MINUTES OF THE JANUARY 24, 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 January 24, 2008, at 9:17 a.m. in Room 4100 of the Legislative Building. Exhibit A is the agenda. Exhibit B is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chairman
Senator William J. Raggio, Chairman
Senator Bob Beers
Senator Barbara Cegavske
Senator Bob Coffin
Senator Bernice Mathews
Senator Dean Rhoads
Senator Dina Titus
Assemblywoman Barbara E. Buckley
Assemblyman Moises (Mo) Denis
Assemblywoman Heidi S. Gansert
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Sheila Leslie
Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Debbie Smith

COMMITTEE MEMBERS EXCUSED:

Assemblyman John W. Marvel
Assemblywoman Valerie E. Weber

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Eileen O'Grady, Chief Deputy Legislative Counsel
Mark W. Stevens, Fiscal Analyst, Assembly
Gary L. Ghiggeri, Fiscal Analyst, Senate
Steve Abba, Principal Deputy Fiscal Analyst

Connie Davis, Interim Finance Committee Secretary
Tracie Battisti, Fiscal Analysis Division Secretary
Cheryl Harvey, Fiscal Analysis Division Secretary
Patti Sullivan, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES FROM THE NOVEMBER 14, 2007, MEETING.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE NOVEMBER 14, 2007 MEETING MINUTES.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

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

1. 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.

Senator Raggio advised the Committee that the Interim Finance Committee's Subcommittee to Review Public Works Board Matters met on January 23, 2008. The Committee members received a report (Exhibit E) relative to issues discussed during the meeting.

Senator Raggio provided an overview of the Subcommittee's hearing and reported that Action Item C.1 pertained to a change of scope for the Southern Nevada Women's Correctional Center (SNWCC) 400-bed expansion project. The proposal was to remove the 100-bed transitional facility, including the 6,000 square foot reunification center that was to be located within the same building.

Senator Raggio reported that the Subcommittee did not make a recommendation on Item 1 because of concerns regarding programmatic issues that representatives of the State Public Works Board (SPWB) could not answer. The Subcommittee chose to refer the item to the full Committee and to obtain information from representatives of the Department of Corrections, who were unable to attend the January 23, 2008 hearing.

2. Request to utilize a private contractor to manage design, construction, and inspection pursuant to S.B. 387 (Section 12.5, 2007), on CIP projects

07-C27, Civil Support Team Weapons of Mass Destruction Readiness Facility, and 07-C29, Southern Training Academy and Highway Patrol Substation.

Senator Raggio reported that Action Item C.2 related to a pilot program, mandated under the provisions of S.B. 387, 2007 Legislature, to designate two Capital Improvement Program (CIP) projects to include private-contractor management and inspection services. The State Public Works Board (SPWB) selected CIP 07-C27, Civil Support Team Weapons of Mass Destruction Readiness Facility and CIP 07-C29, Southern Training Academy and Highway Patrol Substation for the pilot program.

The Subcommittee heard testimony that the use of private-contractor management and inspection services would add an additional $1,090,846 to the cost of the selected projects. The Subcommittee recommended completion of the two projects without the use of the private-contractor services.

Senator Raggio suggested an agenda item for the next Interim Finance Committee's Subcommittee to Review State Public Works Board Matters and/or the Interim Finance Committee to hear private-contractor representatives discuss the management and inspection services they provided and how other jurisdictions utilized those services.

3. Siting of CIP project 07-P31, Advance Planning and Land Acquisition for 50-Bed Forensic Treatment Facility.

Senator Raggio reported that Informational Item C.3 related to the acquisition of land in the Las Vegas area that would be used as the site of the 50-bed forensic facility being planned under CIP project 07-P31.

Senator Raggio advised the Committee that an offer for a 10-acre parcel of land, located on Howdy Wells Avenue, was expected to be approved within 45 to 90 days, subject to appraisal and zoning changes. Item C.3 was provided for informational purposes only with no action required by the Committee.

4. CIP project exception report pursuant to S.B. 387 (Section 5, 2007),

Senator Raggio reported that Informational Item C.4 was the State Public Works Board (SPWB) monthly project status exception report.

Project 03-C12, State Fish Hatcheries Refurbishment, Phase II, was included on the December 2007 exception report because the contractor completed the project behind schedule, and 50 percent of the items on the punch list were not yet to completed. The contractor was assessed an estimated $128,000 in liquidated damages, which was currently under negotiation.

Senator Raggio reported that the Subcommittee reviewed a number of projects on the exception report list and recommended that the Committee accept the December 2007 Capital Improvement Program exception report.

5. 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.

Senator Raggio reported that Informational Item C.5 was a status report for Capital Improvement Projects (CIP) for the design and construction of the Science, Engineering, and Technology Complex at the University of Nevada, Las Vegas (UNLV). The November 2007 status report indicated that the project was 94.4 percent complete, and although the project schedule had slipped by 10 days, the contractor would make up the time.

Senator Raggio asked State Public Works Board (SPWB) representatives to address the estimated project completion date.

Gustavo Nunez, Manager, P.E., Manager, SPWB, projected completion of the building by the end of March 2008 and completion of the installation of the $14 million furniture, fixtures, and equipment (FF&E) package by the summer of 2008.

Senator Raggio reported that the Subcommittee recommended that the Committee accept the November 2007 status report.

6. Status report on the receipt of $6.25 million Grant Sawyer Building tile repair settlement.

Senator Raggio reported that Informational Item 6 was a status report on the $6.25 million settlement of the claim for the repair of the Grant Sawyer Building exterior tile. Although the larger vendors had not yet paid their portion of the $6.25 million settlement, it was anticipated that the full balance would be received within 30 days.

Gustavo Nunez, Manager, P.E., Manager, State Public Works Board (SPWB), confirmed that all settlement agreements with one exception had been signed, and he confirmed that representatives of the Office of the Attorney General anticipated that the balance of the settlement funds would be received within 30 to 45 days.

7. Informational report on the impact of potential budget reductions upon approved CIP project scopes.

Senator Raggio reported that the Subcommittee received copies of a schedule, titled *CIP Project General Fund Reductions* (Exhibit F), which was distributed to the members of the Committee. The schedule compiled potential General Fund reductions and savings related to approved Capital Improvement Program (CIP) project scopes.

Senator Raggio reported that the Subcommittee had been impressed by the minimal impact of the reductions to projects, such as the cancelation of the Kinkead Building demolition. Additionally, Senator Raggio reported that the members of the Subcommittee had reviewed the schedule, and requests for scope changes would appear on the agenda of the next meeting of the Subcommittee.

Assemblywoman Buckley addressed Action Item C.2, the initiation of a pilot privatization project required under the provisions of S.B. 38, 2007. Assemblywoman Buckley recalled work during the 2007 Legislative Session "to establish a pilot program to determine the efficiency and feasibility of using private project-management services and private inspection services" for CIP projects. Assemblywoman Buckley questioned whether it would be beneficial for staff to send a letter to the State Public Works Board (SPWB) asking them, as suggested by Senator Raggio, to invite representatives of private management and inspection companies to brief the Board on their services. Assemblywoman Buckley indicated the additional cost to hire a private firm appeared excessive and expressed concern that without a "meaningful experiment," the issue would be back before the 2009 Legislature.

Senator Raggio concurred with Assemblywoman Buckley although he indicated being uncertain that a letter needed to be sent to the Board since they had received proposals from private companies offering management and inspection services. Senator Raggio, however, reiterated an interest in having representatives of those companies appear before the next Subcommittee meeting in order to gain a better understanding of the benefits of the services they provided.

Assemblywoman Buckley agreed and further indicated that the new appointees to the SPWB should also be invited to attend the briefing in an coordinated effort to implement the reforms envisioned by the 2007 Legislature.

Assemblywoman Smith asked that the costs for using private project-management services and private inspection services for construction projects be separately identified.

Chairman Arberry indicated a motion was required to accept the Subcommittee's report on items 2, 3, 4, and 5.

> ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL TO ACCEPT THE SUBCOMMITTEE'S REPORT ON ITEMS 2, 3, 4, AND 5.
>
> ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Cegavske was not present for the vote.)

Chairman Arberry indicated that the Committee would next consider the proposal to change the scope of CIP Project 07-C03, the Southern Nevada Women's Correctional Center (SNWCC) 400-Bed Expansion.

Gustavo Nunez, Manager, P.E., Manager, State Public Works Board (SPWB), reported that a change in scope was proposed for CIP Project 07-C03 to eliminate the construction of the 100 bed-transitional center and the 6,000 square-foot reunification center at the SNWCC. Approval of the change in scope would provide the state a credit of $4,792,191.

Senator Raggio noted that the 2007 Legislature approved $5,792,187 for the 100-bed transitional facility and $3,236,004 for the reunification center and asked for an explanation relative to the difference between the $4,792,191 credit and the funding that was approved for the project.

Mr. Nunez attributed the difference to a favorable construction bid received at 26.7 percent below the projected cost and that the facility was bid at approximately 200 square feet less than originally designed.

Senator Raggio noted that the SNWCC would be expanded by 300 medium-custody female inmate beds but expressed concern regarding 2007 Legislative Session testimony that reported 379 female inmates would be eligible for transitional housing in the spring of 2008. Senator Raggio recalled that the Department of Corrections (DOC) based their inmate projection on approved changes to the criteria to determine eligibility for transitional housing.

Senator Raggio asked for information relative to the utilization of the new transitional housing eligibility criteria that the 2007 Legislature approved and the current projection of less than 50 female inmates who qualified for transitional housing under the new criteria. Additionally, Senator Raggio indicated that DOC representatives testified, during the 2007 Legislative Session, that they expected full occupancy of 400 males at the Casa Grande Transition Center in Las Vegas with changes implemented in the eligibility criteria. However, information revealed that the number of transitional housing beds, filled by males, decreased from an average of 240 in fiscal year 2007 to 174 in fiscal year 2008 through November.

Senator Raggio asked for an explanation relative to what had occurred since the 2007 Legislative Session that necessitated a request for a change in scope to eliminate the transitional housing and reunification center at the SNWCC.

Howard Skolnik, Director, Department of Corrections, attributed the decline in eligibility for transitional housing to "a hardening" of the female-inmate population in the last year and to the "significant" impact of A.B.510, 2007 Legislature, on lower-security inmates. Mr. Skolnik indicated that the DOC had implemented an "expanded population category" in an attempt to place 50 female inmates, who qualified under the new criteria for transitional housing, at Casa Grande.

Mr. Skolnik said, however, that total implementation of the new statute had not occurred. He explained that male inmates convicted of misdemeanor sex offenses were excluded from eligibility after a review of inmate records revealed that many cases had been "pled down" from felonies. He explained that there were concerns that should "incidents" occur in the community, the entire facility would close, which would result in zero occupation of beds. Mr. Skolnik said that although the DOC had expanded eligibility criteria, as much as possible without endangering the community, available transitional beds at Casa Grande, the Eagle's Nest facility in Reno, and the Florence McClure Women's Correctional Center in North Las Vegas could not be filled. He told the Committee that building 100 transitional beds at the SNWCC did not make good economic sense.

Assemblywoman Buckley questioned the implementation of budget reductions for health care and education programs while inmate beds were going unused and prison construction projects were being continued.

Mr. Skolnik responded that while the impact of A.B.510 was unknown, S.B. 471, changed the Parole Board process without changing the requirements or staffing of the Parole Board. He explained that, under the provisions of the legislation, parole hearings had increased in length from approximately 12 minutes to 45 minutes creating a backlog in the system and leaving a substantial number of possible parole-eligible inmates who had not yet gone before the Board.

Additionally, Mr. Skolnik said that Clark County law-enforcement officials reported no significant drop in felony arrests or pre-trial incarceration, and current numbers indicated that all beds under current construction or those in the planning stages would be filled as scheduled. Mr. Skolnik reported that 1,000 inmates were currently housed in day rooms and corridors of various facilities and women inmates were housed in two male facilities. While he indicated that he understood the severity of the current state budget issues, Mr. Skolnik said he had a responsibility to the staff and inmates of the DOC to keep them safe, and he could not in "good conscience" advise halting the construction of beds.

Assemblywoman Buckley commented that there appeared to be short-term and long-term issues related to growth and to the impact of A.B. 510.

Senator Titus asked for comments relative to the Southern Nevada Correctional Center (SNCC) at Jean.

Mr. Skolnik reported that DOC would relocate female inmates from the Jean facility in February and youthful offenders on July 1 to the High Desert State Prison (HDSP), Indian Springs, pending the completion of Phase IV of the HDSP. Mr. Skolnik advised that the DOC, working in conjunction with the Clark County School District, would move educational programs for youthful offenders to the HDSP.

Mr. Skolnik indicated that the temporary closure of the SNCC at Jean was a way for the NDOC to respond to budget-reduction requirements without laying off staff or relocating inmates to various state institutions and, at the same time, maintaining the security level of institutions that remained open.

