

MINUTES OF THE APRIL 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 April 9, 2008, at 9:18 a.m. in Room 4100 of the Legislative Building. [Exhibit A](#) is the agenda. [Exhibit B](#) is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chairman
Senator William J. Raggio, Chairman
Senator Mark Amodei for Senator Bob Beers
Senator Barbara Cegavske
Senator Bernice Mathews
Senator Randolph Townsend for 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 Ellen Koivisto
Assemblywoman Sheila Leslie
Assemblyman John W. Marvel
Assemblyman Bernie Anderson for Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

COMMITTEE MEMBERS EXCUSED:

Senator Bob Beers
Senator Bob Coffin
Senator Dean Rhoads
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
Connie Davis, Interim Finance Committee Secretary
Tracie Battisti, Fiscal Analysis Division Secretary
Cheryl Harvey, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES FROM THE JANUARY 24, 2008, MEETING.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE
JANUARY 24, 2009, MEETING MINUTES.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley was
not present for the vote.)

*C. STATE PUBLIC WORKS BOARD - REPORT FROM IFC'S SUBCOMMITTEE
TO REVIEW PUBLIC WORKS BOARD MATTERS (S.B. 387, 2007).

Chairman Arberry advised that the Interim Finance Committee's (IFC) Subcommittee to Review Public Works Board Matters met on April 8, 2008 and submitted the Chairman's report ([Exhibit D](#)) for the Committee's review and approval.

SENATOR RAGGIO MOVED THAT THE ENTIRE
COMMITTEE ADOPT AND APPROVE THE
SUBCOMMITTEE REPORT.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED.

1. Request to: 1) Revert \$3,431,861 of General Funds from CIP projects 07-C90a, Medical Education Learning Lab Building, University of Nevada Health Sciences System (UNHSS) (\$1,931,861); 07-C90b, Renovation of Savitt Hall for School of Medicine, UNHSS (\$1,000,000); and 07-C90c, Renovation of Cain Hall for School of Nursing Offices, UNHSS (\$500,000), in order to accommodate budget reductions, and 2) Cancel the scope of CIP projects 07-C90b and 07-C90c, and transfer the cancelled scope and remaining funding for these projects to CIP project 07-C90a.

2. Request to change the scope of CIP project 07-C26, Desert Willow Treatment Center Addition of 14 Beds, to reduce the number of beds and to revert \$1,400,000 to accommodate budget reductions.
3. Request to change the scope of CIP project 07-C31, National Guard Complex Site Entry and Guard Building, Carson City, to increase federal funding receipt and expenditure authority by \$502,500 in order to accommodate additional exit and entry lanes, mechanical barrier gates, and an enlarged Guard building.
4. Request to change the scope of CIP project 07-C33, Demolition of the Old Army National Guard Armory, Carson City, to divide the project into phases in order to accommodate the amount of available federal funds. WITHDRAWN APRIL 1, 2008.
5. Request to reduce CIP project 07-P06, Elko Readiness Center Planning, to Schematic Design Phase to pay the costs of consultants to facilitate the Center's Silver Level Leadership in Energy and Environmental Design Certification.
6. Requests to change the scope of the following CIP projects in order to accommodate budget reductions:
 - (a) 07-C11, Furnishings, Equipment and Additional Construction for Math and Science Center, University of Nevada, Reno
 - (b) 07-C29, Southern Nevada Training Academy and Highway Patrol Substation
 - (c) 07-C30, Consolidated Facility Planning and Renovations for Northern Nevada Adult Mental Health Services and Northern Nevada Child and Adolescent Services
 - (d) 07-C34, Demolition of the Old Northern Nevada Children's Home
 - (e) 07-C35, Demolition of the Kinkead Building
 - (f) 07-91a, Shadow Lane Advanced Clinical Training and Research Center, University of Nevada Health Sciences System. WITHDRAWN APRIL 1, 2008.
 - (g) 07-M28, Door, Security and Key Card Entry at Southern Nevada Adult Mental Health Services
 - (h) 07-M34, Panic Alarm System for Dini-Townsend Hospital
 - (i) 07-M47a, Campus Improvements, Community College of Southern Nevada
 - (j) 07-M47b, Campus Improvements, Desert Research Institute
 - (k) 07-M47c, Campus Improvements, Great Basin College
 - (l) 07-M47d, Campus Improvements, Nevada State College
 - (m) 07-M47e, Campus Improvements, Truckee Meadows Community College
 - (n) 07-M47f, Campus Improvements, Nevada System of Higher Education, System Administration

- (o) 07-M47g, Campus Improvements, University of Nevada, Las Vegas
 - (p) 07-M47i, Campus Improvements, Western Nevada Community College
7. Request to change the scope of CIP project 07-C03, Southern Nevada Women's Correctional Center 400-Bed Expansion, to remove the 100-bed transitional center.
 8. Request to change the scope of CIP project 07-C07a, Construction of Housing Unit and Facility Expansion at Southern Desert Correctional Center, to remove planning for the second housing unit.
 9. CIP project exception report pursuant to S.B. 387 (2007 Session), Section 5.
 10. CIP project 07-C02, Las Vegas Springs Preserve Museum construction funding shortfall and Question 1 bond funds for original museum project – project status report.
 11. CIP projects 01-C15, Planning, Design and Utility Infrastructure for Science and Engineering Complex, UNLV; 03-C23, UNLV Science, Engineering and Technology Complex Construction; and 05-C06, Construction of Science, Engineering and Technology Complex at UNLV – project status report.

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

Chairman Arberry announced that the Committee would consider Item D.2, which was related to Item E. 133.

1. **Department of Business and Industry – Division of Insurance – Insurance Examiners – FY 08** – Addition of \$350,000.00 in Examination Fees and \$175,000.00 in Administration Fees to conduct unplanned examination of an insurance company due to regulatory action taken against the company in California and a pending merger that will impact the residents of Nevada. Requires Interim Finance approval since the amount added to the Insurance Compensation Examinations category exceeds \$50,000.00. **Work Program #C13700**

Item 1 was provided for informational purposes only.

2. **Department of Corrections – Northern Nevada Correctional Center – FY 08** – Addition of \$210,000.00 in APS Energy Services BioMass Reimbursement to contract with Universal Energy to operate the BioMass plant through the end of the

fiscal year. Requires Interim Finance approval since the amount added to the BioMass Operations category exceeds \$50,000.00. **Work Program #C33763**

Item 2 was related to Item E 133. Refer to narrative and motion for approval under Item E. 133.

3. **Department of Public Safety – Office of Emergency Management – Assistance Grants – FY 08** – Addition of \$2,550,428.00 in Federal Emergency Management Agency (FEMA) Reimbursement Funds for the Fernley Flood to establish authority for funds that will primarily be used to reimburse several state and local agencies for expenditures related to widespread flooding that occurred between January 5, 2008 and January 9, 2008. Requires Interim Finance approval since the amount exceeds \$100,000.00 in new governmental grants. **Work Program #C34912**

Item 3 was provided for informational purposes only.

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

Chairman Arberry announced that Items 4, 5, 59, 62, 63, 68, 80, 83, 165, 170, 188, and 193 were withdrawn and that the Committee would consider:

Items 10, 12, 17, 20, 21, 22, 27, 29, 30, 43, 47, 51, 53, 55, 60, 61, 66, 67, 69, 72, 73, 74, 75, 76, 77, 78, 82, 84, 96, 97, 98, 99, 100, 101, 105, 109, 112, 115, 123, 124, 132, 133, 140, 141, 143, 152, 171, 172, 173, 174, 175, 176, and Position 46.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ALL WORK PROGRAMS AND POSITION CHANGES OTHER THAN THOSE DELINEATED BY CHAIRMAN ARBERRY.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

1. **Office of the Governor – Agency for Nuclear Projects – High Level Nuclear Waste – FY 08** – Addition of ~~\$2,500,000.00~~ **\$2,454,500.00** in Emergency Management Assistance to conduct scientific oversight responsibilities and participate in licensing activities. Requires Interim Finance approval since the amount added to the Federal Funded Contracts category exceeds \$50,000.00. **Work Program #C19650. REVISED MARCH 21, 2008. RELATES TO ITEM 161.**

Refer to motion for approval under Item E.

2. **Office of the Attorney General – Administrative Account – FY 08** – Transfer of \$115,000.00 from the Personnel Services category to the Tobacco Enforcement category to cover estimated tobacco litigation/arbitration costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Tobacco Enforcement category exceeds \$50,000.00. **Work Program #C33843**

Refer to motion for approval under Item E.

3. **Office of the Attorney General – Tort Claim Fund – FY 08** – Transfer of \$1,300,000.00 from the Reserve category to the General/Fleet-Tort Claims category to cover a settlement that will go before the March meeting of the Board of Examiners for approval of payment. Requires Interim Finance approval since the cumulative amount transferred to the General/Fleet-Tort Claims category exceeds \$50,000.00. **Work Program #C33844**

Refer to motion for approval under Item E.

4. **Office of the Attorney General – Council for Prosecuting Attorneys – FY 08** – Addition of \$22,045.00 in Stop Violence Against Women Sub–grant funds to support a contracted resource prosecutor who will assist rural prosecutors with domestic violence and sexual assault cases. Requires Interim Finance approval since the amount added to the Council Operations category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33834. RELATES TO ITEM 5.**

Item 4 was withdrawn.

5. **Office of the Attorney General – Council for Prosecuting Attorneys – FY 08** – Addition of \$37,500.00 in Nevada Association of Prosecution Coordinators Grant funds to support a contracted Traffic Safety Resource Prosecutor position. Requires Interim Finance approval since the amount added to the Council Operations category exceeds \$50,000.00. **Work Program #C33838. RELATES TO ITEM 4.**

Item 5 was withdrawn.

6. **Office of the Attorney General – Council for Prosecuting Attorneys – FY 08** – Addition of \$40,301.00 in Stop Violence Against Women Sub–grant funds to support training conferences focusing on effective prosecution of crimes of violence against women conducted by the Nevada Advisory Council for Prosecuting Attorneys. Requires Interim Finance approval since the amount

added to the Council Operations category exceeds \$50,000.00. **Work Program #C33837**

Refer to motion for approval under Item E.

7. **Office of the Attorney General – Victims of Domestic Violence – FY 08 –** Transfer of \$19,890.00 from the Reserve category to the Committee Expenses category to cover expenses related to the Committee on Domestic Violence including evaluations of treatment programs. Requires Interim Finance approval since the amount added to the Committee Expenses category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33839**

Refer to motion for approval under Item E.

8. **Office of the Attorney General – Violence Against Women Grants – FY 08 –** Transfer of \$15,218.00 from the Prosecution Expenses category to the Personnel Services category to establish a Deputy Attorney General position for the Tri-County Project that will prosecute cases relating to domestic violence, sexual assault, stalking and dating violence in White Pine, Eureka and Lincoln Counties. Requires Interim Finance approval since the amount includes new staff. **Work Program #C33841. RELATES TO ITEM 9.**

Refer to motion for approval under Item E.

9. **Office of the Attorney General – Violence Against Women Grants – FY 09 –** Transfer of \$91,303.00 from the Prosecution Expenses category to the Personnel Services category to continue a Deputy Attorney General position for the Tri-County Project that will prosecute cases relating to domestic violence, sexual assault, stalking and dating violence in White Pine, Eureka and Lincoln Counties. Requires Interim Finance approval since the amount transferred from the Prosecution Expenses category exceeds \$50,000.00. **Work Program #C33842. RELATES TO ITEM 8.**

Refer to motion for approval under Item E.

10. **Office of the Secretary of State – FY 08 –** Addition of \$240,000.00 in Special Services Revenue funds to pay credit card fees incurred from online business filings. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C29252**

Nicole Lamboley, Chief Deputy Secretary of State, Office of the Secretary of State, identified herself for the record and introduced Kate Thomas, Deputy Secretary for Operations, Office of the Secretary of State, and Carolyn Misumi, Administrative Services Officer, Office of the Secretary of State. Ms. Lamboley appeared before the Committee to request approval for the addition of \$240,000 in Special Services Revenue funds to pay credit card fees incurred from online business filings.

Chairman Arberry asked agency representatives to report on the status of the Special Services' funds generated through expedite service fees.

Ms. Thomas testified that revenue generated from expedite service fees was declining as the Office of the Secretary of State increased efficiency and online filing.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that the Committee might be interested in learning the projected balance in the Special Services revenue account at the end of the fiscal year and whether sufficient expedite fee funds would be generated during fiscal year 2009 to fund the legislatively approved budget.

Ms. Thomas reported that although the Special Services' account would balance forward funds at the end of fiscal year 2008, revenue shortfall concerns existed for fiscal year 2009.

In response to Chairman Arberry's request for a projection, Ms. Thomas projected a \$1.3 million funding shortfall for fiscal year 2009.

Chairman Arberry asked agency representatives to discuss plans to address the potential shortfall.

Ms. Thomas discussed several components of a plan that included reviewing the need to fill positions as vacancies occurred, increasing corporate filings, expanding commercial recordings, alternative payment methods to reduce the impact on credit card discount fees, and expedited filing in the Reno office. Additionally, Ms. Thomas advised that the staff of the Office of the Secretary of State was working proactively with staff from the Legislative Counsel Bureau's Fiscal Analysis Division and the Budget Division to resolve the shortfall issue.

In response to questions Senator Raggio asked regarding the expedite service fee, Ms. Thomas explained that the Office of the Secretary of State offered a 1-hour expedite service for which an additional \$1,000 was charged per filing and/or order. Ms. Thomas explained that revenue generated through the 1-hour expedite fee was declining for a variety of reasons that included economic factors, as well as an increased utilization of web-based services that provided an instant turnaround without the necessity to pay an expedite fee.

In response to Senator Raggio, who questioned the number of positions assigned to the service, Ms. Thomas advised that there were 47 positions in the Commercial Recordings Division, and vacancies were under review to determine whether those vacancies could alleviate the shortfall.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM 10.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

11. **Office of the Secretary of State – Help America Vote Act Elections Account – FY 08** – Addition of \$117,020.00 in county funds to provide funding for additional voting equipment for Washoe County. Requires Interim Finance approval since the amount added to the Administration of Elections category exceeds \$50,000.00. **Work Program #C29253**

Refer to motion for approval under Item E.

12. **Office of the Treasurer – FY 08** – Transfer of \$2,852.00 from the Operating category to the Equipment category to cover the cost of furniture for a new position. Requires Interim Finance approval since the amount includes new staff. **Work Program #C33641. RECEIVED MARCH 21, 2008. RELATES TO AGENDA ITEM H.1.**

Chairman Arberry announced that Item 12 related to Item H.1.

Kate Marshall, State Treasurer, Office of the State Treasurer, identified herself for the record and introduced Renee Lequerica, Chief of Staff, Office of the State Treasurer; Mark Winebarger, Senior Deputy Treasurer, Office of the State Treasurer; Lori Chatwood, Deputy State Treasurer, Office of the State Treasurer; and Stacey Johnson, Management Analyst, Office of the State Treasurer.

Ms. Marshall appeared before the Committee to request approval to hire a new Chief Investment Officer position on May 1, 2008, and to transfer \$2,852 from the Operating category to the Equipment category to fund the cost of furniture for the position. If approved, budget savings would fund all other fiscal year 2008 costs. Additionally, the request included a \$125,007 allocation from the Contingency Fund to provide funding for the position in fiscal year 2009.

Assemblywoman Buckley indicated that justification for the position was clear, and two options for funding were available. The first was to approve the new position but revise the FY 2009 funding allocation from the Contingency Fund to Treasurer's Assessment revenue, and the second option was to approve fiscal year 2008 and fiscal year 2009 funding requests as submitted.

Assemblywoman Buckley asked whether July 1, 2008 would be a more realistic start date and whether the Treasurer's Assessment revenue could provide the funding, if the Committee approved the request.

Ms. Marshall advised that if the Committee approved the request, salary savings would fund fiscal year 2008 costs, which she indicated was in addition to the 4.5 percent

budget reduction requested by the Governor's Office. Ms. Marshall deferred to Mark Winebarger to address funding the position in fiscal year 2009 from assessment revenue.

Mr. Winebarger testified that currently the Treasurer's Office assessment was 0.004 percent, or \$4 per \$1,000 on each dollar of interest earned but projected that the assessment balance would decline in fiscal year 2009 because of the economic downturn. Mr. Winebarger advised that approval of Option 1 would require an increase in the current assessment.

Senator Raggio asked for information on how the Treasurer's staff generated better returns on investments than private investment managers, who managed state investments.

Ms. Marshall responded that while private investors managed less than 10 percent of the portfolio, an analysis from the third quarter of fiscal year 2005 through the second quarter of fiscal year 2008 reflected a better return on investments managed by Diane Vansickle, Deputy for Investments, Office of the Treasurer, than by private investment managers.

Ms. Marshall provided the following statistical examples of how staff investments surpassed those by private investment managers:

- In the last two quarters of fiscal year 2005, staff investments surpassed private investments by \$73,000.
- In fiscal year 2006, staff investments surpassed private investments by \$2.5 million.
- In fiscal year 2007, staff investments surpassed private investments by \$2.2 million.
- In fiscal year 2008 to date, staff investments surpassed private investments by \$400,000.

Ms. Marshall advised the Committee that Ms. Vansickle managed a \$2.3 billion portfolio on a daily basis.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF THE REQUEST FOR A NEW CHIEF INVESTMENT OFFICER POSITION UNDER OPTION 1, WHICH PROVIDED FISCAL YEAR 2009 FUNDING FROM THE TREASURER'S ASSESSMENT REVENUE RATHER THAN THE CONTINGENCY FUND.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, pointed out the Item 12 was the work program that would fund the position in fiscal year 2008 through salary savings and Item H. 1 requested a Contingency Fund allocation for the funding from July 1, 2008 forward. Mr. Stevens requested clarification on whether the Committee wanted to authorize the position to become effective immediately or on July 1, 2008.

Ms. Lequerica advised that the earlier the position became effective, the earlier the Treasurer's Office could realize some savings each month, but even with approval for the earlier hiring date, the lengthy state hiring process would, most likely, delay the start date until May or June.

Assemblywoman Buckley clarified the motion to include that the position would become effective immediately.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF THE CHIEF INVESTMENT OFFICER POSITION UNDER OPTION 1, WHICH PROVIDED FISCAL YEAR 2009 FUNDING FROM THE TREASURER'S ASSESSMENT RATHER THAN THE CONTINGENCY FUND AND THAT THE POSITION BECAME EFFECTIVE IMMEDIATELY.

Chairman Arberry asked whether there were any objections to approving the position to be effective immediately and hearing none moved on to the next item.

- 13. Office of the Treasurer – Unclaimed Property – FY 08 –** Addition of \$123,693.00 in Transfer from Abandoned Property Trust Account funds to cover projected advertising costs through June 30, 2008. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C33643. RECEIVED MARCH 21, 2008.**

Refer to motion for approval under Item E.

- 14. Department of Administration – Motor Pool Administration – FY 08 –** Transfer of \$20,000.00 from the Personnel Services category to the Vehicle Operations category and \$187,000.00 from the Reserve category to the Vehicle Operations category to cover increased fuel and repair costs. Requires Interim Finance approval since the amount transferred to the Vehicle Operations category exceeds \$50,000.00. **Work Program #B94766**

Refer to motion for approval under Item E.

15. **Department of Administration – Purchasing Division – Commodity Food Program – FY 08** – Addition of \$12,497.00 in federal Indian Family Feed Program funds, \$1,504,672.00 in Direct Sales-Processing and \$243,218.00 in direct sales to provide funding for Food Distribution on Indian Reservations Program expenditures and for the purchase of processed foods and fresh fruits and vegetables that are distributed to school districts. Requires Interim Finance approval since the amount added to the Feed Processing Program category exceeds \$50,000.00. **Work Program #B94718**

Refer to motion for approval under Item E.

16. **Department of Administration – Buildings and Grounds – FY 08** – Transfer of \$165,667.00 from the Reserve category to the Building Renovation category and \$336,908.00 from the Reserve category to the Utilities category to cover costs associated with replacing two cooling towers at the Grant Sawyer Building and to cover projected utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds \$50,000.00. **Work Program #B94767**

Refer to motion for approval under Item E.

17. **Department of Administration – Buildings and Grounds Division – Mail Services – FY 08** – Transfer of \$86,400.00 from the Reserve category to the Depreciation category to allow for a depreciation transfer that was inadvertently missed during FY 07. Requires Interim Finance approval since the amount transferred to the Depreciation category exceeds \$50,000.00. **Work Program #B94716**

Andrew Clinger, Director, Department of Administration, appeared before the Committee to request approval to transfer funding from the Reserve category to the Depreciation category to allow for a depreciation transfer that was inadvertently missed during fiscal year 2007. Mr. Clinger noted that the funding transfer listed at \$86,400 should be adjusted to \$77,530.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 17 AS
REVISED FROM \$86,400 TO \$77,530.

ASSEMBLYWOMAN SECONDED THE MOTION.

THE MOTION CARRIED.

18. **Department of Administration – Hearings and Appeals Division – Victims of Crime – FY 08** – Transfer of \$438,733.00 from the Reserve-Regular Victims category to the Victims Payments category to cover Victims of Crime claims for the remainder of the fiscal year. Requires Interim Finance approval since the

amount transferred to the Victims Payments category exceeds \$50,000.00. **Work Program #B94710**

Refer to motion for approval under Item E.

19. **Department of Information Technology – Facility Management – Computing Division – FY 08** – Transfer of \$33,100.00 from the Reserve category to the Utilities category to cover increased electricity costs. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C22054**

Refer to motion for approval under Item E.

20. **Department of Information Technology – Data Communications and Technology – FY 08** – Transfer of \$266,245.00 from the Reserve category to the Federal Payback category, \$30,000.00 from the Personnel Services category to the General Fund Payback category, \$140,659.00 from the Information Technology category to the General Fund Payback category, \$23,845.00 from the Training category to the General Fund Payback category and \$153,736.00 from the Reserve category to the General Fund Payback category to refund the United States Department of Health and Human Services and the State General Fund for excess reserves accumulated in FY 06 and FY 07. Requires Interim Finance approval since the amount transferred to the Federal Payback category exceeds \$50,000.00. **Work Program #C22057. RELATES TO ITEM 21.**

Chairman Arberry announced that the Committee would consider Items 20 and 21 concurrently.

Dan Stockwell, Director, Department of Information Technology (DoIT), identified himself for the record and introduced Rossalyn Hoid, Chief of Administration, DoIT, and Chris Apple, Administrative Services Officer, DoIT.

Mr. Stockwell appeared before the Committee to request approval to "reallocate expenditure authority in fiscal year 2008 and fiscal year 2009" to provide funding to payback "the federal government and the General Fund of fees and assessments collected in excess of the 60-day reserve amount."

Mr. Stockwell reported that DoIT staff negotiated the \$266,245 federal payback with Department of Administration staff based on the federal fund participation rates of customers for the services provided by the DoIT's Communications and Network Engineering Unit, Budget Account 1386.

Mr. Stockwell requested Committee approval to repay the entire \$266,245 federal payback and a portion of the General Fund payback in fiscal year 2008 and an additional amount in fiscal year 2009. He informed the Committee that the department's

ability to provide continuing support to other state agencies would be impaired if required to repay the entire General Fund portion in fiscal year 2008.

Mr. Stockwell indicated that the primary service provided by the Communications and Network Engineering Unit was the operation of the enterprise digital wide area network or SilverNet, which, with approval of the request, would begin fiscal year 2009 with an estimated cash reserve of 31 days and end the fiscal year with a cash reserve of 28 days. Mr. Stockwell indicated that with a "fairly stable" revenue source, the reserve rebuilding process would take place over the next two bienniums, which would not "significantly" affect DoIT customers.

Mr. Stockwell further advised that DoIT staff would continue to monitor Budget Account 1386, and if funding in the Reserve category was projected to exceed the 45-day target, they would work with the staff of Legislative Counsel Bureau's Fiscal Analysis Division and the Department of Administration's Budget Division to initiate a rate adjustment.

Senator Raggio questioned information provided to the Committee that addressed savings generated in fiscal year 2008 because the DoIT chose not to pursue a request for proposal for disaster recovery consulting services that the 2007 Legislature approved.

In response to Senator Raggio, Mr. Apple advised that the cost associated with the proposal for disaster recovery consulting services was included in the 4.5 percent budget reduction required of state agencies.

Senator Raggio asked for additional information relative to the state's disaster recovery potential.

In response, Tom Wolf, Deputy Director, DoIT, advised that DoIT contracted with the IBM Corporation and a facility in Denver where all of the state's data and programs could be "brought up" in the event of an emergency. Additionally, beginning in July, the department would utilize a backup mainframe system in a new facility in Las Vegas.

Senator Raggio questioned whether the Communications and Network Engineering Unit could continue to provide services to other state agencies if required to pay the entire General Fund payback.

In response to Senator Raggio, Mr. Apple advised that if the Committee approved the work program as presented, the department projected a 30-day Reserve for the remainder of fiscal year 2008 and a 28-day Reserve in fiscal year 2009. However, if the department was required to pay the entire amount owed to the General Fund, there would be zero Reserve funding leaving little or no opportunity to address emergencies that might arise.

Senator Raggio asked for information relative to the impact of a zero-reserve situation.

In response to Senator Raggio, Mr. Stockwell reported that repaying the entire amount owed to the General Fund in 2008 would "hinder the department's ability to provide services to other state agencies" and would leave two critical network engineer positions vacant in a unit that had already accrued over 550 hours of overtime. Additionally, he said that the department would have to suspend all training, which would have a long-term effect on customers of the department's enterprise digital wide area network for which internet connections were already at 100 percent capacity in southern, northern, and rural Nevada.

Senator Raggio suggested that the Committee approve the request as proposed by the department, which did not include repaying the entire amount owed to the General Fund. Senator Raggio requested that staff obtain and review additional information from the department relative to whether any further payback to the General Fund would be appropriate.

SENATOR RAGGIO MOVED APPROVAL OF THE REQUEST FOR THE REALLOCATION OF EXPENDITURE AUTHORITY IN FISCAL YEAR 2008 AND FISCAL YEAR 2009 TO ALLOW FOR THE PAYBACK TO THE FEDERAL GOVERNMENT OF \$266,245 IN FISCAL YEAR 2008 AND TO THE GENERAL FUND OF \$348,240 IN FISCAL YEAR 2008 AND AN ADDITIONAL \$197,258 IN FISCAL YEAR 2009.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION CARRIED.

- 21. Department of Information Technology – Data Communications and Technology – FY 09** – Transfer of \$81,732.00 from the Personnel Services category to the General Fund Payback category, \$30,649.00 from the Infrastructure Maintenance category to the General Fund Payback category, \$43,145.00 from the Information Technology category to the General Fund Payback category, \$23,845.00 from the Training category to the General Fund Payback category and \$17,887.00 from the Reserve category to the General Fund Payback category to refund the State General Fund for excess reserves accumulated in FY 06 and FY 07. Requires Interim Finance approval since the amount transferred to the General Fund Payback category exceeds \$50,000.00. **Work Program #C22060. RELATES TO ITEM 20.**

Refer to narrative and motion for approval under Item 20.

- 22. Department of Personnel – FY 08** – Transfer of \$217,000.00 from the Reserve category to the Operating category and \$21,000.00 from the Reserve category to

the Information Services category to cover consulting fees and online software costs to review and replace the current job classification system. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00. **Work Program #C16268. RE-SUBMITTED FROM JANUARY 24, 2008, MEETING.**

Todd Rich, Director, Department of Personnel, identified himself for the record and introduced Peter Long, Division Administrator, Department of Personnel, and Sandra Perez, the Director of the State Personnel Office in Santa Fe, New Mexico.

Mr. Rich appeared before the Committee in January 2008 to request approval for a transfer of funding from the Reserve category to the Operating and Information Services' categories to replace the Department of Personnel's current job classification system and to support licensing fees associated with the proposed system. During the January 2008 meeting, members of the Committee requested additional information regarding the system.

