

**MINUTES OF THE SEPTEMBER 9, 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 September 9, 2008, at 9:15 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 Bernice Mathews
Senator Dean Rhoads
Senator Dina Titus
Assemblywoman Barbara E. Buckley
Assemblyman Moises (Mo) Denis
Assemblywoman Heidi S. Gansert
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Sheila Leslie
Assemblyman John W. Marvel
Assemblyman David R. Parks
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

COMMITTEE MEMBERS EXCUSED:

Senator Bob Coffin
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
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
Carol Thomsen, Acting Interim Finance Committee Secretary
Patti Sullivan, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES OF THE MAY 23, 2008, MEETING.

SENATOR RAGGIO MOVED APPROVAL OF THE MAY 23, 2008,
MEETING MINUTES.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Buckley, Koivisto and McClain, and Senator Coffin were not present for the vote.)

*C. APPROVAL OF MINUTES OF THE JUNE 26, 2008, MEETING.

SENATOR RAGGIO MOVED APPROVAL OF THE JUNE 26, 2008,
MEETING MINUTES.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Buckley, Koivisto and McClain, and Senator Coffin were 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. See agenda for September 8, 2008, meeting of the Subcommittee to Review Public Works Board Matters (NRS 218.6827) for list of items to be considered.

Senator Raggio stated that the Subcommittee to Review Public Works Board Matters met on September 8, 2008, and a copy of the Subcommittee's report had been presented to members of the Interim Finance Committee (IFC), [Exhibit C](#). Senator Raggio suggested IFC members review the report from the Subcommittee and, unless there were objections, that the Committee consider a motion for adoption of the recommendations from the Subcommittee later in the meeting.

Chairman Arberry concurred with Senator Raggio's suggestion and informed members that the report from the Subcommittee would be considered for adoption after review.

Later in the meeting, Senator Raggio asked whether Committee members had reviewed [Exhibit C](#), and whether there were comments or concerns about the contents of the report. Senator Raggio informed the Committee that Gustavo Nunez, Manager of the State Public Works Board (SPWB), was present at the hearing to answer questions. Once all questions had been addressed, Senator Raggio suggested that the Committee move to adopt the report from the Subcommittee to Review Public Works Board Matters.

Assemblywoman Leslie asked about the elimination of the additional 24-30 adolescent treatment beds, CIP project 07-C30, [Exhibit C](#), and wondered what treatment would be available for adolescents.

Mr. Nunez said the SPWB had been informed that those additional beds were not needed at the current time and, therefore, the recommendation was made for elimination of the beds. Mr. Nunez informed the Committee that Mr. Willden was present at the meeting and could clarify the need for adolescent treatment beds.

Michael Willden, Director, Department of Health and Human Services (DHHS), explained that the Reno campus of the Northern Nevada Adult Mental Health Services (NNAMHS) and the Northern Nevada Child and Adolescent Services (NNCAS) currently contained 16 adolescent treatment beds and the plan had been to increase the number to 24-30 beds. However, said Mr. Willden, the Centers for Medicare and Medicaid Services (CMS) recently made a determination that the space approved for the additional adolescent treatment beds in Building 8 on the Reno campus would not be appropriate for residential adolescent treatment services. Mr. Willden explained that CMS identified the space as an institutional setting and adolescent treatment services had to be located in a non-institutionalized, family setting.

Mr. Willden stated that the long-term plan for adolescent treatment services in northern Nevada would be to review Buildings 8a, 8b, and 8c on the Reno campus, which were family-type facilities, in the hope that the buildings could be retrofitted for additional beds. However, until those issues were resolved, and because the buildings were currently occupied by other vendors, the DHHS did not have immediate plans for additional adolescent treatment beds in northern Nevada.

Mr. Willden informed the Committee that children in northern Nevada might be required to seek treatment in southern Nevada or be transferred out-of-state, which was not a "good answer" to the problem. Ms. Leslie concurred that it was a "horrible" answer. Mr. Willden reiterated that DHHS did not have viable space in northern Nevada to add adolescent treatment beds at the present time.

Ms. Leslie questioned the buildings that might be used in the future for adolescent treatment beds, and Mr. Willden explained that buildings 8a, 8b, and 8c were currently occupied by another vendor. Ms. Leslie stated that she hated to lose the funding for the additional beds and pointed out that the original 16-bed adolescent treatment facility in northern Nevada had never been expanded.

Mr. Willden said the Department's long-range plan through its capital improvement initiatives and programming for northern Nevada was to have a psychiatric facility for children on the Reno campus with an expanded number of beds for adolescent treatment. Mr. Willden noted that without the appropriate building to house the additional beds, certification or accreditation would not be forthcoming.

Ms. Leslie asked Mr. Willden whether the DHHS would approach the 2009 Legislature with additional plans for adolescent treatment beds. Mr. Willden advised that the Department would submit a capital improvement project for master planning of the Reno campus, but he did not believe that The Executive Budget for the 2009 Legislature would contain a funding plan for additional adolescent treatment beds in northern Nevada.

Ms. Leslie said it appeared that the additional beds were definitely "disappearing." Mr. Willden agreed and noted that DHHS was also experiencing problems in southern Nevada at the Desert Willow Treatment Center because of determinations made by CMS.

Senator Raggio commented that the Subcommittee to Review Public Works Board Matters had asked DHHS to review the master plan and provide a layout that showed the buildings that would be demolished at the Reno campus and how the programs would fit into the remaining structures, looking toward the consolidation of NNAMHS and NNCAS, which were high priorities for the Department.

Assemblywoman Buckley asked about the problems at the Desert Willow Treatment Center in southern Nevada. Mr. Willden explained that Desert Willow was a 56-58 bed facility in southern Nevada and within that facility were units or "pods" of acute psychiatric beds. According to Mr. Willden, the Desert Willow Treatment Center was licensed as a psychiatric facility within which the DHHS had located residential treatment beds. A recent visit and audit by CMS revealed concerns that the two functions, residential treatment and acute treatment, were not compatible within the same facility. Mr. Willden said CMS had taken the stance that residential treatment could not take place within an institutional setting, and that stance was problematic for the Department. He added that the Department was also exploring the situation in the adult mental health system and reviewing options for treatment locations in southern Nevada. The Department was attempting to maintain the same bed capacity while addressing the concerns of CMS. Mr. Willden reported that the facilities currently in use in southern Nevada had a very institutional flavor to them.

Ms. Buckley opined that the state had to redesign its delivery system for children's mental health. She explained that when she was not participating in legislative activities, she headed a non-profit legal aid organization and some of the attorneys in the organization represented abused children. Ms. Buckley said she was well aware of the cases in southern Nevada, and she had seen one case where a nine-year-old child was taking seven psychotropic drugs. The state's current mental health treatment system consisted of children being taken to the hospital where another drug was prescribed prior to their release.

Ms. Buckley noted that there was a lack of out-patient treatment centers, and that all of the available treatment facilities were locked facilities. The state had no residential treatment facilities that appeared to be other than a locked institution. She commented that these children were victims rather than juvenile delinquents, and it appeared that the state was making no progress in the area of adolescent treatment.

Ms. Buckley said with the addition of the beds during the 2007 Legislature, there was a glimmer that the state was taking a few steps forward, but now it appeared that those beds were gone and the state was taking steps backward. While everyone was waiting for the economy to rebound, Ms. Buckley believed that the state could at least create a better infrastructure and a plan regarding how to move forward.

Ms. Buckley believed that the state was failing, and the system that she worked with firsthand in southern Nevada was simply a "mess" and needed to be redesigned from the bottom up. She hoped that the Legislature would take an interest in the area of adolescent treatment and that legislators would work together in an attempt to fix the situation.

Mr. Willden agreed with Ms. Buckley's view of the current system, and he stated that he was also very concerned. He noted many people shared their concerns about the state of the children's mental health system.

On the bright side, Mr. Willden reported, DHHS was holding ongoing public/private partnership discussions. He explained that DHHS had discussed the problem with two or three companies in an attempt to create the appropriate environments where treatment of children could occur in the community. Mr. Willden believed that public/private partnership was the path forward, and he did not think that DHHS could address the problem of adolescent treatment quickly enough through capital improvement projects or other state funding.

Mr. Willden informed the Committee that to make matters even worse, CMS informed the DHHS that it would not pay for a significant portion of "higher level treatment" foster care. The DHHS had been put on notice that CMS would no longer reimburse the state for that level of treatment. That created another concern for the DHHS about how it would pay for several components of foster care. Mr. Willden

advised that DHHS was finding it very challenging to finance the children's behavioral health system.

Ms. Buckley asked whether the CMS had established a date on when it would stop making payments for the foster care. Mr. Willden said there definitely was an ending date; however, there were so many moratoriums based on audits that CMS had conducted over the past 12-18 months, that he had difficulty recalling the exact dates. However, Mr. Willden believed that the CMS payment for higher level foster care would cease on October 1, 2008.

Senator Raggio stated that he was aware that Mr. Willden was in the process of preparing the budget for DHHS for the next biennium and was facing some very serious challenges, and the Committee understood the gravity of the situation.

Senator Raggio stated he would entertain a motion to adopt the report from the Subcommittee, [Exhibit C](#).

ASSEMBLYWOMAN SMITH MOVED THAT THE COMMITTEE ADOPT THE REPORT FROM THE SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS DATED SEPTEMBER 8, 2008.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Chairman Arberry, and Senator Coffin were not present for the vote.)

Senator Cegavske said she wanted to ensure that when funding was transferred or moved through a work program that the Committee was knowledgeable about how the funds would be spent, such as the timeframe in which funds would be used, whether there would be reversion to the General Fund, and the amount the agencies would retain. Senator Cegavske said she mentioned this because she felt it was very important for the Committee to be well aware of all factors in transferring or moving funds.

Senator Raggio said Senator Cegavske was referring to an item in which there was an unobligated reserve from bond funds and the issue was what would occur with the remaining bond funds if not utilized. The commitment was made and incorporated into the motion to approve the report from the Subcommittee that any unobligated funds would not be utilized on other projects without prior consent. Senator Raggio believed that Mr. Nunez understood that commitment, and Mr. Nunez stated that he understood.

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

Chairman Arberry advised that the expeditious work program revisions were informational only and asked whether there were questions from members of the Committee. There being none, Chairman Arberry stated that the Committee would commence with review of Item F.

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

Chairman Arberry announced that Items 27, 32, 79, 80 and 101 were withdrawn, and the Committee would consider the following items under Item F:

Items 1, 2, 3, 4, and 12; Items 13, 17, 18, 19 heard concurrently; Items 46, 52, 53, 67 and 68 as revised; Items 76 and 78 heard concurrently; Items 90, 95, 98 as revised; 99, 100, 102, 103, 104, 105, 106, 107, 108 as revised; Items 111 and 112 heard concurrently as revised; Items 115, 116 as revised; Items 161 and 164 heard concurrently; Items 176 and 177 heard concurrently; and Items 180 and 231 as revised.

Chairman Arberry asked whether Committee members wished to consider any additional Items under Agenda Item F. There being no additional items to be considered, Chairman Arberry stated that he would accept a motion to approve all remaining Items under Agenda Item F.

SENATOR RAGGIO MOVED APPROVAL OF ALL GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES UNDER AGENDA ITEM F NOT DELINEATED BY CHAIRMAN ARBERRY.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote.)

1. **Office of the Governor – High Level Nuclear Waste – FY 08** – Transfer of \$173.00 from the In-State Travel category to the Personnel Services category, \$4,400.00 from the Information Services category to the Personnel Services category, \$55.00 from the Training category to the Personnel Services category, \$37,605.00 from the Western Governor's Association category to the Personnel Services category and \$31,653.00 from the Nevada Protection Fund category to the Personnel Services category to provide funding for actual salary and benefit costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000.00. **Work Program #C19656**

Chairman Arberry announced that the Committee would consider Item 1.

Robert R. Loux, Executive Director, Agency for Nuclear Projects, explained that the request would allow the Agency to transfer funds into Category 01. Mr. Loux stated that through a series of errors he had committed, the Agency had overspent its budget in Category 01 beyond the legislatively approved amount.

According to Mr. Loux, during FY 2007 an employee was placed on catastrophic leave for the entire year. Because the Agency did not maintain a large number of staff members, Mr. Loux reassigned the duties of the employee on leave to other positions within the Agency. At the end of the one-year catastrophic leave, the employee retired.

At that time, Mr. Loux believed it was appropriate to reimburse, or additionally compensate, the remaining employees for the additional 15 to 20 percent workload they had been assigned over that one-year period and continuing into FY 2008. In FY 2008, Mr. Loux stated that he increased the compensation for the remaining employees, but failed to take into account the additional increase in fringe benefits for those employees, which compounded the error and caused the Agency to overspend in Category 01 by approximately \$72,000. Mr. Loux said that the Agency had subsequently realigned the salaries with the legislatively approved budget for FY 2009, and the Agency had also brought in additional revenue to address the problem.

Mr. Loux advised the Committee that he would take full responsibility for the errors caused by the increase in salaries. He was, therefore, asking the Interim Finance Committee (IFC) for approval to transfer funds into Category 01.

Chairman Arberry stated that while he appreciated Mr. Loux accepting responsibility for the Agency's budgetary problems, he questioned the 16 percent pay increase authorized for the existing six Agency employees and asked Mr. Loux how he failed to realize there would be problems.

Mr. Loux replied that because of the hiring freeze in effect at that time, he reallocated the bulk of the salary savings to the remaining employees who had been assigned additional responsibilities of 15 to 20 percent over normal duties.

Chairman Arberry noted that the employees had been paid an increased salary over FY 2008. Mr. Loux stated that the Agency had revised salaries for FY 2009 down to the legislatively approved amount for each position.

Assemblywoman Buckley indicated that she did not feel comfortable approving the amount retroactively, because Mr. Loux did not have the authorization to grant the salary increases. With the current hiring freeze, there were many state departments where workers were asked to perform double or triple duty, and those employees had not received a 16 percent salary increase for performing extra duties. Ms. Buckley pointed out that the bulk of state employees received the legislatively mandated 2 percent increase, and by granting a 16 percent raise to his employees,

including himself, Mr. Loux had far exceeded legislatively approved salaries for those positions.

Ms. Buckley stated that several large department administrators, such as the administrators for the Department of Health and Human Services and the Department of Motor Vehicles, along with Mr. Loux, should all be at an equally underpaid level. Should the Legislature allow one agency head to utilize salary savings to compensate his salary, it created a disparity in salaries that was unfair to other cabinet-level officials.

Ms. Buckley indicated that she did not understand how the increase in salary levels had been authorized, and she asked whether the Governor had approved the increases. Mr. Loux replied that the Governor had not approved the increases. Ms. Buckley asked whether the increases were approved at the Agency level, and Mr. Loux stated that the increases were approved solely by him.

Ms. Buckley asked whether Mr. Loux had statutory authority to grant such salary increases. Mr. Loux explained that Agency employees, as well as the Governor's Office staff, were considered non-classified, and the authority did exist to rearrange salary levels within legislative authority. Ms. Buckley pointed out that Mr. Loux did not have legislative authority to grant the salary increases in FY 2008. Mr. Loux agreed that he had exceeded the legislative authority for Category 01 in FY 2008.

Ms. Buckley reiterated that she was not comfortable approving the salary increases granted Agency employees over FY 2008 because the increase was in clear contravention of legislative authority. She asked for an explanation of how the Agency's budget had been reconstructed to address the salary increases paid to employees during FY 2008, and whether Agency employees would forfeit the unauthorized salary increases paid to them during that time. Ms. Buckley emphasized that she did not believe it was appropriate for the IFC to "bless" action that was taken in contravention of the law, and she wondered how the situation would be addressed moving forward.

Mr. Loux stated that he was not sure how to correct the situation regarding excess salaries paid to employees during FY 2008. He realized the seriousness of his actions and now understood that he had made a series of errors during FY 2008, which created the current situation. Mr. Loux said he was doing what he could to correct the situation in terms of putting employees back on the legislatively approved salaries for FY 2009. The Agency brought in some additional federal money in an attempt to address the shortfall, along with transferring unexpended monies in other categories into Category 01. As to Ms. Buckley's question about correcting the salary increases paid to employees over FY 2008, Mr. Loux stated that he did not know how to correct that situation.

Ms. Buckley noted that the Nevada Protection Expenditure category was over-obligated by approximately \$300,000, and she asked whether any of the

expenditures or obligations in that category were items for which the state could seek federal reimbursement. Mr. Loux stated that under federal law, further federal funding was not available for reimbursement of salaries or expenses for state employees.

Ms. Buckley asked Mr. Loux to explain how he exceeded the legislatively appropriated amount in the Nevada Protection Expenditure category. Mr. Loux stated that, as previously explained, he had reallocated the salary savings from the retiring employee to the remaining staff members. That alone did not exceed the legislatively approved amount, but failure to consider the fringe benefits along with the salaries created the problem currently under discussion.

Ms. Buckley asked whether the over-obligation of approximately \$300,000 in the Nevada Protection Expenditure category was also attributed to the overpayment of salaries. She wondered whether the overpayment of salaries had crossed two budget accounts. Mr. Loux did not believe that to be the case. He explained that during the past fiscal year, the Interim Finance Committee had loaned the Agency \$1.5 million from the FY 2009 budget for expenditures because of the delay in receipt of federal funds in FY 2008. The Agency was reimbursing the funds as it was able, but federal funds could not be used to reimburse salaries or expenditures for state employees. Mr. Loux stated that was the reason there was only \$1 million being returned to the Nevada Protection Expenditure category for FY 2009.

Ms. Buckley asked whether the amount paid in salaries above the legislatively approved amount was \$500,000. Mr. Loux replied that the amount was \$72,000. Ms. Buckley asked Mr. Loux about the expenses that had been paid with the remaining funding. Mr. Loux said the balance had been spent on the Agency's programs, such as consultants, lawyers and scientists, to prepare for the federal licensing process.

Ms. Buckley pointed out that Mr. Loux had made a "pitch" to the IFC in January 2008 based on the fact that the federal government was late in dispensing federal funds and, at that time, he asked the IFC to advance the funds, which would be reimbursed. Ms. Buckley stated that the IFC approved a loan in the amount of \$1.5 million in FY 2009 funds for use in FY 2008 so that the efforts of the Agency would not be jeopardized. Now, the IFC was being told that the Agency could not reimburse the amount loaned because it had overpaid its employees and there were unspecified cost overruns, without providing sufficient details of the cost overruns.

Mr. Loux did not believe that Ms. Buckley's comments were accurate. When he approached the IFC in January 2008, the request was for an allocation from the Contingency Fund for \$1.5 million, and it was certainly not his idea to proceed with a loan. At that time, Mr. Loux felt there might be future problems with repayment of a loan and he warned the IFC that the Agency could not use federal funds for repayment of salaries for state employees loaned from the FY 2009 budget.

Mr. Loux further explained that the amount of overage in Category 01 in FY 2008 was \$72,000.

According to Mr. Loux, Items 2 and 4 under Agenda Item F requested that \$1 million from the General Fund be transferred back to FY 2009 to return funds borrowed from the FY 2009 budget as opposed to \$1.5 million because federal funds could not be used to reimburse salaries of state employees.

Ms. Buckley asked LCB staff to review and explain exactly what had been authorized for the Agency by the IFC in January 2008, as well as the options available to the IFC in regard to the salary increases in FY 2008 that were not legislatively authorized.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that based on minutes from the IFC meeting of January 2008, the request from the Agency for Nuclear Projects was for an allocation of \$1.5 million from the Contingency Fund to stem cash-flow problems. At that time, federal funds were not being received in a timely fashion. Mr. Stevens emphasized that the original request was based on a cash-flow issue, and when the Agency received the federal funds, the money would be returned to the Contingency Fund.

At the January 2008 IFC meeting LCB staff suggested that in lieu of a loan from the Contingency Fund, state monies be transferred from FY 2009 to FY 2008 and upon receipt of federal funds, those monies would then be transferred back to FY 2009. Mr. Stevens commented that there had been no discussion of additional salary costs at the January 2008 IFC meeting based on a salary increase provided to the non-classified positions within the Agency. Mr. Stevens indicated that the budget account for the Agency was, or soon would be, in a deficit situation once the Committee transferred the funding back to FY 2009.

Mr. Stevens stated that he was unsure of what options were available to the Committee regarding the salary increases. Those salaries had been paid in FY 2008 and in August 2008, the salaries were subsequently reduced back to the amounts that included the legislatively approved 2 percent and 4 percent increases.

Senator Cegavske noted that Mr. Loux previously stated that the salary increases had not been approved by the Governor's Office, and she asked whether the Department of Administration was aware of the situation. Mr. Loux replied the Department of Administration was not aware that he had provided salary increases for the Agency's employees. Senator Cegavske asked whether similar situations had occurred in the past involving salary increases for Agency staff, and Mr. Loux replied that they had not.

Senator Cegavske asked whether the salaries had been reduced, including the legislatively approved 2 percent and 4 percent increases, and Mr. Loux replied that

the salaries for Agency employees were currently set at the legislatively approved FY 2009 amounts.

Senator Cegavske asked about the length of time that employees had received the higher salaries. Mr. Loux replied the employees had received the increase in salaries over a period of 12 months. Senator Cegavske asked whether Mr. Loux had included himself in the salary increases, and he replied in the affirmative.

Assemblyman Denis asked why it had taken so many months for the problem to be identified. Mr. Loux stated that he had not realized there would be a budget shortfall until the end of the fiscal year when budgets were being closed. The problem was identified at that time. Mr. Loux said it was an oversight on his part, and he should have paid closer attention to budget details. He reiterated that the problem was identified at the end of the fiscal year when closing out the FY 2008 budget.

Mr. Denis asked whether a similar situation could occur within other state departments. It was his understanding that employees could not be given a salary increase without following proper procedures. He wondered why Mr. Loux had been able to approve salary increases for his employees without further review and approval.

Mr. Stevens explained that there were employees within the Executive Branch of government who maintained a non-classified status and were not included in the unclassified or classified categories. Employees within the Governor's Office and the Agency for Nuclear Projects maintained a non-classified status. He further explained that Nevada Revised Statutes (NRS) indicated that the Governor may increase the salaries of the positions within those offices, providing the total amount was within the amount of funding provided by the Legislature. In the current instance, Mr. Stevens stated, there was statutory authority for the Governor to approve increases in salary for employees in his office and in the Agency for Nuclear Projects.

Mr. Denis pointed out that it did not appear the Governor had approved the salary increases provided to the employees of the Agency for Nuclear Projects. Mr. Stevens emphasized that NRS was clear that the Governor may approve salary increases for non-classified positions. Mr. Denis said that apparently Mr. Loux had approved the salary increases for his employees and himself without the approval of the Governor. Mr. Stevens commented that the NRS also stated that the salaries had to remain within the legislatively approved amount.

Andrew Clinger, Director, Department of Administration, stated that he had discussed the possibility of including the employees of the Agency for Nuclear Projects in the unclassified pay bill for FY 2010-11 with the Governor's Chief of Staff, Joshua Hicks, and that would eliminate the possibility of such salary increases occurring in the future. Mr. Clinger believed that a recommendation to include employees of the Agency for Nuclear Projects within the unclassified pay bill would

be included in The Executive Budget for consideration by the 2009 Legislature. Once that had been accomplished, the salaries for those employees could not exceed the amounts listed in the pay bill.

Chairman Arberry agreed with Mr. Denis that someone should have questioned the exorbitant raises prior to the end of the fiscal year. He informed Mr. Loux that his actions made it difficult for Committee members, since he did not answer to the Legislature. Chairman Arberry appreciated the fact that Mr. Loux had accepted responsibility for the situation, but he hoped that other administrators would not take such action and then apologize to the IFC and ask for funding to correct the problem. Mr. Loux stated that he understood the difficulty of the situation. Chairman Arberry commented that in today's economy the action taken by Mr. Loux appeared to be "bad management," particularly at a time when the Legislature was trying to account for every nickel and dime.

Assemblywoman Gansert voiced concern that there was not some form of check or oversight within the system. She was also concerned with the fact that Mr. Loux only approached the IFC because his Agency was over budget. If the Agency had not gone over budget, Ms. Gansert wondered whether the IFC would have ever been made aware of the situation. She could not understand why Mr. Loux thought that splitting the remaining salary of a retiring employee among his other employees would be appropriate.

Ms. Gansert reiterated that she did not know how such a situation could possibly have occurred, since it seemed so farfetched that an agency head would simply split the remaining salary of a retiring employee among the other employees. Since the situation had become known because the agency was over budget, Ms. Gansert opined that the Legislature should ensure that such a situation would not reoccur, perhaps by placing the Agency's employees within the unclassified pay bill.

Ms. Gansert wondered whether there were other departments where employees were in a non-classified status, other than the Governor's Office and the Agency. Ms. Gansert stated that the situation was quite shocking.

Senator Beers asked Mr. Clinger whether it would be possible for the IFC to request that the Agency's employees accept a salary deduction over the next 12 months to repay what they were overpaid over the past 12 months. Mr. Clinger indicated that such action was certainly possible. He advised the Committee that the Budget Division had asked Mr. Loux to reduce the employees' salaries down to the legislatively approved level for FY 2009, which had been done. Mr. Clinger believed that the FY 2009 salaries could be further reduced to pay back the 16 percent salary increase received by Agency employees during FY 2008.

Senator Beers said he would not call it a reduction in pay, but rather a "loan" over the past 12 months that needed to be repaid over the upcoming 12 months.

Mr. Clinger stated that would be correct, and such action could be taken by the Legislature.

Chairman Arberry asked Brenda Erdoes to advise the Committee whether it could order Agency employees to repay the 16 percent salary increase received in FY 2008.

Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau, indicated that the Legal Division would need to research whether there was authority in Nevada Revised Statutes (NRS) to ask employees to repay the amount. Ms. Erdoes stated that it seemed possible, but further research would be necessary prior to issuing an opinion. She said the NRS discussed overspending of a budget, which equaled malfeasance in office, but other than that, there did not appear to be language in NRS that would address the current situation. It appeared the NRS "assumed" that the required approvals would work to alleviate such situations and, if not, there was the malfeasance in office provision under NRS 353.260. Ms. Erdoes advised the Committee that she would review the issue of whether the IFC could recoup the overpaid amount from the employees.

Senator Beers said that it appeared the cost of fringe benefits of \$75,000 to \$100,000 was also included in the shortfall. It also appeared that there was an additional \$400,000 to \$425,000 of FY 2009 funds that Mr. Loux spent in FY 2008, which was the reason that only \$1 million of the \$1.5 million loaned to the Agency by the IFC in January 2008 would be transferred to FY 2009.

Mr. Stevens explained that there were additional costs in the Nevada Protection Fund category that were over and above the FY 2008 authority. The \$300,000 plus the approximately \$72,000 that was being requested in Category 01 represented the majority of the \$500,000 that could not be returned to FY 2009.

Senator Mathews said it did not appear that the error on Mr. Loux's part was intentional, and she felt he would not knowingly make such an error. However, when such a mistake was made, perhaps repayment should come out of the salary of the persons who were supposed to oversee the system. Senator Mathews wondered who prepared the payroll for the Agency and authorized the increased salaries. She believed that other persons should also be held accountable in the repayment plan for such a mistake. Senator Mathews emphasized that the money should be repaid by someone.

Assemblywoman Buckley said it appeared that the Committee should accept the transfer of \$1 million and ask Mr. Loux to return to the next IFC meeting with a plan for repayment of the salary increases. That would also allow time for the LCB Legal Division and the Governor's Office to research the appropriate resolution and determine whether the state could recapture the salary savings. Ms. Buckley noted that it would also allow further research into Senator Mathews' suggestion regarding

how the salary increases were authorized and what remedies were available to the Committee.

Ms. Buckley felt that should the IFC simply accept the request to transfer money into Category 01 to address the shortfall in salaries for the Agency, which was caused by action in direct contravention of the law, it would send a message to all the other state agencies that they could violate the law at any time and would suffer no consequences. In a time of tough budget decisions, Ms. Buckley believed that was absolutely the wrong message to send.

Mr. Clinger explained that the authority to approve the salary increases in FY 2008 stopped at Mr. Loux, and that he had signed the necessary paperwork to approve the salary increases. Mr. Clinger wanted to clarify that the approval authority stopped with Mr. Loux.

Ms. Buckley pointed out that the law required the approval of the Governor under NRS 233.085, and that law had not been followed in the current situation. Mr. Clinger explained that the Nuclear Commission was actually the oversight body for Mr. Loux, and he served at the pleasure of that Commission.

Ms. Buckley reiterated that the law clearly stated that, "The Governor may, within the limits of available money, employ such persons as he deems necessary to provide an appropriate staff for the Office of the Governor including, without limitation, the Agency for Nuclear Projects." Therefore, said Ms. Buckley, the salaries had to be within the limits of the legislatively approved budget. However, if the Governor believed that he needed some "wiggle" room with regard to a position, the procedure was outlined for the Governor to approve salary increases in NRS 223.085.

