Legislature to analyze spending and efficiency in certain budget accounts of state government, which was an area of great interest to the members, given the shortfall that the Legislature recently addressed and the projected shortfall to be addressed in the 2011 Legislature. He said the process itself had not been used in quite some time, and it involved a large effort on the part of Fiscal staff to look at the agency, review its mission and its statutory requirements, and ensure expenditures and funding of that agency were in accordance with the statutory mission. Mr. Krmpotic said the review typically involved a significant review of performance indicators to ensure the agency had measurement indicators in place to enable review of how well it was performing from an efficiency and effectiveness standpoint. The process would require a number of committee hearings to receive information from agencies and Fiscal staff.

With respect to potential agencies for review, Mr. Krmpotic indicated that Fiscal staff had looked at the size of the agency in comparison to the time remaining to perform the review. Staff also considered and would suggest to the Committee members that agencies or divisions selected for review be done at one per agency so that agencies would not be over burdened responding to questions from staff. He said staff had also looked at and attempted to balance the requirements of the committee with the current workload of the Fiscal Division.

Mr. Krmpotic reviewed the accounts suggested for fundamental review:

#### Department of Administration – Buildings and Grounds

Review of the non-state owned building lease program. The Buildings and Grounds administered or assisted in negotiating and administering lease contracts for state agencies throughout the state that leased non-state owned buildings. The review would be limited to that function only and would look at the state's effectiveness in managing and administering the non-state owned leases for the state.

#### Department of Business and Industry

Two divisions from the Department of Business and Industry – Division of Financial Institutions and the Housing Division – were suggestions for potential review by staff. Fiscal staff had no issues with the divisions, but they would be available for review. Staff recommended selecting one or the other, but not both, since they fell under one department.

#### Department of Education

The Department of Education contained 8 to 10 different budget accounts for potential review. Staff was not suggesting that the committee review the Distributive School Account (DSA) or other major programs, but perhaps the administration function could be reviewed.

### Department of Health and Human Services

Two suggestions for review were made for Health Care Financing and Policy – the Administration account and the Compliance Unit, in conjunction with the Attorney General’s Medicaid Fraud Unit. The Compliance Unit review would not necessarily be a traditional base budget review, but would look at the effectiveness of those units in containing and recovering costs for the state in the Medicaid program.

Health Statistics and Planning under the Health Division was another suggestion for potential review.

### Department of Public Safety

Two suggestions were made for Public Safety – the Fire Marshal and the Division of Parole and Probation. The Fire Marshal was currently experiencing revenue shortfalls with respect to plan review fees; there was considerably less building construction in the state and the workload had decreased. An audit was conducted in 2007 that called into question how well the Fire Marshal’s office was performing its statutory mission.

The Division of Parole and Probation’s effectiveness in supervising parolee and probation caseloads was oftentimes reviewed. It was a significant budget from the standpoint of General Funds.

Lynn Hettrick, Deputy Chief of Staff, Governor’s Office, testified on behalf of the Governor’s office. He said the Governor’s office fully appreciated the intent of the Legislature but was concerned with the impact the reviews would have on the Executive Branch agencies. A Legislative Session was held 10 months ago, a Special Session just 75 days ago, the S.A.G.E. Commission completed its work about 4 months ago and agencies received questions from LCB staff daily. Mr. Hettrick said the agencies could respond to questions without more committees; there was no need to create another committee or spend additional taxpayer money to have meetings to ask questions of any agencies. There were ongoing interim committees currently reviewing many agencies. Mr. Hettrick said the Governor’s office felt the committee was duplicative and unnecessary, and he urged that the processes already in place be used to continue. There was major concern with the Executive Branch agencies’ time, given cutbacks and furloughs, to be able to answer any more questions. The Governor’s office had sent a letter to Senator Horsford expressing concern, because with budget time coming up, everyone was looking for ways to save.

