

MINUTES OF THE NOVEMBER 20, 2008
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairman Morse Arberry Jr. called a regular meeting of the Interim Finance Committee (IFC) to order on November 20, 2008, at 9:18 a.m. in Room 4100 of the Legislative Building. [Exhibit A](#) is the agenda. [Exhibit B](#) is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chairman
Senator William J. Raggio, Chairman
Senator Bob Beers
Senator Barbara Cegavske
Senator Bob Coffin
Senator Steven A. Horsford for Senator Dina Titus
Senator Bernice Mathews
Senator Dean Rhoads
Assemblywoman Barbara E. Buckley
Assemblyman Moises (Mo) Denis
Assemblywoman Heidi S. Gansert
Assemblyman Pete Goicoechea for Assemblywoman Valerie E. Weber
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman John W. Marvel
Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Bonnie Parnell for Assemblywoman Sheila Leslie
Assemblywoman Debbie Smith

COMMITTEE MEMBERS EXCUSED:

Senator Dina Titus
Assemblywoman Sheila Leslie
Assemblywoman Valerie E. Weber

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Eileen O'Grady, Chief Deputy Legislative Counsel

Mark W. Stevens, Fiscal Analyst, Assembly
Gary L. Ghiggeri, Fiscal Analyst, Senate
Steve Abba, Principal Deputy Fiscal Analyst
Brian Burke, Principal Deputy Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Connie Davis, Interim Finance Committee Secretary
Patti Sullivan, Fiscal Analysis Division Secretary
Cheryl Harvey, Fiscal Analysis Division Secretary

A. ROLL CALL

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

Chairman Arberry announced that although Assemblyman Hogan was delayed, he was expected to arrive soon.

*B. APPROVAL OF MINUTES FROM THE AUGUST 14, 2008, MEETING

ASSEMBLYMAN HARDY MOVED APPROVAL OF THE
AUGUST 14, 2008 MEETING MINUTES.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not
present for the vote.)

*C. APPROVAL OF MINUTES OF THE SEPTEMBER 9, 2008, MEETING

ASSEMBLYMAN MARVEL MOVED APPROVAL OF THE
SEPTEMBER 9, 2008 MEETING MINUTES.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not
present for the vote.)

*D. STATE PUBLIC WORKS BOARD - REPORT FROM IFC'S SUBCOMMITTEE
TO REVIEW PUBLIC WORKS BOARD MATTERS IN ACCORDANCE WITH
NRS 218.6827

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised the Committee that the document titled, *Interim Finance Committee's Subcommittee to Review Public Works Board Matters, Chairman's Report of Meeting*

Held November 19, 2008 ([Exhibit D](#)) provided a synopsis of the Subcommittee's November 19, 2008 meeting.

Assemblywoman Buckley expressed concern related to the change of scope for the addition to the Desert Willow Treatment Center.

Chairman Arberry asked Gustavo Nunez, Manager, State Public Works Board (SPWB), to provide the Committee with a verbal report of the events that transpired during the meeting including information on the change of scope for the addition to the Desert Willow Treatment Center.

Gustavo Nunez, Manager, SPWB, reported that information on master planning for current and future projects at the Northern Nevada Adult Mental Health Campus (NNAMHS) in Sparks was provided to the Subcommittee at the November 19, 2008, meeting. Mr. Nunez advised that the Subcommittee recommended that the IFC accept the information regarding master planning for the NNAMHS, which included details associated with the location of services and facilities proposed for the site, as well as the disposition of existing buildings located on the southern area of the campus.

Mr. Nunez discussed plans to consolidate all NNAMHS programs with the relocation of current services in the buildings located on the southern campus of the facility to the facilities proposed for location on North Street. The plans called for the demolition of the buildings on the southern campus, with the exception of two that were historically significant, in order to provide space for the future consolidation of Child and Family Services.

Mr. Nunez told the Committee that implementation of the master plan would take place through the Capital Improvement Program process.

The Subcommittee recommended that the IFC accept the information provided regarding the master planning for the Northern Nevada Adult Mental Health Campus.

Assemblyman Grady questioned whether the site for consolidation of facilities was the same site that was being considered for the Northern Nevada Veterans' Home.

Mr. Nunez verified that the master plan identified approximately ten acres north of North Street for the Northern Nevada Veterans Home. Mr. Nunez advised that the Executive Director of Veterans' Services indicated two additional sites were also under consideration but that he wanted to keep the option open for the land on the NNAMHS campus.

Mr. Nunez next discussed the request to change the scope of the Capital Improvement Program (CIP) Project 07-C-26 for the Desert Willow Treatment Center addition. Mr. Nunez indicated that the Committee's staff had informed SPWB representatives, prior to the Subcommittee meeting, that because of the magnitude of the scope change, the Interim Finance Committee did not have the authority to approve the request. With

that information, the Subcommittee recommended that the IFC not approve the scope change, a decision Mr. Nunez said would most likely require cancellation of the project.

Additionally, Mr. Nunez advised that the Subcommittee members requested additional information from representatives of the Department of Health and Human Services (DHHS), and Mike Willden, the Director of the DHHS, was available to provide that information.

Assemblywoman Buckley indicated that she, Senator Cegavske, and Senator Coffin had received a briefing regarding the issue and were satisfied that all options would be considered. Additionally, Assemblywoman Buckley expressed support for the Subcommittee's recommendation that the IFC not approve the scope change.

Senator Coffin requested that Mr. Willden address the available options for using the funds that were slated for the expansion.

Mike Willden, Director, Department of Health and Human Services, identified himself for the record. Mr. Willden discussed options that included completion of the remodeling project or the addition of 14 beds, construction of a separate stand-alone facility, or remodeling the Stein Hospital, a 77-bed adult hospital, located on the Southern Nevada Adult Mental Health Services' (SNAMHS) campus. Mr. Willden explained that the SNAMHS operated the 77-bed hospital prior to the construction of the Rawson-Neal Psychiatric Hospital.

Senator Coffin noted that a net increase in beds appeared to be conceivable and asked Mr. Willden to provide additional information.

Mr. Willden indicated that the SNAMHS was currently using several of the units in the Stein Hospital and confirmed a potential for the addition of 40 to 60 unused beds. Mr. Willden said, however, there were questions remaining regarding the capacity needed and a potential remodel of the Stein Hospital.

Additionally, Mr. Willden reported that the Desert Willow Treatment Center provided acute psychiatric services and residential treatment for children, which were activities that were not compatible within the same building. Mr. Willden reiterated the need to determine the types of beds required as well as the best placement and operation of the beds.

Mr. Nunez advised that the length of a delay for additional beds would depend on whether the options discussed could be approved by the IFC or required approval by the entire Legislative body in 2009.

Mr. Nunez next addressed the request to increase federal grant funding receipt and expenditure authority for the construction of phase IV of the Veterans Cemetery expansion in Boulder City, CIP project 01-C7.

The Subcommittee recommended IFC approval to increase funding receipt and expenditure authority.

Mr. Nunez next discussed Project 07-C20, State Department of Agriculture Headquarters and Laboratory Building and the informational item submitted in response to questions concerning the status of gravesites at the construction site located next to the Nevada Mental Health Institute in Sparks. Mr. Nunez advised that recent excavation work at the site unearthed an isolated bone, which the Washoe County Coroner was unable to verify conclusively as human. Mr. Nunez indicated that the bone fragment would remain with the Washoe County Coroner until completion of the project.

Additionally, Mr. Nunez advised that, thus far, the construction process had not disturbed any gravesites at the site but that the SPWB representatives would report the discovery of any additional remains to the IFC.

The Subcommittee recommended that the IFC accept the informational item regarding gravesites located at the construction site of the Agriculture Headquarters and Laboratory Building.

Senator Coffin expressed concern regarding the issue of the gravesites, which he indicated was the reason he had requested the Committee's consideration of work program Item G. 56. Senator Coffin requested that Ron James, the State Historic Preservation Officer (SHPO), address the issue.

Mr. Nunez provided clarification that the majority of the gravesites were in an area, along 21st Street, identified as a cemetery and which, according to the master plan, would remain as open space.

Additionally, Mr. Nunez advised that the Department of Health and Human Services was currently developing regulations related to disinterment and re-interment of human remains at the site and that the SPWB was involved in the process as well. Mr. Nunez further advised that upon completion of the regulation process and with the authority to do so, the SPWB would remove the few graves at the construction site and relocate them to the cemetery.

Ron James, State Historic Preservation Officer, Department of Cultural Affairs, State Historic Preservation Office, reported that representatives of the SPWB and the Department of Health and Human Services had dealt with the gravesite issue and requirements within the law regarding the handling of native American human remains in an "extraordinarily admirable and sensitive manner." Mr. James advised that construction work in "juxtaposition" with a historic cemetery had risks but that the need existed for "a certain amount of flexibility" in matters related to state property. Mr. James further advised the Committee that the intent of state and federal laws regarding the issue of human remains was for use as a guide rather than to stop work on projects.

Senator Coffin indicated that several legislators were contacted by families of deceased residents of the Nevada Mental Health Institute, who he indicated were buried in a "somewhat haphazard manner during the last century" and that sensitivity was the key word with family members. Senator Coffin indicated he would withdraw his request for consideration of Item 56 but wanted to ensure that Mr. James would assist Native Americans involved in the issue.

Mr. James advised that the representatives of the State Historic Preservation Office were working with tribal members to ensure that if there were native American remains at the site, those remains would be handled "appropriately as well as with all due sensitivity."

The Subcommittee recommended that the IFC accept the informational item submitted in response to questions regarding the gravesites.

The next item Mr. Nunez addressed was the November project exception report, an informational item, which since the last report reviewed by the Subcommittee only included the change of scope request for the Desert Willow Treatment Center, previously addressed by the Committee.

The Subcommittee recommended that the IFC accept the 2008 CIP project exception report.

Mr. Nunez addressed the informational item regarding the status report on the Capital Improvement Program Projects 01-C15, 03-C23, and 05-C06 for the design and construction of the University of Nevada Las Vegas (UNLV) Science, Engineering and Technology Complex.

Mr. Nunez reported the issuance of Certificates of Substantial Completion and Occupancy for the project but indicated that the SPWB was continuing to monitor the completion of the punch list and to work with UNLV representatives concerning the installation of the furniture, fixtures, and equipment (FF&E) package.

The Subcommittee recommended that the IFC accept the status report on the CIP projects for the design and construction of the UNLV Science, Engineering and Technology Complex.

Mr. Nunez next addressed the informational item regarding the status report for Project 07-C02, Las Vegas Springs Preserve Museum, which was being administered by the Las Vegas Valley Water District.

Mr. Nunez reported that the contract was on schedule and indicated the establishment of a substantial completion date of April 9, 2009. However, Mr. Nunez reported that because donations to fund the construction of the facility's exhibits had not materialized, the SPWB had included a request for funding construction of the exhibits in its agency recommended 2009 Capital Improvement Program.

The Subcommittee recommended that the IFC accept the project status report.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL TO
ACCEPT THE SUBCOMMITTEE'S RECOMMENDATIONS.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not
present for the vote.)

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

The work programs listed under Item E required expeditious action within 15 days and
did not require action by the members of the Committee.

1. **Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 08** – Addition of \$214,927 in balance forward of Post Adoption Fees and Gifts and Donations funds and transfer of \$2,000 from the Child Welfare category to the Adoption Subsidy category and \$101,628 from the Child Welfare category to the Substitute Foster Care category to correct work program C31550, which was processed incorrectly. Requires Interim Finance approval since the amount added to the Emergency Foster Care category exceeds \$50,000. **Work Program #C31554**
2. **Department of Conservation and Natural Resources – Division of Forestry – FY 09** – Addition of \$111,507 in United States Bureau of Land Management Southern Nevada Public Land Management Act (SNPLMA) Grant funds to complete a fuel break in Lake Tahoe Nevada State Park. Requires Interim Finance approval since the amount added to the United States Bureau of Land Management SNPLMA category exceeds \$50,000. **Work Program #C14031**
3. **Department of Employment, Training and Rehabilitation – Employment Security Division – FY 09** – Addition of \$2,692,560 in Federal Unemployment Insurance funds to add 24 intermittent positions to help manage increased employment security activity due to the downturn in the economy. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C14178**

F. WORK PROGRAM REVISIONS IN ACCORDANCE WITH
NRS 353.220(5)(c). INFORMATIONAL ONLY – REQUIRED ACTION
WITHIN 45 DAYS.

The work programs listed under Item F required expeditious action within 45 days and did not require action by the members of the Committee

1. **Governor's Office of Consumer Health Assistance – FY 09** – Addition of \$125,000 in Transfer from Attorney General funds to develop and administer an outreach program to educate small employers about health care choices. The funding is part of the United Health Care settlement. Requires Interim Finance approval since the amount added to the ~~Attorney General Decree~~ Personnel category exceeds \$50,000 and includes a new position. **Work Program #C12796**
 2. **Department of Business and Industry – Insurance Examiners – FY 09** – Addition of \$350,000 in Transfer from Attorney General funds for certain audits and examinations. The funding is part of the United Health Care settlement. Requires Interim Finance approval since the amount added to the Merger Audits Up Front (Nevada/Sierra) category exceeds \$50,000. **Work Program #C13213**
 3. **Department of Public Safety – Office of Traffic Safety – FY 09** – Addition of \$1,082,876 in Federal Traffic Safety Grant funds, \$1,888,909 in Federal 410 Incentive Grant funds, \$45,095 in Federal ~~457 Incentive~~ **2010 Motorcycle Safety** Grant funds, \$124,337 in Federal 405 Incentive Grant funds, \$271,370 in Federal 444 **408 Traffic Safety** Incentive Grant funds and \$221,185 in Federal 403 Incentive Grant funds to balance forward remaining federal authority. Requires Interim Finance approval since the amount added to the 410 Incentive Grants Funds category exceeds \$50,000. **Work Program #C13180**
- *G. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353, *NEVADA REVISED STATUTES (NRS)*

Chairman Arberry announced that work program Items 7, 34, 71, 73, and 147 were withdrawn and that the Committee would consider the following work programs:

Items 3, 13, 24; 26 revised, 30, 31, 32, 33, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 48, 49, 50, 51, 52, 53, 54, 55, 58 revised, 62, 66, 67, 72, 79, 80, 82, 84, 95, 97, 98, 103, 105, 111, 131, 132, 133, 136, 137, 142, 143, and 144.

Senator Coffin requested and Chairman Arberry agreed to the Committee's consideration of Item 56.

SENATOR RAGGIO MOVED APPROVAL OF ALL WORK PROGRAMS AND POSITION CHANGES OTHER THAN THOSE DELINEATED BY CHAIRMAN ARBERRY AND ITEM 56 REQUESTED BY SENATOR COFFIN.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not present for the vote.)

1. **Office of the Governor – Homeland Security – FY 09** – Addition of \$29,697 in Transfer from Emergency Management to balance forward remaining Citizen's Corps Grant authority to continue providing support to citizen groups which prevent and prepare for all types of emergencies. Requires Interim Finance approval since the amount added to the Citizen Corps Grant category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13888**

Refer to motion for approval under Item G.

2. **Office of the Governor – Homeland Security – FY 09** – Addition of \$74,250 in state Homeland Security Grant funds and \$22,407 in Transfer from Division of Emergency Management Interoperable Communications to fund a Terrorism Liaison Coordinator, purchase equipment for the Fusion Center and to continue funding a Program Manager to oversee the interoperable communication program. Requires Interim Finance approval since the amount added to the Homeland Security Grant Program Fusion Center category exceeds \$50,000. **Work Program #C13985**

Refer to motion for approval under Item G.

3. **Office of the Governor – Homeland Security – FY 09** – Deletion of \$530,350 in Transfer from Emergency Management State Homeland Security Grant Program funds. Grant funds for the state Fusion Center are being transferred to the Department of Public Safety, Investigation Division, which is taking over operation of the Fusion Center. Requires Interim Finance approval since the amount deducted from the Homeland Security Grant Program Fusion Center category exceeds \$50,000. **Work Program #C13997. RELATES TO ITEMS 142 AND 143.**

Chairman Arberry announced that the Committee would consider Items G.3, 142, 143, and 144 concurrently.

Rick Eaton, Administrator, Office of Homeland Security, Governor's Office, addressed Item G.3 and requested approval to transfer \$530,350 in State Homeland Security Grant funds from the Office of Homeland Security to the Division of Investigations, Department of Public Safety, for the day-to-day operation of the state Fusion Center.

Chairman Arberry questioned why the operation of the state Fusion Center would be more appropriately organized under the Department of Public Safety's Division of Investigation rather than the Office of Homeland Security.

Mr. Eaton discussed the budget reduction that eliminated funding allocated earlier in the year to the Office of Homeland Security to support two positions for the Fusion Center.

Taking into consideration the loss of the positions and the "synergy" that existed between the Division of Investigation's intelligence mission and the mission of the Fusion Center, Mr. Eaton said that placement of the Center within the Department of Public Safety appeared to be appropriate. Additionally, Mr. Eaton reported that law-enforcement agencies across the county operated two-thirds of the 55 established Fusion Centers citing, for example, the Las Vegas Metropolitan Police Department and Clark and Washoe County Sheriffs' management of their fusion centers.

Chairman Arberry questioned the necessity to transfer the operations of the center immediately rather than waiting until the issue could be addressed in more detail during the 2009 Legislative Session.

Mr. Eaton indicated that he preferred not to control funding for an operation he did not manage on a daily basis.

Senator Raggio questioned whether the Las Vegas Metropolitan Police Department and the Clark and Washoe County Sheriffs agreed to the transfer of the program to the Department of Public Safety.

Mr. Eaton advised that local law enforcement agencies were in agreement with the transfer.

Assemblywoman McClain questioned how much program responsibility would remain with the Office of Homeland Security after the transfer.

Mr. Eaton advised that while the Fusion Center had been a state focal point, it was only a quarter or less of his Homeland Security responsibility. Mr. Eaton reported that his responsibility included "intelligence-at-large work" with the Las Vegas Metropolitan Police Department, the Clark and Washoe County Sheriffs, and the state. Additional responsibility included identification of critical infrastructure and development of a critical infrastructure plan; Citizen Corp, a federally required statewide program, to educate citizens; interoperability; and intelligence clearances.

Mr. Eaton also commented that working in liaison with the Department of Homeland Security (DHS), he had secured grant funding for the Real ID Act as well as funding for two additional analysts to provide analytical support for the Terrorism Liaison Officer's Program, one from the DHS and one from the Rocky Mountain Information Network (RMIN), a federally subsidized entity.

Assemblywoman McClain indicated that legislators would more thoroughly review the issue in budget hearings during the 2009 Legislative Session.

Scott Jackson, Chief, Division of Investigations, Department of Public Safety, appeared before the Committee to request the approval of work program Items G.142, 143, and 144 that would provide authority for the addition and expenditure of grant funds to support the operation of a state Fusion Center:

G.142 - \$333,350 in Homeland Security Grant funds
G.143 - \$197,000 in Law Enforcement Terrorism Prevention funds
G.144 - \$369,600 in Homeland Security Grant funds

SENATOR RAGGIO MOVED APPROVAL OF ITEMS G.3,
142, 143, AND 144.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

4. **Office of the Governor – Homeland Security – FY 09** – Addition of \$1,720,919 in Transfer from Division of Emergency Management 2006 Interoperable Communications Grant funds to support interoperable communications, including establishing standard operating procedures and training procedures. Requires Interim Finance approval since the amount transferred to the Homeland Security Grant Program 2006 Interoperable Communications category exceeds \$50,000.

Refer to motion for approval under Item G.

5. **Office of the Governor – Homeland Security – FY 09** – Addition of \$250,000 in Transfer from Division of Emergency Management (DEM) Urban Area Security Initiative (UASI) and deletion of \$250,000 in Transfer from DEM Interoperable Communications to support interoperable communications. Requires Interim Finance approval since the amount added to the UASI Grant category exceeds \$50,000. **Work Program #C14018**

Refer to motion for approval under Item G.

6. **Office of the Governor – Energy Conservation – FY 09** – Transfer of \$20,128 from the Reserve category to the State Capitol Solar Photovoltaic (PV) Project category to supplement a solar photovoltaic panel installation on the Capitol building. Requires Interim Finance approval since the amount transferred to the State Capitol Solar PV Project category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13969**

Refer to motion for approval under Item G.

7. **Office of the Governor – Energy Conservation – FY 09** – Addition of \$46,749 in Department of Energy Save Energy Now funds; and deletion of \$54,768 in Rebuild America Grant funds, \$26,559 in Geothermal Federal Grant funds, \$18,951 in Cooperative Agreement funds, and \$94,149 in Petroleum Overcharge Rebate funds to realign the state and federal energy grant authority to reflect the current revenue and expenditure amounts available for this fiscal year. Requires Interim Finance approval since the amount deducted from the Rebuild America

category exceeds \$50,000. **Work Program #C14192. WITHDRAWN, NOVEMBER 13, 2008.**

Item 7 was withdrawn.

8. **Office of the Attorney General – Medicaid Fraud – FY 09 – *This work program corrects an error on the cost allocation worksheet and requires the*** transfer of \$61,513 from the Reserve category to the Attorney General Cost Allocation category ~~to support legal representation.~~ Requires Interim Finance approval since the amount transferred to the Attorney General Cost Allocation category exceeds \$50,000. **Work Program #C13336. RELATES TO ITEMS 9 AND 10**

Refer to motion for approval under Item G.

9. **Office of the Attorney General – Workers' Compensation Fraud – FY 09 – *This work program corrects an error on the cost allocation worksheet and requires the*** transfer of \$114,239 from the Reserve category to the Attorney General Cost Allocation category ~~to support legal representation.~~ Requires Interim Finance approval since the amount transferred to the Attorney General Cost Allocation category exceeds \$50,000. **Work Program #C13337. RELATES TO ITEMS 8 AND 10**

Refer to motion for approval under Item G.

10. **Office of the Attorney General – Council for Prosecuting Attorneys – FY 09 – *This work program corrects an error on the cost allocation worksheet and requires the*** transfer of \$35,150 from the Attorney General Cost Allocation category to the Reserve category ~~to support legal representation.~~ Requires Interim Finance approval since the amount transferred from the Attorney General Cost Allocation category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13330. RELATES TO ITEMS 8 AND 9**

Refer to motion for approval under Item G.

11. **Office of the Controller – FY 09 –** Addition of \$29,836 in State Emergency Response Commission (SERC) Grant funds to provide funding for installation of a key-card system. Requires Interim Finance approval since the amount added to the SERC Grant category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C10537**

Refer to motion for approval under Item G.

12. **Office of the Treasurer – Nevada College Savings Trust – FY 09 –** Deletion of \$2,043,780 in Contract Services Charges and \$11,376 in Treasurer's Interest Distribution funds, and addition of \$1,387,287 in funds transferred from the

College Savings Plan - Endowment Account; and transfer of \$667,869 from the Reserve category to the Transfer Out category to record the transfer of reserves for the College Savings Plan to a separate Endowment budget account. Requires Interim Finance approval since the amount added to the Transfer Out category exceeds \$50,000. **Work Program #C13378**

Refer to motion for approval under Item G.

- 13. Office of the Treasurer – Nevada College Savings Trust – FY 09 –** Addition of \$35,995 in funds transferred from the College Savings Plan - Private Entity Account to provide funding for one new Management Analyst IV position to oversee the educational programs administered by the state Treasurer's Office. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13920**

Kim Huys, Senior Deputy State Treasurer, Office of the Treasurer, appeared before the Committee to request approval to establish a new Management Analyst IV position to assist in the management and administration of the college education programs administered by the Treasurer's Office.

Ms. Huys reported that a Legislative Counsel Bureau audit, conducted early in 2007, identified significant deficiencies in the financial and program oversight of Nevada's 529 College Savings Plans. Ms. Huys advised that the Treasurer's staff, in a major work effort during the past 15 months, implemented the audit's 13 recommendations to improve the financial and administrative management practices of the College Savings Program. Specifically by the end of fiscal year 2008, the Treasurer's Office had:

- Assumed responsibility for compiling quarterly financial statements
- Prepared information for inclusion in the state's Comprehensive Annual Financial Report (CAFR)
- Implemented policies and procedures to ensure compliance with contract provisions
- Implemented internal controls and procedures to ensure the appropriate review and approval of revenues and expenditures and to ensure that revenues and expenditures were correctly recorded in the state's accounting system
- Provided the availability of payroll deductions for state employees participating in the College Savings Program
- Begun to track plan assets for recording in the statutorily required program account

- Engaged in a limited expansion of Nevada's citizen outreach in an effort to increase college savings activity

Ms. Huys reiterated the need for the oversight and technical assistance that a Management Analyst IV position could provide as well as to ensure compliance with the audit recommendations.

Ms. Huys also indicated that with the improvement of financial and administrative management practices and having gained a greater understanding of the method used for the generation of the College Savings Program fees, UPromise, Inc., the program manager, relinquished \$400,000 in non-state funds to the Treasurer's Office.

Chairman Arberry asked representatives to explain the urgency in establishing the position immediately rather than waiting for the 2009 Legislature's review of the budget.

Ms. Huys indicated that marketing the College Savings Program to Nevada citizens could begin immediately upon hiring the new position and considering the current chaos and turmoil in the financial market, it was important to remind Nevadans of the importance of saving for college.

Senator Raggio noted that \$200,000 in non-state funds received from UPromise, Inc. provided the initial funding for the new position and asked how the position would be supported after that funding was expended. Additionally, he asked why it was necessary to hire a high-level position when the current staff had been adequate thus far.

Mark Winebarger, Chief Deputy Treasurer, Office of the Treasurer, explained that he as well as many other members of Treasurer's Office staff worked on the implementation of the audit recommendations. As previously indicated, Mr. Winebarger said that it was a huge work effort and that employees could no longer devote the time to provide the oversight needed for the College Savings Program and to ensure compliance with the audit recommendations.