In response to Assemblywoman Buckley, who asked whether there were any inquiries relative to purchasing the SNCC facility at Jean, Mr. Skolnik advised that the Department had not been approached by buyers, but there had been inquiries regarding leasing the facility.

Assemblywoman McClain expressed concerns relative to moving youthful offenders from the SNCC to the HDSP.

Mr. Skolnik responded that the youthful offenders relocated to the HDSP from SNCC would be confined in units that were separated from the general population and would be provided education programs and meals, to the extent possible, away from the general population.

In response to questions Assemblywoman McClain asked relative to the Florence McClure Women's Correctional Center, Mr. Skolnik indicated the Center currently housed approximately 640 women, and planning was underway to open an additional 240 beds.

Assemblywoman McClain expressed concern regarding the request to remove the transitional beds and indicated that the beds would be needed eventually.

In response to Chairman Arberry, who asked whether the DOC had formulated a transitional plan that the Committee could review, Mr. Skolnik advised that the Deputy Director and the wardens in the south submitted the first phase of a transitional plan on the previous day. Although he had not yet reviewed it, Mr. Skolnik indicated the plan maintained existing programs with current staffing and, inmates were to remain in the same county as their families.

In response to Chairman Arberry's request, Mr. Skolnik agreed that after his review and approval of the plan, he would provide the Committee's staff with a copy.

Assemblywoman Leslie asked that information relative to mental health and substance abuse treatment services be included in the transitional plan and expressed concern that inmates would be adversely affected by relocating from one institution to another.

Mr. Skolnik advised that treatment services would be maintained since staff would move from the SNCC with the inmates but indicated he would review the issue of inmate treatment services.

In response to questions Chairman Arberry asked about the SNCC, Mr. Skolnik reported that the SNCC currently housed one unit of female inmates and 500 males,

approximately 400 of them youthful offenders. Mr. Skolnik explained that the DOC placed 100 older inmates at the SNCC to help stabilize the facility at a time when control problems occurred. After the older inmates were placed at the SNCC, a significant reduction in violent incidents and behavior problems were reported.

Chairman Arberry acknowledged the need to reduce the budget but also expressed concerns regarding the relocation of youthful offenders to an institution housing a hardcore population. The Chairman reiterated the Committee's need to review the transitional plan.

In response to Assemblywoman McClain, who asked why youthful offenders would be moved to a maximum-security institution, Mr. Skolnik explained that the plan was to move the educational programs for youthful offenders to cell houses at HDSP that included program areas. Additionally, Mr. Skolnik explained that moving the youth to the HDSP would keep them separated from the general population more than was possible at any other institution. Mr. Skolnik indicated that inmates would be phased into the new units upon completion of the Phase IV construction, and the administration was attempting to meet the needs of the state budget without jeopardizing the security of staff and inmates.

In response to a request from Assemblywoman McClain, Mr. Skolnik agreed to provide the Committee with a report on the success of the youth program.

Assemblywoman Buckley asked that the request for a change in scope be deferred until the next meeting of the Committee in order to provide members the time to review the transitional plan.

In response to Chairman Arberry, who asked how deferring the request would affect Project 07-C03, Mr. Nunez explained that the contractor was currently on hold, but without Committee approval of the change of scope request, the contractor would have to proceed with construction.

Assemblywoman Buckley expressed additional concerns relative to the 379 female inmates projected to be eligible for transitional housing and current projections of less than 50. Assemblywoman Buckley indicated she did not want to make a policy shift, based on the small amount of information provided to the Committee, after having spent weeks on the issue during the 2007 Legislative Session. Assemblywoman Buckley cautioned the members that if they made a mistake because of uncertainty regarding the issue, more money would ultimately be expended.

Senator Raggio argued that it did not make sense to add beds that were not needed and that it would be unproductive to delay the change in scope. Senator Raggio agreed, however, that the Committee should review the plan to transfer the youth and female populations from SNCC to the HDSP.

SENATOR RAGGIO MOVED APPROVAL OF THE 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 AND REUNIFICATION CENTER.

SENATOR BEERS SECONDED THE MOTION.

Chairman Arberry opened discussion on the motion.

Assemblywoman McClain announced she could not support the motion and expressed her preference to defer the request until the Committee had a better picture of the overall system.

After being advised that the next committee meeting would take place in late March or early April, Chairman Arberry asked for information from the Public Works Board relative to the work the contractor was currently engaged in on the site.

Mr. Nunez reported that the contractor was ready to pour the concrete for the foundation of the buildings. He told the members that a two-month delay would place the contractor six months into an 18-month contract and pointed out that the contractor could not simply abandon construction that took place during the next two months. Mr. Nunez explained that if the contractor continued the work and the Committee decided at the next meeting to eliminate the transitional center, any construction that had taken place would have to be demolished. Mr. Nunez reiterated that although the project was currently on hold, he had to tell the contractor at the conclusion of the hearing to either eliminate the transitional center or continue working on the project.

In response to Chairman Arberry, who pointed out that presentations to the 2007 Legislature documented a need for the transitional beds, Mr. Nunez indicated that although neither choice would be good, the Public Works Board recommended eliminating the transitional bed portion of the project as a cost-saving effort.

Senator Raggio expressed agreement with the Public Works Board recommendation and indicated it appeared ill advised to construct the 100-bed transitional facility if the beds were not needed. Senator Raggio agreed, however, with the concerns relative to moving the youthful and female populations from the SNCC to HDSP but pointed out that the relocation of inmates did not affect the change in scope request. Senator Raggio recommended approving the request for a change in scope and said that not to do so would be "a departure from logic."

Senator Cegavske asked how approval of the change in scope request would affect the funding for the project.

Mr. Nunez explained that $7,045,535 was the General Fund portion of the funding approved for the original expansion project, but as previously indicated, the bid was received at 26.7 percent below the projected cost, and approval of the change in scope would provide a credit of $4,792,191, which was provided through bond funding.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, confirmed that the $7,045,535 for the original project was calculated in the budget reduction package, not the $4,792,191 credit, which was provided through bond funding.

In response to Senator Titus who asked whether bond funds could be transferred to the General Fund, Mr. Stevens explained that generally bond funds could not be used for General Fund budget reductions. However, he indicated the funding mix could be changed if, for example, Department of Corrections' maintenance projects, originally funded through the General Fund, could be changed to bond-funded projects.

Senator Titus asked why the contractor could not move forward with the project for the 300 beds and wait to hear from the Committee after the next meeting relative to the transitional beds.

Mr. Nunez advised that waiting for a decision until after an IFC meeting in March or April would be substantially more expensive.

Assemblyman Hardy pointed out that with a hardening of the inmate population and the need to adhere to where minimum and medium-security inmates could be housed, it appeared the focus needed to be on the construction of medium-security facilities. Assemblyman Hardy expressed agreement with Senator Raggio's recommendation to move forward with the 300-bed facility and to approve the request for a change in scope to eliminate the 100-bed transitional facility.

Chairman Arberry called for a vote on the motion to approve the change of scope request.

> THE MOTION FAILED. (Assemblywoman Gansert, Assemblyman Grady, Assemblyman Hardy, Senator Beers, Senator Cegavske, Senator Mathews, and Senator Raggio voted aye.) (Assemblywoman Buckley, Assemblyman Denis, Assemblyman Hogan, Assemblywoman Koivisto, Assemblywoman Leslie, Assemblywoman McClain, Assemblyman Parks, Assemblywoman Smith, Senator Coffin, and Senator Titus voted nay.)

Chairman Arberry announced that the Committee would revisit the motion later in the hearing.

Assemblyman Parks indicated it was his understanding that the Florence McClure Women's Correctional Center would become a medical and intake facility and that

Prison 9, which had yet to be constructed, would become a women's facility. He noted that the need for either a transitional center or a reunification operation would not be in high demand with the proposed facility changes.

Mr. Skolnik responded that a significant population of elderly and infirm inmates who faced life-without-parole sentences were currently confined at the Northern Nevada Correctional Center (NNCC). Moreover, he defined the Florence McClure Women's Correctional Center, in North Las Vegas, as a jail that was "tweaked" to become a prison because, at the time, a women's facility was needed in a hurry.

Mr. Skolnik confirmed that the Department of Corrections had proposed converting Prison 9 to a female facility and the Florence McClure Women's Correctional facility to a geriatric and intake center whether or not construction of the transitional housing facility occurred.

Chairman Arberry moved on to other agenda items.

The Committee returned to the change of scope request for the SNWCC later in the afternoon when Senator Raggio asked Mr. Nunez to comment on whether it was feasible for the Committee to authorize the State Public Works Board to move forward with the 300-bed portion of the project without eliminating the 100-bed transitional center.

Mr. Nunez explained that the 300-bed portion of the project was not on hold, and the only portion of the project on hold, pending the Committee's action, was the 100-bed transitional facility. Once again, Mr. Nunez advised the Committee that he needed to either proceed with a change order to eliminate the 100-bed transitional center or tell the contractor to proceed with construction.

Senator Raggio pointed out that the record was clear that the Department of Corrections did not need the facility and indicated he could not support moving forward with the project.

Mr. Nunez recommended moving ahead with a change order to eliminate the transitional beds and told the Committee that it would be less costly to pursue the project at a later date were circumstances to change.

Mr. Skolnik reiterated that a review of the records of the 379 female inmates that were projected to be eligible for transitional housing revealed that most of the women had pled down from more serious crimes. Mr. Skolnik reported that there were currently 21 women in the transitional housing facility out of approximately 1,100 women in the system.

Assemblywoman Leslie advised that she was not comfortable voting to remove the 100-bed transitional center without reviewing the housing plan that was discussed

earlier in the meeting and indicated she would vote no if the motion to approve the request was reconsidered.

In response to Senator Beers, who questioned the outcome if the Senate and Assembly members of the Committee could not reach an agreement, Mr. Nunez once again advised that the request to change the scope of the project was before the Committee because the 100-bed transitional facility was not needed. Additionally, Mr. Nunez said that the Department of Corrections' Director had informed him that there was no possibility of any scenario or program that he would bring to the Committee in the future that would justify a facility with 100 transitional beds.

Assemblywoman McClain responded that she could not imagine that the Department would "never need those beds," and indicated that the beds could be used for a minimum-security facility if not for transitional purposes.

Mr. Skolnik pointed out that the Department of Corrections could not fill currently available minimum-security beds for women.

Assemblyman Hardy indicated that it was fiscally irresponsible to build a facility that the Department of Corrections did not need, and he could not support a request to continue the project.

Chairman Arberry indicated that the issue was gridlocked and he would take one more comment.

In response to Senator Beers' question regarding the Casa Grande transitional facility, Mr. Skolnik reported that Casa Grande currently had 150 empty beds that were not dedicated to either men or women.

D. WORK PROGRAM REVISIONS AND POSITION CHANGES IN ACCORDANCE WITH NRS 353.220(5)(c) and 353.224. INFORMATIONAL ONLY – REQUIRED ACTION WITHIN 45 DAYS.

1. **Department of Health and Human Services – Director's Office – Grants Management Unit – FY 08 –** Addition of $883,352.00 in Transfer from State Treasurer Tobacco Settlement Funds to support smoking cessation grants per action of the Task Force for the Fund for a Healthy Nevada. Requires Interim Finance approval since the amount added to the Tobacco Prevention and Treatment category exceeds $50,000.00. **Work Program #C32945**

   Informational Only

2. **Department of Health and Human Services – Director's Office – Fund for a Healthy Nevada – FY 08 –** Addition of $883,352.00 in Transfer from State Treasurer Tobacco Settlement Funds to support smoking cessation grants per action of the Task Force for the Fund for a Healthy Nevada. Requires Interim

Finance approval since the amount added to the Interfund Transfer category exceeds $50,000.00. **Work Program #C32946**

Informational Only

3. **Department of Public Safety – Highway Safety Plan and Administration – FY 08 –** Addition of $91,224.00 in Traffic Safety Information System Improvement Grant 408 funds and deletion of $58,621.00 in Transfer from Section 402 Highway Safety funds to appropriately align federal grant revenue and expenditure authority. Requires Interim Finance approval since the cumulative amount exceeds $50,000.00. **Work Program #C34357**

   Informational Only

Chairman Arberry noted that the work program revisions listed under Item D required action within 45 days after submittal and were, therefore, provided for informational purposes only. There was no action required by the Committee.

Senator Coffin questioned whether any of the items listed under Item D were submitted for action within 45 days because the movement of funds was necessary for budget reductions. Senator Coffin indicated, however, that while he realized the answer was probably no, he would ask the same question for the work program revisions listed under Item E, which did require action by the Committee.

*E. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN ACCORDANCE WITH Chapter 353, *Nevada Revised Statutes*.