Mr. Clinger concurred, but wanted to point out that the salary increases currently under discussion were not approved by the Governor's Office. Ms. Buckley commented that the Committee was well aware that the Governor had not approved the increases. Mr. Clinger believed that a procedure should be put into place that stated any salary changes by the Agency for Nuclear Projects had to be approved by the Governor's Office, which had not occurred in the past.

Assemblywoman Smith wondered how the situation would have been discovered had the Agency's budget not been exceeded. Mr. Clinger stated he was not sure that the situation would have been discovered if not for the budget shortfall. As soon as the Budget Division realized that the account was over budget, it commenced with an investigation and realized that salary increases had been approved for FY 2008. Mr. Clinger reiterated that the first time the Budget Division became aware of the problem was after the fact at the end of the year when the funds had already been expended.

Ms. Smith asked whether there was a person within the Agency for Nuclear Projects responsible for personnel matters, and whether that person was aware of what was

or was not acceptable within the state system. Mr. Clinger indicated that there was an accounting position within the Agency, but as previously explained by Mr. Stevens, the Agency positions and the Governor's Office staff were non-classified, and essentially, there was no statutory limit on the salaries for those employees. That was the reason Mr. Clinger believed the recommendation to include the Agency positions within the unclassified pay bill for FY 2010-11 would be included in The Executive Budget for consideration by the 2009 Legislature, which would cap the salaries of employees within the Agency. Mr. Clinger explained that salaries for Agency employees were currently at the discretion of Mr. Loux, although in the current situation, the 16 percent salary increase was obviously excessive.

Ms. Smith said it seemed that the person responsible for accounting within the Agency would question the acceptability of splitting the salary savings of a retired employee among the six remaining employees. She believed that the situation included some training issues, and persons responsible for personnel and payroll matters in every state agency should understand the process.

Senator Cegavske asked how the error was discovered. Mr. Clinger explained that the situation was discovered in closing out the Agency's budget. It was realized at that time that the Agency had exceed the legislatively approved amount for personnel services. Senator Cegavske asked who had actually discovered the error. Mr. Clinger stated he was not sure who had actually discovered the error. When the status of the Agency's budget shortfall was discovered by the Budget Division, it initiated an investigation into the reason for the shortfall.

Senator Cegavske asked Mr. Loux who discovered the error. Mr. Loux replied that his Agency discovered the shortfall when closing the FY 2008 budget. Senator Cegavske said it appeared that the raises were paid for 12 months before the Agency discovered that there would be a shortfall. Mr. Loux stated that when the Agency began closing its budget, it realized the error that had been made by not taking into account the increase in fringe benefits and other retirement benefits for employees who had received the 16 percent increase in salaries, which was the reason the Agency was over budget. Mr. Loux explained that the salary adjustment alone had not caused the shortfall, but the increase in fringe benefits as a result of the salary increases had caused the shortfall.

Senator Cegavske asked whether any disciplinary action had been taken because of the situation. Mr. Clinger stated that he was not aware of any disciplinary action that had been taken.

Senator Beers asked whether the Governor's Office could determine that the salary increases were a debt that needed to be paid back by Agency employees and commence with salary deductions to repay that debt. Mr. Clinger believed the Governor could take such action. Senator Beers asked Mr. Clinger whether he was able to commit to taking such action, or would that require a decision by the Governor or his Chief of Staff. Mr. Clinger indicated that the decision would require

approval by the Governor. He would discuss the Committee's recommendation that the salaries of Agency employees be reduced in FY 2009 to repay the increases paid during FY 2008 with the Governor and report back to the IFC at the November 2008 meeting.

Chairman Arberry indicated that the Committee would take no action on the matter at the present time. He asked Mr. Clinger to meet with LCB Fiscal Division staff to determine what action should be taken by the IFC at today's meeting. Chairman Arberry stated that NRS 353.260 indicated that the IFC could actually send Mr. Loux to jail. The NRS stated quite clearly that it was unlawful for any state officer to expend more money than appropriated by law.

Chairman Arberry asked Ms. Erdoes to explain how the IFC should proceed in filing a charge of malfeasance in office against Mr. Loux. As previously pointed out by Ms. Buckley, other department heads could also overspend their budgets and approach IFC with apologies for the shortfall and a request for additional money. Chairman Arberry indicated that the Committee hoped to avoid that situation.

Ms. Erdoes responded that there was a procedure for removing an officer for malfeasance in office. The unlawful portion would be referred to the Attorney General's Office for further action, but the IFC could pursue the malfeasance in office charge today.

Chairman Arberry asked whether the Committee could take such action even though Mr. Loux did not work directly under legislative authority. Ms. Erdoes explained that any person could make an allegation of malfeasance in office.

Chairman Arberry suggested that Mr. Clinger meet with LCB staff and the Governor's Office to discover some method to address the situation and report back to the IFC later in the day.

Senator Raggio asked for clarification regarding the total amount of the Agency's overspending of its budget. Mr. Loux indicated that the total overspent in Category 01, Personnel Services, was \$72,000. Senator Raggio asked whether that was for FY 2008 and part of FY 2009. Mr. Loux replied that it was for FY 2008, and possibly a month into FY 2009, and that amount included increases for all positions in the Agency, including his own position.

Senator Raggio asked about overspending in other categories of the Agency's budget in FY 2008. Mr. Clinger indicated that Category 15, Nevada Protection Expenses, also contained overspending, but he was unsure of the exact figures.

Senator Raggio asked whether Category 08 included money paid to consultants, and Mr. Loux replied in the affirmative. Senator Raggio asked why the Agency had not checked the status of that category prior to the close of budget. Mr. Loux

indicated that he did not realize there would be a budget shortfall until the budget was closed.

Assemblyman Marvel asked for clarification regarding the \$1 million to return funds borrowed from FY 2009. Mr. Stevens explained that the work programs in Items 1, 2, 3, and 4 would transfer \$1 million of the \$1.5 million that was borrowed for FY 2008 back to FY 2009. There was also the issue of the remaining \$500,000 that was borrowed. Mr. Marvel asked whether the IFC should move to accept the \$1 million. Mr. Stevens stated that before the end of the day, the Committee would want to transfer the \$1 million back to FY 2009.

Assemblywoman Weber recalled that it was alluded to earlier in the meeting that there was a potential for such a situation to occur again, and she wondered whether authority existed to review the Agency's past bookkeeping to determine whether it was an isolated incident versus a procedural problem.

Senator Rhoads asked how Mr. Loux determined that his employees should receive a 16 percent increase. Mr. Loux said the amount was based on the salary savings created by the retirement of one employee and distributed among the six active employees.

Chairman Arberry said the Committee would withhold action on Items 1, 2, 3, and 4. He asked Mr. Clinger to meet with the appropriate staff as previously instructed and return to the IFC later in the day to present his findings.

Later in the meeting, Chairman Arberry opened further discussion and consideration of Items 1, 2, 3, and 4.

Mendy K. Elliott, Deputy Chief of Staff, Office of the Governor, informed the Committee that the Governor's Office had reviewed the situation and, effective immediately: (1) All employees' salaries within the Agency for Nuclear Projects would be reduced to the legislatively approved amount; (2) Mr. Loux would be held responsible for 100 percent of the salary differentials for the 12 months of FY 2008 and approximately 2.5 months of FY 2009, in the approximate amount of \$80,000 (numbers still being computed), and the amount was to be repaid over an 18-month period by Mr. Loux; and (3) Mr. Loux would be required to meet with the Budget Division every 3 months to review his budget and all expenditures. Ms. Elliott asked Mr. Clinger to explain the action to be taken by the Budget Division.

Andrew Clinger, Director, Department of Administration, said that at the November 2008 meeting of the IFC, the Budget Division would provide an accounting of the Agency's budget for FY 2008 to determine how the \$500,000 had been expended. Mr. Clinger stated that there had been discussion earlier in the meeting that part of the money was used relative to overspending in salaries and part of it was used relative to overspending in the Nevada Protection Account category. He reiterated that the Budget Division would submit a full accounting of how the \$500,000 was

spent, and that information would be presented to the IFC at its November 2008 meeting.

Mr. Clinger suspected that the Agency had been experiencing problems for some time, and the Budget Division would review expenses for the past two biennia, including the legislatively approved salaries and the amount employees had actually been paid, and provide the IFC and the Governor's Office with a history of what had occurred in the past within the Agency's personnel category.

Senator Raggio thanked the parties involved for dealing with the problem immediately and in a very appropriate fashion. He asked whether Mr. Loux was agreeable to the recommendation from the Governor's Office. Christopher Nielsen, Legal Counsel to the Governor, replied that Mr. Loux had informed the Governor's Office that he could not agree to the proposal at the present time. Mr. Loux had spoken with his attorney, and it was Mr. Nielsen's understanding that he had not formally agreed or disagreed with the proposal.

Senator Raggio said it sounded like a reasonable solution, and Mr. Loux had come forward and voiced his responsibility for the situation before the Committee. There were severe sanctions or penalties that could be imposed, and the current proposal seemed like an appropriate solution under the circumstances. Mr. Loux had assumed responsibility for the entire amount of the overpayment of unauthorized salaries in the amount of approximately \$80,000, which would be recovered from Mr. Loux over the next 18-month to 24-month period. Senator Raggio believed that was an equitable solution because the indicated alternatives would certainly be more punitive. In addition, Senator Raggio continued, the proposed review of the Agency's budget by the Budget Division was certainly in order.

Senator Raggio commented that obviously the process of dealing with the proposed nuclear waste site had been ongoing for a long period of time and the Agency could not always foresee what would occur during a particular calendar year. He noted that the federal government was going forward with the application for the Yucca Mountain site, which had been received by the Nuclear Energy Commission, and that invited further effort on the part of the state of Nevada.

Ms. Elliott informed the Committee that there were two additional points included in the proposal. The problem also included the Public Employees' Retirement System (PERS) benefits and what would occur relative to salaried employees. The Governor's Office was committed to working with both the Attorney General's Office and the Legal Division of the Legislative Counsel Bureau to ensure that whatever increase enjoyed by the Agency's employees, including Mr. Loux, as related to the inappropriate salaries would not have an impact on their PERS retirement benefits; the retirement benefits would be rolled back to correspond to the legislatively approved salaries.

Finally, said Ms. Elliott, a memorandum would be sent today to the Department of Personnel advising that based on NRS 223.085, the only authority to make any changes to salaries for employees of the Agency for Nuclear Projects, or any other office for which the Governor had oversight, would require the signature of the Governor's Chief of Staff.

Senator Raggio asked what action would be required by the IFC regarding the current work programs, assuming that the agreement was implemented.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the proposal would not change the amounts included in the work programs, although at some point in the future, the salary portion would be repaid. Mr. Stevens opined that the amount would be reserved in the Agency's budget account over the 18-month period of repayment and would then revert back to the General Fund. The current work programs would not change.

Senator Raggio said it appeared that the Committee would need to approve work programs 1, 2, 3, and 4, and upon implementation of the proposal it would be determined whether or not the Legislature would seek further action. Mr. Stevens stated that was correct. Senator Raggio pointed out that the IFC was simply dealing with Items 1, 2, 3, and 4 and was not passing judgment on whatever recovery program would eventually be agreed upon.

Assemblywoman Leslie believed that the money should be repaid, but she was not sure that the entire amount should be repaid by Mr. Loux. She said Mr. Loux was in charge of the Agency, and she appreciated him coming forward and accepting responsibility for the error, which she felt was appropriate on his part. Ms. Leslie stated that as the various entities delved into the situation and determined what had actually occurred, perhaps it would be more appropriate to have each employee participate in repayment of the money. She wanted to provide that type of direction from her personal viewpoint; she did not want to jump to the conclusion at the current time that the entire amount should be repaid by Mr. Loux. Ms. Leslie felt there might be other people responsible, and she believed that the employees would want to come forward and repay what was owed the state. She wanted to be sure that the door was left open.

Senator Mathews concurred with the comments made by Ms. Leslie, and pointed out that she had commented on the issue of repayment earlier in the meeting, and she did not believe that the entire burden should fall on one person. She was not totally convinced that only one person was involved, and even though Mr. Loux was head of the Agency, she did not believe that he had knowingly overspent the Agency's budget. Senator Mathews opined that those employees who received the 16 percent increase should not enjoy their gains at the expense of Mr. Loux. For the record, Senator Mathews continued, the employees knew they did not deserve the additional salary and they should also be held responsible for repayment.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 1, 2, 3, AND 4.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote.)

2. **Office of the Governor – High Level Nuclear Waste – FY 08** – Deletion of \$1,000,000.00 in General Fund appropriation to reimburse funds that were borrowed from FY 09 to provide funding for cash flow needs during FY 08 for the continuance of agency operations ~~to comply~~ **in accordance** with direction received from the Interim Finance Committee. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C32355. RELATES TO ITEM 4.**

Refer to narrative and motion under Item 1.

3. **Office of the Governor – High Level Nuclear Waste – FY 08** – Addition of \$22,344.00 in Western Governors' Association funds to accept additional funding for the safe transport of transuranic wastes to the Waste Isolation Pilot Plant. Requires Interim Finance approval since the cumulative amount added to the Governors' Association category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C19657. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008**

Refer to narrative and motion under Item 1.

4. **Office of the Governor – High Level Nuclear Waste – FY 09** – Addition of \$1,000,000.00 in General Fund appropriation to return funds borrowed from FY 2009 to meet cash flow needs during FY 2008 to continue agency operations ~~in compliance with A.B. 628, Section 34, and direction received from the Interim Finance Committee.~~ Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Session. **Work Program #C13154. RELATES TO ITEM 2.**

Refer to narrative and motion under Item 1.

5. **Office of the Governor – High Level Nuclear Waste – FY 09** – Addition of \$1,292,366.00 in Federal Funds from Previous Year to conduct scientific oversight related to nuclear waste disposal. Requires Interim Finance approval since the amount added to the Federal Contracts category exceeds \$50,000.00. **Work Program #C13339**

Refer to motion for approval under Item F.

6. **Office of the Governor – Energy Conservation – FY 09** – Addition of \$87,962.00 in State Energy Program (SEP) Formula Grant funds to support the solar photovoltaic panel and educational curricula project. Requires Interim Finance

approval since the amount added to the SEP Formula Grant category exceeds \$50,000.00. **Work Program #C12677**

Refer to motion for approval under Item F.

7. **Office of the Attorney General – Administrative Fund – FY 08** – Addition of \$11,000.00 in Transfer from ~~Bureau of Alcohol and Drug Abuse~~ **Substance Abuse Prevention and Treatment Agency** to support the data collection and reporting of unannounced compliance checks on retail outlets for tobacco sales to minors. Requires Interim Finance approval since the cumulative amount added to the Tobacco Enforcement category exceeds \$50,000.00. **Work Program #C33873**

Refer to motion for approval under Item F.

8. **Office of the Attorney General – Administrative Fund – FY 09** – Addition of \$11,000.00 in Substance Abuse Prevention and Treatment Agency funds to support the data collection and reporting of unannounced compliance checks on retail outlets for tobacco sales to minors. Requires Interim Finance approval since the cumulative amount exceeds \$20,000.00 and 10 percent for the Tobacco Enforcement category. **Work Program #C13107**

Refer to motion for approval under Item F.

9. **Office of the Attorney General – Special Fund – FY 08** – Deletion of \$1,361,608.00 in General Fund appropriation to provide funding for continued support for the litigation related to nuclear waste ~~pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. Requires Interim Finance approval since the amount deducted from the Nuclear Waste Litigation category exceeds \$50,000.00~~ **pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. Work Program #C32319. RELATES TO ITEM 10.**

Refer to motion for approval under Item F.

10. **Office of the Attorney General – Special Fund – FY 09** – Addition of \$1,361,608.00 in General Fund appropriation to provide continued support for the litigation related to nuclear waste. Requires Interim Finance approval ~~since the amount added to the Nuclear Waste Litigation category exceeds \$50,000.00~~ **pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. Work Program #C12784. RELATES TO ITEM 9.**

Refer to motion for approval under Item F.

11. **Office of the Attorney General – Medicaid Fraud – FY 09** – Addition of ~~\$65,398.00~~ **\$67,414.00** in Federal Grant funds to support ~~proposed reclassification of the Administrative Assistant II to a IV,~~ additional Out-of-State Travel, production of promotional items, printing and conference workshops. Requires Interim Finance approval since the cumulative amount exceeds

\$50,000.00 for the Senior Nevada Advocates on Guard Project category. **Work Program #C13147. REVISED AUGUST 21, 2008.**

Refer to motion for approval under Item F.

12. **Office of the Attorney General – Tort Claim Fund – FY 09** – Transfer of \$2,500,000.00 from the Reserve category to the General/Fleet-Tort Claims category to support the projected tort claims for the remainder of the fiscal year. Requires Interim Finance approval since the amount for the General/Fleet-Tort Claims category exceeds \$50,000.00. **Work Program #C12804**

Chairman Arberry announced that the Committee would consider Item 12.

Teri Sulli, Chief Financial Officer, Attorney General's (AG's) Office, identified herself for the record and introduced Stanley B. Miller, Tort Claims Manager, AG's Office.

Ms. Sulli appeared before the Committee to transfer \$2.5 million from the Reserve category to the General/Fleet-Tort Claims category to cover a settlement payment that was approved by the Board of Examiners at its August 2008 meeting.

Chairman Arberry asked whether there would be an impact on future premiums assessed to state agencies during the 2009-11 biennium from the \$2.5 million settlement.

Mr. Miller replied that he believed the \$2.5 million settlement would not have a significant impact on future premiums. He explained that premiums were determined through an actuarial report conducted every two years that projected the money to be spent on claims. Mr. Miller reiterated that he did not believe the settlement would have a significant impact on future premiums.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 12.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senators Coffin and Raggio were not present for the vote.)

13. **Office of the Secretary of State – FY 09** – Deletion of \$85,844.00 in Transfer from Special Services funds and addition of \$37,228.00 in Transfer from Help America Vote Act (HAVA) funds and \$48,616.00 in Transfer from Securities funds to properly allocate time Information Technology employees work on primary and general elections and maintenance and technical support of computer hardware and software. Requires Interim Finance approval since the amount deducted from the Transfer from Special Services exceeds \$50,000.00. **Work Program #C13011**

Chairman Arberry announced that the Committee would consider Items 13, 17, 18 and 19 concurrently.

Ross Miller, Secretary of State, commended Legislative Counsel Bureau (LCB) staff for their assistance with the work programs. Mr. Miller stated that these had been difficult times for agency heads, and his office would make the requested budget cuts. However, those cuts would cause an extensive decrease in the level of service that the public had come to expect from the Secretary of State's Office, including staff lay-offs.

Mr. Miller said he remained concerned that the requested cuts might jeopardize a significant source of revenue for the state. The Secretary of State's Office was currently asking for several work programs, three of which granted the Office spending authority in specific categories to respond to the needs that might arise in the 2008 presidential election. Mr. Miller indicated that the remaining work programs were one-time requests in which the Office was seeking approval to move funding between internal budget accounts to continue funding its operations.

The proposals included some cost allocation changes, which Mr. Miller explained would give the Office the ability to meet the 7.9 percent requested budget cuts and help with other budget challenges facing the Secretary of State's Office.

Mr. Miller referenced [Exhibit D](#) entitled "Agency Budget Overview," which had been provided to Committee members. The exhibit outlined the Office's current budget situation.

Mr. Miller stated that the Secretary of State's Office generated the third highest amount of revenue among state agencies. Nevada was the second largest filing state per capita behind only Delaware. Mr. Miller explained that the Secretary of State's Office generated \$761,000 per employee spread across the 127.5 current positions, which resulted in \$105 million in state revenue each year. Mr. Miller believed that was in large part because the Legislature had wisely invested in the operation of the Office.

Mr. Miller indicated that the exhibit contained a "Revenues/Expenditures Analysis" that demonstrated the previous investment in the expenditures of the Office of the Secretary of State that had resulted in some extraordinary gains in revenue. Mr. Miller stated that in 1996, the processing time in the Commercial Recordings Division was hovering around three weeks and today that time was approximately three days. That was recognized nationally and was the reason that the Office brought in so much revenue through that Division.

Mr. Miller reiterated he was very concerned that the requested cuts might jeopardize a significant source of revenue for the state. He was aware that all state agencies were facing budget challenges, but the challenges facing the Secretary of State's Office were somewhat unique. Mr. Miller explained that the Office faced not only

budget reductions, but also a revenue shortfall in its Special Services account, which amounted to approximately \$1.3 million, and added to that were credit card discount fees that created a shortfall of \$1.5 million.

Mr. Miller stated that during budget hearings held by the IFC in FY 2008, he had expressed concern over the fact that so many of the Secretary of State's operations were funded from the Special Services account. However, in FY 2008, the Office had contributed \$1.5 million. He pointed out that one-third of Delaware's entire general revenue was dependent upon the commercial records division, which had seen a decline in revenue. The Nevada Secretary of State's Office had not seen a decline in revenue to date, but Mr. Miller said he was concerned that with the requested cuts, the Office might experience a loss of revenue.

Mr. Miller said he was confident that with approval of the current work programs and with the help of the Legislature, the Secretary of State's Office would be able to meet the requested budget cuts. Mr. Miller believed that the budget scenario would change very little over the next biennium. He stated that he would approach the Legislature in 2009 to stress the importance of providing adequate funding levels for the Office of the Secretary of State.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 13, 17, 18 AND 19.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote).

Senator Mathews asked Mr. Miller whether the cut in positions would have an adverse effect on the upcoming election and the duties of the Secretary of State's Office. Mr. Miller said the cuts would be across all divisions within his Office, but he was comfortable that the Office could run the election and count the votes fairly and accurately. Obviously, the employees whose positions were being cut were skilled employees with a level of experience that was valued by the Office, and there would certainly be a decline in the level of service that people had come to expect from the Office of the Secretary of State. Mr. Miller reiterated that he was ultimately confident that the Office could run the election without a sacrifice in services.

- 14. Office of the Secretary of State – HAVA Election Reform – FY 09 –** Transfer of \$1,000,000.00 from the Reserve-Title I category to the Administration of Elections category and \$562,770.00 from the Reserve Title II category to the Voting Machine Replacement category to provide funding for voter education; training of election officials, poll workers, and election volunteers; improving, modifying, or replacing voting systems; improving the accessibility and quantity of polling places; ensuring compliance with Help America Vote Act (HAVA) voting system standards; and establishing toll-free telephone hotlines for voters to report voting rights violations and obtain voter information. Requires Interim Finance approval since the amount

transferred to the Administration of Elections category exceeds \$50,000.00. **Work Program #C12797**

Refer to motion for approval under Item F.

15. **Office of the Secretary of State – HAVA Election Reform – FY 09** – Addition of \$102,333.00 in Voting Access for Individuals with Disabilities Grant funds to improve participation in the election process for individuals with disabilities. Requires Interim Finance approval since the amount added to the Polling Place Improvements category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12921**

Refer to motion for approval under Item F.

16. **Office of the Secretary of State – HAVA Election Reform – FY 09** – Addition of \$78,994.00 in Balance Forward from Previous Year funds to purchase poll worker election videos and additional voting equipment, including voting machines, printers, laptops, and scanners. Requires Interim Finance approval since the amount added to the Voting Machine Replacement category exceeds \$50,000.00. **Work Program #C12941**

Refer to motion for approval under Item F.

17. **Office of the Secretary of State – Investigations and Enforcements – FY 08** – Transfer of \$140,000.00 from the Reserve category to the Operating category and \$10,000.00 from the Reserve category to the Information Services category to properly allocate rent, phone, voicemail and e-mail expenses for the Securities Division staff from the Secretary of State's primary budget account. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00. **Work Program #C29266**

Refer to narrative and motion for approval under Item 13.

18. **Office of the Secretary of State – Investigations and Enforcements – FY 09** – Transfer of \$160,000.00 from the Reserve category to the Operating category and \$10,000.00 from the Reserve category to the Information Services category to properly allocate rent, phone, voicemail and e-mail expenses for the Securities Division staff from the Secretary of State's primary budget account. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00. **Work Program #C13012**

Refer to narrative and motion for approval under Item 13.

19. **Office of the Secretary of State – Investigations and Enforcements – FY 09** – Transfer of \$48,616.00 from the Reserve category to the Agency Cost Allocation category to properly allocate time Information Technology employees work on primary and general elections and maintenance and technical support of computer hardware and software. Requires Interim Finance approval since the amount

transferred to the Agency Cost Allocation category exceeds \$20,000.00. **Work Program #C13309**

Refer to narrative and motion for approval under Item 13.

- 20. Department of Administration – Motor Pool Division – Administration – FY 08 –** Transfer of \$20,000.00 from the Operating category to the Vehicle Operations category and \$17,500.00 from the Utilities category to the Vehicle Operations category to provide funding for increased fuel costs. Requires Interim Finance approval since the cumulative amount transferred to the Vehicle Operations category exceeds \$50,000.00. **Work Program #B94871**

Refer to motion for approval under Item F.

- 21. Department of Administration – Purchasing Division - Commodity Food Program – FY 09 –** Addition of \$29,804.00 in Federal Food Distribution Program on Indian Reservations Grant Funds, transfer of \$8,885.00 from the Reserve category to the Equipment category and transfer of \$1,017.00 from the Reserve category to the Information Services category to support food distribution activities. Requires Interim Finance approval since the amount added to the Food Distribution on Indian Reservations category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12676**

Refer to motion for approval under Item F.

- 22. Department of Administration – Buildings and Grounds Division – FY 09 –** Addition of \$292,838.00 in the Building Renovation category from funds balanced forward from the state fiscal year 2008 Building Renovation category. Requires Interim Finance approval since the amount added to the Building Renovation category exceeds \$50,000.00. **Work Program #C13006. RELATES TO ITEM 23.**

Refer to motion for approval under Item F.

- 23. Department of Administration – Buildings and Grounds Division – FY 09 –** Transfer of \$60,360.00 from the Reserves category to the Building Renovation category for repairs to the Grant Sawyer Building and minor concrete repairs at the Carson/Reno complex. Requires Interim Finance approval since the amount transferred to the Building Renovation category exceeds \$50,000.00. **Work Program #C13047. RELATES TO ITEM 22.**

Refer to motion for approval under Item F.

- 24. Department of Information Technology – Computing Division – FY 09 –** Transfer of \$39,850.00 from the Reserve category to the Information Services category to allow completion of the data replication project. Requires Interim Finance approval since the cumulative amount transferred to the Information Services category exceeds \$50,000.00. **Work Program #C12539**

Refer to motion for approval under Item F.

- 25. Department of Information Technology – Telecommunications – FY 08 –** Transfer of \$35,400.00 from the Reserve category to the Telephone Services category to provide funding for telephone service repair costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds \$50,000.00. **Work Program #C22097**

Refer to motion for approval under Item F.

- 26. Department of Personnel – FY 09 –** Transfer of \$12,868.00 from the Reserve category to the Operating category and \$313,660.00 from the Reserve category to the Information Services category to complete three projects started in fiscal year 2008 involving two consultant contracts. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000.00. **Work Program #C12976**

Refer to motion for approval under Item F.

- 27. Department of Personnel – FY 09 –** Transfer of \$1,059,292.00 from the Reserve category to the New Personnel/Payroll System category to allow the early pay-back to the General Fund of the last four payments of the Personnel/Payroll System loan. Requires Interim Finance approval since the amount transferred to the New Personnel/Payroll System category exceeds \$50,000.00. **Work Program #C13246**

Item 27 was withdrawn.

- 28. Department of Education – Other State Education Programs – FY 08 –** Deletion of \$540,735.00 in General Fund appropriation ~~to balance forward funding to~~ **transfer funding** for Educational Technology, KLVX Satellite Television, Educational Technology, Library Database funds and Local Educational Agency Library Books. Requires Interim Finance approval pursuant to A.B. 627, Section 25, of the 2007 Legislative Session. **Work Program #C31548. RELATES TO ITEM 30.**

Refer to motion for approval under Item F.

- 29. Department of Education – Other State Education Programs – FY 09 –** Addition of \$42,370.00 in Balance Forward from Previous Year to continue activities that assist charter schools with their operations and compliance. Requires Interim Finance approval since the cumulative amount added to the Charter School Administration category exceeds \$50,000.00. **Work Program #C13294**

Refer to motion for approval under Item F.

- 30. Department of Education – Other State Education Programs – FY 09 –** Addition of \$540,735.00 in General Fund appropriation ~~to balance forward funding to~~ **transfer funding** for Educational Technology, KLVX Satellite Television, Educational Technology, Library Database funds and Local Educational Agency Library Books. Requires Interim Finance approval pursuant to A.B. 627,

Section 25, of the 2007 Legislative Session. **Work Program #C13203. RELATES TO ITEM 28.**

Refer to motion for approval under Item F.