Mr. Winebarger pointed out that the monetary request before the Committee totaled \$35,995 for the current biennium, which would be paid for from resources UPromise, Inc. paid to the Treasurer's Office to administer and monitor the College Savings Program.

Senator Raggio asked how the Treasurer's Office would pay for the position after expenditure of the \$200,000.

Ms. Huys advised that the Treasurer's Office contract with the program manager, UPromise, would continue to provide at least \$2.6 million annually, which, under the provisions of *Nevada Revised Statutes*, was for use in the support of higher education for Nevada residents through the College Savings Program.

Senator Raggio also questioned the urgency in establishing the position immediately rather than providing the members of the 2009 Legislature an opportunity to review the request during the budget hearing process.

Ms. Huys reiterated that over the past 15 months staff had worked on administrative issues, and the Treasurer's Office needed the new position to begin outreach efforts to remind Nevadans to participate in the College Savings Program. Additionally, Ms Huys advised that the College Savings Board of Trustees had asked that the Treasurer's Office move forward with the position in order that they could continue to receive sound information on which to base their decisions.

In response to questions Assemblywoman Buckley asked regarding funding the position in the future with non-General Fund money, Ms. Huys confirmed that the Treasurer's Office would continue to fund the position through the proceeds received from UPromise, Inc.

In view of the current financial situation and the many additional demands placed upon the Treasurer's Office, Assemblywoman Buckley indicated that the proposal appeared to be reasonable.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM G.13.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

In response to Assemblyman Hardy's questions regarding the money UPromise, Inc. paid to the Treasurer Office, Ms. Huys explained that administration of the 529 College Savings Plans required administrative fees for the services of professional money managers to improve their position in the market. Ms. Huys indicated that the fees were minimal and that account fees for Nevada residents were eliminated in the last year.

Assemblyman Hardy questioned whether the fees from the investment pool would go into the College Savings Plan if not used to fund the position.

Ms. Huys explained that the Treasurer's Office received the fees from UPromise to administer the plan and that she was uncertain whether the fees could be returned to account holders if not passed on to the Treasurer's Office.

In response to Assemblyman Hardy, who asked whether any of the funding for the position was from money account holders put into the 529 Plans, Ms. Huys explained that only money from the administrative costs associated with the administration of the 529 Plans by the Treasurer's Office would be used to fund the position.

In response to Assemblyman Hardy, who asked additional questions regarding administration fees, Ms. Huys advised that although already price competitive, the

Nevada Treasurer's Office was currently negotiating with UPromise to make Nevada's College Savings Program the most cost beneficial plan in the country.

In response to Assemblyman Marvel, who questioned the amount of the investment, the number of plan participants, and marketing for the Program thus far, Ms. Huys advised that approximately 392,000 plan participants had invested \$4.7 billion in the College Savings Program. However, Ms. Huys pointed out that only about 6,100 of those participants were Nevada account holders. Ms. Huys explained that although the program manager engaged in a national marketing campaign, the Treasurer's Office needed to maximize marketing efforts to Nevada citizens to make them more aware of the College Savings Program.

In response to Assemblyman Marvel, who questioned whether students, covered by the plan, could attend any college of their choosing, Ms. Huys, advised that under the 529 Plans, students had the ability to attend any qualifying educational institution.

Assemblyman Marvel questioned how many students under the 529 plan were attending Nevada schools.

Ms. Huys indicated she was uncertain as to the availability of that demographic information but would provide it if it was obtainable.

Assemblywoman Buckley questioned Committee staff regarding the reasonableness of the request.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, advised that the fees charged to participants for the program were similar to fees charged to mutual fund investors. Mr. Stevens explained that UPromise returned a portion of the fee they charged to the state for the administration of the 529 Plans and that those non-General Fund dollars would fund the position currently and going forward into the future. Mr. Stevens advised that although the request for the position appeared to be reasonable, the question was whether approval should occur now or during the Legislative Session.

Senator Coffin expressed support for the request and asked for the opportunity to also hear a report regarding the assistance the Treasurer could provide for the state's cash flow during the current financial situation.

Chairman Arberry advised that an opportunity to hear the report would occur later in the day.

Assemblywoman Gansert advised that although she recognized that the position would not be supported by the General Fund, she could not support the request during the financial crisis.

Hearing no other questions from the members of the Committee, Chairman Arberry called for a vote on the motion.

THE MOTION CARRIED. (Senators Raggio, Beers, and Cegavske voted nay. Assemblywoman Gansert, Assemblymen Goicoechea, Grady, Hardy, and Marvel voted nay.)

14. **Department of Administration – Administrative Services – FY 09** – Transfer of \$48,125 from the Personnel Services category to the Operating category to support modifications to the Nevada Project Accounting System (NPAS) to track operating budgets. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C14011**

Refer to motion for approval under Item G.

15. **Department of Administration – Purchasing Division – FY 09** – Addition of \$184,480 in funds transferred from Commodity Foods and deletion of \$1,813 in Warehouse Space Rental receipts to pay off three General Fund loans associated with debt services for the Las Vegas Warehouse. Requires Interim Finance approval since the amount added to General Fund Payback category exceeds \$50,000. **Work Program #C13959. RELATES TO ITEM 16.**

Refer to motion for approval under Item G.

16. **Department of Administration – Purchasing Division – Commodity Food Program – FY 09** – Transfer of \$182,667 from the Reserve category to the General Fund Payback category to pay off three General Fund loans associated with debt services for the Las Vegas Warehouse. Requires Interim Finance approval since the amount transferred to General Fund Payback category exceeds \$50,000. **Work Program #C13950. RELATES TO ITEM 15.**

Refer to motion for approval under Item G.

17. **Department of Administration – Buildings and Grounds Division – Marlette Lake – FY 09** – Transfer \$480,097 from the Reserve category to the Transfer to Marlette Lake Capital Improvement Project category to provide debt service and capital improvements for the Marlette Lake System as established by Assembly Bill 49 of the 2005 Legislature. Requires Interim Finance approval since the amount transferred to the Transfer to Marlette Lake Capital Improvement Project category exceeds \$50,000. **Work Program #C14012**

Refer to motion for approval under Item G.

18. **Department of Taxation – FY 09** – Transfer of \$578 from the Operating category, \$90,336 from the Information Services category, and \$3,194 from the Purchasing Assessment category to the Reserve for Reversion category to record the reduction of internal service rates and assessments for FY 09. The rates and assessments reduced include the Purchasing Division's Assessment; Risk Management Division's property and content insurance, Department of Information Technology's Infrastructure Assessment, Planning Assessment, Security Assessment, Programmer rate, Database Administrator rate, Site Space Rent rate, Channel Rent rate, DS1 Circuit rate, and Site Power Recovery rate. Requires Interim Finance approval since the amount transferred from the Information Services category exceeds \$50,000. **Work Program #IS2361**

Refer to motion for approval under Item G.

19. **Department of Information Technology – Computing Division – FY 09** – Transfer of \$49,420 from the Reserve category to the Debt Service category to provide funding for debt service obligations. Requires Interim Finance approval since the amount transferred to Debt Service category exceeds 10 percent of legislatively approved level for that category. **Work Program #C13239**

Refer to motion for approval under Item G.

20. **Department of Information Technology – Computing Division – FY 09** – Addition of \$59,579 in Computer Facility Services funds and transfer of \$75,940 from the Reserve category to the Information Services category to provide funding for computer hardware and software needed to allow the Division of Child and Family Services access to the state e-mail service. This request also provides funding for annual e-mail licenses. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C13444**

Refer to motion for approval under Item G.

21. **Department of Information Technology – Computing Division – FY 09** – Deletion of \$1,496,289 in Computer Facility Services funds to align revenue with projected receipts for the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C13909**

Refer to motion for approval under Item G.

22. **Department of Information Technology – Telecommunications – FY 09** – Transfer of \$25,645 from the Operating category to the department's Internal Allocations category to pay rent owed to the Computing Division. Requires Interim Finance approval since the amount transferred from the Operating category

exceeds 10 percent of legislatively approved level for that category. **Work Program #C13234**

Refer to motion for approval under Item G.

- 23. Department of Information Technology – Telecommunications – FY 09 –** Transfer of \$60,472 from the Telephone Services category to the Telephone Watts & Tolls category and \$23,456 from the Reserve category to the Telephone Watts & Tolls category to provide funding for capital lease costs. Requires Interim Finance approval since the amount transferred to the Telephone Watts & Tolls category exceeds \$50,000. **Work Program #C13237**

Refer to motion for approval under Item G.

- 24. Department of Personnel – Unemployment Compensation Fund – FY 09 –** Addition of \$1,078,834 in Unemployment Compensation revenue to meet projected unemployment claim benefit payments. Requires Interim Finance approval since the amount added to the Unemployment Benefits category exceeds \$50,000. **Work Program #C14073. RELATES TO ITEM P-8.**

Chairman Arberry announced that the Committee would consider Items 24 and P.8, an informational item related to Item 24.

Shelly Blotter, Interim Director, Department of Personnel, appeared before the Committee to request approval to increase revenue and expenditure authority in the State's Unemployment Insurance Account because of an increase in unemployment claims.

Senator Raggio asked for information regarding which employment sectors were experiencing an increase in unemployment claims.

Ms. Blotter explained that the state was responsible for currently unemployed claimants who were in the state's employ during the period used to determine their claim amount but left state service to work for another employer.

In response to questions Senator Raggio asked regarding the calculation of the potential increase in claims, Ms. Blotter advised that the Department of Personnel's Division Administrator for Administrative Services worked with representatives of the Department of Employment, Training, and Rehabilitation (DETR) to project future claims and observed a developing increase in claims. Ms. Blotter advised that subsequent to that observation, staff projected a payout increase in claim benefits.

Assemblywoman Buckley recalled that the "next to the last employer" provision for unemployment benefits was changed in a Committee of Commerce and Labor hearing during the 2007 Legislative Session.

Ms. Blotter indicated she was not aware of a change in the next to the last employer provision.

Assemblywoman Buckley requested the Committee's legal staff to look into whether the 2007 Legislature changed the provision.

Shelly Blotter addressed informational item P.8 and advised the Committee that the 4.5 percent budget decrease reduced the Department's reserve funding. After working with representatives of the Department of Administration, Ms. Blotter advised that the reduction would be passed on to state agencies and that the increase in the Department's Unemployment Compensation Assessment charged to state agencies would be balanced against a reduction in Personnel and Payroll assessment billing claims.

ASSEMBLYMAN HARDY MOVED APPROVAL OF
ITEM 24.

ASSEMBLYWOMAN GANSERT SECONDED THE
MOTION.

THE MOTION CARRIED.

- 25. Department of Education – Education Staffing Services – FY 09 –** Deletion of \$51,950 in Transfer from Substance Abuse Prevention and Treatment Grant funds to transfer a position to the Drug Abuse Education budget account, as this position works exclusively on programs for that budget account. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C14022. RELATES TO ITEM 26.**

Refer to narratvie and motion for approval under Item 26.

- 26. Department of Education – Drug Abuse Education – FY 09 –** Addition of \$397,884 in Drug Free Schools grant funds and \$51,465 in Transfer from Substance Abuse Prevention and Treatment grant funds and transfer of \$70,400 from the Transfer to Department of Education Staffing Services category to the Personnel Services category *and increases the Indirect Costs category by \$12,199, Personnel category by \$29,590, Aid-to-Schools category by \$406,199, and Safe and Drug Free Schools by \$1,361* to continue programs for drug and alcohol abuse education. This work program also transfers one full-time position back to this account from the Department of Education Staffing Services, as the position works exclusively on programs for this budget account. Requires Interim Finance approval since the amount added to the Aid to Schools category exceeds \$50,000. **Work Program #C14026. RELATES TO ITEM 25.**

Jim Wells, Deputy Superintendent, Department of Education, appeared before the Committee to request approval to:

- Transfer a position from Budget Account 2719, Department of Education Staffing Services to Budget Account 2605 Drug Abuse Education
- The addition of \$397,884 in Drug Free Schools grant funds
- Transfer of \$51,465 from the Substance Abuse Prevention and Treatment grant to Budget Account 2605
- Transfer of \$70,400 from the Transfer to Department of Education Staffing Services category to the Personnel Services category
- Adjust the revenue in categories for the fiscal year 2009 grant award and the carryover from fiscal year 2008 because of the 27-month utilization period

In response to Chairman Arberry who questioned whether a revision was in order for Item 26, Mr. Wells advised that the Department of Education had overlooked the reduction in the group health and retired employee group insurance rates in July. Mr. Wells advised that in view of the rate adjustments, category 70 should be decreased from \$70,400 to \$68,875 and category 01 should be decreased from \$99,990 to \$98,465.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 26 AS REVISED.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

- 27. Department of Education – Gear Up – FY 09** – Addition of \$1,609,159 in Transfer from Trust Fund to support scholarships and scholarship administration for the Gear Up program. Requires Interim Finance approval since the amount added to the Gear Up Scholarships - Awards category exceeds \$50,000. **Work Program #C14034**

Refer to motion for approval under Item G.

- 28. Department of Education – Elementary and Secondary Ed – Titles II, V & VI – FY 09** – Addition of \$1,683,765 in Integrating Simulation Based Science Assessments into Balanced State Science Assessments Systems Federal Grant funds and \$383,187 in Technology Upgrades for 21st Century Teaching and Learning Federal Grant funds to build more effective procedures and materials for the meaningful assessment of students and help meet the technology needs for school districts. Requires Interim Finance approval since the amount added

to the Integrating Simulation Based Science Assessment category exceeds \$50,000. **Work Program #C14036**

Refer to motion for approval under Item G.

- 29. Department of Education – Student Incentive Grants – FY 09** – Transfer of \$39,159 from the Personnel Services category to the Transfer to Nevada Department of Education Staffing Services category to cover the costs of the position that was transferred to the Staffing Services account during fiscal year 2008. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13197**

Refer to motion for approval under Item G.

- 30. Nevada System of Higher Education – System Administration – FY 09** – Transfer of \$192,002 from the Operating category to the Reserve for Reversion category to implement reductions approved by the Board of Regents at its special meeting on August 21, 2008. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. **Work Program #C13443**

Chairman Arberry announced that the Committee would consider Items 30 through 33, 35 through 46, and 48 through 55 concurrently.

Dan Klaich, Vice Chancellor, Nevada System of Higher Education (NSHE), appeared before the Committee to request approval for work program Items 30 through 33, 35 through 46, and 48 through 55 and advised that revisions were required for Items 53 and 54, the College of Southern Nevada and Truckee Meadows Community College respectively.

Mr. Klaich requested a revision to the work program for Item 53, College of Southern Nevada that would increase the transfer to the Reserve for Reversion category by \$350,000 and a revision to work program Item 54, Truckee Meadows Community College that would reduce the transfer to the Reserve for Reversion category by \$192,000.

Mr. Klaich advised that although the Committee's staff had received information that reflected the general budget reduction areas, some flexibility remained with NSHE campus presidents to revise their budgets as circumstances changed throughout the year. Mr. Klaich said, however, that NSHE representatives would provide any reconciliation information the Committee requested.

Chairman Arberry asked Mark Stevens to reiterate the revisions for the Committee.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised, that as previously discussed by Mr. Klaich, the following revisions were requested:

Item 53 - College of Southern Nevada

Increase the transfer to the Reserve for Reversion category by \$350,000 for a total transfer of \$3,335,549.

Item 54 - Truckee Meadows Community College

Reduce the transfer to the Reserve for Reversion category by \$192,093 for a total transfer of \$1,208,140.

In response to Assemblywoman Smith's questions on the decision to delay maintenance for the Truckee Meadows Community College (TMCC), Mr. Klaich confirmed that the \$192,093 reduction was a portion of the TMCC Higher Education Construction Funds typically received during each biennium for maintenance projects.

Assemblywoman Smith expressed concerns about delaying maintenance projects in view of the recent failure of a ballot question to provide funding for Washoe County School District maintenance projects. Assemblywoman Smith indicated the ballot question failed because members of the public perceived that the district had not done a good job in taking care of the facilities.

Mr. Klaich agreed that there were long-term problems associated with delaying maintenance projects. He said that representatives of all NSHE institutions were reviewing the current policy for the submittal of capital improvement requests to the Legislature and whether that policy should be revised to include additional funding requests for the maintenance of facilities.

Assemblywoman Smith agreed that planning for maintenance projects made good business sense.

Assemblyman Marvel questioned whether the NSHE had analyzed how the budget reductions would affect enrollment.

Mr. Klaich advised that although it was too early in the process for an accurate determination, the results across the system were uneven with an increase in enrollment seen in some institutions while a decrease was seen in others.

Mr. Klaich projected that additional budget reductions in operating budgets would require decisions that were associated with workforce, class size, and capping enrollments. He said, however, that with the current downward trending economy and higher unemployment, enrollment in higher education institutions increased because individuals needed to retrain to acquire new job skills.

In response to Assemblyman Marvel's question regarding Nevada's competitiveness with other states, Mr. Klaich indicated that although competitive, Nevada compared low in tuition and fees more notably at the university level rather than at the state college and community college level.

Mr. Marvel expressed concerns about losing education program expertise, and Mr. Klaich expressed similar concerns.

Chairman Arberry indicated he had learned in a poll of university students that they preferred a tuition increase if instructors and the classes they needed to graduate could be maintained.

Mr. Klaich indicated that students understood the gravity of the current financial situation and that with the development of a proper package, he believed students would be willing to "do their share."

Senator Raggio reminded Committee members that should tuition increases be proposed, they needed to be mindful of the past resistance to the allocation of additional tuition increases.

Mr. Klaich expressed his appreciation to the Committee members and to their staff for their leadership and assistance in working with the representatives of the NSHE on the budget issues.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 30
THROUGH 33; 35 THROUGH 46; 48 THROUGH 52; 53
AND 54 AS REVISED; AND ITEM 55.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

- 31. Nevada System of Higher Education – Special Projects – FY 09** – Transfer of \$93,972 from the Operating category to the Reserve for Reversion category to implement reductions approved by the Board of Regents at its special meeting on August 21, 2008. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. **Work Program #C13439**

Refer to narrative and motion for approval under 30.

- 32. Nevada System of Higher Education – University Press – FY 09** – Transfer of \$31,295 from the Operating category to the Reserve for Reversion category to implement reductions approved by the Board of Regents at its special meeting on August 21, 2008. Requires Interim Finance approval since the *cumulative* amount

deducted from the Operating category exceeds \$50,000. **Work Program #C13440**

Refer to narrative and motion for approval under 30.

- 33. Nevada System of Higher Education – System Computing Center – FY 09 –** Transfer of \$791,000 from the Operating category to the Reserve for Reversion category to implement additional personnel savings and reductions to training, travel and equipment upgrades. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. **Work Program #C13442**

Refer to narrative and motion for approval under 30.

- 34. Nevada System of Higher Education – National Direct Student Loan Program – FY 09 –** Transfer of \$1,738 from the Operating category to the Reserve for Reversion category to implement additional reductions approved by the Board of Regents at its special meeting on August 21, 2008. Requires Interim Finance approval since the amount includes budget reserves required by A.C.R. 2 of the 24th Special Session. **Work Program #C13441. WITHDRAWN OCTOBER 24, 2008.**

Item 34 was withdrawn.

- 35. Nevada System of Higher Education – University of Nevada, Reno – FY 09 –** Transfer of \$4,660,979 from the Operating category to the Reserve for Reversion category to eliminate the Applied Research Initiative, restructure Marketing and Communications, shift funding for Mining Engineering, eliminate the Excellence in Teaching program, delay searches for vacant professional and classified positions, reduce college and departmental operating budgets and eliminate equipment acquisition and replacement budget. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. **Work Program #C13411**

Refer to narrative and motion for approval under 30.

- 36. Nevada System of Higher Education – University of Nevada, Reno – Intercollegiate Athletics – FY 09 –** Transfer of \$236,057 from the Operating category to the Reserve for Reversion category to implement salary savings, operating reductions and a shift to non-state (soft) funds. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. **Work Program #C13413**

Refer to narrative and motion for approval under 30.

- 37. Nevada System of Higher Education – University of Nevada, Reno – Statewide Programs – FY 09** – Transfer of \$291,024 from the Operating category to the Reserve for Reversion category to account for salary savings, operating reductions and a shift to non-state (soft) funds. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13414

Refer to narrative and motion for approval under 30.

- 38. Nevada System of Higher Education – School of Medical Sciences – FY 09** – Transfer of \$1,188,562 from the Operating category to the Reserve for Reversion category to account for savings from vacant positions, to delay hiring clinical, basic science and administrative staff, and to reduce operating and travel expenditures. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13409

Refer to narrative and motion for approval under 30.

- 39. Nevada System of Higher Education – Health Laboratory and Research – FY 09** – Transfer of \$69,986 from the Operating category to the Reserve for Reversion category to implement salary savings, operating reductions and a shift to non-state (soft) funds. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13421

Refer to narrative and motion for approval under 30.

- 40. Nevada System of Higher Education – Agricultural Experiment Station – FY 09** – Transfer of \$316,339 from the Operating category to the Reserve for Reversion category to implement salary savings, operating reductions and a shift to non-state (soft) funds. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13417

Refer to motion for approval under Item G.

- 41. Nevada System of Higher Education – Cooperative Extension Service – FY 09** – Transfer of \$321,832 from the Operating category to the Reserve for Reversion category to implement salary savings, operating reductions and a shift to non-state (soft) funds. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13418

Refer to narrative and motion for approval under 30.

- 42. Nevada System of Higher Education – Business Center North – FY 09** – Transfer of \$87,225 from the Operating category to the Reserve for Reversion category to implement salary savings, operating reductions and a shift to

non-state (soft) funds. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13420

Refer to narrative and motion for approval under 30.

- 43. Nevada System of Higher Education – University of Nevada, Las Vegas – FY 09** – Transfer of \$5,246,693 from the Operating category to the Reserve for Reversion category to implement hiring restrictions; reductions to staff, travel, operating, utilities, building cleaning, client student services, information technology, research challenge grant and applied research initiative; and to defer computer replacement, classroom technology and building maintenance and repair projects. Requires Interim Finance approval since the amount deducted from the Operations category exceeds \$50,000. Work Program #C13422

Refer to narrative and motion for approval under 30.

- 44. Nevada System of Higher Education – University of Nevada, Las Vegas – Intercollegiate Athletics – FY 09** – Transfer of \$622,469 from the Operating category to the Reserve for Reversion category to account for salary savings, operating reductions and scholarship savings. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13424

Refer to narrative and motion for approval under 30.

- 45. Nevada System of Higher Education – University of Nevada, Las Vegas – Statewide Programs – FY 09** – Transfer of \$92,187 from the Operating category to the Reserve for Reversion category to implement operating reductions for KUNV, the Nevada Small Business Development Center, the Southern Nevada Writing Project, the UNLV Museum and the National Supercomputer Center for Energy and the Environment. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13427

Refer to narrative and motion for approval under 30.

- 46. Nevada System of Higher Education – University of Nevada, Las Vegas – Law School – FY 09** – Transfer of \$316,677 from the Operating category to the Reserve for Reversion category to account for savings from postponed professional staff searches and reductions to student admissions, recruitment staff, faculty positions, library services, law journal subscriptions, clients served in the law clinic, funding for part-time instructors, class electives, computer replacement, classroom equipment, administrative support for faculty teaching and research, in supplies and printing resources. Requires Interim Finance

approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13425

Refer to narrative and motion for approval under 30.

- 47. Nevada System of Higher Education – University of Nevada, Las Vegas – Law School – FY 09** – Addition of \$26,333 in Transfer from the Stale Claims account to the Operating category to account for funds for an approved stale claim request. Requires Interim Finance approval since the cumulative amount deducted from the operating category exceeds 10 percent of the legislatively approved level for that category. Work Program #C13898

Refer to motion for approval under Item G.

- 48. Nevada System of Higher Education – University of Nevada, Las Vegas – Dental School – FY 09** – Transfer of \$523,392 from the Operating category to the Reserve for Reversion category to implement reductions to part-time clinical faculty, information technology and institutional support professional staff, dental assistants and other classified support staff, operating supplies and the Advanced Dental Education program. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13426

Refer to narrative and motion for approval under 30.

- 49. Nevada System of Higher Education – Business Center South – FY 09** – Transfer of \$140,661 from the Operating category to the Reserve for Reversion category to implement reductions to human resource functions and support in purchasing, travel, accounts payable, and other administrative areas. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13432

Refer to narrative and motion for approval under 30.

- 50. Nevada System of Higher Education – Desert Research Institute – FY 09** – Transfer of \$334,508 from the Operating category to the Reserve for Reversion category to account for additional salary, operating and equipment savings. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13438

Refer to narrative and motion for approval under 30.

- 51. Nevada System of Higher Education – Great Basin College – FY 09** – Transfer of \$580,463 from the Operating category to the Reserve for Reversion category to implement reductions in instruction, academic support, student services, institutional support, and operations and maintenance. Requires

Interim Finance approval since the amount deducted from the Operations category exceeds \$50,000. Work Program #C13434

Refer to narrative and motion for approval under 30.

- 52. Nevada System of Higher Education – Western Nevada College – FY 09 –** Transfer of \$725,757 from the Operating category to the Reserve for Reversion category to implement additional reductions in operating accounts and additional salary savings. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13436

Refer to narrative and motion for approval under 30.

- 53. Nevada System of Higher Education – College of Southern Nevada – FY 09 –** Transfer of \$2,985,549 from the Operating category to the Reserve for Reversion category to account for realized savings from a hiring moratorium, reductions to employee travel, departmental supplies, learning materials and student resources. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13433

Refer to narrative and motion for approval under 30.