Mr. Rich advised that since that time, he and members of his staff met with the Legislative Counsel Bureau's Fiscal Analysis Division staff to respond to the Committee's questions and to the concerns of the American Federation of State, County, and Municipal Employees (AFSCME).

Chairman Arberry asked for information regarding the potential long-term costs associated with the system among the states that currently used it.

Mr. Rich indicated that there was some difficulty in determining how long-term costs would affect Nevada since classification study outcomes were an unknown factor, but he provided an example of long-term costs relative to a Nevada Department of Transportation appeal during the December 2007 Personnel Commission hearing for seven Communication System Specialists. Mr. Rich reported that the Communication System Specialists received salary increases that would cost the state an additional \$52,000 annually, which the Department of Personnel had not supported. Mr. Rich pointed out that a defensible system of classifying positions could eliminate salary adjustments that were currently indefensible using the current classification method.

Mr. Rich advised that Claudette Enus, Director of Human Resources, City of Las Vegas, and Chair of the State Personnel Commission and Katherine Fox, Manager, Washoe County Human Resources, and a member of the Personnel Commission, had provided testimonials in support of the new classification system.

Chairman Arberry indicated that while most members of the Committee agreed that a new classification system was needed, there were concerns relative to the time line. The Chairman pointed out that if the Committee were to approve the request, completion of the project would take place in November 2008, which was after the required September 1, 2008 date for state agencies to submit budget requests for the 2009-2011 biennium.

Mr. Rich indicated that he was instructed by representatives of the Office of the Governor not to include increases to the Department of Personnel's 2009-2011 budget request. However, he advised that in working with Andrew Clinger, Director, Department of Administration and Mike Willden, Director, Department of Health and Human Services, a consensus had been reached that delaying implementation of a new classification system would cause jobs to drift over time and cost the state money.

Andrew Clinger, Director, Department of Administration, clarified for the record, that based on the September-November time line, salary evaluation information received by November would be considered for inclusion in the Governor's budget request.

Senator Raggio noted that the New Mexico State Personnel Office had used the HayGroup system since 1988 and asked Ms. Perez to provide her thoughts relative to the HayGroup system to the Committee.

Ms. Perez reported that when New Mexico implemented the HayGroup's Point Factor Classification system in 1988, New Mexico found itself in a similar situation to Nevada's current situation.

In response to Senator Raggio, who asked for information relative to the value of the Point Factor Classification system insofar as the employees were concerned, Ms. Perez advised that the system enabled Personnel staff to make objective decisions in subjective situations.

Senator Raggio asked whether the system provided more credibility and assurance to state employees than the current system and whether it was applied to all levels of employees in New Mexico.

Ms. Perez advised that the Point Factor Classification system was "extremely fair and equitable" to New Mexico state employees and further advised that the system even measured exempt Executive Branch jobs, which provided benchmarking relevance for measuring jobs throughout the ranks. Ms. Perez further advised that less than a dozen appeals had occurred after the previous year's normal classification reviews of individual positions.

In response to questions Senator Raggio asked relative to the formation of a State Job Evaluation Committee, Ms. Perez advised that the State Personnel Board established rules and regulations regarding the composition of the Committee, which was comprised of a mix of managers from various occupational groups within state agencies as well as employees and labor representatives.

Senator Raggio asked for information relative to the HayGroup's activities outside of the work accomplished by the State Job Evaluation Committee and whether salary comparisons were made with other states and local jurisdictions.

Ms. Perez explained that the New Mexico State Personnel Office used the Point Factor Classification system to conduct studies that "measured jobs" by assigning points and converting those points to a dollar base or pay structure.

Senator Raggio questioned Mr. Rich as to whether the new system would measure unclassified positions as well as classified positions.

Mr. Rich advised that his staff would begin with classified positions but with a goal to use the process to provide information that would assist the Legislature in determining unclassified salary levels.

In response to questions that Senator Raggio asked relative to how the system and the Job Evaluation Committee avoided personal biases, Mr. Rich advised that the Point Factor Classification system was a tool that reviewed jobs not employees. Mr. Rich reiterated previous testimony that the system would determine a job's worth based on points that determined salary.

In response to Senator Raggio, who asked for information relative to the implementation of the Job Evaluation Committee's recommendations in New Mexico, Ms. Perez advised that the Director of Compensation initially reviewed the recommendations followed by a second tier of quality review by the Director of the State Personnel Office, and final approval by the New Mexico State Personnel Board.

In response to Senator Raggio, who asked questions regarding methodology and whether recommendations that were not ultimately implemented resulted in litigation, Ms. Perez advised that the staff always followed the methodology, and if the methodology was not correctly applied, the established quality assurance reviews would not allow for approval by the State Personnel Board.

Assemblyman Denis questioned whether contact had been made with states that opted out of using the HayGroup's system to determine why they chose not to use the system.

Mr. Rich advised that the states that decided not to use the system were not contacted, but a representative from the HayGroup was available to address that issue.

Assemblyman Denis declined to hear from a HayGroup representative, who he indicated might not be able to provide an objective reason for other states choosing not to use the system. However, Assemblyman Denis pointed out that contact should have been made with those other states to discover the reasons they decided against using the system.

Mr. Rich agreed that not contacting states that chose not to use the system was a mistake but, in defense of their actions, indicated that staff had attempted instead to collect the data they thought would support their argument.

In response to Assemblyman Denis, who asked for information relative to the length of time it would take to implement the methodology, Mr. Rich advised that a six-month ramp-up time would be required with the HayGroup members working on site with Personnel staff to enter all positions into the system.

Assemblywoman Weber disclosed that she used the HayGroup as a vendor for her company, Collaborating Solutions, and if a vote on the issue was required she would not benefit personally or financially. Assemblywoman Weber, however, recommended the system and advised that she was accredited in the use of one of the HayGroup's "instruments, an academically data-driven research oriented business out of Boston, with some of its origins in Harvard University."

Senator Mathews asked if the HayGroup was the same group that the Nevada System of Higher Education had used at Truckee Meadows Community College.

Ms. Perez advised that while she could not confirm Truckee Meadows Community College's association with the HayGroup, she knew that some educational institutions used them.

Assemblyman Hogan expressed agreement with Assemblyman Denis' that inquiries needed to be made of the states that had chosen not to use the Point Factor Classification system and indicated that, in the process of doing so, other providers who had developed more technologically advanced systems might be discovered.

Assemblyman Hogan questioned whether the State Personnel Office in New Mexico had any experience that the use of the HayGroup system eliminated or reduced the likelihood of what he referred to as "grade creep."

Ms. Perez advised that "grade creep," or little justification for grade increases, resulted from not staying competitive with the market, not by assigning points to the value of the work. Additionally, Ms. Perez advised that the Point Factor Classification system had improved technologically over the twenty years since its implementation in New Mexico and that it provided an objective and defensible method to measure work performance.

Assemblywoman Buckley agreed that the Department of Personnel's current classification method needed to be restructured and expressed her appreciation to Ms. Perez for traveling to Nevada to share her thoughts regarding the HayGroup's Point Factor Classification system. However, Assemblywoman Buckley indicated she was of the opinion that, for many reasons, the Committee should defer the proposal for a more in-depth review during the 2009 Legislative Session by the Assembly Committee on Ways and Means and the Senate Committee on Finance Joint Subcommittee on General Government and an opportunity, at that time, to hear from the HayGroup. Additionally, Assemblywoman Buckley indicated that while she understood the desire to develop a more objective system sooner rather than later, the additional time would provide the opportunity to explore newer, more advanced technology.

Senator Raggio concurred with Assemblywoman Buckley that the proposal, while worthy of consideration, should be deferred until the 2009 Legislative Session when a better understanding of potential revenues would be available. Senator Raggio also indicated that staff had advised him that they had contacted New Jersey office representatives, who indicated they opted out of using the system because of a lack of funding.

In response to questions Chairman Arberry asked relative to salary comparisons of state employees with city and county government salaries, Mr. Rich advised that the classification process used internal job comparisons while salary or compensation surveys compared salaries to western states, cities, and counties. Mr. Rich pointed out that Nevada was not competitive with cities, counties, and private sector salaries and that it would be difficult to replace retirees.

Mr. Rich expressed disappointment in deferring the new classification system and told the Committee that the longer it took to implement a new system, the more difficult and challenging it would be to resolve current classification problems.

ASSEMBLYWOMAN BUCKLEY MOVED TO DEFER
APPROVAL OF THE POINT-FACTOR CLASSIFICATION
SYSTEM UNTIL THE MEMBERS OF THE 2009
LEGISLATURE COULD CONSIDER THE PROPOSAL.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED.

- 23. Department of Education – Distributive School Account – FY 08 –** Transfer of \$58,897.00 from the Aid-to-Schools category to the Transportation category to provide sufficient authority to reimburse school districts for transportation costs for students residing on an Indian Reservation located in two or more counties. Requires Interim Finance approval since the amount transferred to the Transportation category exceeds \$50,000.00. **Work Program #C34809**

Refer to motion for approval under Item E.

- 24. Department of Education – Elementary and Secondary Education – Title I Grants – FY 08 –** Addition of \$771,291.00 in United States Department of Education School Improvement Grant funds to support high-quality, sustainable school improvement activities that increase the likelihood that students will learn challenging academic content and achieve proficiency. Requires Interim Finance approval since the amount exceeds \$100,000.00 in new governmental grants. **Work Program #C33810**

Refer to motion for approval under Item E.

- 25. Department of Education – Career and Technical Education – FY 08 –** Addition of \$85,114.00 in Federal Technical Preparation Grant funds, \$1,322,827.00 in Federal Vocational Education Receipts Grant funds, and \$7,638.00 in Workforce Investment Act Federal Grant funds transferred from the Department of Employment, Training and Rehabilitation to align actual awards with budgeted authority; balance forward necessary authority from FY 07; and to replace a broken computer. Requires Interim Finance approval since the amount added to the Occupational Education Basic Aid-to-Schools category exceeds \$50,000.00. **Work Program #C34811**

Refer to motion for approval under Item E.

- 26. Department of Education – Continuing Education – FY 08 –** Addition of \$573,002.00 in Federal Adult Basic Education Grant funds and \$810.00 in Workforce Investment Act Federal Grant funds transferred from the Department of Employment, Training and Rehabilitation to align actual awards with budgeted authority and to provide sufficient travel authority for increased out-of-state activities. Requires Interim Finance approval since the amount added to the Adult Basic Education Aid-to-Schools category exceeds \$50,000.00. **Work Program #C34812**

Refer to motion for approval under Item E.

- 27. Nevada System of Higher Education – School of Medical Sciences – FY 08 –** Addition of \$49,640.00 in Non-Resident Fees, \$21,015.00 in Miscellaneous Student Fees and deletion of \$21,106.00 in Registration Fees to authorize expenditure of additional fees for student recruitment efforts. Requires Interim Finance approval pursuant to S.B. 576, Chapter 346 of the 2007 Legislative Session. **Work Program #C30668**

Chairman Arberry announced that the Committee would consider Items 27, 29, and 30 concurrently.

Patty Charlton Dayar, Vice President for Finance, College of Southern Nevada, identified herself for the record and indicated she was before the Committee in support of Item 30. Vincent Johnson, Fiscal Officer, University of Nevada, School of Medicine, identified himself for the record and was before the Committee in support of Item 27. Bill Reinhard, Ph.D., Vice President, Great Basin College, identified himself for the record and was before the Committee in support of Item 29.

Mr. Johnson asked that Item 27 be updated to reflect that the request for an increase in authority be applied to the University of Nevada, School of Medicine's 4.5 percent required budget reduction rather than for student recruitment efforts.

Chairman Arberry requested that Committee staff clarify the issues regarding Items 27, 29, and 30.

Brian Burke, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, described the work program requests for Items 27, 39, and 30 as a sequencing issue and explained that the three work programs were, in actuality, Part 2 of a two-part budget reduction in General Fund expenditures. Part 1, which was processed through the Budget Division, had not yet been processed through the State's central accounting system. Mr. Burke recommended that if the Committee chose to approve the Item 27, 29, and 30 work program requests, approval be contingent on processing of the prior work programs through the accounting system. If the prior work programs were not processed, the current work programs, before the Committee, should reflect increasing the authority in category 93, Reserve for Reversion, rather than Category 10, Operations.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
WORK PROGRAM ITEMS 27, 29, AND 30 CONTINGENT
UPON PROCESSING OF THE WORK PROGRAMS AS
DESCRIBED BY STAFF.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, also provided clarification that the expenditure of additional fees for student recruitment efforts in work program Item 27 for the University of Nevada, School of Medical Sciences be amended to reflect that the fees would be used to offset General Fund revenues.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

- 28. Nevada System of Higher Education – University of Nevada, Las Vegas Dental School – FY 08** – Addition of \$120,545.00 in Registration Fees, \$137,266.00 in Non-Resident Fees and \$11,000.00 in Miscellaneous Student Fees to authorize expenditure for instruction-related equipment. Requires Interim Finance approval pursuant to S.B. 576, Chapter 346 of the 2007 Legislative Session. **Work Program #C30669**

Refer to motion for approval under Item E.

- 29. Nevada System of Higher Education – Great Basin College – FY 08** – Addition of \$77,055.00 in Registration Fees, \$4,837.00 in Non-Resident Fees, ~~\$25,470.00~~ **\$25,740.00** in Miscellaneous Student Fees and deletion of \$1,262.00 in Operating Capital Investment to authorize expenditure of additional fees for costs other than additional instructional faculty and to offset General Fund revenues. Requires Interim Finance approval pursuant to S.B. 576, Chapter 346 of the 2007 Legislative Session. **Work Program #C30665. REVISED MARCH 17, 2008.**

Refer to narrative and motion for approval under Item 27.

30. **Nevada System of Higher Education – College of Southern Nevada – FY 08 –** Addition of \$1,382,496.00 in Registration Fees, \$309,450.00 in Non-Resident Fees, \$34,826.00 in Miscellaneous Student Fees and deletion of \$75,751.00 in Operating Capital Investment to authorize expenditure of additional fees for costs other than additional instructional faculty and to offset the General Fund revenues. Requires Interim Finance approval pursuant to S.B. 576, Chapter 346 of the 2007 Legislative Session. **Work Program #C30666**

Refer to narrative and motion for approval under Item 27.

31. **Nevada System of Higher Education – Truckee Meadows Community College – FY 08 –** Addition of \$348,309.00 in Registration Fees, \$77,491.00 in Non-Resident Fees and deletion of \$20,948.00 in Miscellaneous Student Fees and \$18,558.00 in Operating Capital Investment to authorize expenditure of additional funds for part-time instructors. Requires Interim Finance approval pursuant to S.B. 576, Chapter 346 of the 2007 Legislative Session. **Work Program #C30667**

Refer to motion for approval under Item E.

32. **Department of Cultural Affairs – Division of Museums and History – FY 08 –** Transfer of \$4,896.00 in personnel cost savings to the Nevada State Museum to allow the Nevada State Museum to meet personnel services costs for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Section 51 of A.B. 628 of the 2007 Legislative Session. **Work Program #C33379. RELATES TO ITEMS 33, 34, 35, AND 36.**

Refer to motion for approval under Item E.

33. **Department of Cultural Affairs – Division of Museums and History – Nevada State Museum – FY 08 –** Addition of \$22,896.00 in Budgetary Transfers to cover a portion of unrealized vacancy savings through transfers from other General Funded accounts in the department. Requires Interim Finance approval pursuant to Section 51 of A.B. 628 of the 2007 Legislative Session. **Work Program #C33378. RELATES TO ITEMS 32, 34, 35, AND 36.**

Refer to motion for approval under Item E.

- 34. Department of Cultural Affairs – Division of Museums and History – Nevada State Museum and Historical Society, Las Vegas – FY 08 –** Transfer of \$2,000.00 in personnel cost savings to the Nevada State Museum to allow the Nevada State Museum to meet personnel services costs for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Section 51 of A.B. 628 of the 2007 Legislative Session. **Work Program #C33380. RELATES TO ITEMS 32, 33, 35, AND 36.**

Refer to motion for approval under Item E.

- 35. Department of Cultural Affairs – Division of Museums and History – State Railroad Museums – FY 08 –** Transfer of \$12,000.00 in personnel cost savings to the Nevada State Museum to allow the Nevada State Museum to meet personnel services costs for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Section 51 of A.B. 628 of the 2007 Legislative Session. **Work Program #C33381. RELATES TO ITEMS 32, 33, 34, AND 36.**

Refer to motion for approval under Item E.

- 36. Department of Cultural Affairs – Nevada Arts Council – FY 08 –** Transfer of \$4,000.00 in personnel cost savings to the Nevada State Museum to allow the Nevada State Museum to meet personnel services costs for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Section 51 of A.B. 628 of the 2007 Legislative Session. **Work Program #C30341. RELATES TO ITEMS 32, 33, 34, AND 35.**

Refer to motion for approval under Item E.

- 37. Department of Cultural Affairs – State Historic Preservation Office – FY 08 –** Addition of \$75,355.00 in Federal Survey and Planning Grant funds to provide additional sub-grant funds for historic and archaeological preservation projects in Nevada. Requires Interim Finance approval since the amount added to the Survey and Planning Grants category exceeds \$50,000.00. **Work Program #C30369**

Refer to motion for approval under Item E.

- 38. Department of Cultural Affairs – State Historic Preservation Office – FY 09 –** Addition of \$35,318.00 in Transfer from Historic Preservation to offset General Fund reductions made in the Personnel Services category due to the change of duties of a position. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000.00. **Work Program #C30368**

Refer to motion for approval under Item E.

39. **Department of Agriculture – Plant Industry – Registration and Enforcement – FY 08** – Addition of \$42,090.00 in United States Environmental Protection Agency Pesticide Enforcement funds and transfer of \$7,397.00 from the Reserve category to the Transfer to Agriculture Administration category to support the state's pesticide compliance program, promote agricultural worker protection from pesticides, and to protect surface and groundwater resources and endangered species from pesticide exposure. Requires Interim Finance approval since the cumulative amount added to the Transfer to Agriculture Administration category exceeds \$50,000.00. **Work Program #C35022**

Refer to motion for approval under Item E.

40. **Department of Agriculture – Livestock Inspection – FY 08** – Transfer of \$31,186.00 from the Reserve category to the In-State Travel category and \$16,244.00 from the Reserve category to the Operating category to cover a projected shortfall in in-state travel due to an increased mileage rate and a projected shortfall in operating due primarily to additional printing needs, postal rates and fuel 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 #C35019**

Refer to motion for approval under Item E.

41. **Department of Agriculture – Livestock Inspection – FY 08** – Addition of \$5,285.00 in Publication Sales and transfer of \$17,199.00 from the Reserve category to the Operating category to provide funding for the printing and mailing costs associated with brand recording books. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C35018**

Refer to motion for approval under Item E.

42. **Department of Agriculture – Weights and Measures – FY 08** – Transfer of \$42,763.00 from the Equipment category to the Operating category to cover a projected shortfall in fuel, maintenance of vehicles and buildings and registration fees for the remainder of the fiscal year. Requires Interim Finance approval since the amount exceeds 10 percent of the legislatively approved level for that category. **Work Program #C35015**

Refer to motion for approval under Item E.

43. **Public Utilities Commission – Regulatory Fund – FY 09** – Transfer of ~~\$253,091.00~~ **\$241,313.00** from the Reserve category to the Personnel Services category, \$748.00 from the Reserve category to the Out-of-State Travel category, \$3,260.00 from the Reserve category to the In-State Travel category, \$3,304.00 from the Reserve category to the Operating category, \$5,704.00 from the Reserve

category to the Equipment category, \$3,952.00 from the Reserve category to the Information Services category and \$1,684.00 from the Reserve category to the Training category to provide funding for an Electrical Engineer and a Senior Attorney position. The Electrical Engineer will assist with renewable energy inspections and transmission infrastructure and the Senior Attorney will represent the staff at commission workshops and hearings as well as assist in developing regulations and legislation. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00 and includes new staff. **Work Program #B15076. REVISED MARCH 25, 2008.**

Jo Ann Kelly, Chairman, Public Utilities Commission (PUC), identified herself for the record and introduced Crystal Jackson, PUC Secretary, and David Noble, Assistant General Counsel.

Ms. Kelly appeared before the Committee to request approval of Item 43, which, if approved, would transfer funding from the Reserve category to cover the costs for two new positions, an Electrical Engineer and a Senior Attorney.

Ms. Kelly told the Committee members that PUC staff had closely monitored each budget account category and provided assurance that approval of the request would not affect the state budget.

Ms. Jackson testified that the PUC requested approval to hire two fulltime unclassified positions with benefits and associated expenditures totaling approximately \$260,000 to become effective July 1, 2008. If approved, funding from the PUC's Reserve account would cover the costs with no increase to the annual regulatory assessment, and additional costs would not affect utility rates.

Ms. Jackson further testified that the PUC needed the Electrical Engineer and Senior Attorney positions to implement new mandates from the 2007 Legislative Session, which she reported resulted in 23 rules.

Chairman Arberry asked whether the PUC requested additional positions during the 2007 Legislative Session.

Ms. Jackson indicated that at the time PUC staff reviewed the legislation, the bills did not individually require a fulltime position, but she reiterated that collectively the PUC needed the additional positions to enact legislative mandates. Ms. Jackson explained that during the 2007 Legislative Session, 18 separate bills affected the PUC resulting in 23 rules. Ms. Jackson said that after reviewing the rulemaking process, the additional work and complexity of cases that would come before the Commission became clear.

Assemblyman Denis disclosed that he was an employee of the PUC but that he would not be affected by either a positive or negative vote of the work program.

Assemblywoman Gansert questioned whether the PUC had enough funding from the Reserve category to fund both positions on an ongoing basis.

Ms. Jackson confirmed that the PUC had enough funding in the Reserve category going forward to fund the positions. Ms. Jackson testified that the current Reserve level stood at \$3.6 million, and approval of the positions would reduce the Reserve to about \$3.1 million. Additionally, Ms. Jackson reported that the PUC typically had Personnel savings throughout each fiscal year and collected a higher-than-projected assessment on regulated utilities.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 43.

SENATOR TOWNSEND SECONDED THE MOTION.

Assemblyman Grady indicated he would abstain since he was scheduled to appear before the Commission on April 10, 2008 to address one of the bills approved during the 2007 Legislative Session.

THE MOTION CARRIED. (Assemblyman Grady abstained from the vote.)

- 44. Department of Business and Industry – Division of Insurance – Insurance Examiners – FY 08** – Addition of \$3,552,459.00 in examination fees and \$1,994,090.00 in administration fees to cover the costs related to an increase in the examination of insurers. Requires Interim Finance approval since the amount added to the Insurance Company Examination category exceeds \$50,000.00. **Work Program #C13717**

Refer to motion for approval under Item E.

- 45. Department of Business and Industry – Division of Insurance – Captive Insurers – FY 08** – Addition of \$1,269,000.00 in examination fees and \$634,500.00 in administration fees to cover costs related to an increase in examinations. Requires Interim Finance approval since the amount added to the Program Expenses category exceeds \$50,000.00. **Work Program #C13718**

Refer to motion for approval under Item E.

- 46. Department of Business and Industry – Division of Insurance – Education and Research – FY 08** – Transfer of \$60,000.00 from the Reserve category to the Research and Education category to provide funding for projected expenditures related to contract services, a centralized database and a stale claim. Requires Interim Finance approval since the amount transferred to the Research and Education category exceeds \$50,000.00. **Work Program #C13719**

Refer to motion for approval under Item E.

- 47. Department of Business and Industry – Real Estate Division – Education and Research – FY 08** – Transfer of \$200,000.00 from the Reserve category to the Equipment category to purchase a filing system for the Las Vegas office. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$50,000.00. **Work Program #C31859**

Ann M. McDermott, Administrator, Real Estate Division, Department of Business and Industry, identified herself for the record and introduced Gail Anderson, Deputy Director, Department of Business and Industry, and Gina Session, Chief Deputy Attorney General, Office of the Attorney General.

Ms. McDermott appeared before the Committee to request a transfer of funds from the Education and Research budget's Reserve category to the Equipment category to purchase a filing system for the Las Vegas office. Ms. McDermott advised that the funding was collected from fees for original and renewal real estate license applications.

Ms. McDermott testified that the Real Estate Division's licensing section in Las Vegas was currently using bankers' boxes and tabletops to store licensing transaction files, which she indicated caused "considerable delays" and an inability by staff to quickly access files or respond to information requests from the media, the Commission, constituents, and licensees.

Chairman Arberry asked whether transferring funds from the Education and Research budget to pay for a new filing system was a proper use of the funds.

Ms. McDermott advised that the Real Estate Commission approved the use of the funds in July 2007, and the Chief Deputy Attorney General advised that funds from the Real Estate Education and Research account could be used to purchase the filing system.

Assemblyman Hogan requested a brief description of the proposed filing system.

Ms. McDermott advised that if the request was approved, a track filing system similar to those seen in libraries or medical offices would be purchased.

In response to Assemblywoman Weber, who asked about security issues and long-term plans to automate records, Ms. McDermott advised that the track system could be locked on a nightly basis and files accessed only by certain employees. Ms. McDermott pointed out that security was non-existent for the Division's current filing method.

Assemblywoman Buckley indicated that approving a transfer from the Real Estate Division's Education and Research Reserve account to purchase a filing system appeared to be straying from the purpose for which the account was intended and further indicated she would have preferred that the request was approved by the entire Legislature. Assemblywoman Buckley agreed, however, that the need appeared to be

justified and indicated she would move a "one-time" approval to use Education and Research funds to purchase the requested equipment.

ASSEMBLYWOMAN BUCKLEY MOVED A "ONE-TIME" APPROVAL FOR A TRANSFER OF FUNDING FROM THE REAL ESTATE DIVISION'S EDUCATION AND RESEARCH ACCOUNT TO PURCHASE A FILING SYSTEM FOR THE DIVISION'S LAS VEGAS OFFICE.

SENATOR RAGGIO SECONDED THE MOTION.

Assemblyman Parks disclosed he was a real estate licensee, which he said would not affect his participation in the voting process.

In response to Assemblywoman Gansert, who asked about the electronic storage of documents, Ms. McDermott indicated that the current budget situation limited the Division to a track filing system but that the electronic storage of records was a long-term goal.

Senator Townsend disclosed that his wife was a multiple real-estate licensee.

In response to questions Assemblyman Denis asked regarding the choice for the particular track system the Division intended to purchase and utilization of the system until automation occurred, Ms. McDermott said that the track filing system fit within the Division's limited space and that the Division could utilize the system for a "great many years."

THE MOTION CARRIED.

- 48. Department of Business and Industry – Financial Institutions Investigations – FY 08** – Transfer of \$39,213.00 from the Reserve category to the Investigative Expense category to cover projected shortfalls in costs related to background checks and contract costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Investigative Expense category exceeds 10 percent of the legislatively approved level for that category.
Work Program #C32809

Refer to motion for approval under Item E.

- 49. Department of Business and Industry – Housing Division – Low Income Housing Trust Fund – FY 08** – Transfer of \$2,827,000.00 from the Reserve category to the Loan Disbursements category to provide financial assistance and funding for projects to local governments, housing authorities and non-profit

organizations for housing assistance to eligible families. Requires Interim Finance approval since the amount transferred to the Loan Disbursements category exceeds \$50,000.00. **Work Program #C17518**

Refer to motion for approval under Item E.

- 50. Department of Business and Industry – Housing Division – Low Income Housing Trust Fund – FY 08** – Addition of \$99,323.00 in Emergency Shelter Grant funds to address emergency shelter and transitional housing for the homeless. Requires Interim Finance approval since the amount added to the Emergency Shelter Grant category exceeds \$50,000.00. **Work Program #C17517**

Refer to motion for approval under Item E.