Chairman Arberry announced that the Committee would consider work program items 4; 19, 21, and 55 would be considered concurrently; 20; 24 and 33 required a public hearing; 43; 44; 47 required a public hearing; 55; 60; 61, 62, and 63 would be considered concurrently; 73 and 90 would be considered concurrently and 86.

Senator Coffin requested Committee consideration of Items 16, 28, 65, and 89.

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

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

Senator Coffin asked whether any of the work programs, approved by the Committee, under Item E were necessary because of the budget reduction proposal.

Andrew Clinger, Director, Department of Administration, indicated that "to the best of his knowledge" the approved work programs did not contain any budget reductions.

Assemblywoman Leslie noted that it appeared that Item 21, Department of Health and Human Services' Grants Management Unit would use Casey Foundation Partnership Grant funds to replace budget reductions. However, Assemblywoman Leslie indicated that since the Committee would review Item 21, she would defer her questions until the item came up for consideration.

1. **Department of Information Technology – Facility Management – Computing Division – FY 08 –** Transfer of $46,417.00 from the Reserve category to the Debt Service category to cover debt service costs for FY 2008. Requires Interim Finance approval since the amount transferred to the Debt Service category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C22033**

   Refer to motion for approval under Item E.

2. **Department of Information Technology – Facility Management – Computing Division – FY 08 –** Transfer of $33,659.00 from the Reserve category to the Maintenance of Buildings and Grounds category to cover anticipated expenditures through FY 2008. The increase in expenditures is due to the renovation of the computer facility. Requires Interim Finance approval since the amount added to the Maintenance of Buildings and Grounds category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C22038**

   Refer to motion for approval under Item E.

3. **Department of Information Technology – Telecommunications – FY 08 –** Transfer of $60,472.00 from the Telephone Services category to the Telephone Watts and Tolls category and $23,446.00 from the Reserve category to the Telephone Watts and Tolls category to cover equipment leases for the state's phone system infrastructure. Requires Interim Finance approval since the amount added to the Telephone Watts and Tolls category exceeds $50,000.00. **Work Program #C22039**

   Refer to motion for approval under Item E.

4. **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**

Todd Rich, Director, Department of Personnel, appeared before the Committee to request approval to transfer $217,000 from the Reserve category to the Operating category and $21,000 from the Reserve category to the Information Services category for a total of $238,000 to fund the purchase of a new job classification system.

Mr. Rich testified that after his 2007 appointment to the position of Director of the Department of Personnel, he established an executive compensation committee to review the state's 30-year old classification and compensation system. The members of the committee included the directors of the Department of Health and Human Services, the Department of Business and Industry, the Department of Administration, the Department of Transportation, and the Department of Personnel. Mr. Rich reported that the committee reviewed the current "whole job ranking" method of classifying positions, a method he defined as outdated and subjective, and the compensation committee recommended submitting a request to the Interim Finance Committee to replace the system.

Mr. Rich said that approval of the request would allow for the purchase of a web-based system from the Hay Group, "a global management consultancy," that would review job functions and classify positions using a point-factor methodology that would provide for:

- efficiencies and cost savings within the Department's workforce
- a web-based process that did not require the purchase of hardware or software
- the assistance of Hay Group consultants in setting up the system and training

Additionally, Mr. Rich advised that approval of the request would provide the Department the opportunity to move "quickly" to implement an objective and consistent system of job analysis and to begin a review of positions in time to submit employee compensation recommendations to the 2009 Legislature.

Mr. Rich also discussed the right of state employees to appeal Department of Personnel classification decisions to the Personnel Advisory Commission and reported that during the past ten years, the Personnel Advisory Commission heard 225 appeals, which he indicated was "a direct result" of the current subjective classification process.

In closing, Mr. Rich said that he believed the point-factor system would be good for the state, good for employees, and would create efficiencies and cost savings within the Department.

In response to Assemblywoman Buckley, who questioned the timing of the request, Mr. Rich advised that the compensation committee recommended submitting the

request to the Committee for approval to put the system into operation and conduct training in time to present classifications studies to the 2009 Legislature.

In response to Assemblywoman Buckley, who asked whether the online system would be submitted to the 2009 Legislature as an informational item or for approval, Mr. Rich indicated he believed it would be submitted as both. He reiterated that with the Committee's approval, the system would be implemented immediately, which would allow Department representatives the time to prepare and present an objective classification study to the 2009 Legislature.

Assemblywoman Buckley requested a timeline relative to the "groundwork" required for the system.

Mr. Rich advised that approval of the request would provide the authority to purchase the rights to use the point-factor methodology, and several months would be required to train analysts to use the new system. After training, classification studies would begin, and the compensation data collected in time for presentation to the 2009 Legislature session.

Assemblywoman Buckley asked for information on how the new system would provide cost savings to the state and how the system would affect the recruitment difficulties the state was experiencing.

Mr. Rich advised that cost efficiencies would be achieved through attrition because the automated system would eliminate much of the manual work currently accomplished by six personnel analysts whose work focused on classification studies. Additionally, Mr. Rich projected increased cost savings through a more satisfied workforce and increased employee retention. Mr. Rich also commented that in the next five to ten years, 40 percent of the state employee workforce would retire presenting a "huge" challenge to ensure the recruitment and retention of qualified employees, which he said could be assisted by taking steps to "oversee" compensation programs.

In response to Chairman Arberry, who questioned whether the system would be used as a "witch hunt" to reduce salaries or remove employees, Mr. Rich advised that, to the contrary, the system would be used to attract and retain quality employees.

In response to Assemblywoman Koivisto, who asked for information on other states using the Hay Group's system, Mr. Rich advised that the Hay Group worked with 23 other states and was currently working with Idaho and Kansas to transition to the point-factor system.

Additionally, Mr. Rich advised that the Hay Group, established in 1943 and defined as the gold standard for point-classification systems, worked with a majority of the Fortune 500 companies including Microsoft, IBM, Toyota, and PepsiCo.

Assemblyman Denis asked for information relative to other states assessment of the system.

Mr. Rich indicated he had spoken to other state personnel directors in whose states the system was being used, and they had expressed satisfaction with the system and the service they had received from the vendor. Mr. Rich said that representatives in Idaho were enthusiastic about transitioning from an archaic method to an objective and defensible classification process.

Senator Titus recalled having learned that the point-factor method was used in a number of states for evaluation rather than classification purposes. Senator Titus also indicated that it was her understanding private companies, including the MGM in Nevada found the system to be "extremely" bureaucratic, burdensome, and with a million-dollar price tag, costly. Senator Titus questioned whether the Committee had enough evidence to vote on the request.

Mr. Rich explained that the process was considered bureaucratic for private-sector companies because the system was designed for government agencies that had to provide defensible grade-analysis decisions. He further explained that some of the companies he had mentioned used the Hay Group for consulting rather than classification services.

Senator Mathews expressed concern relative to engaging in a sole-source contract with the Hay Group and dismissed using Idaho as the basis to determine whether to contract with a vendor.

Mr. Rich advised that the State Purchasing Division had approved using the sole-source process and again discussed the importance of implementing the system in enough time to provide the 2009 Legislature with accurate compensation data.

Mr. Rich commented on his past compensation management experience with International Game Technology, Renown Health Care Systems, and Comcast Cable and said that, from a human resources perspective, the Hay Group was well recognized in their field and that entering into a contract with them "made sense." Mr. Rich also pointed out that the Hay Group had returned the best price and service model to other states that had engaged in the bid process.

Senator Mathews commended the decision to update Department of Personnel methods and technologies but indicated there were too many questions regarding the Hay Group that remained unanswered.

Senator Mathews recommended deferring the request until the next Interim Finance Committee meeting and asked Department representatives to provide the Committee with a list of states that were using the point-factor system, additional detail regarding the Hay Group, and "numbers for comparison purposes."

Joseph Vanacore, Labor Representative, American Federation of State, County, and Municipal Employees (AFSCME) Local 4041, spoke in opposition to the proposal. Mr. Vanacore testified that he had learned only the previous morning of the request to replace the current classification process with the point-factor classification system.

Mr. Vanacore distributed a proposed compensation plan design (Exhibit K), from the state of Kansas that included references to the Hay Group.

After learning of the proposal to replace the current classification system, Mr. Vanacore contacted Artie Nathan, Vice President of Human Resources for the Bellagio Hotel in Las Vegas, who he indicated did not recommend the Hay Group's point-factor system based on the following reasons:

- Minimum installation costs could amount to between $500,000 and $1 million with additional costs for training and maintenance.

- Implementation could take approximately three years, and data not properly entered into the system could be altered, for example, to reclassify state employees at lower compensation rates.

- The Kansas document (Exhibit J) recommended fine-tuning their current system.

Mr. Vanacore proposed that fine-tuning Nevada's system was an inexpensive option and argued that a new system that reclassified state employees at lower rates would disrupt state service while increasing salaries could negatively affect the state's current financial situation.

Additionally, Mr. Vanacore indicated that employees appealing classification decisions to the Personnel Advisory Commission were not challenging the process but challenging their own positions based on job duties.

Mr. Vanacore also indicated that his research revealed that the point system was outdated and because of the complexity involved in state-government pay structures, the system was not being used by other states.

Mr. Vanacore stated that the Department of Personnel's current pay system, based on market data, was the best approach to ensuring employee retention and that although state employees sacrificed large salaries for the benefit of a retirement income, salaries had to be competitive with current market value.

Additionally, Mr. Vanacore indicated that the Talent Management System (TMS), a web-based application, designed to assist management in the recruitment of talent and management of human resources was "highly recommended by industry experts and human resources professionals" and was the method preferred by the AFSCME when the state recovered from its budget deficit.

In closing, Mr. Vanacore advised against approving the request because he said funding should not be expended for a product that would diminish the Personnel Advisory Commission appeal process.

Mr. Rich disagreed with the preceding comments and reiterated that the Department was attempting to provide an objective and defensible classification process for state employees. Additionally, Mr. Rich commented that Personnel Department representatives often appeared before the Personnel Advisory Commission during emotionally-charged hearings "to save jobs" because the state lacked a credible method of job evaluation. Mr. Rich requested that Mike Willden, a member of the executive compensation committee, be permitted to testify.

Mike Willden, Director, Department of Health and Human Services (DHHS), testified that as the Director of a Department that employed approximately 5,300 state employees and conducted over 300 classifications a year, the current classification method did not work.

Mr. Willden reported that the DHHS utilized 9 out of 12 possible occupational groups and that it appeared the system was shifting to pay equity within but not across the groups. Additionally, he said that recruitment difficulties were increasing because of the subjective decisions being made regarding salary issues.

Mr. Willden asked for the Committee's favorable consideration of the Hay Group's methodology to replace the current classification process and to resolve pay-equity issues prior to the 2009 Legislative Session.

Senator Mathews reiterated concerns relative to making "a drastic change" without the additional information relative to the success being experienced by other states using the point-factor system.

Assemblywoman Koivisto also indicated she preferred to defer the request until additional information could be provided. Assemblywoman Koivisto pointed out that state employees were typically paid at lower rates than municipal and county employees doing comparable jobs and commented that retention problems would continue to be encountered if the plan did not address that situation.

ASSEMBLYWOMAN BUCKLEY MOVED TO DEFER THE REQUEST TO THE NEXT MEETING OF THE INTERIM FINANCE COMMITTEE TO ALLOW DEPARTMENT OF PERSONNEL AND EMPLOYEE GROUP REPRESENTATIVES THE TIME TO PREPARE THE ADDITIONAL INFORMATION THE COMMITTEE MEMBERS REQUESTED AND TO KEEP THE COMMITTEE'S STAFF INFORMED OF THEIR PROGRESS.

SENATOR BEERS SECONDED THE MOTION.

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

5. **Department of Education – Other State Programs – FY 08 –** Addition of $59,400.00 in Transfer from Legislative Fund to support the Academic Standards Review Team from the Legislative Committee on Education. Requires Interim Finance approval since the amount added to the Academic Standards Review category exceeds $50,000.00. **Work Program #C34802**

   Refer to motion for approval under Item E.

6. **Department of Education – Drug Abuse Education – FY 08 –** Addition of $441,235.00 in Federal Drug Free Schools Grant funds and $43,246.00 in Prior Year Refunds to balance forward the ending grant authority from FY 2007 and establish authority for projected refunds. Requires Interim Finance approval since the cumulative amount added to the Aid to Schools category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33264**

   Refer to motion for approval under Item E.

7. **Department of Education – Discretionary Grants – Restricted – FY 08 –** Addition of $3,642,005.00 in Federal 21st Century Learning Centers Grant funds, $130,080.00 in Federal Refugee Children School Impact Grant funds, $138,826.00 in Federal Byrd Scholarship Grant funds, $211,994.00 in Federal Homeless Children Grant funds, $303,775.00 in Federal Partnership in Character Education Grant funds and $954,961.00 in Federal Charter Schools Program Grant funds, and deletion of $1,157,622.00 in Federal English Language Acquisition State Grant funds and $276,196.00 in Federal Advanced Placement Fees Grant funds to align authority with actual grant awards for existing programs and re-establish authority for the Partnership in Character Education Program. Requires Interim Finance approval since the amount added to the 21st Century Learning Centers-Aid to Schools category exceeds $50,000.00. **Work Program #C33297**

   Refer to motion for approval under Item E.