- 54. Nevada System of Higher Education – Truckee Meadows Community College – FY 09 –** Transfer of \$1,400,233 from the Operating category to the Reserve for Reversion category to implement additional salary savings, deferral of office and classroom upgrades, the use of Capital Improvement Fees to cover Operating and Maintenance expenditures, reduce memberships, community activities and discretionary expenses, delay additional equipment replacement, off-load selected activities to non-state funds. Requires Interim Finance approval since the amount deducted from the Operations category exceeds \$50,000. Work Program #C13435

Refer to narrative and motion for approval under 30.

- 55. Nevada System of Higher Education – Nevada State College at Henderson – FY 09 –** Transfer of \$603,437 from the Operating category to the Reserve for Reversion category to account for realized savings by suspending the search for a Dean of Business and a Dean of Nursing and to reduce operating budgets throughout the institution. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000. Work Program #C13437

Refer to narrative and motion for approval under 30.

- 56. Department of Cultural Affairs – State Historic Preservation Office – FY 09**
– Addition of \$11,500 in Contract Services charges for access to the Nevada Cultural Resource Information database to enable data entry of archaeological and architectural reports and site forms. Requires Interim Finance approval since the amount added to the Cultural Resources Information category exceeds 10 percent of the legislatively approved level for that category. Work Program #C13826

Refer to narrative under agenda Item D, State Public Works Board – Report from IFC's Subcommittee to Review Public Works Board Matters in Accordance with NRS 218.6827.

SENATOR COFFIN MOVED APPROVAL OF ITEM 56.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

- 57. Department of Cultural Affairs – State Library and Archives– FY 09** – Addition of \$15,963 in Federal Institute of Museums and Library Services (IMLS) Grant funds to allow for the statewide recruitment and education of future librarians to meet the needs of Nevada libraries. Requires Interim Finance approval since the cumulative amount added to the IMLS Librarian Training Grant category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13864**

Refer to motion for approval under Item G.

- 58. Department of Cultural Affairs – State Library and Archives– FY 09** – Addition of \$1,090,202 in Federal Library Grant - Title I funds through the Federal Library Services and Technology Act (LSTA) to allow for anticipated subgrants for public libraries, public library projects and statewide library projects through reimbursement grants. Requires Interim Finance approval since the amount added to the Library Development Title I category exceeds \$50,000. **Work Program #C13877**

Mike Fischer, Director, Department of Cultural Affairs, identified himself for the record and introduced Patrick Cates, Administrative Services Officer IV, and Deputy Director, Department of Cultural Affairs.

Work program Item 58 requested the addition of \$1,090,202 in additional Federal Library Services and Technology Act (LSTA) funding. However, a mathematical error in the original work program resulted in an overstatement of the available grant funds. Mr. Cates advised that the error required a revision to reduce the additional grant funding from \$1,090,202 to \$1,085,377.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 58 AS REVISED.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED.

- 59. Department of Cultural Affairs – Nevada State Library – Literacy – FY 09 –** Addition of \$62,097 in Federal Library Grant Title I - Library Services and Technology Act (LSTA) Grant funds to continue statewide ~~diverse~~ literacy projects to improve the literacy skills of all Nevadans. Requires Interim Finance approval since the amount added to the LSTA Federal Grant category exceeds \$50,000. **Work Program #C13033**

Refer to motion for approval under Item G.

- 60. Department of Cultural Affairs – Nevada Arts Council – FY 09 –** Transfer of \$73,237 from the Reserve category to the License Plate Initiative category to realign funds balanced forward from fiscal year 2008. Funds will continue to support programs that enhance arts education for children. Requires Interim Finance approval since the amount transferred to the License Plate Initiative category exceeds \$50,000. **Work Program #C13686**

Refer to motion for approval under Item G.

- 61. Department of Agriculture – Predatory Animal and Rodent Control – FY 09 –** Addition of \$370,818 in Transfer from Department of Wildlife for predator management services as approved in the Nevada Department of Wildlife's FY 2009 Predation Management Plan. Requires Interim Finance approval since the amount added to the Nevada Department of Wildlife Predatory Reduction category exceeds \$50,000. **Work Program #C13996**

Refer to motion for approval under Item G.

- 62. Commission on Mineral Resources – Minerals – FY 09 –** Transfer of \$424,422 from the Reserve category to the Special Projects category for educational purposes in support of exploration and production of mineral resources in Nevada. Requires Interim Finance approval since the amount added to the Special Projects category exceeds \$50,000. **Work Program #C13960**

Alan Coyner, Administrator, Division of Minerals, Nevada Commission on Mineral Resources, identified himself for the record and introduced James Taranik, Ph.D., Director, Mackay School of Earth Sciences and Engineering, University of Nevada, Reno, and Ron Parratt, Commissioner and Vice-Chairman, Commission on Mineral Resources, and President of a gold exploration company operating in Nevada.

Mr. Coyner requested approval to transfer \$424,422 from the Reserve category to the Special Projects category in order to provide the Mackey School of Earth Sciences (MSES) funding to replace approximately \$400,000 they reverted to the General Fund as part of the Governor's budget reduction actions.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM 62.

ASSEMBLYMAN GOICOECHEA SECONDED THE
MOTION.

THE MOTION CARRIED.

Assemblywoman Buckley asked, as a point of clarification, whether the Mining Industry had come forward and agreed to replace the \$400,000 the MSES reverted to the General Fund.

Mr. Coyner confirmed that Mining Industry representatives agreed to provide revenue generated through an increase in mining claim fees to the Mackey School of Earth Sciences and Engineering to replace funding reverted to the General Fund

- 63. Commission on Mineral Resources – Minerals – FY 09 –** Transfer of \$49,251 from the Reserve category to the Special Projects category to secure dangerous mine openings in the Tonopah Historic Mining Park. Requires Interim Finance approval since the amount added to the Special Projects category exceeds 10 percent of the legislatively approved level for that category. Work **Program #C13973**

Refer to motion for approval under Item G.

- 64. Commission on Mineral Resources – Minerals – FY 09 –** Transfer of \$50,000 from the Reserve category to the Abandoned Mine Land Enhancement category to identify and secure abandoned mine sites. Requires Interim Finance approval since the amount added to the Abandoned Mine Land Enhancement category exceeds 10 percent of the legislatively approved level for that category. Work **Program #C13983**

Refer to motion for approval under Item G.

- 65. Department of Business and Industry – Administration – FY 09 –** Transfer of \$28,582 from the Operating category to the Reserve for Reversion category and \$4,735 from the Bond Expenses category to the Reserve for Reversion category to reflect lower rent payments for the Bryan Building. Requires Interim Finance approval since the amount transferred from the Operating category exceeds

10 percent of the legislatively approved level for that category. Work **Program #C14008**

Refer to motion for approval under Item G.

- 66. Department of Business and Industry – Financial Institutions – FY 09 –** Addition of \$34,560 in Check Cashing - Deferred Deposit Registration, \$4,500 in Trust Company License Fees, \$33,600 in Collection Agency License Fees, \$94,500 in Small Loan Company License Fees, and \$2,100 in Money Order Company License Fees and a transfer of \$166,838 from the Reserve category to the Personnel Services category to add ten additional Financial Institution Examiner I positions and related costs, upgrade a Financial Institutions Examiner II position to a Financial Institutions Examiner III position, and upgrade an Administrative Assistant II position to an Administrative Assistant IV position to help meet the regulation demands of the current financial institutions crisis. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000 and includes new staff. **Work Program #C14014**

George Burns, Commissioner, Financial Institutions Division (FID), Department of Business and Industry, identified himself for the record. Mr. Burns requested approval to increase and upgrade staff resources in order to meet the regulatory demands of the current financial institution crisis and to fulfill statutory requirements for examination of depository and non-depository financial institutions licensed by the FID.

If approved, the work program transfer of \$166,838 from the Reserve category to the Personnel Services category would fund the startup costs of 10 new Financial Institutions Examiner I positions, upgrade a Financial Institutions Examiner II position to a Financial Institutions Examiner III Supervisor position and an Administrative Assistant II position to an Administrative Assistant IV position. The initial transfer of funding through the work program would provide sufficient funds for the new Examiner positions from January 1, 2009 to June 30, 2009. Mr. Burns advised that increased examination fee income would fully cover the costs of the additional Examiners and upgrades in fiscal year 2010.

Mr. Burns reported that the current economic climate and financial crisis had resulted in declining safety and soundness examination ratings for many Nevada depository institutions, which he said posed an increasing risk to the public interest. He advised that Nevada had already seen the voluntary liquidation of one institution, the closure of two others, and the acquisition/consolidation of distressed large institutions at the national level.

Mr. Burns also reported that in regulatory response to the events he had described, joint examinations conducted by the state, the Federal Reserve Bank, and the Deposit

Insurance Corporation had accelerated from a schedule of every 18 to 24 months to a minimum of every 12 months and every 6 months for the most distressed institutions.

Additionally, Mr. Burns reported that less-than-satisfactory rated institutions had increased within the state, as had the amount of diligence given to those institutions, which had taxed the FID staff resources to the point that sufficient staffing was not available to meet minimum statutory requirements for examinations for all licensees. Mr. Burns attributed much of the increased licensing activity in non-depository businesses from Legislative action that occurred during the 2007 Legislative Session.

Mr. Burns said that the FID was in the process of attempting to stabilize the financial industries within the state and that to forego or delay implementation of staff resources posed a significant risk to the public interest. In closing, Mr. Burns asked for the Committee's favorable consideration of the request.

Assemblywoman Buckley expressed her support for the request and said that, if approved, the additional positions should lead to more stability in the agency. Assemblywoman Buckley pointed out that she had heard complaints about turnover as well as recruiting and training qualified individuals. Specifically, she said that some financial institutions' representatives had commented on the quality of the federal examiners versus the state examiners and that the additional Examiners, it was hoped, would stabilize the agency.

Assemblyman Denis asked whether the positions would be needed if the state was not experiencing a downturn in the economy.

Mr. Burns reiterated that a recent analysis of full-time equivalent (FTE) positions revealed that the FID did not have sufficient staff to meet the statutory mandate to examine licensees at a minimum of every 12 months.

Assemblyman Denis questioned whether the FID would re-evaluate its need for the positions after the economy stabilized.

Mr. Burns advised that the latest FTE analysis revealed a need for an additional 14 FTE Examiners but that he had requested only 10 because of a lack of office space and the ability to train new employees. He said, however, that even with 10 new Examiners, it would be difficult to meet the agency's statutory requirements.

Assemblyman Denis asked whether the increase in examination fees would fully cover the costs of the additional Examiner positions after the initial investment.

Mr. Burns reiterated that the increased examination fee income would fully cover the costs of the additional positions and upgrades in fiscal year 2010.

In response to questions Assemblyman Grady asked regarding whether the FID examined national banks or credit unions, Mr. Burns advised that the Office of the

Comptroller of the Currency (OCC) examined national banks. He explained, however, that the FID was the primary chartering authority for all state-chartered banks and all state-chartered credit unions, particularly in the area of privately ensured credit unions but that the FID did not have the National Credit Union Administration (NCUA) as a federal regulator to assist in that effort.

Assemblyman Hogan asked whether FID staff were involved in assisting or conducting investigations into the numerous investigations of mortgage lenders currently underway in Nevada and whether the expense of such investigations also supported the FID request for additional staffing.

Mr. Burns responded that the FID contribution to investigations of mortgage lender activity was only at the examination level, but any quantitative evidence discovered by FID Examiners would be turned over to the Office of the Attorney General for the state of Nevada and to the Office of the U. S. Attorney in the case of federal violations.

In response to Assemblyman Goicoechea who asked for the number of FTE employees the Division currently employed, Mr. Burns advised that there were currently 30 FTE employees employed by the FID, of which 24 were Examiners at varying classification levels.

Assemblyman Goicoechea asked whether agency representatives planned to hire the 4 additional positions that the analysis indicated the FID needed.

Mr. Burns said he hoped that by the time the financial crisis had stabilized, the 4 additional Examiner positions would not be necessary. However, he said he would like to reserve the right to return and request the positions if the economy did not stabilize.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM
66.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

Chairman Arberry disclosed that he held a license provided through the Department of Business and Industry and that he would abstain from the vote.

THE MOTION CARRIED. (Chairman Arberry abstained,
and Senator Beers was not present for the vote.)

- 67. Department of Business and Industry – Housing Division – Special Housing Assistance – FY 09** – Addition of \$24,287,240 in Neighborhood Stabilization Program (NSP) Grant funds transferred from the Department of Housing and Urban Development (HUD) to support the stabilization of neighborhoods and curb the decline of house values of neighboring homes. Requires Interim Finance approval since the amount added to the NSP

Subgrantees category exceeds \$50,000. **Work Program #C14178 #C14220. RECEIVED AFTER SUBMITTAL DEADLINE, OCTOBER 28, 2008. REVISED, NOVEMBER 6, 2008.**

Lon DeWeese, Chief Financial Officer, Housing Division, Department of Business and Industry, requested approval for the addition of \$24,287,240 in Neighborhood Stabilization Program (NSP) Grant funding from the Department of Housing and Urban Development (HUD) to address, "the foreclosure wave swamping" Nevada communities. Mr. DeWeese reported that the state was required to submit a plan by December 1 to HUD outlining utilization of the funding that was allocated under the provisions of Public Law 110289, the Housing Emergency Relief Act, a \$34 billion plan approved by the Congress in July 2008 for neighborhood stabilization.

Mr. DeWeese advised that the request before the Committee was for the addition of \$24,287,240 of the state's \$72 million allocation, the balance of which was allocated by HUD to local jurisdictions, specifically North Las Vegas, Henderson, City of Las Vegas, and Clark County.

Mr. DeWeese reported that state representatives had conducted a series of hearings concerning the plan and expenditure of the \$24 million and taking into account Senator Raggio's 1993 admonition to keep administrative expenses low, Housing Division representatives elected to minimize administrative expenses to 3 percent of the grant level versus the 10 percent allowed in the law. Additionally, Mr. DeWeese reported that the Housing Division anticipated sub-granting all but \$6 million to recipient local jurisdictions throughout the state. He explained that the Housing Division, working in partnership with three local government jurisdictions, would use the \$6 million for a pilot project directly aimed at the hardest hit census tract and zip codes selected by the jurisdictions. Mr. DeWeese indicated that the \$17 million plus balance would be distributed throughout the state on a prorata basis of which, 72 percent or \$12.7 million would go to Clark County; \$2.7 million to Washoe County, and \$2.1 million would be distributed throughout the balance of the state.

Senator Horsford asked for confirmation that funding allocated to other states that did not submit their plans according to the timeline could be made available to high-impact states.

Mr. DeWeese confirmed that failure of states to comply with the timeline would make the funding available to other states, and he said that Division representatives would monitor additional availability of funding.

Senator Horsford questioned whether there had been any discussion with HUD representatives about expanding the income requirements in order to allow more people to become eligible for assistance.

Mr. DeWeese explained that HUD had no latitude to expand the income requirements, which were dictated under federal statute. Mr. DeWeese advised that the provisions

of the law required expenditure of the funds on families whose incomes did not exceed 120 percent of the area median income and that 25 percent of the funds had to be set aside for people whose income did not exceed 50 percent of the median income.

Senator Horsford indicated he understood the current federal standards but questioned whether there was any discussion regarding the need to review providing flexibility on those standards in order to assist more people.

Mr. DeWeese discussed the placement of "a great emphasis" on maximum flexibility both at the national and state levels because he said it was clear that people with income below 50 percent of the median could not buy the growing inventory of foreclosed properties without massive levels of subsidy per family. Additionally, Mr. DeWeese discussed the uncertainty that people at 120 percent of median income in areas like Clark County, for example, could afford to buy foreclosed properties originally priced in the \$250,000 to \$400,000 range.

Senator Horsford requested a copy of the final plans from each of the local entities, and Mr. DeWeese agreed to provide them.

Assemblyman Marvel asked if the deadline to submit the plan would be met.

Mr. DeWeese advised that the completed the plan was currently on the Housing Division's website to receive public comment. Mr. DeWeese advised that with the Committee's approval of the request for the addition of the grant funding, the Division would meet the December 1 deadline for submission of the plan to HUD with public comment.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM G.67

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Assemblywoman Smith questioned whether online public comment was a part of the process for submission of the plan since no public hearings were scheduled.

Hilary Lopez, Management Analyst IV, Housing Division, Department of Business and Industry, advised that online public comment was considered a part of the process. Ms. Lopez reported that although public hearings were not held, the Housing Division had held weekly meetings with groups affected by the funding, responded directly to emails received through the Division's website, and provided presentations on the plan to local communities, such as the City of Fernley.

Assemblywoman McClain asked for clarification regarding the use of the funding to create "land banks" to sell foreclosed properties.

Ms. Lopez explained that a variety of activities could be undertaken and each community could select from a menu of activities that best met the needs of their residents. Ms. Lopez said, however, that Nevada's plan did not include any activities for land banking.

Chairman Arberry called for a vote on the motion.

THE MOTION CARRIED.

- 68. Department of Business and Industry – Housing Division – Weatherization – FY 09 –** ~~Addition of \$200,000 in Transfer from Division of Welfare and Supportive Services – Energy Assistance to administer the Low Income Home Energy Assistance Program (LIHEA) which provides assistance to low income households by paying a portion of their utility bills.~~ Addition of \$682,126 in funds transferred from the Division of Welfare and Supportive Services Energy Assistance and transfer of \$7,416 from the Reserve category to the Low Income Home Energy Assistance (LIHEA) Subgrants category to administer the LIHEA program which provides **weatherization** assistance to low income households by paying a portion of their utility bills. Requires Interim Finance approval since the amount added to the LIHEA Subgrants category exceeds \$50,000. **Work Program #C14001. REVISED, NOVEMBER 6, 2008**

Refer to motion for approval under Item G.

- 69. Department of Business and Industry – Housing Division – Weatherization – FY 09 –** Transfer of \$485,000 from the Reserve category to the Universal Energy Charge category to provide energy conservation as well as weatherization and energy efficiency programs to eligible households. Requires Interim Finance approval since the amount transferred to the Universal Energy Charge category exceeds \$50,000. **Work Program #C14003**

Refer to motion for approval under Item G.

- 70. Department of Business and Industry – Division of Mortgage Lending – FY 09 –** Transfer of \$100,000 from the Reserve category to the Mortgage Mitigation Program category to provide mortgage and foreclosure mitigation counseling. Requires Interim Finance approval since the amount added to the Mortgage Mitigation Program category exceeds \$50,000. **Work Program #C14029**

Refer to motion for approval under Item G.

- 71. Department of Business and Industry – Athletic Commission – FY 09 –** Transfer of \$155,865 from the Reserve category to the Amateur Boxing Program category to allocate appropriate authority for grants to amateur unarmed combat clubs within the state of Nevada. Requires Interim Finance approval since the

amount transferred to the Amateur Boxing Program category exceeds \$50,000.
Work Program #C13491. WITHDRAWN, OCTOBER 22, 2008.

Refer to motion for approval under Item G.

- 72. Commission on Tourism – Development Fund – FY 09 –** Deletion of \$2,916,181 in Lodging Tax revenue and transfer of \$500,000 from the Outside Postage category to the Reserve category to reflect current revenue projections. Requires Interim Finance approval since the amount transferred from the Outside Postage category exceeds \$50,000. **Work Program #C14075**

Senator Raggio assumed the duties of the Chair and noted that representatives of the Commission on Tourism were before the Committee to request a decrease in fiscal year 2009 Room Tax revenue authority based on reduced projections resulting from the economic downturn.

Chairman Raggio asked Commission representatives to provide the Committee with information specific to budget reduction measures they were taking to cope with the reduction in revenue.

Steve Woodbury, Deputy Director, Commission on Tourism, identified himself for the record and introduced Bonnie Callahan, Operations and Finance Manager, Commission on Tourism, and Dave Peterson, Development Specialist, Commission on Tourism.

Mr. Woodbury told the Committee that the Commission on Tourism balanced forward \$2.3 million from fiscal year 2008 to fiscal year 2009 beginning the year in a good position and had focused on expenditures that provided the highest rate of return. He said that the Commission had generated approximately \$1.5 million in savings for fiscal year 2009 and made monthly adjustments upon the receipt of revenue figures.

Mr. Woodbury discussed the following actions the Commission took to reduce expenditures:

- Advertised in high-impact spot markets
- Provided the ability for consumers to access fulfillment packages online
- Used reduced rates, negotiated by State Purchasing, for the shipment of hardcopy fulfillment packages requested by consumers
- Held vacant positions open
- Reduced outside contracts, production of printed materials, and travel

- Scaled back advertisement with a concern not to cut core tourism promotion activity in view of the current financial climate

In response to questions Chairman Raggio asked regarding the Commission's request for a \$2.9 million decrease in Room Tax revenue, Mr. Woodbury indicated a 7.3 percent decrease in authority versus actual revenue in the current fiscal year.

Additionally, Chairman Raggio noted that the Commission requested to offset the loss of revenue by reducing outside postage costs by \$500,000 and \$2.4 million in reserve funding. The Chairman asked whether the reserve account, after the reduction, would provide an adequate level of funding.

Mr. Woodbury advised that the Commission tried to maintain a 45-day reserve level and were continuing to review the room tax receipts and budget projections for the reserve level at the end of 2011. Mr. Woodbury indicated that the Commission's budget authority for room tax revenue totaled \$22 million for fiscal year 2009 while actual revenue totaled approximately \$18 million.

Chairman Raggio said that the Committee had no recourse other than to approve the request for a decrease in fiscal year 2009 Room Tax revenue authority but asked that the Commission representatives provide the Committee with a status report at the January 2009 Interim Finance Committee meeting.

Mr. Woodbury agreed to do so.

Senator Coffin discussed the need to advertise to an even greater extent during an economic downturn and pointed out that continued promotion was needed for those areas of Nevada that relied on tourism to ensure against the further loss of sales tax and other revenue sources.

Mr. Woodbury advised that the Commission was reducing where possible with the exception of advertising and indicated that a "sales blitz" in key western region markets was planned for early December to bring tourists to the state.

Chairman Raggio commented that the decrease in the cost of gasoline might encourage tourists to travel to Nevada and that the Commission's efforts indicated tourism would continue to be promoted through advertising.

In response to Senator Rhoads, who questioned the plan to close the East Ely Railroad Depot Museum in White Pine County, Mr. Woodbury advised that Commission representatives had not reviewed the plan for the closure but would continue to promote all of the activities available throughout the state.

ASSEMBLYMAN DENIS MOVED APPROVAL OF
ITEM G.72.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Arberry and Parks were not present for the vote.)

- 73. Department of Health and Human Services – Director's Office – Developmental Disabilities – FY 09** – Addition of \$129,537 in Transfer from Medicaid Infrastructure Grant funds to improve coordination of services among state agencies and community organizations with direct responsibilities to individuals with disabilities in their pursuit of competitive employment and to facilitate a two percent job placement per year among Ticket-to-Work holders in Nevada. Requires Interim Finance approval since the amount added to the Developmental Disability Grants category exceeds \$50,000. **Work Program #C13980. WITHDRAWN, NOVEMBER 17, 2008.**

Item 73 was withdrawn.

- 74. Department of Health and Human Services – Director's Office – Community Based Services – FY 09** – Addition of \$213,194 in Federal Traumatic Brain Injury Grant funds to continue the implementation of the goals and objectives established for the Traumatic Brain Injury Project. Requires Interim Finance approval since the amount added to the Traumatic Brain Injury category exceeds \$50,000. **Work Program #C13882**

Refer to motion for approval under Item G.

- 75. Department of Health and Human Services – Director's Office – Healthy Nevada Fund – FY 09** – Addition of \$244,421 in Transfer from the Department of Health and Human Services, Health Division to enroll HIV/AIDS patients in the Medicare Part D plan during the coverage gap, which will enhance the drug co-payment process through the Part D risk corridors into catastrophic coverage where prescription drug costs will be covered at 95 percent. Requires Interim Finance approval since the amount added to the HIV/AIDS Rx Program category exceeds \$50,000. **Work Program #C40228**

Refer to motion for approval under Item G.

- 76. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 09** – Transfer of \$1,059,288 from the Family Resource Center category to the Differential Response category to provide separate tracking for the two programs. Requires Interim Finance approval since the amount transferred to the Differential Response category exceeds \$50,000. **Work Program #C40226**

Refer to motion for approval under Item G.

- 77. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 09** – Addition of \$34,441 in Balance Forward from Previous Year funds to provide funding for the prevention and treatment of Problem Gambling and the Differential Response programs. Requires Interim Finance approval since the amount exceeds 10 percent of the legislatively approved budget for the Differential Response category. **Work Program #C40230**

Refer to motion for approval under Item G.

- 78. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 09** – Addition of \$115,000 in Casey Foundation Partnership Grant funds to provide services to foster families and children at risk for foster care placement; supplement housing, education, health and employment training costs; and provide assessment and case management services to at-risk families that are reported to Child Protective Services. Requires Interim Finance approval since the amount added to the Differential Response category exceeds \$50,000. **Work Program #C40232**

Refer to motion for approval under Item G.

- 79. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 09** – Addition of \$19,150,977 in Federal Title XIX receipts and transfer of \$1,816,610 from the Nursing Facility Protection Reserve category to the Child Welfare Services category and \$16,835,368 from the Reserve for Caseload Shortfall category to the Child Welfare Services category to allow payments for child welfare expenditures through February 2009. Requires Interim Finance approval since the amount added to the Child Welfare Services category exceeds \$50,000. **Work Program #C13939**

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCF&P), Department of Health and Human Services (DHHS), identified himself for the record and introduced Lynn Carrigan, Administrative Services Officer, HCF&P, DHHS.