- 31. Department of Education – School Remediation Trust Fund – FY 09 –** Transfer of \$298,543.00 from the Innovation and Prevention of Remediation category to the Reserve for Reversion category to correct the original 4.5 percent budget reserves submission. This amount was inadvertently left off the original work program. Requires Interim Finance approval since the amount transferred from the Innovation and Prevention of Remediation category exceeds \$50,000.00. **Work Program #C13204**

Refer to motion for approval under Item F.

- 32. Department of Education – Student Incentive Grants – FY 09 –** Transfer of \$39,159.00 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. WITHDRAWN AUGUST 15, 2008.**

Item 32 was withdrawn.

- 33. Department of Cultural Affairs – Museums and History – FY 09 –** Addition of \$63,507.00 in funds transferred from the Commission on Tourism that are balanced forward for deferred maintenance projects for the Division of Museums and History administration building. Requires Interim Finance approval since the amount added to the Deferred Maintenance category exceeds \$50,000.00. **Work Program #C12766**

Refer to motion for approval under Item F.

- 34. Department of Cultural Affairs – Museums and History – FY 09 –** Transfer of \$43,508.00 from the Reserve for Reversion category to the Personnel Services category to reverse previously reserved General Funds through work program C33421. The General Fund reversion will be realized in the State Railroad Museum budget via companion work program C12552. Requires Interim Finance approval since the companion work program requires IFC approval. **Work Program #C12548. RELATES TO ITEM 40.**

Refer to motion for approval under Item F.

- 35. Department of Cultural Affairs – Lost City Museum – FY 09 –** Addition of \$2,273.00 in Southern Nevada Public Land Management Act (SNPLMA) sub-grant Balance Forward funds and \$76,083.00 in funds transferred from Historic

Preservation for funding of exhibits. Requires Interim Finance approval since the amount added to the SNPLMA State Historic Preservation Office Sub-grant category exceeds \$50,000.00. **Work Program #C12755**

Refer to motion for approval under Item F.

- 36. Department of Cultural Affairs – Nevada Historical Society – FY 09** – Addition of \$141,081.00 in funds transferred from the Commission on Tourism that are balanced forward for deferred maintenance projects. Requires Interim Finance approval since the amount added to the Deferred Maintenance category exceeds \$50,000.00. **Work Program #C12764**

Refer to motion for approval under Item F.

- 37. Department of Cultural Affairs – State Museum, Carson City – FY 09** – Addition of \$30,388.00 in Balance Forward funds that were originally transferred from the Commission on Tourism for deferred maintenance projects at the Nevada State Museum, the Indian Hills Curatorial Center and the Marjorie Russell Clothing and Textile Research Center. Requires Interim Finance approval since the amount added to the Deferred Maintenance category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12765**

Refer to motion for approval under Item F.

- 38. Department of Cultural Affairs – State Railroad Museums – FY 09** – Addition of \$408,194.00 in Commission on Tourism funds balanced forward for deferred maintenance projects for the Nevada State Railroad Museum and the East Ely Railroad Depot Museum. Requires Interim Finance approval since the amount added to the Deferred Maintenance category exceeds \$50,000.00. **Work Program #C12767**

Refer to motion for approval under Item F.

- 39. Department of Cultural Affairs – State Railroad Museums – FY 09** – Addition of \$555,750.00 in federal grant funds transferred from the Department of Transportation (NDOT) through its Stewardship Plan to provide funding for the Nevada State Railroad Museum, Carson City, for construction of new permanent transportation-related exhibits. Requires Interim Finance approval since the amount added to the NDOT Federal Grant category exceeds \$50,000.00. **Work Program #C12833**

Refer to motion for approval under Item F.

- 40. Department of Cultural Affairs – State Railroad Museums – FY 09** – Transfer of \$43,508.00 from the Personnel Services category to the Reserve for Reversion category to realize savings related to the temporary vacancy of the Director III position. This work program is a companion to a prior approved Museums and

History work program (C33421) and a current work program (C12548), which reverses C33421. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$50,000.00. **Work Program #C12552. RELATES TO ITEM 34.**

Refer to motion for approval under Item F.

- 41. Department of Cultural Affairs – State Historic Preservation Office – FY 09 –** Addition of \$552,605.00 in Federal Bureau of Land Management (BLM), Southern Nevada Public Land Management Act (SNPLMA) Grant funds to provide continued funding for the Nevada Cultural Resource Information System (NVCRIS) database. Requires Interim Finance approval since the amount added to the Cultural Resources Information category exceeds \$50,000.00. **Work Program #C12807**

Refer to motion for approval under Item F.

- 42. Department of Cultural Affairs – Nevada State Library – FY 09 –** Addition of \$46,787.00 in Bill and Melinda Gates Foundation private grant funds to be used to improve and support ongoing public access to computers and the internet for libraries serving low-income patrons and to promote local library funding for information technology resources within the state. Requires Interim Finance approval since the amount added to the Gates Foundation category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12817**

Refer to motion for approval under Item F.

- 43. Department of Cultural Affairs – Nevada State Library – FY 09 –** Addition of \$339,599.00 in Commission on Educational Technology Grant funds transferred from the Nevada Department of Education to balance forward remaining authority to provide access online research tools for school libraries. Requires Interim Finance approval since the amount added to the Statewide Databases —S.B. 4 category exceeds \$50,000.00. **Work Program #C12818**

Refer to motion for approval under Item F.

- 44. Department of Cultural Affairs – Nevada State Library-CLAN – FY 09 –** Addition of \$211,284.00 in User Charges Balance Forward funds to purchase equipment benefiting all member libraries. Requires Interim Finance approval since the amount added to Cooperative Libraries Automated Network (CLAN) category exceeds \$50,000.00. **Work Program #C12701**

Refer to motion for approval under Item F.

- 45. Department of Cultural Affairs – Nevada Arts Council – FY 09 –** Addition of \$295,200.00 in Federal National Endowment for the Arts (NEA) Partnership Grant funds to continue programs for Arts in Education, Grants, Community Arts Development, Artist Services, Arts Initiatives and Folk Arts categories. Requires

Interim Finance approval since the amount added to the Artist Services Program exceeds \$50,000.00. **Work Program #C12572**

Refer to motion for approval under Item F.

46. **Department of Agriculture – Plant Industry – FY 08** – Transfer of \$576.00 from the Out-of-State Travel category to the Personnel Services category, \$19,111.00 from the In State Travel category to the Personnel Services category, ~~\$9,962.00~~ **\$10,812.00** from the Operating category to the Personnel Services category, ~~\$121.00 from the Nursery Program category to the Personnel Services category, \$10,051.00 from the Pest Control Operator Program category to the Personnel Services category, \$600.00 from the Uniforms category to the Personnel Services category~~ and \$483.00 from the Training category to the Personnel Services category to provide funding for the cost of salary and benefits for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the ~~Out-of-state~~ **In-State** Travel category exceeds 40 percent **\$5,000.00** of the legislatively-approved level for that category. **Work Program #C35081. REVISED SEPTEMBER 3, 2008.**

Chairman Arberry announced that the Committee would consider Item 46.

Maureen L. Groach, Administrative Services Officer, Department of Agriculture, identified herself for the record and introduced Dr. Anthony Lesperance, Director, Department of Agriculture.

Ms. Groach stated that the requested work program would transfer funds into Category 01 within the budget for the Division of Plant Industry. The reason for the request was that from January 2008 through May 2008, four long-term employees of the Division had retired. Ms. Groach indicated that \$113,000 had been paid out over those five months.

Chairman Arberry stated it had been brought to the Committee's attention that the amount requested in the work program should be revised from \$40,904 to \$30,982, and he asked whether that was correct. Ms. Groach concurred that the revised amount was \$30,982. She explained that the Department's legislative analyst reviewed the transfers from the various categories and found that some categories being used to cover the shortfall were not funded by the General Fund. Ms. Groach said the work program had been revised to move \$30,982 into Category 01 from General Fund sources. That revision required two additional work programs to cover the remaining shortfall of approximately \$47,000.

Ms. Groach informed the Committee that the Department had received a \$12,000 Contingency Fund reimbursement, which was the maximum allowed under statute for leave payoffs. The Department had also submitted a work program to reimburse the Division of Plant Industry from the Livestock Inspection Division in the amount

of \$9,752. Ms. Groach explained that two of the leave payoffs were for positions that were partially funded from the Livestock Inspection Division budget.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 46.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote).

Chairman Arberry asked whether the work program for \$9,752 from the Livestock Inspection Division would be submitted to the Budget Office. Ms. Groach replied that the request had been submitted.

- 47. Department of Agriculture – Plant Industry – FY 08 –** Deletion of \$108,714.00 in General Fund appropriation to provide funding for the completion of maintenance projects as approved by the 2007 Legislature. Requires Interim Finance approval pursuant to A.B 628, Section 36, of the 2007 Legislative Session. **Work Program #C32356. RELATES TO ITEM 48.**

Refer to motion for approval under Item F.

- 48. Department of Agriculture – Plant Industry – FY 09 –** Addition of \$108,714.00 in General Fund appropriation to complete deferred maintenance projects approved by the 2007 Legislature. Requires Interim Finance approval pursuant to A.B. 628, Section 36, of the 2007 Legislative Session. **Work Program #C13199. RELATES TO ITEM 47.**

Refer to motion for approval under Item F.

- 49. Department of Agriculture – Plant Industry – FY 09 –** Transfer of \$16,952.00 from the Deferred Facilities Maintenance category to the Reserve for Reversion category pursuant to All Agency Memorandum #2007-36 to revert funding to the General Fund. Requires Interim Finance approval since the cumulative amount transferred from the Deferred Facilities Maintenance category exceeds \$50,000.00. **Work Program #C13315**

Refer to motion for approval under Item F.

- 50. Department of Agriculture – Agriculture Registration/Enforcement – FY 09 –** Transfer of \$36,231.00 from the Reserve category to the Pesticide Contamination Program category to allow for the purchase of a vehicle, replacement computers, and provide interpreter services to be used to monitor and protect groundwater and surface water from contamination by pesticides. Requires Interim Finance approval since the amount added to the Pesticide Contamination Program exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12623**

Refer to motion for approval under Item F.

- 51. Department of Agriculture – Noxious Weed & Insect Control – FY 09** – Addition of \$29,044.00 in United States Department of Agriculture (USDA) Weed Management Biocontrol funds to conduct surveillance activities that will provide specific information pertaining to noxious weeds. Requires Interim Finance approval since the amount added to the USDA Weed Biocontrol category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12660**

Refer to motion for approval under Item F.

- 52. Department of Agriculture –USDA CCC – FY 09** – Addition of \$8,645.00 in Federal Funds from Previous Year, Specialty Crop Block Grant funds to enhance the competitiveness of defined specialty crops within Nevada. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C12639**

Chairman Arberry announced that the Committee would hear Item 52, which involved the allocation of block grant funds and required a public hearing.

Maureen Groach, Administrative Services Officer, Department of Agriculture, advised the Committee that the work program would balance forward the remainder of the FY 2008 Specialty Crop Block Grant funds.

Chairman Arberry opened the hearing for comments from the general public and asked whether anyone wished to present testimony regarding Item 52. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM 52.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote).

- 53. Department of Agriculture – USDA CCC – FY 09** – Addition of \$101,479.00 in United States Department of Agriculture Special Crop Block Grant funds and \$2,000.00 in Treasurer's Interest to enhance competitiveness of Nevada specialty crops. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C12636**

Chairman Arberry announced that the Committee would hear Item 53, which involved the allocation of block grant funds and required a public hearing.

Maureen Groach, Administrative Services Officer, Department of Agriculture, stated that Item 53 addressed the Special Crop Block Grant funding for FY 2009.

Chairman Arberry opened the hearing for comment from the general public and asked whether there was anyone who wished to present testimony regarding Item 53. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM 53.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote).

- 54. Commission on Mineral Resources – Minerals – FY 09** – Addition of \$182,351.00 in Charges for Services to inventory abandoned mines in Clark County. Requires Interim Finance approval since the amount added to the Southern Nevada Public Land Management Act category exceeds \$50,000.00. **Work Program #C12633**

Refer to motion for approval under Item F.

- 55. Gaming Control Board – FY 09** – Deletion of \$8,001.00 in Transfer from Gaming Investigative funds *with corresponding reductions in Operating, Information Technology and Investigations expenditure authority*. Transfer of ~~\$2,243.00~~ **\$2,242.00** from the Operating category to the Reserve for Reversion category; \$25,133.00 from the Information Services category to the Reserve for Reversion category; and \$1,100.00 from the Purchasing Assessment category to the Reserve for Reversion category to record the impact of rate reductions for Property and Contents Insurance, Department of Information Technology Infrastructure and Security Assessments and the State Purchasing Assessment. Requires Interim Finance approval since the cumulative amount transferred from the Information Services category exceeds \$50,000.00. **Work Program #IS4061**

Refer to motion for approval under Item F.

- 56. Department of Business and Industry – Housing Division – Low Income Housing Trust Fund – FY 09** – Addition of \$2,699.00 in Federal National Foreclosure Mitigation Counseling Program Grant Balance Forward funds and \$129,871.00 in Federal National Foreclosure Mitigation Counseling Program (NFMCP) Grant funds to support foreclosure mitigation counseling to certain Housing and Urban Development (HUD) approved entities. Requires Interim Finance approval since the amount added to the NFMCP Subgrantees category exceeds \$50,000.00. **Work Program #C13150**

Refer to motion for approval under Item F.

- 57. Department of Business and Industry – Industrial Relations Division – Mine Safety and Training – FY 09** – Addition of \$20,324.00 in Allocation from the Workers Compensation Fund and \$56,912.00 in Federal Mine Safety and Health

Grant funds to allow for the purchase of additional mining safety equipment for use by the Training Section due to receiving a supplemental award. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00. **Work Program #C12825**

Refer to motion for approval under Item F.

- 58. Department of Business and Industry – Athletic Commission – FY 08** – Transfer of \$11,189.00 from the Operating category to the Personnel Services category to provide funding for a shortfall in salary expenses for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount deducted from the Operating category exceeds \$50,000.00. **Work Program #C16056**

Refer to motion for approval under Item F.

- 59. Commission on Economic Development – FY 09** – Addition of \$33,082.00 in Nevada Commission for Economic Development Global Trade and Investment balance forward funds to fund ongoing obligations associated with sales missions and trade shows. Requires Interim Finance approval since the amount added to the Global Trade and Investment category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C13162**

Refer to motion for approval under Item F.

- 60. Commission on Economic Development – Nevada Film Office – FY 09** – Addition of \$118,065.00 in Miscellaneous Revenue balance forward funds to fund ongoing activities associated with the promotion of the motion picture industry in Nevada. Requires Interim Finance approval since the amount added to the Scouting Locations category exceeds \$50,000.00. **Work Program #C13168**

Refer to motion for approval under Item F.

- 61. Commission on Economic Development – Rural Community Development – FY 09** – Addition of \$47,155.00 in non-federal Balance Forward funds and \$249,052.00 in federal Balance Forward funds to support ongoing activities associated with the administration of the Revolving Loan Fund. Requires Interim Finance approval since the amount added to the Revolving Loans category exceeds \$50,000.00. **Work Program #C13174**

Refer to motion for approval under Item F.

- 62. Department of Health and Human Services – Director's Office – Administration – FY 09** – This work program records the agreed upon Premium Holiday for July 2008 impacting both the Active Employees Group Insurance Subsidy (AEGIS), as well as the Retired Employees Group Insurance (REGI) contribution and the reduction of the REGI rate from 4.5 percent to 2.97 percent for

fiscal year 2009. This reduction is due to removing the pre-funding of the Other Post Employment Benefit (OPEB) liability (GASB 45) and returning to pay-as-you-go. ***Requires Interim Finance approval since the cumulative amount added to the Reserve for Reversion category exceeds \$50,000.00. Work Program #C40203***

Refer to motion for approval under Item F.

- 63. Department of Health and Human Services – Director's Office – Administration – FY 09** – Transfer of \$29,089.00 from the Personnel Services category to the Head Start Grant category to realign legislatively approved authority in order to fully utilize the Head Start grant for grant fiscal year 2008. Requires Interim Finance approval since the amount added to the Head Start grant category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C40218**

Refer to motion for approval under Item F.

- 64. Department of Health and Human Services – Director's Office – Administration – FY 09** – Addition of \$1,603,897.00 in Transfer from Attorney General funds to enhance health and welfare for Nevadans by restoring fiscal year 2009 funding for the Nevada 2-1-1 program and help relieve an overstressed Medicaid system with United Health Care settlement funds. Requires Interim Finance approval since the amount added to the United Health Care Holding category exceeds \$10,000.00 in gifts or non-governmental grants. **Work Program #C40223**

Refer to motion for approval under Item F.

- 65. Department of Health and Human Services – Director's Office – Healthy Nevada Fund – FY 09** – Addition of \$496,148.00 in Transfer from the State Treasurer Tobacco Settlement funds to establish state claims categories to pay previous fiscal years' Medicare Part D State Pharmaceutical Assistance Program liabilities for the Senior Rx and Disability Rx members. Requires Interim Finance approval since the amount added to the Senior Rx State Claim category exceeds \$50,000.00. **Work Program #C32991**

Refer to motion for approval under Item F.

- 66. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 09** – Addition of \$102,302.00 in Transfer from Attorney General funds to assist the Family Resource Center's efforts in the Differential Response program in Nevada. Requires Interim Finance approval since the amount added to the Differential Response category exceeds \$50,000.00. **Work Program #C40224**

Refer to motion for approval under Item F.

- 67. Department of Health and Human Services – Director's Office – Problem Gambling – FY 09** – Addition of \$454,045.00 in Balance Forward from Previous Year funds to award grants of money or contracts for services to state agencies and other political subdivisions of the state or to organizations or education institutions to provide programs for the prevention and treatment of problem gambling. Requires Interim Finance approval since the amount added to the Problem Gambling Grants category exceeds \$50,000.00. **Work Program #C32990**

Chairman Arberry announced that the Committee would consider Item 67, which required revision.

Michael Torvinen, Deputy Director for Fiscal Services, Department of Health and Human Services, explained that Item 67 was a balance forward of problem gambling funds, and the amount had been revised to \$452,842. Mr. Torvinen indicated that the revision was based on the posting of final transactions.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 67 AS REVISED.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Gansert, Koivisto and McClain, and Senator Coffin were not present for the vote.)

- 68. Department of Health and Human Services – Director's Office – Indigent Supplemental Account – FY 09** – Addition of \$1,496,201.00 in Balance Forward from Previous Year funds to increase the contract for the National Association of Counties in the Operating category and support the Current Claims category. Requires Interim Finance approval since the amount added to the Current Claims category exceeds \$50,000.00. **Work Program #C40227**

Chairman Arberry announced that the Committee would consider Item 68, which required revision.

Michael Torvinen, Deputy Director for Fiscal Services, Department of Health and Human Services, explained that Item 68 was a balance forward of funds for the Indigent Supplemental account. The revision was necessary because transactions were posted after the program was submitted, and Mr. Torvinen stated that the revised amount was \$1,655,059.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 68 AS REVISED.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Gansert, Koivisto and McClain, and Senator Coffin were not present for the vote).

69. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08** – Transfer of \$46,886.00 from the Operating category to the Personnel Services category to provide funding for actual payroll expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$50,000.00. **Work Program #C27696**

Refer to motion for approval under Item F.

70. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08** – Deletion of \$619,803.00 in General Fund appropriation to ~~balance forward~~ **transfer** remaining funds from FY 08 to FY 09. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C32321. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 74.**

Refer to motion for approval under Item F.

71. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 09** – Transfer of \$14,624,170.00 from the Transfer to State Agencies category to the Payment to State Agencies category, \$111,842.00 from the Transfer to Health Division category to the Payment to State Agencies category, and \$36,450.00 from the Transfer to the Legislative Counsel Bureau category to the Payments to State Agencies category to simplify federal reporting requirements and facilitate reconciliation with the state's financial system. Requires Interim Finance approval since the amount transferred to the Payment to State Agencies category exceeds \$50,000.00. **Work Program #C12641**

Refer to motion for approval under Item F.

72. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 09** – Addition of \$125,000 in Balance Forward from Previous Fiscal Year funds to establish a website to make health care data available to the public. Requires Interim Finance approval ~~pursuant to A.B. 146, Section 447, of the 2007 Legislative Session~~ **since the amount transferred to the Health Information Website category exceeds \$50,000.00.** **Work Program #C12879**

Refer to motion for approval under Item F.

73. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 09** – Transfer of \$100,000.00 from the Attorney General's Office **Express Scripts Settlement** for the development of a website that will make health care data available to the public as specified in A.B. 146,

Chapter 447 of the 2007 Legislature. Requires Interim Finance approval since the amount transferred to the Health Information Website category exceeds \$50,000.00. **Work Program #C13094**

Refer to motion for approval under Item F.

- 74. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 09** – Addition of \$619,803.00 in General Fund appropriation ~~balanced forward~~ **transferred** from FY 08 to reduce the amount of the supplemental appropriation required for a projected shortfall in medical services expenditures. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C13276 RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 70.**

Refer to motion for approval under Item F.

- 75. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid Title XIX – FY 08** – Transfer of \$41,286.00 from the Operating category to the Personnel Services category to provide funding for actual payroll expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$50,000.00. **Work Program #C27697**

Refer to motion for approval under Item F.

- 76. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid Title XIX – FY 08** – Deletion of ~~\$17,335,368.00~~ \$16,835,368.00 in General Fund appropriation to ~~balance forward~~ **transfer** remaining funds from FY 08 to FY 09. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C32322. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 78. REVISED SEPTEMBER 3, 2008.**

Chairman Arberry announced that the Committee would hear Items 76 and 78 concurrently.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, stated that the amount in Items 76 and 78 had been revised since the work programs were posted. There was a reduction in the amount of \$500,000 from the posted amount in each program, which reduced the amount transferred to \$16,835,368.00. The \$500,000 reduction was associated with funds appropriated by A.B. 628 for outreach to uninsured individuals in Nevada. Mr. Duarte explained that funding from A.B. 628 was one-shot funding that had to be expended only in FY 2008.

Mr. Duarte stated that the work programs would transfer funds from FY 2008 associated with the Division's budget reductions and move the funds into FY 2009 as an offset to the Division's supplemental appropriation needs in FY 2009.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEMS 76 AND 78 AS REVISED.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Gansert, Koivisto, McClain, and Assemblyman Denis and Senator Coffin were not present for the vote).

- 77. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 09 –** Deletion of \$16,041 in Federal Title XIX funds and transfer of \$16,040.00 from Purchasing Assessment to Reserve for Reversion to record the reduction of internal service rates and assessments for fiscal year 2009. Requires Interim Finance approval since the amount transferred exceeds ~~\$20,000.00~~ and 10 percent of the legislatively-approved budget for the Purchasing Assessment category. **Work Program #IS3243**

Refer to motion for approval under Item F.

- 78. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Medicaid, Title XIX – FY 09 –** Addition of ~~\$17,335,368.00~~ \$16,835,368.00 in General Fund appropriation ~~balanced forward~~ **transferred** from FY 08 to reduce the amount of the supplemental appropriation required for a projected shortfall in medical services expenditures. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C13275. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 76. REVISED SEPTEMBER 3, 2008.**

Refer to narrative and motion for approval under Item 76.

- 79. Department of Health and Human Services – Division of Health Care Financing and Policy – Health Insurance Flexibility Accountability Act Medical – FY 08 –** Deletion of \$1,200,000.00 in General Fund appropriation to ~~balance forward~~ **transfer** remaining funds from FY 08 to FY 09. ~~Requires Interim Finance approval pursuant to Assembly Bill 628, Section 34, of the 2007 Legislative Session.~~ **Requires Interim Finance approval since transfer from Reserve for Caseload Shortfall category exceeds \$50,000.00. Work Program #C32323. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 80.**

Item 79 was withdrawn.

80. **Department of Health and Human Services – Division of Health Care Financing and Policy – Health Insurance Flexibility Accountability Act Medical – FY 09** – Addition of \$1,200,000.00 in General Fund appropriation ~~balanced forward~~ **transferred** from FY 08 to reduce the amount of the supplemental appropriation required for a projected shortfall in medical services expenditures. Requires Interim Finance approval pursuant to ~~A.B. Bill 628, Section 34, of the 2007 Legislative Session~~ **since the amount added to the Reserve for Caseload Shortfall category exceeds \$50,000.00. Work Program #C13274. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 79.**

Item 80 was withdrawn.

81. **Department of Health and Human Services – Division of Health Care Financing and Policy – Health Insurance Flexibility Accountability Act Holding Account – FY 08** – Deletion of \$2,315,345.00 in General Fund appropriation to ~~balance forward~~ **transfer** remaining funds from FY 08 to FY 09. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C32320. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 82.**

Refer to motion for approval under Item F.

82. **Department of Health and Human Services – Division of Health Care Financing and Policy – Health Insurance Flexibility Accountability Act Holding Account – FY 09** – Addition of ~~\$2,315,415.00~~ **\$2,315,345.00** in General Fund appropriation ~~balanced forward~~ **transferred** from FY 08 to reduce the amount of the supplemental appropriation required for a projected shortfall in medical services expenditures. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C13273. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 81.**

Refer to motion for approval under Item F.

83. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 09** – Transfer of \$522,022.00 from the Personnel Services category to the Professional Services category to pay for contracted doctor and transcription services through fiscal year 2009. Requires Interim Finance approval since the amount added to the Professional Services category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12711**

Refer to motion for approval under Item F.

84. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 09** – Addition of \$276,000.00 in Transfer from Attorney General **United Health Group Settlement** funds to assist with the costs of operating a Community Triage

Center and restore the funding for the mobile mental health program in FY 2009. The funding is part of the United Health Care settlement funds. Requires Interim Finance approval since the amount added to the Community Triage Center category exceeds ~~\$10,000.00 in gifts or non-governmental grants~~ **\$50,000.00. Work Program #C12741**

Refer to motion for approval under Item F.

- 85. Department of Health and Human Services – Division of Mental Health and Developmental Services – Facility for the Mental Offender – FY 09** – Transfer of \$321,707.00 from the Personnel Services category to the Professional Services category to fund contract psychiatrists, psychologists and nurses to support current agency operations and allow evaluations to be completed in a timely manner. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12713**

Refer to motion for approval under Item F.

- 86. Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Clinics – FY 09** – Addition of \$66,348.00 in U.S. Department of Housing and Urban Development Shelter Plus Grant funds to provide subsidized housing for those individuals who suffer with mental illness and are homeless. Requires Interim Finance approval since the amount added to the State Transitional Home Care category exceeds \$50,000.00. **Work Program #C12681**

Refer to motion for approval under Item F.

- 87. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 09** – Transfer of \$1,351,784.00 from the Personnel Services category to the Professional Services category to fund contract psychiatrists and nurses to support current agency operations, maintain quality patient care, and meet the Joint Commission standard of care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12649**

Refer to motion for approval under Item F.

- 88. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 09** – Addition of \$125,000.00 in Transfer from Attorney General funds to assist with the costs of operating a Community Triage Center. The funding is part of the United Health Care settlement funds. Requires Interim Finance approval since the amount added to the Community Triage Center category exceeds ~~\$10,000.00 in gifts or non-governmental grants~~ **\$50,000.00. Work Program #C12747**

Refer to motion for approval under Item F.

- 89. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 09** – Transfer of \$7,019.00 from the ~~Personnel Services~~ **Operating** category to the Reserve for Reversion category, \$21,092.00 from the Information Services category to the Reserve for Reversion category, \$2.00 from the Mental Health Court A.B. 175 category to the Reserve for Reversion category, and \$32,134.00 from the Purchasing Assessment category to the Reserve for Reversion category to record the reduction of internal service rates and assessments for fiscal year 2009. Requires Interim Finance approval since the amount transferred from the Purchasing Assessment category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #IS3161**

Refer to motion for approval under Item F.

- 90. Department of Health and Human Services – Health Division – Community Health Services – FY 09** – Addition of \$200,000.00 in Transfer from the Department of Health and Human Resources - Director's Office to purchase pharmaceutical, medical, and operational supplies and to pay for contract services, travel and training costs for nurses who provide preventive health care to residents of rural and frontier counties in Nevada. **The action involves the allocation of block grant funds and requires a public hearing. Work Program #C12643**

Chairman Arberry announced that the Committee would consider Item 90, which involved the allocation of block grant funds and required a public hearing.