- 51. Department of Business and Industry – Housing Division – Low Income Housing Trust Fund – FY 08** – Addition of ~~\$480,695.00~~ **\$218,314.00** in National Foreclosure Mitigation Counseling Program Grant funds to support foreclosure mitigation counseling to certain Housing and Urban Development approved entities. Requires Interim Finance approval since the amount exceeds \$100,000.00 in new governmental grants. **Work Program #C17519. REVISED MARCH 21, 2008.**

Charles Horsey, Administrator, Housing Division, Department of Business and Industry, identified himself for the record and introduced Soni Bigler, Grants and Projects Analyst, Housing Division, Department of Business and Industry. Mr. Horsey asked that the record reflect that Ms. Bigler, in spite of being in the sixth month of chemotherapy treatment, worked to submit a grant application to participate in the National Foreclosure Mitigation Counseling Program for which Nevada was awarded funds.

Mr. Horsey requested approval to receive \$218,314 in National Foreclosure Mitigation Counseling Program Grant funds and to disperse those funds to three separate nonprofit entities for foreclosure mitigation counseling, which would serve approximately 660 clients.

ASSEMBLYMAN HARDY MOVED APPROVAL OF
ITEM 51.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan, Assemblywoman Leslie, Assemblyman Marvel, Senator Cegavske, Senator Mathews, and Senator Townsend were not present for the vote.)

52. **Department of Business and Industry – Housing Division – Department of Energy Weatherization – FY 08** – Transfer of \$672,046.00 from the Reserve category to the Universal Energy Charge (UEC) category to cover anticipated sub-grantee expenditures to meet the energy assistance needs of low-income households. Requires Interim Finance approval since the amount transferred to the UEC category exceeds \$50,000.00. **Work Program #C17515**

Refer to motion for approval under Item E.

53. **Department of Business and Industry – Division of Industrial Relations – FY 08** – Transfer of ~~\$19,238.00~~ **\$5,954.00** from the Technology Investment Request Reserve category to the Mechanical System Enhancement category to replace and consolidate current applications used with the Mechanical Enhancement section to streamline operations, bring data to a central repository, eliminate redundant and manual data input, and reduce the hours used to manually update and track audits, enforcement actions, invoices and payments. Requires Interim Finance approval pursuant to the 2007 Legislative Session. **Work Program #C12313. REVISED MARCH 21, 2008.**

Bill Maier, Administrative Services Officer, Director's Office, Department of Business and Industry, identified himself for the record and introduced Lori Myer, Administrative Services Officer, Division of Industrial Relations, Department of Business and Industry, and Danny Lowell, Information Technology Manager, Department of Business and Industry.

Mr. Maier appeared before the Committee to request approval of Items 53 and 55 to transfer funding from the Technology Investment Request Reserve category to the Information Systems Enhancement category. Mr. Maier reported that the 2007 Legislature approved funding for the development of a central database system, which would replace and combine 24 separate databases within the Division of Industrial Relations.

Mr. Maier also requested the correction of a posting error in the amounts shown and advised that Item 53 should be corrected to reflect \$8,663 and Item 55 should be corrected to reflect \$5,554.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 53
AND 55 AS REVISED.

ASSEMBLYWOMAN GANSERT SECONDED THE
MOTION.

THE MOTION CARRIED. (Assemblyman Hogan,
Senator Cegavske, and Senator Townsend were not present
for the vote.)

54. **Department of Business and Industry – Division of Industrial Relations – FY 08** – Addition of \$67,454.00 in allocation from Workers' Compensation Fund to cover a projected shortfall for the remainder of the fiscal year due to an increased number of appeals and an increase in the number of Subsequent Injury Board meetings to review regulations. Requires Interim Finance approval since the amount added to the Injury Board category exceeds \$50,000.00. **Work Program #C12311**

Refer to motion for approval under Item E.

55. **Department of Business and Industry – Division of Industrial Relations – Occupational Safety and Health – FY 08** – Transfer of ~~\$18,191.00~~ **\$7,616.00** from the Technology Investment Request Reserve category to the Information System Enhancement category to upgrade the mechanical object database system to minimize data entry errors pertaining to invoicing and payment tracking. Requires Interim Finance approval pursuant to the 2007 Legislative Session. **Work Program #C12314. REVISED MARCH 21, 2008.**

Refer to narrative and motion for approval under Item 53.

56. **Department of Health and Human Services – Director's Office – Administration – FY 08** – Addition of \$18,490.00 in Head Start Grant funds to fund in-state and out-of-state travel, operating expenses, and training/professional development activities for the Head Start collaboration office. Approval of this work program will increase legislative authority to match the actual grant award. 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 #C32963**

Refer to motion for approval under Item E.

57. **Department of Health and Human Services – Director's Office – Office of Disability Services – FY 08** – Addition of \$225,000.00 in Federal Assistive Technology Grant funds to promote equal opportunity and life choices for individuals with severe disabilities through which they may positively contribute to society and remain free of institutional care. Requires Interim Finance approval since the amount added to the Assistive Technology category exceeds \$50,000.00. **Work Program #C32977**

Refer to motion for approval under Item E.

58. **Department of Health and Human Services – Director's Office – Healthy Nevada Fund – FY 08** – Addition of \$199,824.00 in Tobacco Settlement funds transferred from the Treasurer's Office to provide funding for an increase in cost of

medications for Disability Rx members. Requires Interim Finance approval since the amount added to the Disability Rx Program category exceeds \$50,000.00. **Work Program #C32984**

Refer to motion for approval under Item E.

- 59. Department of Health and Human Services – Director’s Office – Healthy Nevada Fund – FY 09** – Addition of \$2,324,964.00 in Tobacco Settlement funds transferred from the State Treasurer’s Office to introduce new dental and vision benefit programs through Senior Rx and Disability Rx to the extent that funding is available. Requires Interim Finance approval since the amount added to the Dental Program category exceeds \$50,000.00. **Work Program #C32982**

Item 59 was withdrawn.

- 60. Department of Health and Human Services – Director’s Office – Grants Management Unit – FY 08** – Addition of \$1,924,576.00 in 2008 Federal Community Services Block Grant funds to continue programs and services that assist with the needs of low-income individuals. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C32981**

Chairman Arberry announced that Item 60 involved the addition of block grant funds, which required a public hearing.

Mike Torvinen, Deputy Director Fiscal Services, Director's Office, Department of Health and Human Services, appeared before the Committee to request approval for the addition of 2008 Federal Community Services Block Grant funds.

There were no questions from the Committee members.

The Chairman opened the hearing on Item 60 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 60.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM 60.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Townsend and Senator
Cegavske were not present for the vote.)

- 61. Department of Health and Human Services – Director’s Office – Grants Management Unit – FY 08** – Addition of \$487,710.00 in Title XX Social Services Block Grant funds to continue Social Service Programs that benefit the elderly,

persons with disabilities and children. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C32979**

Chairman Arberry announced that Item 61 involved the addition of block grant funds, which required a public hearing.

Mike Torvinen, Deputy Director Fiscal Services, Director's Office, Department of Health and Human Services, appeared before the Committee to request approval for the addition of Title XX Social Services Block Grant funds.

There were no questions from the Committee members.

The Chairman opened the hearing on Item 61 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 61.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEM 61.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Townsend was not
present for the vote.)

- 62. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 –** Deletion of \$229,731.00 in Federal Title XXI Block Grant funds, \$94,350.00 in Federal Title XIX funds, \$125,000.00 in Gifts and Donations, and \$229,731.00 in Transfer from the Health Insurance Flexibility Holding Account and transfer of \$134,559.00 from the Personnel Services category to the Reserve for Reversion category, \$1,408.00 from the Operating category to the Reserve for Reversion category, \$118.00 from the Information Services category to the Reserve for Reversion category, \$250,000.00 from the Health Care Information Web Site category to the Reserve for Reversion category and \$118,264.00 from the Pharmacy Web Site category to the Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work program #C27650**

Item 62 was withdrawn.

- 63. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 –** Addition of \$269,343.00 in health cost containment fees to contract for a disproportionate share hospital audit

that will include a risk assessment, an operational assessment and an evaluation of hospital specific information utilized by the state in calculating hospital payments and limits related to uninsured patients. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C27667**

Item 63 was withdrawn.

- 64. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08** – Addition of \$96,801.00 in audit fees to contract for accounting services that will perform compliance audits for ten Nevada hospitals pursuant to NRS 439B.440. Requires Interim Finance approval since the amount added to the Audit Expense category exceeds \$50,000.00. **Work Program #C27666**

Refer to motion for approval under Item E.

- 65. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08** – Transfer of \$37,660.00 from the Personnel Services category to the Operating category and \$89,730.00 from the Personnel Services category to the Information Services category to cover a master service agreement contract and temporary service expenses for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000.00. **Work Program #C27661**

Refer to motion for approval under Item E.

- 66. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08** – Deletion of \$16,738.00 in Federal Title XXI Block Grant funds, \$605.00 in Federal Health Insurance for Work Advancement Program funds, and \$130,376.00 in Federal Title XIX Grant funds and transfer of \$115,454.00 from the Personnel Services category to the Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27671**

Chairman Arberry announced that the Committee would consider Items 66 and 67 concurrently and that both items involved the allocation of block grant funds, which required a public hearing.

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

Mr. Duarte appeared before the Committee to request approval of work program Items 66 and 67, which involved Federal Title XXI Block Grant funds associated with vacancy savings reductions that were part of a Department-wide effort to protect Nevada Check-Up from a cap on enrollment as well as to retain the Health Insurance Flexibility Accountability (HIFA) Waiver.

Mr. Duarte advised that, if approved, Item 66 would transfer \$115,454 in vacancy savings to the Reserve for Reversion category, and Item 67, for fiscal year 2009, would transfer \$108,093 to the Reserve for Reversion category.

Chairman Arberry opened the hearing on Items 66 and 67 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Items 66 and 67.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEMS 66 AND 67.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Townsend was not
present for the vote.)

- 67. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 09 –** Deletion of \$15,671.00 in Federal Title XXI Block Grant funds, \$566.00 in Federal Health Insurance for Work Advancement Program funds, and \$122,064.00 in Federal Title XIX Grant funds and transfer of \$108,093.00 from the Personnel Services category to the Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27672**

Refer to narrative and motion for approval under Item 66.

- 68. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 09 –** Deletion of \$279,885.00 in Federal Title XXI Block Grant funds, \$147,315.00 in Federal Title XIX funds, and \$279,885.00 in Transfer from the Health Insurance Flexibility Holding Account and transfer of \$142,957.00 from the Personnel Services category to the Reserve for Reversion category, \$4,164.00 from the Operating category to the Reserve for Reversion category and \$194.00 from the Information Services category to the

Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27651**

Item 68 was withdrawn.

- 69. Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08 –** Addition of \$14,261,893.00 in Transfer from the Department of Health and Human Services Director's Office and deletion of \$509,301.00 in Federal Title XXI Block Grant funds, \$3,521,381.00 in Federal Title XIX funds and \$68,586.00 in Reimbursement of Expenses to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27654**

Chairman Arberry announced that the Committee would consider Item 69, which involved the allocation of block grant funds and required a public hearing.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, identified himself for the record.

Mr. Duarte appeared before the Committee to request approval for work program Item 69, which included a number of budget reduction initiatives and, if approved, would transfer \$18.8 million to the Reserve for Reversion category to implement the Division's 4.5 percent budget reduction plan for fiscal year 2008.

Chairman Arberry opened the hearing on Item 69 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 69.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 69.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Townsend was not present for the vote.)

- 70. Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08 –** Transfer of \$100,045.00 from the Personnel Services category to the Operating category and \$114,380.00 from the Personnel Services category to the Information Services category to cover a master service agreement contract and temporary service expenses for the remainder of the fiscal year. Requires Interim Finance approval since the amount

transferred to the Information Services category exceeds \$50,000.00. **Work Program #C27645**

Refer to motion for approval under Item E.

- 71. Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08** – Addition of \$1,066,149.00 in Federal Medicaid Transformation Grant funds, Data Warehouse Portal, to build a data warehouse that will combine specified information from claims data supplied by multiple payer sources and to provide comparative analysis of provider costs, quality and volume. Requires Interim Finance approval since the amount exceeds \$100,000.00 in new governmental grants. **Work Program #C27643**

Refer to motion for approval under Item E.

- 72. Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08** – Addition of \$21,199,746.00 in General Fund Appropriation, \$27,098,442.00 in Federal Title XIX funds and \$1,791,725.00 in County Reimbursements and transfer of \$1,388,889.00 from the Reserve category to the Temporary Assistance to Needy Families (TANF), Child Health Assurance Program (CHAP) category to cover a budgetary shortfall due to dramatic increases in caseload projections for the TANF/CHAP, Medical Assistance to Aged, Blind and Disabled, County Indigent Program and Child Welfare populations for the remainder of the fiscal year. This request includes the de-augmentation of FY 09 authority to augment FY 08 authority. Requires Interim Finance approval pursuant to A.B. 628, Section 34 of the 2007 Legislative Session. **Work Program #C27662. RELATES TO ITEM 73.**

Chairman Arberry announced that the Committee would consider work program Items 72 and 73 concurrently.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCFP), Department of Health and Human Services, identified himself for the record.

Mr. Duarte appeared before the Committee to request the approval of work program Items 72 and 73, which if approved, would transfer \$21,199,746 in General Funds from fiscal year 2009 to fiscal year 2008 to cover a projected shortfall in the Medicaid program for fiscal year 2008.

Mr. Duarte reported that there were a number of reasons for the projected fiscal year 2008 shortfall but attributed the primary reason to an increase in caseloads because of current economic conditions.

Assemblywoman Leslie questioned whether HCFP representatives planned to request a supplemental appropriation from the 2009 Legislature for the projected shortfall.

Mr. Duarte indicated that the projected \$60.7 million shortfall for the biennium was included in the overall discussions currently taking place between Legislative leadership and representatives of the Governor's Office.

Andrew Clinger, Director, Department of Administration, confirmed that the \$60.7 million shortfall was a part of the overall \$898 shortfall and was projected as a supplemental appropriation that would be requested during the 2009 Legislative Session.

Assemblywoman Leslie asked if consideration was given to modifying program changes in the program for Temporary Assistance to Needy Families (TANF) and the Child Health Assurance Program (CHAP). Additionally, Assemblywoman Leslie pointed out that Medicaid caseloads always increased in a depressed economy and questioned how an already capped Medicaid budget could be further limited.

Mr. Duarte said that despite efforts to mitigate reductions to Medicaid programs, it was necessary that he and his staff review other alternatives to slow down expenditures or caseload growth. Currently, he said HCFP and Division of Welfare and Supportive Services' representatives were discussing revisions to eligibility criteria associated with TANF and CHAP that might slow growth. Additionally, he said staff discussed delaying or deferring new programs and provider rate increases, provider reimbursement changes, and limiting services, but not "necessarily" limitations that would affect medically necessary care.

Assemblywoman Leslie pointed out that discouraging enrollment and limiting eligibility requirements would increase the number of uninsured clients who would not receive healthcare and asked Committee members to look at the problems and understand that the suggested remedies would result in a "lot of misery for people."

Assemblywoman Buckley asked agency representatives to ensure the wise management of funding resources before reducing health insurance benefits citing a lack of in-state services and coordinated care for the elderly and children in foster care who were sent to expensive out-of-state facilities.

Assemblywoman Buckley noted that an HMO provider had not billed Medicaid on a timely basis for maternity payments, which resulted in a \$4.4 million backlog of payments for fiscal year 2008 and asked agency representatives to comment on current efforts to rectify the problem.

Mr. Duarte advised that not all of the billings from Anthem Blue Cross/Blue Shield that were due had been submitted but that agency representatives were working closely with Anthem Blue Cross/Blue Shield to resolve payment issues related to expenses associated with labor and delivery and to ensure that billings were submitted on a timely basis.

Assemblywoman Buckley also noted that one of the major contributing factors to the \$60.7 million shortfall was increased expenditures for services since the implementation

of the Behavioral Health Redesign. Assemblywoman Buckley asked agency representatives to comment on managing the provision of behavioral health services and ensuring that the Behavioral Health Redesign did not go over budget for the remainder of the fiscal year.

Mr. Duarte advised that the Behavioral Health Redesign, implemented in January 2006, added a number of service providers and service categories, which were necessary to improve behavioral services to children. He reported seeing, however, "a very significant" increase in service utilization associated with Psychosocial Rehabilitation Services, which he said appeared to be in excess of needed services. Mr. Duarte indicated that staff was working with the Children's Behavioral Health Consortium and providers to establish appropriate caps on those types of rehabilitative services, which he said would slow expenditure growth but still provide necessary mental health services to children. Additionally, he said that the caps could be overridden with an appropriate prior authorization for medical necessity.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
WORK PROGRAM ITEMS 72 AND 73.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Townsend was not
present for the vote.)

- 73. Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 09 –** Deletion of \$21,199,746.00 in General Fund Appropriation, \$27,098,442.00 in Federal Title XIX funds and \$1,791,725.00 in County Reimbursements to cover a budgetary shortfall due to dramatic increases in FY 08 caseload projections for the Temporary Assistance to Needy Families (TANF), Child Health Assurance Program (CHAP), Medical Assistance to Aged, Blind and Disabled, County Indigent Program and Child Welfare populations. This request proposes a de-augmentation of FY 09 authority and augmentation of FY 08 authority. Requires Interim Finance approval pursuant to A.B. 628, Section 34 of the 2007 Legislative Session. **Work Program #C27663. RELATES TO ITEM 72.**

Refer to narrative and motion for approval under Item 72.

- 74. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Check-Up – FY 08 –** Transfer of \$43,200.00 from the Personnel Services category to the Information Services category to cover master service agreement expenses for the remainder of the fiscal year. **Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively approved level for that category and involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27664**

Chairman Arberry announced that the Committee would consider Item 74, which involved the allocation of block grant funds and required a public hearing.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCFP), Department of Health and Human Services, identified himself for the record.

Mr. Duarte appeared before the Committee to request the approval of work program Item 74 to transfer \$43,200 from the Personnel Services category to the Information Services category. Approval of the request would provide the funding to pay for Master Service Agreement expenses associated with work on the Nevada Check-Up and the Health Insurance Flexibility and Accountability (HIFA) Programs.

Chairman Arberry opened the hearing on Item 74 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 74.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 74.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Townsend was not present for the vote.)

75. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Check-Up Program – FY 08 – Addition of \$651,857.00 in General Fund Appropriation and \$999,365.00 in Federal Title XXI Block Grant funds and deletion of \$442,769.00 in Reimbursement of Expenses and \$137,651.00 in Transfer from Health Insurance Flexibility Holding Account to implement the Governor's 4.5 percent budget reduction plan and cover projected caseload and premium shortfalls. Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27652. RELATES TO ITEM 76.

Chairman Arberry announced that the Committee would consider Items 75 and 76 concurrently. Items 75 and 76 involved the allocation of block grant funds and required a public hearing.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCFP), Department of Health and Human Services, identified himself for the record.

Mr. Duarte requested approval of Items 75 and 76, which would transfer \$651,857 in fiscal year 2009 funding authority to cover a projected shortfall in fiscal year 2008 for the Check-Up program. Additionally, approval of the request would adjust premium revenues, the net amount being a reduction in revenue despite an increase in premiums for Check-Up because lower-than-projected caseloads resulted in

lower-than-anticipated premium revenue. Other adjustments included a decrease in administrative costs associated with the reduction in the Health Insurance Flexibility and Accountability (HIFA) waiver.

Assemblywoman Leslie asked agency representatives to elaborate on the projected shortfall in the Check-Up program and the rate increase requested for HMO providers.

Mr. Duarte indicated that it was "important to remember" that the HMO inflation rate for both Medicaid and Nevada Check-Up was budgeted using an average blended rate of 5.6 percent, while the average blended increase provided by the Division's actuary was lower at 3.6 percent. Mr. Duarte explained that the 16.8 percent requested for HMO providers for the Check-Up program was associated with what he defined as "bad cases" that had a "significant impact" on expenditures.

In response to Assemblywoman Leslie, who asked for an explanation of "bad cases," Mr. Duarte discussed "a very expensive" case associated with a child who needed multiple organ transplants and who eventually passed away. Mr. Duarte indicated that costs of that type affected the HMO experience and increased the Nevada Check-Up budget but overall did not "significantly" affect the Division's budget.

Assemblywoman Leslie expressed concern about the declining Check-Up enrollment and the Division's response by increasing the premium rate to families in the program while providing a rate increase for HMO providers.

Mr. Duarte pointed out that utilization of dental services in the Check-Up program typically exceeded Medicaid services, but the program had experienced a "dramatic increase" in dental services beyond those normally provided.

Additionally, in response to the question regarding the HMO rate increase, Mr. Duarte advised that federal law required the Division to have an actuary certify an annual premium rate for the HMOs serving the Medicaid programs.

Chairman Arberry opened the hearing on Items 75 and 76 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Items 75 and 76.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEMS 75 AND 76.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED.

- 76. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Check-Up Program – FY 09 – Addition of \$32,877.00 in Reimbursement of Expenses and \$543,331.00 in Transfer from the**

Inter-Governmental Transfer Account and deletion of \$579,172.00 in Federal Title XXI Block Grant funds, \$196,406.00 in Transfer from Health Insurance Flexibility Holding Account, and \$651,857.00 in General Fund Appropriation to implement the Governor's 4.5 percent budget reduction plan. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27653. RELATES TO ITEM 75.**

Refer to narrative and motion for approval under Item 75.

- 77. Department of Health and Human Services – Division of Health Care Financing and Policy – Health Insurance Flexibility Account (HIFA) Medical – FY 08** – Deletion of \$8,694,434.00 in Federal Title XXI Block Grant funds and \$4,263,309.00 in Transfer from HIFA Holding Account and transfer of \$1,200,000.00 from the Employer Subsidy Insurance (ESI) Childless Adults category to the Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan based on capping the HIFA pregnant women at 200 recipients, limiting the Employer Subsidy Insurance (ESI) Program for adults with children to 100 recipients and eliminating the ESI Program for childless adults. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27656**

Chairman Arberry announced that the Committee would consider Items 77 and 78 concurrently. Items 77 and 78 involved the allocation of block grant funds and required a public hearing.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCFP), Department of Health and Human Services, identified himself for the record.

Mr. Duarte appeared before the Committee to request approval of Items 77 and 78 to revert funds associated with a legislatively approved initiative that would have provided insurance premium assistance to childless adults who worked for small businesses.

If approved, the Item 77 work program would revert \$1.2 million from the Employer Subsidy Insurance (ESI) Childless Adults category to the Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan, and Item 78 would utilize \$7,112,757 in Transfer from the HIFA Holding Account to implement the Governor's 4.5 percent budget reduction plan.

Chairman Arberry opened the hearing on Items 77 and 78 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Items 77 and 78.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEMS 77 AND 78.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

Assemblywoman Buckley noted that only 39 percent of Nevada's small businesses offered health insurance and expressed her disappointment that after legislative members had worked many years to correct the situation, the funding to provide the insurance was being eliminated.

THE MOTION CARRIED.

- 78. Department of Health and Human Services – Division of Health Care Financing and Policy - Health Insurance Flexibility Account (HIFA) Medical – FY 09** – Deletion of \$14,314,984.00 in Federal Title XXI Block Grant funds and \$7,112,757.00 in Transfer from HIFA Holding Account to implement the Governor's 4.5 percent budget reduction plan based on capping the HIFA pregnant women at 200 recipients and the Employer Subsidy Insurance for adults with children at 100 recipients. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C27657**

Refer to narrative and motion for approval under Item 77.

- 79. Department of Health and Human Services – Division of Health Care Financing and Policy – Intergovernmental Transfer Account – FY 08** – Addition of \$4,473,784.00 in Receipts from Local Governments and transfer of \$9,788,109.00 from the Reserve category to the Transfer to Medicaid category to cover the state's portion of provider tax and transfer reserve to cover a General Fund shortfall in the Division of Health Care Financing and Policy's Medicaid budget. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds \$50,000.00. **Work Program #C27648. RELATES TO ITEM 81.**

Refer to motion for approval under Item E.

- 80. Department of Health and Human Services – Division of Health Care Financing and Policy – Intergovernmental Transfer Account – FY 08** – Addition of \$2,486,400.00 in receipts from the University of Nevada School of Medicine to offset the state's share of payments transferred to Medicaid for enhanced medical educational expenses pursuant to approval of the State Plan Amendment. Requires Interim Finance approval since the amount added to the Transfer to Division of Health Care Financing and Policy Medicaid category exceeds \$50,000.00. **Work Program #C27637**

Item 80 was withdrawn.

- 81. Department of Health and Human Services – Division of Health Care Financing and Policy – Intergovernmental Transfer Account – FY 09 –** Deletion of \$9,788,109.00 in balance forward from previous fiscal year and transfer of \$1,446,883.00 from the Reserve category to the Transfer to Medicaid category to adjust the balance forward from FY 08 and cover the projected shortfall in the Medicaid budget. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds \$50,000.00. **Work Program #C27649. RELATES TO ITEM 79.**

Refer to motion for approval under Item E.

- 82. Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 08 –** Addition of \$17,377.00 in Community Mental Health Services Block Grant funds transferred from Mental Health and Developmental Services Administration to pay for a new Consumer Services Assistant which will assist clients with their illness and increase the grant funding for a Psychiatric Caseworker. **Requires Interim Finance approval since the amount includes new staff and involves the allocation of block grant funds and this action requires a public hearing. Work Program #C32117**

Chairman Arberry announced that work program Item 82 involved the allocation of block grant funds, which required a public hearing.

Liz O'Brien, Administrative Services Officer, Division of Mental Health and Developmental Services, Northern Nevada Adult Mental Health Services, Department of Health and Human Services, identified herself for the record.

Ms. O'Brien appeared before the Committee to request approval for the addition of \$17,377 in Community Mental Health Services Block Grant funds to match the legislatively approved funding in the agency's budget. Approval of the request would provide funding to pay for a new .50 Consumer Services Assistant that would assist clients in understanding their illness.

Chairman Arberry opened the hearing to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 82.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 82.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED.

- 83. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 –** Addition of \$43,571.00 in Substance Abuse Prevention and Treatment

Sub-grant funds to provide funding for a new Program Officer position to coordinate the co-occurring program with Southern Nevada Adult Mental Health Services which will provide mental health patients with substance abuse treatment when needed. Requires Interim Finance approval since the amount of the grant includes new staff. **Work Program #C31185**

Item 83 was withdrawn.

- 84. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08** – Transfer of \$3,784,073.00 from the Medications category to the Personnel Services category, \$289,088.00 from the Medications category to the Operating category, \$60,271.00 from the Medications category to the Maintenance category, \$703,994.00 from the Medications category to the Professional Services category and \$83,066.00 from the Medications category to the Information Services category to cover additional overtime and contracted professional expenses, operating costs for the Rawson-Neal Psychiatric Hospital, unexpected maintenance expenses, and increased data operating costs. Requires Interim Finance approval since the amount transferred from the Medications category exceeds \$50,000.00. **Work Program #C32180**

Jeff Mohlenkamp, Administrative Services Officer, Division of Mental Health and Developmental Services (MHDS), Department of Health and Human Services (DHHS), identified himself for the record and introduced:

- Lori Judge, Administrative Services Officer, Southern Nevada Adult Mental Health Services (SNAMHS), MHDS, DHHS
- Mark Stets, Acting Director of Inpatient Services, SNAMHS, MHDS, DHHS
- Mary Jo Solon, Director of Nursing SNAMHS, MHDS, DHHS

Mr. Mohlenkamp requested Committee approval to transfer \$4.9 million from the SNAMHS Medications' category for distribution to the categories for Personnel Services, Operating, Information Services, Professional Services, and Maintenance. Approval of the request would provide the needed authority to maintain agency services.

Mr. Mohlenkamp provided the following information regarding recent successes related to the SNAMHS' inpatient facility.

- The inpatient facility currently operated 238 beds, an increase from 216 in February 2008 when the Building 3-A pod opened.
- The inpatient facility currently operated at 90 to 100 percent capacity.
- A reduction from 28 days to 22 days occurred in the average length of stay beginning in July 2007 through February 2008.

- A reduction occurred in the number of clients awaiting treatment in emergency rooms from an average 77 in July 2007 to an average 39 in March-April 2008.
- A reduction occurred in the length of time clients were awaiting emergency room services and transportation to SNAMHS' facilities from approximately 72 hours to approximately 30 hours.
- Medicare revenue increased in fiscal year 2008 from \$4.2 million to \$6.5 million.
- Recent completion of decentralized Psychiatric Ambulatory Services (PAS) assisted in moving clients through the intake process into outpatient services with an increase of over 1,000 clients in mid-clinic services.