Mr. Duarte appeared before the Committee to request approval to increase the Child Welfare Services' expenditure category by \$37,802,955 in fiscal year 2009, which would allow the HCF&P to continue making child welfare medical payments through approximately the last week of February 2009. Mr. Duarte advised that the work program request included the utilization of funding transferred from reserve categories and \$19,150,977 in federal funds.

In response to Assemblyman Goicoechea, who asked how the Division proposed to continue payments after February, Mr. Duarte advised that staff were preparing work programs for the January Interim Finance Committee meeting that, if approved, would continue to support expenditures for the remainder of the fiscal year.

Senator Coffin expressed concern relative to the crisis at the University Medical Center (UMC) of Southern Nevada. Senator Coffin said that the state's reduction in Medicaid payments had forced the UMC to stop seeing oncology patients and asked whether HCF&P could provide any assistance to the hospital.

Mr. Duarte discussed the decisions that UMC and Clark County representatives made with respect to the elimination of outpatient oncology services. Mr. Duarte indicated he had recently spoken with Kathleen Silver, Chief Executive Officer (CEO) for UMC, about statements in the press regarding the need to shut down outpatient services because of reduced Medicaid payments. Ms. Silver explained that the cuts that forced the elimination of services were the result of approximately \$49 million in shortfalls, \$8 million of which related to reimbursement reductions the state put into effect on September 9, 2008, or approximately 5 percent of their payments.

Additionally, Mr. Duarte reported that Ms. Silver had indicated that about \$12 million of the shortfall, she had reported in the press, related to proposals for the Indigent Accident and Supplemental Relief Funds that had not yet been put into effect.

Mr. Duarte indicated that he wanted to ensure the Committee understood that the Medicaid portion of the UMC shortfall was for inpatient not outpatient services and that those reductions represented less than 20 percent of their total fiscal problem. Specifically, Mr. Duarte advised that the fiscal issues UMC faced were the same issues everyone was struggling with and that the current revenue situation necessitated reducing hospital reimbursements.

Assemblywoman Buckley commented that actions the Legislature took during the Special Session in June 2008 resulted in reducing the Medicaid costs to hospitals and providers but to a lesser extent than the 10 percent originally called for in the planning documents. Assemblywoman Buckley indicated that better solutions were a challenge that legislators would face during the 2009 Legislative Session.

Assemblywoman Buckley also called for the development of in-state community-based treatment options for children who were Child Welfare Services' clients rather than placing them in expensive out-of-state facilities. Assemblywoman Buckley provided an example of information she was made aware of through an attorney with the Children's Attorneys' Project. The attorney visited a child in an out-of-state facility and filed a motion to remove the child after finding conditions at the facility appalling. Assemblywoman Buckley suggested that perhaps a specialized team could intensify efforts to develop better care options.

Mr. Duarte reported that the HCF&P contracted with APS Healthcare, a company with a focus on seriously emotionally disturbed children who had frequent episodes of inpatient hospitalization in psychiatric facilities and treatment centers both in-state and out-of-state. Mr. Duarte advised that the motto of his staff and the APS staff was to deal with one child at a time. Additionally, he said that his staff was working in

conjunction with APS Healthcare staff to develop a plan to bring children in out-of-state placements back into the state safely and appropriately.

Assemblywoman Buckley suggested assigning a staff person to each child before being sent to an out-of-state facility.

Mr. Duarte advised that APS staff met with staff from Clark County Department of Family Services and Clark County Department of Juvenile Justice Services to provide information that APS Healthcare was a resource that could assist in providing options to placing children in out-of-state facilities.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF
ITEM G.79.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Parks was not
present for the vote.)

- 80. Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 09 – Addition of \$54,464 in Substance Abuse Prevention and Treatment sub-grant funds to provide funding for ongoing operating and administration expenses. This action involves the allocation of block grant funds and requires a public hearing. Work Program #C13232**

Chairman Arberry announced that work program item 80 involved the allocation of block grant funds and required a public hearing.

Debra Crowley, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, identified herself for the record. Ms. Crowley appeared before the Committee to request approval to transfer \$54,464 in Substance Abuse Prevention and Treatment block grant funds to the appropriate categories for operating and administrative expenses. Additionally, Ms. Crowley said the work program would reconcile fiscal year 2009 authority with the available federal fiscal year 2007 remaining award balance and the 2008 federal fiscal year grant.

Chairman Arberry opened the hearing to questions from the public.

Hearing no response to a request for questions or testimony from the public, Chairman Arberry closed the hearing on Item 80.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM 80.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Coffin and Beers were not present for the vote.)

- 81. Department of Health and Human Services – Division of Mental Health and Developmental Services – Mental Health Information System – FY 09 –** Addition of \$120,000 in Federal Title III-B Projects Grant funds to implement a pilot client data collection project. Requires Interim Finance approval since the amount added to the National Association of State Mental Health Program Directors Research Institute (NRI) Client Data Reporting category exceeds \$50,000. **Work Program #C12644**

Refer to motion for approval under Item G.

- 82. Department of Health and Human Services – Division of Mental Health and Developmental Services – Mental Health Information System – FY 09 –** Addition of \$16,457 in transfer from Substance Abuse Prevention and Treatment Block Grant funds to support an Information Technology professional position that will provide technical support to the Substance Abuse Prevention and Treatment agency. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C13135**

Chairman Arberry announced that work program item 82 involved the allocation of block grant funds and required a public hearing.

Debra Crowley, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, identified herself for the record. Ms. Crowley appeared before the Committee to request approval for the addition of \$16,457 from the Substance Abuse Prevention and Treatment Block Grant funds to the Personnel Services' category. Additionally, Ms. Crowley said that approval of the work program would reconcile fiscal year 2009 authority with the available federal fiscal year 2007 remaining award balance and the 2008 federal fiscal year grant.

Chairman Arberry opened the hearing to questions from the public.

Hearing no response to a request for questions or testimony from the public, Chairman Arberry closed the hearing on Item 82.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM 82.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Coffin and Beers were not present for the vote.)

- 83. Department of Health and Human Services – Division of Mental Health and Developmental Services – Mental Health Information System – FY 09 –** Addition of \$172,991 in State Mental Health Data Infrastructure Grant funds to support information technology services on a division-wide basis. Requires Interim Finance approval since the amount added to the Data Infrastructure Grant category exceeds \$50,000. **Work Program #C13526**

Refer to motion for approval under Item G.

- 84. Department of Health and Human Services – Division of Mental Health and Developmental Services – Substance Abuse Prevention and Treatment Agency – FY 09 –** Addition of \$790,163 in Meth Regional Partnership Grant funds to provide funding for community substance abuse treatment providers to increase the well-being and permanency outcomes for children affected by meth or substance abuse. Requires Interim Finance approval since the amount added to the Federal Meth Grant category exceeds \$50,000. **Work Program #C12919**

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Committee's staff recommended a minor change to the work program to which the agency and the Budget Division agreed. Mr. Stevens advised that the revenue General Ledger number that appeared on the work program should be changed from 3584 to 4657.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM 84 AS REVISED.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Coffin and Beers were not present for the vote.)

- 85. Department of Health and Human Services – Health Division – Administration – FY 09 –** Transfer of \$146,321 from the Personnel Services category to the Operating category to support the contract for the State Public Health Officer. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C12706**

Refer to motion for approval under Item G.

- 86. Department of Health and Human Services – Health Division – Vital Statistics – FY 09 –** Transfer of \$46,657 from the Behavioral Risk category to

the ***Transfer to*** Maternal and Child Health Services category to ***align staff salaries to time and effort***, provide behavioral risk factor surveillance services, and discontinue the ~~contract~~ ***contractor*** currently providing the ***Behavioral Risk Factor Surveillance System*** services. Requires Interim Finance approval since the amount transferred to the Transfer to the Maternal and Child Health Services category exceeds 10 percent of the legislatively approved level for that category. Work Program #C13970. **RELATES TO ITEM 93.**

Refer to narrative and motion for approval under Item 95..

87. **Department of Health and Human Services – Health Division – Consumer Health Protection – FY 09** – Addition of \$26,862 in Transfer from Public Health Preparedness funds to support ~~Public Health Emergency~~ ***Hospital and Healthcare*** Preparedness and \$442,191 in Transfer from Public Health Preparedness funds to support ~~hospital and health care~~ ***public health emergency*** preparedness and community health services. Requires Interim Finance approval since the amount added to the Public Health Emergency Preparedness category exceeds \$50,000. **Work Program #C13918. RELATES TO ITEMS 90, 95, AND 96.**

Refer to narrative and motion for approval under Item 95.

88. **Department of Health and Human Services – Health Division – Radiological Health – FY 09** – Addition of \$170,000 in Environmental Protection Agency State Indoor Radon Grant funds to support a statewide program that increases public awareness and action regarding radon. Requires Interim Finance approval since the amount added to the Environmental Protection Agency State Indoor Radon Grant category exceeds \$50,000. **Work Program #C12590**

Refer to motion for approval under Item G.

89. **Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 09** – Addition of \$67,675 in Federal Medicare Certification Grant funds to support the travel and operations related to completing increased recertification surveys. Requires Interim Finance approval since the amount added to the In-State Travel category exceeds \$50,000. **Work Program #C13813**

Refer to motion for approval under Item G.

90. **Department of Health and Human Services – Health Division – Community Health Services – FY 09** – Addition of \$56,277 in Transfer from Consumer Health Protection funds to support the frontier and rural health program. Requires Interim Finance approval since the amount added to the Vaccines category exceeds \$50,000. **Work Program #C13961. RELATES TO ITEMS 87, 95 AND 96.**

Refer to narrative and motion for approval under Item 95.

91. **Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 09** – Addition of \$33,901 in Federal Hepatitis Grant funds to support the assistance for Nevadans affected by the Hepatitis C outbreak. Requires Interim Finance approval since the amount added to the Hepatitis category exceeds 10 percent of the legislatively approved level for that category. Work **Program #C12826**

Refer to motion for approval under Item G.

92. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 09** – Addition of \$30,760 in State Systems Development Initiative Grant funds to enhance the analytic capability and information systems infrastructure of the Nevada Maternal and Child Health Program. Requires Interim Finance approval since the amount added to the System Development Grant category exceeds 10 percent of the legislatively approved level for that category. Work **Program #C13944**

Refer to motion for approval under Item G.

93. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 09** – Addition of \$46,657 in Transfer from Health Division to support 50 percent time and effort of one position redirected from Children with Special Healthcare Needs (CSHN) grant activities to Behavioral Risk Factors Surveillance System (BRFSS) grant activities. ~~Requires Interim Finance approval since the amount added to the Medical and Dental Expense category exceeds 10 percent of the legislatively approved amount for that category.~~ **Work Program #C13953. RELATES TO ITEM 86.**

Refer to motion for approval under Item G.

94. **Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 09** – Addition of \$26,691 in Epidemiology Lab Capacity Grant funds and transfer of \$70,493 from the Personnel Services category to the Epidemiology and Lab Capacity category to support local community partners that report infectious diseases. Requires Interim Finance approval since the amount transferred to the Epidemiology and Lab Capacity category exceeds \$50,000. **Work Program #C13812.**

Refer to motion for approval under Item G.

95. **Department Of Health And Human Services – Health Division – Public Health Preparedness Program – FY 09** – Addition of \$464,188 in Centers for Disease Control Bioterrorism Grant funds and transfer of \$186,233 from the

Personnel Services category, \$2,795 from the Out-of-State Travel category, \$3,054 from the In-State Travel category, \$123,830 from the Operating category, and \$1,041 from the Training category to the Centers for Disease Control Bioterrorism category to support public health emergency and hospital preparedness planning. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C13907. RELATES TO ITEMS 87, 90, AND 96.**

Mary Wherry, Deputy Administrator, Health Division, Department of Health and Human Services, appeared before the Committee request approval of Item 95, as modified and program Items 87, 90, and 96 as presented.

Ms. Wherry advised that the Item 95 work program requested approval for the addition of funds from the Centers for Disease Control Bioterrorism Grant and a transfer of funding from several categories to a special use category. Ms. Wherry indicated that while the request had been well intentioned, the Health Division staff accepted the recommendations of the Committee's staff to adjust work program Item 95 and to request approval for work programs Item 87, 90, and 96 as presented.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, asked Ms. Wherry to outline the adjustments to work program Item 95.

Ms. Wherry advised that category 42 was revised to \$442,191 for a total work program total of \$464,188.

ASSEMBLYMAN HARDY MOVED APPROVAL OF
ITEMS 95 AS REVISED AND 87, 90, AND 96 AS
PRESENTED.

ASSEMBLYMAN HOGAN SECONDED THE
MOTION.

THE MOTION CARRIED. (Senators Coffin and
Beers were not present for the vote.)

- 96. Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 09 –** Addition of \$1,901,093 in Health Resource Services Administration Bioterrorism Grant funds to support public health emergency and hospital preparedness planning. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C13943. RELATES TO ITEMS 87, 90, AND 95.**

Refer to narrative and motion for approval under Item 95.

- 97. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 09 –** Deletion of \$57,465 in

Federal United States Department of Agriculture (USDA) Food Stamp Program funds, \$239,432 in Federal Child Support Program funds, \$280,085 in Federal Temporary Assistance to Needy Families (TANF) Program funds, \$304 in Federal Low Income Home Energy Assistance (LIHEA) grant funds, \$234 in Federal Child Care Development funds and \$58,661 in Federal Title XIX funds and transfer of \$238,935 from Information Services to Reserve for Reversion to record the reduction of internal service rates and assessments for fiscal year 2009. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #IS3228**

Chairman Arberry announced that Item 97 involved the allocation of block grant funds and required a public hearing.

Mary Liveratti, Acting Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request approval for the transfer of \$238,935 from the Information Services' category to the Reserve for Reversion category to record the reduction of internal service rates and assessments for fiscal year 2009. Ms. Liveratti advised that the request involved the allocation of block grant funds and required a public hearing.

Chairman Arberry opened the hearing to questions from the public.

Hearing no response to a request for questions or testimony from the public, Chairman Arberry closed the hearing on Item 97.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM 97.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Coffin, Beers, and Cegavske were not present for the vote.)

- 98. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Assistance and Development – FY 09 –** Addition of \$628,564 in Federal Child Care Mandatory Matching Grant funds to complete the development and implementation of the Nevada Child Care System. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C13798**

Mary Liveratti, Acting Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request approval to balance forward state fiscal year 2008 grant funding authority

remaining in category 26 to state fiscal year 2009 to complete development and implementation of the Nevada Child Care System. Ms. Liveratti advised that approval was previously granted for the Technology Investment Request and the vendor contract; however, the action requested in the work program involved the allocation of block grant funds and required a public hearing.

Chairman Arberry opened the hearing to questions from the public.

Hearing no response to a request for questions or testimony from the public, Chairman Arberry closed the hearing on Item 98.

SENATOR MATHEWS MOVED APPROVAL OF ITEM 98.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Coffin, Beers, and Cegavske were not present for the vote.)

- 99. Department of Health and Human Services – Division for Aging Services – Aging Services Grants – FY 09** – Addition of \$2,487,465 in Fund for a Healthy Nevada Grant funds 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 #C40913**

Refer to motion for approval under Item G.

- 100. Department of Health and Human Services – Division for Aging Services – Aging Older Americans Act – FY 09** – Addition of \$148,791 in Aging and Disability Resource Center (ADRC) grant funds and transfer of \$17,412 from the Personnel Services category to the ADRC Grant category to obtain a program manager via contract to continue the development of the statewide ADRC system and provide reliable information on long-term care options throughout the state. Requires Interim Finance approval since the amount added to the ADRC Grant category exceeds \$50,000. **Work Program #C40914**

Refer to motion for approval under Item G.

- 101. Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 09** – Addition of \$375,000 in Casey Family Programs Private Grant funds and transfer of \$116,836 from the Reserve category to the Casey Family Programs category to improve the outcome for children and youth in foster care in the areas of safety and permanency. Requires Interim Finance approval since the amount added to

the Casey Family Programs category exceeds \$50,000. **Work Program #C13789**

Refer to motion for approval under Item G.

- 102. Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 09** – Addition of \$152,809 in Substance Abuse and Mental Health Services Administration's Infrastructure Grant funds and transfer of \$144,284 from the Personnel Services category to the Infrastructure Grant category to implement the President's New Freedom Commission on Mental Health Report. Requires Interim Finance approval since the amount added to the Infrastructure Grant category exceeds \$50,000. **Work Program #C13797**

Refer to motion for approval under Item G.

- 103. Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 09** – Addition of \$501,868 in Federal Title XX funds to provide funding for room and board costs for non-custody children, including children on probation, tribal children, parental custody children and emancipated youth, through a transfer from Budget Account 3229, Rural Child Welfare, where the costs are transferred from the Division of Health Care Financing and Policy. Requires Interim Finance approval since the amount added to the Mental Health Room and Board category exceeds \$50,000. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C13963. RELATES TO ITEM 105.**

Chairman Arberry announced that the Committee would consider Items 103 and 105, concurrently. Additionally, the Chairman advised that both work programs involved the allocation of block grant funds and required a public hearing.

Diane Comeaux, Administrator, Division of Child and Family Services, Department of Health and Human Services identified herself for the record and introduced Tiny Leahy, Administrative Services Officer, Division of Child and Family Services.

Addressing work program Items 103 and 105, Ms. Comeaux requested approval to transfer \$501,868 in revenue and expenditure authority from budget account 3229, Rural Child Welfare, to budget account 3145, Children, Youth and Family Administration, to account for the costs of non-custody children in the appropriate budget account.

Assemblywoman Buckley questioned whether Nevada's congressional delegation had responded to a request to increase the Federal Medical Assistance Percentage (FMAP) for Medicaid.

Ms. Comeaux advised that members of the congressional delegation had not yet responded to requests for assistance.

Assemblyman Denis asked how the Division of Child and Family Services would provide services for children that were previously, but no longer, available under Medicaid.

Ms. Comeaux indicated that Division staff had reviewed services and advised that a service for treatment homes created in the December 2005 behavioral health redesign included a per diem rate payment with eight components. Ms. Comeaux advised that because only one component would remain, the Division of Child and Family Services created a specialized foster care rate that covered the remaining components.

Assemblyman Goicoechea questioned whether the funding transfer from the Rural Child Welfare budget account would impact the rural counties.

Ms. Comeaux responded that the transfer of revenue and expenditure authority from the Rural Child Welfare budget to the Children, Youth and Family Administration budget, if approved, would place the funding in an appropriate budget account and would not affect rural counties.

Chairman Arberry opened the hearing on work program Items 103 and 105 to public comment.

Hearing no response to his request for public comment, Chairman Arberry closed the hearing on Items 103 and 105.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
WORK PROGRAM ITEMS 103 AND 105.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Coffin and Beers were
not present for the vote.)

104. Department of Health and Human Services – Division of Child and Family Services – Unity/Statewide Automated Child Welfare Information System – FY 09 – Deletion of \$112,970 in Federal Child Welfare Services Title IV-E funds, deletion of \$2,987 in Transfer from Other Budget Account same fund, and transfer of \$132,983 from the Information Services category to the Reserve for Reversion category to adjust for anticipated reductions in billings for Department of Information Technology facility costs. Requires Interim Finance approval since the amount deducted from the Information Services category exceeds \$50,000. **Work Program #IS3143B**

Refer to motion for approval under Item G.

- 105. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 09** – Deletion of \$501,868 in Federal Title XX funds to provide funding for room and board costs for non-custody children, including children on probation, tribal children, parental custody children and emancipated youth, through a transfer to Budget Account 3145, Children, Youth and Family Administration where the costs are recorded. Requires Interim Finance approval since the amount deducted from the Child Welfare category exceeds \$50,000. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C13958. RELATES TO ITEM 103. Work Program #C13795**

Refer to narrative and motion for approval under Item 103.

- 106. Department of Health and Human Services – Division of Child and Family Services – Nevada Youth Training Center – FY 09** – Addition of \$42,031 in Nevada Department of Education's Carl Perkins Correctional subgrant funds to provide continued support to the Career and Technical Educational component of the school program. Requires Interim Finance approval since the amount added to the Carl Perkins Subgrant category exceeds 10 percent of the legislatively approved budget. **Work Program #C13795**

Refer to motion for approval under Item G.

- 107. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Blind Business Enterprise Program – FY 09** – Addition of \$663,543 in Federal Receipts to receive pass-through federal contract funds for a blind vendor selected to provide food services at the Fallon Naval Air Station. Requires Interim Finance approval since the amount added to the Business Enterprise category exceeds \$50,000. **Work Program #C13929**

Refer to motion for approval under Item G.

- 108. Department of Employment, Training and Rehabilitation – Employment Security Division – Special Fund – FY 09** – Addition of \$802,293 in Federal Reed Act funds to continue Phase I of the Unemployment Insurance Technology Modernization Project. Requires Interim Finance approval since the amount added to the Unemployment Insurance Modernization category exceeds \$50,000. **Work Program #C13930**

Refer to motion for approval under Item G.

- 109. Department of Corrections – High Desert State Prison – FY 09** – Addition of \$218,071 in Nutri-Kids Grant funds transferred from the Department of Education and transfer of \$65,700 from the Inmate Drivens category to the Reserve for Reversion category to re-establish the Residential Child Care

Institution's Nutrition Program for the extra nutritional needs of youthful offenders. Requires Interim Finance approval since the amount added to the Department of Education Meal Program category exceeds \$50,000. **Work Program #C13523**

Refer to motion for approval under Item G.

- 110. Department of Corrections – Casa Grande Transitional Housing – FY 09 –** Transfer of \$170,000 from the Operating category to the Reserve for Reversion category due to a credit in future rent collections resulting from the completion of the 2004B Casa Grande lease purchase project. Requires Interim Finance approval since the amount transferred from the Operating category exceeds \$50,000. **Work Program #C13456**

Refer to motion for approval under Item G.

- 111. Department of Motor Vehicles – Motor Vehicle Pollution Control – FY 09 –** Transfer of \$71,005 from the Reserve category to the Operating category to provide funding for an On-Board Diagnostics Study relating to vehicle emissions. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C14006**

Troy Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles (DMV), appeared before the Committee to request approval to transfer authority from the Reserve category to the Operating category to cover contract costs for an On-Board Diagnostics (OBD) feasibility study on vehicle emissions for government and private fleets.

Mr. Dillard explained that OBD monitoring technology allowed for the continual transmission of emission data from a vehicle's computer to the DMV and that a successful study outcome would ultimately change the existing emissions program from annual to continuous testing. Mr. Dillard advised that the benefits of continuous testing included immediate identification of vehicles that did not meet compliance standards, notification to owners enabling timely lower-cost repairs, and cleaner air.

Additionally, Mr. Dillard advised that, for management purposes, many fleet operators already had devices installed in their vehicles that could transfer emissions data to the DMV. He explained that currently government agency fleets had to contract for emission testing or maintain personnel and equipment to test their own vehicles, and he pointed out that active OBD monitoring technology would eliminate those costs.

Mr. Dillard reported that representatives of the U. S. Environmental Protection Agency (USEPA) had indicated that the EPA intended to allow for additional credits toward compliance with air quality mandates identified in state implementation plans for OBD monitoring. Additionally, he said that the study would provide the answers to

questions regarding the feasibility and program changes needed to implement OBD monitoring technology.

Mr. Dillard reported that the \$71,005 requested in the work program to fund the fiscal year 2009 portion of the study would come from the Pollution Control Account, which received a \$6 Certificate of Compliance fee assessed to owners of inspected vehicles. Mr. Dillard explained that the "excess reserve" in the Pollution Control Account was "typically" available to Washoe County and Clark County; however, both counties had submitted letters of support for the program knowing that it would affect the amount of grant funding that might be available to them at the end of each fiscal year.

In response to questions Assemblywoman Koivisto asked concerning the capability of the equipment currently installed in fleet vehicles and the number of vehicles that would participate in the study, Mr. Dillard advised that the study focused on 100 vehicles and reiterated that many of the government fleets were equipped with the technological devices necessary for the study. Mr. Dillard explained that the fleets used the devices for fleet management purposes as well as the continuous transmission of emission data. He advised, however, that the agency would review and test devices from many vendors to ensure that the accuracy of the data could be validated.

Senator Coffin questioned whether the vendor could pay for the testing.

Mr. Dillard explained that rather than taking the word of a vendor partial to their own product, the agency would contract with an independent agency to analyze various types of active monitoring equipment in order to "learn about the potential pitfalls and benefits of adding active monitoring to the Nevada vehicle emission program." Mr. Dillard advised that the agency had conducted a pilot study to preview and evaluate continuous monitoring technology, and the vendor's representative was available to answer detailed questions.

In response to Senator Coffin's questions regarding the goal of the study, Mr. Dillard reported that the benefits included a reduction of costs and a reduction of the submission of fraudulent tests. Mr. Dillard advised that government agencies paid for expensive equipment, training, and maintenance of equipment to comply with the emission requirements for their fleets or contracted out for the service. Additionally, he reported that an investigation revealed that private fleet operators had submitted hundreds of fraudulent tests because it was fiscally more advantageous to them to do so rather than to comply with the program. Mr. Dillard explained that OBD monitoring technology would make it difficult to defeat a test since the transfer of emission data would occur on a continuous basis.

Assemblywoman Gansert asked for information related to the length of the study and availability of the results.

Mr. Dillard indicated that the study would conclude in two years, and agency representatives would present changes to the current program, based on the outcome of the study, to the 2011 Legislature.

In response to Assemblyman Denis, who asked for information regarding the technology, Mr. Dillard indicated there were various technologies involved in OBD monitoring to which Vincent Mow, representing MACTEC, could respond.