Mary Keating, Fiscal Officer, Nevada State Health Division, Department of Health and Human Services (DHHS), explained that Item 90 was a request for Community Health Services to receive a \$200,000 block grant from the Director's Office, DHHS.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 90. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYMAN HARDY MOVED APPROVAL OF ITEM 90.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Gansert, Koivisto, McClain and Assemblyman Denis, and Senators Beers, Coffin and Raggio were not present for the vote.)

- 91. Department of Health and Human Services – Health Division – Community Health Services – FY 09** – Addition of \$124,000.00 in Transfer from Attorney General **United Health Group Settlement** funds to enhance health care in rural areas. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C12740**

Refer to motion for approval under Item F.

92. **Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 09** – Addition of \$300,000.00 in Federal-Minority Human Immunodeficiency Virus (HIV) Testing funds to increase testing for HIV among minority populations and within the Clark County Jail. Requires Interim Finance approval since this is a new governmental grant in excess of \$100,000.00. **Work Program #C12616**

Refer to motion for approval under Item F.

93. **Department of Health and Human Services – Health Division – Immunization Program – FY 08** – Deletion of \$323,864.00 in General Fund appropriation to support the Immunization Program. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C35190. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 94.**

Refer to motion for approval under Item F.

94. **Department of Health and Human Services – Health Division – Immunization Program – FY 09** – Addition of \$323,864.00 in General Fund appropriation ~~balanced forward from FY 08~~ to support the Immunization Program. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C13397. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 93.**

Refer to motion for approval under Item F.

95. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 09** – Addition of \$101,169.00 in Transfer from Attorney General ***United Health Group Settlement*** funds to assist specialty clinics with clients affected by fetal alcohol syndrome in the Northern Nevada area. Requires Interim Finance approval since the amount added to the Medical/Dental Expenses category exceeds \$50,000.00. **Work Program #C12736**

Chairman Arberry announced that the Committee would consider Item 95.

Mary Keating, Fiscal Officer, Nevada State Health Division, Department of Health and Human Services (DHHS), explained that Item 95 was a request to receive funds as part of the United Health Group Settlement into the Division's Maternal and Child Health Services program in the amount of \$101,169.

ASSEMBLYWOMAN SMITH MOVED APPROVAL OF ITEM 95.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Chairman Arberry asked whether fetal alcohol clinics would be established in both northern and southern Nevada and how the Division would track the funding.

Ms. Keating said that she would ask Ms. Wright to come forward and address the Chairman's inquiry.

Judith Wright, Director, Maternal and Child Health Services, Health Division, DHHS, explained that ten fetal alcohol syndrome clinics had been held in Las Vegas over the past biennium, and they had been very effective. Those clinics were funded by a sub-grant through the University of Nevada, Las Vegas (UNLV) School of Medicine.

Ms. Wright explained that the Division had been working to develop clinics in northern Nevada and the funding in Item 95 would increase the number of clinics held in southern Nevada by 12, with 10 new clinics being held in northern Nevada – 9 in the Reno area and 1 in a rural community. The clinics would be held at Mojave Adult, Child, and Family Services in Reno, which was a nonprofit organization that operated through the UNLV School of Medicine. According to Ms. Wright, a sub-grant was being developed for the clinics that would be tracked by the Division in the same manner that it tracked other sub-grants.

Senator Cegavske asked whether funding existed to continue the treatment of children who were diagnosed as suffering from fetal alcohol syndrome and their families. Ms Wright stated that the Health Division did not have such funding, but it worked with school districts to change the Individualized Educational Plan (IEP) for students diagnosed with fetal alcohol syndrome. Ms. Wright noted that community resources were available to assist families and children.

Senator Cegavske said she was hoping that communities had the resources to provide assistance. Ms. Wright confirmed that community resources had been available during the ten clinics held in Las Vegas over the past biennium.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), explained that the issue was whether the funds should be tracked in Category 12, Medical and Dental, or whether the funds should be identified in a separate category. Mr. Stevens indicated that LCB staff would recommend that the funds be included in a separate category, such as Category 20, Merger Settlement.

Ms. Wright stated that the Health Division had no objection to placing the funds in a separate category.

Senator Raggio indicated that the motion should include changing the category of expenditure from Category 12 to the new Category 20.

ASSEMBLYWOMAN SMITH AMENDED HER PREVIOUS MOTION TO APPROVE ITEM 95, INCLUDING THE CREATION OF A SEPARATE EXPENDITURE CATEGORY, CATEGORY 20, MERGER SETTLEMENT.

ASSEMBLYWOMAN LESLIE SECONDED THE AMENDED MOTION.

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

- 96. Department of Health and Human Services – Health Division – Emergency Medical Services – FY 09** – Addition of \$86,138.00 in Emergency Medical Services for Children Grant funds to improve existing systems and to develop and evaluate improved procedures and protocols for treating children. Requires Interim Finance approval since the amount added to the Emergency Medical Services for Children category exceeds \$50,000.00. **Work Program #C12666**

Refer to motion for approval under Item F.

- 97. Department of Health and Human Services – Health Division – Public Health Tobacco Fund – FY 09** – Addition of \$876,703.00 in Transfer from Special Funds-Trust Fund for Public Health Board to fully fund the current subgrant awards provided to the community for public health activities. Requires Interim Finance approval since the amount added to the Grants to Organizations category exceeds \$50,000.00. **Work Program #C12671**

Refer to motion for approval under Item F.

- 98. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 09** – Addition of ~~\$154,323.00~~ **\$98,390.00** in Public Assistance Reporting Information System (PARIS) State Partnership Grant funds to complete the PARIS project, which includes the development of a system interface to allow public assistance client matching in order to identify erroneous payments and the creation of a database to store resultant data matches for retrieval by staff. Requires Interim Finance approval since the amount added to the ~~Genetic Testing~~ PARIS Grant category exceeds \$50,000.00. **Work Program #C12732. REVISED AUGUST 27, 2008.**

Chairman Arberry announced that the Committee would consider Item 98.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), identified herself for the record and introduced Romaine Gilliland, Administrative Services Officer, Division of Welfare and Supportive Services, DHHS.

Ms. Ford explained that Item 98 was to balance forward money in the Public Assistance Reporting Information System (PARIS) grant, and there was a revision because of a bill received after the work program was posted. The revised amount was \$98,390.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM 98 AS REVISED.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senators Coffin and Raggio were not present for the vote).

- 99. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 09** – Addition of \$126,687.00 in High Performance Bonus funds transferred from previous fiscal year, \$43,504.00 in Federal United States Department of Agriculture (USDA) Food Stamp Program funds, \$61,074.00 in Federal Child Support Program funds, \$70,848.00 in Federal Temporary Assistance for Needy Families (TANF) Block Grant funds, \$13,515.00 in Federal Low Income Home Energy Assistance (LIHEA) Grant funds, \$4,553.00 in Federal Child Care Development funds and \$36,309.00 in Federal Title XIX funds to balance forward remaining Food Stamp High Performance Bonus authority to fiscal year 2009. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C12749**

Chairman Arberry announced that the Committee would consider Item 99, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 99 requested to balance forward block grant funding into FY 2009.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 99. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM 99.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senators Coffin and Raggio were not present for the vote).

- 100. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 09** – Addition of \$234,263.00 in Balance Forward from Previous Fiscal Year funds, \$111,736.00 in Federal United States Department of Agriculture (USDA) Food Stamp Program funds, \$125,825.00 in Federal Child Support Program funds, \$194,845.00 in Federal Temporary Assistance for Needy Families (TANF) Block Grant funds, \$17,386.00 of Federal Low Income Home Energy Assistance (LIHEA) Grant funds, \$7,569.00 in Federal Child Care Development funds and \$57,779.00 in Federal Title XIX funds to carry

forward General Fund appropriation pursuant to S.B. 252, Chapter 385 of the 2007 Legislative Session and augment with matching federal revenues for routine replacement of aging equipment and computers. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C12783**

Chairman Arberry announced that the Committee would consider Item 100, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 100 requested to balance forward block grant funding into FY 2009 for routine replacement of aging equipment and computers.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 100. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 100.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senators Coffin and Raggio were not present for the vote).

- 101. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 09** – Deletion of \$57,465.00 in Federal United States Agriculture (USDA) Food Stamp Program funds, \$239,432.00 in Federal Child Support Program funds, \$280,085.00 in Federal Temporary Assistance to Needy Families (TANF) Program funds, \$304.00 in Federal Low Income Home Energy Assistance (LIHEA) grant funds, \$234.00 in Federal Child Care Development funds and \$58,661.00 in Federal Title XIX funds and transfer of \$238,935.00 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**

Item 101 was withdrawn.

- 102. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 09** – Addition of \$5,225 in Balance Forward from Previous Fiscal Year funds, \$65,764.00 in Federal Funds balanced forward from FY 08, \$73,680.00 in Federal Child Support Program funds, \$3,993.00 in Federal Temporary Assistance to Needy Families Block Grant funds, \$183,655.00 in Federal Child Care Development funds and \$31,827.00 in Federal Title XIX funds and deletion of \$339,920.00 in Federal United States Department of Agriculture

(USDA) Program funds, \$9.00 in Federal USDA Food Stamp Information Plan funds, \$44.00 in Federal USDA Food Stamp Nutrition funds and \$24,171.00 in USDA Food Stamp High Performance Bonus funds to provide funding for administrative expenses associated with ensuring public assistance programs are administered in accordance with federal and state regulations. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C13395. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008.**

Chairman Arberry announced that the Committee would consider Item 102, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 102 requested to balance forward block grant funding into FY 2009 in various revenue accounts.

Chairman Arberry opened the hearing for comment from the general public and asked whether there was anyone who wished to present testimony regarding Item 102. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM 102.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin and were not present for the vote).

- 103. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 09 –** Addition of \$454,128.00 in Balance Forward from Previous Fiscal Year, \$215,914.00 in Federal United States Department of Agriculture (USDA) Food Stamp Program funds, \$1,676.00 in Federal Child Support Program funds, \$372,402.00 in Federal Temporary Assistance to Needy Families (TANF) Block Grant funds, \$2,578.00 in Federal Low Income Home Energy Assistance (LIHEA) Grant funds, \$2,191.00 in Federal Child Care Development funds and \$240,147.00 in Federal Title XIX funds to carry forward the General Fund appropriation pursuant to S.B. 252, Chapter 385 of the 2007 Legislative Session, and augment with matching federal funds for computer replacements, software and telephone equipment. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C12738**

Chairman Arberry announced that the Committee would consider Item 103, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 103 requested to balance forward block grant funding into FY 2009.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 103. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM 103.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin and were not present for the vote).

- 104. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 09 –** Addition of \$26,840.00 in High Performance Bonus funds balanced forward from previous fiscal year, \$12,821.00 in Federal United States Department of Agriculture (USDA) Food Stamp Program funds, \$97.00 in Federal Child Support Program funds, \$22,213.00 in Federal Temporary Assistance to Needy Families (TANF) Block Grant funds, \$127.00 in Federal Low Income Home Energy Assistance (LIHEA) Grant funds, \$116.00 in Federal Child Care Development funds and \$14,142.00 in Federal Title XIX funds to balance forward remaining Food Stamp High Performance Bonus authority to fiscal year 2009. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C12739**

Chairman Arberry announced that the Committee would consider Item 104, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 104 requested to balance forward block grant funding into FY 2009.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 104. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 104.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin and were not present for the vote).

- 105. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 09** – Deletion of \$8,807.00 from Federal United States Department of Agriculture (USDA) Food Stamp Program funds, \$66.00 from Federal Child Support Program funds, \$15,280.00 from Federal Temporary Assistance to Needy Families (TANF) Program funds, \$85.00 from Federal Low Income Home Energy Assistance (LIHEA) grant funds, \$78.00 from Federal Child Care Development funds and \$9,711.00 from Federal Title XIX funds and transfer of \$18,424.00 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. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #IS3233**

Chairman Arberry announced that the Committee would consider Item 105, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 105 requested to balance forward block grant funding into FY 2009. Item 105 pertained to internal service rates and reserving for reversion.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 105. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 105.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin and were not present for the vote).

- 106. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 09** – Addition of \$34,820.00 in Balance Forward from Previous Fiscal Year funds, \$1,062,068.00 in Federal Funds balanced forward from the previous fiscal year, \$20,946.00 in Federal Child Care Development funds and deletion of \$542,410.00 in Federal United States Department of Agriculture Program funds, \$34,819.00 in Federal Assistance to Needy Families Block Grant funds and \$24,945.00 in Federal Title XIX funds to provide funding for operating expenses which determine eligibility for the various programs administered by the department. **This action involves the allocation of block grant funds and requires a public hearing. Work Program #C13399. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008.**

Chairman Arberry announced that the Committee would consider Item 106, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 106 requested to balance forward block grant funding into FY 2009.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 106. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM 106.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin and were not present for the vote).

- 107. Department of Health and Human Services – Division of Welfare and Supportive Services – Temporary Assistance to Needy Families – FY 09 –** Deletion of \$271.00 from the Federal Temporary Assistance to Needy Families (TANF) Program funds 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 #IS3230**

Chairman Arberry announced that the Committee would consider Item 107, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 107 requested the deletion of \$271.00 from Temporary Assistance to Needy Families (TANF) program funds.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 107. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYMAN HARDY MOVED APPROVAL OF ITEM 107.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin and were not present for the vote).

- 108. Department of Health and Human Services – Division of Welfare and Supportive Services – Temporary Assistance to Needy Families – FY 09 –** Addition of \$306,609.00 in Federal Grant funds balanced forward from FY 08 and deletion of \$306,609.00 in Federal Temporary Assistance to Needy Families Block Grant funds to provide assistance to needy families so that dependent children can be cared for in their own homes. **This action involves the allocation of block**

grant funds and requires a public hearing. Work Program #C13393. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008.

Chairman Arberry announced that the Committee would consider Item 108, which involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Item 108 required a revision from \$306,609 to \$342,263.

Chairman Arberry opened the hearing for comment from the general public and asked whether anyone wished to present testimony regarding Item 108. There being no further testimony, Chairman Arberry declared the hearing closed.

ASSEMBLYWOMAN WEBER MOVED APPROVAL OF ITEM 108 AS REVISED.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin and were not present for the vote).

- 109. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 09** – Addition of \$232,339.00 in Federal Child Support Program funds and transfer of \$119,690.00 from the Reserve category to the Information Services category to provide for the first phase of the design and implementation of the document imaging and content management system. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12582**

Refer to motion for approval under Item F.

- 110. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Federal Reimbursement – FY 09** – Addition of \$621,341.00 in Federal Incentive revenue to supplement county programs which contribute to improving the effectiveness and efficiency of Title IV D programs. Requires Interim Finance approval since the amount added to the Incentives category exceeds 10 percent of the legislatively-approved level for the category. **Work Program #C13097**

Refer to motion for approval under Item F.

- 111. Department of Health and Human Services – Division of Welfare and Supportive Services – Assistance to Aged and Blind – FY 08** – Deletion of \$110,609.00 in General Fund appropriation ~~Balance Forward to FY 09~~ **transferred**

to FY 09 to provide state supplemental payments to low-income aged and blind individuals and adult group facilities that assist recipients in avoiding institutionalization. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C22671. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 112.**

- 112. Department of Health and Human Services – Division of Welfare and Supportive Services – Assistance to Aged and Blind – FY 09** – Addition of \$110,609.00 in General Fund appropriation ~~balanced forward~~ **transferred** from the previous fiscal year to provide state supplemental payments to low income aged and blind individuals and adult group facilities to assist recipients with avoiding or delaying institutionalization. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C12780. RELATES TO ITEM 111.**

Chairman Arberry announced that the Committee would consider Items 111 and 112 concurrently.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Items 111 and 112 transferred monies from FY 2008 into FY 2009 pertaining to the Assistance to Aged and Blind program.

Chairman Arberry said it was his understanding that Item 112 required a revision.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that a technical revision was needed. The General Ledger (GL) number for moving the money forward was listed as 2511, which was a balance forward. Mr. Stevens stated that the correct GL number was 2501, which was a transfer of General Fund appropriation, and he recommended that the Committee approve Item 112 with the revision of the GL number to 2501.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 111 AND ITEM 112,
AS REVISED TO REFLECT THE CORRECT GL NUMBER OF 2501.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senators Cegavske and Coffin and were not present for the vote).

- 113. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Assistance and Development – FY 09** – Transfer of \$111.00 from the Operating category to the Reserve for Federal Funding category, \$83.00 from the Child Care Mandatory Matching category to Reserve for Federal Funding category, \$632.00 from Information Services category to Reserve for

Federal Funding category and \$26,186.00 from the Purchasing Assessment category to the Reserve for Federal Funding category to record the reduction of internal service rates and assessments for fiscal year 2009. Requires Interim Finance approval since the amount transferred from the Purchasing Assessment category exceeds 10 percent of the legislatively-approved budget. **Work Program #IS3267**

Refer to motion for approval under Item F.

- 114. Department of Health and Human Services – Division for Aging Services – Aging Older Americans Act – FY 09** – Addition of \$123,500.00 in Administration on Aging Title IV and Title II Discretionary Projects grant funds to increase access by seniors to civil legal services throughout Nevada. Requires Interim Finance approval since the amount added to the Senior Legal Assistance category exceeds \$50,000.00. **Work Program #C40906**

Refer to motion for approval under Item F.

- 115. Department of Health and Human Services – Division for Aging Services – Aging Older Americans Act – FY 09** – Addition of \$58,135.00 in Aging and Disability Resource Center (ADRC) grant funds to design and implement a management system to 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 \$50,000.00. **Work Program #C40907**

Chairman Arberry announced the Committee would consider Item 115.

Carol Sala, Administrator, Division for Aging Services, Department of Health and Human Services (DHHS), identified herself for the record and introduced Brenda Berry, Administrative Services Officer, Division for Aging Services, DHHS.

Ms. Sala indicated that Item 115 requested the addition of funding in the Aging and Disability Resource Center (ADRC) grant funds. The funding for the grant was split between the Centers for Medicare and Medicaid Services (CMS) and the Administration on Aging (AoA). Ms. Sala stated the work program would realign authority from FY 2008 to FY 2009 for the CMS portion of the grant. She informed the Committee that the money must be expended by September 29, 2008.

Ms. Sala stated that a work program would be presented to the IFC at a later date to realign the AoA portion of the grant funding. The division was granted a no-cost extension until September 2009 from the AoA to continue the work being done to establish aging and disability resource centers in Nevada.

Chairman Arberry said the major concern was the rearrangement of salary support for the position associated with the grant that added General Fund support.

Ms. Sala explained that in FY 2008, the Division developed a cost allocation plan, which complied with the rules required by CMS to access funding. The cost allocation plan tracked the position associated with the grant and had increased General Fund support, but the position had been vacant since June 2008. Ms. Sala indicated that the decision had recently been made to contract out the remaining duties of the project manager. She reiterated that the Division would not hire a person to fill the position. Ms. Sala stated that a future work program would be submitted to the IFC requesting transfer of funds from Category 01 into the Division's sub-grantee or contract categories.

Ms. Sala indicated that the decision to use a contractor was made because the process of hiring a position was too lengthy and the Division was operating against a timeframe to complete the project. Receiving the no-cost extension of funding from the AoA had given the Division a significant "boost." Ms. Sala said that because of the current state of the economy and the budget, the Division did not feel that it could recruit and hire a person who would then be out of a job in nine months. That was the basis for the decision to contract out the position.

Ms. Sala emphasized that the Division was committed to completing a fully functioning ADRC in Nevada. The AoA had embedded the ADRC concept into its business practices. Ms. Sala said at the time the Division applied for the grant three years ago, ADRCs were a new concept, and now the AoA had included the concept in its projects and it had become a nationwide initiative. Unfortunately, said Ms. Sala, because the Division was not at the level it wanted to be at the present time, it recently had to pass on applying for two federal grants of approximately \$800,000 each to continue work on the ADRC.

Assemblywoman Leslie stated her concern was that there appeared to be a trend toward an overall change in the funding mix for positions within the Division by adding additional General Fund support. Ms. Leslie asked Ms. Sala to meet with Legislative Counsel Bureau (LCB) staff and map out the salary changes that had occurred in the Division so the Committee would be fully aware of those changes.

Ms. Sala stated she would be happy to comply with Ms. Leslie's request. The Division submitted its cost allocation plan to the federal government, and the decision was made that Medicaid would be the Division's approval authority. Ms. Sala indicated that the changes in the cost allocation had impacted the entire Division. There had been some major changes and Ms. Sala stated that the Division would work with LCB staff to identify those changes.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 116.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senators Cegavske and Coffin and were not present for the vote).

- 116. Department of Health and Human Services – Division for Aging Services – Aging Older Americans Act – FY 09 – Addition of ~~\$77,116.00~~ **\$79,847.00** in Balance Forward funds to provide continued support for the Senior Ride program. Requires Interim Finance approval since the amount added to the Senior Ride Program category exceeds \$50,000.00. **Work Program #C40909. REVISED SEPTEMBER 3, 2008.****

Chairman Arberry announced that the Committee would consider Item 116, which required revision.

Carol Sala, Administrator, Division for Aging Services, Department of Health and Human Services, stated that Item 116 was a request to carry forward funds to provide continued support for the Senior Ride program. The revision was based on the actual amount to carry forward of \$79,847.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 116 AS REVISED.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senators Cegavske and Coffin and were not present for the vote).

- 117. Department of Health and Human Services – Division for Aging Services – Senior Citizens' Property Tax Assistance – FY 08 – Deletion of \$27,003.00 in General Fund appropriation to ~~Balance Forward to FY 09~~ **transferred to FY 09** for the Senior Citizens' Property Tax Assistance Program. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C31549. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 118.****

Refer to motion for approval under Item F.

- 118. Department of Health and Human Services – Division for Aging Services – Senior Citizens' Property Tax Assistance – FY 09 – Addition of ~~\$26,947.00 in balance forward funds~~ **\$27,003.00 in General Fund appropriation** to provide continued support for the Senior Citizen Property Tax Assistance program. Requires Interim Finance approval ~~since the cumulative adjustment amount to the Tax Assistance category exceeds \$50,000.00 pursuant to A.B. 628, Section 34, of the 2007 Legislative Session.~~ **Work Program #C40911. REVISED AUGUST 21, 2008. RELATES TO ITEM 117.****

Refer to motion for approval under Item F.

- 119. Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 09 – Addition of \$51,294.00 in Chafee Educational and Training Voucher (CETV) Program funds to**

support postsecondary training and education to youths who have aged out of foster care or who have been adopted from the public foster care system after age 16. Requires Interim Finance approval since the amount added to the Educations and Training Voucher category exceeds \$50,000.00. **Work Program #C12806**

Refer to motion for approval under Item F.

- 120. Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 09** – Transfer of \$80,600.00 from the Personnel Services category to the Operating category to fund an Interlocal Agreement and acquire contract employee services. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C12640**

Refer to motion for approval under Item F.

- 121. Department of Health and Human Services – Division of Child and Family Services – Clark County Integration – FY 08** – Deletion of \$230,645.00 in General Fund appropriation and \$38,671.00 in federal Title IV-E funds ~~to balance forward remaining funds from FY 08 to FY 09~~ to support ongoing Clark County child welfare expenditures. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C31551. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 122.**

Refer to motion for approval under Item F.

- 122. Department of Health and Human Services – Division of Child and Family Services – Clark County Integration – FY 09** – Addition of \$230,645.00 in General Fund appropriation and \$38,671.00 in Federal Child Welfare Title IV-E funds ~~balanced forward from FY 08~~ to provide continued support for Clark County ongoing expenditures. ~~This action involves the allocation of block grant funds and requires a public hearing.~~ **Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. Work Program #C12794. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 121.**

Refer to motion for approval under Item F.

- 123. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 08** – Deletion of \$396,983.00 in General Fund appropriation and \$214,927.00 in ~~Balance Forward of Post Adoption Fees, Gifts and Donations to balance forward remaining funds from FY 08 to FY 09~~ to support child welfare, adoptive placement and emergency shelter placement of children. Requires Interim Finance approval pursuant to A.B. 628, Section 34, of the 2007 Legislative Session. **Work Program #C31550. RECEIVED AFTER SUBMITTAL DEADLINE AUGUST 21, 2008. RELATES TO ITEM 124.**

Refer to motion for approval under Item F.

124. **Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 09** – Addition of ~~\$396,983.00 in General Fund appropriation and \$531,901.00~~ **\$214,927.00** in balance forward funds to provide continued support for the child welfare, adoption subsidy, emergency foster care, substitute foster care, and pre and post adoption programs. Requires Interim Finance approval ~~since the amount added to the Emergency Foster Care category exceeds \$50,000.00 pursuant to Assembly Bill 628, Section 34, of the 2007 Legislative Session.~~ **Work Program #C12824. REVISED AUGUST 21, 2008. RELATES TO ITEM 123.**

Refer to motion for approval under Item F.

125. **Department of Health and Human Services – Division of Child and Family Services – Nevada Youth Training Center – FY 08** – Deletion of \$56,395.00 in General Fund appropriation to reflect funds for legislatively approved deferred maintenance projects ~~being carried forward to FY 09.~~ Requires Interim Finance approval pursuant to A.B. 628, Section 36, of the 2007 Legislative Session. **Work Program #C11681. RELATES TO ITEM 126.**

Refer to motion for approval under Item F.

126. **Department of Health and Human Services – Division of Child and Family Services – Nevada Youth Training Center – FY 09** – Addition of \$56,395.00 in General Fund appropriation to provide funding for costs associated with legislatively-approved deferred maintenance projects. Requires Interim Finance approval pursuant to A.B. 628, Section 36, of the 2007 Legislative Session. **Work Program #C12718. RELATES TO ITEM 125.**

Refer to motion for approval under Item F.

127. **Department of Health and Human Services – Division of Child and Family Services – Northern Nevada Child and Adolescent Services – FY 09** – Transfer of \$68,175.00 from the Personnel Services category to the Contract Psychiatric Services category to allow for increased contract coverage while the division recruits for a replacement for the psychiatric position to provide psychiatric services as required by Medicaid in Chapter 400 of Medicaid Services Manual under 403.2.2. Requires Interim Finance approval since the amount transferred to the Contract Psychiatric Services category exceeds \$50,000.00. **Work Program #C12684**

Refer to motion for approval under Item F.

128. **Department of Employment, Training and Rehabilitation – Information Development and Processing – FY 09** – Addition of \$140,000.00 in Transfer from Employment Security to cover increased ADABAS contract costs to support the existing Unemployment Insurance computer program. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000.00. **Work Program #C13124. RELATES TO ITEM 135.**

Refer to motion for approval under Item F.

- 129. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Disability Adjudication – FY 09** – Addition of \$93,000.00 in Federal Disability Determination funds to cover moving costs out of leased space and into federal buildings. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00. **Work Program #C12785**

Refer to motion for approval under Item F.

- 130. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 09** – Addition of \$60,000.00 in Balance Forward from Previous Year funds to cover remaining costs for the Rehabilitation Automated Information System of Nevada (RAISON) data warehousing capability project. Requires Interim Finance approval since the amount added to the RAISON Data Warehousing category exceeds \$50,000. **Work Program #C12601**

Refer to motion for approval under Item F.

- 131. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 09** – Addition of \$86,512.00 in Transfer from the Fund for a Healthy Nevada grant funds to provide Nevadans with disabilities assistive technology assessments, testing and training to obtain employment. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$50,000.00. **Work Program #C12881**

Refer to motion for approval under Item F.

- 132. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Services to the Blind and Visually Impaired – FY 09** – Addition of \$86,512.00 in Transfer from the Fund for a Healthy Nevada grant funds to provide Nevadans with disabilities assistive technology assessment, testing and training to attain employment. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$50,000.00. **Work Program #C12916**

Refer to motion for approval under Item F.

- 133. Department of Employment, Training and Rehabilitation – Employment Security – FY 08** – Addition of \$80,000.00 in Federal Administrative Cost Allowance Grant funds to provide funding for the cost of a portion of an upgrade to the Management Information Systems that generate federal reports on the Trade Adjustment Assistance and Trade Benefits Programs. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000.00. **Work Program #C25469**

Refer to motion for approval under Item F.

- 134. Department of Employment, Training and Rehabilitation – Employment Security – Special Fund – FY 09** – Addition of \$1,488,368.00 in Balance Forward from Previous Year funds to support ongoing building maintenance projects in

northern and southern Nevada. Requires Interim Finance approval since the amount added to the Maintenance of Buildings and Grounds category exceeds \$50,000.00. **Work Program #C12967**

Refer to motion for approval under Item F.

- 135. Department of Employment, Training and Rehabilitation – Employment Security – Special Fund – FY 09** – Transfer of \$140,000.00 from the Reserve category to the Information Development and Processing Funding category to cover increased ADABAS contract costs to support the existing Unemployment Insurance computer program. **Work Program#C13139. RELATES TO ITEM 128.**

Refer to motion for approval under Item F.