Assemblywoman Leslie expressed concern regarding the projected funding surplus in the Medications' category because of serving fewer clients than budgeted for originally.

Mr. Mohlenkamp advised that the SNAMHS' medication authority for fiscal year 2008 was \$24.5 million with expenditures projected at approximately \$15.2 million leaving a balance of \$9.3 million. Additionally, Mr. Mohlenkamp advised that SNAMHS began the year with a medication inventory and projected that the agency would reduce the inventory by approximately \$3.3 million. He further advised that Patient Assistance Programs and free medications, from drug manufacturers, provided an additional savings of \$1.5 million.

Mr. Mohlenkamp also advised that SNAMHS was budgeted to serve approximately 7,500 clients but served approximately 6,400 clients for fiscal year 2008 through February. He said, however, that as of March 2008, the facility served 7,100 clients and anticipated that by the end of the fiscal year, they would be close to serving the projected 7,500 clients.

Assemblywoman Leslie questioned the reduced medication inventory and indicated she did not recall any discussions during the 2007 Legislative Session to do so.

Mr. Mohlenkamp advised that SNAMHS conducted an annual inventory at the beginning of each fiscal year and explained that the fiscal year 2008 adjustment in the medications inventory was in, large part, because of a reserve built for the pharmacy in the downtown clinic, which was delayed in opening. A more recent inventory showed the funding surplus at \$7.4 million down from \$10.3 million.

Assemblywoman Leslie cautioned against cost cutting measures that reduced the inventory needed to assist the caseload and asked if clients' participation in the Patient Assistance Program was limited to a certain period of time.

Dr. Emmanuel Ebo, Director of Pharmacy, MHDS, DHHS, explained that Patient Assistance Program services were "open-ended" to the point that once clients were no

longer Medicaid eligible, they continued to qualify for services as long as they were being medicated and the physician was willing to renew their prescriptions.

Assemblywoman Leslie discussed having learned from clients that continuous qualification for medications was not always the case but that she would follow-up on that discussion after the meeting.

Dr. Ebo advised that some limits of perhaps six months to a year did occur and indicated that, at times, management and manufacturers used ploys to encourage the use of their drug samples.

Assemblywoman Leslie agreed that, when available, assistance from pharmaceutical companies was acceptable but that medications used in state facilities should not depend on the benevolence of the pharmaceutical companies that frequently changed their rules.

Mr. Mohlenkamp advised that funding in the Medications' category and inventory of pharmaceuticals was sufficient through the end of fiscal year 2008 but expressed some concern going into fiscal year 2009, if the caseload increased.

In response to Assemblywoman Leslie, who asked for information regarding significant increases in overtime, Mr. Mohlenkamp explained that the increase in overtime was the key reason for the request to transfer funding from the Medications' category to the Personnel Services' category. Mr. Mohlenkamp projected that SNAMHS' overtime costs would be over \$4 million by the close of fiscal year 2008, which was in excess of the approximately \$500,000 budgeted amount for overtime.

Mr. Mohlenkamp advised that the current overtime budget was tracking at 8.8 percent to overall funding compared with 5.7 percent in fiscal year 2007 and 5.6 percent in fiscal year 2006. Mr. Mohlenkamp pointed out that opening the Rawson-Neal Psychiatric Hospital in fiscal year 2007 significantly contributed to the increase in overtime and that the \$500,000 budgeted for overtime had not been adequate to meet the needs of the facility for the past several years.

Mr. Mohlenkamp attributed 65 percent of the SNAMHS' total overtime to date and through the end of the fiscal year to mental health technician and nursing services. Mr. Mohlenkamp estimated that 75 percent of the overtime for mental health technicians addressed acuity concerns and that year-to-date, an average of eight clients received one-to-one staffing services on every shift while the balance of the overtime was for staffing to cover annual leave, sick leave, and training. Mr. Mohlenkamp advised that the SNAMHS averaged approximately 36 vacancies for inpatient facility nurses and covered approximately half of those vacancies with overtime services excluding those nurses covered by contracting services.

Assemblywoman Leslie expressed concern with the apparent difficulty in management of the budget and indicated she expected better performance from agency representatives.

Senator Raggio asked whether nursing positions were exempt from the hiring freeze and whether the agency could reduce vacancies and stay within the budget.

Mary Jo Solon, Director of Nursing, Inpatient Services, SNAMHS, MHDS, DHHS, discussed the agency's aggressive recruiting effort for nurses and reported that Nevada had fewer nurses per hundred thousand residents than any other state. Even so, Ms. Solon indicated that the SNAMHS was able to fill many positions and with some recent changes appeared optimistic that what she defined as "fairly" successful recruitment would continue.

Assemblywoman Leslie expressed little enthusiasm for the Nursing Director's response and told agency representatives that the Committee wanted to see results. Assemblywoman Leslie reiterated a need for better management of the important services SNAMHS provided to the people of southern Nevada.

Senator Raggio asked that an update be provided to the Committee at the next meeting despite the action the Committee took during the current meeting.

Assemblyman Marvel mentioned a problem with Medicare billings uncovered by a recent audit and asked if the problem had been corrected.

Lori Judge, Administrative Services Officer, SNAMHS, MHDS, DHHS, advised the Committee that Medicare billings for inpatient and outpatient services were current through the end of February 2008.

Assemblywoman Buckley expressed the Committee's appreciation for the increase and improvement in service but also expressed concern relative to overtime costs of approximately \$1 million in 2006, \$1.7 million in 2007, and a projected \$3.6 million in 2008.

In response to Assemblywoman Buckley, who questioned how much of the overtime could be attributed to the hiring freeze, Mr. Mohlenkamp advised that critical positions, such as doctors and nurses were exempt from the hiring freeze, but mental health technicians were not. He explained that despite the fact that the hiring freeze did not exempt mental health technicians, the agency was required to provide the coverage for vacancies.

Assemblywoman Weber questioned whether psychiatrist vacancies had been filled in southern Nevada and in Elko.

Mark Stets, SNAMHS, MHDS, DHHS, indicated that the SNAMHS' inpatient facility had 11 vacant psychiatric positions. Mr. Stets was, however, unable to respond to the

question regarding vacancies in Elko since that area was not in the purview of SNAMHS' administrators.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEM 84.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

- 85. Department of Health and Human Services – Division of Mental Health and Developmental Services – Desert Regional Center – FY 08** – Transfer of \$1,000,000.00 from the Jobs and Day Training category to the Residential Services category to provide additional residential services by utilizing savings generated in Jobs and Day Training. Requires Interim Finance approval since the amount transferred to the Residential Services category exceeds \$50,000.00. **Work Program #C32125**

Refer to motion for approval under Item E.

- 86. Department of Health and Human Services – Health Division – Administration – FY 08** – Transfer of \$12,733.00 from the Personnel Services category to the In-State Travel category and \$118,563.00 from the Personnel Services category to the Operating category to cover projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000.00. **Work Program #C33091**

Refer to motion for approval under Item E.

- 87. Department of Health and Human Services – Health Division – Administration – FY 08** – Transfer of \$50,000.00 from the Personnel Services category to the Operating category to allow for ongoing support for the medical consultant, in lieu of the State Health Officer position. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C35105**

Refer to motion for approval under Item E.

- 88. Department of Health and Human Services – Health Division – Vital Statistics – FY 08** – Addition of \$56,120.00 in Behavioral Risk Factor Surveillance System Federal Grant funds to support web-based data collection related to high-risk behaviors in Nevada. Requires Interim Finance approval since the

amount added to the Behavioral Risk category exceeds \$50,000.00. **Work Program #C33092**

Refer to motion for approval under Item E.

89. **Department of Health and Human Services – Health Division – Communicable Disease Control – FY 08** – Addition of \$36,951.00 in Tuberculosis Elimination and Laboratory Federal Grant funds, \$159,738.00 in Federal Tobacco Grant funds, \$3,081.00 in Arthritis Prevention Federal Grant funds, and \$67,341.00 in National Cancer Prevention and Control Grant funds to provide services to tuberculosis patients, those seeking Smoking Cessation Programs, Chronic Disease Self-Management Programs and Cancer Prevention Programs. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$50,000.00. **Work Program #C33095**

Refer to motion for approval under Item E.

90. **Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 08** – Addition of \$1,609,789.00 in Federal Comprehensive Care Grant funds to provide support to the Ryan White Care Program community-based Care Organizations for HIV/AIDS Programs. Requires Interim Finance approval since the amount added to the Comprehensive Care category exceeds \$50,000.00. **Work Program #C33099**

Refer to motion for approval under Item E.

91. **Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 08** – Addition of \$125,179.00 in Sexually Transmitted Disease (STD) Prevention Systems Federal Grant funds to provide sub-grants for the control of sexually transmitted diseases. Requires Interim Finance approval since the amount added to the STD Prevention category exceeds \$50,000.00. **Work Program #C33097**

Refer to motion for approval under Item E.

92. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 08** – Addition of \$67,546.00 in federal Newborn Hearing Screening Grant funds to implement a newborn hearing information and screening database. Requires Interim Finance approval since the amount added to the Newborn Hearing Screening category exceeds \$50,000.00. **Work Program #C35102**

Refer to motion for approval under Item E.

93. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 08** – Addition of \$108,230.00 in Oral Health Federal

Grant funds, and transfer of \$12,000.00 from the Personnel Services category to the Oral Disease category to support a sub-grant to the University of Nevada, Las Vegas for a pilot dental sealant partnership as well as provide training materials. Requires Interim Finance approval since the amount added to the Oral Disease category exceeds \$50,000.00. **Work Program #C33093**

Refer to motion for approval under Item E.

- 94. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 08** – Addition of \$62,978.00 in Early Childhood Systems Federal Grant funds to provide program support and sub-grants to promote children's health in Nevada. Requires Interim Finance approval since the amount added to the Early Childhood Systems category exceeds \$50,000.00. **Work Program #C33094**

Refer to motion for approval under Item E.

- 95. Department of Health and Human Services – Health Division – Early Intervention Services – FY 08** – Addition of \$206,120.00 in Medical Service charges and \$286,110.00 in Medical Case Management funds to provide Early Intervention Services to additional Medicaid eligible children. Requires Interim Finance approval since the amount added to the Medical Contracts/Payments category exceeds \$50,000.00. **Work Program #C33098**

Refer to motion for approval under Item E.

- 96. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 08** – Addition of \$91,932.00 in Federal United States Department of Agriculture Food Stamp Program funds and \$386,915.00 in Federal Temporary Assistance for Needy Families Block Grant funds and deletion of \$296,581.00 in Federal Child Support Program funds, \$3,198.00 in Federal Low Income Home Energy Assistance Grant funds, \$6,395.00 in Federal Child Care Development funds, and \$145,493.00 in Federal Title XIX funds to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22631**

Chairman Arberry announced that Item 96 involved the allocation of block grant funds, which required a public hearing.

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 requested Committee approval to reserve fiscal year 2008 funding in the Welfare Administration account for reversion as outlined in work program Item 96 to implement the Governor's 4.5 percent budget reduction plan.

Chairman Arberry opened the hearing on Item 96 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 96.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 96.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED.

- 97. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 09 –** Addition of \$88,049.00 in Federal United States Department of Agriculture Food Stamp Program funds and \$370,573.00 in Federal Temporary Assistance for Needy Families Block Grant funds and deletion of \$284,054.00 in Federal Child Support Program funds, \$3,063.00 in Federal Low Income Home Energy Assistance Grant funds, \$6,125.00 in Federal Child Care Development funds, and \$139,348.00 in Federal Title XIX funds to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22632**

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

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), identified herself for the record. Ms. Ford requested Committee approval to reserve fiscal year 2009 funding in the Welfare Administration account for reversion as outlined in work program Item 97 to implement the Governor's 4.5 percent budget reduction plan.

Chairman Arberry opened the hearing on Item 97 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 97.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 97.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

- 98. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 08** – Addition of \$673,964.00 in Federal Temporary Assistance for Needy Families Block Grant funds, \$15,558.00 in Federal Low Income Home Energy Assistance Grant funds, and \$26,438.00 in Federal Child Care Development funds; deletion of \$121,728.00 in Federal United States Department of Agriculture Food Stamp funds, \$7,481.00 in Federal Child Support Program funds, and \$724,204.00 in Federal Title XIX funds; and transfer of \$2,411,377.00 from the Personnel Services category to the Reserve for Reversion category, \$9,373.00 from the Operating category to the Reserve for Reversion category, and \$1,459.00 from the Information Services category to the Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22627**

Chairman Arberry announced that Item 98 involved the allocation of block grant funds, which required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), identified herself for the record. Ms. Ford requested Committee approval to reserve \$2,284,756 in the fiscal year 2008 Field Services account to implement the Governor's 4.5 percent budget reduction plan.

Chairman Arberry opened the hearing on Item 98 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 98.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 98.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED

- 99. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 09** – Addition of \$574,320.00 in Federal Temporary Assistance for Needy Families Block Grant funds, \$15,046.00 in Federal Low Income Home Energy Assistance Grant funds, and \$26,686.00 in Federal Child Care Development funds; deletion of \$191,651.00 in Federal United States Department of Agriculture Food Stamp funds, \$8,333.00 in Federal Child Support Program funds, and \$821,893.00 in Federal Title XIX funds; and transfer of \$2,675,963.00 from the Personnel Services category to the Reserve for Reversion category, \$12,496.00 from the Operating category to the Reserve for Reversion category, and \$2,122.00 from the Information Services category to the Reserve for Reversion category to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim**

Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22628

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

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), identified herself for the record. Ms. Ford requested Committee approval to reserve \$2,284,756 in the fiscal year 2009 Field Services account to implement the Governor's 4.5 percent budget reduction plan.

Chairman Arberry opened the hearing on Item 99 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 99.

ASSEMBLYMAN HARDY MOVED APPROVAL OF
ITEM 99.

ASSEMBLYWOMAN KOIVISTO SECONDED THE
MOTION.

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

100. Department of Health and Human Services – Division of Welfare and Supportive Services – Temporary Assistance for Needy Families – FY 08 – Addition of \$42,000.00 in Federal Temporary Assistance for Needy Families Block Grant funds to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22641

Chairman Arberry announced that the Committee would consider work program Items 100 and 101 concurrently and that both work programs involved the allocation of block grant funds, which required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), identified herself for the record. Ms. Ford requested approval to reduce the Federal Temporary Assistance for Needy Families (TANF) Block Grant in Items 100 and 101 by \$42,000 to implement the Governor's 4.5 percent budget reduction plan.

Chairman Arberry opened the hearing on Items 100 and 101 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Items 100 and 101.

SENATOR MATHEWS MOVED APPROVAL OF ITEMS 100 AND 101.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

- 101. Department of Health and Human Services – Division of Welfare and Supportive Services – Temporary Assistance for Needy Families – FY 09 –** Addition of \$42,000.00 in Federal Temporary Assistance for Needy Families Block Grant funds to implement the Governor's 4.5 percent budget reduction plan and create the appropriate budget reserve. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22642**

Refer to narrative and motion for approval under Item 101.

- 102. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Federal Reimbursement – FY 08 –** Addition of \$875,839.00 in Federal Incentive Revenue to supplement county programs which contribute to improving the effectiveness and efficiency of the 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 that category. **Work Program #C22643**

Refer to motion for approval under Item E.

- 103. Department of Health and Human Services – Division of Welfare and Supportive Services – Assistance to Aged and Blind – FY 08 –** Addition of \$250,000.00 in General Fund Appropriation to transfer funding from FY 09 to cover Social Security Administration payments for low income aged and blind individuals and adult group care facilities for the remainder of the fiscal year. Requires Interim Finance approval pursuant to A.B. 628, Section 34 of the 2007 Legislative Session. **Work Program #C22648. RELATES TO ITEM 104.**

Refer to motion for approval under Item E.

- 104. Department of Health and Human Services – Division of Welfare and Support Services – Assistance to Aged and Blind – FY 09 –** Deletion of \$250,000.00 in General Fund Appropriation to transfer funding to FY 08 to cover Social Security Administration payments for low income aged and blind individuals

and adult group care facilities. Requires Interim Finance approval pursuant to A.B. 628, Section 34 of the 2007 Legislative Session. **Work Program #C22649. RELATES TO ITEM 103.**

Refer to motion for approval under Item E.

- 105. Department of Health and Human Services – Division of Welfare and Supportive Services – Energy Assistance Program – FY 08** – Addition of \$1,105,179.00 in Universal Energy Charge (UEC) and \$472,031.00 in Federal Low Income Home Energy Assistance Program (LIHEA) funds to shift federal LIHEA Grant fund authority to UEC in order to remain within the administrative cap of 10 percent for LIHEA and 5 percent for UEC. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22639**

Chairman Arberry announced that work program Item 105 involved the allocation of block grant funds, which required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), identified herself for the record. Ms. Ford requested approval for the addition of Universal Energy Charge (UEC) funding and Federal Low Income Home Energy Assistance (LIHEA) funds to shift federal LIHEA Grant fund authority to UEC in order to remain within the administrative cap of 10 percent for LIHEA and 5 percent for UEC.

Chairman Arberry opened the hearing on Item 105 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 105.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM 105.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

- 106. Department of Health and Human Services – Division for Aging Services – Older Americans Act – FY 08** – Addition of \$81,795.00 in Federal State Health Insurance Program (SHIP) Grant funds to provide education, outreach and long-term care planning through sub-grants to providers. Requires Interim Finance approval since the amount added to the SHIP Program category exceeds \$50,000.00. **Work Program #C33916**

Refer to motion for approval under Item E.

- 107. Department of Health and Human Services – Division for Aging Services – Older Americans Act – FY 08** – Addition of \$30,000.00 in National Association of State Units on Aging (NASUA) Cooperative Agreement funds to develop and implement enhancements to the State Aging Management Information System. Requires Interim Finance approval since the amount added to the NASUA category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33915**

Refer to motion for approval under Item E.

- 108. Department of Health and Human Services – Division for Aging Services – Older Americans Act – FY 08** – Addition of \$1,218.00 in Title VII Federal Elder Abuse Grant funds and \$23,506.00 in Title VII Federal Ombudsman Grant funds to provide long term care ombudsman services and prevention of elder abuse, neglect and exploitation. Requires Interim Finance approval since the amount added to the Title VII Ombudsman category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33917**

Refer to motion for approval under Item E.

- 109. Department of Health and Human Services – Division of Child and Family Services Community Juvenile Justice Program – FY 08** – Addition of \$2,610.00 in Federal Enforcing Underage Drinking Laws Block Grant funds to support a statewide program to reduce underage drinking in Nevada. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C25171**

Chairman Arberry announced that Item 109 involved the allocation of block grant funds and required a public hearing.

Fernando Serrano, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), identified himself for the record and introduced Lauri Dunn, Administrative Services Officer, DCFS, DHHS; Pauline Salla, Juvenile Justice Program Chief, DCFS, DHHS; and Kathy Bartosz, Grant Coordinator, Federal Enforcing Underage Drinking Laws (EUDL) Block Grant, DCFS, DHHS.

Mr. Serrano requested approval of Item 109, which would align the federal fiscal year 2006-2007 Enforcing Underage Drinking Laws Block Grant and create category 93, Reserve for Reversion.

In response to Senator Raggio, who asked questions regarding the effectiveness of programs to enforce underage drinking, Ms. Bartosz, who provided oversight of the EUDL grant project, advised that the project directed its primary focus to pass funds

through to local law enforcement agencies for operations to reduce the availability of alcohol through business, commercial, and social sources.

Ms. Bartosz said that, according to the data, the project was effective and compliance rates among businesses had increased from 48 percent in 1999 to currently over 80 percent statewide. Additionally, Ms. Bartosz reported that Nevada had the only statewide athletic policy to help control underage drinking by school athletes. However, she advised that the marketing of energy drink products, containing alcohol, currently provided a large challenge for which strategies were being developed.

Senator Raggio discussed statistics that revealed an alarming increase in underage drinking in high schools and middle school even during classes and asked if EUDL funding was used to support undercover enforcement operations.

Ms. Bartosz advised that while funding had been used in the past for undercover work, current funding availability, which had decreased, was used for community based prevention efforts.

In response to additional questions that Senator Raggio asked about underage drinking and the education system, Ms. Bartosz advised that data indicated that overall underage drinking was declining, but the problem, according to teachers, was increasing on school campuses. Ms. Bartosz advised that teachers attributed the increase in drinking on school campuses to the easy availability of alcoholic products and the packaging of energy drinks that produced confusion regarding drinks that contained alcohol and those that did not. Ms. Bartosz also advised of a significant problem for schools because of the reduction of funding for Safe and Drug Free Schools and the possibility of elimination of funding within the next year.

Senator Raggio indicated that while he would not take any more of the Committee's time during the current meeting, he believed that the Committee needed to explore how schools and school districts were handling the problem of underage drinking in the school system.

Chairman Arberry opened the hearing on Item 109 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 109.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEM 109.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED.

110. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Program – FY 08 – Addition of

\$285,827.00 in Juvenile Justice Programming Federal funds and transfer of \$84,673.00 from the Personnel Services category to the Office of Juvenile Justice and Delinquency Prevention Grant category and \$475.00 from the Office of Juvenile Justice and Delinquency Prevention Commissions category to the Office of Juvenile Justice and Delinquency Prevention Grant category to support the development of more effective education, training, research, prevention diversion, treatment, accountability based sanctions and rehabilitation programs in the area of juvenile delinquency and programs to improve the juvenile justice system. Requires Interim Finance approval since the amount added to the Office of Juvenile Justice and Delinquency Prevention Grant category exceeds \$50,000.00.
Work Program #C25174

Refer to motion for approval under Item E.

- 111. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Program – FY 08** – Addition of \$39,729.00 in Federal Enforcing Underage Drinking Laws Program funds to support the statewide program to reduce underage drinking in Nevada. 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 #C25173

Refer to motion for approval under Item E.

- 112. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Program – FY 08** – Addition of \$3,400.00 in Juvenile Accountability Incentive Block Grant funds and \$21,984.00 in Treasurer's Interest Distribution and transfer of \$33,733.00 from the Reserve category to the Personnel Services category to provide funding for the development of a program to strengthen and promote greater accountability in the juvenile justice system. **Requires Interim Finance approval since the amount added to the Personnel Services category involves the allocation of block grant funds and this action requires a public hearing.** **Work Program #C25175**

Chairman Arberry announced that Item 112 involved the allocation of block grant funds and required a public hearing.

Fernando Serrano, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), identified himself for the record. Mr. Serrano requested approval of Item 112 to align the federal authority available in fiscal years 2003, 2004, 2005, 2006 and 2007 Juvenile Accountability Incentive Block Grants (JAB) with current state fiscal year 2008 authority.

Mr. Serrano advised that the JAB funding assisted local judicial districts with a variety of intensive accountability programs, including intensive supervision and mental health contracts.

Chairman Arberry opened the hearing on Item 112 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 112.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 112.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED.

- 113. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08** – Addition of \$109,154.00 in Federal Children’s Justice Act Grant funds to improve the management of child abuse and neglect cases which limits additional trauma to the child victim, the handling of cases of suspected child abuse or neglect related fatalities and the investigation and prosecution of cases of suspected child abuse and neglect, particularly child sexual abuse and exploitation. Requires Interim Finance approval since the amount added to the Children’s Justice Act Grant category exceeds \$50,000.00. **Work Program #C25164**

Refer to motion for approval under Item E.

- 114. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08** – Transfer of \$44,574.00 from the Personnel Services category to the Infrastructure Grant category and \$42,250.00 from the Reserve for State Infrastructure Grant category to the Infrastructure Grant category to reflect staff realignment which directs additional funds to support the development of the statewide children’s behavioral health system of care through integrated planning, financing, workforce development, accountability and quality improvement. Requires Interim Finance approval since the amount added to the Infrastructure Grant category exceeds \$50,000.00. **Work Program #C25165**

Refer to motion for approval under Item E.

- 115. Department of Health and Human Services – Division of Child and Family Services Child, Youth and Family Administration – FY 08** – Addition of \$5,208.00 in Community Mental Health Services Sub-grant funds and transfer of \$26,183.00 from the Personnel Services category to the Community Mental Health Services Grant category to align current authority to provide community mental health services to children with serious emotional disturbances, monitor the progress of implementing a comprehensive community based mental health

system and provide technical assistance to the Mental Health Planning Council. **Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category involves the allocation of block grant funds and this action requires a public hearing. Work Program #C25172**

Chairman Arberry announced that Item 115 involved the allocation of block grant funds and required a public hearing.

Fernando Serrano, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), identified himself for the record. Mr. Serrano requested approval of Item 115 that would align current state fiscal year 2008 state authority with the sub-grant budget for the Community Mental Health Services sub-grant received from the Division of Mental Health and Developmental Services.

Chairman Arberry opened the hearing on Item 115 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 115.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM 115.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED.

- 116. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 08** – Transfer of \$373,500.00 from the Child Welfare category to the Substitute Foster Care category to provide Family Foster Care and associated incidentals to children who must be cared for outside of their homes due to abuse, neglect, abandonment, domestic issues, behavioral/emotional deficits or medical problems. Requires Interim Finance approval since the amount transferred to the Substitute Foster Care category exceeds \$50,000.00. **Work Program #C25167**

Refer to motion for approval under Item E.

- 117. Department of Health and Human Services – Division of Child and Family Services – Review of Death of Children – FY 08** – Transfer of \$100,000.00 from the Reserve category to the Review of Death of Children category to provide a child fatality forensic interview training to improve the quality of child fatality investigations and a public awareness campaign on child abuse prevention focusing on the areas of homicide, suicide, asphyxiation and traffic fatalities.

Requires Interim Finance approval since the amount transferred to the Review of Death of Children category exceeds \$50,000.00. **Work Program #C25145**

Refer to motion for approval under Item E.

- 118. Department of Employment, Training and Rehabilitation – Administrative Services – FY 08** – Addition of \$39,400.00 in Cost Allocation **Reimbursement** and transfer of \$49,600.00 from the Reserve category to **increase** the Operating category **by \$68,000 and the Utility category by \$21,000** to cover a portion of unanticipated costs at the new Las Vegas Administrative Building and other operating costs in addition to increased utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C25413. REVISED MARCH 24, 2008.**

Refer to motion for approval under Item E.

- 119. Department of Employment, Training and Rehabilitation – Administrative Services Information Development and Processing – FY 08** – Transfer of \$40,000.00 from the Reserve category to the Operating category and \$17,000.00 from the Reserve category to the Utilities category to cover unanticipated expenditures. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C25415**

Refer to motion for approval under Item E.

- 120. Department of Employment, Training and Rehabilitation – Administrative Services Research and Analysis – FY 08** – Addition of \$36,000.00 in Federal Administrative Cost Allowance and \$10,000.00 in charges for services to cover a portion of postage and other costs associated with providing the Bureau of Labor Statistics information on Nevada's employment situation and to recoup costs for providing services to state and private entities. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C25414**

Refer to motion for approval under Item E.

- 121. Department of Employment, Training and Rehabilitation – Rehabilitation Division Bureau of Disability Adjudication – FY 08** – Addition of \$801,255.00 in federal disability determination to cover a portion of increased medical determination costs and temporary labor services for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Medical Determinations category exceeds \$50,000.00. **Work Program #C25410**

Refer to motion for approval under Item E.

- 122. Department of Employment, Training and Rehabilitation – Employment Security Division – Special Fund – FY 08** – Transfer of \$58,250.00 from the Reserve category to the Carson City Administrative Building category to conduct a site analysis for a new State Administrative Office building in Carson City to house all of the Department of Employment, Training and Rehabilitation functions within one building. Requires Interim Finance approval since the amount transferred to the Carson City Administrative Building category exceeds \$50,000.00. **Work Program #C25417**

Refer to motion for approval under Item E.