8. **Department of Education – Elementary and Secondary Education – Title I – FY 08 –** Addition of $29,796,679.00 in Federal Basic Consent Grant funds, $258,208.00 in Federal Migrant Aid Grant funds, $205,704.00 in Federal Neglected and Delinquent Grant funds, $187,430.00 in Federal Migrant Consortium Grant funds, $3,936,370.00 in Federal Reading First State Grant funds, $646,390.00 in Federal Even Start Grant funds and $433,540.00 in Federal Comprehensive School Reform Demonstration Grant funds to align authority with actual grant awards for existing programs and establish authority to implement

comprehensive school reform programs that include basic academics and parental involvement. Requires Interim Finance approval since the amount added to the Chapter Basic Aid to Schools category exceeds $50,000.00. **Work Program #C33298**

Refer to motion for approval under Item E.

9. **Department of Education – Elementary and Secondary Education – Titles II, V and VI – FY 08 –** Addition of $654,488.00 in Federal Title V Grant funds, $2,983,902.00 in Federal Improving Teacher Quality Grant funds, $4,272,812.00 in Federal State Assessments Grant funds, $1,101,750.00 in Federal Math and Science Partners Grant funds and $1,502,519.00 in Federal Technology Grant funds to align authority with actual grant awards for existing programs. Requires Interim Finance approval since the amount added to the State Assessments-Contracts category exceeds $50,000.00. **Work Program #C34800**

Refer to motion for approval under Item E.

10. **Department of Education – Nutrition Education Programs – FY 08 –** Addition of $8,288.00 in Federal Commodity/Cash Grant funds, $1,275,782.00 in Federal School Breakfast Grant funds, $343,806.00 in Federal Child/Adult Care Grant funds, $8,232,439.00 in Federal School Lunch Grant funds, $356,346.00 in Federal Summer Food Grant funds, $191,940.00 in Federal Administration Cost Allowance Grant funds, $19,612.00 in Federal Child/Adult Care Audit Grant funds, $100,000.00 in Federal United States Department of Agriculture (USDA) Reallocation Grant funds and $45,000.00 in Transfer from the Nevada State Health Division, Bureau of Community Health, Fitness and Wellness Council and transfer of $14,072.00 from the Operating category to the In-State Travel category to align authority with actual grant awards for existing programs; accept USDA Reallocation funding to be used specifically for information technology purposes; accept funding for the Wellness Challenge Program; and increase authority for travel due to a new review process required by the USDA for Provision II schools, effective February 2008. Requires Interim Finance approval since the amount added to the School Lunch category exceeds $50,000.00. **Work Program #C33296**

Refer to motion for approval under Item E.

11. **Department of Education – Individuals with Disabilities Act – FY 08 –** Addition of $16,781,931.00 in Federal Handicapped Grant funds, $215,830.00 in Federal Early Childhood Grant funds, $285,532.00 in Federal Project Promises Grant funds and $32,904.00 in Federal General Supervision Enhancement Grant funds to align authority with actual grant awards for existing programs and establish authority for the Special Education-Technical Assistance on State Data Collection Program. Requires Interim Finance approval since the amount added to the

Special Education-Aid to Schools category exceeds $50,000.00. **Work Program #C33299**

Refer to motion for approval under Item E.

12. **Department of Cultural Affairs – Nevada State Library and Archives – FY 08 –**Addition of $550,000.00 in Transfer from Department of Education sub-grant to support access to statewide databases. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C33359**

    Refer to motion for approval under Item E.

13. **Department of Cultural Affairs – Nevada State Library and Archives – FY 08 –** Addition of $169,115.00 in Gates Foundation Grant funds to accept an award to improve ongoing public access to computers and Internet services for libraries serving low-income patrons and to promote local library funding for information technology resources. Requires Interim Finance approval since the amount added to the Gates Foundation category exceeds $50,000.00. **Work Program #C30399**

    Refer to motion for approval under Item E.

14. **Department of Cultural Affairs – Nevada State Library and Archives – FY 08 –** Addition of $1,354,053.00 in Federal Library Grant funds to increase authority for additional Federal Library Services and Technology Act Grant awards to sub-grantees. Requires Interim Finance approval since the amount added to the Library Development Title I category exceeds $50,000.00. **Work Program #C33358**

    Refer to motion for approval under Item E.

15. **Commission on Mineral Resources – Division of Minerals – FY 08 –** Transfer of $56,393.00 from the Reserve category to the Abandoned Mine Support category to cover increased costs due to the expansion of the program. Requires Interim Finance approval since the amount added to the Abandoned Mine Support category exceeds $50,000.00. **Work Program #C14395**

    Refer to motion for approval under Item E.

16. **Commission on Mineral Resources – Division of Minerals – FY 08 –** Deletion of $13,800.00 in Nevada Office of Energy Grant funds and transfer of $29,001.00 from the Reserve category to the Trade Mission category to publish a bi-monthly geothermal newsletter and for Geopowering the West activities. Requires Interim

Finance approval since the amount transferred from the Reserve category exceeds ~~$50,000.00~~ ***10 percent of the legislatively–approved level for that category***. **Work Program #C14394**. **REVISED JANUARY 8, 2008**.

Senator Coffin declined to hear testimony on Item 16.

SENATOR COFFIN MOVED APPROVAL OF ITEM 16.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Rhoads and Assemblyman Parks were not present for the vote.)

17. **Department of Business and Industry – Real Estate Division – Common Interest Communities – FY 08 –** Transfer of $24,053.00 from the Reserve category to the In-State Travel category to cover a projected shortfall through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C31858**

    Refer to motion for approval under Item E.

18. **Department of Health and Human Services – Director's Office Administration – FY 08 –** Transfer of $30,000.00 from the Personnel Services category to the Head Start category to realign legislative authority to allow the Head Start Collaboration Office to better utilize the federal grant for its intended purpose. Requires Interim Finance approval since the amount transferred to the Head Start category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C32958**

    Refer to motion for approval under Item E.

19. **Department of Health and Human Services – Director's Office – Administration– FY 08 –** Addition of $80,000.00 in Casey Foundation Partnership Grant funds to provide outreach strategies for at-risk families through linkage to community based services. Requires Interim Finance approval since the amount added to the Casey Foundation Programs category exceeds $50,000.00. **Work Program #C32962**

Chairman Arberry announced that the Committee would consider Items 19, 21, and 55 concurrently.

Mike Torvinen, Deputy Director, Fiscal Services, Department of Health and Human Services, addressed Item 19 and requested approval for the addition of $80,000 in Casey Foundation Partnership Grant funds to replace $69,166 in fiscal year 2008

funding for the Nevada 2-1-1 Program that was reduced to meet General Fund budget reductions.

In response to Assemblywoman Leslie, who asked whether Casey Family Program (CFP) representatives were aware that General Fund money was being supplanted with CFP grant funds, Mr. Torvinen advised that the CFP "explicitly agreed" and understood that the funds were being used to supplant some General Fund money.

Assemblywoman McClain questioned whether CFP grant funds would also replace the $139,436 budget reduction for fiscal year 2009.

Mr. Torvinen advised that a $500,000 CFP grant, available in calendar year 2008, would be used to supplant the budget reduction for fiscal year 2009.

In response to Assemblywoman McClain, who questioned whether the entire $139,436 for the Nevada 2-1-1 Program would be supplanted with CFP funds, Mr. Torvinen advised that the Legislature approved $208,000 in General Funds to support the program over the biennium. Although he did not have the budget reduction detail with him, Mr. Torvinen indicated that CFP funds would supplant the budget reductions to "keep the Nevada 2-1-1 Program whole."

Mr. Torvinen next addressed Item 21 and requested approval to establish revenue and expenditure authority for Casey Foundation Partnership Grant funds. Mr. Torvinen advised that funding for the Family Resource Centers' (FRCs) budget was reduced by approximately $59,000 to meet General Fund budget reductions but would be replaced with $69,000 in grant funding.

In response to Assemblywoman Leslie, who questioned whether the funding reduction and grant fund replacement was for the FRCs' Differential Response Program, Mr. Torvinen confirmed that it was.

Mike Willden, Director, Department of Health and Human Services (DHHS), advised that the funding reduction for the Family Resource Centers was included in the DHHS' $80 million budget reduction and as indicated by Mr. Torvinen would be offset through Casey Family Foundation and Children's Trust Fund grant funding. Mr. Willden reported that the $4.2 million budget for the Family Resource Centers was reduced by $273,000 over the biennium or $122,000 in fiscal year 2008 and $150,000 in fiscal year 2009. Additionally, he reported a reduction of $22,500 in over-budgeted funding.

Mr. Willden indicated he would provide Assemblywoman Leslie a spreadsheet that reflected detailed cost reductions and supplemental funding for each Family Resource Center.

Barbara Legier, Deputy Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services, addressed Item 55 and requested approval to establish authority to receive and expend funds from the Casey Family Foundation to

assist the DCFS in analyzing how to reduce the number of children that entered foster care statewide.

Ms. Legier reported that the Casey Family Foundation had a programmatic goal to reduce entry into foster care by 50 percent by the year 2020 and was providing funding to assist states on how to achieve the goal. Ms. Legier advised that the Casey Family Foundation would work with the DCFS to analyze and compare Nevada statutes, regulations, and policy practices to national activity and practices that could be incorporated in Nevada to reduce entry into foster care.

> ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEMS 19, 21, AND 55.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Rhoads and Assemblyman Parks were not present for the vote.)

20. Department of Health and Human Services – Director's Office – Fund for a Healthy Nevada – FY 08 – Addition of $1,292,668.00 in Transfer from the State Treasurer's Office (Tobacco Settlement Funds) 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 #C32960**

Laurie Olson, Program Manager, Nevada Senior Rx and Disability Rx, Fund for a Healthy Nevada, Department of Health and Human Services (DHHS), requested the Committee's approval to establish revenue and expenditure authority to introduce new dental and vision benefits through Senior Rx and Disability Rx.

Ms. Olson reported that *Nevada Revised Statutes* (NRS) 439.665 and NRS 439.745 provided the authority for the new dental and vision benefits and after reviewing both Medicare Part D cost reductions to Senior Rx and Disability Rx services and prescription expenditures, staff determined that funding was being well managed and there was no waiting list for services.

Ms. Olson advised that following the 2007 Legislative directive to add benefits to the extent that funding was available, the DHHS issued a Request for Proposal (RFP) to vendors to add dental, vision, and hearing benefits through Senior Rx and Disability Rx. Although the DHHS did not receive bids from hearing vendors, two dental and two vision providers submitted bids. A five-member evaluation team reviewed proposals and selected one vision and one dental vendor they determined had the best potential to meet program needs.

Ms. Olson provided the following additional information:

- The selected dental provider offered a $1,000 annual benefit with no co-payments for diagnostic and preventative services, a 20 percent co-payment for basic services, and a 50 percent co-payment for major services.

- The selected vision provider offered one annual eye examination, one pair of lenses, and one pair of frames each year with a $25 co-payment.

Ms. Olson reported that after reviewing information on costs, coordination of benefits, unanticipated Medicare Part D costs, and strategies to manage expenditures as the programs unfolded, the DHHS was prepared to begin extending dental and vision benefits to the Senior Rx and Disability Rx membership.

Chairman Arberry asked why DHHS representatives believed it advisable to expand benefits when it appeared that expenditures would exceed the projected annual revenue for fiscal year 2009 by approximately $1.7 million.

Ms. Olson deferred to the Deputy Director to provide specific information relative to the projections but advised that a significant funding reserve existed that could be used to provide benefits to program participants.

Mike Torvinen, Deputy Director, Fiscal Services, Department of Health and Human Services, confirmed that the Chairman's projection information was accurate but advised that the current $11 million reserve would continue to be well managed and would not be totally depleted.

Assemblywoman Leslie expressed concerns relative to the ability to continue funding the vision and dental benefits if the unallocated balance was depleted.

Mr. Torvinen clarified that the projections were based on providing the dental and vision benefits to all current Senior Rx and Disability Rx participants, which he indicated was not likely to occur.

Assemblywoman Leslie questioned whether DHHS representatives had investigated a more cautious approach such as initially providing the new benefits to only the lowest-income Senior Rx and Disability Rx membership in order to gain some experience in determining how many members chose to participate.

Ms. Olson advised that DHHS staff initially considered providing the benefit to only those participants within 150 percent of the federal poverty level but abandoned the idea after determining that such a provision would not provide an accurate representation of the entire population.

Assemblywoman Leslie reiterated concern relative to depleting the reserve funding and indicated that an option to provide the benefits to lower-income participants appeared to be a preferable option.