- 136. Peace Officers Standards and Training – FY 09** – Addition of \$65,326.00 in Balance Forward from Previous Year funds to continue the Physical Fitness Standards Study. Requires Interim Finance approval since the amount added to the Physical Fitness Standards Study category exceeds \$50,000.00. **Work Program #C25844**

Refer to motion for approval under Item F.

- 137. Department of Corrections – Director's Office – FY 09** – Addition of \$130,000.00 in Federal Justice Assistance Grant funds transferred from the Department of Public Safety to purchase and implement a gang intelligence system to link the Department of Corrections with the statewide network. Requires Interim Finance approval since the amount added to the Gangnet Node Grant category exceeds \$50,000.00. **Work Program #C13146**

Refer to motion for approval under Item F.

- 138. Department of Corrections – Prison Medical Care – FY 08** – Transfer of \$280,000.00 from the Inmate Drivens category to the Personnel Services category to provide funding for projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C41019**

Refer to motion for approval under Item F.

- 139. Department of Corrections – Correctional Programs – FY 08** – Addition of \$62,000.00 in Budgetary Transfer to provide funding for projected personnel services expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C41032. RELATES TO ITEM 151.**

Refer to motion for approval under Item F.

- 140. Department of Corrections – Correctional Programs – FY 09** – Addition of \$535.00 in Chapel Donations Balance Forward funds and \$238,324.00 in Federal Department of Justice Going Home Prepared Grant funds to continue the Prisoner Re-entry Initiative for inmates in northern Nevada. Requires Interim Finance approval since the amount added to the Going Home Prepared Grant category exceeds \$50,000.00. **Work Program #C13106**

Refer to motion for approval under Item F.

- 141. Department of Corrections – Correctional Programs – FY 09** – Addition of \$130,434.00 in Department of Labor Prisoner Release Initiative Grant funds to allow the Department of Corrections to partner with a Faith Based Community Organization to provide community services to inmates. Requires Interim Finance approval since the amount added to the Prisoner Release Initiative Grant category exceeds \$100,000.00 in new governmental grants. **Work Program #C13205**

Refer to motion for approval under Item F.

- 142. Department of Corrections – Ely State Prison – FY 08** – Addition of \$74,000.00 in Budgetary Transfer and transfer of \$10,000.00 from the Operating category to the Utilities category, \$3,000.00 from the Maintenance Contracts category to the Utilities category and \$5,000.00 from the Uniform Allowance category to the Utilities category to provide funding for projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$50,000.00. **Work Program #C41001. RELATES TO ITEM 144.**

Refer to motion for approval under Item F.

- 143. Department of Corrections – Northern Nevada Correctional Center – FY 08** – Transfer of \$14,180.00 from the Uniform Allowance category to the Inmate Drivens category to provide funding for projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Uniform Allowance category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C41013**

Refer to motion for approval under Item F.

- 144. Department of Corrections – Nevada State Prison – FY 08** – Deletion \$222,000.00 in Budgetary Transfer and transfer of \$23,000.00 from the Deferred Facilities Maintenance category to the Utilities category to provide funding for statewide shortfalls and to align expenditures based on projections for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Deferred Facilities Maintenance category exceeds \$50,000.00. **Work Program #C41029. RELATES TO ITEMS 142, 145 AND 154.**

Refer to motion for approval under Item F.

- 145. Department of Corrections – Southern Desert Correctional Center – FY 08 –** Addition of \$146,100.00 in Budgetary Transfer, \$682.00 in Employee Services and \$15,299.00 in Room, Board and Transportation Charges and transfer of \$12,000.00 from the Operating category to the Personnel Services category, \$38,000.00 from the Maintenance Contracts category to the Personnel Services category and \$8,000.00 from the Inmate Drivens category to the Personnel Services category to provide funding for projected shortfalls and to align revenue and expenditures based on projections for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C41027. RELATES TO ITEMS 144 AND 146.**

Refer to motion for approval under Item F.

- 146. Department of Corrections – Southern Nevada Correctional Center – FY 08 –** Deletion of \$69,288.00 in Budgetary Transfer to provide funding for statewide shortfalls based on projections for the remainder of the fiscal year. Requires Interim finance approval since the cumulative amount deducted from the Deferred Maintenance category exceeds \$50,000.00. **Work Program #C41028. RELATES TO ITEMS 145, 147, 148, 149, 150 AND 154.**

Refer to motion for approval under Item F.

- 147. Department of Corrections – Florence McClure Women’s Correctional Center – FY 08 –** Addition of \$41,000.00 in Budgetary Transfer, \$4,126.00 in Room, Board and Transportation Charges and \$115.00 in Meal Sales; deletion of \$463.00 in Reimbursement; and transfer of \$2,000.00 from the Operating category to the Personnel Services category, \$2,000.00 from the Maintenance of Buildings and Grounds category to the Personnel Services category, \$5,000.00 from the Maintenance Contracts category to the Personnel Services category, \$4,000.00 from the Uniform Allowance category to the Personnel Services category and \$35,000.00 from the Inmate Drivens category to the Personnel Services category to provide funding for projected shortfalls and to align revenue and expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C41025. RELATES TO ITEM 146.**

Refer to motion for approval under Item F.

- 148. Department of Corrections – Casa Grande Transitional Housing – FY 08 –** Addition of \$13,400.00 in Budgetary Transfer and \$89,045.00 in Room, Board and Transportation Charges and transfer of \$3,500.00 from the Maintenance Contracts category to the Personnel Services category and \$10,000.00 from the Uniform Allowance category to the Personnel Services category to provide funding for a projected shortfall and to align revenue and expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the

Personnel Services category includes a budgetary transfer that balances against other work programs. **Work Program #C41026. RELATES TO ITEM 146.**

Refer to motion for approval under Item F.

- 149. Department of Corrections – Northern Nevada Restitution Center – FY 08 –** Addition of \$10,000.00 in Budgetary Transfer and \$42,666.00 in Room, Board and Transportation Charges and transfer of \$2,000.00 from the Operating category to the Personnel Services category and \$2,000.00 from the Inmate Drivens category to the Personnel Services category to provide funding for projected shortfalls and align revenue and expenditures based on projections for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category includes a budgetary transfer that balances against other work programs. **Work Program #C41030. RELATES TO ITEM 146.**

Refer to motion for approval under Item F.

- 150. Department of Corrections – Pioche Conservation Camp – FY 08 –** Addition of \$2,788.00 in Budgetary Transfer and \$84.00 in Room, Board and Transportation Charges and transfer of \$420.00 from the Operating category to the Utilities category, \$244.00 from the Maintenance of Buildings and Grounds category to the Utilities category, \$1,469.00 from the Maintenance Contracts category to the Utilities category, \$2,667.00 from the Uniform Allowance category to the Utilities category, \$1,412.00 from the Uniform Allowance category to the Personnel Services category and \$2,000.00 from the Inmate Drivens category to the Utilities category to provide funding for projected shortfalls and to align revenue and expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category includes a budgetary transfer that balances against other work programs. **Work Program #C41002. RELATES TO ITEM 146.**

Refer to motion for approval under Item F.

- 151. Department of Corrections – Humboldt Conservation Camp – FY 08 –** Addition of \$131.00 in Room, Board and Transportation Charges and deletion of \$62,000.00 in Budgetary Transfer to provide funding for projected expenditures across the Department and to align revenue for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Deferred Facilities Maintenance category exceeds \$50,000.00. **Work Program #C41016R. RELATES TO ITEM 139.**

Refer to motion for approval under Item F.

- 152. Department of Corrections – Humboldt Conservation Camp – FY 08 –** Deletion of \$450,350.00 in General Fund appropriation to reduce the FY 08 appropriation for deferred maintenance project funding that is transferred to FY 09. This is companion to work program #C13119. Requires Interim Finance approval pursuant

to A.B. 628, Section 36, of the 2007 Legislative Session. **Work Program #C41033. RELATES TO ITEM 153.**

Refer to motion for approval under Item F.

- 153. Department of Corrections – Humboldt Conservation Camp – FY 09** – Addition of \$450,350.00 in General Fund appropriation for deferred maintenance projects approved during the 2007 Legislative Session. Requires Interim Finance approval pursuant to A.B. 628, Section 36, of the 2007 Legislative Session. **Work Program #C13119. RELATES TO ITEM 152.**

Refer to motion for approval under Item F.

- 154. Department of Corrections – Ely Conservation Camp – FY 08** – Addition of \$4,000.00 in Budgetary Transfer and transfer of \$3,000.00 from the Uniform Allowance category to the Personnel Services category to provide funding for projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category includes a budgetary transfer that balances against other work programs. **Work Program #C41031. RELATES TO ITEMS 144 AND 146.**

Refer to motion for approval under Item F.

- 155. Department of Corrections – Carlin Conservation Camp – FY 08** – Deletion of \$134,770.00 in General Fund appropriation to reduce the FY 08 appropriation for deferred maintenance project funding that is transferred to FY 09. This is companion to work program #C13117. Requires Interim Finance approval pursuant to A.B. 628, Section 36, of the 2007 Legislative Session. **Work Program #C41034. RELATES TO ITEM 156.**

Refer to motion for approval under Item F.

- 156. Department of Corrections – Carlin Conservation Camp – FY 09** – Addition of \$134,770.00 in General Fund appropriation for deferred maintenance projects approved during the 2007 Legislative Session. Requires Interim Finance approval pursuant to A.B. 628, Section 36, of the 2007 Legislative Session. **Work Program #C13117. RELATES TO ITEM 155.**

Refer to motion for approval under Item F.

- 157. Department of Motor Vehicles – Director's Office – FY 08** – Deletion of \$83,596.00 in Highway Fund **Authorization** to ~~balance forward~~ **transfer** remaining authority for administering the Kiosk Program. Requires Interim Finance approval ~~since the amount deducted from the Kiosk Program category exceeds \$50,000.00 pursuant to A.B. 628, Section 50, of the 2007 Legislative Session.~~ **Work Program #C40803. RELATES TO ITEM 158.**

Refer to motion for approval under Item F.

- 158. Department of Motor Vehicles – Director's Office – FY 09 –** Addition of \$83,596.00 in Highway Fund Authorization to ~~balance forward~~ **transfer** remaining FY 2008 funding for kiosks. Requires Interim Finance approval since the amount added to the Kiosk category exceeds \$50,000.00 **pursuant to A.B. 628, Section 50, of the 2007 Legislative Session. Work Program #C12959. RELATES TO ITEM 157.**

Refer to motion for approval under Item F.

- 159. Department of Motor Vehicles – Real ID – FY 09 –** Addition of \$1,693,607.00 in Federal Department of Homeland Security Demonstration Grant funds and \$1,200,000.00 in Federal Department of Homeland Security Hub Testing Grant funds for implementation of state-specific projects that focus on efforts to achieve material compliance with the Real ID Act and to participate in verification hub testing and implementation for verification of an applicant's source documents. Requires Interim Finance approval since the amount added to Department of Homeland Security Demonstration Federal Grant category exceeds \$100,000.00 in new governmental grants. **Work Program #C13196**

Refer to motion for approval under Item F.

- 160. Department of Motor Vehicles – Automation – FY 09 –** Transfer of \$131,210.00 from the Department of Information Technology Charges category to the Reserve for Reversion category and \$379,485.00 from the Emissions - Vehicle Identification category to the Reserve for Reversion category to correct departmental cost allocations to match the legislatively-approved budget. Requires Interim Finance approval since the amount transferred from the Emissions - Vehicle Identification category exceeds \$50,000.00. **Work Program #C34204**

Refer to motion for approval under Item F.

- 161. Department of Motor Vehicles – Automation – FY 09 –** Addition of \$106,736.00 in Reimbursements from Insurance Verification for overtime costs associated with rewriting the existing antiquated insurance verification program to streamline the process and create efficiencies. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. Companion to Work Program #C12935. **Work Program #C12990. RELATES TO ITEM 164.**

Chairman Arberry announced that the Committee would consider Items 161 and 164 concurrently.

Martha Barnes, Administrator, Central Services and Records Division, Department of Motor Vehicles (DMV), stated that many legislators had received complaints from their constituents regarding the insurance verification program, and Item 161 offered a solution to the "matching" problem the Division had been dealing with for years.

Ms. Barnes explained that the current insurance verification program had been in existence for many years, but the program was flawed. The Division required insurance companies to submit insurance information for matching purposes. After reviewing the Insurance Industry Committee on Motor Vehicle Administration's (IICMVA) model user guide for implementation of online insurance verification, the Division determined it would be a more efficient method to identify uninsured motorists in Nevada.

Ms. Barnes stated that the Department's Information Technology staff studied the standards adopted by IICMVA and proposed a plan for the Division to query the databases of insurance companies directly for verification of coverage based on vehicle identification number, name and policy number. According to Ms. Barnes, the Division would then have the ability to verify insurance when the vehicle was first registered in Nevada because the technician would obtain the name of the insurance company and the effective date and policy number at the time of the transaction.

Ms. Barnes said when a vehicle registration was scheduled to renew the Division would verify the customer's insurance coverage prior to generating a renewal letter. If the Division was unable to verify insurance coverage, the customer would be subject to a reinstatement fee and would be required to provide proof of insurance in order to renew the vehicle registration, just as they did today. Ms. Barnes stated that if the Division identified the registered owner as a habitual uninsured motorist, the Division would query for verification of insurance coverage as often as deemed necessary to ensure compliance.

Customers would be able to update insurance information by accessing the Division's website if they changed insurance companies. Ms. Barnes indicated that law enforcement and the courts would have access to the same information as they had today, but the information would be much more reliable.

Ms. Barnes said the investigation by the Division to review a better way to make changes to the program began with attendance at a conference where a vendor talked about real-time insurance verification. The Division determined that installation and implementation cost for a vendor would be \$391,300. However, said Ms. Barnes, by completing the installation and implementation in house, the cost would be \$376,224.

The ongoing cost for a vendor would be \$58,341 per month, or \$700,000 per year, but if the Department's information technology staff completed the programming, there would be no ongoing costs. Ms. Barnes said the number of vendor programming hours would be 4,190, and the number for the Department's staff would be 4,090.

Because of the economic issues facing Nevada, Ms. Barnes believed the ongoing monthly costs associated with a vendor contract would not be fiscally responsible.

By utilizing the DMV's information technology staff to make the necessary programming changes, the Division would achieve the same results.

Ms. Barnes informed the Committee that discussion with Legislative Counsel Bureau staff allowed the Division to reduce the work program from \$387,135 to \$377,805.

Assemblyman Denis asked whether the proposed program would tap into databases used by the insurance companies. Ms. Barnes explained that most large insurance companies maintained databases that the Division could query against. The smaller insurance companies would be provided with a method of submitting information to the Division. Ms. Barnes said the Division was looking at costs on both sides, and most of the larger companies currently offered online service.

Mr. Denis asked whether law enforcement officers would be able to conduct insurance verifications from their patrol car when making a vehicle stop. Ms. Barnes replied that at the present time the Division provided the information to law enforcement officers at the time they ran a vehicle's registration, and with the new system, the Division could ascertain whether the insurance information was still valid.

Assemblywoman Smith asked why the Division was requesting funding for such a significant change at the present time rather than during the 2009 Legislature. Ms. Barnes replied that the Division was aware that there were problems with the current system and wanted to commence with addressing those problems as soon as possible.

Ms. Smith asked how her constituents would benefit and appreciate the new system. Ms. Barnes said at the current time, the Division accepted information from the insurance companies and if there was a numerical error made on either side, the information would not match the record for the vehicle. The Division then assumed that the person did not have insurance because there was no information on file verifying insurance. Ms. Barnes said a person might have been continuously insured with the same company, but because the Division did not have the correct information on file, it would send a notice to the person asking for current insurance information. Ms. Barnes indicated that people did not like receiving such notices when they had been continuously insured. That was the problem the Division was trying to avoid with the new system.

Senator Beers asked whether those notices included a significant fine amount. He stated that his constituents complained about the fines more than the notices. Ms. Barnes replied that many of the initial notices sent out were not returned, and the Division never received the appropriate information.

Senator Beers asked whether the Division anticipated any long-term savings to the Transportation Fund because of the new program. Ms. Barnes replied that the Division was unsure about the effect of the new system because there were many

uninsured motorists that the Division had been unable to identify. The Division hoped to eventually reduce personnel in that area, but Ms. Barnes noted that it was impossible to predict savings at the current time.

Senator Beers asked whether the Division had a certain number of hours that staff spent pursuing false or inaccurate insurance information. He noted that once the notices were sent out, both the Division and the citizen had to deal with and correct the insurance information error. Ms. Barnes explained that the Division had approximately 20 employees who worked on verification of insurance information.

Senator Beers asked whether some of those employees could be reassigned to other duties if the Division put a better system in place. Ms. Barnes said that was the outcome the Division was hoping for.

Assemblywoman Gansert referred to the monthly costs for vendors versus DMV staff, and she asked what services would be provided by the vendor for \$58,341 per month, and if the Division was confident that it would not need additional information technology personnel to support the new program. Ms. Barnes explained that the monthly cost for the vendor was the cost of doing business with the vendor. The Division had the ability to eliminate the middleman and go directly to the websites of the various insurance companies.

Ms. Gansert asked whether there would be additional costs. It appeared that the vendor would perform some type of other work for the \$58,341 per month. Ms. Barnes said it was her understanding that the vendor was already established in various states, but like all vendors, the company was trying to make money, so there was a cost to the customer on a monthly basis.

Ms. Gansert said she believed there would be a cost associated with the upkeep of the system every month. Ms. Barnes said the DMV information technology employees could make any needed changes to the program, which would eliminate the monthly cost.

Assemblyman Denis asked about the workload for the current DMV technical support staff; he wondered if there would be a point when additional positions would be needed. Ms. Barnes said the Division did not anticipate the addition of staff. Once the programming was completed, the system would automatically query the databases of the insurance companies. Ms. Barnes said the current technical support staff would write and maintain the programming.

Mr. Denis pointed out that the new system would create added responsibility for current technical staff. Ms. Barnes explained that there would be a shift of responsibility. The Division would be dealing only with persons who were really uninsured and would eliminate those who were erroneously identified as uninsured.

Assemblyman Parks noted that some insurance companies did not maintain offices in Nevada, and he wondered whether companies that wrote policies such as fleet policies would be included in the new program. Mr. Parks said he had maintained insurance with the same company for several years, but his policy number had changed over the past five years, and he had received a notice from DMV that he no longer maintained insurance.

Ms. Barnes asked whether Mr. Parks was notified when his policy number was changed, and Mr. Parks replied that he had received the new number upon renewal of the policy. Ms. Barnes said that the Division would like to provide a web service so that customers could provide the changes in insurance information directly to the Division.

Chairman Raggio said it was interesting to note that a sizeable amount in fines had been recovered by DMV as a result of the program. He believed the amount was approximately \$11 million, with 58,000 applicants who had to be reinstated and who paid fines of approximately \$250.00. Chairman Raggio pointed out that a sizeable amount of money resulted from the fines for lack of insurance. Ms. Barnes concurred that the amount was sizeable.

Chairman Raggio stated that a motion would be in order to approve Items 161 and 164 as revised.

SENATOR BEERS MOVED APPROVAL OF ITEMS 161 AND 164 AS REVISED.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Chairman Arberry, and Senators Cegavske and Coffin were not present for the vote.)

- 162. Department of Motor Vehicles – Compliance Enforcement – FY 09 –** Deletion of \$85,228.00 in Highway Fund Authorization to remove funding for a position and associated costs for A.B. 393, 2007 Session, which did not pass. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000.00. **Work Program #C34207**

Refer to motion for approval under Item F.

- 163. Department of Motor Vehicles – Motor Vehicle Pollution Control – FY 09 –** Transfer of \$770,546.00 from the Reserve category to the City/County Air Quality category to distribute excess reserves to county governments. Requires Interim Finance approval since the amount transferred to the City/County Air Quality category exceeds \$50,000.00. **Work Program #C12821. RELATES TO ITEM K.**

Refer to motion for approval under Item F.

- 164. Department of Motor Vehicles – Verification of Insurance – FY 09 –** Transfer of ~~\$387,135.00~~ **\$377,805.00** from the Reversion to Highway Fund category to the On-Line Insurance Verification category to rewrite the existing antiquated insurance verification program to streamline the process and create efficiencies. Requires Interim Finance approval since the amount transferred to the On-Line Insurance Verification category exceeds \$50,000.00. **Work Program #C12935. RELATES TO ITEM 161. REVISED AUGUST 27, 2008.**

Refer to narrative and motion for approval under Item 161.

- 165. Department of Public Safety – Justice Assistance Grant Trust – FY 09 –** Addition of \$632,528.00 in Balance Forward from Previous Year funds to provide grants to state and local government agencies to further efforts in reducing and preventing crime, violence and drug abuse, and improving the functioning of the criminal justice system. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds \$50,000.00. **Work Program #C12944**

Refer to motion for approval under Item F.

- 166. Department of Public Safety – Justice Assistance Grant Trust – FY 09 –** Addition of \$105,000.00 in Treasurer's Interest Distribution to accept quarterly interest distributions. Requires Interim Finance approval since the amount added to the Justice Assistance Grant category exceeds \$50,000.00. **Work Program #C13104**

Refer to motion for approval under Item F.

- 167. Department of Public Safety – Emergency Management Assistance Grants – FY 09 –** Addition of \$1,000,000.00 from Federal Emergency Management Agency (FEMA) Waterfall Fire, \$100,000.00 from FEMA Hurricane Relief, \$300,000 from Emergency Management Performance Grant (EMPG) Supplemental, \$300,000.00 from Buffer Zone Protection Plan IPP and \$400,000.00 from FEMA Hazard Mitigation Grant Program (HMGP) 2007 to balance forward a portion of the federal authority. Requires Interim Finance approval since the FEMA Waterfall Fire category exceeds \$50,000.00. **Work Program #C12816**

Refer to motion for approval under Item F.

- 168. Department of Public Safety – Emergency Management Assistance Grants – FY 09 –** Addition of \$2,000,000.00 from Public Safety Interoperable Communications (PSIC) grant program to balance forward a portion of remaining authority. Requires Interim Finance approval since the amount added to the Public Safety Interoperable Communications category exceeds \$50,000.00. **Work Program #C40515**

Refer to motion for approval under Item F.

- 169. Department of Public Safety – Emergency Management Assistance Grants – FY 09** – Addition of \$205,917.00 in Buffer Zone Protection Plan, \$1,137,718.00 in Federal Emergency Management Act Emergency Management Performance Grant, \$300,000.00 in Transit Security Grant Program, \$400,000.00 in Transit Security Supplemental, \$1,500,000.00 in Federal Emergency Management Act Clark/Lincoln Flood and \$500,000.00 in Federal Predisaster Mitigation to balance forward a portion of the federal authority in order to meet program objectives. Requires Interim Finance approval since the amount added to the Emergency Management Performance Grant - Aid to Locals category exceeds \$50,000.00. **Work Program #C12813**

Refer to motion for approval under Item F.

- 170. Department of Public Safety – Emergency Management Assistance Grants – FY 09** – Addition of \$4,021,023.00 in Urban Area Initiative grant funds, \$2,297,640.00 in Homeland Security Grant Program-Law Enforcement Terrorism Prevention Program (LETPP) grant funds, \$60,884.00 in Citizen Corps grant funds, \$250,000.00 in Homeland Security Grant Program-Major Medical Response grant funds, \$150,000.00 in Urban Area Security Initiative Program (UASI) Non-Profit Security grant funds, \$1,000,000.00 in Federal Emergency Management Act New Year's 2006 Flood grant funds and \$1,500,000.00 in Federal Emergency Management Act 1738 Fernley Flood grant funds to balance forward a portion of the federal authority in order meet program objectives. Requires Interim Finance approval since the amount added to the Urban Area Initiative category exceeds \$50,000.00. **Work Program #C12814**

Refer to motion for approval under Item F.

- 171. Department of Public Safety – Criminal History Repository – FY 09** – Addition of \$52,054.00 in Balance Forward from Previous Year to fund the purchase of two remaining LiveScan machines which were approved in fiscal year 2007 for electronic submission of fingerprints by law enforcement agencies throughout the state. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00. **Work Program #C13152**

Refer to motion for approval under Item F.

- 172. Department of Public Safety – Highway Patrol – FY 09** – Addition of \$79,838.00 from Transfer from Traffic Safety - Joining Forces to ***balance forward authority to*** continue multi-jurisdictional traffic enforcement activities focused on reducing fatalities and serious injury crashes in Nevada. Requires Interim Finance approval since the amount added to the Joining Forces category exceeds \$50,000.00. **Work Program #C12680**

Refer to motion for approval under Item F.

- 173. Department of Public Safety – Highway Patrol – FY 09** – Addition of \$608,000.00 in Transfer from Emergency Management, Public Safety Interoperable Communications Grant funds to accept a grant award from the Division of Emergency Management for a radio to radio interoperability project. Requires Interim Finance approval since the amount added to the Homeland Security Grants category exceeds \$50,000.00. **Work Program #C12900**

Refer to motion for approval under Item F.

- 174. Department of Public Safety – Highway Patrol – FY 09** – Addition of \$50,000.00 in Transfer from High Level Nuclear Waste to accept reimbursement of the Waste Isolation Pilot Plant (WIPP) activities. Requires Interim Finance approval since the amount added to the Waste Isolation Pilot Plant (WIPP) category exceeds 10 percent of the legislatively-approved level for the category. **Work Program #C13142**

Refer to motion for approval under Item F.

- 175. Department of Public Safety – Highway Patrol – FY 09** – Addition of \$105,796.00 in Balance Forward from Prior Year funds to repair damaged vehicles or purchase replacements for totaled vehicles with insurance recoveries. Requires Interim Finance approval since the amount added to the Crash Fund category exceeds \$50,000.00. **Work Program #C13324**

Refer to motion for approval under Item F.

- 176. Department of Public Safety – Highway Patrol – K-9 Program – FY 09** Addition of \$187,850.00 in Balance Forward from Previous Year and \$183,668.00 in Transfer from Forfeiture Funds to balance forward the remaining cash and authority for the operation of the Public Safety K-9 Program. Requires Interim Finance approval since the amount added to the K-9 category exceeds \$50,000.00. **Work Program #C13130. RELATES TO ITEM 177.**

- 177. Department of Public Safety – Forfeitures – Law Enforcement – FY 09** – Addition of \$183,668.00 from Fines, Forfeitures and Penalties to continue the start-up of the K-9 program approved at the April 9, 2008, Interim Finance meeting. Requires Interim Finance approval since the amount added to the K-9 Program category exceeds \$50,000.00. **Work Program #C13151. RELATES TO ITEM 176.**

Chairman Raggio announced that the Committee would consider Items 176 and 177 concurrently.

Rick Gimlin, Chief of Administrative Services, Department of Public Safety (DPS), explained that Item 176 pertained to the K-9 Program, budget account 4705, and requested to carry forward remaining funds from FY 2008 into FY 2009. The Item also added some funds from the Department's Forfeiture Fund.

Mr. Gimlin said there was a revision in the amount that was being carried forward from FY 2008 into FY 2009. The correct amount to carry forward was \$188,126.

Chairman Raggio noted that the revision was in the amount of \$276.00, and there would be a corresponding increase to the K-9 Program expenditure category in a like amount. Mr. Gimlin stated that was correct.

Responding to Chairman Raggio's inquiry about the status of the officer handling program, Scott Jackson, Chief, Investigation Division, DPS, informed the Committee that the program was currently in the training phase, with six handlers and six K-9s. Mr. Jackson indicated that the training was being conducted in Las Vegas. Hopefully, by November 1, 2008, the Department would allocate two K-9 teams to the Reno area and four teams would remain in Las Vegas.

Chairman Raggio asked whether a donation would be forthcoming from the Las Vegas City Council. Mr. Jackson replied that the Department of Detention and Enforcement in Las Vegas had offered to provide two K-9s to the program, but the Department of Public Safety had not accepted the K-9s at the present time. Mr. Jackson advised that a work program would be submitted to the IFC if it was decided to accept the donation.

Mr. Gimlin stated that Item 177 established authority for an additional \$183,668 in FY 2009 from the Fines, Forfeitures and Penalties account to continue the K-9 program.

Chairman Raggio stated he would accept a motion.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEMS 176 AND 177,
AS REVISED.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain,
Assemblymen Denis and Parks, Chairman Arberry, and Senator Coffin
were not present for the vote.)

- 178. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –**
Transfer of \$17,568.00 from the Reserve category to the Nevada Highway Patrol Forfeitures category to provide funding for the Nevada Highway Patrol Interdiction Task Force to attend the annual Drug Interdiction Assistance Program Conference. Requires Interim Finance approval since the cumulative amount transferred to the Nevada Highway Patrol Forfeitures category exceeds \$50,000.00. **Work Program #C12613**

Refer to motion for approval under Item F.