- 123. Commission on Peace Officers Standards and Training – FY 08** – Transfer of \$16,290.00 from the Information Services category to the Personnel Services category, \$436.00 from the Information Services category to the Operating category and \$4,625.00 from the Information Services category to the Equipment category to provide funding for a new Business Process Analyst II position to assist the Peace Officers Standards and Training (POST) Commission with its software and information technology needs. The Department of Information Technology supports the addition of this position to the POST Commission. Requires Interim Finance approval since the amount includes new staff. **Work Program #C25839. RELATES TO ITEM 124.**

Chairman Arberry announced that the Committee would consider Items 123 and 124 concurrently.

Dick Clark, Executive Director, Commission on Peace Officers' Standards and Training (POST), identified himself for the record and introduced Heather Elliott, Administrative Services Officer, POST; Tim Bunting, Deputy Director, POST; and Dan Stockwell, Director, Department of Information Technology (DoIT).

Mr. Clark requested Committee approval to transfer fiscal year 2008 and fiscal year 2009 funding from the Information Services' category to the categories for Personnel Services, Operating, and Equipment. Approval of the request would provide funding to hire a full-time Business Process Analyst II to manage and develop Crown Pointe computer software to take full advantage of the software's vast capabilities that included:

- records management for approximately 15,000 peace officers
- training records for 140 criminal justice agencies
- monitoring and documenting completion of continuing education courses for all active Nevada peace officers
- development of computer enhanced e-learning courses as well as professional training curricula to assist all Nevada criminal justice agencies with professional development needs for their personnel

Mr. Clark testified that the sophisticated software systems for which the 2007 Legislature authorized funding exceeded staff capability and that the transfer of funding, within the Commission budget, would cover the costs of a full-time position as recommended by the DoIT staff.

Chairman Arberry recalled that the 2007-09 Executive Budget included a recommendation to add a Computer Network Technician position to support the Commission, but a subsequent amendment to the budget was approved to provide technology services through the DoIT instead. Chairman Arberry asked why the DoIT representatives currently indicated they could not provide the services after supporting the elimination of an in-house technology position for the Commission during the 2007 Legislative Session.

Tim Bunting, Deputy Director, POST, testified that the Computer Network Specialist that the Commission requested during the 2007 Legislative Session was denied and after meeting with DoIT representatives to discuss the type of position they needed, it was too late to modify the budget. The Department of Information Technology indicated they could not provide the services the Commission needed in-house but that a staff member conducted a study that recommended that the Commission needed a Business Process Analyst.

Assemblyman Denis asked whether the Business Process Analyst would spend half time working on Crown Pointe software development and the remainder of the time supporting network issues.

Dan Stockwell, Director, DoIT, responded that because the "sophisticated" Crown Pointe software involved four integrated databases that collectively included numerous programs and pieces of software that drove all of the software applications, it was determined that the best solution would be for the Commission to hire a fulltime Business Process Analyst. The new position's duties would include facilitating the Commission's training requirements, as well as problem analysis and being the contact person for problems that might arise with the Crown Pointe software. Mr. Stockwell also recalled that the budget set aside funding for approximately 115 database administrator hours that could be used to hire the Business Process Analyst.

Mr. Stockwell pointed out that hiring a Business Process Analyst, who could function both as the Crown Pointe contact and train POST users without requiring programming technical skills or database administrator support from DoIT was a good solution for both the Commission and the DoIT.

Additionally, Mr. Stockwell indicated that the Commission's fulltime Business Process Analyst would have the option to call upon assistance from the DoIT when database or programming technical support was required. Mr. Stockwell explained that available services were similar to those provided to other state agencies in which one DoIT database administrator served five or six different agencies on a limited basis when a fulltime position was not justified. Additionally, Mr. Stockwell pointed out that although a

database failure could bring an entire system down, fulltime service for an entire year was not required for the Crown Pointe software.

Assemblyman Anderson questioned whether the new computer software would be used in training new officers in the use of entering *Nevada Revised Statute* (NRS) citations into records to track offenders for statistical purposes.

Mr. Clark indicated that tracking offenders through data entered into the computer was not a part of the training that POST provided.

Assemblyman Parks asked agency representatives to address the differences between a Business Process Analyst and a Computer Network Technician.

Mr. Bunting reported that POST currently had six employees that spent between 5 percent and 25 percent of their time engaged in business process technology using Crown Pointe and other imaging software and that the remainder of their time was devoted to their various jobs that included duties related to bureau chiefs, fiscal managers, and training officers.

Mr. Stockwell advised that he did not have the salary information for the Business Process Analyst, but the database administrator salary ranged between grade 39 and 41, which averaged between \$55,000 and \$73,000 per year. Additionally, Mr. Stockwell pointed out that the DoIT charged between \$80.50 and \$96.10 per hour for programming services and that a small agency, such as POST, could benefit, if for example, DoIT provided an average of 110 hours of service in a year.

ASSEMBLYMAN PARKS MOVED APPROVAL OF
ITEMS 123 AND 124.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for
the vote.)

- 124. Commission on Peace Officers Standards and Training – FY 09 –** Transfer of \$69,409.00 from the Reserve category to the Personnel Services category, \$482.00 from the Reserve category to the Operating category and \$709.00 from the Reserve category to the Information Services category to continue funding for a Business Process Analyst II position to assist the Peace Officers Standards and Training Commission with its software and information technology needs. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00. **Work Program #C25840. RELATES TO ITEM 123.**

Refer to narrative and motion for approval under Item 123.

- 125. Department of Corrections – Director’s Office – FY 08** – 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 category exceeds \$50,000.00. **Work Program #C33752**

Refer to motion for approval under Item E.

- 126. Department of Corrections – Director’s Office – FY 08** – Deletion of \$351,986.00 in Budgetary Transfer to Southern Desert Correctional Center, Ely State Prison, Indian Springs Conservation Camp and Pioche Conservation Camp to help cover shortfalls in the Utilities and Inmate Driven categories. Requires Interim Finance approval since the amount deducted from the Employee Physicals category exceeds \$50,000.00. **Work Program #C33770. RELATES TO ITEMS 129, 136, 147, AND 148.**

Refer to motion for approval under Item E.

- 127. Department of Corrections – Correctional Programs – FY 08** – Deletion of \$12,523.00 in Budgetary Transfer to Warm Springs Correctional Center and Pioche Conservation Camp to help cover shortfalls in utilities. Requires Interim Finance approval since the amount deducted from the Revenue category includes a budgetary transfer that balances against other work programs. Work Program #C33769. **RELATES TO ITEMS 142 AND 147.**

Refer to motion for approval under Item E.

- 128. Department of Corrections – Correctional Programs – FY 09** – Transfer of \$33,968.00 from the Personnel Services category to the Going Home Prepared category and \$983,314.00 from the Personnel Services to the Reserve for Reversion category to place a hiring freeze on currently vacant positions to comply with the Governor’s 4.5 percent budget reduction plan and align authority for the Going Home Prepared Program. Requires Interim Finance approval since the amount transferred to the Going Home Prepared category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33754**

Refer to motion for approval under Item E.

- 129. Department of Corrections – Ely State Prison – FY 08** – Addition of \$72,986.00 in Budgetary Transfer from Director’s Office to provide funding for increased utility costs 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 #C33781. RELATES TO ITEM 126.**

Refer to motion for approval under Item E.

- 130. Department of Corrections – Ely State Prison – FY 08** – Addition of \$10,980.00 in Budgetary Transfer from Florence McClure Women’s Correctional Center, \$252.00 in Employee Services and \$1,231.00 in Meal Sales; deletion of \$10,720.00 in Room, Board and Transportation Charges and \$252.00 in Reimbursement-Prison Industry Utilities; and transfer of \$115.00 from the Information Services category to the Utilities category, \$9,704.00 from the Agency Issue Uniforms category to the Utilities category and \$100,000.00 from the Inmate Driven category to the Utilities category to provide funding for projected utility costs 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 #C33776. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 131. Department of Corrections – High Desert State Prison – FY 08** – Addition of \$1,104,221.00 in Budgetary Transfer from Florence McClure Women’s Correctional Center to provide funding for projected inmate Driven and utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Driven category exceeds \$50,000.00. **Work Program #C33774. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 132. Department of Corrections – High Desert State Prison – FY 09** – Addition of \$509,923.00 in Budgetary Transfer from Southern Nevada Correctional Center (SNCC) to transfer a Warden, two Associate Wardens and three Administrative Assistant positions to High Desert State Prison as a result of closing SNCC. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00 and includes transferring staff. **Work Program #C33762. RELATES TO ITEM 140.**

Chairman Arberry announced that the Committee would consider Items 132, 140, 141, and 143 concurrently.

Howard Skolnik, Director, Nevada Department of Corrections (NDOC), identified himself for the record and introduced Lorraine Bagwell, Deputy Director Support Services, NDOC.

Mr. Skolnik provided the following proposal for work program Items 132, 140, 141, and 143, which, if approved, constituted funding adjustments that would allow the NDOC to comply with the Governor's 4.5 percent budget reduction for fiscal years 2008 and 2009:

- Transfer of inmates from the SNCC to the HDSP effective July 1, 2008.

- Transfer of staff from the Southern Nevada Correctional Center (SNCC) at Jean to the High Desert State Prison (HDSP) at Indian Springs to assist in managing the facilities at the HDSP and an additional 1,400 inmates.
- Modification of the HDSP into a close-custody facility on one side and a medium-custody facility on the other side that would be operated as two separate facilities,
- With assistance from the Clark County School District, temporarily transfer the youthful offender program from the SNCC to Unit 8 at the HDSP until completion of construction on the medium security side of the HDSP.
- Transfer funding from SNCC to facilitate the conversion of the Warm Springs Correctional Center from a minimum-custody facility to a medium-security facility.

In response to Chairman Arberry, who questioned the need for two separately operated facilities within the HDSP, Mr. Skolnik described the HDSP as an "enormous" facility with a two-mile perimeter but with staffing comparable to the Northern Nevada Correctional Center (NNCC), which he said would fit into a corner of the HDSP.

Mr. Skolnik testified that the HDSP was designed to hold 3,000 inmates but that with the transfer of 1,400 inmates in July 2008, the facility would exceed 4,000 inmates in two custody levels, which he indicated could not be managed with the existing patterns of post orders. Mr. Skolnik pointed out that while the NDOC institutions, staffing, and inmates had changed over the past twenty years, the organization and management of the institutions had not changed.

In response to additional questions from Chairman Arberry relative to the separation of the two facilities, Mr. Skolnik advised that a chain link fence would separate the two sides of the facility with a tower in the center of the fence line.

Assemblyman Marvel questioned whether there had been any interest expressed in leasing the SNCC facility at Jean and the anticipated level of revenue that could be expected to be received.

Mr. Skolnik indicated that the NDOC had received some inquiries relative to leasing the facility and said that Department staff planned to solicit bids in April 2008 for a lease to begin in August 2008. Mr. Skolnik projected revenue of \$15 to \$25 per day per bed, which for 600 beds would generate from \$3.3 to \$4.5 million per year.

Assemblywoman Buckley indicated that Committee members and staff had received the NDOC housing plan on the previous day and there had been no opportunity for an in-depth review. However, she noted that part of the plan proposed to convert four HDSP housing units from medium custody to close custody upon completion of Phases IV and V although the legislatively approved budget for fiscal year 2009 reflected the conversion of only three housing units to close custody. Additionally,

Assemblywoman Buckley pointed out that the NDOC's long-range Capital Improvement Program (CIP) projection did not reflect the need for four housing units to be converted to close custody because there would be an oversupply of close-custody beds. Moreover, Assemblywoman Buckley noted that operating a housing unit at HDSP as close custody instead of medium custody resulted in the loss of 112 beds per housing unit. Assemblywoman Buckley indicated that staff analysis showed that the plan, including the transfer of staff, left many unanswered questions that required answers before the Committee could approve any of the work programs.

In response, Mr. Skolnik said that the NDOC was required, as were other state agencies, to reduce their budget by 4.5 percent. He indicated that the NDOC could have responded by reducing staff and placing the security of the institutions throughout the system at risk or by identifying a single facility that provided the needed reduction in operating funds, which was the method they chose.

Additionally, Mr. Skolnik reported that Phase IV of the HDSP institution was projected to open in July 2008, and Phase V had been delayed until July 1, 2010 in an effort to provide the required budget reduction. Mr. Skolnik indicated that the NDOC had identified and contributed \$77.5 million to the required budget reductions and discussed the difficulty facing his staff in attempting to deal with a changing population in a current situation that he defined as "dynamic and unpredictable." Mr. Skolnik further indicated that the NDOC staff could not have predicted that the inmate population would actually decrease during a period of economic instability and, providing an example, told the Committee that on Sunday of the preceding week, the system had 13,013 inmates and on Monday, there were 18 fewer with a count of 12,995.

Mr. Skolnik expressed confidence that the plan provided to the Committee could meet the state's budget requirements and at the same time provide a safe environment for staff and inmates.

Assemblywoman Buckley expressed her appreciation for the hard work exhibited by the NDOC's staff but maintained that her request to review the plan and receive responses to unanswered questions was reasonable. Assemblywoman Buckley pointed out that the Committee faced difficult decisions earlier in the day in the reduction of health insurance benefits for children and the reduction of medications at mental health clinics, but it was the Committee's responsibility to examine funding and to make the best decisions possible. Assemblywoman Buckley agreed with safety requirements for staff and inmates but pointed out that ensuring that safety included the certainty that the Committee received the information they needed to make appropriate decisions.

In response to questions that Chairman Arberry asked regarding the transfer of staff during the previous closure of the SNCC facility, Mr. Skolnik advised that the SNCC warden was transferred to the conservation camp warden's position and resumed his position as SNCC warden when the facility reopened. He explained that a separate statewide administration of conservation camps existed in the past, but that was no longer the case. Additionally, Mr. Skolnik told the Committee that Nevada had the

lowest ratio of administrative staff to inmates in the United States and that reducing that ratio even further would not be a good idea.

Chairman Arberry asked if the Department representatives had considered canceling any other construction projects, such as the proposed new housing units at Southern Desert Correctional Center (SDCC) rather than closing SNCC.

Mr. Skolnik indicated that both of the new housing units at SDCC were eliminated in the proposed housing plan provided to Committee members on the previous day. However, Mr. Skolnik expressed concern that the information he and his staff provided to the Committee was based on projections that were made a year ago and that the new projections in May could change the statistics.

Chairman Arberry asked agency representatives to comment on housing of inmates to achieve the targeted budget reserves.

Mr. Skolnik said that in the event of an excess of inmates in close-custody status, the NDOC had the ability to double bunk prisoners, which, although less than desirable, occurred when 192 cells were double bunked at the Ely State Prison. Pointing out the complications of managing the population, Mr. Skolnik told the Committee, that while the Department could place minimum-security inmates in medium-security beds and medium-security inmates in close-custody beds, they could not place close custody-inmates in medium or minimum-security beds or accurately project the type of prisoners the system would receive or the level of security they would require.

Chairman Arberry asked agency representatives to comment on the staffing, equipment, and technology requirements needed for the transition of inmates from the SNCC to the HDSP.

Mr. Skolnik advised that the HDSP was built to maximum or close-custody specifications with weapon security built into the physical plan of the institution. Additionally, he said that the Las Vegas Metropolitan Police Department and the Federal Bureau of Investigation provided hostage negotiation and cell extraction training for staff. However, Mr. Skolnik admitted that the significant change in population was unanticipated and that some needs had not been addressed internally.

In response to concerns Chairman Arberry expressed relative to the double bunking of inmates, Mr. Skolnik advised that close-custody double bunking at Ely had been reduced during the past few months. He explained that currently only level 1 inmates, who were considered the system's best inmates, were housed in double-bunk cells. Additionally, Mr. Skolnik advised that since the beginning of the year, the Department had reduced vacancies by 23 with the addition of a non-POST certified Correctional Assistant position at the Ely State Prison. He further advised that the Correctional Assistant position permitted an individual between the ages of 18 and 21 to work under the supervision of an officer until the age of 21. Mr. Skolnik credited his staff with being "extremely creative" in responding to staffing and budgeting issues in an effort to reduce

the Department's overall General Fund budget by \$77.5 million without laying off a single employee.

In response to questions Chairman Arberry asked about the Department's plan to feed the large number of inmates that would be housed at the HDSP, Mr. Skolnik advised that the new units would accommodate serving meals within the units. He also said that consideration was being given to serving bag lunches in facilities with population issues and advised that inmates at the Ely State Prison were currently being served bag lunches, which he indicated were fairly well received and had substantially reduced time in which the culinary was used.

Chairman Arberry asked agency representatives to comment on the proposed conversion of four housing units to close custody at HDSP upon completion of Phase IV and Phase V when the master plan reflected an oversupply of close-custody beds and a shortage of total beds during the period from October 2009 through May 2011.

Mr. Skolnik advised that the new housing plan reflected the conversion of two housing units rather than four.

In response to Chairman Arberry, who asked agency representatives to comment on the need for the transfer of wardens from SNCC to HDSP, Mr. Skolnik indicated that one warden and two associate wardens could not successfully operate an institution with a population exceeding 4,000 inmates classified at two levels.

Chairman Arberry questioned whether the Department would return inmates and wardens to the SNCC at Jean if the facility reopened in the future.

Mr. Skolnik advised that the need for another prison facility in the future would be one reason to reopen the SNCC and if such an event were to occur, the facility would require an entire new staff.

Assemblywoman Buckley pointed out that in attempting to balance the budget, the Committee needed assurance that closing the SNCC at Jean would provide the projected savings. Additionally, since there had been no opportunity to review the Department's housing plan, Assemblywoman Buckley suggested that the Committee's staff meet with the staff from the Budget Division and the Department of Corrections to thoroughly review and discuss the issues. Assemblywoman Buckley indicated that Department could then present the proposal to the Committee via a teleconferenced meeting.

Assemblyman Hardy expressed his personal agreement with the plan that included the ability to consolidate, meet fiduciary obligations by leasing SNCC while at the same time maintaining employment status and delaying construction projects and expressed concern relative to the timing involved in scheduling a subsequent meeting.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, confirmed that if the Committee wanted staff to meet with Department of Administration and Department of Corrections' staff to review the issues in greater depth, the work program requests could be brought before the Committee via a teleconferenced meeting in the near future.

In response to Assemblywoman Weber, who asked about the utilization of Casa Grande, Mr. Skolnik advised that Casa Grande was currently approaching a population of 300 inmates, an increase from the average 200, and he indicated that a population of 350 was projected. Mr. Skolnik advised that changes authorized by the 2007 Legislature expanded qualifications for Casa Grande to include individuals who had a distant past violent offense but who had demonstrated a change of behavior. Additionally, Mr. Skolnik advised that about 75 percent of Casa Grande inmates were currently employed.

Assemblywoman Weber questioned whether the Casa Grande facility housed women and whether a contractual agreement existed with the Clark County Detention Center.

Mr. Skolnik advised that there was no contractual agreement with the Clark County Detention Center, but that as of April 8, 2008, there were 52 beds for women at Casa Grande and currently 27 women occupied beds at the facility.

Senator Titus agreed that the foregoing issues warranted additional review but questioned the ramifications of postponing budget reduction decisions and asked for information relative to the dollar value of the portion of the request being contemplated for deferral.

Andrew Clinger, Director, Department of Administration, stated that there was approximately \$7 million in question, \$4.8 million of which was related to deferring the construction of one of the housing units at SDCC and \$2.4 million worth of potential lease revenue for the SNCC facility at Jean.

Senator Titus questioned the length of time anticipated for a review of the issues.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that while the recently provided housing plan appeared to "work mechanically," the plan included arbitrary reductions in population projections similar to those used in closing the Department's budget during the 2007 Legislative Session. Mr. Ghiggeri pointed out that the reductions projected during the 2007 Legislative Session had not materialized, and approximately 1,000 to 1,300 inmates were awaiting parole hearings. Additionally, Mr. Ghiggeri indicated that staff wanted to review the proposed conversion of beds from medium to close custody noting that the Department's latest plan reflected a surplus of close-custody beds and a deficit of medium-custody beds. Mr. Ghiggeri also indicated that the issue concerning an additional warden and deputy warden at HDSP required a close review since the latest

information did not reflect that the HDSP would fill 4,000 inmate beds during the 2007-09 biennium.

Senator Raggio asked for suggestions from staff on how the Committee should proceed with the work program requests.

Mr. Ghiggeri advised that if Committee members were in agreement, they could approve the closure of the SNCC and the transfer of staff with the exception of the warden and associate wardens leaving staff to review those issues in addition to some of the other issues that had been discussed prior to holding a special teleconferenced meeting.

Assemblywoman Buckley agreed that budget reduction decisions needed to be made quickly but reiterated that the Committee needed assurances relative to the issues involving the housing plan, leasing the SNCC facility at Jean, close-custody and medium-custody beds, and the transfer of wardens to the HDSP. Assemblywoman Buckley again proposed that the Committee's staff along with the staff from the Budget Division and the Department of Corrections review the issues, and if at all possible, brief the members of the Committee later in the afternoon.

Mr. Clinger indicated his staff would be willing to participate in the review process but expressed uncertainty regarding the length of time it would take or whether the review could be accomplished after the IFC meeting and prior to the budget reduction meeting scheduled for later in the afternoon with the Governor.

Chairman Arberry pointed out that reviewing and resolving the issues prior to meeting with the Governor was in all probability unlikely to occur. The Chairman indicated that it was his understanding that Assemblywoman Buckley was proposing to defer work program items 132, 140, 141, and 143 until the staff could review the unresolved issues and schedule an Interim Finance Committee via teleconferencing.

Assemblywoman Buckley agreed and repeated her motion for the record.

ASSEMBLYWOMAN BUCKLEY MOVED TO DEFER WORK
PROGRAM ITEMS 132, 140, 141, AND 143 UNTIL STAFF
REVIEWED THE UNRESOLVED ISSUES AND A
TELECONFERENCED INTERIM FINANCE COMMITTEE
MEETING COULD BE SCHEDULED.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Although he did not disagree with the motion, Senator Raggio expressed concern that final decisions on budget reductions were required almost immediately and as previously discussed, a meeting was scheduled with the Governor later in the afternoon to discuss other extensive reductions that were necessary. Senator Raggio pointed out that the work program requests constituted a large portion of the budget reduction plan

and the discussions later in the afternoon with Legislative leadership and members of the Executive branch were dependent on the proposal in front of the Committee.

Senator Raggio questioned whether the Committee could authorize the closure of SNCC but defer approval of the transfer of the staff pending further review.

Mr. Ghiggeri advised that if the Committee agreed to approve the closure of SNCC, they could also approve the transfer of the custody officers to HDSP but defer the transfer of the wardens and associate wardens pending staff review. Additionally, Mr. Ghiggeri pointed out that if the Committee did not approve the closure of SNCC, an additional \$13 million budget reduction would be required.

Senator Raggio questioned whether Assemblywoman Buckley would agree with the proposal suggested by staff.

Assemblywoman Buckley expressed some reluctance to amend her motion and maintained that an in-depth review of the housing plan and assurances that leasing SNCC could be counted on for the projected savings was needed. Additionally, Assemblywoman Buckley questioned whether deferring the work program items would be detrimental to the budget reduction plan since assumptions would likely be used with a backup plan for future revenue modifications.

Mr. Clinger reiterated that deferring the construction of one of the housing units at Southern Desert Correctional Center for a savings of \$4.8 million and \$2.4 million for the lease revenue from Southern Nevada Correctional Center at Jean were items proposed for budget reduction discussions. However, Mr. Clinger also asked the Committee members to be aware of the 4.5 percent budget reduction totaling \$13.1 million, which in effect created a \$20 million reduction.

Senator Raggio indicated he believed the Committee had to "at least approve" the closure of the SNCC facility at Jean and expressed his intent to respectfully oppose the motion on the floor.

Mr. Clinger suggested that the Committee defer approval of work program Item 132, which transferred the warden and two associate wardens from the SNCC to the HDSP and approve Items 140, 141, and 143.

Mr. Ghiggeri advised that if the Committee voted to defer Item 132 and approve Items 140, 141, and 143, the work programs would have to be adjusted accordingly.

ASSEMBLYWOMAN BUCKLEY AMENDED HER PREVIOUS MOTION TO INCLUDE AUTHORIZATION OF THE CLOSURE OF THE SNCC FACILITY AT JEAN CONTINGENT UPON DEVELOPMENT OF AN ACCEPTABLE HOUSING PLAN THAT WOULD ENSURE THAT FUNDING WAS NOT OVER COMMITTED FOR THE

VARIOUS CUSTODY LEVELS AND STAFFING ISSUES
WOULD BE DETERMINED AT A FUTURE DATE.

Senator Raggio suggested that the Committee's staff determine appropriate staffing levels.

SENATOR RAGGIO SECONDED THE AMENDED
MOTION.

Mr. Stevens reiterated that if the proposed motion carried, the work programs between the Southern Nevada Correctional Center and the High Desert State Prison would have to be amended to delete the warden, associate wardens, and administrative staff requirements.

THE MOTION CARRIED.

133. Department of Corrections – Northern Nevada Correctional Center – FY 09 – Addition of \$540,000.00 in APS Energy Services Biomass Reimbursement to contract with Universal Energy to operate the Biomass Plant through the end of the biennium. Requires Interim Finance approval since the amount added to the Biomass category exceeds \$50,000.00. **Work Program #C33764. RELATES TO ITEM D2 (EXPEDITIOUS ACTION).**

Chairman Arberry announced that the Committee would consider Item 133 and Item D. 2, which related to Item 133.

Howard Skolnik, Director, Nevada Department of Corrections (NDOC), identified himself for the record and introduced Lorraine Bagwell, Deputy Director, Support Services, Nevada Department of Corrections.

Ms. Bagwell requested the Committee's approval for \$540,000 in revenue and expenditure budget authority to contract with a vendor to operate and manage the wood biomass energy plant at the Northern Nevada Correctional Center through the end of the biennium. The \$210,000 work program augmentation that the NDOC submitted under Item D. 2 on February 8, 2008, required 15-day expeditious action and was provided for informational purposes only.

Ms. Bagwell advised that approval of Item 133 would authorize the use of funding, reimbursed by the developer of the plant, to contract with a third-party contractor to operate the biomass plant for one year through June 2009.

Assemblyman Marvel questioned whether a third-party contractor could guarantee that they could maintain the necessary biomass inventory to operate every day for a year.

In response, Ms. Bagwell said that the NDOC had recently released a bid to obtain wood from various vendors because the local vendor that was selected to supply the

necessary fuel to operate the plant had trouble maintaining a sufficient wood supply. Ms. Bagwell also reported that the State Division of Forestry received a grant that was used to secure equipment needed to transport wood from state forest areas to the biomass plant. Ms. Bagwell expressed confidence that the fuel source issue would be solved in the next few months.

In response to Assemblyman Marvel, who asked whether the U.S. Forest Service also provided wood for the plant, Ms. Bagwell said that the federal government had provided grant money for the transportation equipment but did not provide much of the fuel source.

In response to Assemblyman Marvel, who asked whether the U.S. Forest Service would allow the vendor to remove wood from federal forestlands, Ms. Bagwell indicated they would.

Assemblywoman Leslie asked agency representatives to comment on their plans for operating the plant after expiration of the contract with the vendor in June 2009.

Ms. Bagwell said that while a state-run operation was a possibility in the future, a decision to do so had not yet been made and a review of the necessary staffing complement was required before determining how to proceed. Ms. Bagwell discussed the necessity of having to contract with a vendor that could provide the professional services needed to operate the plant after discovering that the NDOC did not have the staff with the skills needed to safely operate and manage the plant.

In response to additional questions Assemblywoman Leslie asked about hiring staff after the expiration of the contract in June 2009, Ms. Bagwell indicated that after the contract expired, the NDOC could hire staff less expensively than contracted staff.

Assemblywoman Leslie discussed the expenses involved in the project and referenced information regarding a revised cash flow analysis that reflected a cumulative negative cash flow until the 17th year of plant operations. Assemblywoman Leslie asked agency representatives for their opinion on when the plant would produce a positive cash flow.

Ms. Bagwell expressed confidence that after streamlining the purchase of the fuel source and bringing operations under control during the next two years, the plant would begin to pay for itself.