Senator Horsford stated he had received the letter, and he respected Mr. Hettrick’s remarks. Noting this was not a new committee, it was a process that had been done before, he asked Legal Counsel to clarify the authority for the committee

Brenda Erdoes, Chief Legislative Counsel, explained NRS 218E.435 through 218E.460 provided for legislative committees for the fundamental review of base budgets of state agencies. The statute was created through A.B. 194 of the 1995 Legislative Session. Section 218E. 440 provided for the creation and further stated, “If the Interim Finance Committee determines that the performance of a fundamental review of the base budget of a particular agency is necessary, the Interim Finance Committee shall create a legislative committee for the fundamental review of the base budgets of state

agencies.” Ms. Erdoes stated the statute provided for all of the items on the agenda; if the Committee chose to create the committee for review of base budgets, it was required to appoint the members, and 218E.450 provided that the committee had the duty to request the state agencies under review to submit information to the committee, and each state agency shall cooperate fully and provide the material requested within the period specified by the committee. The committee would transmit a report of its findings back to the Interim Finance Committee and Legislative Commission. There was authority in 218E.455 for not only the administration of oaths, but also the issuance and enforcement of subpoenas for any witnesses who did not appear when requested by the committee. Those subpoenas were for both the attendance of a witness and the production of books and papers.

Senator Horsford believed the process was important. From his standpoint, the rationale was to enable legislators to do their jobs. He recalled that Mr. Hettrick was actually a key sponsor of the legislation as a member of the Legislature, and it was now ironic he was speaking against it. From a legislative standpoint, Senator Horsford wanted members to be in a position next legislative session to perform what they were charged with, which was to manage the appropriations of state government – that was the role of the Legislative Branch. He thought it should be done in cooperation and full coordination with the Executive Branch. Working together would put everyone in a better position to deal with the state’s shortfalls in the 2011 Session. He reiterated he respected the concerns and the office of the Governor. He knew the LCB staff was working very hard and knew their limitations, and he felt the process would actually help next session when all options were known for ways to responsibly balance the budget.

Mr. Hettrick appreciated Senator Horsford’s remarks, adding the Governor’s office was not questioning the Legislature’s authority under A.B. 194 of the 1995 Session. He was the Co-Speaker that year and very instrumental in helping to pass the bill. He understood fully what the Legislature was trying to do; he did not disagree with the intent at all. The concern was with the impact on Executive Branch agencies, not with the rationale of why the process was beneficial.

Assemblywoman Gansert stated that over the last two years the state had been facing a fiscal crisis, and it seemed the Legislature had to react each time to necessary cuts. There had not been time to “drill down” the numbers, and it seemed there was never time to “drill down” during a regular legislative session. The Legislature could only look at enhancements and maintenance codes that were built upon what existed versus going down to base budget methodology. Currently it appeared the revenues were coming in all right, and maybe it was an opportune time to better evaluate what was being done, how it was done and how it could be done better. She was supportive of creation of the fundamental review committee to further delve into the numbers.

Addressing Mr. Hettrick, Assemblywoman Gansert said she completely understood his perspective – it was a lot of work and it seemed everyone had been working at a high level with fewer staff now for months going on years. At the same time, it was appropriate for the Legislature to not be in the reactionary mode. In looking at the list, she thought it was important to look at where the most money was spent and where the most bang for the buck would be realized in reorganization, reduction or efficiencies.

Mr. Hettrick said he did not disagree with Assemblywoman Gansert's remarks; he thought the idea of being proactive in terms of the budget process was paramount. That was exactly what the Governor's office was trying to do. Nevada was one of the last, if not the last, state using base, maintenance and enhancements; all other states had moved to a different form of budgeting. Mr. Hettrick said the committee would be far better served to look at changing the entire procedure in that regard to move into the 21st Century. The state needed to develop a better way of budgeting entirely.

There being no further discussion, Cochair Mathews called for a motion.

SENATOR HORSFORD MOVED TO CREATE THE LEGISLATIVE COMMITTEE FOR THE FUNDAMENTAL REVIEW OF BASE BUDGETS AS A SUBCOMMITTEE OF THE IFC AND TO APPOINT SENATOR WOODHOUSE, SENATOR WIENER AND SENATOR RAGGIO AS SENATE MEMBERS.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION AND RECOMMENDED APPOINTMENT OF ASSEMBLYMAN GOICOECHEA, ASSEMBLYMAN CONKLIN, AND ASSEMBLYWOMAN SMITH

Assemblywoman Gansert asked if the realm or duties of the committee would include different methodologies for budgeting. She suggested some review of different ways of analyzing budgets.

Senator Horsford indicated review of different budgeting methodologies would be within the purview of the committee.

Senator McGinness said he served on the redistricting subcommittee and two other important committees, and the number of meetings were limited to two or three, when before they met four or five times. He was not sure if having fewer meetings was a result of lack of time or money, and he was not sure now was the time to do this; he would oppose the motion.