Mr. Mow advised that MACTEC modeled the following three basic technologies in the pilot project with the DMV:

- A transponder utilizing a normal cellular phone network
- A data logger used with a computer to manually report the data
- A direct short-range communications device that would have to pass within approximately 300 feet of a receiver, tested in fleets where all the vehicles gathered in a central location

Assemblyman Denis questioned whether the future implementation of OBD monitoring would reduce revenue as well as costs.

Mr. Dillard explained that the state would not lose revenue because the collection of the \$6 fee for each tested vehicle would continue and fleets that already employed the technology would realize a reduction in costs.

Assemblyman Denis questioned whether the technology would require additional employees and a special division to monitor the continuous receipt of emissions data.

Mr. Dillard indicated that the agency had adequate resources, and he did not foresee hiring additional employees or the creation of a special division since the automation of the vast majority of the process was anticipated.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM G. 111.

ASSEMBLYWOMAN GANSERT SECONDED THE
MOTION.

THE MOTION CARRIED. (Assemblyman Parks was not
present for the vote.)

Assemblywoman Buckley recognized Ginny Lewis, Director, Department of Motor Vehicles (DMV), who had announced her retirement from state service. Noting Ms. Lewis' talent and contributions to the Department of Motor Vehicles,

Assemblywoman Buckley expressed the Committee's collective appreciation to the Director for her years of "incredible" service to the state.

In response to questions from Senator Raggio, Ms. Lewis advised that she had served in the Department of Motor Vehicles for 29 years and began her career as a Grade 21, Administrative Aid.

Senator Raggio pointed out that over the years the DMV had grown from a small department with simple problems into a major and complex state government organization and commended Ms. Lewis for her "outstanding leadership and dedication" in bringing the DMV to its current success. Additionally, he noted her prompt response to requests from legislators on behalf of their constituents and said that she had "set a high example as a fine administrator for other state officials" serving in similar public service capacities. Senator Raggio told Ms. Lewis that her retirement was a loss to the state and that the standards she had implemented for the operation of the Department of Motor Vehicles would make replacing her difficult.

On behalf of the Legislature, the citizens of Nevada, and the Committee, Senator Raggio expressed his appreciation to Ms. Lewis whose efforts toward improving the Department of Motor Vehicles, he said, would be long remembered.

Ms. Lewis thanked Assemblywoman Buckley, Senator Raggio, and the Committee for their kind words and support. Ms. Lewis indicated that her work, as Director, during the past ten years had been challenging but that with the support of the Legislature, the Department was currently a better agency for Nevada citizens.

- 112. Department of Public Safety – Technology Division – FY 09** – Addition of \$100,199 in Transfer from Department of Public Safety Criminal Justice funds to continue implementation of the GangNet project. Requires Interim Finance approval since the amount transferred to the GangNet Grant category exceeds \$50,000. **Work Program #C13978**

Refer to motion for approval under Item G.

- 113. Department of Public Safety – Justice Assistance Act – FY 09** – Transfer of \$85,909 from the Reserve category to the 1122 Program category to make funds available to support operating and training costs incurred through the administration of the 1122 program. Requires Interim Finance approval since the amount transferred to the 1122 Program exceeds \$50,000.00. **Work Program #C13935**

Refer to motion for approval under Item G.

- 114. Department of Public Safety – Justice Assistance Act – FY 09** – Addition of \$16,274 in Residential Substance Abuse Treatment (RSAT) Grant funds, \$99,337 in Forensic Science Improvement Grant funds, \$40,041 in Project Safe

Neighborhoods (PSN) Grant funds, \$89,123 in PSN Anti-Gang Initiative Grant funds, and \$15,476 in the Bulletproof Vest Grant funds; and deletion of \$1,808,095 in Justice Assistance Grant (JAG), \$133,920 in Nevada Criminal History Record Improvement Grant, and \$384,499 in Prescription Drug Monitoring Grant funds to reconcile with state fiscal year 2009 authority. Requires Interim Finance approval since the amount added to the Forensic Science Improvement category exceeds \$50,000. **Work Program #C13957**

Refer to motion for approval under Item G.

- 115. Department of Public Safety – Justice Assistance Act – FY 09 –** Addition of \$935,300 in Byrne Memorial Formula Grant funds to accept a Community Oriented Policing Methamphetamine Initiative grant to combat the spread of methamphetamine. Requires Interim Finance approval since the amount added to the Narcotics Control Assistance category exceeds \$50,000. **Work Program #C13992. RELATES TO ITEM 147.**

Refer to motion for approval under Item G.

- 116. Department of Public Safety – Justice Assistance Grant Trust – FY 09 –** Addition of \$1,032,041 in Federal Justice Assistance Grant (JAG) funds that support all components of the criminal justice system statewide. Requires Interim Finance approval since the amount added to the JAG Grant category exceeds \$50,000. **Work Program #C13914**

Refer to motion for approval under Item G.

- 117. Department of Public Safety – Justice Assistance Grant Trust – FY 09 –** Transfer of \$687,546 from the Federal Reserve category to the Justice Assistance Grant category to support combating crime and to assist recovering criminals within the state. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds \$50,000. **Work Program #C13954**

Refer to motion for approval under Item G.

- 118. Department of Public Safety – Justice Assistance Grant Trust – FY 09 –** Addition of \$110,429 in Byrne Memorial Justice Assistance Federal Grant funds to support state and local government agencies that contribute to the effort of reducing and preventing crime, violence and drug abuse and improving the function of the criminal justice system. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds \$50,000. **Work Program #C14046**

Refer to motion for approval under Item G.

- 119. Department of Public Safety – Emergency Management Division – FY 09 –** Addition of \$643,562 in Transfer from Division of Emergency Management, Public Safety Interoperable Communications (PSIC) Grant funds to balance forward remaining federal funds. Requires Interim Finance approval since the amount added to the Transfer from Department of Emergency Management Public Safety Interoperable Communications category exceeds \$50,000. **Work Program #C13951**

Refer to motion for approval under Item G.

- 120. Department of Public Safety – Emergency Management Division – FY 09 –** Deletion of \$1,720,919 in Transfer from Department of Emergency Management - Office of Domestic Preparedness to transfer the Interoperability Communications funding to the Office of Homeland Security. Requires Interim Finance approval since the amount deducted from the Department of Justice Domestic Preparedness Grants category exceeds \$50,000. **Work Program #C14005. RELATES TO ITEM 4.**

Refer to motion for approval under Item G.

- 121. Department of Public Safety – Emergency Management Assistance Grants – FY 09 –** Addition of \$1,527,938 in Urban Area Initiative Grant funds, \$382,365 in Homeland Security Grant Program (HSGP) - Law Enforcement Terrorism Prevention Plan (LETPP) Grant funds, \$3,753 in Citizen Corps Grant funds, \$40,643 in Homeland Security Grant Program (HSGP) - Major Medical Response Grant funds, \$150,000 in Urban Area Security Initiative (UASI) Non-Profit Security Grant funds, \$4,239,451 in Federal Emergency Management Assistance (FEMA) New Years 2006 Flood Grant funds, and \$866,281 in FEMA 1738 Fernley Flood Grant funds, and deletion of \$65,119 in Federal Child Support Program Grant funds to balance forward remaining federal authority in order to meet program initiatives. Requires Interim Finance approval since the amount added to the Federal Emergency Management Assistance-New Years 2006 Flood category exceeds \$50,000. **Work Program #C13534**

Refer to motion for approval under Item G.

- 122. Department of Public Safety – Emergency Management Assistance Grants – FY 09 –** Addition of \$9,469,981 in Public Safety Interoperable Communications (PSIC) Grant funds, \$223,867 in Federal Emergency Management Assistance (FEMA) Emergency Management Performance Grant (EMPG) funds, \$104,009 in Transit Security Grant funds, \$81,040 in Transit Security Supplemental Grant funds, \$1,402,870 in Department of Homeland Security (State Homeland Security Program) Grant funds, and \$10,187,231 in FEMA Clark/Lincoln Flood Grant funds; and deletion of \$289,130 in Department Of Energy (DOE) Emergency Preparedness Working Group Grant funds and \$216,559 in Buffer Zone Protection Plan Grant funds to balance forward federal funds in order to

meet program objectives. Requires Interim Finance approval since the amount transferred to the FEMA Clark/Lincoln Flood category exceeds \$50,000. **Work Program #C13544**

Refer to motion for approval under Item G.

- 123. Department of Public Safety – Emergency Management Assistance Grants – FY 09** – Addition of \$153,037 in Federal Predisaster Mitigation Grant funds, \$1,196,071 in Federal Emergency Management Agency (FEMA) Waterfall Fire Grant funds, \$252,169 in FEMA Hurricane Relief Grant funds, \$1,212 in Emergency Management Performance Grant (EMPG) Supplemental Grant funds, \$85,000 in Buffer Zone Protection Plan Infrastructure Protection Program (IPP) Grant funds, \$275,947 in FEMA Hazard Mitigation Grant Program (HMPG) 2007 Grant funds, and \$28,644 in Reimbursements (Emergency Management Assistance Compact) for Katrina funds to balance forward remaining federal authority in order to meet program objectives. Requires Interim Finance approval since the amount transferred to the FEMA Waterfall Fire category exceeds \$50,000. **Work Program #C13547**

Refer to motion for approval under Item G.

- 124. Department of Public Safety – Emergency Management Assistance Grants – FY 09** – Addition of \$9,030,500 in Urban Area Security Initiative (UASI) Grant funds, \$183,210 in Citizen Corps Grant Funds, \$321,221 in Homeland Security Grant Program (HSGP) Major Medical Response Grant funds and \$9,390,000 in Office of Domestic Preparedness (ODP) Grant funds to accept the Federal Fiscal Year 2008 grant awards. Requires Interim Finance approval since the amount added to the ODP Grant category exceeds \$50,000. **Work Program #C13940**

Refer to motion for approval under Item G.

- 125. Department of Public Safety – Emergency Management Assistance Grants – FY 09** – Addition of \$500,868 in Interoperable Emergency Communications Grant funds to improve local, tribal, regional, statewide and national interoperable emergency communications, including communications in collective response to natural disasters, acts of terrorism, and other man-made disasters. Requires Interim Finance approval since the amount added to the Interoperable Emergency Communications category exceeds \$50,000. **Work Program #C13942**

Refer to motion for approval under Item G.

- 126. Department of Public Safety – Emergency Management Assistance Grants – FY 09** – Transfer of \$525,259 from the Federal Reserve category to the Public Safety Interoperable Communications (PSIC) Grant category, \$593 from the

Federal Reserve category to the Emergency Management Assistance Compact Hurricane category, \$484 from the Federal Reserve category to the Department of Energy (DOE) Agreement in Principle category, and \$4,524 from the Federal Reserve category to the DOE Emergency Preparedness Working Group category in order to meet program objectives. Requires Interim Finance approval since the amount transferred to the PSIC Grant category exceeds \$50,000. **Work Program #C13966**

Refer to motion for approval under Item G.

- 127. Department of Public Safety – Criminal History Repository – FY 09 –** Transfer of \$91,689 from the Reserve category to the Operating category to provide maintenance for LiveScan fingerprint machines. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000. **Work Program #C12730**

Refer to motion for approval under Item G.

- 128. Department of Public Safety – Criminal History Repository – FY 09 –** Addition of \$158,022 in Transfer from Department of Public Safety Criminal Justice funds and transfer of \$39,506 from the Reserve category to the National Criminal History Improvement Program category to provide funding for the overtime and temporary personnel costs incurred to clear the backlog of court dispositions. Requires Interim Finance approval since the amount transferred to the National Criminal History Improvement Program category exceeds \$50,000. **Work Program #C13991**

Refer to motion for approval under Item G.

- 129. Department of Public Safety – Criminal History Repository – FY 09 –** Transfer of \$183,203 from the Federal Reserve category to the Background Check Pilot Program category to balance forward the Health Division Grant. Requires Interim Finance approval since the amount transferred to the Background Check Pilot Program category exceeds \$50,000. **Work Program #C13998**

Refer to motion for approval under Item G.

- 130. Department of Public Safety – Criminal History Repository – FY 09 –** Transfer of \$140,000 from the Reserve category to the Information Services category to provide funding to complete enhancements to the Warrant application project started in fiscal year 2008. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C14000**

Refer to motion for approval under Item G.

131. Department of Public Safety – Highway Patrol – K-9 Program – FY 09 –
Addition of \$101,634 in Transfer from Forfeitures to provide funding for the start-up costs as well as the initial and quarterly training costs associated with two additional K-9 units in the Central Command. **Work Program #C13977. RELATES TO ITEM 136.**

Chairman Arberry announced that the Committee would consider work program items 131, 132, 133, 136, and 137 concurrently.

Jerry Hafen, Director, Department of Public Safety (DPS), identified himself for the record and introduced Captain J. V. Gagnon, K-9 Program Manager, DPS, and Deputy Chief Tony Almaraz, Nevada Highway Patrol, DPS.

Mr. Hafen appeared before the Committee to request approval for the addition of \$101,634 in Forfeiture funds that would provide startup costs as well as initial and quarterly training costs associated with two canines that the DPS had accepted as a gift from the city of Las Vegas. Mr. Hafen advised that, with approval of the work program, the two canines would work in intercepting drug traffickers along the I-80 corridor in Winnemucca and Elko.

In response to questions Chairman Arberry asked concerning the canines, Mr. Hafen indicated that the city of Las Vegas disbanded their K-9 Program because it was not cost effective and did not serve their mission. However, he said the dogs would serve the Highway Patrol's mission to curb the transportation of narcotics and cash assets along the I-80 and I-15 corridors. Mr. Hafen also indicated that although the fully-trained dogs were eight and nine years old respectively, medical examinations established that they were capable of one to two years of additional service.

Chairman Arberry asked why the Nevada State Friends of K-9 would no longer make cash donations to support the K-9 Program.

Mr. Hafen explained that the Friends of K-9 was established as a non-profit organization specifically designed to assist the DPS in gaining drug-interdiction dogs. Mr. Hafen said, however, that their 501(c) status might have contributed to some confusion in previous testimony regarding cash donations. Mr. Hafen advised that the Friends had provided a letter of explanation regarding their non-profit status, and the DPS anticipated in-kind contributions valued at \$165,000 over the next year, which would result in the provision of additional dogs, equipment, and other educational devices to assist in curbing the transportation of drugs into the state.

Chairman Arberry questioned whether the K-9 Program would draw upon Forfeiture funds to the extent that other higher priority needs might be delayed.

Mr. Hafen reported that Forfeiture funds could only be used for law enforcement purposes, and he provided the following accounting of funds:

- \$4,063,082 in Forfeiture funds currently available
- \$3,186,983 of Forfeiture funds were obligated
- \$876,098 balance in Forfeiture funds

Additionally, Mr. Hafen advised that arrests and seizures of cash assets contributed money to the Forfeiture fund on nearly a daily basis.

Deputy Chief Almaraz testified that the Highway Patrol's Interagency Criminal Enforcement (ICE) team seized \$1.2 million from July 27, 2008 to date, and 60 arrests that occurred between the northern and southern areas of the state confiscated drugs, vehicles, and guns.

Assemblywoman Smith recalled considerable discussion regarding overtime costs during previous Committee meetings and questioned what appeared to be an excessive amount of overtime paid to the officers in the K-9 Program for the care of their assigned dogs in spite of what was agreed to by the Committee.

Mr. Hafen defined the K-9 Program as a new and aggressive way to enhance the DPS' drug interdiction ability. He indicated that other law-enforcement efforts had narrowed the focus to street drugs and undercover purchases, but those efforts had only yielded a small amount of narcotics. Mr. Hafen discussed the importance of the K-9 Program considering the excessive amount of drugs coming into the state, the health risk posed by those drugs to Nevada families, and the enormous amount of cash flowing out of the state's economy to drug cartels in Mexico.

Assemblywoman Smith asked how the DPS could justify over 400 hours of overtime between August 25, 2008 and November 2, 2008 when the Committee made it clear that officers were to receive a 5 percent salary adjustment instead of overtime.

Mr. Hafen agreed that there had been considerable discussion in previous meetings about compensation for the handling and care of the animals and that the officers were eligible for an additional 5 percent increase in pay based on the extra duty. However, Mr. Hafen indicated that the overtime costs were a separate issue, and the DPS would be in violation of the Fair Labor Standards Act (FLSA) if they did not pay overtime to officers for the care of their assigned animals.

Assemblywoman Smith said that although keeping drugs out of the state was a worthy cause, she could not support expanding the K-9 Program in view of the way the DPS had addressed expenses thus far.

Assemblywoman Buckley agreed with Assemblywoman Smith's statements and said that the Committee, during previous meetings, approved a pay differentiation recommended by staff and rejected paying overtime. Assemblywoman Buckley said that the DPS should bring costs for the K-9 Program under control and that in view of

the data reflecting the payment of excessive overtime, she would move to deny the request to expand the program.

ASSEMBLYWOMAN BUCKLEY MOVED TO DENY
APPROVAL OF THE WORK PROGRAM REQUESTS TO
EXPAND THE K-9 PROGRAM.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Assemblywoman Goicoechea requested information on the number of dogs currently in the K-9 Program.

Mr. Hafen advised that six dogs currently in training would receive certification on December 1, 2008, with four stationed in Las Vegas to work along the I-15 corridor and two stationed in the Reno-Carson City area.

Assemblywoman Goicoechea questioned the fate of the dogs given to the state by the city of Las Vegas, if the Committee approved the motion not to expand the K-9 Program.

Mr. Hafen advised that the dogs would have faced euthanasia had the DPS not accepted the donation. However, Mr. Hafen indicated that the DPS would find homes for the two canines but commented that they would probably not thrive under non-working conditions. Additionally, Mr. Hafen indicated that the DPS would find a home for a three-year old canine trained in explosives detection for which funding was requested in work program Items G.132 and G.137.

Chairman Arberry called for a vote on the motion.

THE MOTION CARRIED. (Senators Coffin and Beers
were not present for the vote.)

- 132. Department of Public Safety – Highway Patrol – K-9 Program – FY 09 –**
Addition of \$47,136 in Transfer from Forfeitures to provide funding for the start-up costs as well as the initial and quarterly training costs associated with the explosive detection K-9 team. Requires Interim Finance approval since the amount added to the K-9 Program category exceeds 10 percent of the legislatively approved level for that category. Work **Program #C14013. RELATES TO ITEM 137.**

Refer to narrative and motion for denial under Item 131.

- 133. Department of Public Safety – Highway Patrol – K-9 Program – FY 09 –**
Deletion of \$165,000 in Gifts and Donations to the K-9 Program based on a letter received from Nevada **State** Friends for K-9, which rescinds the actual cash donation of March 19, 2008. The Nevada **State** Friends for K-9 will provide

non-cash donations of canines and equipment. Requires Interim Finance approval since the amount deleted from the K-9 Program category exceeds \$50,000. **Work Program #C14071**

Refer to narrative and motion for denial under Item 131.

- 134. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –** Transfer of \$24,533 from the Reserve category to the Nevada Highway Patrol (NHP) Federal Forfeitures category to provide SKYNARC Interdiction Training for eight officers and Southern Command ICE Team field training for six officers. Requires Interim Finance approval since the amount added to the NHP Federal Forfeitures category exceeds 10 percent of the legislatively approved level for the category. **Work Program #C12889**

Refer to motion for approval under Item G.

- 135. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –** Addition of \$1,583,515 in Fines, Forfeitures and Penalties *to balance forward authority* for the purchase of In-Car Video Cameras for the Highway Patrol Division. Requires Interim Finance approval since the amount added to the Nevada Highway Patrol Federal Forfeitures category exceeds \$50,000. **Work Program #C13243**

Refer to motion for approval under Item G.

- 136. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –** Transfer of \$101,634 from the Reserve category to the K-9 Program category to provide the necessary funding for two additional K-9 Units in the Central Command. Requires Interim Finance approval since the amount transferred to the K-9 Program category exceeds \$50,000. **Work Program #C13964. RELATES TO ITEM 131.**

Refer to narrative and motion for denial under Item 131.

- 137. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –** Transfer of \$47,136 from the Reserve category to the K-9 Program category to support the cost of one canine trained in explosives detection. Requires Interim Finance approval since the cumulative amount transferred to the K-9 Program category exceeds \$50,000. **Work Program #C13981. RELATES TO ITEM 132.**

Refer to narrative and motion for approval under Item 131.

- 138. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –** Transfer of \$76,704 from the Reserve category to the Nevada Highway Patrol (NHP) Federal category, \$28,773 from the Reserve category to the Parole and

Probation Federal category, \$33,957 from the Reserve category to the Nevada Division of Investigations category, and \$16,979 from the Reserve category to the Training category to send Department of Public Safety sworn personnel to the School of Police Staff and Command, conducted by the Northwestern Command School. Requires Interim Finance approval since the amount transferred to the NHP Federal category exceeds \$50,000. **Work Program #C14004**

Refer to motion for approval under Item G.

- 139. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –** Addition of \$15,022 in Fines, Forfeitures and Penalties to balance forward authority to allow for professional services for the Evidence Management System which is being implemented statewide in the evidence vaults. Requires Interim Finance approval since the amount added to the Nevada Highway Patrol Federal Forfeitures category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C14049**

Refer to motion for approval under Item G.

- 140. Department of Public Safety – Division of Investigations – FY 09 –** Addition of \$36,041 in U.S. Marshal Reimbursement funds to support the Fugitive Apprehension Unit in Southern Nevada. Requires Interim Finance approval since the amount added to the U.S. Marshal Reimbursement category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13769**

Refer to motion for approval under Item G.

- 141. Department of Public Safety – Division of Investigations – FY 09 –** Addition of \$29,023 in Joint Terrorism Task Force – Federal Bureau of Investigations (FBI) Reimbursement funds to balance forward remaining authority from fiscal year 2008. Requires Interim Finance approval since the amount added to the FBI Overtime category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13891**

Refer to motion for approval under Item G.

- 142. Department of Public Safety – Division of Investigations – FY 09 –** Addition of \$333,350 in Transfer from Emergency Management to support the State Fusion Center. Requires Interim Finance approval since the amount added to the State Homeland Security Program exceeds \$50,000. **Work Program #C13952. RELATES TO ITEM 3.**

Refer to narrative and motion for approval under Item G.3.

- 143. Department of Public Safety – Division of Investigations – FY 09** – Addition of \$197,000 in Transfer from Emergency Management 2007 Law Enforcement Terrorism Prevention Program (LETPP) Grant funds to continue a contracted Terrorism Liaison Officer/Coordinator position and associated costs. Requires Interim Finance approval since the amount added to the Department of Emergency Management LETPP category exceeds \$50,000. **Work Program #C13955. RELATES TO ITEM 3.**

Refer to narrative and motion for approval under Item G.3.

- 144. Department of Public Safety – Division of Investigations – FY 09** – Addition of \$369,600 in Transfer from Emergency Management State Homeland Security Grant funds to support the State Fusion Center. Requires Interim Finance approval since the amount added to the Department of Emergency Management 2008 Homeland Security Grant Program category exceeds \$50,000. **Work Program #C13967**

Refer to narrative and motion for approval under Item G.3.

- 145. Department of Public Safety – Narcotics Control – FY 09** – Addition of \$115,127 in Nevada High Intensity Drug Trafficking Area (HIDTA) Reimbursement funds to aid Pharm-Net, which encompasses the investigation of doctors, pharmacists and individuals responsible for illegally distributing prescription narcotics. Requires Interim Finance approval since the amount added to the HIDTA category exceeds \$50,000. **Work Program #C13349**

Refer to motion for approval under Item G.

- 146. Department of Public Safety – Narcotics Control – FY 09** – Addition of \$16,805 in High Intensity Drug Trafficking Area (HIDTA) Grant funds and \$6,818 in Transfer from Department of Public Safety Criminal Justice Grant funds to balance forward remaining funds which are used to reduce drug trafficking in Nevada and the illegal distribution of prescription drugs. Requires Interim Finance approval since the cumulative amount added to the HIDTA category exceeds \$50,000. **Work Program #C13476**

Refer to motion for approval under Item G.

- 147. Department of Public Safety – Narcotics Control – FY 09** – Addition of \$677,700 in Transfer from Department of Public Safety Criminal Justice funds to receive a sub-grant from the Community Oriented Policing Services (COPS) grant to support the enforcement, training and prevention activities combating methamphetamine production, distribution and use. Requires Interim Finance approval since the amount added to the COPS Grant category exceeds

\$50,000. **Work Program #C13616. RELATES TO ITEM 115. WITHDRAWN, NOVEMBER 19, 2008.**

Item 147 was withdrawn.

- 148. Department of Public Safety – Parole and Probation – FY 09** – Addition of \$32,656 in High Intensity Drug Trafficking Area (HIDTA) Reimbursement funds to support the Fugitive Apprehension Unit of the U.S. Marshal's Office Fugitive Investigative Strike Team. Requires Interim Finance approval since the amount added to the HIDTA category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13698**

Refer to motion for approval under Item G.

- 149. Department of Public Safety – Traffic Safety – FY 09** – Addition of \$200,000 in 408 Incentive Grant funds and \$1,763,278 in 410 Incentive Grant funds to improve the state Traffic Safety Information System and to adopt and implement effective programs to reduce traffic problems resulting from individuals driving while under the influence of alcohol. Requires Interim Finance approval since the amount added to the Incentive Grant category exceeds \$50,000. **Work Program #C13993**

Refer to motion for approval under Item G.

- 150. Department of Public Safety – Highway Safety Plan and Administration – FY 09** – Addition of \$165 in Transfer from Office of Traffic Safety Federal Fatality File Analyst Grant funds, \$8,397 in Transfer from Office of Traffic Safety 402 Highway Safety Funds, \$1,387 in Transfer from Office of Traffic Safety 403 Incentive Funds, \$1,595 in Transfer from Office of Traffic Safety 410 Alcohol Funds, and \$19,339 in Transfer from Office of Traffic Safety 405 Occupant Protection Grant funds; and deletion of \$2,024 in Transfer from Office of Traffic Safety ~~Traffic Records~~ **408 Traffic Safety Grant funds** to balance forward remaining federal authority. Requires Interim Finance approval since the **cumulative** amount added to the Occupant Protection category exceeds \$50,000. **Work Program #C13670**

Refer to motion for approval under Item G.