Chairman Arberry asked why the company that developed the biomass plant was providing a reimbursement to fund operational and management costs for the plant for 16 months.

Ms. Bagwell testified that the level of expertise needed to operate the plant was not specific in the original contract negotiations and after reviewing the documentation, the developer of the plant agreed and provided \$750,000 for a third-party contractor to operate and manage the plant through June 2009.

Chairman Arberry noted that the contractor would provide one Operations and Management Supervisor, one Controls Technician and two Plant Technicians, and the NDOC would continue to provide a part-time Plant Technician and inmate labor for fuel handling and custodial jobs.

Chairman Arberry asked agency representatives to comment on whether it was realistic to believe the biomass plant could operate in the future without the U.S. Forest Service's participation as a significant fuel supplier.

Ms. Bagwell indicated she could provide the Committee with more information regarding the fuel supply once the bid to obtain wood from various vendors closed in two weeks.

In response to questions Assemblywoman Gansert asked about the availability of federal funding for biomass facilities, Ms. Bagwell advised that the federal government had provided a \$350,000 grant to assist in building the plant and recently provided a one-time grant to the Nevada Division of Forestry to fund the transportation costs for the removal of the wood.

Assemblywoman Leslie indicated that she would move approval of the work program request with the condition that agency representatives provided a detailed analysis of the assumptions they used to indicate that the plant would begin to produce a positive cash flow in two years rather than the 17 years referenced in the Committee's information.

Ms. Bagwell indicated she believed that Assemblywoman Leslie was referring to amendment number 2 of a schedule in the contract regarding the cash flow.

Assemblywoman Leslie reiterated that she wanted to see the analysis on which agency representatives based their assumption that the plant would produce a positive cash flow in two years, including their assumption of where the actual electrical rates would be in the future.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEM 133, WHICH RELATED TO INFORMATIONAL
ITEM D. 2 ON THE CONDITION THAT AGENCY
REPRESENTATIVES PROVIDED THE COMMITTEE WITH
A DETAILED ANALYSIS ON ASSUMPTIONS FOR A
POSITIVE CASH FLOW IN TWO YEARS FOR THE
BIOMASS PLANT.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Assemblywoman Smith expressed frustration with the number of state projects that experienced overruns and unanticipated outcomes and asked who provided oversight

for the project and who determined the available staff had the capability to operate and manage the plant.

Ms. Bagwell advised that while many individuals were involved in the biomass project, it was the opinion of the vendor who developed the plant that the staff and inmates, who operated the boiler in the prison laundry had the ability to operate the biomass plant. The boiler operator and inmates, however, did not have the necessary skills to operate the technological equipment used in the plant. Additionally, Ms. Bagwell pointed out that working in the plant provided the inmates complete access to the Stewart Conservation Camp and Northern Nevada Correctional Center, which posed a security risk.

Mr. Skolnik indicated he had learned in the last year that a committee was responsible for the oversight of the biomass project and there had been no single point person accountable for coordinating and overseeing the project.

In response to comments Assemblywoman Smith expressed about learning from such mistakes, Mr. Skolnik indicated that while he could not provide assurance that such an experience would not occur again in the Department, he could assure the Committee that the necessary steps were taken to ensure that the same mistakes would be less likely to occur again. Mr. Skolnik explained that internal reorganization efforts within the Department had created a chain of command that did not put two or three people in charge of making decisions, and he said that staff were being held more accountable for their actions than they had in the past.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote, and Senator Titus voted nay.)

- 134. Department of Corrections – Northern Nevada Correctional Center – FY 08 –** Addition of \$564,478.00 in Budgetary Transfer from Florence McClure Women's Correctional Center and deletion of \$16,813.00 in Room, Board and Transportation Charges and \$41,962.00 in Bakery Sales to provide funding for projected utility costs 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 #C33775. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 135. Department of Corrections – Nevada State Prison – FY 08 –** Addition of \$93,939.00 in Budgetary Transfer from Florence McClure Women's Correctional Center and \$51.00 in Reimbursement; deletion of \$5,007.00 in Room, Board and Transportation Charges; and transfer of \$11.00 from the Blood Spills Kits category to the Inmate Driven category, \$22,030.00 from the Utilities category to the Inmate Driven category and \$113.00 from the Deferred Maintenance category to the Inmate Driven category to provide funding for projected expenditures for the

remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Driven category exceeds \$50,000.00. **Work Program #C33785. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 136. Department of Corrections – Southern Desert Correctional Center – FY 08 –** Addition of \$218,564.00 in Budgetary Transfer from Director's Office to provide funding for increased costs in the Utilities and Inmate Driven categories. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$50,000.00. **Work Program #C33768. RELATES TO ITEM 126.**

Refer to motion for approval under Item E.

- 137. Department of Corrections – Southern Desert Correctional Center – FY 08 –** Addition of \$5,894.00 in Budgetary Transfer from Florence McClure Women's Correctional Center and \$30,000.00 in Room, Board and Transportation Charges and transfer of \$455.00 from the Equipment category to the Utilities category to provide funding for projected utility and inmate Driven costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount includes a budgetary transfer that balances against other work programs. **Work Program #C33784. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 138. Department of Corrections – Lovelock Correctional Center – FY 08 –** Addition of \$7,129.00 in Jail Meals; deletion of \$1,620.00 in Budgetary Transfer to Stewart Conservation Camp, \$55,058.00 in Room, Board and Transportation Charges and \$15,373.00 in Reimbursement-Prison Industry Utilities; and transfer of \$59,810.00 from the Inmate Driven category to the Utilities category to provide funding for projected utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount includes a budgetary transfer that balances against other work programs. **Work Program #C33780. RECEIVED MARCH 21, 2008. RELATES TO ITEM 146.**

Refer to motion for approval under Item E.

- 139. Department of Corrections – Southern Nevada Correctional Center – FY 08 –** Deletion of \$40,000.00 in Budgetary Transfer to Warm Springs Correctional Center to help cover a shortfall in utilities. Requires Interim Finance approval since the amount deducted from the Revenue category includes a budgetary transfer that balances against other work programs. **Work Program #C33783. RELATES TO ITEM 142.**

Refer to motion for approval under Item E.

- 140. Department of Corrections – Southern Nevada Correctional Center – FY 09 –** Deletion of \$2,207,307.00 in Budgetary Transfer to Warm Springs Correctional Center and High Desert State Prison to transfer 27 Correctional Officer positions to Warm Springs Correctional Center to convert it to a medium–custody facility and transfer the Warden, two Associate Wardens and three Administrative Assistants to High Desert State Prison in conjunction with the closing of (SNCC). Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000.00 and includes transferring staff. **Work Program #C33757. RELATES TO ITEMS 132 AND 143.**

Refer to narrative and motion for approval under Item 132.

- 141. Department of Corrections – Southern Nevada Correctional Center – FY 09 –** Deletion of \$1,000.00 in Employee Services, \$20,105.00 in Room, Board and Transportation Charges, \$100.00 in Meal Sales, \$548,137.00 in General Fund Salary Adjustment and \$243,450.00 in Transfer from Education and transfer of \$8,199,576.00 from the Personnel Services category to the Reserve for Reversion category, \$78,840.00 from the Operating category to the Inmate Driven category, \$25,766.00 from the Operating category to the Reserve for Reversion category, \$76,285.00 from the Maintenance category to the Reserve for Reversion category, \$73,290.00 from the Maintenance Contracts category to the Reserve for Reversion category, \$90,000.00 from the Real Time Tracking category to the Reserve for Reversion category, \$9,085.00 from the Information Services category to the Reserve for Reversion category, \$78,406.00 from the Agency Issue Uniform category to the Reserve for Reversion category, \$395,013.00 from the Utilities category to the Reserve for Reversion category and \$5,229.00 from the Purchasing Assessment category to the Reserve for Reversion category to close SNCC in compliance with the Governor's 4.5 percent budget reduction plan. One Facility Maintenance position and Associated Operating funds will remain to maintain the facility for future use. Requires Interim Finance approval since the amount transferred to the Inmate Driven category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33756**

Refer to narrative and motion for approval under Item 132.

- 142. Department of Corrections – Warm Springs Correctional Center – FY 08 –** Addition of \$51,000.00 in Budgetary Transfer from SNCC and Correctional Programs to help cover increased utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33772. RELATES TO ITEMS 127 AND 139.**

Refer to motion for approval under Item E.

- 143. Department of Corrections – Warm Springs Correctional Center – FY 09 –** Addition of \$1,697,384.00 in Budgetary Transfer from Southern Nevada

Correctional Center to transfer 27 Correctional Officer positions to Warm Springs Correctional Center to convert it to a medium custody facility in conjunction with the closing of SNCC. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00 and includes transferring staff. **Work Program #C33758. RELATES TO ITEM 140.**

Refer to narrative and motion for approval under Item 132.

- 144. Department of Corrections – Florence McClure Women’s Correctional Center FY 08** – Deletion of \$2,213,106.00 in Budgetary Transfer and transfer of \$3,518.00 from the Transfer to Treasurer’s Office category to the Operating category, \$76,285.00 from the Transfer to Treasurer’s Office category to the Inmate Driven category and \$45,480.00 from the Transfer to Treasurer’s Office category to the Utilities category to provide funding for projected costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Transfer to Treasurer’s Office category exceeds \$50,000.00. **Work Program #C33744. RECEIVED MARCH 21, 2008. RELATES TO ITEMS 130, 131, 134, 135, 138, 145, 149, AND 150.**

Refer to motion for approval under Item E.

- 145. Department of Corrections – Casa Grande Transitional Housing – FY 08** – Addition of \$405,214.00 in Budgetary Transfer from the Florence McClure Women’s Correctional Center and deletion of \$948,589.00 in Room, Board and Transportation Charges to provide funding for a projected revenue shortfall. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$50,000.00. **Work Program #C33773. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 146. Department of Corrections – Stewart Conservation Camp – FY 08** – Addition of \$1,700.00 in Budgetary Transfer from Lovelock Correctional Center to provide funding for projected inmate Driven costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount includes a budgetary transfer that balances against other work programs. **Work Program #C33786. RECEIVED MARCH 21, 2008. RELATES TO ITEMS 137 AND 144.**

Refer to motion for approval under Item E.

- 147. Department of Corrections – Pioche Conservation Camp – FY 08** – Addition of \$25,739.00 in Budgetary Transfer from Director’s Office and Correctional Programs to help cover increased utility costs for the remainder of the fiscal year.

Requires Interim Finance approval since the amount added to the Utilities category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33777. RELATES TO ITEMS 126 AND 127.**

Refer to motion for approval under Item E.

- 148. Department of Corrections – Indian Springs Conservation Camp – FY 08 –** Addition of \$36,220.00 in Budgetary Transfer from Director's Office to provide funding for increased costs in the Utilities and Inmate Driven categories. Requires Interim Finance approval since the amount added to the Utilities category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33767. RELATES TO ITEM 126.**

Refer to motion for approval under Item E.

- 149. Department of Corrections – Wells Conservation Camp – FY 08 –** Addition of \$5,685.00 in Budgetary Transfer from Florence McClure Women's Correctional Center and transfer of \$16,898.00 from the Inmate Driven category to the Utilities category to provide funding for projected utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount includes a budgetary transfer that balances against other work programs. **Work Program C33777. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 150. Department of Corrections – Ely Conservation Camp – FY 08 –** Addition of \$22,615.00 in Budgetary Transfer from Florence McClure Women's Correctional Center to provide funding for projected utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount includes a budgetary transfer that balances against other work programs. **Work Program #C33779. RECEIVED MARCH 21, 2008. RELATES TO ITEM 144.**

Refer to motion for approval under Item E.

- 151. Department of Corrections – Prison Industries – FY 08 –** Addition of \$65,000.00 in Miscellaneous Sales to cover an increase in sales in the Nevada State Prison (NSP) Combined Mattress Shop. Requires Interim Finance approval since the amount added to the NSP Combined Mattress Shop category equals \$50,000.00. **Work Program #C23145**

Refer to motion for approval under Item E.

- 152. Department of Motor Vehicles – Real ID Act – FY 09 –** Transfer of \$200,000.00 from the Reserve category to the Operating category to continue contract services provided by the existing project manager for implementation of the Real ID Act.

Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00. **Work Program #C34238**

Ginny Lewis, Director, Department of Motor Vehicles (DMV), appeared before the Committee to request approval for the transfer of \$200,000 from the Reserve category to the Operating category. Approval of the request would provide the funding to continue project management services for the implementation of the Real ID Act from July 1, 2008 through June 30, 2009. The Committee received a document entitled, *DMV, Nevada Driver License Real ID IFC Update, April 9, 2009* ([Exhibit F](#)).

In response to Chairman Arberry's request for an update on the status of the Real ID Act, Ms. Lewis provided the following information:

- The Department of Homeland Security released final rules on January 11, 2008, to establish minimum standards for state-issued driver licenses and identification cards in accordance with the REAL ID Act of 2005.
- The rules included a provision for a phased-in approach, extension of deadlines, age-based re-enrollment, and additional flexibility related to card security.

Ms. Lewis advised that the final rules had substantially eased the state's financial burden relative to the Real ID Act and that the requirements were under further review in joint application design (JAD) sessions. Ms. Lewis indicated that she had identified a \$23 million budget reduction for implementation of the Real ID Act, which she attributed to the elimination of the staff requested in the Department's budget for the 2007-09 biennium. Additional funding was saved because the final rules modified requirements for security polycarbonate card stock and allowed instead for three levels of card security that would be accomplished through the implementation of Central Issuance in the fall of 2008.

Additionally, Ms. Lewis reported that in March 2008 the DMV submitted a grant for \$2.4 million to the Department of Homeland Security for required interface verification systems that included SSOLV (Social Security Online Verification), SAVE (Systematic Alien Verification of Entitlements), and EVVE (Electronic Verification of Vital Events). Ms. Lewis advised that if awarded, the grant would offset funding requested in the budget for the 2007-09 biennium for information technology contracts.

Chairman Arberry asked if additional funds for the Real ID Act would be required during the current biennium.

Ms. Lewis advised that it was her intent to return to the Interim Finance Committee in June to request funding for information technology contracts and for a full-time Management Analyst III position to replace the resident "drivers' license expert" who was transferred from a DMV division office to work full time for the Real ID Project Manager.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 152.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson, Assemblywoman Leslie, and Assemblywoman Smith were not present for the vote.)

- 153. Department of Motor Vehicles – Administrative Services – FY 08** – Transfer of \$32,000.00 from the Electronic Payments category to the Operating category and \$65,000.00 from the Electronics Payments category to the Registration Printing category to provide adequate authority for the remainder of the fiscal year for various operating costs and printing of forms, handbooks and manuals. Requires Interim Finance approval since the amount transferred to the Registration Printing category exceeds \$50,000.00. **Work Program #C34235**

Refer to motion for approval under Item E.

- 154. Department of Motor Vehicles – Compliance Enforcement – FY 08** – Transfer of \$29,000.00 from the Equipment category to the Operating category to provide adequate authority for the remainder of the fiscal year due to a shortfall in the budgeted balance forward and increased costs for fuel, data processing supplies, postage and printing. Requires Interim Finance approval since the amount transferred from the Equipment category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C34240**

Refer to motion for approval under Item E.

- 155. Department of Motor Vehicles – Pollution Control – FY 08** – Transfer of \$32,000.00 from the Reserve category to the Operating category and \$2,500.00 from the Reserve category to the Utilities category to provide adequate authority for the remainder of the fiscal year due to increased costs for contracts, fuel, processing supplies, postage and utilities. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds \$50,000.00. **Work Program #C34239**

Refer to motion for approval under Item E.

- 156. Department of Motor Vehicles – Verification of Insurance – FY 08** – Transfer of \$280,000.00 from the Reserve for Reversion to Highway Fund category to the Operating category to provide adequate expenditure authority due to higher-than-budgeted costs for postage and contracts and an increased volume of mailings. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00. **Work Program #C34237**

Refer to motion for approval under Item E.

- 157. Department of Public Safety – Division of Emergency Management – FY 08 –** Addition of \$41,216.00 in Federal Emergency Management Administration funds transferred from the Division of Emergency Management to cover the costs associated with the Fernley canal break. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C34936**

Refer to motion for approval under Item E.

- 158. Department of Public Safety – Division of Emergency Management – FY 08 –** Addition of \$660,074.00 in Public Safety Interoperable Communications (PSIC) Grant funds transferred from the Division of Emergency Management to purchase three Mobile Interoperable Communications Centers (MC-2 Vehicles). The vehicles will be deployed in Las Vegas, Carson City and Elko and will serve as forward communications support vehicles for Joint Information Centers, the state and county Emergency Operations Centers, Incident Command Posts and Fusion Centers. Requires Interim Finance approval since the amount exceeds \$100,000.00 in new governmental grants. **Work Program #C34938**

Refer to motion for approval under Item E.

- 159. Department of Public Safety – Division of Emergency Management – FY 08 –** Addition of \$92,056.00 in Homeland Security Grant Program (HSGP) funds transferred from the Division of Emergency Management to align state budgetary authority with current Federal Homeland Security Grant Program authority. Requires Interim Finance approval since the amount added to the HSGP HT6 Training category exceeds \$50,000.00. **Work Program #C34920**

Refer to motion for approval under Item E.

- 160. Department of Public Safety – Division of Emergency Management Assistance – FY 08 –** Addition of \$98,707.00 in Federal Emergency Management Administration Pre-Disaster Mitigation (PDM) Grant funds to authorize the receipt and expenditure of federal funds in support of four new PDM Projects: Storey County Hazard Mitigation Plan; Esmeralda County Multi-Hazard Mitigation Plan; Washoe County Multi-Jurisdictional Hazard Mitigation Plan; and the Pittman-Pecos Channel Sewer Infrastructure Protection Project. Requires Interim Finance approval since the cumulative amount added to the Pre-Disaster Mitigation category exceeds \$50,000.00. **Work Program #C34930**

Refer to motion for approval under Item E.

- 161. Department of Public Safety – Division of Emergency Management Assistance – FY 08 –** Addition of \$2,454,500.00 in Department of Energy – Nuclear Projects Office Grant funds to support the State's scientific oversight

responsibilities related to nuclear waste disposal in Nevada. Requires Interim Finance approval since the amount added to the Nuclear Projects Office category exceeds \$50,000.00. **Work Program #C34943. RELATES TO ITEM 1.**

Refer to motion for approval under Item E.

- 162. Department of Public Safety – Highway Patrol – FY 08** – Addition of \$19,940.00 in Transfer from Traffic Safety-Federal Seat Belt Convincer Grant funds to cover the cost of overtime and educational items necessary in educating drivers and pre-drivers ages 15-20 on the importance of using safety belts. Requires Interim Finance approval since the amount added to the Safety Belt Convincer Grant category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C34942**

Refer to motion for approval under Item E.

- 163. Department of Public Safety – Highway Patrol – FY 08** – Transfer of \$11,165.00 from the Radio Communications category to the Equipment category to fund the purchase of a radar testing device. Requires Interim Finance approval since the cumulative amount transferred from the Radio Communications category exceeds \$50,000.00. **Work Program #C34931**

Refer to motion for approval under Item E.

- 164. Department of Public Safety – Highway Patrol – FY 08** – Addition of \$38,424.00 in Federal Joining Forces Grant funds transferred from the Office of Traffic Safety to provide reimbursement for activities conducted under the Joining Forces Grant. Requires Interim Finance approval since the amount added to the Joining Forces category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C34391**

Refer to motion for approval under Item E.

- 165. Department of Public Safety – Highway Patrol Division – FY 08** – Transfer of \$85,000.00 from the Radio Communications category to the Lab Services category to cover a projected FY 08 budget shortfall in the Lab Services expenditure category. Requires Interim Finance approval since the cumulative amount transferred to the Lab Services category exceeds \$50,000.00. **Work Program #C34923**

Item 165 was withdrawn.

- 166. Department of Public Safety – Highway Safety Grants Account – FY 08** – Addition of \$158,846.00 in Federal New Entrant Grant funds to educate companies on motor carrier regulations and verify compliance. Requires Interim

Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C34949. RECEIVED MARCH 21, 2008.**

Refer to motion for approval under Item E.

- 167. Department of Public Safety – Forfeitures – FY 08** – Transfer of \$60,180.00 from the Reserve category to the Training category to purchase a portable Firearms Training Simulator System that will be used statewide to train sworn Department of Public Safety Officers. Requires Interim Finance approval since the cumulative amount added to the Training category exceeds \$50,000.00. **Work Program #C34925**

Refer to motion for approval under Item E.

- 168. Department of Public Safety – Forfeitures – FY 08** – Transfer of \$13,600.00 from the Reserve category to the Nevada Division of Investigations (NDI) Federal category to provide funding for a Drug Task Force Investigations Training Course that will be available to Counter-Drug Task Force personnel. Requires Interim Finance approval since the cumulative amount added to the NDI Federal category exceeds \$50,000.00. **Work Program #C34919**

Refer to motion for approval under Item E.

- 169. Department of Public Safety – Forfeitures – FY 08** – Transfer of \$93,131.00 from the Reserve category to the Nevada Highway Patrol (NHP) Federal category to provide funding for a replacement management software application for the Department of Public Safety Evidence Vault. Requires Interim Finance approval since the amount transferred to the NHP Federal category exceeds \$50,000.00. **Work Program #C34929**

Refer to motion for approval under Item E.

- 170. Department of Public Safety – Forfeitures – FY 08** – Transfer of \$930,605.00 from the Reserve category to the Nevada Highway Patrol (NHP) Federal category to provide funding for in-car video support equipment. Requires Interim Finance approval since the amount transferred to the NHP Federal category exceeds \$50,000.00. **Work Program #C34935**

Item 170 was withdrawn.

- 171. Department of Public Safety – Forfeitures – FY 08** – Transfer of \$398,668.00 from the Reserve category to the K-9 Program category to purchase canines and associated items to establish a K-9 drug detection program to enhance drug interdiction on Nevada state highways. Requires Interim Finance approval since the amount added to the K-9 Program category exceeds \$50,000.00. **Work**

Program #C34952. RECEIVED MARCH 21, 2008. RELATES TO ITEMS 172, 173, 174, AND 175.

Chairman Arberry announced that the Committee would consider work program items 171, 172, 173, 174, 175, and L. 1 concurrently.

Jearld Hafen, Director, Department of Public Safety (DPS), identified himself for the record and introduced Deputy Chief J. V. Gagnon, K-9 Program Manager, Department of Public Safety.

Mr. Hafen requested approval "to accept a donation of two drug detection K-9 dogs valued at \$9,950 each and \$165,000 from the Nevada State Friends for K-9, a non-profit corporation, to assist with the development of a drug-dog program."

Mr. Hafen provided the following information concerning the methamphetamine problem in Nevada:

- Methamphetamine abuse in the state of Nevada had reached a "pandemic level."
- Eighty percent of individuals arrested for crimes against property and persons were methamphetamine abusers.
- Methamphetamine use overwhelmingly affected the economy and stability of Nevada communities because of the removal of U.S. currency from local communities and the loss of work productivity.
- Methamphetamine abuse had overwhelmed the legal system with court and prosecutor caseloads at an all-time high and overcrowded jails and prisons.
- Statistics indicated that 12 to 14 year-old juveniles in small towns were 104 percent more likely to use methamphetamine than were their counterparts living in larger cities.
- Methamphetamine was the most frequently encountered drug in Nevada and readily available in both personal and distribution quantities.
- Nevada was considered a point for both the importation and transshipment of methamphetamine.
- The methamphetamine imported into the state was produced primarily in super laboratories operated by drug-trafficking cartels in Mexico.
- Distribution levels of imported methamphetamine averaged in pound or greater quantities.

- Mexican produced crystal methamphetamine remained the most readily available source of methamphetamine in the state.
- The primary method for the delivery of methamphetamine drugs was by privately owned vehicles, ground transportation, and, unwittingly, by public and commercial vehicles, such as buses, Fed Ex, and UPS carriers.
- After delivery of illegal drugs to communities throughout the state, the money paid for the drugs went to Mexico via the same methods of transportation.

Chairman Arberry asked DPS representatives to comment on how funding would be provided if fundraising contributions fell short of anticipated levels in 2009.

Mr. Hafen reported that the Forfeitures' budget account currently held enough funding to support the K-9 Program for two to three years, and he projected that the funding to the account would continue to increase. Mr. Hafen advised that just in the last month, Highway Patrol Troopers confiscated \$150,000 from a subject on I-15 in Las Vegas, who was transporting cash to Mexico, and Nye County Sheriff's officers confiscated \$750,000 in cash with the use of a canine.

In response to Chairman Arberry who asked for information regarding new investigative positions, Mr. Hafen indicated the Department would use available resources and Nevada Highway Patrol Troopers would continue to enforce highway laws using the K-9 Program as a tool against anyone engaged in criminal conduct on Nevada highways.

Chairman Arberry pointed out that the new investigative positions were approved by the 2007 Legislature to provide enhanced investigative support to existing narcotics task forces in the state and counties not supported by a task force and asked Mr. Hafen to comment on the proposed outcomes anticipated from the K-9 Program.

Mr. Hafen advised that the K-9 Program would benefit the state by interdicting the amount of drugs entering Nevada communities and cash taken out of Nevada communities and sent to Mexico.

Chairman Arberry questioned whether the Department planned to expand the program over time to reach the level described in the material provided by Nevada State Friends for K-9. Additionally, the Chairman asked if the nonprofit organization had made any long-term commitment to that effort.

Captain Gagnon advised that the DPS planned to model Nevada's K-9 Program based on Arizona's Program that had an operating budget of \$325,000 and 23 canines across the state engaged in drug interdiction. Captain Gagnon reported that in Arizona's K-9 Program, which had been in operation for ten years, the DPS assigned canines to state highway patrol troopers, which had resulted in thousands of methamphetamine and other illegal substance seizures as well as the collection of millions of dollars in

currency. Captain Gagnon further advised that there were literally no costs to the state since the use of forfeiture funds sustained the program.

Additionally, Captain Gagnon reported that, if approved, Nevada's K-9 Program would initially assign six canines to existing troopers to enforce the traffic laws along Nevada highways. If suspicion arose that a vehicle was carrying methamphetamine, other illegal substances, or money, a vehicle search defined as a "perimeter sniff," would be conducted, and if the dog alerted, the trooper would seize the vehicle, apply for a search warrant, and an investigation would ensue.

Senator Raggio indicated being familiar with the program and said that it was his understanding that Nevada was the only state that did not have a K-9 Program for drug interdiction. Assuming approval of the work program, Senator Raggio further indicated that the state of Nevada owed a debt of gratitude to the Nevada State Friends for K-9 organization for their donation of dogs and funding.

In response to questions Senator Raggio asked about the dogs alerting to currency as well as contraband, Captain Gagnon advised that the Drug Enforcement Administration (DEA) identified hidden compartments in ground transportation vehicles driven by "mules" or drug smugglers as being the major method of drug importation into the state. Captain Gagnon explained that the dogs alerted to the drug residue in the hidden compartments rather than the cash that replaced the drugs, and he confirmed the legality of such drug interventions.

In response to questions Assemblywoman Leslie asked about the projected 10.5 hours of overtime per week per officer, Captain Gagnon advised that the overtime compensation was in keeping with federally mandated guidelines. He said federal guidelines required a trooper to exercise, feed, groom, and provide veterinarian care for their assigned canine, which were activities that did not normally occur during working hours. Captain Gagnon further advised that other jurisdictions with similar K-9 Programs provided officers either an additional 5 to 10 percent hazard pay or overtime. Captain Gagnon reiterated that Nevada's program would emulate Arizona's program, which used forfeiture money to fund the program.

In response to additional questions from Assemblywoman Leslie regarding how the number of overtime hours was determined, Captain Gagnon advised that 1.5 to 2 hours of overtime per day per officer was the standard used by law enforcement agencies across the country.

In response to Senator Titus, who asked for information on the current use of forfeiture funds, Captain Gagnon explained that forfeiture funds were "strictly controlled by federal guidelines" for narcotics interdiction or narcotic-related activities for law-enforcement purposes only. Captain Gagnon advised that a program that took the dogs and their handlers into schools to teach students about the dogs and how they were being used in drug interdiction was also being contemplated.