THE MOTION CARRIED.

Senator McGinness voted nay.

Assemblywoman Kirkpatrick was not present for the vote.

ASSEMBLYMAN OCEGUERA MOVED THAT SENATOR WOODHOUSE SERVE AS CHAIR OF THE LEGISLATIVE COMMITTEE FOR THE FUNDAMENTAL REVIEW OF BASE BUDGETS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblywoman Kirkpatrick was not present for the vote.

Senator Woodhouse remarked that the creation of the committee marked a turning point in state government, and it would be the intent of the committee to find new ways to manage the limited resources in order to meet the challenges that would be faced in the future. She said it was known that Nevada was at a crisis point, and a choice needed to be made. The Legislature could not shirk its moral responsibility to provide for the future for children and all citizens; that challenge had to be met head on, and she believed the committee would do just that. She said Nevada state government could and would be the best because it must serve the needs of all Nevadans, young and old. Senator Woodhouse said she looked forward to the committee working together to bring a report to the Interim Finance Committee by September 1, 2010.

Assemblywoman Smith said she had reviewed the list of potential agencies to be analyzed, noting that the Fiscal staff had done a good job developing a list that would not place undue burden on Fiscal or agency staff. She recommended the following agencies for review:

1. Buildings and Grounds – Non-state owned leases.
2. Housing Division – A lot of money flowed through that division, as seen through hearings of the IFC as well as the Stimulus Committee.
3. Department of Education.
4. Health Care Financing and Policy Compliance Unit – Very important and significant in looking at fraud issues and trying to recover dollars.
5. Parole and Probation – A significant budget and, as heard in previous budget hearings, a lot of intricacies within the budget.

ASSEMBLYWOMAN SMITH MOVED THAT THE COMMITTEE FOR THE FUNDAMENTAL REVIEW OF BASE BUDGETS REVIEW BUDGETS FOR BUILDINGS AND GROUNDS, THE HOUSING DIVISION, DEPARTMENT OF EDUCATION, HEALTH CARE FINANCING AND POLICY COMPLIANCE UNIT AND PAROLE AND PROBATION.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblywoman Kirkpatrick was not present for the vote.

- \*M. PRESENTATION BY THE DEPARTMENT OF WILDLIFE OF A PROPOSED PLAN FOR THE SEPARATION OF THE WILDLIFE ADMINISTRATION ACCOUNT INTO SEPARATE BUDGET ACCOUNTS (LETTER OF INTENT, 2009 LEGISLATURE).

Ken Mayer, Director of the Nevada Department of Wildlife (NDOW), introduced Patrick Cates, Deputy Director for Fiscal and Administrative Services, and Rich Haskins,

Deputy Director for Resource Management Programs. Mr. Cates recalled that during the 2009 Session, he had suggested that because of the extreme complexity of the budget and the way it was funded, IT should be reorganized to make it more user friendly and easier for the Legislature and the agency's constituency to understand where the money came from, where it went and how it was spent.

Patrick Cates, Deputy Director, Department of Wildlife, referred Committee members to a document entitled NDOW Budget Split Overview ([Exhibit G](#)). He said the agency was proposing to break out the administrative budget, which had all staff and most of the program expenditures, into one budget per division.

Cochair Mathews remarked the exhibit was very clear and self-explanatory; there was no need for further explanation.

ASSEMBLYMAN HARDY MOVED FOR APPROVAL.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

Cochair Mathews announced further action on the item would be deferred until the next IFC meeting because of a lack of a quorum on the Senate side.

- N. REPORT ON POSITIONS THAT HAVE BEEN DETERMINED NOT TO BE SUBJECT TO FURLOUGH LEAVE PURSUANT TO S.B. 433, SECTION 5 (2009 LEGISLATURE) AND THE REASONS FOR SUCH DETERMINATIONS FOR THE PERIOD OF JANUARY - MARCH 2010 – INFORMATIONAL ONLY.
1. State Board of Examiners
    - a. Office of the Military
    - b. Department of Employment, Training and Rehabilitation

There was no testimony or action on Agenda Item N.

- O. INFORMATIONAL ITEMS – REPORTS ON LETTERS OF INTENT, COMMITTEE REQUESTS AND STATUTORY REQUIREMENTS.
1. OFFICE OF THE GOVERNOR – Nevada State Office of Energy
    - a. Pursuant to an Interim Finance Committee (IFC) request, the agency is providing a report regarding the hiring of American Recovery and Reinvestment Act (ARRA) funded personnel approved at the August 2009 IFC meeting.