Ms. Olson advised that if staff determined that the reserve funding was being depleted too quickly, the expenditures could be managed by various methods such as establishing a waiting list, attrition, and changing the benefits. Ms. Olson stated that based on the last several years' experience with the Medicare Part D Prescription Plan Program, it was apparent that not all program participants used all of the available benefits.

In response to Assemblyman Hardy who asked whether tobacco settlement funding would be adversely affected by budget reductions and the new Senior Rx and Disability Rx benefits, Mr. Torvinen advised that funding for Senior Rx and Disability Rx was set aside separately from money from the Fund for a Healthy Nevada. Additionally, Mr. Torvinen pointed out that the reserve funding for Senior Rx and Disability Rx was not General Fund money and not proposed for budget reduction.

Assemblywoman McClain agreed with previous testimony that providing the benefits to only those participants at the lowest-income level would not provide an accurate representation of the entire Senior Rx and Disability Rx population and questioned whether the new benefits could be publicized as a pilot program that would continue to the extent of funding availability.

Ms. Olson advised that while the option to provide the benefits based on income was available, another option would be to provide all participants the opportunity to receive the benefits, but limit the number it was determined would be workable.

Assemblywoman McClain indicated that providing the new benefits to all participants in Senior Rx and Disability Rx would provide "a good indication of the real need."

Chairman Arberry addressed the four options that staff had provided for the Committee's consideration:

- **Option 1 –** Approve the expansion of both the Senior Rx and Disability Rx programs to include vision and dental benefits

- **Option 2 –** Approve the expansion of the Disability Rx program to include vision and dental benefits but deny the request to expand the Senior Rx program benefits at this time.

- **Option 3 –** Approve the expansion of the Senior Rx and Disability Rx programs to include vision benefits but not the more expensive dental benefits. (Note: the Committee could also ask the Department whether it would support expanding the Disability Rx program to include vision and dental benefits, but only expand the Senior Rx program to include vision benefits.)

- **Option 4 –** Approve expanding the benefits for both Senior Rx and Disability Rx by including both vision and dental benefits, but provide those expanded benefits

for only those members of the programs whose incomes were at or below 150 percent of the federal poverty level.

Assemblywoman McClain asked for the income level of single persons eligible for Senior Rx and Disability Rx benefits and what percent that income was of the federal poverty level.

Ms. Olson advised that the income levels for Senior Rx and Disability Rx were not tied to the federal poverty level, but the income level for a single person was $24,561, which was 240 percent of the federal poverty level.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF OPTION 1 FOR THE EXPANSION OF BOTH THE SENIOR RX AND DISABILITY RX PROGRAMS TO INCLUDE VISION AND DENTAL BENEFITS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

Senator Raggio apologized for missing a portion of the presentation and questioned whether funding from the reserve would be depleted with approval of Option 1.

Mr. Torvinen advised that projections indicated that if 100 percent of the Senior Rx and Disability Rx participants used 100 percent of the benefits, the reserve funding could be depleted. Mr. Torvinen stated, however, that staff did not believe that the caseloads used for the projections would materialize and indicated they would cautiously manage the program and the available funding.

Senator Beers indicated he could not support the motion since it appeared that the Interim Finance Committee rather than the entire Legislature was expanding a welfare program with a decreasing source of revenue.

Assemblyman Hardy expressed similar concerns as well as his preference for Option 4, which he pointed out would provide vision and dental benefits for a limited number of participants.

Assemblywoman McClain agreed to amend her motion to begin the provision of dental and vision benefits for participants at a lower income level and reminded the members of the Committee that the entire 2007 Legislature approved the inclusion of dental and vision benefits for Senior Rx and Disability Rx.

ASSEMBLYWOMAN MCCLAIN AMENDED HER PREVIOUS MOTION AND MOVED APPROVAL FOR OPTION 4 TO EXPAND BENEFITS FOR SENIOR RX AND DISABILITY RX BY INCLUDING BOTH VISION AND DENTAL BENEFITS FOR ONLY THOSE MEMBERS OF THE PROGRAMS WHOSE INCOMES WERE AT OR

BELOW 150 PERCENT OF THE FEDERAL POVERTY LEVEL.

ASSEMBLYMAN HOGAN SECONDED THE AMENDED MOTION.

In response to Senator Beers, who questioned whether program participants were eligible for benefits through Medicaid, Ms. Olson advised that participants were over the income level for Medicaid and that *Nevada Revised Statutes* prohibited enrollment for those persons receiving Medicaid benefits. Ms. Olson reiterated that the income level for Senior Rx and Disability Rx participants was approximately 240 percent of the poverty level and even at 150 percent of the poverty level, Nevada participants were over the income level for Medicaid.

In response to Senator Beers, who questioned whether the benefits were available through Medicare, Ms. Olson advised that they were not.

Senator Cegavske requested cost projections for Option 4.

Rick Combs, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that by expanding the benefits to include dental and vision benefits to only the membership at or below 150 percent of the federal poverty level reduced the cost in fiscal year 2009 from approximately $3.4 million to approximately $1.7 million. Additionally, Mr. Combs advised that the cost of benefits would not affect the reserve funding until the following biennium and then only slightly. However, he indicated he could not accurately prepare projections beyond the following biennium since there were no indicators relative to the availability of tobacco settlement funds seven or eight years into the future.

Mr. Combs indicated that Option 4 appeared to be a prudent way to provide DHHS staff the time to determine the number of program participants and the cost of providing the new benefits before expanding the service without the concern of quickly reducing the reserve funding.

Assemblyman Hardy asked whether the new benefits included a sunset provision that would allow for a review by the 2009 Legislature.

Chairman Arberry indicated that the 2009 Legislature would review all DHHS' programs.

Chairman Arberry called for a vote on the motion.

THE MOTION CARRIED. (Senator Beers voted nay. Senator Rhoads was not present for the vote and was marked excused for the remainder of the meeting.)

21. **Department of Health and Human Services – Director's Office – Grants Management Unit – FY 08 –** Addition of $230,000.00 in Casey Foundation Partnership Grant funds to provide services to foster families and children at risk for foster care placement; supplement housing, education, health and employment training costs; and provide assessment and case management services to at-risk families that are reported to Child Protective Services. Requires Interim Finance approval since the amount added to the Casey Foundation Programs category exceeds $50,000.00. **Work Program #~~C32959~~ #*C32956.* REVISED JANUARY 9, 2008.**

    Refer to narrative and motion for approval under Item 19.

22. **Department of Health and Human Services – Director's Office – Indigent Accident Account – FY 08 –** Transfer of $40,000.00 from the Current Claims category to the Operating category to increase the Nevada Association of Counties contract which provides program administration for hospital applications review and verification. 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 #C32959**

    Refer to motion for approval under Item E.

23. **Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08 –** Addition of $9,885,594.00 in Transfer from Long-Term Care Provider Tax to align FY 2008 long-term care provider tax collections required to pay the state share of nursing home rate increases and revert administrative fees that were not transferred in prior fiscal years. Requires Interim Finance approval since the amount added to the Medical Assistance to Aged, Blind and Disabled category exceeds $50,000.00. **Work Program #C27639**

    Refer to motion for approval under Item E.

24. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Administration – FY 08 –** Addition of $19,770.00 in Community Mental Health Block Grant funds to continue programs that improve the delivery of services to adults with serious mental illness. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing**. **Work Program #C31148**

Jeff Mohlenkamp, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, appeared before the Committee to request approval for the addition of $19,770 in Community Mental Health Block Grant funds and for the transfer of funds between expense categories.

Chairman Arberry announced that Item 24 involved the allocation of block grant funds and required a public hearing. The Chairman opened the hearing to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 24.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 24.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

Assemblywoman Leslie took the opportunity to pay tribute to the work of Dr. Carlos Brandenburg and Debbie Hosselkus, both of whom had recently retired from state service as Administrator and Deputy Administrator, respectively, of the Division of Mental Health and Developmental Services, Department of Health and Human Services.

Assemblywoman Leslie advised that on behalf of the Legislature, she had presented them with a framed proclamation signed by Senator Raggio and Assemblywoman Buckley and although Dr. Brandenburg and Ms. Hosselkus were not present, she asked that a message be conveyed to them telling them how much their decades of service was "truly appreciated."

Assemblywoman Leslie indicated that the members of the Legislature worked diligently to recover from the 1991 reductions to the Division of Mental and Developmental Services' budgets, but it was Dr. Brandenburg, who should be credited for the recovery. On behalf of the Committee, Assemblywoman Leslie extended her appreciation to Dr. Brandenburg and Ms. Hosselkus for their many years of dedicated service to the state.

25. Department of Health and Human Services – Division of Mental and Developmental Services – Northern Nevada Adult Mental Health Services – FY 08 – Addition of $177,086.00 in Federal Shelter Plus Care Grant funds to provide housing subsidy services to clients in need of residential support. Requires Interim Finance approval since the amount added to the Transitional-Housing and Urban Development category exceeds $50,000.00. **Work Program #C32116**

Refer to motion for approval under Item E.

26. Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 08 – Transfer of $177,038.00 from the Personnel Services category to the Professional Services category to continue providing contract psychiatrist services

to clients. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $50,000.00. **Work Program #C32115**

Refer to motion for approval under Item E.

27. Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Clinics – FY 08 – Addition of $62,532.00 in Federal Housing and Urban Development (HUD) Shelter Plus Grant funds to increase expenditure authority in the Federal HUD Shelter Plus Grant to align authority with the grant award. Requires Interim Finance approval since the amount added to the Federal HUD Shelter Plus Care Grant category exceeds $50,000.00. **Work Program #C31157**

Refer to motion for approval under Item E.

28. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 – Transfer of $99,932.00 from the Medications category to the Utilities category to cover a projected shortfall in utilities in FY 08. 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 #C31184**

Jeff Mohlenkamp, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, appeared before the Committee to request approval for the transfer of $99,932 from the Medications category to the Utilities category to meet a projected increase in utilities for fiscal year 2008.

Senator Coffin noted that Southern Nevada Adult Mental Health Services (SNAMHS) was utilizing sample medications and questioned the reasoning behind choosing funding from the Medications' category to pay for a shortfall in the Utilities category.

Mr. Mohlenkamp advised that with $900,000 in savings projected through the use of drug donations and medication clinic client caseload below projections, it was determined that the Medications' category was the only category from which funds could be transferred that would not negatively affect client services.

Senator Coffin questioned the ethics involved in accepting sample medications and whether the state, by doing so, would be obligated to continue to conduct business with specific drug manufacturers.

Mr. Mohlenkamp advised that the provision of sample medications from pharmaceutical companies was a "fairly standard practice" and that with the agency's utilization of an approved formulary of specific medications and with prescriptions written by physicians, the acceptance of sample medications would not establish obligated relationships with

pharmaceutical manufacturers. Mr. Mohlenkamp said that taking into account the projected savings of $900,000, he would have lot of explaining to do by not taking advantage of the sample medications.

Senator Coffin inquired as to whether additional adjustments would be requested through the end of fiscal year 2008.

Mr. Mohlenkamp advised that additional work programs to transfer funds from the Medications category would be presented for the Interim Finance Committee's consideration at the next scheduled meeting. Additionally, Mr. Mohlenkamp advised that budget reductions would also affect the Medications' category by $1.4 million in fiscal year 2008 and approximately $900,000 in fiscal year 2009.

SENATOR COFFIN MOVED APPROVAL OF ITEM 28.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Rhoads, Senator Titus, and Assemblywoman McClain were not present for the vote.)

29. Department of Health and Human Services – Division of Mental Health and Developmental Services – Desert Regional Center – FY 08 – Transfer of $32,000.00 from the Operating category to the Utilities category and $30,000.00 from the Maintenance of Buildings and Grounds category to the Utilities category to cover a projected shortfall in utilities in FY 08. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $50,000.00. **Work Program #C32122**

Refer to motion for approval under Item E.

30. Department of Health and Human Services – Division of Mental Health and Developmental Services – *Mental Health Information Systems* – FY 08 – Addition of $143,718.00 in State Mental Health Data Infrastructure Grant for Quality Improvement Federal Grant funds to support information technology services on a division-wide basis. Requires Interim Finance approval since the amount added to the Data Infrastructure Grant category exceeds $50,000.00. **Work Program #C31174**. **REVISED JANUARY 8, 2008**.

Refer to motion for approval under Item E**.**

31. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Bureau of Alcohol and Drug Abuse – FY 08 –** Addition of $595,000.00 in Meth Regional Partnership Grant funds to fund community substance abuse treatment providers to increase the well-being and permanency outcomes for children affected by meth or substance abuse. Sub-grants will be awarded to WestCare in the amount of $500,000.00 and to Bridge Counseling in the amount of $95,000.00. Requires Interim Finance approval since the amount includes $100,000.00 in new governmental grants. **Work Program #C32152**

    Refer to motion for approval under Item E.