Assemblyman Anderson recalled that the K-9 Program was proposed to the Legislature several years ago and the concern expressed at that time was the aggressive nature of the animals that were proposed to be used. Assemblyman Anderson asked agency representatives to provide information on the breed of dogs that would be used.

Captain Gagnon advised that the K-9 Program would use German Shepherds and Belgian Shepherd Malinois, and, if the Program proved successful, Beagles would also be incorporated into the group. Captain Gagnon reported that Beagles had proven to be successful in working with U.S. Customs and other federal agencies and would be useful because of their small size, non-aggressive nature, and their work longevity of eight to ten years compared with six to eight years for a German Shepherd.

In response to Assemblywoman Weber, who asked which areas of the state the dogs would be placed, Captain Gagnon advised that after the initial training, the Department would place four canines in Las Vegas and two in Reno. The two dogs in Reno would be placed along I-80, identified by the Drug Enforcement Administration, as a drug corridor that dealers knew was not strictly enforced by law enforcement officers. The four dogs in Las Vegas would be placed along I-15 and alternate routes.

Assemblywoman Leslie pointed out that 10.5 hours constituted 26 percent of an officer's time and taking into consideration the time-and-a-half factor asked why an additional 5 or 10 percent could not be provided rather than the overtime.

Mr. Hafen pointed out that compensating officers an additional 5 percent would become a budgetary line item that would use Highway Fund money while the limited number of overtime hours could be paid for through the use of forfeiture funds or donations in accordance with federal guidelines.

Assemblywoman Leslie expressed her preference to compensate the officers with an additional 5 percent salary increase.

Captain Gagnon advised that the only two options were to pay 1.5 to 2 hours of overtime per day or 5 or 10 percent for special duty hazard, and the DPS chose to emulate the Las Vegas Metropolitan Police Department and the Arizona Department of Public Safety, who paid their officers overtime. Captain Gagnon pointed out that overtime costs would be paid from forfeiture funds with no impact to the General Fund.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that he believed a line item cost could be budgeted as a revenue in the Forfeitures Budget Account to pay for overtime or for an additional 5 or 10 percent salary increase unless there was a federal guideline prohibiting such an action.

Mr. Hafen advised that he had misinformed the Committee regarding the overtime funding and asked the Department's Administrative Services Officer to provide the correct information.

Sheri Brueggemann, Administrative Services Officer, DPS, testified that the overtime costs would be paid for from the Highway Fund. Ms. Brueggemann advised that she had received confirmation that under the federal guidelines, forfeiture funds could not be used to pay overtime costs.

In response to Mr. Stevens, who indicated that the 10.5 hours of overtime or the 5 or 10 percent additional salary increase could be budgeted out of Highway Funds, Ms. Brueggemann said that the Department of Personnel denied the 5 percent salary increase earlier in the week leaving only the overtime option.

In response to Assemblywoman Leslie, who asked for the basis of the denial, Ms. Brueggemann said that the Department of Personnel ruled that complex investigation duties did not justify an additional 5 percent increase in salary.

Assemblywoman Smith questioned whether a flat fee or a bonus for the additional duties fit within case law.

Mr. Hafen advised that additional review of the Department of Personnel determination and the guidelines for the expenditure of forfeiture funds were required but indicated that the Department's budget for the following biennium would, "more than likely," include a line item expenditure for the additional duties required of an officer.

Assemblywoman Leslie indicated that if the issue could be resolved with the Department of Personnel, she preferred the Department's original proposal to compensate officers an additional 5 to 10 percent.

Captain Gagnon reported that some jurisdictions compensated with a combination of a 5 percent salary increase as well as overtime. Additionally, the Captain advised that Department of Personnel representatives had requested additional information regarding the duties of the officers and the specialized training required of them, which could assist in gaining approval of the request for an additional 5 or 10 percent compensation.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
WORK PROGRAM ITEMS 171, 172, 173, 174, 175, AND
ITEM L. 1 WITH AN ADDITIONAL 5 PERCENT SALARY
INCREASE SUBJECT TO ADJUSTMENT BY THE
COMMITTEE IF IT WAS DETERMINED ADDITIONAL
COMPENSATION OR OVERTIME WAS NEEDED.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Matthews indicated that it was her opinion that the officers should be compensated for the additional duties with overtime or an additional percentage

increase but not a combination of both. Additionally, Senator Mathews asked that a status report be provided to the Committee at the June meeting.

- 172. Department of Public Safety – Forfeitures – FY 09** – Transfer of \$20,314.00 from the Reserve category to the K-9 Program category to provide funding for initial and ongoing training for the canine drug interdiction teams. Requires Interim Finance approval since the amount added to the K-9 Program category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C34954. RECEIVED MARCH 21, 2008. RELATES TO ITEMS 171, 173, 174, AND 175.**

Refer to narrative and motion for approval under Item 171.

- 173. Department of Public Safety – K-9 Program – FY 08** – Addition of \$398,668.00 in Transfer from Forfeitures to purchase canines and associated items to establish a K-9 drug detection program to enhance drug interdiction on Nevada state highways. Requires Interim Finance approval since the amount added to the K-9 Program category exceeds \$50,000.00. **Work Program #C34953. RECEIVED MARCH 21, 2008. RELATES TO ITEMS 171, 172, 174, AND 175.**

Refer to narrative and motion for approval under Item 171.

- 174. Department of Public Safety – K-9 Program – FY 09** – Addition of \$20,314.00 in Transfer from Forfeitures to provide funding for a portion of the initial training as well as 30 days of on-the-job training and quarterly updates for a new K-9 Program. Requires Interim Finance approval since the amount added to the K-9 Program category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C34955. RECEIVED MARCH 21, 2008. RELATES TO ITEMS 171, 172, 173, AND 175.**

Refer to narrative and motion for approval under Item 171.

- 175. Department of Public Safety – K-9 Program – FY 09** – Addition of \$165,000.00 in Gifts and Donations to accept donations from the Nevada State Friends for K-9. Requires Interim Finance approval since the amount added to the K-9 Program category exceeds \$50,000.00. **Work Program #C34956. RECEIVED MARCH 21, 2008. RELATES TO ITEMS 171, 172, 173, AND 174.**

Refer to narrative and motion for approval under Item 171.

- 176. Department of Public Safety – State Fire Marshal Division – FY 08** – Addition of \$25,916.00 in Transfer from Environmental Protection and \$83,084.00 in Transfer from the State Emergency Response Commission to cover the cost of providing hazardous and non-hazardous materials training to fire services and volunteer firefighters statewide. Requires Interim Finance approval since the amount added to the Rural Training category exceeds \$50,000.00. **Work Program #C34941**

Jim Wright, Chief State Fire Marshal, State Fire Marshal Division, Department of Public Safety, identified himself for the record. Mr. Wright advised the Committee of the revision of the original work program from \$109,000 to \$56,000 and requested approval to increase revenue authority by the revised amount.

SENATOR RAGGIO MOVED APPROVAL OF WORK PROGRAM 176 AS REVISED.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Amodei was not present for the vote.)

- 177. Department of Public Safety – State Emergency Response Commission – FY 08** – Transfer of \$10,000.00 from the Reserve category to the Information Services category to provide additional budget authority for the development and implementation of the Tier II Manager Database. Requires Interim Finance approval since the cumulative amount added to the Information Services category exceeds \$50,000.00. **Work Program #C34926**

Refer to motion for approval under Item E.

- 178. Department of Conservation and Natural Resources – Division of State Parks Operating – FY 08** – Addition of \$57,272.00 in Marina Development Gas Taxes to increase authority for projected receipts and to cover a projected shortfall in operating due to fuel costs. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C34705**

Refer to motion for approval under Item E.

- 179. Department of Conservation and Natural Resources – Division of Environmental Protection – State Revolving Fund Administration Account – FY 08** – Addition of \$538,200.00 in Federal Drinking Water State Revolving funds to provide assistance throughout Nevada for activities of the Drinking Water State Revolving Fund Program. Requires Interim Finance approval since the amount added to the 15 percent Set Aside Local Assistance category exceeds \$50,000.00. **Work Program #C32423**

Refer to motion for approval under Item E.

- 180. Department of Conservation and Natural Resources – Division of Environmental Protection – State Revolving Fund Administrative Account – FY 08** – Addition of \$130,000.00 in Federal Drinking Water State Revolving funds to allow for the consolidation of two water systems in Pahrump. Requires Interim

Finance approval since the amount added to the 15 percent Set Aside Local Assistance category exceeds \$50,000.00. **Work Program #C32424**

Refer to motion for approval under Item E.

- 181. Department of Wildlife – Administration – FY 08** – Transfer of \$42,483.00 from the Fisheries Management category to the Vehicles category and \$147,517.00 from the Unobligated Reserve category to the Vehicles category to cover a projected shortfall in vehicle maintenance and fuel costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Vehicles category exceeds \$50,000.00. **Work Program #C34607**

Refer to motion for approval under Item E.

- 182. Department of Wildlife – Administration – FY 08** – Addition of \$20,148.00 in Private Grant funds and transfer of \$37,852.00 from the Unobligated Reserve category to the Conservation Education category to promote an outreach program targeting anglers using various media and database demographics to develop enhanced marketing programs to increase the sales of fishing and hunting licenses. Requires Interim Finance approval since the amount transferred to the Conservation Education category exceeds \$50,000.00. **Work Program #C34605**

Refer to motion for approval under Item E.

- 183. Department of Wildlife – Administration – FY 08** – Addition of \$123,385.00 in Federal Hunter Safety Aid to accept a Hunter Education Grant from the United States Department of Interior, Fish and Wildlife Services and reimburse Reserve for a stale claim that should have been charged to Hunter Education. Requires Interim Finance approval since the amount added to the Hunter Education category exceeds \$50,000.00. **Work Program #C34606**

Refer to motion for approval under Item E.

- 184. Department of Wildlife – Administration – FY 08** – Addition of \$62,424.00 in Transfer from Wildlife Boating Program and transfer of \$474,138.00 from the Reserve category to the Equipment category to replace 17 vehicles. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$50,000.00. **Work Program #C32090. RELATES TO ITEM 186.**

Refer to motion for approval under Item E.

- 185. Department of Wildlife – Boating Program – FY 08** – Addition of \$137,259.00 in United States Coast Guard Grant funds and transfer of \$145,531.00 from the Reserve category to the Transfer to Wildlife category to support boating **access** programs and transfer indirect costs to the Administration budget account. Requires Interim Finance approval since the amount transferred to the Transfer to

Wildlife category exceeds \$50,000.00. **Work Program #C34612. REVISED MARCH 21, 2008.**

Refer to motion for approval under Item E.

- 186. Department of Wildlife – Boating Program – FY 08** – Transfer of \$62,424.00 from the Reserve category to the Transfer to Wildlife category to reimburse the Administrative Account for the purchase of two vehicles. Requires Interim Finance approval since the amount transferred to the Transfer to Wildlife category exceeds \$50,000.00. **Work Program #C34610. RELATES TO ITEM 184.**

Refer to motion for approval under Item E.

- 187. Department of Wildlife – Obligated Reserve – FY 08** – Addition of \$85,102.00 in Elk Damage Fees to cover projected costs associated with the prevention and mitigation of damage caused by elk. Requires Interim Finance approval since the amount added to the Elk Damage Program category exceeds \$50,000.00. **Work Program #C32085**

Refer to motion for approval under Item E.

- 188. Department of Transportation – Administration – FY 08** – Addition of \$50,000,000.00 in Transfer Appropriation from Budget Account 4661, A.B. 544 Highway Projects to provide sufficient authority for project expenditures for FY 08 based upon projected contract expenses. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds \$50,000.00. **Work Program #C33508**

Item 188 was withdrawn.

- 189. Department of Transportation – Administration – FY 08** – Addition of \$600,000.00 in Sale of Oil and Gas to provide sufficient authority for projected sales to other state and county agencies for FY 08. Requires Interim Finance approval since the amount added to the Sale of Oil and Gas category exceeds \$50,000.00. **Work Program #C33507**

Refer to motion for approval under Item E.

- 190. Department of Transportation – Administration – FY 08** – Transfer of \$70,000.00 from the Consultants category to the Operating category and \$2,500.00 from the Consultants category to the Equipment category to allow the Safety Management Division to purchase commercial, off-the-shelf software and external hard drives necessary to complete the Safety Management System Project. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C33510**

Refer to motion for approval under Item E.

- 191. Department of Transportation – Administration – FY 08** – Addition of \$828,731.00 in Highway Fund Appropriation and transfer of \$500,000.00 from the Equipment category to the Operating category to provide sufficient authority for rising fuel costs due to increased weather-related consumption, higher prices and an increased fleet. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C33509**

Refer to motion for approval under Item E.

- 192. Office of the Military – FY 08** – Addition of \$630,000.00 in Department of Defense Federal Receipts to comply with requirements of the Master Cooperative Agreement which states that all 100 percent federally-funded procurements must go through state procurement processes and cover projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Environmental category exceeds \$50,000.00. **Work Program #C21322**

Refer to motion for approval under Item E.

- 193. Office of the Military – FY 08** – Transfer of \$29,700.00 from the Personnel Services category to the Emergency Fund category to cover salary and travel expenditures for a Brigadier General to serve on the Governor's Blue Ribbon Panel for the Nevada National Guard long-range plan. **Work Program #C21324. RECEIVED MARCH 21, 2008.**

Item 193 was withdrawn.

- 194. Office of Veterans Services – Nevada State Veterans Home – Boulder City – FY 08** – Transfer of \$67,627.00 from the Personnel Services category to the Operating category to cover the cost of contracting of services for an Occupational Therapist and the Health Information Director, which are both currently vacant. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00. **Work Program #C32222**

Refer to motion for approval under Item E.

POSITIONS CHANGES

Department of Health and Human Services, Division of Health Care Financing and Policy

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, requested Committee approval to reclassify a vacant Administrative Aid, Grade 21, position to an Economist III, Grade 38 position.

Mr. Duarte discussed the importance of reclassifying the vacant position to an Economist III and hiring prior to development of agency budgets for the upcoming biennium. Additionally, he spoke of the Division as well as the Department-wide need for the expertise and training of an Economist III to project the impact of the economic situation on caseloads.

Mr. Duarte said that the position, if approved, would work out of the Director's Office under the supervision of a Management Analyst while other positions, within the Department, would work to assist with projecting agency caseloads and expenditures. Mr. Duarte reiterated the need for the position and the importance of moving into the next fiscal cycle with more accurate projection methodologies.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE POSITION RECLASSIFICATION.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

Refer to motion for approval under Item E for all other position changes.

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Health and Human Services, Division of Health Care Financing and Policy	403/3158	0046	Administrative Aid, 2.221, grade 21, Step 1, \$24,909.84, Employee/Employer Paid Retirement	Economist III, 7.719, grade 38, Step 1, \$49,861.44, Employee/Employer Paid Retirement
Department of Corrections	440/3760	0114	Accounting Assistant II, 2.301, grade 27, step 3, \$34,117.44, Employee/Employer Paid Retirement	Accounting Technician I, 7.143, grade 30, step 2, \$37,041.12, Employee/Employer Paid Retirement
Department of Conservation and Natural Resources, Division of Environmental Protection	709/3173	0541	Accounting Assistant I, 2.306, grade 23, step 1, \$24,346.08, Employer Paid Retirement	Accountant Technician I, 7.143, grade 30, step 1, \$32,196.96, Employer Paid Retirement
Department of Wildlife, Administration	702/4452	0138	Administrative Assistant II, 2.212, grade 25, step 1, \$29,023.20, Employee/Employer Paid Retirement	IT Technician V, 7.931, grade 33, step 1, \$40,298.40, Employee/Employer Paid Retirement

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Transportation	800/4660	016-045	Transportation Technician II, 7.715, grade 27, step 04, \$32,196.96, Employer Paid Retirement	Engineering Technician III, 6.313, grade 30, step 04, \$36,560.88, Employer Paid Retirement
Department of Transportation	800/4660	94001	Communications System Specialist II, 6.977, 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
Department of Transportation	800/4660	92002	Communications System Specialist II, 6.977, 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
Department of Transportation	800/4660	96001	Communications System Specialist II, 6.977, 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
Department of Transportation	800/4660	93001	Communications System Specialist II, 6.977, 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
Department of Transportation	800/4660	93002	Communications System Supervisor, 6.976, grade 37, step 10, \$64,623.60, Employer Paid Retirement	IT Professional III, 7.925, grade 39, step 10, \$70,783.20, Employer Paid Retirement
Department of Transportation	800/4660	92001	Communications System Supervisor, 6.976, grade 37, step 10, \$64,623.60, Employer Paid Retirement	IT Professional III, 7.925, grade 39, step 10, \$70,783.20, Employer Paid Retirement
Department of Transportation	800/4660	067-048	Telecommunications System Coordinator II, 6.969, grade 38, step 10, \$67,651.20, Employer Paid Retirement	IT Professional III, 7.925, grade 39, step 10, \$70,783.20, Employer Paid Retirement

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Transportation	800/4660	095-001	Communications System Specialist II, 6.977, 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
Department of Transportation	800/4660	094-003	Communications System Specialist II, 6.977, grade 35, step 1, \$39,734.64, Employer Paid Retirement	IT Professional II, 7.926, grade 37, step 1, \$43,326.00, Employer Paid Retirement

F. DEPARTMENT OF ADMINISTRATION – Status of General Fund Shortfall and Actions Taken or Planned to Address the Estimated Shortfall.

Andrew Clinger, Director, Department of Administration, distributed a document entitled, *State of Nevada Projected General Fund Shortfall 2007 – 2009 Biennium* ([Exhibit H](#)).

Mr. Clinger provided a status report summarizing the projected \$898 million General Fund shortfall and advised that the Budget Division's current projections reflected a \$595 million decrease in the Economic Forum's projections for General Fund revenue compared with a projected revenue shortfall of \$395.3 million when the Committee last met on January 24, 2008.

Mr. Clinger pointed out that while the staff of the Department of Administration's Budget Division and the Legislative Counsel Bureau's Fiscal Analysis Division were "fairly close" on the total, significant differences existed. He indicated, for example, that the Budget Division staff projected a larger reduction in sales tax revenue while the Fiscal Analysis Division staff projected a larger reduction in real property transfer tax. Mr. Clinger pointed out that if the projections by the staff of each office proved correct, the shortfall could increase by another \$20 million to \$30 million and cautioned that additional adjustments to the proposed solutions could be required upon receipt of the next quarterly revenue report in May.

Mr. Clinger provided the following proposed solutions to the projected shortfall that were reflected on the *State of Nevada Projected General Fund Shortfall 2007 – 2009 Biennium* ([Exhibit H](#)):

- Budget Reserves of "Ongoing" Appropriations was reduced by 4.5% as of January 24, 2008.
- Capital Improvement Program (CIP) Budget Reserves – CIP projects were reduced by \$36 million in January 2008 and as of April 2008, a reduction of

\$185.4 million was proposed pending decisions relative to the Department of Corrections. Mr. Clinger pointed out that the Legislature appropriated approximately \$192 million for the Capital Improvement Program, and the proposed reduction of \$185.4 million, accomplished through a combination of favorable bid savings, deferral of certain projects, and scope changes, would almost eliminate the appropriation. Mr. Clinger advised that details regarding the Capital Improvement Program would be included in the discussions that would take place later in the afternoon with the Governor and Legislative leadership.

- Budget Reserves of "One-Time" Appropriations - 4.5 percent reduction in January 2008.
- The Grant Sawyer Office Building Settlement provided \$5.1 million.
- Transfer from the Fund to Stabilize Operation of State Government – The Budget Division proposed to use \$232 million of the Fund in January 2008 and as of April 2008 proposed to utilize \$267 million leaving a balance of approximately \$632,000.
- Department of Corrections' and Division of Child and Family Services' debt forgiveness for fiscal year 2008 and 2009 – The Treasurer's Office identified \$4.9 million of debt payments that could be forgiven with the utilization of funds from the Bond Interest and Redemption Account. Mr. Clinger advised that the funds appropriated for the debt would be placed in reserve.
- Transfer from the Bond Interest and Redemption Account – The Treasurer's Office would transfer \$18 million from the Bond Interest and Redemption Account into the State General Fund.
- A.B. 544 – Transportation Funding Reserve – Assembly Bill 544, 2007 Legislature, appropriated \$170 million to the Department of Transportation for State Route 160 and I-15 projects. The first round of budget reductions decreased funding for the State Route 160 project by \$16 million. The current proposal would eliminate \$40 million from other areas within the Department of Transportation in order to use State Highway Fund money for the I-15 project rather than \$40 million that was allocated for the project.
- Public Employees Benefit Program rate holiday – A proposed rate holiday would allow state employees to skip the July premium payment and would forgive the state subsidy payment, which would provide a \$10 million savings to the General Fund.
- A.B. 617 – IFC/Fund to Stabilize Operation of State Government – Absorption of the \$36 million appropriated to the Interim Finance Committee with a trigger to the Rainy Day Fund was reflected on the list of proposals.

- Treasurer's Adjustment to Unclaimed Property Receipts Forecast – The list of proposed solutions reflected an adjustment by the State Treasurer to offset the shortfall with \$11.7 million in additional unclaimed property receipts.
- Spend-down unappropriated General Fund balance - The final item on the proposed list of solutions was to spend down the unappropriated General Fund balance by \$5.3 million. Mr. Clinger pointed out that the unappropriated General Fund balance forecasted "certain supplemental funding into the mix," and drawing down the unappropriated balance by \$5.3 million would take the General Fund balance to the 5 percent statutory minimum and a net shortfall of approximately \$41 million. Mr. Clinger indicated that various issues slated for discussion in the afternoon meeting with the Governor and Legislative leadership could eliminate the \$41 million shortfall.

In response to Senator Raggio, who asked about a \$15 million shortfall in the Department of Health and Human Services, Mr. Clinger advised that a \$15.4 million shortfall related to IV-E federal funds was identified in the Division of Child and Family Services, and that shortfall as well as other issues could add to the deficit.

In response to Senator Raggio, who asked whether additional operating reductions would be required, Mr. Clinger indicated that, in view of the current list of alternatives, he did not anticipate additional operating reductions.

Assemblyman Hardy questioned the consequences of depleting the Fund to Stabilize the Operation of State Government in the event of a natural disaster.

Mr. Clinger advised that in the event of a flood or other natural disaster, the Disaster Relief Account, which had a \$5.3 million balance, could be accessed.

In response to questions Assemblyman Hardy asked regarding current and long-term revenue projections, Mr. Clinger advised that current revenue forecasts were based on reports through February 2008 and for quarterly tax revenue only through December 2007. Mr. Clinger reiterated earlier testimony that the first quarter revenue reports for the modified business tax, the real property transfer tax, and the insurance premium tax would be received at the end of May and at that time the projections would be re-evaluated.

G. STATEMENT OF CONTINGENCY FUND BALANCE.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported a current unreserved balance in the Contingency Fund ([Exhibit G](#)) of approximately \$11.7 million and approximately \$300,000 in Contingency Fund allocation requests before the Committee, which if approved would leave a balance of approximately \$11.4 million.

*H REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (NRS 353.269).

1. OFFICE OF THE STATE TREASURER – Request \$125,007 to provide funding for a new position in FY 2009. RELATES TO ITEM E.12.

Refer to narrative and motion for approval under Item E. 12 to fund the new position from the Treasurer's Assessment rather than the Contingency Fund.

2. COMMISSION ON JUDICIAL DISCIPLINE – Request \$169,953 to cover costs associated with four complex cases subject to hearings before the close of FY 2008.

David Sarnowski, Executive Director and General Counsel, Nevada Commission on Judicial Discipline and the standing Committee on Judicial Ethics and Election Practices, identified himself for the record and introduced Kathy Schultz, Nevada Commission on Judicial Discipline.

Mr. Sarnowski reported that Greg Ferraro, Chairman of the Commission, wanted to provide testimony in support of the funding request but had to leave to attend another meeting.

Mr. Sarnowski requested approval for an allocation from the Contingency Fund to pay unanticipated costs related to three "extremely complex" cases. He said that although more than one or two cases a year was unusual, the Commission on Judicial Discipline currently had four cases pending with one case scheduled for hearing in June. Additionally, Mr. Sarnowski reported that he had halted investigations two weeks prior since funding for investigations had been expended in its entirety.

Mr. Sarnowski advised that the Commission's staff had provided the Budget Division and Fiscal Analysis Division staff with detailed calculations on the additional funding required for investigative purposes for the remaining three months of fiscal year 2008.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that after working with the Committee's staff, the Commission agreed that the allocation from the Contingency Fund could be reduced from \$169,953 to \$153,368.

Mr. Sarnowski agreed that the funding in the revised amount was correct.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM H. 2 AS REVISED.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Amodei was not present for the vote.)

3. STATE DEPARTMENT OF AGRICULTURE – Veterinary Medical Services – Request \$49,708 to support the Virginia Range Estray Management Program for the remainder of FY 2008.

Rick Gimlin, Deputy Director, Nevada Department of Agriculture, identified himself for the record and introduced Dr. Phil LaRussa, State Veterinarian, Nevada Department of Agriculture, and Tony Lesperance, Director, Nevada Department of Agriculture.

Mr. Gimlin appeared before the Committee to request additional operating funds from the Contingency Fund to support the operation of the Virginia Range Estray Horse Management Program through the end of fiscal year 2008. Mr. Gimlin reported that the original \$59,202 request was revised to \$49,708 and later revised again to a current request of \$15,934.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
H. 3 AS REVISED.

Assemblyman Grady recalled an Interim Finance Committee (IFC) request for \$300,000 several months ago to purchase hay for the Virginia Range horses, which was later withdrawn. Additionally, he recalled that earlier in the year, the state released some of the horses from the Virginia Range onto the Tahoe Reno Industrial Center but pointed out that the horses were not staying in the area in which they were released. Assemblyman Grady expressed his constituents' concern that over 1,200 horses on the Virginia Range were starving and asked agency representatives to address how they proposed to buy the hay needed to feed the horses.

Mr. Gimlin advised that there were no plans to buy hay to feed the horses and that Department of Agriculture staff were working on a complaint only basis.

Mr. Lesperance indicated that as an environmentalist he was concerned more about the Virginia Range than about the welfare of the horses. He said that the Virginia Range was experiencing irreparable harm because of a "total loss of forage" and erosion. Mr. Lesperance reported that Department of Agriculture representatives were meeting with landowners and that although the issue was emotional and controversial, the Department would take whatever steps were necessary to reduce the number of horses as rapidly as possible. He said that the state of Nevada could not afford to feed the horses that he defined as "simply domesticated horses that had been turned out."

Mr. Grady asked Department representatives to be more specific about their plan for the more than 1,200 horses on the Virginia Range.

Mr. Lesperance said that while it was "difficult to process horses on the North American continent almost any way at this point in time," the Department staff was working on a daily basis to develop a plan to resolve the problem.

Chairman Arberry asked Mr. Lesperance to meet privately with Assemblyman Grady to discuss the plan.

Mr. Lesperance agreed to meet with Assemblyman Grady.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

4. DEPARTMENT OF HEALTH AND HUMAN SERVICES – Division of Mental Health and Developmental Services – Request \$4,680.08 to cover Public Employees' Retirement System of Nevada (PERS) contributions and interest due for fiscal years 1994-1996.

Andrew Clinger, Director, Department of Administration, requested \$4,680.08 from the Contingency Fund for allocation to the Division of Mental Health and Developmental Services, Department of Health and Human Services. If approved, the funds would pay the retirement costs for a former contract employee, who the Public Employees' Retirement System (PERS) determined was entitled to retroactive membership eligibility in the Retirement System.

SENATOR TOWNSEND MOVED APPROVAL OF
ITEM H.4.

ASSEMBLYWOMAN LESLIE SECONDED TH MOTION.

THE MOTION CARRIED. (Senator Raggio and
Assemblyman Grady were not present for the vote.)