Tina Burke, Deputy Director, Nevada State Office of Energy, reported all but two of the ARRA-funded personnel had been hired; still vacant were the Management Analyst II for the Revolving Loan Program and the Public Service Intern. Interviews for the Public Service Intern would be scheduled soon, and the agency was now considering whether the Management Analyst II position was needed at this time.

There were no questions from the Committee.

7. DEPARTMENT OF EDUCATION – Discretionary Grants – Restricted – Report on the plan to improve the Nevada Department of Education application for federal Charter School Grant (letter of intent, 2009 Legislature).

Jim Wells, Deputy Superintendent for the Department of Education, explained Item O-7 was a letter of intent from the 2009 Legislature regarding the federal charter school grant. He said the letter of intent was twofold: 1) items that could be improved in the grant application, and 2) a listing of the individual schools that had applied and either been awarded or denied grants. Mr. Wells said the information had been provided to Fiscal staff.

Assemblywoman Smith asked if Mr. Wells could clarify the technical support provided within the department to help charter schools get grants. Mr. Wells replied the department did not provide specific training or technical assistance to the individual charter schools. The U.S. Department of Education provided technical assistance and an opportunity for the charter schools to become familiar with the application methodology. He said there were two very separate and distinct paths – one for agencies that were applying and one for individuals, and they were conducted at different times of the year.

Assemblywoman Smith asked if similar assistance could be provided by the State Department of Education to try to be more helpful to the charter schools. Mr. Wells replied it would be possible through the Office of Charter Schools that was created in November. The director's position was being reviewed for justification to bypass the hiring freeze, and it was hoped the position could be filled shortly. Mr. Wells added that the department was also applying for the statewide charter school program grant; the application was due May 7, 2010.

Assemblywoman Smith said technical assistance to the charter schools would be something to consider when the director's position was filled. Mr. Wells concurred, noting that was the idea behind the creation of the Office of Charter Schools.

19. Presentation of a plan to maintain the College of Agriculture at the University of Nevada Reno.

Dr. Milton Glick, President, University of Nevada, Reno (UNR), explained UNR had taken a state appropriation reduction of \$33 million in fiscal year 2009 and another \$11 million in fiscal year 2011. He expressed his appreciation to the Legislature for its work to minimize the second reduction to higher education.

Dr. Glick said the university did not make across-the-board cuts, but instead tried to make strategic reductions to protect the quality of its programs. In the first round of cuts, the academic programs were largely protected, but that was not possible in the second round. Selective, very difficult and painful cuts were made, and one of them was the elimination of two departments in the College of Agriculture, Biotechnology and Natural Resources (CABNR) and the elimination of a college. Over the past month,



university officials had worked very closely with the stakeholders in the agricultural and rural community, including the Farm Bureau, the Cattleman's Association and the CABNR Advisory Committee. Dr. Glick said an agreement had been reached with the stakeholders that would serve agriculture in the rural communities well and still meet the budget reduction needs.

Dr. Marc Johnson, Provost, University of Nevada, Reno, explained that when considering cuts within the CABNR, the focus was on the importance of keeping most of the agricultural teaching, research and outreach missions, as well as those departments that generated the most graduates, the most research funding, and the most outreach for the state. Budget reductions were targeted toward reducing the cost of administration, which was the most costly college administration on the UNR campus.

Dr. Johnson said that through discussions with agricultural industries stakeholders, an agreement had been reached which maintained the existence of the College of Agriculture. It would have three departments (see CABNR Organization Chart, [Exhibit H](#)). The two departments with the most research and most of the students would remain unchanged, Natural Resources and Environmental Sciences, and Biochemistry and Molecular Biology. The Department of Nutrition would be modified to not only educate students in nutrition and dietetics, but also to maintain a capacity to do multi-disciplinary approaches to plant and animal issues related to agriculture; maintain a pre-vet program with large animal care experience for students; and maintain the capability of dealing with the issues of range science and other very important issues, making best use of the resources in the Great Basin region.

Dr. Johnson remarked the University appreciated working with the stakeholders, because they recognized two things immediately: They wanted to maintain an identity for Agriculture at the land grant university, and they recognized the institution's need to make budget reductions at the same time.