- 179. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –**
Transfer of \$75,000.00 from the Reserve category to the Nevada Division of Investigations Federal category to investigate drug distributors by utilizing undercover officers to purchase drugs as evidence for arrest and prosecution. Requires Interim Finance since the amount transferred to the Nevada Division of Investigations Federal category exceeds \$50,000.00. **Work Program #C13068**

Refer to motion for approval under Item F.

- 180. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –**
Deletion of \$1,056,768.00 from Balance Forward from Previous Year to adjust cash balance forward and balance forward the purchase of a Firearms Training Simulator approved and ordered in fiscal year 2008 which will not be received until fiscal year 2009. Requires Interim Finance approval since the amount added to the Training category exceeds \$50,000.00. **Work Program #C13155**

Chairman Raggio announced that the Committee would consider Item 180

Rick Gimlin, Chief of Administrative Services, Department of Public Safety, stated that Item 180 included a revision. When the work program was originally submitted, the cash balance in the account was lower. Mr. Gimlin indicated that the current cash to balance forward in the Forfeiture account was \$145,614. That would change the balance forward from \$1,056,768 to \$1,056,237.

Senator Raggio clarified that the net reduction for the reserve category as revised would be \$1,056,237, and Mr. Gimlin stated that was correct.

Chairman Raggio stated he would accept a motion.

ASSEMBLYMAN HOGAN MOVED APPROVAL OF ITEM 180 AS REVISED.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Assemblyman Denis, Chairman Arberry, and Senator Coffin were not present for the vote.)

- 181. Department of Public Safety – Forfeitures – Law Enforcement – FY 09 –**
Transfer of \$49,459.00 from the Reserve category to the Nevada Division of Investigation Federal category to purchase specialized surveillance equipment. Requires Interim Finance approval since the Nevada Division of Investigations Federal category exceeds 10 percent of the legislatively-approved level for the category. **Work Program #C13169**

Refer to motion for approval under Item F.

- 182. Department of Public Safety – Narcotics Control – FY 09** – Addition of \$50,000.00 from High Intensity Drug Trafficking Reimbursement (HIDTA) to reduce drug trafficking in northern and southern Nevada. Requires Interim Finance approval since the amount added to the High Intensity Drug Trafficking category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12972**

Refer to motion for approval under Item F.

- 183. Department of Public Safety – Highway Safety Plan and Administration – FY 09** – Addition of \$3,382.00 in Federal Fatality File Analyst grant funds, \$233,786.00 in Federal 402 Highway Safety grant funds, \$35,011.00 in Federal 403 Incentive grant funds, \$420,221.00 in Federal 410 Alcohol grant funds, \$67,219.00 in Federal 405 Occupant Protection grant funds and \$263,591.00 in Federal 408 Traffic Safety Information Systems Improvement grant funds to balance forward remaining federal grant authority from fiscal year 2008. Requires Interim Finance approval since the amount added to the Impaired Driving category exceeds \$50,000.00. **Work Program #C12894**

Refer to motion for approval under Item F.

- 184. Department of Public Safety – Fire Marshal – FY 09** – Addition of \$70,000.00 from Transfer from Emergency Response Commission to provide hazardous materials training to fire service and volunteer firefighters statewide. Requires Interim Finance approval since the amount added to the Rural Training category exceeds \$50,000.00. **Work Program #C12700**

Refer to motion for approval under Item F.

- 185. Department of Public Safety – Home Disaster Assistance Program – FY 09** – Transfer of \$25,888.00 from the Reserve category to the Homeowners Disaster Assistance category to allow for the payment of claims. Requires Interim Finance approval since the amount transferred to the Homeowners Disaster Assistance category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C34988**

Refer to motion for approval under Item F.

- 186. Department of Conservation and Natural Resources – Director's Office Administration – FY 08** – Transfer of \$3,000.00 from the In-State Travel category to the Personnel Services category and \$18,000.00 from the Information Services category to the Personnel Services category to provide funding for a projected FY 08 budget shortfall within the Personnel Services expenditure category. Requires Interim Finance approval since the amount transferred from the Information Services category exceeds 10% of the legislatively approved level for that category. **Work Program #C41203**

Refer to motion for approval under Item F.

- 187. Department of Conservation and Natural Resources – State Parks Division – FY 09** – Addition of \$120,382.00 in Recreation Trails Administrative funds to balance forward remaining authority. Requires Interim Finance approval since the amount added to the State Trails category exceeds \$50,000.00. **Work Program #C12748**

Refer to motion for approval under Item F.

- 188. Department of Conservation and Natural Resources – State Parks Division – FY 09** – Addition of \$32,462.00 in Federal Emergency Management Agency (FEMA) funds received from the Department of Public Safety, Division of Emergency Management for the flooding that occurred in state parks in Lincoln County. Requires Interim Finance approval since the amount added to the FEMA Claim - Lincoln County category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12778**

Refer to motion for approval under Item F.

- 189. Department of Conservation and Natural Resources – State Parks Division – FY 09** – Addition of \$226,470.00 in Fire Assistance Grant funds transferred from the Division of Forestry to balance forward authority for funds used to pay for crews and supplies needed to conduct forest thinning work in Lake Tahoe Nevada State Park. Requires Interim Finance approval since the amount added to the Forestry Grant - Franktown III category exceeds \$50,000.00. **Work Program #C12958**

Refer to motion for approval under Item F.

- 190. Department of Conservation and Natural Resources – State Parks Division – FY 09** – Addition of \$85,944.00 in Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant funds transferred from the Department of Public Safety, Division of Emergency Management to balance forward authority to continue hazard mitigation efforts. Requires Interim Finance approval since the amount added to the Lake Tahoe Nevada State Park Vegetation Management category exceeds \$50,000.00. **Work Program #C12964**

Refer to motion for approval under Item F.

- 191. Department of Conservation and Natural Resources – State Parks Division – FY 09** – Transfer of \$494,775.00 from the Deferred Facilities Maintenance category to the Reserve for Reversion category and \$238,750.00 from the Outdoor Recreation Plan category to the Reserve for Reversion category to satisfy budget reserve requirements. Requires Interim Finance approval since the amount transferred from the Deferred Facilities Maintenance category exceeds \$50,000.00. **Work Program #C13285**

Refer to motion for approval under Item F.

- 192. Department of Conservation and Natural Resources – Division of Environmental Protection – Air Quality – FY 09** – Addition of \$119,786.00 in Federal Environmental Protection Agency (EPA) Air Toxic Ambient Monitoring Grant balance forward funds to support the Low Scale Air Toxic program, \$204,846.00 in Private Grant balance forward funds, \$26,000.00 in Federal EPA Clean Air Act Section 103 Grant balance forward funds to support the Mercury Deposition Chemical Analysis contract, and \$248,400.00 in funds transferred from the Air Quality Management Fund to support the State Clean Diesel Grant program and other federally supported state air quality programs. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C12989**

Refer to motion for approval under Item F.

- 193. Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 09** – Addition of \$50,000.00 in Wastewater Operator Fees in support of the Division of Water Pollution Control's Wastewater Operator Certification Program. Requires Interim Finance approval since the amount added to the Wastewater Operator Certification Program category exceeds \$50,000. **Work Program #C12726**

Refer to motion for approval under Item F.

- 194. Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 09** – Addition of \$52,753.00 in Federal Environmental Protection Agency (EPA) Wastewater Act Grant funds, \$288,333.00 in Federal EPA Drinking Water Operator Certification Grant funds, \$58,290.00 in Water Permit Fees and \$264,589.00 in Federal EPA Grant funds transferred from the Health Division to Balance Forward funds to fund ongoing obligated contract authority in support of federally supported water pollution control programs. Requires Interim Finance approval since the amount added to the Water System Operator Training category exceeds \$50,000.00. **Work Program #C13175**

Refer to motion for approval under Item F.

- 195. Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 09** – Deletion of \$547,493.00 in Federal Section 106 Clean Water Act Grant funds to align state budgetary authority with current federal authority. Federal grant funding was redirected from the Bureau of Water Pollution Control to the Bureau of Water Quality Planning as a result of the budget reductions. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds \$50,000.00. **Work Program #C13190**

Refer to motion for approval under Item F.

- 196. Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 09** – Addition of \$89,161.00 in Federal Section 104b Clean Water Act Grant funds to assist the state in transition to direct entry of data associated with National Pollutants Discharge Elimination System (NPDES) permits/discharges into the Integrated Compliance Information system NPDES database. Requires Interim Finance approval since the amount added to the Federal Office of Enforcement and Compliance Assurance (OECA) Grant category exceeds \$50,000.00. **Work Program #C13202**

Refer to motion for approval under Item F.

- 197. Department of Conservation and Natural Resources – Division of Environmental Protection – Water Quality Planning – FY 09** – Addition of \$361,676.00 in Federal Clean Water Act Section 106 Environmental Protection Agency (EPA) Grant funds, \$62,155.00 in Federal Clean Water Act Section 604B EPA Grant funds, \$470,000.00 in Federal Grant-B funds and \$1,988,736.00 in Federal EPA Clean Water Act Section 319H Non-Point Source funds to Balance Forward funds to fund ongoing obligated contract authority in support of federally supported water quality planning programs. Requires Interim Finance approval since the amount added to the Federal Clean Water Act (CWA) Section 319H EPA Grant category exceeds \$50,000.00. **Work Program #C13172**

Refer to motion for approval under Item F.

- 198. Department of Conservation and Natural Resources – Division of Environmental Protection – Safe Drinking Water Regulatory Program – FY 09** – Addition of \$88,793.00 in Federal Environmental Protection Agency (EPA) Water Protection Grant balance forward funds to support the development of a statewide water/wastewater emergency response network (WARN); \$293,542.00 in Federal Safer Drinking Water 10 Percent Set Aside balance forward and increased funds to upgrade the Division's Safe Drinking Water Information System and cover a shortfall in Federal EPA grant funds and state fees; and \$100,000.00 in Federal Safe Drinking Water 15 Percent Set Aside authority to align with funding authority budgeted in the State Revolving Fund-Administration account. Requires Interim Finance approval since the amount added to the Drinking Water State Revolving Fund category exceeds \$50,000.00. **Work Program #C12802**

Refer to motion for approval under Item F.

- 199. Department of Conservation and Natural Resources – Division of Environmental Protection – Waste Management and Federal Facilities – FY 09** – Addition of \$97,201.00 in Federal Petroleum Discharge Trust Fees, \$92,855.00 in Federal Underground Storage Tank Grant funds, \$6,911.00 in Federal Dumping/Tire Fee Revenues, \$10,000.00 in Civil Penalties, \$149,500.00 in Nevada Environmental Results Program Dry Cleaners Grant funds, \$687.00 in Federal Leaking Underground Storage Tanks Grant funds, \$32,513.00 in Federal Super

Fund Grant funds, \$225,991.00 in Federal State Response Grant funds, \$5,637,805.00 in Federal Hazardous Waste Fees transferred from Management of Hazardous Waste, \$300,000.00 in Federal Exchange Network Grant funds, \$30,316.00 in Federal Environmental Information Exchange Network Grant funds, \$149,249.00 in Exchange Network Implementation Discharge Monitoring Reports and Drinking Water Reports Grant funds, \$181,844.00 in Department of Defense Grant funds, and \$27,218.00 in Federal Department of Energy Grant funds to balance forward funding and excess fee revenue authority used to fund ongoing waste management related contract obligations, travel, equipment, operating and the development of an electronic data delivery project that has yet to be completed. Requires Interim Finance approval since the amount added to the Corrective Actions category exceeds \$50,000.00. **Work Program #C13099**

Refer to motion for approval under Item F.

- 200. Department of Conservation and Natural Resources – Division of Environmental Protection – State Revolving Fund – FY 09** – Addition of \$437,557.00 in Federal Environmental Protection Agency (EPA) Drinking Water State Revolving Fund Administrative Grant funds to ensure authority is sufficient to pay contractual obligations. Requires Interim Finance approval since the amount added to the 15 percent Set Aside Local Assistance category exceeds \$50,000.00. **Work Program #C12851**

Refer to motion for approval under Item F.

- 201. Department of Conservation and Natural Resources – Division of Environmental Protection – State Revolving Fund – FY 09** – Addition of \$38,756.00 in Proceeds from Sale of Environmental Protection Agency Bond revenue to partially fund the administration of the Clean Water State Revolving Fund. Requires Interim Finance approval since the amount added to the Clean Water State Revolving Fund Administration category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C13250**

Refer to motion for approval under Item F.

- 202. Department of Conservation and Natural Resources – Forestry Division – FY 09** – Addition of \$123,098.00 in United States Forest Service Woody Biomass Utilization Grant funds to obtain equipment and maximize the opportunities to move biomass from the woods to the Northern Nevada Correctional Center. Requires Interim Finance approval since the amount added to the Federal United States Forest Service Woody Biomass Grant category exceeds \$50,000.00. **Work Program #C12847**

Refer to motion for approval under Item F.

- 203. Department of Conservation and Natural Resources – Forestry Division – FY 09** – Addition of \$2,204,152.00 in 2007 United States Forest Service Consolidated Payment Grant funds, \$174,566.00 in 2004 United States Forest Service Consolidated Payment Grant funds, \$1,093,414.00 in 2005 United States Forest Service Consolidated Payment Grant funds and \$1,406,383.00 in 2006 United States Forest Service Consolidated Payment Grant funds to maintain and improve fire protection effectiveness on non-federal lands and promote stewardship on private lands. Requires Interim Finance approval since the amount added to the 2007 Consolidated Payment Grant category exceeds \$50,000.00. **Work Program #C12657**

Refer to motion for approval under Item F.

- 204. Department of Conservation and Natural Resources – Forestry Division – FY 09** – Addition of \$500,000.00 in United States Forest Service Forest Legacy Grant funds to contract with Carson City for the purchase of the Ash Canyon Gateway property, which will allow increased public access to Lake Tahoe State Park, Hobart and Marlette reservoirs. Requires Interim Finance approval since the amount added to the Federal United States Forest Service Legacy Grant category exceeds \$50,000.00. **Work Program #C12693**

Refer to motion for approval under Item F.

- 205. Department of Conservation and Natural Resources – Forestry Division – FY 09** – Addition of \$39,000 in Federal 2008 Fuels for Schools grant funds to continue biomass education and utilize biomass Fuels for Schools reduction projects to heat facilities. Requires Interim Finance approval since the amount added to the Fuels for Schools category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12947**

Refer to motion for approval under Item F.

- 206. Department of Conservation and Natural Resources – Forestry Division – Forest Fire Suppression – FY 09** – Addition of \$990,284.00 in Federal Emergency Management Agency (FEMA) Fire Management Assistance Grant (FMAG) funds to accept and pass funds through to local government sub-grantees for FMAG declared fire reimbursements that have been approved by FEMA. Requires Interim Finance approval since the amount added to the FEMA Fire Assistance Grants category exceeds \$50,000.00. **Work Program #C12863**

Refer to motion for approval under Item F.

- 207. Department of Conservation and Natural Resources – Forestry Division – Forestry Nurseries – FY 08** – Transfer of \$32,064.00 from the Reserve category to the Personnel Services category to provide funding for a projected shortfall due to the unanticipated termination costs for a long-term employee. Requires Interim Finance approval since the amount transferred to the Personnel Services category

exceeds 10% of the legislatively approved level for that category. **Work Program #C34451**

Refer to motion for approval under Item F.

- 208. Department of Conservation and Natural Resources – Forestry Division – Forestry Nurseries – FY 09** – Addition of \$1,624,659.00 in Seed Bank Sales to allow for the purchase of seed for the Nevada Department of Wildlife and other governmental entities for fire rehabilitation and restoration efforts. Requires Interim Finance approval since the amount added to the Seed Bank category exceeds \$50,000.00. **Work Program #C12721**

Refer to motion for approval under Item F.

- 209. Department of Conservation and Natural Resources – Forestry Division – Forestry Nurseries – FY 09** – Addition of \$50,292.00 in Transfer of Funds from Forestry to re-establish the existing salary costs for two seasonal Conservation Aid positions, which were inadvertently omitted. 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 #C12670**

Refer to motion for approval under Item F.

- 210. Department of Wildlife – Administration – FY 08** – Deletion of \$29,069.00 in Transfer from Department of Conservation and Natural Resources (Question 1, Environmental Improvement Program Bond) funds and \$87,207.00 in Federal Pittman Robertson Aid funds to provide funding for the Sage Grouse Program. Requires Interim Finance approval since the amount deducted from the Sage Grouse category exceeds \$50,000.00. **Work Program #C34635. RELATES TO ITEM 217.**

Refer to motion for approval under Item F.

- 211. Department of Wildlife – Administration – FY 08** – Addition of \$321,000.00 in Transfer from Wildlife Boating Program to reimburse the administrative account for costs related to the Boating Program. Requires Interim Finance approval since this is companion to work program #C34637 for the Wildlife Boating Program. **Work Program #C34638. RELATES TO ITEM 218.**

Refer to motion for approval under Item F.

- 212. Department of Wildlife – Administration – FY 09** – Transfer of \$526,540.00 from the Reserve category to the Equipment category to purchase vehicles approved and ordered during fiscal year 2008 but will not be delivered until October 2008. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$50,000.00. **Work Program #C12595**

Refer to motion for approval under Item F.

- 213. Department of Wildlife – Administration – FY 09** – Addition of \$100,000.00 of Transfer from Conservation and Natural Resources Question 1 Bond funds to revise the Nevada Partners in Flight conservation plan and develop a Nevada Important Bird Area Strategic Plan, and develop a Conservation Strategic Action Plan for each Important Bird Area in the Nevada Important Bird Area network. Requires Interim Finance approval since the amount added to the Diversity category exceeds \$50,000.00. **Work Program #C12952**

Refer to motion for approval under Item F.

- 214. Department of Wildlife – Administration – FY 09** – Addition of \$130,000.00 in Federal Landowner Incentive funds to restore and protect vital habitat on private land to benefit Lahontan Cutthroat Trout and provide funding for seed application costs for wildfire rehabilitation throughout the state. Requires Interim Finance approval since the amount added to the Diversity category exceeds \$50,000.00. **Work Program #C12977**

Refer to motion for approval under Item F.

- 215. Department of Wildlife – Administration – FY 09** – Addition of \$66,761.00 in Federal U.S. Fish and Wildlife Services Pupfish Grant funds to continue recovery and conservation of the Devils Hole Pupfish. Requires Interim Finance approval since the increased amount exceeds \$50,000.00 in a continuing grant. **Work Program #C12978**

Refer to motion for approval under Item F.

- 216. Department of Wildlife – Administration – FY 09** – Transfer of \$370,818.00 from the Reserve category to the Predator Management A.B. 291 Wildlife Services category, transfer of \$4,387.00 from the Reserve category to the Vehicles category, and transfer of \$26,369.00 from the Reserve category to the Predator Management category to complete predator management projects to manage and control predatory wildlife, protect non-predatory game animals and habitat, conduct research and educate the public on predatory management and control. Requires Interim Finance approval since the amount transferred to the Predatory Management A.B. 291 Wildlife Services category exceeds \$50,000.00. **Work Program #C13089**

Refer to motion for approval under Item F.

- 217. Department of Wildlife – Administration – FY 09** – Deletion of \$100,988.00 in Federal Pittman Robertson Aid funds and \$50,956.00 in Transfer from Department of Conservation Q1 Bonds to better record bond funds for a portion of the costs related to the Sage Grouse projects. Requires Interim Finance approval since the amount transferred from the Sage Grouse Conservation category exceeds \$50,000.00. **Work Program #C13091. RELATES TO ITEM 210.**

Refer to motion for approval under Item F.

- 218. Department of Wildlife – Boating Program – FY 08** – Transfer of \$321,000.00 from the Reserve category to the Transfer to Wildlife Administration category to provide funding for costs related to the Boating Program. Requires Interim Finance approval since the amount transferred to the Transfer to Wildlife Administration category exceeds \$50,000.00. **Work Program #C34637. RELATES TO ITEM 211.**

Refer to motion for approval under Item F.

- 219. Department of Wildlife – Boating Program – FY 09** – Transfer of \$26,535.00 from the Reserve category to the Boat Access Coordination category for the purchase of vehicles approved and ordered during fiscal year 2008 that will not be received until October 2008. Requires Interim Finance approval since the amount transferred to the Boat Access Coordination category exceeds 10 percent of the legislatively-approved level for the category. **Work Program #C12599**

Refer to motion for approval under Item F.

- 220. Department of Wildlife – Boating Program – FY 09** – Addition of \$201,730.00 in Federal Dingell Johnson Aid for the improvement of boating access facilities in Nevada. Requires Interim Finance approval since the amount added to the Boat Access Improvements category exceeds \$50,000.00. **Work Program #C12827**

Refer to motion for approval under Item F.

- 221. Department of Wildlife – Obligated Reserve – FY 09** – Addition of \$24,810.00 in Federal Pittman Robertson Aid, \$35,000.00 in Publication Sales fees, and deletion of \$7,043.00 in Gifts and Donations funds to publish and sell a guzzler location atlas for hunters and provide funding for herd management through trapping, transplanting, and monitoring. Requires Interim Finance approval since the amount added to the Guzzler Atlas Publications category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C12571**

Refer to motion for approval under Item F.

- 222. Department of Wildlife – Obligated Reserve – FY 09** – Addition of \$10,509.00 in Duck Stamp Funds and transfer of \$106,987.00 from the Reserve category to the Duck Stamp Expenses category to fund Duck Stamp projects. Requires Interim Finance approval since the amount added to the Duck Stamp category exceeds \$50,000.00. **Work Program #C12800**

Refer to motion for approval under Item F.

- 223. Department of Wildlife – Obligated Reserve – FY 09** – Transfer of \$62,300.00 from the Reserve category to the Upland Game Bird Program category to allow for continuing efforts in the protection and propagation of upland game birds and for the acquisition, development and preservation of the habitats of upland game birds in

Nevada, and the purchase of a backhoe and trailer for future projects. Requires Interim Finance approval since the amount transferred to the Upland Game Bird category exceeds \$50,000.00. **Work Program #C12946**

Refer to motion for approval under Item F.

- 224. Department of Wildlife – Obligated Reserve – FY 09** – Addition of \$260,453.00 in U.S. Department of the Interior, Bureau of Reclamation funds and transfer of \$18,000.00 from the Reserve category to the Wetland Improvement Mason Valley Wildlife Management Area Bureau of Reclamation category to increase flows to Walker Lake. Requires Interim Finance approval since the amount added to the Wetland Improvement Mason Valley Wildlife Management Area Bureau of Reclamation category exceeds \$50,000.00. **Work Program #C12957**

Refer to motion for approval under Item F.

- 225. Department of Wildlife – Obligated Reserve – FY 09** – Addition of \$84,529.00 in Habitat Conservation Fees and transfer of \$177,971.00 from the Reserve category to the Habitat Rehabilitation and Restoration category for habitat rehabilitation, restoration, and monitoring projects in Nevada. Requires Interim Finance approval since the amount added to the Habitat Rehabilitation and Restoration category exceeds \$50,000.00. **Work Program #C13073**

Refer to motion for approval under Item F.

- 226. Department of Wildlife – Obligated Reserve – FY 09** – Addition of \$81,102.00 in Elk Damage Fees to limit exposure to potential elk damage claims through fencing projects. Requires Interim Finance approval since the amount added to the Elk Damage Projects category exceeds \$50,000.00. **Work Program #C13085**

Refer to motion for approval under Item F.

- 227. Department of Wildlife – Obligated Reserve – FY 09** – Transfer of \$120,200.00 from the Reserve category to the Wildlife Mining Program category to provide funding for vegetation management and establish a contingency fund to help restore rangeland that may be destroyed by wildfires during the fiscal year. Requires Interim Finance approval since the amount transferred to the Wildlife Mining Program category exceeds \$50,000.00. **Work Program #C13109**

Refer to motion for approval under Item F.

- 228. Department of Wildlife – Obligated Reserve – FY 09** – Addition of \$26,514.00 in Federal Pittman Robertson Aid and transfer of \$8,838.00 from the Reserve category to the Carson Lake Wetlands category to enhance 10,200 acres of shallow wetland and wet meadow ecosystem types in the Carson Lake and provide funding for associated county assessments, water right fees, inspection, and certifications associated with Carson Lake. Requires Interim Finance approval since the amount

added to the Carson Lake Wetlands category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C13116**

Refer to motion for approval under Item F.

- 229. Department of Transportation – FY 08** – Addition of \$192,080.00 in Sale of Oil and Gas Receipts to provide adequate authority for costs associated with the resale of oil and gas to other state and county agencies at Department of Transportation fueling stations located throughout the state. Requires Interim Finance approval since the amount added to the Sale of Oil and Gas category exceeds \$50,000.00. **Work Program #C33523**

Refer to motion for approval under Item F.

- 230. Department of Transportation – FY 09** – Addition of \$6,618,290.00 in Highway Fund Authorization to re-establish unexpended FY 2008 budget authority for equipment that is being delivered in FY 2009. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00. **Work Program #C12805**

Refer to motion for approval under Item F.

- 231. Department of Transportation – FY 09** – Addition of ~~\$173,209.00~~ **\$180,154.00** in Highway Fund Authorization and ~~\$173,209.00~~ **\$180,154.00** in United States Department of Transportation, Federal Motor Carrier Safety Administration Grant funds to balance forward unexpended budget authority for the Nevada Expanded Commercial Vehicle Information System and Network (CVISN) planning and core deployment. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000.00. **Work Program #C12913. REVISED AUGUST 27, 2008.**

Chairman Raggio announced that the Committee would consider Item 231, which required a revision.

Felicia Denney, Administrative Services Officer III, Nevada Department of Transportation (NDOT), identified herself for the record and introduced Robert Chisel, Assistant Director of Administration, NDOT.

Ms. Denney explained that Item 231 requested a balance forward of federal funds from FY 2008 to FY 2009 for the Nevada Expanded Commercial Vehicle Information System and Network (CVISN) program, and it would also transfer state matching Highway Fund monies.

Chairman Raggio asked about the necessary revision. Ms. Denney said that since the work program had been prepared, an invoice was revised downward in the amount of \$13,889, which would change the work program total to \$360,307. She explained that the revision would change the federal portion to \$180,183 and the state portion to \$180,154.

Chairman Raggio stated he would accept a motion.

ASSEMBLYMAN HARDY MOVED APPROVAL OF ITEM 231 AS REVISED.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Assemblyman Denis, Chairman Arberry, and Senator Coffin were not present for the vote.)

- 232. Department of Transportation – FY 09** – Addition of \$1,875,333.00 in Highway Fund Authorization to re-establish unexpended FY 2008 authority for the continuation of the Integrated Right of Way Inventory System (IRWIN) project implementation. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000.00. **Work Program #C13092**

Refer to motion for approval under Item F.

- 233. Department of Transportation – FY 09** – Addition of \$4,750.00 in Highway Fund Authorization and \$90,250.00 in Federal Highway Administration Safety Grant funds to support software enhancements for the department's Safety Management System (SMS) to provide better quality control, analysis, data collection and mitigation strategies. The SMS system provides safety data and analysis information to Nevada's safety community as well as nationwide safety agencies. Requires Interim Finance approval since the amount added to the Administrative Consultant category exceeds \$50,000.00. **Work Program #C13096**

Refer to motion for approval under Item F.

- 234. Department of Transportation – FY 09** – Addition of \$716,598.00 in Highway Fund Authorization to re-establish unexpended FY 2008 authority for continuation of the Project Scheduling and Management System project approved by the 2003 Legislature. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000.00. **Work Program #C12803**

Refer to motion for approval under Item F.

- 235. Department of Transportation – FY 09** – Addition of \$32,500.00 in Highway Fund Authorization and \$617,500 in Federal Highway Administration funds to cover the cost of replacement equipment required in support of bridge structure safety inspections performed by the department as required by federal regulation. This purchase will require the approval of the Nevada Transportation Board at its September 16, 2008, meeting. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00. **Work Program #C12904**

Refer to motion for approval under Item F.

- 236. Department of Transportation – FY 09** – Addition of \$1,102,086 in Reimbursement of Expenses from Sprint Nextel for costs related to the re-banding of public safety frequencies from cellular frequencies. Requires Interim Finance approval since the amount added to the Nextel Re-banding Agreement category exceeds \$50,000.00. **Work Program #C13133**

Refer to motion for approval under Item F.

- 237. Office of the Military – Adjutant General and National Guard – FY 08** – Addition of \$28,675.00 in Transfer from Division of Emergency Management - Federal Emergency Management Agency to provide funding for disaster response for the Fernley Flood Disaster. Requires Interim Finance approval since the cumulative amount added to the Emergency Fund category exceeds \$50,000.00. **Work Program #C21338**

Refer to motion for approval under Item F.