- 151. Department of Public Safety – Fire Marshal – FY 09** – Addition of \$28,000 in National Fire Academy (NFA) and U.S. Fire Administration (USFA) Grant funds to support firefighter training and prevention initiatives throughout the state of Nevada. Requires Interim Finance approval since the amount added to the NFA and USFA Grant category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13892**

Refer to motion for approval under Item G.

- 152. Department of Public Safety – State Emergency Response Commission – FY 2009** – Addition of \$53,904 in United States Department of Transportation (USDOT) Hazardous Materials Emergency Planning (HMEP) Grant funds to balance forward remaining federal authority and transfer of \$13,475 from the Reserve category to the USDOT HMEP category to assist emergency planner and responder personnel throughout the state. Requires Interim Finance approval since the amount added to the USDOT HMEP category exceeds \$50,000. **Work Program #C13936**

Refer to motion for approval under Item G.

- 153. Department of Public Safety – State Emergency Response Commission – FY 09** – Addition of \$98,447 in U.S. Department of Transportation Hazardous Materials Emergency Planning (HMEP) Federal Grant funds to assist emergency planner and responder personnel throughout the state. Requires Interim Finance approval since the amount added to the Hazardous Materials Emergency Planning category exceeds \$50,000. **Work Program #C13972**

Refer to motion for approval under Item G.

- 154. Department of Conservation and Natural Resources – Nevada Natural Heritage – FY 09** – Addition of \$1,404 in Federal Bureau of Land Management (BLM) Task Order Grant funds, \$93,627 in Federal U.S. Environmental Protection Agency Wetlands Grant funds, \$268,885 in Transfer from Conservation and \$3,548 in Transfer from Agriculture ***to balance forward and increase revenue authority supporting travel, operating/supplies, cost allocations, training, equipment, and salaries.*** Requires Interim Finance approval since the amount added to the Wetlands Springs Project category exceeds \$50,000. **Work Program #C13673**

Refer to motion for approval under Item G.

- 155. Department of Conservation and Natural Resources – State Parks Division – FY 09** – Transfer of \$29,634 from the Reserve category to the Personnel Services category to fund a seasonal crew in support of the agency's Noxious Weed Program. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C14043**

Refer to motion for approval under Item G.

- 156. Department of Conservation and Natural Resources – Division of Environmental Protection – Air Quality – FY 09** – Addition of \$636,838 in Federal State Clean Diesel Grant Program funds; and \$254,192 in Transfer from Air Quality Management State Matching funds; and transfer of \$169,100 from

the Operating category to the state Clean Diesel Grant Program category to support the state's School Bus Retrofit Initiative designed to reduce emissions from diesel powered school buses across the state. Requires Interim Finance approval since the amount added to the state Clean Diesel Grant Program category exceeds \$50,000. **Work Program #C14068**

Refer to motion for approval under Item G.

- 157. Department of Conservation and Natural Resources – Division of Environmental Protection – Waste Management and Federal Facilities – FY 09** – Transfer of \$41,206 from the Reserve category to the Waste Administration category, \$8,596 from the Solid Waste Fees category to the Waste Administration category and \$580 from the Solid Waste Fees category to the Department of Defense Federal category to realign funds balanced forward from fiscal year 2008. Requires Interim Finance approval since the amount transferred to the Waste Administration category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C13965**

Refer to motion for approval under Item G.

- 158. Department of Conservation and Natural Resources – Division of Environmental Protection – Waste Management and Federal Facilities – FY 09** – Addition of \$300,000 in Exchange Network Grant funds transferred from the Environmental Protection Agency to provide funding for updates and enhancements to the state's Exchange Network Node and Facility Profiler application. These applications support federal reporting capabilities of the state via Web services technology. Requires Interim Finance approval since the amount added to the Network Readiness Grant category exceeds \$50,000. **Work Program #C13947**

Refer to motion for approval under Item G.

- 159. Department of Conservation and Natural Resources – Division of Forestry – FY 09** – Deletion of \$309,419 in U.S. Forest Service 2007 Consolidated Payment Grant funds, \$801,596 in U.S. Forest Service 2008 Consolidated Payment Grant funds, \$90,179 in U.S. Forest Service 2004 Consolidated Payment Grant funds, \$35,116 in U.S. Forest Service 2005 Consolidated Payment Grant funds, \$70,719 in U.S. Forest Service 2006 Consolidated Payment Grant funds, and addition of \$25,324 in U.S. Forest Service Legacy Grant funds, and transfer of \$74,481 from the U.S. Forest Service 2008 Consolidated Payment Grant category to the Personnel Services category to align revenue and expenditure authority for U.S. Forest Service grants used for hazardous fuels reduction, forest health, stewardship and other program areas. Requires Interim Finance approval since the amount deducted from the U.S.

Forest Service 2008 Consolidated Payment Grant category exceeds \$50,000.
Work Program #C13713

Refer to motion for approval under Item G.

- 160. Department of Conservation and Natural Resources – Division of Forestry – FY 09** – Addition of \$360,263 in U.S. Forest Service Fuels Reduction Grant funds to continue to assess, plan and implement fuels treatment projects to create defensible space and improve forest health. Requires Interim Finance approval since the amount added to the Fuels Reduction Grant category exceeds \$50,000. **Work Program #C13714**

Refer to motion for approval under Item G.

- 161. Department of Conservation and Natural Resources – Division of Forestry – FY 09** – Addition of \$58,210 in U.S. Forest Service Forest Land Enhancement Program Grant funds to provide continued technical, educational and contractual assistance to private landowners that will enable them to achieve their land management goals. Requires Interim Finance approval since the amount added to the U.S. Forest Service Forest Land Enhancement Program category exceeds \$50,000. **Work Program #C14024**

Refer to motion for approval under Item G.

- 162. Department of Conservation and Natural Resources – Division of Forestry – Inter-Governmental Agreements – FY 09** Transfer of \$125,709 from the Reserve category to the Elko County category, \$46,197 from the Reserve category to the Storey County category, \$166,294 from the Reserve category to the Clark County category, \$3,926 from the Reserve category to the Eureka County category, \$127,799 from the Reserve category to the Douglas County category, \$8,209 from the Reserve category to the Carson City category, \$227 from the Reserve category to the White Pine category and \$3,759 from the Reserve category to the Washoe County category to realign funds balanced forward from fiscal year 2008 and to return excess funds to the counties that provide the funding for the Fire Management Program. Requires Interim Finance approval since the amount added to the Clark County category exceeds \$50,000. **Work Program #C13878**

Refer to motion for approval under Item G.

- 163. Department of Wildlife – Administration – FY 09** – Addition of \$20,513 in Federal Dingell Johnson Aid funds for aquatic species and habitat education in workshops and in school rooms. Requires Interim Finance approval since the amount added to the Aquatic Education category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C13912**

Refer to motion for approval under Item G.

- 164. Department of Wildlife – Administration – FY 09** – Addition of \$330,100 in Federal Hunter Safety Aid for hunter education and upgrading the Winnemucca shooting range facility. Requires Interim Finance approval since the amount added to the Hunter Education category exceeds \$50,000. **Work Program #C13949**

Refer to motion for approval under Item G.

- 165. Department of Wildlife – Administration – FY 09** – Addition of \$13,000 in Federal Landowner Incentives Grant funds to control rabbitbrush on private property in Eureka County. Requires Interim Finance approval since the cumulative amount added to the Diversity category exceeds \$50,000. **Work Program #C13956**

Refer to motion for approval under Item G.

- 166. Department of Wildlife – Administration – FY 09** – Addition of \$104,326 in Federal Pittman Robertson Aid funds and transfer of \$64,582 from the Reserve category to the Game Management category for game management projects and avian influenza studies. Requires Interim Finance approval since the amount added to the Game Management category exceeds \$50,000. **Work Program #C14009**

Refer to motion for approval under Item G.

- 167. Department of Wildlife – Boating Program – FY 09** – Addition of \$542,114 in Federal Dingell Johnson Aid funds for boating access improvement projects. Requires Interim Finance approval since the amount added to the Capital Improvements category exceeds \$50,000. **Work Program #C13885**

Refer to motion for approval under Item G.

- 168. Department of Wildlife – Trout Stamp Program – FY 09** – Transfer of \$16,000 from the Reserve category to the Hatchery Refurbishment for Nevada Department of Wildlife category to complete a hatchery refurbishment project at the Mason Valley Hatchery. Requires Interim Finance approval since the cumulative amount added to the Hatchery Refurbishment for Nevada Department of Wildlife category exceeds \$50,000. **Work Program #C13917**

Refer to motion for approval under Item G.

- 169. Department of Transportation – Administration – FY 09** – Transfer of ~~\$294,806 from the Reserve category to the NDOT Logo Sign Program category and~~ \$111,730 from the Reserve category to the Bike Path Planning

category to realign funds balanced forward from fiscal year 2008. Requires Interim Finance approval since the amount transferred to the ~~NDOT Logo Sign Program~~ Bike Path Planning category exceeds \$50,000. **Work Program #C13665. REVISED OCTOBER 28, 2008.**

Refer to motion for approval under Item G.

- 170. Department of Transportation – Administration – FY 09 –** Addition of \$708,543 in Highway Fund Authorization to provide sufficient authority for projected in-state travel for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the In-State Travel category exceeds \$50,000. **Work Program #C13922**

Refer to motion for approval under Item G.

- 171. Department of Transportation – Administration – FY 09 –** Transfer of \$63,425 from the Operating category, \$34,914 from the Airplane Operations category, \$45,330 from the Information Services category, and \$62,100 from the Purchasing Assessment category ***to Reversion to the Highway Fund category*** to record the reduction of internal service rates and assessments for fiscal year 2009. The rates and assessments reduced include the Purchasing Division's Assessment; Risk Management Division's property and content insurance, aviation insurance, and heavy equipment insurance; and the Department of Information Technology's Infrastructure Assessment, Planning Assessment, Security Assessment, Programmer rate, Database Administrator rate, Site Space Rent rate, Channel Rent rate, DS1 Circuit rate and Site Power Recovery rate. Requires Interim Finance approval since the amount transferred from the Operating category exceeds \$50,000. **Work Program #IS4660**

Refer to motion for approval under Item G.

- 172. Department of Transportation – Administration – FY 09 –** Addition of \$1,041,536 in Highway Fund Authorization and \$8,177,454 in Federal Transit Authority (FTA) and Federal Aviation Administration (FAA) Grant funds to continue Intermodal Section programs and also to provide adequate authority for the Human Resources Division to conduct required drug and alcohol tests. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000. **Work Program #C13971**

Refer to motion for approval under Item G.

- 173. Department of Transportation – Bond Construction – FY 09 –** Transfer of \$6,105,023 from the 2008 Bond Issue category to the 2007 Bond Issue category and \$344,678 from the Reserve category to the 2007 Bond Issue category to reallocate the unexpended fiscal year 2008 remaining authority. Requires

Interim Finance approval since the amount transferred to the 2007 Bond Issue category exceeds \$50,000. **Work Program #C13862**

Refer to motion for approval under Item G.

- 174. Public Employees' Benefits Program – FY 09 –** Transfer of \$93,581 from the Operating category to the Reserve category to recognize rent savings for the Richard Bryan Building lease purchase project. Requires Interim Finance approval since the amount transferred from the Operating category exceeds \$50,000. **Work Program #C13746**

Refer to motion for approval under Item G.

- 175. Office of the Military – Adjutant General and National Guard – FY 09 –** Acceptance of \$54,598 in Transfer from Department of Emergency Management funds to provide for the salaries of members of the Nevada National Guard called to State Active Duty to fight fires in Northern California. Requires Interim Finance approval since the amount added to the Emergency Services category exceeds \$50,000. **Work Program #C14033**

Refer to motion for approval under Item G.

II. RECLASSIFICATIONS – Refer to motion for approval under Item G

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Secretary of State	040/1050	0112	Administrative Assistant III, 2.211, grade 27, step 10, \$47,606.40, Employee/Employer Paid Retirement	IT Technician II, 7.941, grade 27, step 10, \$47,606.40, Employee/Employer Paid Retirement
Public Utilities Commission	580/3920	0015	Administrative Assistant II, 2.212, grade 25, step 01, \$30,192.48, Employee/Employer Paid Retirement	Accountant Technician II, 7.141, grade 32, step 01, \$40,110.48, Employee/Employer Paid Retirement
Department of Employment, Training and Rehabilitation, Rehabilitation Division	901/3253	0103	Administrative Assistant II, 2.212, grade 25, step 01, \$30,192.48, Employee/Employer Paid Retirement	Business Enterprise Officer, 7.220, grade 32, step 01, \$40,110.48, Employee/Employer Paid Retirement
Department of Motor Vehicles	810/4711	CC7074	Administrative Assistant III, 2.211, grade 27, step 01, \$32,677.20, Employee/Employer Paid Retirement	DMV Technician II, 11.425, grade 25, step 01, \$30,192.48, Employee/Employer Paid Retirement

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Motor Vehicles	810/4711	CC5501	Administrative Assistant III, 2.211, grade 27, step 01, \$32,677.20, Employee/Employer Paid Retirement	DMV Technician II, 11.425, grade 25, step 01, \$30,192.48, Employee/Employer Paid Retirement
Department of Conservation and Natural Resources, State Parks Division	704/4162	0033	Park Ranger II, Commissioned, 13.142, grade 35, step 02, \$43,179.84, Employer Paid Retirement	Park Ranger II, Non- Commissioned, 1.922, grade 33, step 02, \$39,588.48, Employer Paid Retirement
Department of Conservation and Natural Resources, State Parks Division	704/4162	0067	Conservation Staff Specialist II, 01.810, grade 36, step 01, \$43,179.84, Employer Paid Retirement	Management Analyst II, 07.625, grade 35, step 01, \$41,321.52, Employer Paid Retirement
Department of Conservation and Natural Resources, Division of Environmental Protection. Revised October 28, 2008	709/ 3173 3186	0499	Environmental Scientist IV, 10.545, grade 38, step 01, \$47,042.64, Employer Paid Retirement	Supervisor, Professional Engineer, 6.207, grade 42, step 01, \$56,188.08, Employer Paid Retirement

*H. DEPARTMENT OF ADMINISTRATION – Status of General Fund shortfall based on preliminary revenue estimates made by the Economic Forum and actions taken or planned to address the estimated shortfall.

Andrew Clinger, Director, Department of Administration, distributed a document titled, *State of Nevada Projected General Fund Shortfall 2007-2009 Biennium* ([Exhibit G](#)), which he referenced throughout his presentation.

Mr. Clinger pointed out that the columns across the first page of the document represented the projected General Fund shortfall and solutions for which he provided the following projected shortfall information:

As of January 24, 2008	\$564,759,761
As of April 9, 2008	\$902,010,631
As of June 27, 2008	\$1,174,602,001
As of November 20, 2008	\$1,476,214,241
Difference between June and November	\$309,313,115

Mr. Clinger provided information on the following sections of the document:

Projected General Fund Revenue Shortfall for fiscal year 2008 and 2009

Mr. Clinger advised that the shortfall increased from \$777,870,662 in June to \$978,368,346 in November, which he said represented a little over \$3 billion in actual fiscal year 2008 revenue that the Economic Forum tentatively projected for fiscal year 2009. Mr. Clinger explained that the Economic Forum had provided a total projection for the seven major revenues rather than specific forecasts pending their December 1, 2008, meeting.

Additionally, Mr. Clinger advised that the Department of Taxation collected \$17,604,980 through the Tax Amnesty Program, which reduced the projected General Fund Shortfall. Mr. Clinger pointed out that the second page of the document reflected a \$13,604,980 difference between November and June figures for the Tax Amnesty Program, while the first page reflected a \$200,497,684 difference between November and June for the projected General Fund revenue shortfall.

Projected Reversion Shortfall

Mr. Clinger advised that approximately 2 percent of unspent General Fund money normally returned to the state at the end of each fiscal year, and initial projections reflected a fiscal year 2008 reversion of \$60 million. However, because of budget reductions, only \$23 million reverted to the General Fund, and forecasters lowered projections for fiscal year 2009 by \$50 million leaving a projected reversion shortfall for the current biennium of \$73,096,194, or \$48,096,194 more than projected in June.

Additional Distributive School Account Support Required

Mr. Clinger pointed out that the forecast for the additional Distributive School Account support required in June was \$275,199,374 and as of November \$312,420,459, an increase \$37,221,085. Mr. Clinger attributed the change to the Local School Support Tax (LSST), a 2.25 percent component of the sales tax, which the state was required to make up to the school districts.

Medicaid Shortfall

Mr. Clinger reported that the November forecast for the Medicaid shortfall reflected a total of \$67,462,298 although projections anticipated an \$88 million shortfall. Mr. Clinger explained that additional reductions of \$21 million to the previously reduced budget made up part of the Medicaid shortfall, which reduced the \$88 million projection to \$67,462,298 as of November. Mr. Clinger also pointed out that the second line under Solutions to the Projected Shortfall included the Medicaid reductions.

Division of Child and Family Services Supplemental

Mr. Clinger advised that in April 2008 forecasters projected a \$15,471,227 shortfall for Division of Child and Family Services Supplemental, which in June was reduced to \$12,416,726 and in November increased to \$15 million for an additional shortfall of \$2,583,274.

Although Mr. Clinger did not address the additional supplemental appropriations reflected in the document, he reported a total projected revenue shortfall of \$1,476,214,241 as of November 20, 2008.

Solutions to Projected Shortfall

Mr. Clinger highlighted the changes that occurred from June 2008 to November 2008 concerning solutions to the projected shortfall. As previously discussed, he attributed the difference for Budget Reserves of "Ongoing" and "One-time" Appropriations to the amount Medicaid reversed to cover their supplemental request.

Capital Improvement Budget Reserves

The November 2008 versus June 2008, difference for Capital Improvement Budget Reserves reflected a reserve of \$19,998 more than projected.

Eliminate Retiree Pre-funding of Health Insurance/PEBP Rate Holiday

The November 2008 versus June 2008, difference for the elimination of retiree pre-funding of health insurance and the Public Employees Benefit Program (PEBP) rate holiday reflected a negative \$25,646.

Deferred Maintenance in Operating Budgets (Decision Units M425, M750, and E256)

The November 2008 versus June 2008, difference for deferred maintenance in operating budgets reflected a negative \$57,576. Mr. Clinger attributed the difference between the \$808,053 identified in June and the \$750,477 identified in November to the 4.5 percent budget reductions.

Department of Information Technology - General Fund payback

Mr. Clinger advised that the General Fund payback was projected as a revenue line item and was reflected on a different line.

The Division of Insurance – Insurance Examiners' examination fees

The November 2008 versus June 2008, difference for Insurance Examiners' examination fees reflected a negative \$500,000. Mr. Clinger explained that since there was uncertainty as to whether the collection of Insurance Examiners' examination would occur, he removed the November figure.

Reduce Transfer to the Disaster Relief Account

The November 2008 versus June 2008, difference for the reduction of funding to the Disaster Relief Account reflected a figure of \$1,246,992.

Mr. Clinger explained that the \$2 million a year transfer to the Disaster Relief Account depended on the interest earned in the Rainy Day Fund, and the Legislature, during the June 2008 24th Special Session, transferred \$195 million from the Rainy Day Fund to the General Fund. Mr. Clinger pointed out that the reduced Rainy Day Fund balance also reduced the transfer of funding to the Disaster Relief Account, which provided a savings of \$1,246,992 compared to June.

Interim Finance Funds

Mr. Clinger advised of the availability of an additional \$327,293 under the provisions of A.B. 628, Sec. 37, 74th Legislative Session.

Additionally, Mr. Clinger reported a balance of \$16,117 of the funding to support a state fusion center, A.B. 628, Sec. 42, 74th Legislative Session.

Budget Reserves of "Ongoing" Appropriations – Average reduction of 3.42 percent

Moving to the second page of the document, Mr. Clinger highlighted a small adjustment in the November versus the June 2008 difference for budget reserves of 'ongoing' appropriations. Mr. Clinger reported a collection of \$105,581,660 versus the \$106 million reduction outlined in A.C.R. 2, 24th Special Session leaving a shortfall of \$418,340.

Property and Contents Budget Reserve

Mr. Clinger reported the reduction of rates charged to state agencies for Property and Contents Budget Reserve that netted a General Fund savings of \$83,553.

Internal Service Funds Budget Reserve

Mr. Clinger reported the reduction of other internal service fund rates, such as the Department of Information Technology for a savings of \$1,073,451.

Department of Taxation - Tax Amnesty Program

Mr. Clinger advised of initial projections of \$4 million in additional revenue versus an actual collection of \$17,604,980, which provided an additional offset of \$13,604,980.

Spend-down unappropriated General Fund balance

Moving to the final line in the document, the spend-down of the unappropriated General Fund balance, Mr. Clinger reported the difference in November versus June as a negative \$1,483,275. Mr. Clinger explained that the General Fund balance requirement was based on 5 percent of ongoing appropriations, and as the need for supplemental appropriations increased, the balance requirement increased as well reducing the amount that could be drawn down on the ending fund balance.

Mr. Clinger reported a \$309,313,115 net shortfall for the remainder of fiscal year 2008.

There were no questions from the members of the Committee.

I. STATEMENT OF CONTINGENCY FUND BALANCE

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported a Contingency Fund balance and available spending authority of \$9,771,495.73 and \$73,000 in requests for allocation from the Contingency Fund for the Committee's consideration.

***J. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND
IN ACCORDANCE WITH NRS 353.269**

1. Office of the Secretary of State – Request for allocation of \$42,006 to replace Special Services revenue in the Secretary of State's main administrative budget. **RECEIVED AFTER SUBMITTAL DEADLINE
AND WITHDRAWN, NOVEMBER 12, 2008**

The Office of the Secretary of State withdrew the request for allocation of \$42,006 on November 12, 2008.

2. Office of the Military – National Guard Benefits – Request for allocation of \$31,000 to provide projected tuition reimbursements for the remainder of fiscal year 2009

Miles L. Celio, Administrative Services Officer, Office of the Military, appeared before the Committee to request a \$31,000 allocation from the Contingency Fund to reimburse 2008 summer school tuition to members of the Nevada Army Air National Guard.

Mr. Celio advised that the fiscal year 2009 summer school tuition budget totaled \$20,000; pending applications totaled \$31,782.50, and an additional 12 applications were projected for June 2009.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM J.2.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Beers and Coffin
were not present for the vote.)

- *K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND –
A.B. 628, SECTION 37 (2007 Legislature) – Department of Public Safety –
State Board of Parole Commissioners – Request for allocation of \$385,341
to support costs for conducting inmate hearings that are greater than
legislatively approved or to ensure hearings are conducted in a timely
manner.**

Dorla Salling, Chairman, Board of Parole Commissioners, appeared before the Committee to request \$385,341 from the IFC Contingency Fund for the continuation of the Parole Board's function as a result of changes in the law under the provisions of S.B. 471, 2007 Legislature.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM K.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Assemblywoman Buckley asked whether the Parole Board had eliminated the hearing backlog.

Ms. Salling confirmed that between July 2008 and October 2008, the Board of Parole Commissioners conducted 5,000 hearings eliminating the hearing backlog in its entirety.

Assemblywoman Buckley questioned whether the Board would return to its previous procedure of conducting inmate parole hearings four months in advance of an inmate's parole eligibility date.

Ms. Salling advised that the Board was currently conducting hearings two months in advance of parole eligibility. Ms. Salling explained that conducting parole hearings four months in advance of eligibility was an arbitrary procedure that developed over the years in order to allow inmates time to prepare their parole plans. Additionally, Ms. Salling advised that the members of the Board, beginning in December, would conduct 500 face-to-face hearings with inmates and 100 in absentia, because of the unavailability of Board members. Beginning in January 2009, the Board would conduct all hearings with inmates in attendance.

Assemblywoman Buckley asked if the Board planned to return to conducting hearings four months in advance of eligibility.

Ms. Salling advised that conducting hearings four months in advance of eligibility was a goal that was contingent on additional budget reductions but the Board had not established a date to achieve that goal.

THE MOTION CARRIED. (Senators Coffin and Beers were not present for the vote.)

- *L. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF STATE LANDS, AND DEPARTMENT OF CORRECTIONS, SILVER STATE INDUSTRIES – Pursuant to NRS 321.335(2) and NRS 322.007, request to lease 22.5 acres of land to Buena Vista Indian Springs, NV Industrial Park, LLC to construct an industrial park.

Jim Lawrence, Administrator, Division of State Lands, Department of Conservation and Natural Resources, identified himself for the record, and introduced Lori Bagwell, Deputy Director, Support Services, Department of Corrections.

Mr. Lawrence appeared before the Committee to request approval to lease 22.5 acres of land, acquired from the Bureau of Land Management (BLM) in 2004, to Buena Vista Indian Springs NV Industrial Park. Under the terms of the 35 year-lease, which included four ten-year options for renewal, Buena Vista would construct and operate a 50,000-square-foot industrial park at Indian Springs, in southern Nevada, whose vendors would provide employment and training for a minimum of 50 suitable NDOC inmates.

In response to Senator Raggio, who asked for information concerning the proximity of the Industrial Park to the NDOC facility, Mr. Lawrence advised that Buena Vista would construct the industrial park at the Nevada Department of Corrections (NDOC) Indian Springs facility.

Additionally, Senator Raggio asked for information concerning language in the lease regarding "fair market value."