5. DEPARTMENT OF PUBLIC SAFETY

- (a) Dignitary Protection – Request \$21,147 to cover a projected budget shortfall of \$12,591 in operating expenditures and \$8,556 in mansion security expenditures.

Item 5 (a) was withdrawn.

- (b) Nevada Highway Patrol – Request \$49,000 to cover a projected shortfall in dignitary protection expenditures.

Chris Perry, Chief, Highway Patrol Division, Department of Public Safety, appeared before the Committee to request \$40,141 from the Contingency Fund to cover a projected shortfall in dignitary protection expenditures.

Chief Perry reported approximately 25 visits from dignitaries including various governors, senators, and President Bush with several more visits from the president and political candidates expected prior to the close of fiscal year 2008. Chief Perry reported expenditures thus far of \$23,461 in addition to an allocation of \$4,606 totaling \$28,067.15 and \$16,678 pending for a total of \$40,141 reduced from \$49,000.

SENATOR TOWNSEND MOVED APPROVAL OF
ITEM H.5 (b).

ASSEMBLYWOMAN KOIVISTO SECONDED THE
MOTION.

THE MOTION CARRIED. (Senator Cegavske was not
present for the vote.)

6. STATE DEPARTMENT OF CONSERVATION AND NATURAL
RESOURCES – Division of Water Resources – Request \$74,000 to allow
for necessary repairs to the South Fork Dam.

Item 6 was withdrawn.

7. DEPARTMENT OF MOTOR VEHICLES – Administrative Services –
Request \$600,000 (Highway Fund portion of the Contingency Fund) due
to the projected shortfall of Dealer's Report of Sale revenues.

Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles, appeared before the Committee to request an allocation from the Highway Fund portion of the Contingency Fund to cover a projected revenue shortfall. Mr. Colling revised the original \$600,000 request to \$450,000.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM 7 AS REVISED.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Cegavske was not
present for the vote.)

- *I. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY
FUND PURSUANT TO A.B. 628 (Section 37, 2007).

1. DEPARTMENT OF CORRECTIONS – High Desert State Prison – Request \$253,328 for inmate-driven costs for the inmate population projected to be 234 inmates above the population projection used for the legislatively approved budget.

Howard Skolnik, Director, Department of Corrections, requested \$253,328 from the Contingency Fund for costs of inmate-driven expenses at the High Desert State Prison that exceeded the legislatively approved budgeted amount for fiscal year 2008.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM I. 1.

ASSEMBLYWOMAN GANSERT SECONDED THE
MOTION.

THE MOTION CARRIED. (Senator Cegavske was not
present for the vote.)

Assemblywoman Buckley asked Department of Corrections' representatives to release to the Committee's staff admissions and releases data that provided ongoing monitoring of the inmate population changes.

Mr. Skolnik advised that the size of the file had presented some problems in transmitting the data; however, he said the file had been modified into a format that could now be transmitted.

2. DEPARTMENT OF PUBLIC SAFETY – Parole Board – Request \$24,000 to cover projected Hearings Representative Fees related to A.B. 510 and S.B. 471 of the 2007 Legislative Session.

Chairman Arberry announced that the Committee would consider Item I.2 and Informational Item O. 14.c concurrently.

David Smith, Parole Hearings Examiner, State Board of Parole Commissioners, Department of Public Safety (DPS), identified himself for the record and introduced Rebecca Mabray, Management Analyst, State Board of Parole Commissioners, DPS.

Mr. Smith represented Dorla Salling, Chair of the State Board of Parole Commissioners, DPS, who was unable to attend the meeting. Mr. Smith requested a \$24,000 Contingency Fund allocation to cover the costs to conduct inmate hearings that were greater than the legislatively approved amount.

Assemblywoman Buckley expressed concern that in the time since November 2007 when the Committee approved a Contingency Fund allocation that included funding for 8 new positions, the backlog of inmates eligible for parole had increased from 625 to

approximately 1,000 inmates. Assemblywoman Buckley asked Parole Board representatives to address why staff for the 8 new positions had not yet been hired.

Mr. Smith advised that the positions that were requested and approved in November 2007 differed from the request before the Committee. He explained that although the Parole Board had been optimistic that the positions approved in November 2007 could be quickly moved through the recruitment and hiring process, a list of eligible candidates was only now in the process of being ranked. Mr. Smith anticipated that the Department of Personnel would forward the list during the current week and interviews would follow shortly thereafter.

Assemblywoman Buckley pointed out that the backlog of inmates awaiting a hearing was reaching a crisis point and expressed difficulty in understanding why the problems could not be more quickly addressed and resolved. Additionally, Assemblywoman Buckley pointed out the frustration involved with addressing the state's mounting financial problems that required, for example, the necessity earlier in the day to reduce children's health insurance benefits while at the same time the release of inmates could not go forward.

In response to questions Chairman Arberry asked about the number of hearings that had taken place, Mr. Smith advised that the State Board of Parole Commissioners met on a daily basis to conduct hearings. He advised that prior to the changes brought about by A.B. 510 and S.B. 471, 2007 Legislature, the Board was conducting approximately 700 hearings a month throughout the state; however, changes in the law prohibited the Board from denying parole unless inmates had the opportunity to be present and to testify. Mr. Smith said that after the Committee approved funding in September 2007 for video conferencing equipment to broadcast the hearings to provide for the inmates' presence, there were additional delays related to implementation of the system and program changes related to the hearing process.

Mr. Smith said that currently the Parole Board conducted approximately 600 hearings a month with the assistance of two Hearings Representatives. In February 2008, three additional Hearing Representatives were contracted with, and approval of the request before the Committee would provide the funding to pay for their orientation training required under *Nevada Revised Statutes*. Mr. Smith anticipated a reduction in the backlog with the assistance and recommendations provided by the three additional Hearings Representatives.

Chairman Arberry asked the Board representative to provide a time frame for addressing the backlog.

Mr. Smith advised that under the provisions of the laws enacted in July 2007, credits were applied to inmate sentences retroactively in September, and the average number of inmates scheduled for hearing went from 700 to 1,900. Additionally, Mr. Smith said that the 30-day notice requirement to law enforcement officials and installation of the video conferencing equipment that allowed for the presence of the inmates in the camps

during a hearing had delayed the process. Compounding the current backlog, Mr. Smith reported that new inmates entering the system with minimum sentences received applicable credits and became eligible for parole in just several months.

Chairman Arberry asked Board representatives to prepare a report for the June meeting on a plan to address the backlog of inmates awaiting a parole hearing to which Mr. Smith agreed.

In response to Assembly Anderson, who questioned the delays in the process attributed to implementation of the video conferencing system and the recruitment for qualified staff, Mr. Smith explained that there were two recruitments, one for Hearings Representatives and the other for Hearings Examiners. Mr. Smith explained that the Hearings Representatives were contract employees and current active employees included Amy Wright, former Chief, Division of Parole and Probation, DPS, and Mike Ebright, former Deputy Chief, Division of Parole and Probation, DPS. Three recently hired Hearings Representatives included Glen Wharton, former Director, Department of Corrections, Robin Bates, former, Warden, Department of Corrections, and Sandra Thomas, former, District Administrator, Division of Parole and Probation, DPS. Mr. Smith explained that with the significant changes that had occurred in criminal justice in the last year and a half, a decision was made to hire employees, who were familiar with the changes. As previously indicated, Mr. Smith advised that the Board was awaiting receipt of a ranked list of 61 applicants for Hearings Examiner from the Department of Personnel.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that the Committee had previously allocated funds to the State Board of Parole Commissioners that they had not entirely expended in fiscal year 2008. Mr. Stevens advised that staff recommended authorization for the expenditure of \$24,000 from previous allocations made by the Interim Finance Committee to the State Board of Parole Commissioners.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF
ITEM I. 2 AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Cegavske was not
present for the vote.)

- *J. ALLOCATIONS TO LOCAL GOVERNMENTS TO PROVIDE
ALTERNATIVES FOR PERSONS WHO ARE HOMELESS, PURSUANT TO
A.B. 629 (Section 2, 2007).

Assemblywoman Leslie, Chair, Interim Finance Committee's Subcommittee to Review Allocations for Homeless Persons, reported that the Subcommittee met twice to review

how to allocate a \$1 million appropriation for transitional housing and supportive services for homeless people pursuant to A.B. 629 (Section 2, 2007).

The Subcommittee, whose members included Senator Raggio, Senator Beers, Senator Titus, Assemblyman Parks, Assemblyman Hardy, and Assemblywoman Leslie, heard detailed testimony from advocate groups for the homeless and recommended the following allocation of funds:

- \$600,000 to projects in Clark County
- \$300,000 to projects in Washoe County
- 100,000 to projects in rural Nevada

During their second meeting, all members of the Subcommittee, with the exception of Senator Beers, voted to approve the distribution of funds contingent upon availability of funding. The motion included a recommendation from Senator Raggio that if the budget reduction process reduced rather than eliminated the \$1 million appropriation, the allocation to each geographic area would be reduced proportionately.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE SUBCOMMITTEE'S RECOMMENDATION TO ALLOCATE FUNDS TO LOCAL ENTITIES CONTINGENT UPON THE AVAILABILITY OF FUNDING AND BASED ON THE DISTRIBUTION DETERMINED BY THE SUBCOMMITTEE.

Senator Raggio suggested amending the motion to reflect that if the budget reduction process reduced the \$1 million appropriation, the allocation to the local jurisdictions be proportionately reduced with the exception of the two small rural counties.

ASSEMBLYWOMAN LESLIE AMENDED HER MOTION TO REFLECT THAT A REDUCTION OF THE \$1 MILLION APPROPRIATION WOULD NOT REDUCE THE ALLOCATION TO THE RURAL COMMUNITIES.

SENATOR RAGGIO SECONDED THE MOTION.

Assemblyman Parks disclosed that he worked with several nonprofit boards that assisted the homeless, which he said would not affect his intent to support the motion.

Assemblyman Hardy questioned whether any of the funding allocation would be used to leverage federal dollars recognizing that a reduction in the funding could affect the receipt of federal matching dollars.

Senator Raggio advised that funding would not be used to leverage federal dollars.

Assemblywoman Leslie agreed that the local governments were not dependent on the allocation of funds under A.B. 629 to draw on their federal match.

THE MOTION CARRIED. (Assemblywoman Weber was not present for the vote.)

- *K. DEPARTMENT OF EDUCATION – Request for approval of school districts' recommendations for financial incentives for certain education personnel, pursuant to NRS 391.166.

Keith Rheault, Ph.D., Superintendent of Public Instruction, Nevada Department of Education, appeared before the Committee to request approval of the recommendations submitted by school districts for financial incentives for certain education personnel pursuant to *Nevada Revised Statutes* (NRS) 391.166.

Dr. Rheault advised that the request for Committee approval was a requirement of A.B. 1, 23rd Special Session, a Bill that provided school districts the flexibility to develop plans for incentive pay programs for teachers in hard-to-fill positions in at-risk schools. The legislation required school districts to develop a plan to provide incentives for licensed educational personnel and to submit their plans to the Department of Education. Dr. Rheault reported that all of the districts that submitted plans continued the additional one-fifth Public Employees Retirement System (PERS) retirement credit, an option for teachers who taught in *At-Risk Schools*, *In Need for Improvement Schools (INOI)*, or *Hard-to-Fill Positions* and also offered a maximum cash incentive of \$3,500 per teacher.

Dr. Rheault asked the Committee to approve the incentive programs each district submitted not the dollar amounts, and he advised that the districts were in the process of submitting revised figures.

In response to Assemblywoman Smith, who noted that Storey County was not on the list of districts that submitted plans, Dr. Rheault advised that Storey County did not submit an application for the funding authorized under A.B. 1, and, in a recent follow-up, district staff in Storey County were requested again to develop a plan. Dr. Rheault advised that the statute required each district to develop a plan but did not require that they submit the plan to the Department.

In response to Assemblywoman Smith, who asked additional questions about the plans the other 16 school districts submitted, Dr. Rheault said that, in an effort to ensure accountability, he asked superintendents to review the number of INOI eligible teachers and to confirm the accuracy of the number of teachers submitted for each incentive that would be offered.

Dr. Rheault advised that on or before August 1, 2007, each school district was required to notify teachers that they could continue to receive the one-fifth retirement credit or that they could participate in the incentive program. However, since the districts had not yet completed their incentive plans, teachers chose the one-fifth retirement credit.

Assemblywoman Smith questioned the accuracy of the amount of the funding for incentives adopted in the budget.

Dr. Rheault indicated that he had considered the amount accurate based on his understanding that only teachers employed at an at-risk school or in a hard-to-fill position were eligible for the incentive, which would have reduced the funding for eligible schools by 56 percent. However, Dr. Rheault advised that a recent interpretation by the Legislative Counsel Bureau's Legal Division clarified that the intent of A.B. 1, in addition to providing incentives for teachers in at-risk schools or hard-to-fill positions, "grandfathered in" teachers, who qualified for the one-fifth retirement credit based on their employment in schools defined as In-Need-of-Improvement. Dr. Rheault advised, however, that the Bill included an accommodation that in the event of limited funding, the distribution of available funding would take place on a pro rata basis.

In response to questions Senator Raggio asked about Committee approval for the plans and the Department's implementation of the plans for teachers who were "grandfathered in" to receive the one-fifth retirement credit and cash incentives, Dr. Rheault advised that the agenda item requested Committee approval of the school districts' recommendations for financial incentives. Additionally, as previously indicated, he said that distribution of the available funding would be pro rated based on the estimates of the cost proposed by the districts. Dr. Rheault also advised that the Department was required to pay for the entire one-fifth retirement credit to PERS, which he indicated would require some adjustments.

In response to Senator Raggio, who questioned whether approval of the current recommendations for incentives would be premature, Dr. Rheault advised that the approval would let the districts know that the plans they submitted for cash incentives were approved with the one-fifth retirement credit. Dr. Rheault advised that Department of Education representatives would provide the Committee's staff with updated figures upon receipt of the districts' revisions.

ASSEMBLYWOMAN SMITH MOVED APPROVAL OF
ITEM K.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Mathews and
Assemblywoman Weber were not present for the vote.)

*L. APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO
NRS 353.335 (2)(C).

1. Department of Public Safety – K-9 Program – Request for approval to accept two drug detection K-9 dogs, valued at \$9,950 each and \$165,000 from the Nevada State Friends for K-9, a non-profit

corporation, to support and assist with the development of a drug-dog program.

Refer to narrative and motion for approval under Item E.171.

2. Department of Wildlife –

- (a) Administration – Request approval to receive a donation from Nevada Bighorn Unlimited estimated at a value of \$80,000 to repair and refurbish a helicopter.

No Department of Wildlife representatives appeared before the Committee to request approval for a donation of \$80,000 to repair and refurbish a helicopter.

SENATOR RAGGIO MOVED APPROVAL OF THE \$80,000 DONATION AND TO EXTEND THE COMMITTEE'S THANKS TO NEVADA BIGHORN UNLIMITED FOR THEIR GENEROSITY.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Mathews and Assemblywoman Weber were not present for the vote.)

Assemblywoman Smith disclosed that her husband was a member of Nevada Bighorn Unlimited.

- (b) Heritage Account – Request approval to receive a donation of 20,000 pounds of seed from Native Seed Company valued at \$398,860.

SENATOR RAGGIO MOVED TO APPROVE 20,000 POUNDS OF SEED DONATED BY THE NATIVE SEED COMPANY AND TO EXTEND THE COMMITTEE'S THANKS FOR THEIR GENEROSITY.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Mathews, Senator Cegavske, and Assemblywoman Weber were not present for the vote.)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, pointed out that the agenda should reflect the Wildlife Obligated Reserve Account rather than the Heritage Account. Senator Raggio requested that the correction be entered into the record.

*M. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
– Division of State Lands.

1. On behalf of the Department of Health and Human Services and the State Department of Agriculture (DOA), approval for transfer of water rights for the new DOA Headquarters and Northern Nevada Adult Mental Health Campus located in Sparks, Nevada to the Truckee Meadows Water Authority.

Allen Biaggi, Director, Department of Conservation and Natural Resources, requested approval for the transfer of water rights for the new Department of Agriculture building in Reno

SENATOR AMODEI MOVED APPROVAL OF ITEMS M.1.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Mathews, Senator Cegavske, and Assemblywoman Weber were not present for the vote.)

2. Pursuant to A.B. 380 (1999), Newlands Water Project, approval is requested by State Lands for and on behalf of the Department of Wildlife and the Carson Water Subconservancy District for the sale and partial donation of 51 acres of water rights located in Churchill and Lyon Counties. The purchase amount is \$60,962.00, payable to the Department of Wildlife, along with a one-time Operation and Maintenance (O&M) Fee of \$18,192.72 payable to the Truckee-Carson Irrigation District, eliminating a continuing annual O&M obligation of \$1,239.37.

Allen Biaggi, Director, Department of Conservation and Natural Resources, requested approval for donation of water rights located in Churchill and Lyon Counties as provided under A.B. 380, 1999 Legislature.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM
M. 2 AND 3.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Mathews, Senator Cegavske, and Assemblywoman Weber were not present for the vote.)

3. Pursuant to A.B. 9, 17th Special Session, request for approval of issuance of \$15,195,000 in General Obligation Bonds for the purposes set forth in subsection 7 of section 2 of the act.

Allen Biaggi, Director, Department of Conservation and Natural Resources, requested approval for the issuance of \$15,195,000 in General Obligation Bonds to meet the obligations for the Division of State Lands as provided under A.B. 9, 17th Special Session.

Refer to motion for approval under Item M. 2.

- *N. CITY OF CALIENTE – Quarterly status report and request for extension of time to expend funds from the Disaster Relief Account.

Phil Weyrick, Administrative Services Officer, Division of Emergency Management, Department of Public Safety, advised that he had assisted representatives from Caliente in preparing the quarterly status report and was available to respond to questions.

Chairman Arberry requested information on why the City needed an extension of time to expend funds from the Disaster Relief Account.

Mr. Weyrick reported that engineering studies associated with the well damage that occurred during the 2005 flood required a significant length of time to complete. All other projects were completed and accounted for in the quarterly report submitted to the Committee.

ASSEMBLYMAN HARDY MOVED APPROVAL TO GRANT THE CITY OF CALIENTE AN EXTENSION OF TIME TO EXPEND FUNDS FROM THE DISASTER RELIEF ACCOUNT.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Mathews, Senator Cegavske, and Assemblywoman Weber were not present for the vote.)

O. INFORMATIONAL ITEMS –

Chairman Arberry announced that the Committee would hear reports from agency representatives on Informational Items 12.d (1); 14.a, and 14.c, and Item 16.

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

12. DEPARTMENT OF HEALTH AND HUMAN SERVICES

d. Division of Child and Family Services

- (1) Quarterly report on out-of-state placement returns for the period ending December 31, 2007, (letter of intent, 1995 Legislature)

Fernando Serrano, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), identified himself for the record.

Mr. Serrano pointed out that although the January 2008 *Out-of-State Placement Returns* quarterly report ([Exhibit E](#)) reflected 24 out-of-state placements, there were currently 21 out-of-state placements.

Mr. Serrano advised that the state placed youth in out-of-state facilities for reasons that included failed placements within the state, negative discharges from inpatient state mental health facilities, and the need for specialized treatment for sexual aggression or other specific treatments for minors not available in the state of Nevada

Assemblywoman Buckley asked for assurances that youth who were placed in out-of-state facilities were being monitored and that their needs were being met.

Mr. Serrano responded that agency representatives shared the concern expressed by Committee members and were committed to first providing in-state services to youth and involving the family in treatment, which he said responded well to aftercare. Mr. Serrano credited Deputy Administrator, Patricia Merrifield, whom he indicated worked creatively to use existing services to maintain youth in their own communities or at least within the state. However, Mr. Serrano explained that specialized services that were unavailable in Nevada required the agency to use out-of-state facilities that provided such services. Additionally, Mr. Serrano indicated that judges were familiar with out-of-state placements and cited a recent example in which a judge called a psychiatrist in Illinois to explore a placement.

Mr. Serrano further advised that agency workers monitored out-of-state placement reports and, in accordance with the provisions of A.B. 507, 2007 Legislature, inspected out-of-state placement facilities and used the opportunity to visit other youth to obtain an overall assessment of the facility. Mr. Serrano also indicated agency representatives planned to "enhance" future visits to out-of-state facilities.

Assemblywoman Leslie questioned the fact that out-of-state placements increased by 85 percent over the last twelve months and asked for additional information on the diagnoses that required placement of youth in out-of-state facilities. Assemblywoman Leslie indicated that the increase appeared cyclical recalling that ten or twelve years ago, successful efforts were made to return youth in out-of-state placements to Nevada, and now it appeared that sending Nevada youth elsewhere was increasing. Assemblywoman Leslie indicated she wanted to see Nevada youth served in Nevada, and wanted a report, excluding names, regarding the diagnoses and the reasons for the requirement of out-of-state services.

Mr. Serrano reported that in January 2005, the state placed 17 youth in facilities outside of Nevada; in April 2007, the state placed 22 youth out-of-state, and currently 21 youth were in out-of-state facilities.

Assemblywoman Leslie noted, however, that information provided to the Committee indicated an increase of 85 percent in out-of-state placements in the last twelve months and reiterated her earlier request for information on diagnoses and numbers of offenders in each diagnostic group excluding names. Assemblywoman Leslie asked that agency representatives forward the information to her and indicated she would discuss the percentage increases with staff and agency representatives after the meeting.

Assemblyman Anderson expressed similar concerns and asked for assurance that the state was meeting goals to ensure that the needs of youth in out-of-state facilities were being met on a regular basis.

Mr. Serrano provided assurance that goals were being met but reiterated that the best chance of success and long-term change dramatically increased when services were provided to youth first in their homes, communities and in state.

Hearing no further questions from the members of the Committee, Chairman Arberry closed the hearing on Informational Item 12.d.1.

14. DEPARTMENT OF PUBLIC SAFETY

- a. Division of Emergency Management Assistance Account – Quarterly report for the period ending December 31, 2007, pursuant to NRS 414.135(5)

Frank Siracusa, Chief, Division of Emergency Management, Department of Public Safety, identified himself for the record and advised that the quarterly report for Emergency Assistance account was for the period ending December 31, 2007.

Mr. Siracusa reported that \$12,509.12 in addition to additional substantial costs were incurred in search and rescue efforts for Steve Fossett in 2007. As a result of those costs, the Director of the Department of Public Safety and representatives of the National Guard and the Budget Division agreed that an independent audit of the search and rescue efforts was warranted and upon completion of the audit, the additional costs would be brought forward to the Committee.

In response to questions Chairman Arberry asked regarding whether Mr. Fossett's family trust could be expected to reimburse the state for some of the expenses, Andrew Clinger, Director, Department of Administration, advised that the Barron Hilton Estate had contributed \$200,000 to assist in offsetting the costs associated with the search and rescue effort.

Additionally, Mr. Clinger advised that he had asked Bill Chisel, Administrator, Internal Audit Division, to conduct an audit of the search and rescue process including the interaction between the Division of Emergency Management and the National Guard.

- 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.

Refer to Item I.2 to review narrative.

16. OFFICE OF THE MILITARY – Project ChalleNGe – Report on the progress of the ChalleNGe project funded by the 2007 Legislature

Major General Cindy Kirkland, The Adjutant General of Nevada, Office of the Military, appeared before the Committee to deliver a report on the progress of the ChalleNGe project funded by the 2007 Legislature.

Major General Kirkland reported that the ChalleNGe project, while approved by the 2007 Legislature, was also contingent on approval by federal authorities, and, to date, the formal letter of approval had not been received. Consequently, the start date of the first ChalleNGe class, originally intended to begin July 1, 2008, would begin in January 2009.

Major General Kirkland advised the Committee that while awaiting the letter of approval, the State Public Works Board (SPWB) hired a contractor to conduct an architectural and engineering evaluation of the facilities at Nellis Air Force Base (AFB) in southern Nevada, originally identified to be the location of the ChalleNGe project. The contractor's initial assessments and preliminary reports reflected the costs to upgrade the Nellis AFB facilities to be "significantly" greater than anticipated.

Major General Kirkland stated that other facility options were available and upon receipt of formal approval, the first ChalleNGe project class would take place at an alternate location in northern Nevada either at Stead AFB or at the Hawthorne Army Depot. Major General Kirkland advised the Committee that the Hawthorne facility, initially unavailable, was currently available and access provided a "great" opportunity since it was a turnkey facility. Major General Kirkland reported that the Governor's Office staff submitted a letter to the Office of the Secretary of Defense requesting an update on the status of the formal approval and planned to call in a follow-up effort but again advised the Committee that without the federal approval letter, the project could not go forward.

Major General Kirkland also advised that in anticipation of the program's start date in January 2009, the Office of the Military had hired a Recruiting, Placement, and Mentoring Coordinator as well as an assistant to the Coordinator. The two personnel had thus far contacted statewide organization and agency sources for student recruitment, drafted student and mentor application forms, and developed training

schedules and instruction plans based on criterion used by other successful programs throughout the country.

In response to Chairman Arberry, who questioned whether cost savings would result because of the delayed start date of the program, Major General Kirkland advised that fiscal year 2008 funding was for startup costs and fiscal year 2009 funding was for operating costs. Major General Kirkland said, however, that staff was reviewing the budget for potential reductions.

In response to questions from Chairman Arberry relative to when information regarding potential budget reductions would be available, Major General Kirkland indicated the staff would provide the information to the Governor's Office that afternoon.

Senator Titus spoke in opposition to the program and asked that the project be delayed for another year and that the funding allocated for the ChalleNGe project be provided for more critical funding needs.

Major General Kirkland discussed the project's nationwide value to youth who were not successful in the traditional education setting. Additionally, noting that Nevada's high school dropout rate was one of the highest in the nation, Major General Kirkland advised that the ChalleNGe project was a proven alternative program that would provide eligible Nevada youth an opportunity for achievement and a productive life that they might otherwise not have. Major General Kirkland indicated, however, that she would leave budgeting decisions to others.

Senator Titus noted that Nevada students, who qualified for the program in the past, were sent to Arizona to participate in their program, which appeared to be far less expensive than establishing a program in Nevada.

Major General Kirkland agreed with Senator Titus regarding expenses but indicated that establishing the ChalleNGe project in Nevada would provide the opportunity, as the program developed, to enroll a greater number of students than the twenty students limited to participating in the Arizona program.

Senator Titus indicated that priorities had to be considered during the current period of severe economic distress, and the ChalleNGe project was a new program that required close analysis.

Assemblyman Parks recalled testimony during the 2007 Legislative subcommittee hearings regarding the Hawthorne facility and asked for information regarding the expenses that would be associated with the turnkey facility.

Major General Kirkland explained that costs were associated with either purchasing or leasing the Hawthorne facility, but it was a turnkey facility in terms of the ability to immediately turn on the lights, bring in the students, and begin teaching. Major General Kirkland, however, again reminded the Committee the ChalleNGe project could not

move forward without receipt of the formal approval letter from the Secretary of Defense.

Chairman Arberry closed the hearing on the Project ChalleNGe status report.

P. PUBLIC COMMENT.

There was no public comment.

Q. ADJOURNMENT

Chairman Arberry adjourned the hearing at 3:11 p.m.

Assemblyman Morse Arberry Jr., Chairman
Interim Finance Committee

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

**EXHIBITS
INTERIM FINANCE COMMITTEE**

Exhibit	Witness/Agency	Description
A		Agenda
B		Guest List
C		Informational Items
D	Subcommittee to Review Public Works Board Matters	Chairman's Report of Meeting Held April 8, 2008
E	Fernando Serrano, Administrator, Division of Child and Family Services	Out-of-State Placement Returns Quarterly Report
F	Ginny Lewis, Director, Department of Motor Vehicles	<i>DMV, Nevada Driver License Real ID, IFC Update, April 9, 2008</i>
G	Mark Stevens, Director, Fiscal Analysis Division, Legislative Counsel Bureau	<i>Contingency Fund – Available Spending Authority</i>
H	Andrew Clinger, Director, Department of Administration	<i>State of Nevada Projected General Fund Shortfall 2007- 2009 Biennium</i>