- 238. Office of the Military – Adjutant General and National Guard – FY 09** – Addition of \$469,144.00 in Department of Defense Funds to provide for personnel, technology, and phone services for the fiscal year. Requires Interim Finance approval since the cumulative amount for the Personnel Services category exceeds \$50,000.00. **Work Program #C13166**

Refer to motion for approval under Item F.

- 239. Office of the Military – Adjutant General and National Guard – FY 09** – Addition of \$15,000.00 in Department of Defense Balance Forward funds to provide continued support for the Air Fire program and \$65,000.00 in Department of Defense Balance Forward funds to provide continued support for the Environment program. Requires Interim Finance approval since the amount added to the Environment category exceeds \$50,000.00. **Work Program #C13171**

Refer to motion for approval under Item F.

II. RECLASSIFICATIONS

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Employment, Training and Rehabilitation	901/3269	0044	Administrative Assistant II, 2.212, grade 25, step 01, \$27,394.56, Employer Paid Retirement	Disability Adjudicator IV, 12.456, grade 33, step 01, \$38,001.60, Employer Paid Retirement
Department of Employment, Training and Rehabilitation	901/3269	0016	Administrative Assistant III, 2.211, grade 27, step 01, \$29,649.60, Employer Paid Retirement	Disability Adjudicator IV, 12.456, grade 33, step 01, \$38,001.60, 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 Employment, Training and Rehabilitation	901/3269	0028	Disability Adjudicator IV, 12.456, grade 33, step 10, \$61,950.96, Employee/Employer Paid Retirement	Program Officer II, 7.647, grade 33, step 10, \$61,950.96, Employee/Employer Paid Retirement
Department of Employment, Training and Rehabilitation	901/3269	0095	Licensed Psychologist I, 10.170, grade 44, step 01, \$67,692.96, Employee/Employer Paid Retirement	Disability Adjudicator IV, 12.456, grade 33, step 01, \$41,906.16, Employee/Employer Paid Retirement
Department of Employment, Training and Rehabilitation	901/3269	0166	Computer Net Tech I, 7.931, grade 33, step 01, \$41,906.16, Employee/Employer Paid Retirement	Disability Adjudicator IV, 12.456, grade 33, step 01, \$41,906.16, Employee/Employer Paid Retirement
Department of Public Safety	650/3740	0012	Parole & Probation Specialist IV, 12.618, grade 35, step 10, \$56,236.56, Employer Paid Retirement	Management Analyst II, 7.625, grade 35, step 10, \$59,236.56, Employer Paid Retirement
Department of Conservation and Natural Resources	704/4162	0023	Park Supervisor I (Non- Commissioned), 1.969, grade 34, step 07, \$56,626.56, Employee/Employer Paid Retirement	Park Supervisor I, 13.137, grade 36, step 07, \$61,950.96, Employee/Employer Paid Retirement
Department of Conservation and Natural Resources	704/4162	0017	Park Supervisor II (Non- Commissioned), 1.968, grade 35, step 01, \$41,321.52, Employer Paid Retirement	Park Supervisor II, 13.136, grade 37, step 01, \$45,079.92, Employer Paid Retirement
Department of Conservation and Natural Resources	704/4162	0181	Park Supervisor I (Commissioned), 13.137, grade 36, step 06, \$59,194.80, Employee/Employer Paid Retirement	Park Supervisor I (Non- Commissioned), 1.969, grade 34, step 06, \$54,194.48, Employee/Employer Paid Retirement
Department of Conservation and Natural Resources	709/3193	0426	Supervisor, Professional Engineer, 6.207, grade 42, step 01, \$56,188.08, Employer Paid Retirement	Environmental Scientist IV, 10.545, grade 38, step 01, \$47,042.64, Employer Paid Retirement
Department of Transportation	800/4660	091-001	Communication System Specialist II, 6.997, grade 35, step 10, \$59,027.76, Employer Paid Retirement	IT Professional III, 7.925, grade 39, step 08, \$64,623.60, 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 Transportation	800/4660	091-005	Communication Specialist II, 6.997, grade 35, step 10, \$59,027.76, Employer Paid Retirement	IT Professional II, 7.926, grade 37, step 10, \$64,623.60, Employer Paid Retirement

G. DEPARTMENT OF ADMINISTRATION – Status of the General Fund budget shortfall and report on the implementation of previously-approved budget reduction plans.

Chairman Arberry announced that the Committee would consider Item G.

Andrew Clinger, Director, Department of Administration, called the Committee's attention to [Exhibit F](#) entitled "State of Nevada, Projected General Fund Shortfall, 2007 -2009 Biennium," which was a summary of the budget shortfall and proposed solutions to date, including those actions taken by the 24th Special Session of the Legislature.

Mr. Clinger stated that he would highlight a few items in the exhibit and discuss the progress made to date. He referenced the column labeled "As of June 27, 2008," and indicated that line 2, page 1, "Projected General Fund Revenue Shortfall FY 2008 & 2009," represented the total General Fund shortfall as projected at the June meeting of the Economic Forum in the amount of \$777,870,662. Mr. Clinger stated that revenue collections for FY 2008 were within \$1.2 million of the projection made by the Economic Forum in June 2008.

Regarding FY 2009 revenue, Mr. Clinger indicated that the July 2008 gaming report was somewhat weaker than anticipated, but the Budget Division believed those figures would increase later in FY 2009. He indicated that there was nothing on the revenue side to date that should concern the Committee.

Mr. Clinger referenced "Projected Reversion Shortfall," line 3, page 1, which delineated the projected shortfall as \$25 million. For FY 2008, the Budget Division anticipated \$60 million in reversions and, to date, the Division had only booked approximately 20 percent of those reversions. Mr. Clinger said that reversions basically represented unspent funds at the end of each fiscal year, and the Division typically anticipated that approximately 2 percent would automatically revert.

According to Mr. Clinger, the Budget Division was closely monitoring the reversions based on the 4.5 percent budget reductions made by some agencies and the 3.3 percent budget reductions made by some agencies. The Budget Division wanted to insure that the \$60 million mark was reached for the current year. Mr. Clinger stated that over the next two weeks, the Division would close out the remaining budgets and know whether the \$60 million mark had been reached.

Mr. Clinger stated that line 5, page 1, "Medicaid Shortfall due to higher than budgeted caseloads" was based on the shortfall in Medicaid funding because of higher caseloads anticipated by the 24th Special Session of the Legislature in the amount of \$60,725,608. Mr. Clinger said that through its budget submittal and discussion with the Budget Division, the Department of Health and Human Services (DHHS) indicated that the shortfall could increase by as much as \$32 million, which would amount to a \$32 million increase over the current biennium. Mr. Clinger said the Division was still in the process of reviewing the caseload projections for DHHS, and a final number was not yet available. He indicated that the Budget Division was looking for other reserve funds that could be tapped to mitigate a portion of the impact of the additional \$32 million; he wanted the IFC to be aware of the possibility of the additional shortfall.

Mr. Clinger stated that he did not have the figures for Line 7, page 1, "Shortfall in the Division of Child and Family Services," but Michael Willden, Director, DHHS, indicated that there might be some issues regarding the shortfall for that Division.

Under "Solutions to Projected Shortfall," page 1 of the exhibit, Mr. Clinger reported that the Budget Division had booked all of the "Budget Reserves of Ongoing & One-time Appropriations – 4.5 percent," and the Division was still in the process of reconciling the amount projected to the amount reverted. Mr. Clinger did not believe there would be a problem attaining the projections.

Regarding the "Capital Improvement Budget Reserves" category, page 1, Mr. Clinger reported that the Division had only booked approximately \$62 million to date, and it was simply a matter of processing the paperwork in FY 2009 to book the remaining amount of CIP budget reserves.

Mr. Clinger stated that the figure of \$106 million under "Budget Reserves of Ongoing Appropriations – Average reduction of 3.3 percent" included the reductions identified during the 24th Special Session of the Legislature. The Division had implemented a portion of those reductions, but there were work programs outstanding from K-12 for the Distributive School Account, as well as the System for Higher Education. Mr. Clinger noted that the Budget Division had booked a portion of those reductions, but some remained outstanding.

Senator Rhoads stated that he had received many inquiries from his constituents about the closure of the Department of Corrections' conservation camps in While Pine and Lincoln Counties, and he asked Mr. Clinger whether those closures were anticipated.

Mr. Clinger replied that closure of the two conservation camps was part of the Nevada Department of Corrections (NDOC) proposal for FY 2010-11, but no final decision had been made to date. There would be significant discussion about facility closures prior to making any final decisions, and Mr. Clinger reiterated that no decisions had been made to date regarding closure of the conservation camps.

Assemblywoman Leslie asked Mr. Clinger whether the information contained in the budget requests submitted on September 1, 2008, could become public prior to October 1, 2008. Mr. Clinger did not believe that release of the information would be an issue, because the information became public on October 15, 2008.

Chairman Arberry thanked Mr. Clinger for his presentation.

H. STATEMENT OF CONTINGENCY FUND BALANCE.

Chairman Arberry announced that the Committee would consider Item H.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, called the Committee's attention to Volume IV of their packets, page 6, which contained a schedule that outlined the end reserve and reserve balances in the Contingency Fund. The end portion of the General Fund Contingency Fund balance was approximately \$7.5 million at the current time.

Mr. Stevens indicated that the present request for Contingency Fund allocations was slightly over \$600,000, and if all requests were approved by the Committee today, the remaining balance in the Contingency Fund would be approximately \$6.9 million.

Chairman Arberry thanked Mr. Stevens for his presentation.

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

1. Nevada Commission on Judicial Discipline – Request for allocation of \$52,295 to cover costs associated with one-week-long hearing in state fiscal year 2009.

Chairman Arberry announced that the committee would consider Item I-1.

David Sarnowski, Executive Director, Commission on Judicial Discipline, asked that the Committee allocate the amount requested. Mr. Sarnowski reported that the Commission had requested an allocation in April 2008 and the Committee had authorized an allocation, in part in anticipation of public hearings that the Commission had scheduled. One of the hearings that had been scheduled to begin in June 2008 did not go as planned because the attorney for the judge in question withdrew on the eve of the planned hearing.

Mr. Sarnowski explained that a seven-day hearing in Las Vegas had since been conducted in August 2008, and the Commission consumed a large part of its current budget for that hearing. The Commission was asking that the Committee allocate what it had reverted at the end of FY 2008 to the FY 2009 budget.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the request was for \$52,295 for FY 2009 for the

Commission on Judicial Discipline. He said LCB staff would recommend that the allocation not be made by the Committee, because there was approximately \$97,000 remaining of the allocation of \$153,368 made in FY 2008. Mr. Stevens indicated that the recommendation from LCB staff would be that the resolution from the Interim Finance Committee (IFC) meeting of April 9, 2008, be amended to allow the previously made allocation to be spent through FY 2009, and that the Commission could utilize the funds allocated in April 2008 for any additional expenses incurred by the Commission on behalf of the original four cases listed at the time of the allocation, or on behalf of any new cases that arose in FY 2009.

Chairman Arberry stated that he would accept a motion based on the recommendation of staff.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM 1 AS RECOMMENDED BY LCB STAFF.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto, Leslie and McClain, Assemblyman Hardy, and Senators Coffin and Titus were not present for the vote.)

2. State Department of Agriculture – Division of Animal Industry – Request for an allocation of \$33,295 due to a cash deficit in state fiscal year 2008 created by difficulties with receiving reimbursements under cooperative agreements.

Item I-2 was withdrawn.

3. Department of Health and Human Services – Health Division – Request for allocation of \$456,383 to address the reduction to the allowable indirect cost rate, resulting in lower revenues that are used to support Health Administration for the remainder of state fiscal year 2008. **RECEIVED AFTER SUBMITTAL DEADLINE.**

Chairman Arberry announced that the Committee would consider Item I-3.

Mary Keating, Fiscal Officer, Nevada State Health Division, Department of Health and Human Services (DHHS), explained that the Division requested an allocation from the Contingency Fund to resolve the cost allocation and rent issue that arose at the end of FY 2008.

Chairman Arberry noted that the amount was revised to \$335,522, which had been approved by the Board of Examiners.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), informed the Committee that the cost allocation that was charged

to budgets within the Health Division was higher during the first three quarters of the year than was agreed upon with the federal Division of Cost Allocation. The appropriate action would have been to make the necessary adjustments and correct the errors prior to the close of FY 2008 budgets. Mr. Stevens explained that once the error was discovered, the Division was attempting to go back and correct its closing budget.

Mr. Stevens noted that because the higher cost allocation amount was assessed to various budget accounts, those budget accounts were owed money, and the only option available to the Health Division at the present time was a \$335,522 allocation from the Contingency Fund, or the Division's budgets would be overspent.

Assemblywoman Leslie asked whether the Division planned to review its budget and search for other errors that might have occurred. She asked whether it was possible to conduct further review, and how the IFC could be assured that there would not be further requests for funding.

Ms. Keating stated that she had reviewed the budget to the extent that she discovered the rent had been charged to the Centers for Disease Control (CDC) grant of \$190,000. She had found another area where personnel had been charged to the administrative budget, and that charge would have been more appropriately placed in a specific grant. That was the reason for the revision in the amount of the Contingency Fund allocation request. Ms. Keating pointed out that she could spend many hours reviewing the FY 2008 budget, but at the present time, she had not noted any further errors.

Ms. Leslie understood that federal grant monitoring entities conducted routine audits; Ms. Keating stated that was correct. Ms. Leslie opined that because so many errors had been discovered, it was likely that additional errors had been made. She wondered how the Division would repay the amount for future errors that might have occurred using the same principle of applying the wrong formula.

Ms. Keating said that the current situation included funding from the Individuals with Disabilities in Education (IDEA) grant, Part C, and totaled approximately \$77,000. The Division had made a request to the federal government in an attempt to resolve the issue of inappropriate operating expenses that were charged to the IDEA grant. Ms. Keating envisioned that the federal government would review and audit the Division's budget. She noted that LCB was also conducting a current audit of the Division's budget, and she hoped that the issue would be resolved. However, she could not promise the Committee that there would be no additional requests for funding.

Ms. Leslie asked whether Ms. Keating had any idea about the amount of the projected deficit. Ms. Keating replied that beyond the current request, she had no idea about future requests for funding. Ms. Leslie said the only remaining

question was how the Division would ensure that the same situation would not reoccur. She asked whether the budget errors were confined to the Health Division, or if the IFC should be concerned that the same errors were occurring within other DHHS Divisions.

Ms. Keating said that the error was caused by a fundamental misunderstanding of how to apply the cost allocation plan. She explained that the budget accounts within the Division were bound by an indirect rate, and traditionally the indirect rate was the cost of doing business divided by the payroll. The Division had computed the rate correctly, but did not apply it correctly. Ms. Leslie stated that did not explain the rent problem. Ms. Keating agreed, other than the fact that there was not sufficient funding to pay the bills that were due.

Michael Torvinen, Deputy Director, DHHS, informed the Committee that the situation had come about because of a lack of understanding on how to correctly apply the rate, which resulted in a lack of cash to pay the rent. Mr. Torvinen stated that when Ms. Keating brought the problem to his attention, his reaction was that money could not be taken from one account to pay another, and the Division had to find another solution to the problem. At the present time, said Mr. Torvinen, the Division was not spending any money other than salary and rent and those bills that had to be paid.

Mr. Torvinen advised that the DHHS had submitted a supplemental appropriation estimate for approximately \$437,000, which would deal with the issue of the indirect rate. The DHHS was notified at the end of March 2008 about the correct rate, and there had been very little time for the Division to react. Mr. Torvinen said the rate was too high, and the combination of that and the notification to address the rate for FY 2008 created a shortfall in the Division's budget. He believed that Ms. Keating had done an admirable job in reviewing the budget and evaluating the potential risk to the Division; he did not believe the amount would increase.

Ms. Leslie said that did not provide much confidence to the IFC. She noted that had the Division not changed accountants, the error would not have been discovered. Mr. Torvinen said he shared the frustration of the IFC, and he had discussed the issue many times in the past and received assurances that the budgets were correctly administered with the proper documentation. He added that LCB auditors were currently reviewing the Division's records.

Ms. Leslie stated that she was aware of the ongoing LCB audit, and the Audit Subcommittee would review the results of that audit. Mr. Torvinen assured the IFC that the records of the Division were an open book. He was very excited that Ms. Keating was now the accountant for the Division because there would now be some expertise in that area within the Division. Mr. Torvinen was confident that such errors would not be made in the Division's accounting process going forward.

Assemblywoman Smith believed the situation also included a training issue that might be across the board within state agencies. She hoped that a solution included additional training for accounting personnel.

Senator Beers stated that during past legislative sessions, Ms. Keating had appeared before the General Government Subcommittee of the Assembly Committee on Ways and Means and the Senate Committee on Finance, of which he was co-chair, and he considered Ms. Keating to be one of the "sharpest of the troops" in state government. Senator Beers said for that reason he was also excited for the Health Division to have Ms. Keating as its accountant to help resolve the current problems. He said he was confident that if there were further problems, the IFC would very quickly be advised of those problems. He opined that within five years, there would be no further problems within the Health Division's budget process.

Assemblywoman Buckley said that perhaps some ideas should be brainstormed about the state conducting a two-hour course on how to comply with legislative budgeting, with perhaps some penalties built in when significant errors occurred. Ms. Buckley said perhaps the agencies could get a "free pass" the first time there were errors and suffer penalties thereafter. It appeared that sufficient attention was not being paid in the area of agency budgets, which dealt with taxpayer dollars.

Ms. Buckley emphasized that the rules had to be followed, particularly during the current economic situation. The rules were there for a reason and had to be followed. She said that at every meeting of the IFC, a great deal of time was spent reviewing budget items, which indicated the need to educate accounting personnel to lessen the possibility of errors. Ms. Buckley said that IFC members should stop spending their time simply trying to ensure that agencies followed the laws. She reiterated that she felt the state should increase its training and penalties in the area of accounting.

Senator Raggio noted that the Division had charged a higher rate to the agencies than that authorized by the federal authorities, and he believed that was the basis for the error. He wondered how that had occurred and who determined the rate that would be charged. Senator Raggio asked why it was not apparent to the Division at that time that the rate was higher than the federal authorized rate and why the error had not been recognized sooner.

Ms. Keating explained that when a cost allocation plan or indirect rate was prepared, the amount was based upon budgeted amounts. Senator Raggio asked who determined the rate; was it the Budget Division or was it determined internally? Ms. Keating said the rate was determined as part of the Division's budget package, which included a proposed rate, such as the budget she had prepared for FY 2010-11. Senator Raggio asked whether the Division was aware of the approved federal rate at the time the budget was prepared.

Ms. Keating said that she was not aware of the proposed federal rate at the time she prepared the budget for FY 2010-11.

Senator Raggio noted that the rate in the Division's budget for FY 2010-11 would then be a projected rate, but at some point, information would be received from the federal government regarding the approved federal rate. Ms. Keating stated that was correct. Senator Raggio asked why the accountant for the Division had not corrected the rate when the federal rate for FY 2008 became known. He asked how the current situation arose.

Ms. Keating explained that the rate was based on budgeted payroll, and holding positions vacant had a direct impact on the rate. At the end of the fiscal year, a "true-up" was conducted with the federal authorities, and actual payroll figures were used. Ms. Keating stated that the rate changed after the adjustments were made. The major problem within the Division was the fundamental misunderstanding of how to apply the rate. The Division charged the rate to all programs except the General Fund programs. Many of the payroll dollars in the Division's budget were from the General Fund. Ms. Keating indicated that the Early Intervention Program was substantially funded from the General Fund, and that program was never charged the administrative fiscal oversight fee that the Division required, thus the request for additional General Fund dollars.

Ms. Keating stated that she had prepared the Division's budget for FY 2010-11 in accordance with federal regulations and changed the methodology so that the budget included an individual rate for each of the different budget types, which made it more specific and equitable. She did not believe there would be a problem going forward; however, whenever a rate was prepared based upon budgeted payroll wherein there were vacancy savings beyond a reasonable estimate, the current situation would occur. According to Ms. Keating, holding positions vacant that were intended to fund an indirect rate resulted in the direct loss of indirect dollars.

Chairman Arberry said it was his understanding that the Committee had to vote on the issue, including the revision, no matter what had occurred to cause the error. Ms. Keating concurred that the amount had to be revised, and she advised the IFC that the correct figure should be \$335,522.

Chairman Arberry called for a motion.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM I-1
AS REVISED.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Assemblyman Hardy, and Senator Coffin were not present for the vote.)

4. State Department of Conservation and Natural Resources – Division of State Lands – Request for allocation of \$6,923 to cover a state fiscal year 2008 shortfall in personnel services due to the retirement of the division's administrator.

Chairman Arberry announced that the Committee would consider Item I-4.

James R. Lawrence, Administrator, Division of State Lands, Department of Conservation and Natural Resources, stated that the request was for an allocation of \$6,923 to cover a FY 2008 shortfall in personnel services. The shortfall was because of the retirement of the Division's administrator. Mr. Lawrence indicated that Pam Wilcox, the former administrator of the Division for 25 years, with total state service of 27 years, retired in June 2008. Mr. Lawrence explained that the shortfall occurred as a result of the leave payoff for Ms. Wilcox. The agency had done its best to gather together as much funding as possible from its existing budget to cover the leave payoff and had, in fact, covered most of the cost. Mr. Lawrence indicated that in the end, the Division was still short the requested amount.

Senator Raggio stated that he was not aware that Ms. Wilcox had retired. He said that the IFC, as representatives of the Legislature, owed Ms. Wilcox a vote of thanks for her 25 years of service with the Division. He opined that Ms. Wilcox had been a very diligent, dedicated official and a good steward of public lands owned by the state. Senator Raggio reiterated that he believed the Committee should go on record thanking Pam Wilcox for her quarter-century of dedicated service to the state.

Chairman Arberry called for a motion.

SENATOR RAGGIO MOVED APPROVAL OF ITEM I-4.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Assemblyman Hardy, and Senator Coffin were not present for the vote.)

5. Department of Wildlife – Administration – Request for allocation of \$68,910 to assist with the management of nuisance bears in state fiscal year 2009.

Chairman Arberry announced that the Committee would consider Item I-5.

David R. Prather, Administrative Services Officer, Department of Wildlife (DOW), indicated that the Department was requesting Interim Finance Committee Contingency Fund money in the amount of \$68,910 to assist with the management of nuisance bears in FY 2009.

Chairman Arberry asked how the DOW planned to fund black bear nuisance and depredation activities in future biennia. Mr. Prather said that currently, black bears were an issue for the DOW because bears were not a hunted species in Nevada, which limited the ability of the DOW to use certain federal sources and matching license dollars to fund the nuisance programs. Mr. Prather said that was one of the primary reasons he was present at the meeting today. The same request had been made and approved by the IFC in FY 2008.

Mr. Prather introduced Deputy Administrator Douglas E. Hunt, DOW, to the Committee and remarked that he could better explain the issue.

Senator Raggio said the problem with black bears was predominately an issue in northern Nevada. Because of the drought, the natural habitat was not providing the feed necessary to sustain the bears. He concurred that bears were not hunted in Nevada as they were in other states, and he did not know whether consideration had been given to bear hunting. Senator Raggio said that fewer incidents involving bears were occurring, although they were very prevalent in the Lake Tahoe/Incline Village area.

Senator Raggio opined that the only way to control the problem with the bears was for citizens to be more careful about waste and garbage disposal. He noted that bears became used to feeding from the garbage and became nuisances because it was easier to forage for food in that manner. Senator Raggio indicated that the Committee simply had to deal with the situation as it became necessary. He noted that the bears were quite dangerous and could claw through doors and windows into homes. Such incidents had frequently occurred in the Lake Tahoe area.

Senator Cegavske stated that she owned a second home in the Lake Tahoe area and the homeowner's association (HOA) fined residents who did not properly dispose of waste and garbage. She noted that because of the bear problem, homeowners used a variety of covers and/or doors on trash containers to prevent them from foraging in the garbage, but the bears could literally rip the wood off the containers.

Senator Cegavske indicated that one problem was with stray bear cubs, and she asked whether the DOW had been having problems with bear cubs. One of Senator Cegavske's concerns was that there were many rental properties in the Lake Tahoe area, and many children played in the area. Senator Cegavske stated that there had been bear sightings in the past, and she had heard reports of children being attacked by bears. She advised that the homeowner's associations were attempting to take corrective action and ensure that everyone was aware of the problem with disposal of garbage because it was a very dangerous and serious situation.

Senator Cegavske remarked that she did not know why there were so many bear cubs sighted alone in the Lake Tahoe area, and she asked whether the DOW could explain the situation.

Mr. Hunt explained that the DOW had seen an increase in bear cub sightings, and there had been two incidents of human/bear contact, which was extremely unusual and had not been reported in the past. Mr. Hunt stated that in one incident, a 16-year-old male hiker at Lake Tahoe had a bear fall on his tent and try to take the food the hiker had stored in the tent. Another incident of human/bear contact was reported in the Incline Village area.

Mr. Hunt believed that sightings were becoming more prevalent, and he emphasized that the bears were extremely dangerous. He noted that there had been three reported break-ins into homes, one where the bear ended up in the bed of the homeowner who, luckily, was not home at the time.

Mr. Hunt concurred with the comments made by Senator Raggio that the key to nuisance bears was to keep the waste and garbage under control. The DOW was working with the general improvement district at Incline Village and officials from the City of Reno, Washoe County, Carson City, and Douglas County to strengthen the ordinances pertaining to garbage and waste disposal, in an effort to curtail the increase in bear sightings. Mr. Hunt said that the DOW had actually removed 18 bears over the past year because of safety issues, which was double the number from the previous year.

Senator Cegavske asked whether the bears in the area were mainly black bears. Mr. Hunt affirmed that black bears were indigenous to the Sierra Nevadas. Senator Cegavske asked about the black bear population in the area. Mr. Hunt stated that there were actually two population segments under review by the DOW; the first was the nuisance bear, or the bear that actually lived in the Incline Village/Lake Tahoe area, and the second was the wildland bear. The DOW was attempting to ascertain the number of bears in the wildland bear population and observe the interaction between the nuisance bear population and the wildland bear population. Mr. Hunt said the DOW believed there were between 300 and 1,000 bears statewide in Nevada.

Senator Cegavske asked whether the bear population was mostly located in northern Nevada, and Mr. Hunt replied in the affirmative. He stated that the Sweetwater Mountains north to Peavine Mountain also contained a population of bears. Senator Cegavske reiterated that her HOA at Lake Tahoe was attempting to curtail the problem with proper disposal of garbage, and she asked whether the DOW put up signage in bear population areas.

Mr. Hunt said that when the DOW received a call about a problem bear, it posted signs in the area advising the public that there was a potentially dangerous nuisance bear in the area. The DOW would also set one of its three traps for

nuisance bears. Mr. Hunt explained that one of the items in the current work program was the request for a fourth bear trap that would assist the DOW in removal of problematic bears.

Senator Cegavske asked where the DOW took the nuisance bears after capture. Mr. Hunt said that it depended upon the number of times a bear had been captured. The first time a bear was trapped, it was subsequently released in a suitable habitat area and treated to "aversion therapy." Aversion therapy consisted of the bear being released from the trap and chased with Carnelian Bear Dogs, which were absolutely fearless and would run a bear up a tree. Mr. Hunt said the DOW had two bear dogs that it used for aversion therapy, and personnel also shot bears with beanbags and rubber bullets to hopefully teach the bear to stay away from populated areas.

Chairman Arberry called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF ITEM I-5.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Assemblyman Hardy, and Senator Coffin were not present for the vote.)

- *J REQUEST FOR ALLOCATION FROM THE IFC HIGHWAY CONTINGENCY FUND IN ACCORDANCE WITH NRS 353.269 – Department of Public Safety – Investigation Division – Request for allocation of \$9,154 to continue funding payroll and operating projections through the end of state fiscal year 2008.

Chairman Arberry announced that the Committee would consider Item J.

Rick Gimlin, Chief of Administrative Services, Department of Public Safety, stated that Item J requested an allocation from the Interim Finance Committee (IFC) Highway Contingency Fund for the Investigation Division. According to Mr. Gimlin, that particular account contained three positions and had experienced shortfalls in both the personnel and operating categories. The Department was requesting \$9,154 from the IFC Highway Fund to continue funding payroll and operating through FY 2008.

Mr. Gimlin stated that because of the small amount of Highway Fund money in the Division's budget, there was a potential for use of General Funds to cover the shortfall. The Department had made a concerted effort to reconcile the account and ensure that Highway Fund money was used for Highway Fund purposes and General Fund money was used for General Fund purposes. Mr. Gimlin said that was the reason for the request.

Chairman Arberry called for a motion.