Mr. Lawrence explained that the "fair market" language was included in the lease so that in the event of the contract's termination, Buena Vista could continue the lease by paying the fair market value of the property minus any improvements they made.

Mr. Lawrence reported that the Division of State Lands' staff conducted their own fair market value analysis, and, given the remote location of the property and lack of services, arrived at a fair market value of between \$800 and \$1,200 per month for the 22.5 acres. Additionally, Mr. Lawrence explained that if the contract defaulted, the state had the option of purchasing the improvements minus any devaluation over time and operate the industrial park or decline to operate the park and sell the land at the fair market value based on the appraisal.

Senator Raggio questioned whether the construction of an industrial park might impede future expansion of the NDOC facilities at Indian Springs.

Lori Bagwell, Deputy Director, Support Services, Department of Corrections, indicated that NDOC staff did not foresee future development problems at the Indian Springs location and advised that the NDOC selected the site for the employment of inmates because of its proximity to the correctional facilities.

Assemblyman Marvel, speaking from his experience as the Chairman of the Committee on Industrial Programs, expressed support for the proposal and indicated that after several years of discussion by Committee members, he was glad to see the near completion of the project.

In response to Assemblywoman Buckley, who asked if the Governor's staff had reviewed the proposal, Ms. Bagwell advised that the proposal was approved at the last Board of Examiners' meeting.

Assemblywoman Buckley commented on the need for sufficient oversight to ensure meeting the project assumptions.

Assemblyman Goicoechea questioned whether the property was acquired from the BLM through the Recreation and Public Purposes (RPP) Act process.

Mr. Lawrence confirmed that the property was a part of a larger land holding acquired from the BLM through the RPP process. Additionally, Mr. Lawrence said that since Buena Vista would construct the industrial park, the state had to buy out the reversionary interest because of profit-making limitations placed on RPP property.

Senator Horsford questioned the type of employment and level of compensation that would be offered to inmates at the industrial park and whether wages would include deductions for restitution to victims.

Ms. Bagwell advised that whether or not an inmate earned minimum wage would be determined by the tier level in which they were placed. Additionally, Ms. Bagwell indicated that the intent of the NDOC staff was that all inmates employed at the industrial park would earn minimum wage and that, approximately 29 percent of wages would be deducted to meet the individual inmate's obligations, such as restitution to victims of crime, and room and board.

Additionally, Ms. Bagwell advised that although several vendors had expressed interest in the industrial park, representatives of the state and Buena Vista were waiting for approval of the lease agreement before signing any contracts.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM L.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

Senator Horsford expressed support for the motion but asked the record to reflect that legislators should receive detailed information throughout the process to ensure that the skills inmates were learning would be useful to them once they returned to society and that they paid restitution to victims of crime.

THE MOTION CARRIED. (Senators Coffin and Beers
were not present for the vote.)

Assemblyman Marvel advised that the conditions defined by Senator Horsford were standard within Prison Industries and that salary deductions for victims of crime, room and board, capital improvements, and taxes were built into the Prison Industries' program.

Ms. Bagwell agreed to provide reports to legislators as progress developed in bringing vendors to the industrial park.

- *M. DEPARTMENT OF HEALTH AND HUMAN SERVICES – AGING SERVICES DIVISION – SENIOR CITIZENS’ PROPERTY TAX ASSISTANCE – Pursuant to NRS 427A.535 and NRS 427A.595, request approval to reduce the average fiscal year 2009 senior tax refund for applicants above the poverty level by approximately \$10 per refund, or 2.89 percent. This request resulted from action by the IFC at the May 23, 2008, meeting to transfer \$243,387 from the Tax Assistance category to the Reserve for Reversion category

Carol Sala, Administrator, Division of Aging Services, Department of Health and Human Services, appeared before the Committee to report that the item before the Committee requested approval to reduce the average property tax assistance check to seniors above the poverty level by 2.89 percent or \$10.

Ms. Sala advised, however, that Nevada law required that the Division of Aging Services reduce property tax assistance payments to seniors if insufficient funding existed in the Tax Assistance budget category and that the Division was required to mail the reduced payments to seniors no later than 30 business days after consideration by the Interim Finance Committee.

Ms. Sala reported that during initial budget reductions of 4.5 percent, the Division of Aging Services reserved \$245,442 for reversion assuming that the number of applicants for rebate checks would be consistent with fiscal year 2008. Ms. Sala said, however, that the number of applications received statewide increased by 12.7 percent from the actual number in fiscal year 2008 and rather than experiencing a projected surplus, the Division projected a \$243,000 budget shortfall.

Additionally, Ms. Sala advised that Department of Administration officials recently requested additional budget reduction plans of 4 percent, 7 percent, and 11 percent. Ms. Sala indicated that in a worst-case scenario, an 11 percent reduction would require the Division to reduce the average refund to seniors, whose incomes were above the poverty level, from \$344 per eligible senior to \$271, or a \$73 decrease. Ms. Sala explained that revisions to the statute included a hold harmless provision for seniors whose incomes were at or below the poverty level and 3,185 eligible seniors had already received full refund checks. However, Ms. Sala said that 12,711 seniors, above the poverty level, were anxiously awaiting their checks and staff were receiving approximately 120 calls a day from seniors inquiring about their checks.

In response to Assemblywoman McClain's questions concerning the additional funding needed to fund the rebates at 100 percent in fiscal year 2009, Ms. Sala advised that only several weeks ago, the Division requested a \$10 or 2.86 percent reduction in the average rebate paid to seniors because of insufficient funding in the Tax Assistance budget category. Ms. Sala said that at that time, an additional \$122,322 would have been required to fund the rebates at 100 percent. Ms. Sala

said, however, that projections for an 11 percent budget reduction reflected the need for an additional \$800,000.

Assemblywoman McClain commented on the possibility of a temporary solution for the seniors until the 2009 Legislature could address the problem.

Mike Willden, Director, Department of Health and Human Services, wanted to ensure that Committee members understood the following two available options for which Division and Department representatives requested guidance:

- Option 1 would reduce property tax rebate checks to senior citizens by \$10, which would require the Division in a worst-case scenario of an 11 percent budget reduction to reduce client services by \$1.2 million.
- Option 2 would reduce property tax rebate checks by \$73 providing a \$271 check to seniors. Depending on whether additional budget reductions resulted in 4 percent, 7 percent, or 11 percent reductions, it was possible that recipients could receive a second check.

Assemblyman Marvel questioned the state's involvement in the payment of a tax rebate to seniors since the state no longer received ad valorem or property taxes for operating expenses.

Mr. Willden confirmed that the state no longer received ad valorem taxes but indicated that after twenty years, the program was only now facing challenges because of the current financial crisis.

Senator Raggio acknowledged that the Committee faced difficult choices but suggested following Mr. Willden's recommendation to reduce the tax assistance payment by \$73 and provide seniors a check of \$271. Senator Raggio indicated that if the next round of budget cuts amounted to less than 11 percent, the Division could issue a second check to seniors.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL TO
REDUCE THE SENIOR CITIZENS' PROPERTY TAX
ASSISTANCE PAYMENT BY \$10.

Assemblywoman Buckley indicated that seniors should receive their tax assistance payment as soon as possible, and, from a personal standpoint, said that the Legislature could not reduce the Division of Aging Services' budget by 11 percent.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

Senator Raggio pointed out that the motion did not take Mr. Willden's recommendation into consideration.

Assemblywoman Buckley indicated that the Committee's agenda reflected a request to reduce the average fiscal year 2009 senior tax refund for applicants above the poverty level by \$10 per refund.

Mr. Willden agreed that the agenda request reflected a \$10 reduction but indicated that his purpose in testifying was to ensure that the Committee members understood that a \$10 reduction in the payments would leave no ability to access General Fund money for further reductions and would necessitate reductions of \$1.2 million in client services. Mr. Willden recommended that in order to protect client services for seniors, the Division should reduce tax rebate checks to an average of \$271 until the Governor and the Legislature could determine whether budget reductions of 4 percent, 7 percent, or 11 percent were necessary.

Senator Raggio expressed his opposition to the motion but indicated he would agree to follow Mr. Willden's recommendation for \$271 checks and an option to send a second check depending on the availability of funding.

Mr. Willden pointed out that if the Division only reduced the budget by 7 percent, they would be required to eliminate 83 positions associated with waiver programs, elder protective services, and homemaker services.

Assemblywoman Buckley said that the Division's budget could not be reduced to such an extent and pointed out that seniors in the program were counting on the tax rebate.

Assemblywoman Buckley asked Mr. Willden to address the amount of the average rebate reduced by \$10 and \$73.

Mr. Willden advised that at the \$10 reduction, senior citizens would receive \$334 and at the \$73 reduction they would receive \$271.

Assemblywoman Gansert indicated that the choices between a \$10 reduction and a \$73 reduction were difficult and questioned whether there was a middle figure at which the Committee could arrive.

Mr. Willden advised that the Department and agency representatives were open to an "up-to" figure with which the Committee was comfortable. Although he concurred that the money was owed to the seniors and that he would like to have the checks mailed as quickly as possible, he said the question regarding the necessity of a 4 percent, 7 percent, or 11 percent budget reduction remained.

Assemblyman Grady expressed his understanding that checks to seniors living below the poverty level had been mailed and that the question before the Committee was the issue of sending checks with either a \$10 or up to a \$73 reduction to seniors above the poverty level.

Chairman Arberry called for a vote on the motion to reduce the senior citizens' property tax assistance payment by \$10.

THE MOTION FAILED. (Senator Raggio and Senator Cegavske voted nay. Senator Coffin and Senator Beers were not present for the vote. Assemblyman Grady, Assemblyman Goicoechea, Assemblywoman Gansert, and Assemblyman Hardy voted nay.)

Senator Raggio suggested approval of the larger \$73 reduction or an average check of \$271 and indicated that perhaps after addressing the next round of budget reductions, the payment to seniors could be augmented.

SENATOR RAGGIO MOVED APPROVAL TO REDUCE PROPERTY TAX ASSISTANCE CHECKS TO SENIORS LIVING ABOVE THE POVERTY LEVEL BY \$73 FOR AN AVERAGE CHECK OF \$271 SUBJECT TO FUTURE AUGMENTATION WITH THE AVAILABILITY OF FUNDING.

SENATOR CEGAVSKE SECONDED THE MOTION.

Assemblywoman McClain expressed agreement with previous testimony that indicated that the Division's budget could not withstand an 11 percent reduction or the loss of additional client services and discussed the possibility of a \$300 rebate to seniors.

Assemblywoman Smith questioned the costs involved in mailing a second set of checks.

Ms. Sala advised that although she was uncertain of the cost to send out additional checks, the Division would be required to mail checks to 12,711 seniors.

Assemblywoman Smith pointed out that the costs involved in mailing 12,711 checks in addition to calls and a possible backlash similar to the one that occurred a few years ago when the state mailed rebate checks to the public, did not make sending additional checks a good option.

Assemblywoman Buckley agreed that waiting several months and sending out additional checks at varying amounts did not appear to be a viable option and indicated she would agree to a compromise between the \$10 and \$73 reduction.

Senator Raggio indicated that he wanted checks to be mailed to seniors as quickly as possible but that he did not want to augment the current budget problems. Additionally, he pointed out the reality of an additional \$300 million shortfall for fiscal year 2009 and that a future budget reduction of 7 percent would require the Division of

Aging Services to discharge 83 workers, which, as previously discussed, would affect other programs.

Assemblyman Hardy pointed out that checks had already been mailed to seniors living below the poverty level and while mailing checks to seniors living above the poverty level could be considered "life-sustaining," his decision would be based on life-saving not life-sustaining issues.

Assemblywoman Gansert expressed concern regarding the potential reduction of 83 Aging Services' positions that would affect client services for the elderly.

Assemblywoman Smith indicated that it appeared assumptions were being made regarding "across-the-board" budget reductions, and the Division of Aging Services' was an example of a budget that could not be reduced in such a fashion. Additionally, Assemblywoman Smith pointed out that checks to seniors who were just above the poverty level might allow them to buy groceries or prescriptions, which she considered a life-saving situation.

In view of the clarity of the law regarding reduced payments because of an insufficiency of funds, Senator Raggio asked the Committee to consider the reality of the current financial crisis and that sending a payment that was more than recommended by the Division ran the risk of reducing critical clinical services and positions. Additionally, Senator Raggio pointed out that if legislators were going to engage in similar discussions on other budgets, the \$300 million shortfall for fiscal year 2009 could not be resolved. Senator Raggio suggested, however, that he would be willing to withdraw his motion to reduce payments to \$271 and move approval for payments of \$300.

SENATOR RAGGIO WITHDREW HIS PREVIOUS MOTION
AND MOVED APPROVAL TO SEND \$300 AVERAGE
CHECKS FOR PROPERTY TAX ASSISTANCE TO
SENIORS LIVING ABOVE THE POVERTY LEVEL WITH
THE UNDERSTANDING THAT IF THE FUNDING BECAME
AVAILABLE AFTER FINAL BUDGET REDUCTIONS, A
CHECK AUGMENTING THE ORIGINAL CHECK WOULD
BE SENT.

SENATOR MATHEWS SECONDED THE MOTION.

Assemblywoman Buckley observed that while a certain frustration level existed, the Committee had engaged in a healthy debate regarding the critical choices ranging from the possibility of reducing positions to telling Nevada's poorest citizens they would not receive the rebate checks they were expecting.

Chairman Arberry called for a vote on the motion and expressed his appreciation to members of the Committee for arriving at a compromise after considering such difficult choices.

THE MOTION CARRIED. (Senators Coffin and Beers were not present for the vote.)

Assemblywoman Buckley suggested delaying the checks in the event that checks could be adjusted to the higher amount if legislators, staff, and representatives of the Administration could resolve the \$300 million shortfall for fiscal year 2009 in a meeting later in the day.

Senator Raggio indicated he wanted the checks to be mailed as soon as possible.

Ms. Sala advised that the checks would be sent out in batches because of the sheer number and said that the checks were in a queue and ready to be sent upon approval by the Committee.

Chairman Arberry advised the Division representatives to send the checks as soon as possible.

***N. DEPARTMENT OF PUBLIC SAFETY – HIGHWAY PATROL**

1. Pursuant to NRS 353.335(5), request approval to accept a \$55,000 donation for overtime costs associated with transporting visiting Governors for the National Governors Association event in Las Vegas.
WITHDRAWN, NOVEMBER 12, 2008

Chairman Arberry announced that Item N.1 was withdrawn on November 12, 2008.

2. Pursuant to the September 16, 2003, Interim Finance Committee meeting, request for approval to dispose of 150 MHz radio backbone equipment.

Colonel Christopher Perry, Chief, Nevada Highway Patrol, appeared before the Committee to report on the Department of Public Safety's (DPS) disposition of 150 *megahertz* (MHz) radio equipment.

Colonel Perry advised that in 2003, the Department of Public Safety began transitioning from the 150 MHz radio system to an 800 MHz trunked radio system. With the successful transition to the 800 MHz Nevada Shared Radio System (NSRS), Colonel Perry recommended the disposition of excess 150 MHz equipment in the following manner:

- The NSRS would utilize a portion of the equipment.

- The Office of Homeland Security and the Nevada Communications Steering Committee (NCSC) would utilize another portion of the equipment for radio connectivity to the 800 MHz radio system. The equipment would provide the Highway Patrol, Nevada Department of Transportation (NDOT) and 150 MHz radio system users with interoperability requirements on Nevada highways.
- A third set of equipment would be disposed of in accordance with state of Nevada Purchasing Division regulations.

Colonel Perry advised that grant funding was currently available to create a standalone VHF conventional system that would link to 800 MHz repeater sites. He said, however, that although the initial plan called for 38 "cross band repeater sites," funding availability allowed for the purchase of 800 MHz equipment for 25 sites, and he proposed using the equipment the state already owned as a "stopgap measure" for the next two and a half to three years.

In response to Chairman Arberry, who questioned the DPS' current use of the 150 MHz system equipment, Colonel Perry reiterated that the DPS proposed to use the system to allow for interoperability communication between the Highway Patrol, NDOT and 150 MHz radio system users in local rural counties.

Colonel Perry said that utilizing the 150 MHz equipment to link to the 800 MHz system would provide a good use of public assets as well as provide for communications between rural law enforcement agencies and first responders without additional expenditures.

In response to questions Assemblyman Denis asked about the disposal of the 150 MHz equipment, Colonel Perry advised that a portion of the equipment was ready to be surplus through the State Purchasing Division but indicated that the DPS requested the retention of another portion of the equipment for radio interoperability utilization.

Assemblyman Denis questioned whether the rural communities would switch to the 800 MHz system in the future.

Speaking from experience as a member of the Nevada Communications Steering Committee, Colonel Perry expressed the opinion that a need for interoperable communications would always exist between the 800 MHz and 150 MHz band systems. Additionally, Colonel Perry pointed out that approval of the proposal would allow for the use of federal funding to strengthen the interoperable connectivity without purchasing additional equipment.

In response to Assemblyman Denis, who questioned maintenance of the 150 MHz and 800 MHz systems, Colonel Perry confirmed that maintenance would continue to be required for power sources, combiners, antennas, and radio equipment.

Robert Chisel, Administrative Services Officer, Nevada Department of Transportation, advised that the NDOT would experience additional maintenance, operating, and staff costs to preserve the equipment, as well as an additional \$150,000 a year in "rack space rental" to maintain the equipment on mountaintop sites.

Mr. Chisel pointed out that non-maintenance of the equipment would hamper interoperable communications with rural law enforcement officials during public safety situations.

In response to Senator Rhoads, who questioned whether the state would sell or donate the 150 MHz equipment to rural counties, Colonel Perry advised that the NDOT purchased the equipment, which would be surplus through the State Purchasing Division. Colonel Perry advised that the rural counties would have an opportunity to purchase the equipment at a reduced rate while the state would maintain the equipment retained for the mountaintop sites for use by the rural communities.

Dennis Cobb, State Interoperable Communications Coordinator and Chairman of the Nevada Communications Steering Committee, identified himself for the record. Mr. Cobb advised that it was unlikely rural communities would choose to go to an 800 MHz system, in part, because of funding but also because of the physics involved in each of the systems. Mr. Cobb reiterated earlier testimony that radio interoperability could link 800 MHz radio users and 150 MHz radio users in a practical way that preserved the initial investment of taxpayer money in the 150 MHz radios. Mr. Cobb advised of the availability of \$2.4 million in Federal Homeland Security Grant funding to acquire equipment for 38 cross band repeater sites. Additionally, Mr. Cobb explained that each site would have three channels of connectivity between the state and the local systems. Mr. Cobb pointed out that although there was not enough funding to acquire equipment for 38 sites, the available funding would go further if the state did not have to purchase 75 new 150 MHz radios at \$10,000 each.

As previously indicated, Mr. Cobb advised that approval of the proposal would allow for radio interoperability in the next few months between 800 MHz and 150 MHz radio users throughout the state.

Chairman Arberry noted, for the record, that the Committee did not have the authority to approve the disposition of the 150 MHz equipment and, therefore, there was no action required by the members.

In response to questions Assemblyman Parks asked about the rural counties' use of the radios, Mr. Cobb provided an example and said that during the recent Wells earthquake, county officials communicated with state responders via a single very high frequency (VHF) channel throughout the entire incident. Mr. Cobb explained that with the installation of the repeater sites, three additional channels would connect the rural counties to the state system and while rural communities would preserve one

VHS channel for local jurisdictional activities, they could utilize three channels to maintain communications with state responders.

In response to Assemblyman Denis, who questioned the difference between new \$10,000 150 MHz radios and the current used equipment, Mr. Cobb advised that the current value of a used 150 MHz radio, depending on condition, was approximately \$4,500. Additionally, he said that although some of the radios might not be reusable because of FCC regulations, there were enough usable radios to complete the project and provide a 300 percent increase to rural communities and their Highway Patrol partners when they were working on extreme incident matters.

- *O. DEPARTMENT OF PERSONNEL – Request approval to amend the unclassified salary of the Division Administrator, Administrative Services, pursuant to S.B. 575, Section 2 (2007 Legislature).

Shelly Blotter, Interim Director, Department of Personnel, appeared before the Committee to request approval to increase the annual unclassified salary for the Department's Division Administrator for Administrative Services. Ms. Blotter reported that the position recently became vacant upon the retirement of the incumbent, who had remained in the Classified Service as an Administrative Services Officer IV.

Ms. Blotter advised that in 2005, the Legislature approved the conversion of some division administrative positions from the classified to the unclassified service and that Department representatives requested a higher rate of pay for the Administrator for Administrative Services in 2005 and in 2007. Ms. Blotter explained that funding in the Department's budget was for the higher amount and that the request, if approved, would correct what appeared to be an oversight in the Unclassified Pay Bill.

Additionally, Ms. Blotter explained that the unclassified Administrator position earned \$87,772, while the position's closest subordinate, a classified Information Technology Manager IV, earned \$97,593. Additionally, Ms. Blotter pointed out that there was no incentive for an Administrative Services Officers IV in the Classified Service to consider the position and that an Administrative Services Officer I, seeking a promotion, would not have the necessary experience to do a good job.

Assemblywoman Buckley disputed the oversight argument and advised that a review of the records revealed there were no errors in the Unclassified Pay Bill. Assemblywoman Buckley suggested, however, that Department representatives could seek a salary adjustment during the 2009 Legislative Session to eliminate salary compaction issues.

ASSEMBLYWOMAN BUCKLEY MOVED TO DENY THE REQUEST.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED.

P. INFORMATIONAL ITEMS

Chairman Arberry announced that the Committee would hear testimony pertinent to the following informational items:

Office of the Governor Item 1.a; Department of Personnel Item 8; Economic Development and Tourism Item 13.b; Department of Health and Human Services Item 14.f.2; Department of Corrections Item 15.

Refer to [Exhibit C](#) to review the entire list of Item P Informational Items.

1. OFFICE OF THE GOVERNOR

- a. Office of Nuclear Projects – Update on the Department of Administration's review of over-expenditures and spending irregularities that occurred in the Office of Nuclear Projects' budget during FY 2008.

Andrew Clinger, Director, Department of Administration, referenced a document prepared by the Department of Administration staff entitled, *High Level Nuclear Waste General Fund Reconciliation 2008*, ([Exhibit H](#)), which provided an accounting of funding transferred in the Agency for Nuclear Projects' budget from fiscal year 2009 to fiscal year 2008. Mr. Clinger reported a shortfall in the Personnel Services category of \$73,885.86, for which the Western Governors' Association Grant Funds covered \$37,605.22 leaving an actual shortfall to the General Fund of \$36,280.64.

Mr. Clinger pointed out that some categories in the Nuclear Projects' budget, such as the Information Services' category reflected a \$4,637.93 balance remaining in the fiscal year 2008 budget while the Nevada Protection Fund category experienced a \$287,175.89 shortfall for fiscal year 2008.

Mr. Clinger reported the total budget shortfall for the Agency for Nuclear Projects was \$318,156.12, and the \$181,844.00 balance of funding was reverted to the state General Fund.

Mr. Clinger also discussed a November 12, 2008 letter ([Exhibit I](#)), from the General Counsel for the Office of the Governor to the Controller. The letter, included in the Committee's meeting material, requested a determination on whether employees of the Agency for Nuclear Projects received salary overpayments dating back to fiscal year 2006. Mr. Clinger explained that under the provisions of *Nevada Revised Statutes (NRS)*, it was the State Controller's responsibility to either determine that salary overpayments occurred or to schedule a hearing in order to arrive at a determination. Mr. Clinger advised that the State Controller had responded to the letter and requested additional information regarding the issue and that he was not

aware that the Controller had scheduled a hearing or determined that salary overpayments had occurred.

Assemblywoman Smith noted several issues discussed at the September 2008 meeting for which staff requested information that had not been provided. Assemblywoman Smith recalled that the issues discussed at the September meeting included a request for information on the history of granting salary increases to Nuclear Projects' staff and whether the Public Employees' Retirement System (PERS) could reverse the enhanced retirement benefit that employees received through the salary overpayments. Assemblywoman Smith asked that representatives of the Department of Administration respond to the information requested by the Committee's staff as well as the information related to recent news that the Office of Nuclear Projects' staff had retained legal counsel regarding the overpayment issue.

Mr. Clinger responded that an initial review of the Agency for Nuclear Projects' budget account reflected that salary overpayments had occurred since fiscal year 2006 and that he believed that overpayments had occurred prior to that. Mr. Clinger reported that Department of Administration staff requested the Division of Internal Audits' staff to review the salary history prior to fiscal year 2006. Additionally, Mr. Clinger advised that the letter that the Governor's General Counsel sent to the Controller was based on the initial review, which indicated that the overpayments dated to at least fiscal year 2006.

Mr. Clinger advised that PERS staff had indicated that if the Controller determined that salary overpayments occurred, retirement benefits would be adjusted in accordance with the reduced salaries.

In response to Assemblywoman Smith's question regarding whether the repayment of the salary overpayments to Nuclear Agency employees had become a legal issue, Mr. Clinger advised that representatives of the Office of the Governor sent letters to all employees that received overpayments requesting repayment dating back to 2006. Mr. Clinger expressed uncertainty regarding legal issues and indicated that the first step would be the Controller's determination.

Chairman Arberry questioned why Department of Administration representatives had not specifically responded to questions contained in the request for information memorandum from the Committee's staff.

Mr. Clinger advised that the October 8, 2008 request for information from the Committee's staff requested a written response by November 5, 2008. Mr. Clinger indicated that while he intended no disrespect to the Committee or staff, he had verbally responded to the request because in prioritizing his duties, he "simply" did not have the time to provide a written response.

Chairman Arberry asked the Department of Administration representatives to provide a written response to the questions posed in the October 8, 2008 memorandum from the Fiscal Analysis Division staff as originally requested.