32. **Department of Health and Human Services – Health Division – Consumer Health Protection – FY 08 –** Addition of $124,105.00 in Food and Drug Administration Food Contract funds to conduct food sanitation inspections on behalf of the Food and Drug Administration. Requires Interim Finance approval since the amount includes new staff. **Work Program #C33067**

    Refer to motion for approval under Item E.

33. **Department of Health and Human Services – Health Division – Community Health Services – FY 08 –** Addition of $45,681.00 in Substance Abuse Prevention and Treatment Agency sub-grant funds, $103,387.00 in County Participation funds and $6.00 in Temporary Assistance to Needy Families; deletion of $10,712.00 in Medical Service Charges and transfer of $48,828.00 from the Operating category to the Family Planning category to provide preventive health, family planning and sexually transmitted disease control services to rural Nevada. Requires Interim Finance approval since the amount added to the Family Planning category exceeds $50,000.00. **Work Program #C33063**

Amy Roukie, Administrative Services Officer, Health Division, Department of Health and Human Services, appeared before the Committee to request approval of work program Item 33 to align revenue with current subgrants and contracts and to revise personnel costs that related to the appropriate allocation of costs based on actual work performed. Ms. Roukie advised that approval of the request would move funding into special use categories to provide preventive health, family planning and sexually transmitted disease control services to rural Nevada counties. Additionally, Ms. Roukie advised that the work program request involved the allocation of block grant funding, which required a public hearing.

Assemblyman Grady requested additional information relative to the addition of $103,387 in County Participation funds.

Ms. Roukie explained that the $103,387 was provided by Churchill County in lieu of their previous contribution of a full-time equivalent employee, who assisted in staffing the community health-nursing clinic in Churchill County. Ms. Roukie advised that several

other rural counties also provided county participation funds to support the community health-nursing program in their counties.

Chairman Arberry announced that Item 33 involved the allocation of block grant funds and required a public hearing. The Chairman opened the hearing to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 33.

> ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM 33.
>
> ASSEMBLYMAN DENIS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Rhoads, Senator Titus, and Assemblywoman McClain were not present for the vote.)

34. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 08 – Addition of $840.00 in Federal Chronic Disease Prevention Arthritis Grant funds, $99,975.00 in Federal Comprehensive Cancer Grant funds and $25,332.00 in Federal Comprehensive Cancer and Breast and Cervical Cancer Grant funds; deletion of $29,651.00 in Federal Ryan White Comprehensive Care Grant funds and $13,546.00 in Federal Immunization Grant funds**,** and transfer of $216,004.00 from the Cancer Prevention category to the Tobacco Grant category to continue various programs to help control chronic diseases in Nevada. Requires Interim Finance approval since the amount transferred to the Tobacco Grant category exceeds $50,000.00. **Work Program #C33037**

Refer to motion for approval under Item E.

35. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 08 – Addition of $40,961.00 in Centers for Disease Control Hepatitis Federal Grant funds to integrate Hepatitis Services into public programs for adults at high risk. Requires Interim Finance approval since the amount ~~includes new staff~~ ***added to the Hepatitis category exceeds 10 percent of the legislatively–approved level for that category***. **Work Program #C33090**. **REVISED JANUARY 8, 2008**.

Refer to motion for approval under Item E.

36. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 08 – Addition of $29,651.00 in Federal Ryan White Comprehensive Care Grant funds to provide additional sub-grant funds for services and programs to eligible clients. Requires Interim Finance approval since the cumulative amount added to the Comprehensive Care category exceeds $50,000.00. **Work Program #C33088**

Refer to motion for approval under Item E.

37. Department of Health and Human Services – Health Division – Immunization Program – FY 08 – Addition of $13,546.00 in Federal Immunization Grant funds and transfer of $48,282.00 from the Immunization Action Plan category to the Vaccines for Children category, $11,165.00 from the Immunization Action Plan category to the Title 317 category and $64,352.00 from the State Immunization Information Systems category to the Title 317 category to improve vaccine coverage levels for residents of Nevada. Requires Interim Finance approval since the amount transferred to the Title 317 category exceeds $50,000.00. **Work Program #C33089**

Refer to motion for approval under Item E.

38. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 08 – Addition of $10,991.00 in Federal Core Injury Prevention Grant funds and transfer of $15,000.00 from the Personnel Services category to the University of Nevada, Reno Primary Care category, $15,000.00 from the Personnel Services category to the System Development Grant category and $16,000.00 from the Personnel Services category to the Core Injury Prevention Program category to improve the health of families by promoting and providing health education and prevention activities. Requires Interim Finance approval since the amount added to Core Injury Prevention Program category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C33019**

Refer to motion for approval under Item E.

39. Department of Health and Human Services – Health Division – Early Intervention Services – FY 08 – Addition of $1,195,284.00 in Federal Education of Handicapped Children Grant funds to provide services to eligible children including contract services from private providers and community organizations. Requires Interim Finance approval since the amount added to the Individuals with Disabilities Education Act Direct Services category exceeds $50,000.00. **Work Program #C33064**

Refer to motion for approval under Item E.

40. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 08 – Addition of $1,131,143.00 in

United States Department of Agriculture Food Stamp Nutrition Education Program funds to support nutrition education programs that target specific child groups and encourage healthier eating habits. Requires Interim Finance approval since the amount added to the Nutrition Education Network category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C22635**

Refer to motion for approval under Item E.

41. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 08 –** Addition of $378,168.00 in United States Department of Agriculture Federal Food Stamp Information Plan Program funds to provide for community partners that will conduct community campaigns that will educate and assist low income seniors with the Food Stamp Program process. Requires Interim Finance approval since the amount added to the Food Stamp Information Plan category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C22636**

    Refer to motion for approval under Item E.

42. **Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 08 –** Addition of $64,621.00 in United States Department of Agriculture Food Stamp Program funds and $64,621.00 in Transfer from Child Support Enforcement (State Share of Collection funds) to provide support services and transportation associated with client participation in job search activities. Requires Interim Finance approval since the amount added to the Food Stamp Employment and Training category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C22625.**

    Refer to motion for approval under Item E.

43. **Department of Health and Human Services – Division of Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF) – FY 08 –** Addition of $7,524,655.00 in Federal Temporary Assistance for Needy Families (TANF) Grant funds to fund TANF cash assistance grants based on caseload projections for the remainder of FY2008. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22624**

Nancy Ford, Administrator, Division of Welfare and Supportive Services, identified herself for the record and introduced Romaine Gilliland, Deputy Administrator, Administrative Services, Division of Welfare and Supportive Services, Department of Health and Human Services. Ms. Ford requested the approval of work program Item 43 to increase fiscal year 2008 revenue and expenditure authority by the addition of $7,524,655 in Federal Temporary Assistance for Needy Families (TANF) Grant funds. Approval would provide the Division with the ability to fund TANF cash assistance

payments based on increased caseload beyond the projections approved by the 2007 Legislature.

In response to questions Assemblywoman Leslie asked relative to the increase in client caseload and the projected decrease in TANF reserve funding, Ms. Ford confirmed that the TANF reserve was projected to decrease to approximately $5 million by the close of fiscal year 2009.

In response to Assemblywoman Leslie, who asked for an explanation of the shift in the agency's cost allocation, Ms. Ford advised that a cost allocation shift was projected for the Administration and Field Services budget accounts because of the additional time employees were spending on TANF clients, which resulted in increased expenditures in TANF funding.

Assemblywoman Leslie expressed concern that the TANF funding reserve would be entirely depleted and agency representatives would appear before the Committee to request General Fund dollars to support additional TANF expenditures.

Ms. Ford indicated agency representatives chose not to reduce TANF cash assistance payments, and while they shared her concern relative to depleting the reserve, there were no other alternatives available.

Assemblywoman Leslie agreed that cash assistance payments should not be reduced but reiterated her concern regarding the reduction of TANF reserve funding and asked whether the Food Stamp or other Welfare programs could be accessed to alleviate drawing down the TANF reserve.

Ms. Ford explained that the Medicaid and Food Stamp budgets were funded with 50 percent General Fund dollars and 50 percent federal dollars while TANF was funded entirely by federal dollars and that reducing funding to Medicaid and Food Stamp programs would require additional monies from the General Fund. Ms. Ford provided assurance that agency representatives would closely monitor the situation but could not guarantee that TANF expenditures would not be reduced in the event of a significant reduction in reserve funding. However, Ms. Ford indicated that agency representatives were hopeful that a recovery in the economy would perhaps generate an increase in the TANF reserve.

Chairman Arberry announced that Item 43 involved the allocation of block grant funds and required a public hearing. The Chairman opened the hearing to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 43.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM 43.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Rhoads, Senator Coffin, and Senator Titus were not present for the vote.)

44. Department of Health and Human Services – Division of Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF) – FY 08 – Addition of $247,744.00 in Federal Temporary Assistance for Needy Families (TANF) Grant funds to provide for contracted case management services for New Employees of Nevada clients. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing**. **Work Program #C22623**

Nancy Ford, Administrator, Division of Welfare and Supportive Services, identified herself for the record and introduced Romaine Gilliland, Deputy Administrator, Administrative Services, Division of Welfare and Supportive Services, Department of Health and Human Services. Ms. Ford requested the approval of work program Item 44 to increase revenue and expenditure authority with the addition of $247,744 in Temporary Assistance for Needy Families (TANF) Grant Funds. Approval of the work program would provide the funding to implement a pilot program to contract for case management services for New Employees of Nevada (NEON) clients in the TANF program.

Assemblywoman Smith indicated she had learned from constituents that some Welfare Division employees were concerned that implementation of the pilot program would create a loss of case management jobs within the agency. Assemblywoman Smith asked agency representatives to provide Division employees with information regarding the pilot program.

Ms. Ford indicated that staff appeared to be more assured after an initial meeting she had conducted to provide them with information but indicated that she would continue to reinforce that assurance.

Assemblywoman Leslie asked agency representatives to comment on the outcome measures targeted to determine whether the pilot project was successful.

Ms. Ford advised that the agency would measure work participation rates, costs, and the impact on clients for the 20 new positions approved by the Interim Finance Committee in September 2007 to focus on employment and training activities in southern Nevada as well as the pilot programs that would be implemented in Washoe County and rural Nevada. Ms. Ford indicated agency staff hoped to return to the 2009 Legislative Session with outcome measurement data for the various models and a recommendation relative to the best model.

Chairman Raggio announced that Item 44 involved the allocation of block grant funds and required a public hearing. The Chairman opened the hearing to public comment. There being no response to the request for public comment, Chairman Raggio closed the hearing on Item 44.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM 44.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry, Senator Rhoads, and Senator Titus were not present for the vote.)

45. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 08 – Addition of $268,192.00 in Federal Child Support Program funds and transfer of $14,655.00 from the Reserve category to the Personnel Services category, $1,765.00 from the Reserve category to the In-State Travel category, $2,076.00 from the Reserve category to the Operating category, $970.00 from the Reserve category to the Equipment category, $73,875.00 from the Reserve category to the Information Services category and $44,818.00 from the Reserve category to the Training category to provide for the design and implementation of a document imaging and content management system, which also includes one full-time equivalent position to oversee and manage the project. Requires Interim Finance approval since the amount added to the Information Services category exceeds $50,000.00. **Work Program #C22618. RELATES TO ITEM 46**

Refer to motion for approval under Item E.

46. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – <u>FY 09</u> – Addition of $57,829.00 in Federal Child Support Enforcement Program funds and transfer of $26,380.00 from the Reserve category to the Personnel Services category, $3,221.00 from the Reserve category to the Operating category and $189.00 from the Reserve category to the Information Services category to provide for the design and implementation of a document imaging and content management system. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00. **Work Program #C22638. RELATES TO ITEM 45**

Refer to motion for approval under Item E.

47. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Care Assistance and Development – FY 08 – Addition of $7,371,747.00 in Federal Child Care Development Mandatory Match Grant funds and deletion of $688,475.00 in Federal Child Care Development Discretionary Grant funds to allow child care subsidies to provide assistance to families seeking a level of self-sufficiency and avoid being dependent upon public assistance. **Requires Interim Finance approval since the amount involves**

the allocation of block grant funds and this action requires a public hearing. Work Program #C22626

Nancy Ford, Administrator, Division of Welfare and Supportive Services, identified herself for the record and introduced Romaine Gilliland, Deputy Administrator, Administrative Services, Division of Welfare and Supportive Services, Department of Health and Human Services. Ms. Ford requested approval of work program Item 47 for the addition of $7,371,747 in Federal Child Care Development Mandatory Match Grant funds to provide child care services for clients enrolled in the Child Care Assistance and Development program.

Chairman Arberry announced that Item 47 involved the allocation of block grant funds and required a public hearing. The Chairman opened the hearing to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 47

ASSEMBLYMAN HARDY MOVED APPROVAL OF ITEM 47.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Rhoads and Senator Titus were not present for the vote.)

48. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Program – FY 08 – Addition of $116,327.00 in Federal Local Delinquency Prevention Program Grant funds to support delinquency prevention programs and activities for youth who are likely to or have had contact with the juvenile justice system. Requires Interim Finance approval since the amount added to the Local Prevention Program category exceeds $50,000.00. **Work Program #C25143**

Refer to motion for approval under Item E.

49. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08 – Addition of $159,513.00 in Federal Children's Justice Act Grant funds to improve the handling 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 #C25137**

Refer to motion for approval under Item E.

50. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08 – Addition of $794,045.00 in Federal Title IV-B Subpart 2 Grant funds to support direct services in the areas of family preservation services, community-based family support services, time-limited family reunification services, and adoption promotion services. Requires Interim Finance approval since the amount added to the Promoting Safe and Stable Families category exceeds $50,000.00. **Work Program #C25134**

Refer to motion for approval under Item E.

51. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08 – Addition of $772,883.00 in Federal Independent Living (Chafee) Grant funds to align and support activities related to preparing foster teens for emancipation from foster care of which 30 percent is used for housing of youth who have aged out of foster care. Requires Interim Finance approval since the amount added to the Independent Living category exceeds $50,000.00. **Work Program #C25135**

Refer to motion for approval under Item E.

52. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08 – Addition of $211,729.00 in Federal Family Prevention and Service Grant funds to support sub-grantees for direct shelter services relating to domestic violence and assuring safety for victims of domestic violence. Requires Interim Finance approval since the amount added to the Family Violence category exceeds $50,000.00. **Work Program #C25140**

Refer to motion for approval under Item E.

53. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08 – Addition of $2,896,510.00 in Federal Victims of Crime Grant funds to provide services in the areas of sexual assault, child abuse, domestic violence and previously under-served populations, which include victims of such crimes as adults molested as children, assault, victims of gang violence, and homicide survivors. Requires Interim Finance approval since the amount added to the U.S. Crime Victims category exceeds $50,000.00. **Work Program #C25136**

Refer to motion for approval under Item E.

54. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08 – Addition of $674,980.00 in Federal Child Abuse and Neglect Grant funds to improve child protective service systems in the areas of report investigations, case management, child protective service training, and general service enhancement.

Requires Interim Finance approval since the amount added to the Child Abuse and Neglect category exceeds $50,000.00. **Work Program #C25138**

Refer to motion for approval under Item E.

55. Department of Health and Human Services – Division of Child and Family Services – Child, Youth and Family Administration – FY 08 – Addition of $180,000.00 in Casey Foundation Partnership Grant funds to provide technical assistance and support to improve child welfare programs for children in foster care. Requires Interim Finance approval since the amount added to the Casey Family Programs category exceeds $50,000.00. Work Program #C25144

Refer to narrative and motion for approval under Item 19.

56. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 08 – Addition of $170,000.00 in Federal Adoption Incentive Payment Program Grant funds to encourage states to finalize adoptions of children from foster care, with additional incentive for adopting foster children with special needs. Requires Interim Finance approval since the amount added to the Adoption Incentive category exceeds $50,000.00. **Work Program #C25142**

Refer to motion for approval under Item E.

57. Department of Employment, Training and Rehabilitation – Rehabilitation Division Vocational Rehabilitation – FY 08 – Addition of $583,416.00 in Federal Social Security Administration Reimbursement to cover a projected shortfall in utilities and to maximize services to vocational rehabilitation clients. Requires Interim Finance approval since the amount added to the Social Security Administration/Vocational Rehabilitation category exceeds $50,000.00. **Work Program #C25398**

Refer to motion for approval under Item E.

58. Department of Employment, Training and Rehabilitation – Employment Security Division – FY 08 – Deletion of $280,000.00 in Federal Administrative Cost Allowance to provide for projected non-discretionary recurring staff allocation for leased space and utility expenses for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Operating category exceeds $50,000.00. **Work Program #C25401. RELATES TO ITEM 59**
Refer to motion for approval under Item E.

Refer to motion for approval under Item E.

59. Department of Employment, Training and Rehabilitation – Employment Security Division – Career Enhancement Program – FY 08 – Transfer of

$250,000.00 from the Reserve category to the Operating category and $30,000.00 from the Reserve category to the Utilities category to provide for projected non-discretionary recurring staff allocation for leased space and utility expenses for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00. **Work Program #C25399. RELATES TO ITEM 58**

Refer to motion for approval under Item E.

60. Department of Corrections – Ely State Prison – FY 08 – Deletion of $119,718.00 in Budgetary Transfer to Casa Grande Transitional Housing to fund five additional Correctional Officer positions at Casa Grande for the Culinary and Inmate Transportation posts. Requires Interim Finance approval since the amount involves a budgetary transfer that balances against other work programs. **Work Program #C33742. RELATES TO ITEM 61**

Chairman Arberry announced that the Committee would consider Items 60, 61, 62, and 63 concurrently.

Howard Skolnik, Director, Department of Corrections (DOC), appeared before the Committee to request approval for a budgetary transfer of $119,718 in fiscal year 2008 and $306,504 in fiscal year 2009 from the Ely State Prison (ESP) to the Casa Grande Transitional Housing budget account to fund five positions at the Casa Grande facility. Mr. Skolnik advised that approval of the request would allow the DOC to eliminate overtime hours in the Casa Grande culinary unit currently required to meet public health requirements and to provide the transportation and supervision of inmates in the community.

Assemblywoman Smith questioned the transfer of funding noting that the ESP was experiencing a shortage of personnel.

Mr. Skolnik advised that currently there were nearly sixty vacant positions at the ESP and further indicated that the facility had operated since 1989 with between 24 and 30 vacant positions at all times. Mr. Skolnik indicated the transfer of the positions would not affect the vacancy rate at ESP and advised that recruitment was ongoing to fill the vacant positions. Mr. Skolnik cited the lack of housing in Ely as the problem the DOC had in the recruitment of personnel.

Pursuant to requests from the Committee's staff, Senator Raggio advised that if the Committee chose to approve the requests, approval should be conditioned on the identification of the specific posts targeted for elimination and the submission of a post chart that reflected, by specific posts, a recommendation for staffing of the institution.

Mr. Skolnik agreed to provide the information and indicated that the five positions were taken from relief posts that had never been filled since the opening of the facility.

Senator Raggio reiterated that approval of the requests required that written documentation be provided to the Committee's staff detailing the posts targeted for elimination and a post chart that reflected, by specific post, a recommendation for staffing of the institution.

Mr. Skolnik agreed to provide the information to the Committee's staff.

> ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEMS 60, 61, 62, AND 63 CONDITIONED ON STAFF REQUESTS AND SPECIFICALLY THAT THE POST CHART BE PROVIDED TO STAFF PRIOR TO THE TRANSFER OF THE POSITIONS FROM THE ELY STATE PRISON TO CASA GRANDE.
>
> SENATOR RAGGIO SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Rhoads and Senator Titus were not present for the vote.)

61. Department of Corrections – Casa Grande Transitional Housing – FY 08 – Addition of $119,718.00 in Budgetary Transfer from Ely State Prison to fund five additional Correctional Officer positions for the Culinary and Inmate Transportation posts. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff. **Work Program #C33743. RELATES TO ITEM 60**

Refer to narrative and motion for approval under Item 60.

62. Department of Corrections – Ely State Prison – <u>FY 09</u> – Deletion of $306,504.00 in Budgetary Transfer to Casa Grande Transitional Housing to continue funding five additional Correctional Officer positions at Casa Grande for the Culinary and Inmate Transportation posts. Requires Interim Finance approval since the amount includes a budgetary transfer that balances against other work programs. **Work Program #C33745. RELATES TO ITEM 63**

Refer to narrative and motion for approval under Item 60.

63. Department of Corrections – Casa Grande Transitional Housing – <u>FY 09</u> – Addition of $306,504.00 in Budgetary Transfer from Ely State Prison to continue funding five additional Correctional Officer positions for the Culinary and Inmate Transportation posts. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff. **Work Program #C33746. RELATES TO ITEM 62**

Refer to narrative and motion for approval under Item 60.

64. Department of Corrections – Prison Industries – FY 08 – Addition of $198,450.00 in Miscellaneous Sales to fund the successful bid by the Nevada State Prison (NSP) Printing/Bindery Shop for two large State of Nevada Purchasing contracts (Treasurer's Office and Wildlife). Requires Interim Finance approval since the amount added to the NSP Printing/Bindery Shop category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C23144**

Refer to motion for approval under Item E.

65. Department of Public Safety – Emergency Management ~~Assistance~~ – FY 08 – Addition of $98,954.00 in Federal Office of Disaster Preparedness Grants transferred from the Division of Emergency Management to cover the cost of hiring temporary contract labor to assist with clerical functions, contract costs, equipment purchases and operating costs related to approximately $19.4 million in grant augmentations that were approved at the September 6, 2007, Interim Finance Committee meeting. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds $50,000.00. **Work Program #C34386**

Frank Siracusa, Chief, Division of Emergency Management, Department of Public Safety, identified himself for the record and introduced Phil Weyrick, Administrative Services Officer, Division of Emergency Management, Department of Public Safety.

Mr. Siracusa requested approval of Item 65 to increase authority to expend $98,954 in Federal Office of Disaster Preparedness Grant funding. Approval of the request would allow the Division to hire temporary personnel to assist with the additional workload in the management of supplemental grants that had been received during the past few months. Mr. Siracusa advised the members of the Committee that the Division of Emergency Management served as the state's administrative agency for the management and oversight of all Homeland Security Grant programs and, as such, was entitled to access up to 5 percent of the grant award to provide administrative support.

Senator Coffin indicated he had requested Committee consideration of the work program in order to hear a report on how the Division planned to expend the grant funding.

Mr. Siracusa pointed out that the Division of Emergency Management requested approval of a number of work programs, contained within the Committee's agenda, for the addition of Homeland Security Grant Program funding. Approval of the work program requests would increase the Division's authority to obligate the grant funding to support a variety of Homeland Security planning, equipment, exercise activity, and training exercises.

SENATOR COFFIN MOVED APPROVAL OF ITEM 65.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Denis, Senator Rhoads, and Senator Titus were not present for the vote.)

66. Department of Public Safety – Emergency Management ~~Assistance~~ – FY 08 – Addition of $250,867.00 in Department of Homeland Security – Homeland Security Grant Program funds transferred from the Division of Emergency Management to provide training to the Department of Public Safety (DPS) personnel to respond to hazardous material incidents involving Chemical Biological Radiological Nuclear and Explosive materials. Requires Interim Finance approval since the amount added to the DPS Training category exceeds $50,000.00. **Work Program #C34369**

Refer to motion for approval under Item E.

67. Department of Public Safety – Emergency Management ~~Assistance~~ – FY 08 – Addition of $350,000.00 in Department of Homeland Security Grant Program IJ3 funds transferred from the Division of Emergency Management to support the planning and execution of various state training exercises and events. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C34387**

Refer to motion for approval under Item E.

68. Department of Public Safety – Emergency Management ~~Assistance~~ – FY 08 – Addition of $94,469.00 in Department of Commerce National Telecommunications and Information Administration – Public Safety Interoperable Communications (PSIC) Grant Program funds transferred from the Division of Emergency Management (DEM) and deletion of $5,829.00 in Department of Energy Grant funds transferred from DEM and $17,955.00 in Office of Disaster Preparedness Grant funds transferred from DEM to provide project support and related training for the administration of the PSIC Grant. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C34385**

Refer to motion for approval under Item E.

69. Department of Public Safety – Emergency Management ~~Assistance~~ – FY 08 – Addition of ~~$89,707.00~~ ***$96,532.00*** in Department of Homeland Security – Emergency Management Performance Grant (EMPG) Supplemental funds transferred from the Division of Emergency Management to purchase three replacement emergency response vehicles and travel costs associated with the agency grant management and response planning activities. Requires Interim Finance approval since the cumulative amount added to the Equipment category exceeds $50,000.00. **Work Program #C34384**

Refer to motion for approval under Item E.

70. Department of Public Safety – Emergency Management Assistance – FY 08 – Addition of $300,000.00 in Federal Urban Area Security Initiative Non-Profit Security Grant funds to improve security-planning measures for the three Saint Rose Dominican Hospitals in the Las Vegas area. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C34371**

Refer to motion for approval under Item E.

71. Department of Public Safety – Emergency Management Assistance – FY 08 – Addition of $483,236.00 in Federal Transit Security Supplemental Grant funds to establish revenue and expenditure authority associated with the receipt of a new federal Transit Security Supplemental Grant from the Department of Homeland Security. Funding is to be sub-granted to the Regional Transportation Commission of Southern Nevada to cover the cost of training to reduce the risks associated with potential terrorist attacks. No state matching funds are required in accepting this grant. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C34378**

Refer to motion for approval under Item E.