SENATOR RAGGIO MOVED APPROVAL OF ITEM J.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote.)

*K. DEPARTMENT OF MOTOR VEHICLES – Pursuant to NRS 445B.830(8), request for approval of grants from the Pollution Control Account to:

1. Clark County Department of Air Quality and Environmental Management - \$600,546.
2. Washoe County District Health Department - \$170,000.

RELATES TO ITEM F.163.

Chairman Arberry announced that the Committee would consider Item K.

Troy L. Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles, explained that Item K related to the almost annual approval for release of excess grant funds to Clark County and Washoe County for implementation of pollution control programs.

Chairman Arberry called for a motion.

SENATOR RAGGIO MOVED APPROVAL OF ITEM K.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote.)

*L. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE PARKS – Request for approval to expend \$35,000 in user fee overage funds for the repair and maintenance at Echo Canyon State Park, in accordance with NRS 407.0762.

Chairman Arberry announced that the Committee would consider Item L.

David K. Morrow, Administrator, Division of State Parks, Department of Conservation and Natural Resources, stated that Item L related to non-General Fund use of fee overage to repair and upgrade the electrical power system at Echo Canyon State Park.

Chairman Arberry called for a motion.

SENATOR RAGGIO MOVED APPROVAL OF ITEM L.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain, Assemblyman Marvel, and Senator Coffin were not present for the vote.)

- *M. DEPARTMENT OF TRANSPORTATION – ADMINISTRATION – Request for allocation of \$20 million of certain funding from the issuance of general obligation bonds, pursuant to A.B. 5, Section 1, 24th Special Session.

Chairman Arberry announced that the Committee would consider Item M.

Kent L. Cooper, Assistant Director, Engineering Division, Nevada Department of Transportation (NDOT), identified himself for the record and introduced Robert D. Chisel, Assistant Director of Administration, NDOT.

Mr. Cooper stated that per A.B. 5, NDOT was requesting \$20 million in bond allocation to be utilized for two maintenance projects within the state. The original request included projects totaling approximately \$60 million that were priority projects for FY 2009. Mr. Cooper indicated that NDOT was asked to narrow the list down to the specific projects for which the funding would be used. Mr. Cooper indicated that the projects were scheduled for advertising in November 2008.

Senator Titus asked how the projects would be affected by the lack of money in the federal Highway Fund. Mr. Cooper stated there was some concern and that was the reason why a variety of projects had been listed. The NDOT was required to spend the federal funding every year because the balance could not be carried forward to the next year.

Mr. Cooper said FY 2009 was a very questionable year for the federal government because it was facing a shortfall in the Highway Trust Fund. However, Mr. Cooper added, Nevada was not as concerned as other states that funded highway programs with 80 percent federal funding and 20 percent local funding. Those states would not be able to operate more than approximately two months under the current process.

Mr. Cooper reiterated that Nevada did not feel the significant "crunch" because local governments had "stepped up to the plate" and state government funded a fair amount of the highway program. Mr. Cooper said if the shortfall were to extend for six to eight months, there would be a severe impact in Nevada. Mr. Cooper believed that there was impetus for Congress to solve the problem, and NDOT believed that a solution would come about fairly quickly. He stated that NDOT was starting to notice positive comments from Washington, D.C.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), indicated that Bond Counsel had requested that a specific motion be made by the Committee. Bond Counsel requested that the motion recommend an allocation of \$20 million requested by NDOT from the issuance of general obligation bonds per A.B. 5 of the 2008 Special Session be approved, of which \$17,642,678.20 would be from the 2008C bond issuance, which was immediately available, and the balance of \$2,357,321.80 would be available when the remaining bond authority from S.B. 578 of the 2007 Legislative Session was issued.

SENATOR RAGGIO MOVED TO APPROVE ITEM M AS RECOMMENDED BY LCB STAFF.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Koivisto and McClain and Senator Coffin were not present for the vote.)

N. INFORMATIONAL ITEMS – REPORTS ON LETTERS OF INTENT, COMMITTEE REQUESTS AND STATUTORY REQUIREMENTS.

Chairman Arberry announced that the Committee would consider Item 5a, Nevada System of Higher Education; Item 9, Department of Corrections; and Item 11C, Parole Board.

Chairman Arberry asked whether there were other items that the Committee wished to review, and there were none.

1. OFFICE OF THE GOVERNOR – Nevada State Energy Office – Quarterly report regarding the Leadership in Energy and Environmental Design (LEED) activities performed by positions funded with General Fund support for the period April 1, 2008 through June 30, 2008 (letter of intent, 2007 Legislature).
2. OFFICE OF THE ATTORNEY GENERAL
 - a. Quarterly report regarding the efficient utilization of existing positions and accounting of outside counsel expenditures for specialized litigation for the period ending June 30, 2008 (letter of intent, 2007 Legislature).
 - b. Quarterly report on the operation of the following fraud units within the Attorney General's Office for the period ending June 30, 2008 (letter of intent, 2003 Legislature).
 - (1) Consumer Protection
 - (2) Insurance Fraud
 - (3) Medicaid Fraud
 - (4) Workers' Compensation Fraud
 - c. Report on the expiration of two part-time 0.51 FTE Student Workers and the increase of two part-time 0.51 FTE Administrative Aids to 1.00 FTE each, for a

net reduction of 0.04 FTE. The request results in a reduction in expense of \$3,382 for two benefits packages. The savings were transferred from the Personnel category to the Reserve for Reversion category.

3. DEPARTMENT OF INFORMATION TECHNOLOGY AND DEPARTMENT OF ADMINISTRATION INFORMATION TECHNOLOGY DIVISION – Quarterly report on the progress and results of the Integrated Financial System’s server consolidation project for the period ending June 30, 2008 (letter of intent, 2007 Legislature).
4. DEPARTMENT OF EDUCATION
 - a. Quarterly report on the accomplishments of the System of Accountability Information in Nevada (SAIN) program for the period ending June 30, 2008 (letter of intent, 2007 Legislature).
 - b. Quarterly report of the activities and accomplishments of the department’s Grant Writer position for the period ending June 30, 2008 (letter of intent, 2007 Legislature).
 - c. Quarterly report for the Gear Up program for the period ending June 30, 2008, including an end-of-the-year update (letter of intent, 2007 Legislature).
 - d. Semi-annual report on the Gear Up Program graduates and their scholarship status (letter of intent, 2007 Legislature).
5. NEVADA SYSTEM OF HIGHER EDUCATION
 - a. Annual report detailing expenditures for cost-of-living adjustments (COLAs) for part-time instructors at the community colleges (letter of intent, 2007 Legislature).

Chairman Arberry announced that the Committee would consider Item 5a.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that representatives from the Nevada System of Higher Education were not present at today’s meeting, and he requested that Item 5a be held until the November 2008 meeting of the Interim Finance Committee (IFC), when representatives would be present.

Chairman Arberry announced that Item 5a would be held for the November agenda of the IFC.

- b. School of Medical Sciences - Quarterly report from the University of Nevada, School of Medical Sciences regarding a program to evaluate and research the medical use of marijuana for persons diagnosed with a chronic or debilitating medical condition, pursuant to NRS 453A.600.

6. DEPARTMENT OF BUSINESS AND INDUSTRY – MANUFACTURED HOUSING
 - a. Semi-annual report on revenue and expenditure activity for the period ending June 2008 (letter of intent, 2007 Legislature).
 - b. Lot Rent Subsidy – Semi-annual report on revenue and expenditure activity for the period ending June 2008 (letter of intent, 2007 Legislature).
 - c. Mobile Home Parks – Semi-annual report on revenue and expenditure activity for the period ending June 2008 (letter of intent, 2007 Legislature).
7. COMMISSION ON ECONOMIC DEVELOPMENT – Quarterly reports from regional development authorities detailing the utilization of funds and corresponding benefits derived by the development authority and the state (letter of intent, 2005 Legislature).
8. DEPARTMENT OF HEALTH AND HUMAN SERVICES
 - a. Division of Health Care Financing and Policy – Medicaid – Quarterly report detailing the impact of the additional staffing for the Medicaid Estate Recovery and Surveillance and Utilization Review Units (letter of intent, 2007 Legislature).
 - b. Division of Mental Health and Developmental Services.
 - (1) Semi-annual report on the establishment of crisis prevention and intervention teams at Desert, Sierra, and Rural Regional Centers covering the period January 1, 2008, through June 30, 2008 (letter of intent, 2007 Legislature).
 - (2) Semi-annual report on the use of General Fund appropriations to the Substance Abuse Prevention and Treatment Agency (SAPTA) to support education, prevention and treatment programs for substance abuse, including methamphetamine; report covers the period December 2007 through July 2008 (letter of intent, 2007 Legislature).
 - (3) Mental Health Information System – Annual report on the use of a new Information Technology Manager position that was approved to begin on October 1, 2007. The position was approved to support the increased technology requirements of the division along with the transfer of the Substance Abuse Prevention and Treatment Agency (SAPTA) from the Health Division (letter of intent – 2007 Legislature).
 - (4) Rural Regional Center – The center combined an Accounting Assistant II (PCN 0120; 0.75 FTE) and an Administrative Assistant II (PCN 0333; 0.26 FTE) to establish a full-time Accounting Assistant II (1.00 FTE) in October 2007. The agency plans to add the resulting .01 FTE to an existing Administrative Assistant I (PCN 0008; 0.50 FTE) to bring the position to 0.51 FTE.
 - (5) Southern Nevada Adult Mental Health Services - The division requested to combine a part-time (0.51 FTE) Senior Psychiatrist (PCN 0905) with another part-time (0.51 FTE) Senior Psychiatrist (PCN 1067) to establish one full-time position (1.00 FTE) for PCN 0905 – Senior Psychiatrist. This results in expiring PCN 1067, for a net reduction of 0.02 FTE, and creates a full-time position and a reduction of one benefits package.

- c. Health Division
 - (1) Quarterly report detailing activities and efforts to increase client charge and county participation revenues for the Community Health Nursing Program for the period March through May, 2008 (letter of intent, 2007 Legislature).
 - (2) Quarterly report on the Office of Minority Health's activities and efforts to improve the quality of and access to health care for minorities for the period ending June 30, 2008 (letter of intent, 2007 Legislature).
 - d. Division of Welfare and Supportive Services
 - (1) Temporary Assistance for Needy Families (TANF) – Quarterly report on the activities and expenditures of TANF's New Employees of Nevada (NEON) program services for the period ending June 30, 2008 (letter of intent, 2007 Legislature).
 - (2) Quarterly report on substantive TANF program changes and regulations adopted by the division for the administration of the program, pursuant to NRS 422A.525.
9. DEPARTMENT OF CORRECTIONS – Business plan for Silver State Industries Cook/Chill Operation dated August 3, 2008 (letter of intent, 2005 Legislature).
RECEIVED AFTER SUBMITTAL DEADLINE.

Chairman Arberry announced that the Committee would consider item 9.

Brian Connett, Deputy Director, Industrial Programs, Nevada Department of Corrections (NDOC), identified himself for the record and introduced Lorraine Bagwell, Deputy Director for Fiscal Services, NDOC; George Vaughn, Vice President of Operations, ARAMARK; and Larry Bearden, Vice President of Business Development, ARAMARK. Mr. Connett also informed the Committee that the Director of NDOC, Howard Skolnick, was present at the meeting.

Mr. Connett stated that he was present to discuss the NDOC's desire to build a cook/chill facility pursuant to the letter of intent from the 2005 Legislature. Currently, the NDOC operated cook/serve facilities where food was prepped, cooked and immediately served to inmates. Mr. Connett said the NDOC wanted to convert to a cook/chill process where food was prepared, cooked and immediately chilled so that it would maintain a longer shelf-life and could be easily transported to satellite sites for reheating. Mr. Connett explained that the cook/chill method would require very little prep time at the satellite facilities.

The cost for meals under each system would primarily remain the same. Mr. Connett indicated that the NDOC would be able to utilize the cook/chill method because of ARAMARK's \$5 billion dollar purchasing power and its \$6 million investment in the project. Mr. Connett informed the Committee that the switch to a cook/chill program would not represent privatization of the process, but rather a partnership.

Mr. Connett stated that the kitchen and transportation equipment would be purchased through ARAMARK's \$6 million investment and the NDOC was working with the State Public Works Board to determine the need at each facility and compile equipment lists for the project. No state jobs would be lost because of the project, and ARAMARK would also dedicate six staff members to the project.

Mr. Connett explained that the cook/chill process allowed for a 28-day shelf-life for prepared food, reduced waste and utility costs, and provided a higher yield. One side benefit from the process was that NDOC could support the state's emergency management process with food preparation and provision of prepared meals.

Another benefit from the program was that it would improve reentry opportunities for participants through one of Nevada's largest employers, the Culinary Union. Mr. Connett stated that the program would provide training and certification in ServSafe, a nationally recognized certification program. The NDOC was also considering possible expansion of its dairy and bakery operations. Mr. Connett explained that the cook/chill process would quite possibly allow NDOC to supply other food service providers in Nevada.

In summary, Mr. Connett reiterated that no state jobs would be lost because of the project, there would be no cost to upgrade the NDOC's food service operation, and changes to the NDOC's menu would not be undertaken without the Department's prior approval. The program would also offer very positive post-release opportunities for participants, and there would be long-term cost savings on equipment purchases and utilities.

Mr. Connett called the Committee's attention to [Exhibit E](#) entitled "Nevada DOC Food Service Plan," which would provide members with details of the proposal.

Senator Raggio asked about the completion date for the ongoing feasibility study. Ms. Bagwell replied that the first portion of the feasibility study was to determine whether the cook/chill facility should be located at High Desert State Prison or whether the proposed facility, Prison 8, should be utilized with the \$6 million provided by ARAMARK. Ms. Bagwell said the NDOC was currently working with the vendor on contractual relationships, and the vendor had informed NDOC that \$6 million would not be sufficient funding for a retrofit at High Desert State Prison. Based on that information, the NDOC had made the first choice, which was to utilize Prison 8 as the cook/chill facility.

Senator Raggio asked for confirmation that \$6 million was appropriate for Prison 8, but was not feasible for High Desert State Prison, and Ms. Bagwell stated that was correct. Senator Raggio asked whether the process would be utilized only within the southern Nevada facilities. Ms. Bagwell replied that

NDOC would initiate the program in southern Nevada and then determine transportation issues.

Senator Raggio asked what facilities would be served by the cook/chill process. Ms. Bagwell said that all facilities in the Indian Springs area, High Desert State Prison, Southern Desert Correctional Center, Indian Springs Correctional Center, along with the women's correctional center and, potentially, Jean Conservation Camp.

Senator Raggio noted that the partnership with ARAMARK would include an investment of \$6 million, and he asked whether that funding would be used for such items as equipment. Ms. Bagwell stated that was correct. Senator Raggio asked whether the process would require an agreement with the vendor and/or additional employees on the part of the state. Ms. Bagwell emphasized that no additional employees would be needed by the state. The NDOC would utilize and retrain existing staff in the cook/chill process.

Senator Raggio asked whether NDOC was positive that the process would not replace existing staff. Ms. Bagwell explained that the NDOC would utilize the existing staff in the cook/chill methodology rather than the current cook/serve process. The NDOC would change the job duties of the existing staff to include the cook/chill method of food preparation.

Senator Raggio noted that there was a payback of \$50,000 per month for ten years to reimburse ARAMARK for the "loan" of \$6 million, and the price per meal would include a contribution toward the payback amount. Senator Raggio asked whether the state would be required to pay the \$6 million loan plus interest. Ms. Bagwell said the state would be required to pay interest only if the NDOC cancelled the contract.

Senator Raggio asked who could terminate under the proposed contract. Ms. Bagwell stated that either party could terminate the contract. Senator Raggio asked what would occur if ARAMARK terminated the contract. Ms. Bagwell replied that, in that instance, the state would not pay interest on the remaining payback. Senator Raggio pointed out that even if the state was not required to pay interest, it would owe ARAMARK the remaining amount of the \$6 million loan. Ms. Bagwell stated that was correct.

Event if the contract was completely unsatisfactory, Senator Raggio pointed out that the state would remain liable for the \$6 million ARAMARK investment. Ms. Bagwell indicated that was correct – the state would still be liable for the remaining payback of the \$6 million loan. Ms. Bagwell said what was different about the partnership was that NDOC staff would actually provide and process the food. The NDOC would tap into ARAMARK's purchasing power to obtain the food for the process. Ms. Bagwell doubted that NDOC would be completely

unsatisfied with the process, because NDOC staff would actually prepare the meals and be in control of the actual kitchens.

Senator Raggio said it sounded like a good process; he asked about the experience of the vendor. Ms. Bagwell indicated that ARAMARK was operational in several states, as listed in [Exhibit E](#). Senator Raggio indicated that he had not had time to read the entire exhibit and asked about the locations in which the vendor was operational and the period of time that the operation had been successful.

Larry Bearden, Vice President of Business Development, ARAMARK, explained that the cook/chill process had been around for a long time. ARAMARK had been providing the service in corrections at the Philadelphia Department of Prisons for approximately 13 years, feeding 6,000 inmates in that complex. Mr. Bearden stated that ARAMARK had also been managing the Milwaukee County facilities for the past 6 years, feeding approximately 4,000 inmates at four delivery sites. He said that ARAMARK had also managed facilities for the Indiana Department of Corrections for the past three years, with three cook/chill facilities.

Mr. Bearden explained that ARAMARK had already partnered with the state of Nevada with a huge commitment, and the company had been operational for over 50 years at such facilities as the Las Vegas Convention Center. Mr. Bearden advised that ARAMARK employed approximately 3,000 employees in Nevada and generated almost \$3 million in payroll. ARAMARK was very committed to the state of Nevada and had tremendous experience in the cook/chill process. Mr. Bearden stated that ARAMARK believed that the project for the NDOC would have tremendous value to both partners. Senator Raggio asked specifically about correctional institutions, and Mr. Bearden replied that the facilities he mentioned earlier were correctional institutions.

Senator Raggio said the main issue appeared to be the obligation to repay the balance of the \$6 million loan should the contract be terminated, and he asked whether the entire balance would be payable upon termination of the contract. Ms. Bagwell replied that was correct, and if the state failed to repay the balance in full, interest would be charged on the balance until full payment was made.

Senator Raggio pointed out that at the end of FY 2008, the balance in the Prison Industries Fund was \$3.3 million. He asked how the NDOC would repay the \$6 million should the contract be terminated. Ms. Bagwell replied that the NDOC would exercise the option to pay the interest and pay the balance over the time remaining in the ten-year contract.

Assemblyman Marvel said the Committee had discussed the NDOC's Prison Industries program many times, and the Committee had always been very supportive of the program. Mr. Marvel asked about the overall savings accrued because of the use of the cook/chill process. Mr. Connett replied that the NDOC

anticipated that the cost of the meals would remain the same, rather than increase. The program also considered the growth in the NDOC system, and the cook/chill sites could serve the different satellite sites around the state, first in southern Nevada and moving to northern Nevada in the future. Mr. Connett indicated that NDOC anticipated that entering a partnership with ARAMARK would eventually create some savings in the process.

Mr. Marvel asked whether the NDOC anticipated sufficient savings to pay its obligation to ARAMARK. Mr. Connett replied in the affirmative. Mr. Marvel asked how many vendors offered the same service as ARAMARK. He noted that NDOC had only received one bid on the project. Mr. Connett said the program was put out for bid and two vendors responded; however, one vendor eventually pulled out and the remaining vendor was ARAMARK.

Mr. Marvel reiterated that IFC had always been very positive about the Prison Industries program, and he wished the NDOC well in its new venture.

Assemblywoman Buckley asked whether it was possible for the Committee to receive a feasibility study which would show the exact benefits realized by the state from the project if the individual cost of a meal was not reduced, as well as address the concerns regarding the termination of the contract prior to ten years, along with the obligation of the state to repay the \$6 million to ARAMARK should the contract be terminated. Ms. Buckley indicated that the Committee did not want to deplete the funding for the remaining Prison Industries programs, which had been very successful. She explained that the Committee needed to review the details, and she believed it would be prudent to review line items and a complete cost-benefit analysis to make sure that the project made sense and would save money. At a time when the state did not have excess money, spending \$6 million without realizing a cost savings would not be prudent. Ms. Buckley stated that if the information the Committee received indicated that the program would save money over the years, the program would obviously be worth considering. She emphasized that the IFC wanted NDOC to "do their homework" and the Committee wanted to review the feasibility plan.

Ms. Bagwell reported that over the next two months, the NDOC planned to complete the feasibility study, including the completed equipment list. The study would also depict the detailed use of the \$6 million commitment from ARAMACK and would ensure a safe and appropriate plan of action. Ms. Bagwell stated that NDOC would be more than happy to share that information with the IFC.

Assemblywoman Leslie asked that the feasibility study and work program not be presented to IFC at the same meeting. She believed that the Committee should take sufficient time to review the feasibility study, with NDOC addressing where money could be saved. The study should include a review of transportation issues. Ms. Leslie emphasized that IFC wanted to review the entire picture, but

not at the same time. The IFC could not make such a significant decision without sufficient time to review the particulars of the project.

Assemblyman Marvel asked whether the NDOC would have additional information available for members by the first part of October, and Mr. Connett replied in the affirmative.

Senator Raggio pointed out that Item N-9 was an informational item, but the IFC apparently was very interested in the project. He said one of his concerns was that the concept would be designed into the plans for the proposed Prison 8, and if the program did not work in the future, the NDOC would be faced with the possibility of retrofitting Prison 8. Ms. Bagwell explained that there would be no need to retrofit Prison 8, because the only difference with the cook/chill program was that the equipment would be larger. She stated that the size of the equipment would be based on cooking for all southern facilities. For example, rather than purchasing a 160-gallon kettle, the NDOC would purchase a 300-gallon kettle. Ms. Bagwell emphasized that all of the equipment would be usable.

Senator Raggio said the Committee wanted to be kept informed regarding the progress of the project and would like to review the completed feasibility study. He understood that the contract contained a built-in increase in food costs, and he believed that the Legal Division of the Legislative Counsel Bureau would like to be advised regarding the development of the contract.

Ms. Bagwell said the reason that the NDOC brought the informational item before the IFC today was to begin the information-sharing process, so that members could recognize the direction in which the NDOC was proceeding and why. Ms. Bagwell noted that NDOC also wanted to solicit questions and concerns from Committee members so that answers could be included in the feasibility report, which would be completed in approximately two months. Ms. Bagwell indicated that NDOC wanted to ensure that it answered every question posed by Committee members. If there were further questions from legislators, Ms. Bagwell asked that NDOC be informed so that answers to those questions could also be included in the feasibility study.

Assemblywoman Buckley said it would be sensible for NDOC staff to meet with LCB staff to review the list of questions, because LCB staff had reviewed the project and could probably condense the questions for NDOC. Ms. Bagwell replied that NDOC would be happy to work with LCB staff.

Senator Mathews said her only concern was with the ten-year contract, and she wondered whether it would be worth it to the vendor to shorten the contract. She opined that the longer the contract, the more the state was at risk. Senator Mathews found that long contracts always "backfired" and it was the government entity that suffered. She wanted to make sure that the length of the

contract was reviewed, and she noted that the vendor would be paid in full whether or not the contract was cancelled.

Assemblyman Hogan asked that the study conducted by NDOC address the implications of the training that was included in the package and whether the training would generate a flow of released inmates who would have usable skills immediately upon release. Mr. Hogan also asked that NDOC estimate the number of inmates who would have access to the program, and whether the NDOC had coordinated its efforts with the existing culinary training establishment, which he believed was partially publicly funded.

Mr. Connett said that the program would certainly make the skills of the soon-to-be-released inmates more marketable, particularly when those inmates left the prison with a ServSafe certification. According to Mr. Connett, a prospective employee with a ServSafe certification would have an advantage over a prospective employee without certification, because most restaurants and/or kitchen facilities needed at least one employee who was ServSafe certified. Mr. Connett believed that an inmate who had earned that certification prior to release would be extremely marketable. He added that ARAMARK would also include its Inmate to Workmate training program in the package.

George Vaughn, Vice President of Operations, ARAMARK, explained that the Inmate to Workmate training program was a program that ARAMARK had been working on within the industry. He indicated that ARAMARK had been involved in correctional food service for over 30 years, and the program was designed to assist inmates with reentry into the community and to prepare inmates leaving the system to enter the workforce and become an asset.

Chairman Arberry thanked all parties for the information provided to the Committee.

10. DEPARTMENT OF MOTOR VEHICLES – Fiscal year 2007 report on the use of funds received by each local government agency from the quarterly distribution from the Pollution Control account, pursuant to NRS 445B.830.
 - a. Clark County
 - b. Washoe County.
11. DEPARTMENT OF PUBLIC SAFETY
 - a. Division of Emergency Management
 - (1) State Emergency Assistance Account – Quarterly report on the status of Emergency Assistance Account expenditures for the period ending June 30, 2008, pursuant to NRS 414.135(5).
 - (2) Homeowner's Disaster Assistance Program - Quarterly report on the status of the program for the period ending June 30, 2008, pursuant to A.B. 572 (2005 Legislature).

- b. Fire Marshal – Quarterly report on the number of plan reviews and fire, life safety, and hazardous materials inspections conducted for the period ending June 30, 2008 (letter of intent, 2007 Legislature).
- c. Parole Board – Report on the implementation of funding approved at the November 14, 2007, and January 24, 2008, IFC meetings to conduct inmate hearings that are greater than legislatively approved.

Chairman Arberry announced that the Committee would consider Item 11c; however, representatives from the Parole Board were not present to provide testimony.

- 12. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – NEVADA DIVISION OF FORESTRY – The division converted two seasonal Firefighter II positions to permanent positions, increasing the overall FTEs in the Forestry Inter-Governmental Agreements budget account by 2.0 FTE. This conversion results in no additional costs and recognizes the intent of Eureka and Elko Counties to fund two permanent positions.
- 13. DEPARTMENT OF WILDLIFE – Quarterly report on the Nevada Wildlife Data System (NWDS) automated licensing and boat registration system and titling program for the quarter ending June 30, 2008 (letter of intent, 2001 Legislature).
- 14. OFFICE OF THE MILITARY – Pursuant to the instruction from the Interim Finance Committee at its June 26, 2008 meeting, the Office of the Military accepted Transfer from Department of Emergency Management – Emergency Assistance Account to reimburse the federal government for equipment and personnel expenses related to the Steve Fossett search and rescue mission.
- 15. COMMISSION ON VETERANS' SERVICES – NEVADA STATE VETERANS' HOME – Quarterly report detailing the Veterans' Home census and financial information for the period January 1, 2008 through March 31, 2008 (letter of intent, 2005 Legislature).
- 16. Reports on capital improvements from local governments pursuant to Senate Bill 107, 2005 Legislature.

O. PUBLIC COMMENT.

Chairman Arberry opened the hearing for public comment.

Frank A. Bradick introduced himself to the Committee as a private citizen of Nevada. Mr. Bradick found it interesting that one of the items discussed by the Committee today was the shifting of funds without proper authorization, which was the same issue he wanted to address.

Mr. Bradick believed there had been such a shifting of funds with the Question 1 funding by the Division of State Parks. The Division had taken money that was to be used for acquisition and used it in other areas. Mr. Bradick did not believe that employees had "put the money in their pockets," but rather that the Division had shifted the money from one area to another without prior authorization from the Interim Finance Committee.

Mr. Bradick explained that for the past 15 months, he had attempted to secure an opinion from the Attorney General's (AG's) Office, had addressed the Board of Examiners regarding the matter, and had contacted at least two state Senators. Mr. Bradick had finally been told that someone from the AG's Office would look into the matter, but he had little confidence that the matter would get a "fair hearing."

Mr. Bradick wanted to inform the IFC of the problem so that it could review the issue. He submitted a written statement for the Committee's perusal, [Exhibit F](#).

Chairman Arberry asked for clarification regarding the shifting of money. Mr. Bradick explained that the Division of State Parks had moved Question 1 funding allocated for acquisition to other areas of the Division's budget without approval of the IFC.

Chairman Arberry indicated that the IFC would consider the matter.

Senator Raggio said he had reviewed the exhibit and believed that the issue involved the Dangberg Ranch acquisition. Mr. Bradick stated that was correct. Senator Raggio noted that Mr. Bradick's concern appeared to be that the Division was utilizing acquisition funding for other projects. Senator Raggio believed that the issue should be referred to the Legal Division of the Legislative Counsel Bureau for review and the Legal Division could then present its findings to the IFC.

Chairman Arberry thanked Mr. Bradick for his testimony.

P. ADJOURNMENT.

There being no further business to come before the Interim Finance Committee, Chairman Arberry adjourned the meeting at 12:53 p.m.

Assemblyman Morse Arberry Jr., Chairman

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