The following individuals provided testimony in support of the agreement to maintain the College of Agriculture, Biotechnology and Natural Resources. Verbatim remarks are attached as [Exhibit I](#).

- Gail Kosach, CABNR Stakeholders Advisory Committee
- Hannah Works, Pre-Veterinary Student and Student Ambassador for the College of Agriculture
- Louis Test, CABNR Stakeholders Advisory Committee

Assemblywoman Smith remarked the university and stakeholders had done a great job of making the best out of bad circumstances. She thanked them for doing a commendable job at bringing everybody together and possibly turning the program into even a better one to build upon later when times get better.

Cochair Mathews echoed Assemblywoman Smith's remarks, adding that she knew difficult decisions and sacrifices were made in the process. She remarked that everyone had to give up something while in negotiation, but there were always possibilities for a better future. She appreciated everyone's efforts.

Continuing, Cochair Mathews stated that the Legislature had no voice or authority in the institution's budget cut decisions, and she appreciated the university providing the information to the Committee, because members were concerned. She commended the institution, the Board of Regents and the stakeholders group for working together to accomplish exactly what they needed to do.

Assemblyman Bobzien stated that as the representative for the district in which the University was located, he had been hearing from constituents who were students and faculty members in some of the departments. He was definitely appreciative and echoed his colleagues' comments about the plan to move forward. He was impressed with the constituents that had come forward to advocate for the college, and he hoped that everyone would commit to not just rebuilding the foundation at the University but in the entire state, because there were larger issues at hand that everyone would have to chip in and work on in the future.

Cochair Mathews added that the University was part of her Senate district as well. She asked for further comments or concerns from the Committee.

President Glick thanked the Committee for its support, and he expressed appreciation for Senator Mathews' support and service to the University and the state.

P. PUBLIC COMMENT.

Robin Reedy, Chief of Staff, Governor's office, read a letter into the record concerning suggestions for changes to the Interim Finance Committee process to accommodate agencies and reduce staff time. The letter is attached as [Exhibit J](#).

Cochair Mathews remarked there were some good ideas and the Committee would review and consider them at the next IFC meeting.

Senator Woodhouse thanked the Legislative Counsel Bureau staff for accommodating her need to stay in Las Vegas for the meeting.

Q. ADJOURNMENT.

Cochair Mathews adjourned the meeting at 2:02 p.m.

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Senator Bernice Mathews, Cochair  
Interim Finance Committee

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Lorne Malkiewich, Director  
Legislative Counsel Bureau and Secretary  
Interim Finance Committee

**EXHIBITS  
INTERIM FINANCE COMMITTEE**

<b>Exhibit</b>	<b>Witness/Agency</b>	<b>Description</b>
A	Fiscal Analysis Division Legislative Counsel Bureau	Agenda
B	Fiscal Analysis Division Legislative Counsel Bureau	Guest List
C	Fiscal Analysis Division Legislative Counsel Bureau	April 29, 2010, Meeting Packet
D	Gus Nunez, Manager State Public Works Board	Agenda Item E – Report of the April 28, 2010 Meeting of the IFC’s Subcommittee to Review Public Works Board Matters
E	Tony Lesperance, Director Department of Agriculture	Agenda Item J-5 and O-10b. – Letters of Support for Reinstatement of State Veterinarian Position
F	Mark Krmpotic, Fiscal Analyst Fiscal Analysis Division Legislative Counsel Bureau	Agenda Item L – Creation of the Legislative Committee for the Fundamental Review of Base Budgets
G	Ken Mayer, Director, and Patrick Cates, Deputy Director, Department of Wildlife	Agenda Item M – Proposed Plan for the Separation of the Wildlife Administration Account into Separate Budget Accounts
H	Dr. Milton Glick, President, and Dr. Marc Johnson, Provost, University of Nevada, Reno	Agenda Item O-19 – Proposed Plan to Maintain the College of Agriculture at the University of Nevada, Reno
I	Dr. Milton Glick, President, and Dr. Marc Johnson, Provost, University of Nevada, Reno	Agenda Item O-19 – Verbatim Public Testimony and Letter of Support for the College of Agriculture at the University of Nevada, Reno
J	Robin Reedy, Chief of Staff, Governor’s Office	Agenda Item P – Public Testimony – Proposed Changes to Interim Finance Committee Procedures