Senator Raggio requested that representatives of the Commission on Nuclear Projects report on the status of nominations for the Director's replacement during the Interim Finance Committee's following meeting.

8. DEPARTMENT OF PERSONNEL – Status report regarding second quarter personnel and payroll assessment billing claims. RELATED TO ITEM G.24.

Refer to narrative under Item G. 24.

13. ECONOMIC DEVELOPMENT AND TOURISM

- b. Status report on the utilization of STAR Bonds within tourism improvement districts created pursuant to NRS 271A.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced that copies of the city of Reno's STAR Bond Status Report ([Exhibit E](#)) were distributed to the Committee.

Andy Green, Finance Director, City of Reno, reported on the success of the STAR Bonds economic development program in bringing the Cabela's project to the city of Reno. Mr. Green said that although there were challenges, the STAR Bond process proved to be a valuable economic tool that could be used throughout the state and that city representatives looked forward to working with Legislative members to improve the program for future economic development.

Mr. Green provided the following information:

- The STAR Bond process was used to stimulate economic development in tourism improvement districts.
- A maximum 20-year district term existed for STAR Bonds.
- The preponderance of incremental sales tax revenue generated by a particular project was required to be attributable to transactions with out-of-state visitors.
- A positive fiscal impact, based on an independent fiscal analysis, was required for affected governmental entities before the formation of a tourism improvement district.
- Establishing a tourism improvement district required approval by affected individual local governments, the Washoe County School District, the Nevada Commission on Tourism, and the Governor.

- The STAR Bond process in Reno was utilized in a \$51 million project to construct Cabela's, a 129,000 square-foot sport-related retail store.
- A sales tax distribution of up to 75 percent of the base sales tax rate was used to support the debt for the Cabela's project with 2.25 percent distributed between Washoe County, Reno, Sparks, and Special Districts; 2.25 to the Washoe County School District, and 2 percent to the state of Nevada for a 6.5 percent total.
- Post-STAR Bond financial distribution of the remaining 25 percent of the sales tax based on projections of \$50 million in annual sales reflected that the Washoe County School District would receive about \$281,000 that they would not receive absent the Cabela's project.

Mr. Green advised that the STAR Bond process required an independent fiscal analysis to ensure a positive fiscal impact on the provision of services, and the city of Reno hired Meridian Business Advisors whose report reflected the following information:

- A \$324 million one-time economic impact to the area because of the Cabela's project
- 234 permanent jobs
- 486 temporary jobs
- Estimated over 2 million out-of-state visitors per year
- Applicable jurisdictions would continue to receive 100 percent of the sales tax rate outside of the base rate

Mr. Green explained that Washoe County, for example, would receive 100 percent of a 1/8th cent sales tax component dedicated to a flood control project and another 1/8th cent sales tax component dedicated to the "retrack" project.

Additionally, Mr. Green discussed the approval process required to move forward with the STAR Bond program and the Cabela's project that included approval by the Reno City Council and Washoe County School District, and comments from the Washoe County Board of Commissioners. The Board of Commissioners received the Meridian report and provided positive comments for creation of the district although their approval was not required.

Mr. Green reported that to ensure a greater accountability for the project and to shift the risk from the taxpayers, the city of Reno required Cabela's to:

- Purchase \$34.7 million of tax-exempt and taxable bonds

- Cash fund a \$1.2 million reserve
- Use \$16 million of their own money to fund the project
- Pay prevailing wage
- Not place another store within 150 miles of the store in northwest Reno

M. Green explained that the cash reserve component provided an extra cushioning level to help support estimates for future sales tax revenues. Additionally, he said that by having Cabela's purchase their own bonds, city officials could ensure that the amount of return Cabela's would receive was not extraordinarily higher than what they would normally receive but comparable to interest rates imposed on any other city-issued debt. Ultimately, he said the city applied comparable interest rates of 4 percent for tax-exempt bonds and 6.5 percent for taxable bonds.

Mr. Green provided the following information regarding internal lessons that city officials learned during the STAR Bond process:

- Third party administration of prevailing wage compliance
- Third party administration for construction cost verification
- 150-mile radius non-compete requirement to prevent a proliferation of stores that would weaken the sales results of a particular store
- A "go-dark" provision that required if the project dissolved during the time the bonds were outstanding, Cabela's would be required to meet with the city of Reno officials to restructure the debt

Concluding his presentation, Mr. Green thanked the Committee for the opportunity to provide a status report on the STAR Bonds process, which he indicated was a valuable economic tool that city officials would work with the Legislature to improve.

Assemblywoman Debbie Smith expressed her appreciation for the report explaining that she had requested the information since utilization of STAR Bonds was a new concept to the state and with several other proposed projects throughout the state wanted to ensure that the Committee members had a good understanding of the issue.

Assemblywoman Smith asked Mr. Green to explain who would have assumed the risk if Cabela's had not purchased the bonds.

Mr. Green explained that typically the entity issuing the debt assumed the risk but if the entity's revenue stream did not support the debt service, a default could potentially increase interest costs. Mr. Green said that Cabela's, as the bond holder, had an incentive to ensure their estimates were met in order to receive repayment.

Assemblywoman Smith asked about the availability of data concerning the number of out-of-state visitors to the Cabela's store since the market study reflected that the majority of visitors would be from out of the state.

Mr. Green clarified that the preponderance of revenue had to be attributable to transactions with out-of-state visitors.

John McIntyre, Project Management Consultant, city of Reno, advised that Department of Taxation data demonstrated that Cabela's was performing at or above projections. However, Mr. McIntyre advised that Cabela's officials, for "good reason," would not release information on the number of visitors because that information would also be available to their four major competitors. He said, however, that approximately 68 percent of the increase in the sales tax was projected from out-of-state sources based on Cabela's internal knowledge about their market, and city officials were comfortable that visitor projections were being met.

Assemblywoman Smith expressed concern regarding the lack of data that demonstrated the revenue attributable to out-of-state visitors and advised that the STAR Bonds economic development program would be a topic that would be addressed during the 2009 Legislative Session.

In response to Assemblyman Hardy's questions regarding projections provided by Meridian Business Advisors, Mr. Green advised that in 2006 Meridian Business Advisors reviewed the numbers of out-of-state visitors to Cabela's stores in other parts of the country and the sales tax activity generated by those stores. Mr. Green suggested that perhaps future legislation could include the provision of ongoing analysis. He said, however, that a negative issue could arise in selling bonds outside of the normal public market if a potential impairment occurred going forward.

Additionally, Mr. Green advised that after reviewing the analysis and an annual report, required by the Securities and Exchange Commission (SEC), which provided a comprehensive summary of performance, city officials reduced the \$400 per square foot estimate for sales to \$348 that lowered the amount of bonds issued.

Senator Mathews asked that Mr. Green, for the city of Reno, and Mr. Carey, for the city of Sparks, forward to her, for distribution to the Committee, information concerning the complaints they received regarding the project, the STAR Bond process, and whether that process had negatively affected small businesses.

Senator Raggio, who temporarily assumed the duties of the Chair, asked city of Sparks representatives to go to the witness table while documents ([Exhibit F](#)) associated with their presentation were being distributed to the Committee.

Shaun D. Carey, City Manager, city of Sparks, expressed his thanks to the Committee for the opportunity to provide a status report and for the past legislation that provided local governments an economic tool to use sales tax revenue for investments,

particularly for northern Nevada that was struggling for tourism. Mr. Carey advised that both Reno and Sparks judiciously used the STAR Bonds economic development program to draw tourists to their respective communities.

Mr. Carey reported that in April 2008, the city of Sparks entered into an agreement with Red Development, a Kansas City company, to construct a 1.3 million-square-foot shopping and entertainment destination located east of the Sparks Marina at the intersection of Interstate 80 and Sparks Boulevard. Additionally, Mr. Carey reported a \$156 million financial investment by the city of Sparks and an \$811 million investment by Red Development.

Mr. Carey advised that the city of Sparks to date had issued just over \$80 million in STAR Bonds using an underwriter, City Group, which marketed the bonds nationally to "sophisticated" investors. Mr. Carey said that the city issued the bonds in two releases, the first for \$23.8 million at 6.5 percent interest accruing and maturing on June 15, 2020 and a second release of \$59.4 million at 6.75 percent interest accruing and maturing in June 2028. Mr. Carey reported that with leases for the retail property signed and the generation of sales taxes assured, the city was entering the next phase of issuing STAR Bonds for the project, which would allow moving from the current release of \$80 million to \$156 million.

Mr. Carey drew the Committee's attention to a comparison of a 100-acre project that was formerly a construction materials processing site and gravel pit. He said the property had to overcome environmental constraints, and many would-be projects had failed over the past 16 years. However, he said that by creating a massive project with a tourism focus, the city of Sparks was able to overcome the environmental constraints for a project that would develop into productive use.

Mr. Carey advised that Sparks followed the same STAR Bonds process as Reno and obtained the approval of Washoe County, Nevada Commission on Tourism, and the Governor. Mr. Carey further advised that the project would draw visitors from across the United States and from the specific northern Nevada marketing area as evidenced by the point diagram ([Exhibit F](#)) that reflected the zip codes of visitors currently shopping at the outdoor sporting goods mega-store, Scheels, at the Sparks Marina.

Additionally, Mr. Carey reported that Sparks' officials would work with the members of the Legislature to fine-tune the STAR Bond development program to ensure accountability and that the program's use as an economic tool remained viable and safe for the public in the future.

Concluding his presentation, Mr. Carey advised that Sparks' city officials included the payment of prevailing wage in their financial agreement and would fulfill the clear intent of the Legislature that prevailing wages be associated with the use of public funds.

Chairman Raggio commented that the Cabela's store in Reno and Scheels in Sparks were impressive facilities and that members of the Committee who had not yet visited were in for a "great surprise."

Assemblywoman Smith agreed that the stores were wonderful, expressed her appreciation for the point diagram of a 7-day sampling of sales at Scheels and indicated that she expected the availability of similar information moving forward.

Mr. Carey advised that although the contract with Red Development did not include a requirement for the sampling by shopper zip code, he expected that with the need to issue additional bonds for the project, the company would continue to provide the information if requested to do so.

Assemblywoman Smith questioned whether developers in a redevelopment zone could also obtain local government benefits.

Mr. Carey responded that the city of Sparks "prudently" used redevelopment dollars as well as STAR bonds in the development of a previously discussed former construction site and that combination of funds was "uniquely" applied to overcome the very poor ground conditions that prevailed in that area.

Assemblywoman Smith also questioned the closure of an existing store in Sparks after opening a new store adjacent to the Sparks Marina project. Assemblywoman Smith pointed out the loss of tax revenue for the store that closed and that 75 percent of the sales tax generated in the new store would go to repaying the debt to construct the Scheels sporting goods store.

Mr. Carey advised that it was the intent of Sparks city officials to bring visitors to a sustainable tourism destination that would promote the northern Nevada economy and indicated that he believed the Sparks Marina project would do so. Mr. Carey explained that the retail market was cyclical and stores made decisions to move to new locations based on their ability "to grow their bottom line." Mr. Carey explained that the Target store that chose to relocate from the Prater Way location to an area adjacent to the Sparks Marina project and the freeway would be supporting the tourism improvement district but that the Target store did not benefit from the STAR Bonds program by relocating. Mr. Carey agreed, however, that city officials and members of the Legislature needed to address the tax issue associated with stores closing in one area and relocating to a tourism district.

There were no additional questions from the members of the Committee, and Chairman Raggio expressed his thanks to the city of Sparks and city of Reno representatives for their presentations.

Mr. Carey invited legislators to participate in the city of Sparks December 6, 2008 Hometown Christmas parade, which would include a tour of Scheels, which he defined as the world's largest sporting goods store.

Assemblywoman Buckley also expressed her appreciation to the Sparks and Reno representatives for their presentations and indicated that the members of the 2009 Legislature would examine the STAR Bond process "from top to bottom." Assemblywoman Buckley agreed with the overall plan for spurring economic development projects but indicated that the state needed to have more involvement in the process. Assemblywoman Buckley said it was difficult to balance the state budget when others had the ability to abate funding needed for state programs.

Chairman Arberry, resumed his duties as the Chairman and announced that Assemblyman Hogan had arrived.

14. DEPARTMENT OF HEALTH AND HUMAN SERVICES

f. Division of Welfare and Supportive Services

- (2) Report on the recommendations for implementing the 2008 and 2009 federal SSI payment increase (letter of intent, 2007 Legislature).

Mary Liveratti, Acting Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, identified herself for the record and introduced Gary Stagliano, Deputy Administrator, Program and Field Operations and Romaine Gilliland, Deputy Administrator, Fiscal Affairs. Ms. Liveratti appeared before the Committee in response to a 2007 Legislative Letter of Intent that requested that representatives of the Division of Welfare and Supportive Services provide the Committee with information on how they proposed to implement the annual federal Supplemental Security Income (SSI) payment increase.

Ms. Liveratti provided the following three options available to the state for the implementation of SSI increases:

- Direct the entire increase to recipients' personal needs allowance in a group care home
- Direct the entire increase to group care operators for room and board costs
- Divide the increase between the recipients for personal needs and the group care operators for room and board

Ms. Liveratti reported a 2.3 percent cost-of-living (COLA) increase in 2008, which amounted to approximately \$14 that the Division divided between the recipients and the group care operators.

Ms. Liveratti advised that the Division proposed to divide a 5.8 percent SSI COLA increase effective January 2009, between the recipients and the group care operators. Ms. Liveratti indicated that the personal needs allowance would increase by the same

percentage as the SSI COLA rounded to the nearest dollar and the balance of the increase would go to group care operators for the cost of room and board.

In response to Senator Raggio's request for additional information concerning the COLA increase and the proposed distribution, Ms. Liveratti advised that the Division proposed to increase recipients personal needs allowance from \$104 per month to \$110 per month and increase group care operators by \$31 for the cost of room and board.

In response to Assemblyman Denis' request for additional information, Ms. Liveratti advised that the SSI COLA increase and the distribution process occurred annually. Ms. Liveratti explained that for many years, the recipients received the entire COLA increase, but when group care operators reported that they could not meet the increasing costs for care, the Division divided the COLA increase between recipients and providers.

15. DEPARTMENT OF CORRECTIONS – Plan for closing housing units/facilities in response to proposed budget reductions in the 2007-09 and 2009-11 bienniums

Lori Bagwell, Deputy Director, Support Services, Nevada Department of Corrections (NDOC), identified herself for the record. Ms. Bagwell indicated that she was prepared to answer questions regarding the Department of Corrections' status report on the proposed closure of the Nevada State Prison (NSP) and the Tonopah Conservation Camp (TCC).

Chairman Arberry asked for comments on the need to immediately close Units 3 and 8 at the NSP prior to an in-depth review during the 2009 Legislative Session.

Ms. Bagwell advised that the Department had already closed Unit 8 and in December staff were to begin working with entities involved in the transfer of inmates to finalize plans on how to accomplish a complete closure of NSP by June 30, 2009, a date previously submitted to the Committee. Additionally, Ms. Bagwell reported that the NDOC representatives had submitted 4 percent, 7 percent, and 11 percent budget reduction plans in the event Unit 3 had to close sooner depending on which percentage reduction was required.

Chairman Arberry asked for comments on the status of the personnel in the 22 positions affected by the closure of NSP Units 3 and 8.

Ms. Bagwell responded that the NDOC Administration had transferred personnel as vacancies occurred and to date there were no employees who had received layoff notices.

Assemblywoman Buckley pointed out that Assembly Concurrent Resolution (ACR) 2 of the 24th Special Session resolved that the Nevada Department of Corrections

should develop alternatives to the closure of a prison to accomplish budget reductions and that it appeared that the NDOC Administration had defied the intent of ACR 2. Assemblywoman Buckley requested that NDOC administrators cease the closures of NSP units and conservation camps and work with the Legislature and the Office of the Governor on how best to proceed.

Assemblywoman Buckley indicated that the NDOC could not sustain additional reductions and that it was illogical to close NSP and request funding to construct another prison. Additionally, Assemblywoman Buckley indicated that although the NSP appeared be reaching a point in which the structures were showing their age, the current economic situation called for belt tightening, maintaining inmate beds, and reviewing future construction plans.

In response, Ms. Bagwell said that if the Committee members were telling the NDOC representatives that the Legislature was not going to select Nevada State Prison for closure, all bed movements would cease. Ms. Bagwell said, however, that in order to meet the original 14.5 percent budget reduction, the NSP would have to close. Ms. Bagwell pointed out that if the NDOC closed the NSP, members of the staff were entitled to 30-day rights, which could not occur on June 1 with a July 1 closure. Ms. Bagwell indicated that NDOC administrators had acted responsibly in using attrition to avoid employee layoffs and that sufficient beds existed within the system to accommodate inmates. Additionally, Ms. Bagwell said that the NSP was not closing in its entirety and that the NDOC administrators were managing the number of inmates and the number of authorized positions within the system in a fiscally responsible manner in an effort to accomplish the 14.5 percent budget reduction with the least impact to jobs.

Assemblywoman Buckley pointed out that the issue, at hand, was that the Legislature had not yet approved budget reduction levels for the next biennium. Additionally, she recognized that time would have to be allowed for the reasonable implementation of closures. Assemblywoman Buckley discussed the need for bed count projections for the next two years and pointed out again that decisions to close NSP should not take place without Legislative approval.

Ms. Bagwell responded that "under no circumstances" would the NDOC serve layoff notices without legislative selection of a facility.

Assemblyman Grady requested a more detailed explanation of the condition of the NSP after pointing out that certain sections of the facility had been completely remodeled. Assemblyman Grady requested that the NDOC representatives provide the Committee with information relative to the remodeling of NSP Units in the last 15 years and the reasons why it was fiscally responsible to close an entire prison when it appeared that funding would be requested during the 2009 Legislative Session to construct an additional prison.

Ms. Bagwell advised that NDOC administrators would comply with the request for additional information.

Assemblywoman Parnell referenced the NDOC's Proposed Action Plan ([Exhibit J](#)) that reflected the closure of Unit 8 in November 2008 and Unit 3 in December 2008. Assemblywoman Parnell indicated that there appeared to be some confusion relative to the intent of ACR 2 and to whether the NDOC had the authority to close a unit but not the authority to close the NSP. However, Ms. Parnell expressed alarm that the Proposed Action Plan reflected a December 2008 date to finalize plans to close NSP and transfers to take place beginning in January before the 2009 Legislative convened. Assemblywoman Parnell reiterated previous comments that directed the NDOC not to close the NSP without Legislative approval.

Additionally, Assemblywoman Parnell questioned the number of inmates currently residing in county jails awaiting transfer to an NDOC facility and asked for information relative to the state's cost to house inmates in county jails versus an NDOC facility.

In response to the question regarding the December 2008 date to finalize plans to close the NSP, Ms. Bagwell advised that a plan had to be developed which would provide information on how to accomplish the final closure of Nevada State Prison, the Tonopah Conservation Camp, and the Pioche Conservation Camp. Ms. Bagwell explained that work on the plan, which would include information on how the NDOC would accomplish the closures, dates, and the facilities to which the NDOC would move inmates was to begin on December 3, 2008.

Assemblywoman Buckley told the NDOC representatives that the Legislators wanted a plan but that the NDOC should stop executing the plan and wait until the members of the 2009 Legislature could determine the necessary budget reductions and approve a plan to best serve the public.

Assemblywoman Parnell, representing Assembly District No. 40, indicated she had received many email messages from NSP employees, who expressed concern about the transfers that were to take place in January 2009. Assemblywoman Parnell called for sensitivity on the part of NDOC administrators and an improvement in the morale situation for NSP employees and inmates in view of the fact that the Legislature might not even approve the plan to close the NSP.

Q. PUBLIC COMMENT

Chairman Arberry opened the meeting to receive public comment.

Lorne Malkiewich, Director, Legislative Counsel Bureau, advised the members of the Committee that after a few days of testing, the first five prefiled bills for each House of the Legislature were successfully transferred to the Internet. Mr. Malkiewich credited the Senate and Assembly front desk staff, Legal Division staff, and Information

Technology Services staff for cooperatively working together to accomplish posting prefiled bills to the Internet.

Charles Knapp, Correctional Officer, Nevada State Prison, Nevada Department of Corrections, testified in opposition to closing the NSP. Mr. Knapp discussed previous prison closures and indicated that whether the state saved money in such closures was open to debate.

Additionally, Mr. Knapp reported that the NSP building was not as old as many believed and described the Unit 3 cellhouse as "rock solid" as any downtown Carson City sandstone building. Mr. Knapp suggested overhauling the NSP using inmate labor and staff supervision as a less expensive endeavor than the construction of a new prison or adding beds to an existing facility. Mr. Knapp attributed most of the problems in the cellhouse to deferred maintenance issues.

Additionally, Mr. Knapp commented on the previous reference to inmates in county jails and indicated it was his understanding was that there were between 800 to 1,400 inmates in county jails. Mr. Knapp indicated that at approximately \$50 a day or between \$14 million and \$25 million a year that the Department was paying to counties to house inmates in county jails rather than in state prison facilities, closing the NSP appeared to be illogical.

Chairman Arberry questioned whether upgrades to the Nevada State Prison, using inmate labor, would meet applicable code requirements and federal regulations.

Mr. Knapp indicated that Public Works Board staff would be required to determine whether code requirements and federal regulations could be met in an NSP upgrade.

Mr. Knapp also commented that approximately \$2 million could be saved if Prison 8, projected to be built in southern Nevada, was built in northern Nevada. Mr. Knapp advised that arguments in favor of building in northern Nevada included availability of land, water, and staff.

Curt Thomas, Correctional Officer, NSP, NDOC, also testified in opposition to closing the Nevada State Prison. Mr. Thomas indicated he had been a Correctional Officer at the NSP for over 11 years and a member of AFSCME (American Federation of State, County and Municipal Employees) for over 7 years.

Mr. Thomas advised that the closures of Units 5, 8, and the pending closure of Unit 3 represented over 400 beds and that Supreme Court Justice Hardesty, during a October 14, 2008 Prison Board meeting, stated that the NDOC was at more than 140 percent capacity. Mr. Thomas also questioned the logic in closing units given the large number of inmates housed in county jails awaiting transfer to state prisons. Additionally, Mr. Thomas suggested using a money-saving recommendation from the Advisory Commission on the Administration of Justice to hire new Correctional Officers to fill open positions rather than paying existing Officers overtime.

Mr. Thomas pointed out that while the Advisory Commission voted unanimously to recommend hiring new Correctional Officers, the NDOC administration continued to ignore that recommendation, which posed a safety risk to overworked staff with low morale.

Mr. Thomas also discussed what he defined as a misrepresentation of the actual age of the NSP. Mr. Thomas said that although a prison had existed at the current site since the 1860s, none of the buildings or housing units was over 100 years old.

Mr. Thomas advised that State Archives' records provided the following information:

- Unit 3 was the oldest building with one-half constructed in the 1920s and the other half in 1947
- Unit 5 was constructed in 1948
- Units 6 through 11 were constructed in the 1980s
- Units 12 and 13, lockdown units for housing higher-risk inmates, were constructed in 1986

Mr. Thomas, assigned to Unit 3, indicated that although some maintenance issues existed, the Unit safely and securely housed over 250 inmates with few complaints regarding conditions.

Mr. Thomas agreed with previous statements that staff morale at NSP was low because of concerns over the prospect of the loss of jobs and because of the instability in the NDOC. Mr. Thomas indicated there were many "decent, professional, dedicated, and hardworking people at NSP", a number of whom had resigned or retired earlier than they had planned because of the current circumstances. In closing, Mr. Thomas asked the Committee to consider directing NDOC administrators to refrain from closing Unit 3 and to reopen Units 5 and 8.

Assemblywoman Buckley expressed her thanks to the two Correctional Officers for coming forward to testify. As a point of clarification, Assemblywoman Buckley advised that the counties paid for housing inmates in county jails, not the state.

Additionally, Assemblywoman Buckley advised that if additional massive budget reductions were required, the NDOC Director would be in a difficult position because of personnel-related costs. Assemblywoman Buckley said the long-term issue for the Legislature was that it made little sense to close down one prison and spend millions of dollars to construct a new facility and asked that Legislators be afforded the time to work out detailed plans during the 2009 Legislative Session. Assemblywoman Buckley commended the Correctional Officers who had come forward, expressed her appreciation for their service and indicated that she looked forward to working together to develop an effective plan.

Hearing no additional requests, Chairman Arberry closed the meeting to public comment.

R. ADJOURNMENT

Chairman Arberry adjourned the meeting at 3:55 p.m.

Assemblyman Morse Arberry Jr., Chairman
Interim Finance Committee

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

**EXHIBITS
INTERIM FINANCE COMMITTEE**

Exhibit	Witness/Agency	Description
A	Legislative Counsel Bureau's Fiscal Analysis Division	Agenda
B	Legislative Counsel Bureau's Fiscal Analysis Division	Guest List
C	Legislative Counsel Bureau's Fiscal Analysis Division	Informational Items
D	Legislative Counsel Bureau's Fiscal Analysis Division	<i>Interim Finance Committee's Subcommittee to Review Public Works Board Matters, Chairman's Report of Meeting Held November 19, 2008</i>
E	City of Reno	STAR Bond Status Report
F	City of Sparks	STAR Bond Status Report
G	Andrew Clinger, Director, Department of Administration	<i>State of Nevada Projected General Fund Shortfall 2007-2009 Biennium</i>
H	Andrew Clinger, Director, Department of Administration	<i>High Level Nuclear Waste General Fund Reconciliation Fiscal Year 2008</i>
I	Christopher G. Nielsen, General Counsel, Office of the Governor	November 12, 2008 letter to the Honorable Kim Wallin
J	Nevada Department of Corrections	Proposed Action Plan