72. Department of Public Safety – Emergency Management Assistance – FY 08 – Addition of $385,000.00 in Department of Homeland Security – Buffer Zone Protection Plan (BZPP) – Infrastructure Protection Program to establish revenue and expenditure authority associated with the receipt of a new BZPP grant from the Department of Homeland Security. Funding will be sub-granted to the Henderson Police Department and the Las Vegas Metropolitan Police Department to purchase equipment to increase their preparedness capabilities. No state matching funds are required in accepting this grant. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C34381**

Refer to motion for approval under Item E.

73. Department of Public Safety – Emergency Management Assistance – FY 08 – Addition of $12,042,417.00 in the Department of Commerce National

Telecommunications and Information Administration – Public Safety Interoperable Communications (PSIC) Grant Program to establish revenue and expenditure authority associated with the receipt of a new federal PSIC Grant from the Department of Homeland Security. Funding would be sub-granted to Public Safety agencies to support activities and programs designed to allow communities to leverage innovative technologies and solutions to improve public safety communications and interoperability. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C34377**

Chairman Arberry announced that the Committee would consider work program Items 73 and 90 concurrently.

Frank Siracusa, Chief, Division of Emergency Management, Department of Public Safety, identified himself for the record and introduced Rick Eaton, Director, Office of Homeland Security, Department of Public Safety, and Dennis Cobb, a consultant for the Interoperable Public Safety Communications (PSIC) Grant Program.

Mr. Siracusa appeared before the Committee to request approval of work program Items 73 and 90 for the addition of $12,042,417 in Public Safety Interoperable Communications (PSIC) Grant funding to improve interoperable communications among public-safety entities throughout the state.

Mr. Siracusa advised the Committee that Division of Emergency Management served as the state administrative agency for management oversight of the PSIC grant funding. Approval of work program items 73 and 90 would allow the Division to distribute the $12,042,417 awarded to Nevada to the appropriate agencies to assist in a statewide effort to address the issue of interoperable communications.

Assemblywoman Buckley recalled that the 2007 Legislature discussed placing the primary responsibility for interoperable communications with the Department of Information Technology (DoIT), and questioned whether the request contradicted legislative intent. Assemblywoman Buckley indicated the Committee wanted assurance relative to accountability and the achievement of results and asked representatives to comment on who was in charge.

Rick Eaton, Director, Office of Homeland Security, Department of Public Safety, advised that the Nevada Communications Steering Committee (NCSC) was established to "oversee" interoperability communications for the state and asked Dennis Cobb, a member of the NCSC, to address Assemblywoman Buckley's questions.

Mr. Cobb testified that the NCSC, whose members were appointed by the Governor from the emergency services community across the state, supported the Nevada Homeland Security Commission and served as "a guiding force between grant phases" for Nevada communications interoperability planning. Mr. Cobb advised that the NCSC worked with the DoIT for the first few years of the project, but the "point of connection"

had moved from the DoIT to the Nevada Office of Homeland Security. Mr. Cobb provided assurance that the NCSC would continue to work to fulfill the "planning, development, and operation of interoperable communication systems" that were already initiated.

In response to Assemblywoman Buckley, who questioned DoIT's role as the lead accountability agency, Mr. Cobb indicated that he believed the DoIT initially became involved in the project by default since they had considerable expertise in the telecommunications field. He said, however, that the multi-hazard role undertaken by the Department of Homeland Security in the last few years brought changes and a shift from technical expertise to operational expertise.

Assemblywoman McClain recalled previous approval of $3.65 million in Homeland Security Grant funds for use by the DoIT to undertake the engineering portion of the radio communications interoperability project and asked what had become of the funding.

Mr. Eaton explained that fiscal year 2006 funding would remain with the DoIT to complete the engineering portion of the project, but fiscal year 2007 funding would transfer to the Nevada Office of Homeland Security.

Mr. Cobb also advised that a report on the 2006 funding to DoIT was provided to the NCSC at each of their meetings, and NCSC oversight of the funding would continue.

Assemblywoman McClain asked whether representatives would agree to provide a quarterly report on the progress and status of the improvements to interoperable communications project if the Committee chose to approve work program Items 73 and 90.

Mr. Eaton agreed to provide quarterly reports to the Committee.

> ASSEMBLYMAN HARDY MOVED APPROVAL OF ITEMS 73 AND 90.
>
> SENATOR BEERS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Rhoads and Senator Titus were not present for the vote.)

74. Department of Public Safety – Emergency Management Assistance – FY 08 – Addition of $596,532.00 in Department of Homeland Security – Emergency Management Performance Grant Supplemental funds to further strengthen the state's ability to support emergency management mission areas while simultaneously addressing issues of national concern. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C34383**

Refer to motion for approval under Item E.

75. Department of Public Safety – Highway Patrol – FY 08 – Addition of $23,790.00 in Federal Joining Forces Grant funds transferred from the Office of Traffic Safety to support the agency's participation in statewide multi-jurisdictional traffic enforcement activities and other enhanced traffic safety enforcement activities/programs. 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 #C34373**

Refer to motion for approval under Item E.

76. Department of Public Safety – Highway Safety Grants Account – FY 08 – Transfer of $89,160.00 from the Motor Carrier Safety category to the Personnel Services category to cover the projected shortfall in the Personnel Services expenditure category. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds $50,000.00. **Work Program #C34374**

Refer to motion for approval under Item E.

77. Department of Public Safety – Forfeitures – FY 08 – Transfer of $18,339.00 from the Reserve category to the Nevada Division of Investigations Federal category to fund the purchase of specialized equipment in support of the agency's undercover operations. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds $50,000.00. **Work Program #C34367**

Refer to motion for approval under Item E.

78. Department of Public Safety – Forfeitures – FY 08 – Transfer of $13,452.00 from the Reserve category to the Nevada Highway Patrol (NHP) category to cover the cost of sending Highway Patrol personnel to Northwestern University's Center for Public Safety, Technical Accident Reconstruction 1 Training. Requires Interim Finance approval since the cumulative amount transferred to the NHP Federal category exceeds $50,000.00. **Work Program #C34375**

Refer to motion for approval under Item E.

79. Department of Public Safety – State Emergency Response Commission – FY 08 – Addition of $11,848.00 in United States Department of Transportation (USDOT) Grant funds to align FY 2008 expenditure category authority with current grant award amounts. Requires Interim Finance approval since the amount added to the USDOT/Hazardous Materials Emergency Preparedness Grant category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C34363**

Refer to motion for approval under Item E.

80. Department of Conservation and Natural Resources – State Parks – FY 08 – Addition of $250,000.00 in Federal Grant funds transferred from the Division of Forestry to complete vegetation management activities within the Lake Tahoe Nevada State Park to reduce the threat of wildfire. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants. **Work Program #C29095**

Refer to motion for approval under Item E.

81. Department of Conservation and Natural Resources – Division of Environmental Protection – Bureau of Waste Management and Corrective Actions – FY 08 – Addition of $150,747.00 in Underground Storage Tank Grant funds to accept additional grant funding and allow for additional travel, training and equipment to increase efficiencies of site inspectors. Requires Interim Finance approval since the amount added to the Underground Storage Tank category exceeds $50,000.00. **Work Program #C32673**

Refer to motion for approval under Item E.

82. Department of Conservation and Natural Resources – Division of Forestry Fire Suppression Account – FY 08 – Addition of $884,080.00 in Forest Fire Reimbursements to accept additional estimated forest fire reimbursements paid to the Nevada Division of Forestry. Requires Interim Finance approval since the amount added to the Fire Suppression Costs category exceeds $50,000.00. **Work Program #C34419**

Refer to motion for approval under Item E.

83. Department of Conservation and Natural Resources – Division of Forestry Nurseries – FY 08 – Addition of $721,487.00 in Seed Bank Sales to allow for the purchase of seed for the Nevada Department of Wildlife and other governmental entities for fire rehabilitation and restoration efforts. Requires Interim Finance approval since the amount added to the Seed Bank category exceeds $50,000.00. **Work Program #C34418**

Refer to motion for approval under Item E.

84. **Department of Wildlife – Administration – FY 08 –** Addition of $143,040.00 in Transfer from the Department of Conservation and Natural Resources (Question 1, Environmental Improvement Program Bond funds) and transfer of $92,888.00 from the Unobligated Reserve category to the Diversity category to develop a bird area comprehensive strategic conservation plan and to prioritize conservation activities. Requires Interim Finance approval since the amount added to the Diversity category exceeds $50,000.00. **Work Program #C32098**

Refer to motion for approval under Item E.

85. **Department of Wildlife – Administration – FY 08 –** Addition of $44,708.00 in Federal Pittman Robertson Aid and transfer of $14,902.00 from the Unobligated Reserve to the Game Management category to realign the Game Management Division's operating budget and to allow for additional travel, training, the purchase of small equipment, and to cover an increase in the deer and antelope compensation program. Requires Interim Finance approval since the amount added to the Game Management category exceeds $50,000.00. **Work Program #C32088**

Refer to motion for approval under Item E.

86. **Department of Transportation – Administration – FY 08 –** Addition of $72,515.00 in Highway Fund Authorization, $962,240.00 in Federal Railroad Administration Grant funds and $41,000,000.00 in Transfer General Fund from B/A 4661, A.B. 544 Highway Projects to align the Department of Transportation's transfer authority to the legislatively approved authority received by the Nevada Natural Heritage; to accept funding to support the environmental analysis required for the proposed magnetic levitation transport train between Las Vegas and Anaheim, California; and to provide sufficient authority for projected A.B. 544 project expenditures for FY 2008. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds $50,000.00. **Work Program #C33505**

Rudy Malfabon, Deputy Director, Southern Nevada, Nevada Department of Transportation (NDOT), identified himself for the record and introduced Robert Chisel, Assistant Director, Administration, NDOT, and Felicia Denney, Administrative Services Officer, NDOT.

Mr. Chisel requested Committee approval of the Item 86 work program request that included the following three changes:

- The addition of $72,515 to align the NDOT budget with Nevada Natural Heritage Budget Account 4101. The Nevada Natural Heritage conducted environmental work for the NDOT during road projects, and approval of the request would correct a 2007 budgeting error.

- The addition of $962,240 in Federal Railroad Administration Grant funds for the environmental assessment of the Maglev transport train from Las Vegas to Anaheim, California.

- The establishment of $41 million in General Fund transfer authority that would allow the NDOT to budget for General Fund reimbursements of the I-15 project costs. The 2007 Legislature appropriated $154 million with the passage of A.B. 544 for the construction of the I-15 project, which was being utilized to widen I-15 with approximately $72 million in federal funding and $30 million of Highway Fund money.

In response to Chairman Arberry, who requested an update on the stability of the federal Highway Trust Fund, Mr. Chisel advised that the federal Highway Trust was experiencing the same financial problems as most other public-sector entities and was not growing at the same rate as the state's demands. Although the NDOT was currently receiving less Highway Trust funding, Mr. Chisel said that, on a "positive note," the NDOT received approximately $43 million in other federal funding at the end of federal fiscal year 2007 and $24 million in 2008.

In response to Chairman Arberry, who asked how delays or reductions in federal funding would affect the I-15 project, Mr. Chisel advised that the I-15 north project should be unaffected since it was anticipated that the NDOT could begin to draw funding from the federal Omnibus spending bill before the close of the state fiscal year.

Chairman Arberry asked NDOT representatives to keep the Committee's staff informed relative to receipt of federal funding.

Mr. Chisel agreed that he would provide the information to the Committee's staff.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 86.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Rhoads and Senator Titus were not present for the vote.)

87. Department of Transportation – Administration – FY 08 – Addition of $200,000.00 in Highway Fund Authorization and $200,000.00 in United States Department of Transportation, Federal Motor Carrier Safety Administration Federal Grant funds to keep the existing Commercial Vehicle Information System and Network in compliance with federal requirements. Requires Interim Finance approval since the amount added to the Consultants category exceeds $50,000.00. **Work Program #C33504**

Refer to motion for approval under Item E.

88. Department of Transportation – Administration – FY 08 – Addition of $52,647.00 in Freeway and Arterial Systems of Transportation (FAST) Building Rent to replace the Uninterruptible Power Supplies and to cover the projected increase in utility costs. Requires Interim Finance approval since the amount added to the FAST Operations category exceeds $50,000.00. **Work Program #C33503 RECEIVED JANUARY 7, 2008**.

Refer to motion for approval under Item E.

89. Office of the Governor – Homeland Security – FY 08 – Addition of $74,250.00 in Department of Homeland Security Grant Program (DHSP) funds transferred from the Division of Emergency Management to support the establishment and start-up operations of the state fusion center. Requires Interim Finance approval since the grant includes a new position. **Work Program #B94719 RECEIVED JANUARY 15, 2008**.

Chairman Arberry announced that Items 89 and I would be considered concurrently.

Rick Eaton, Director, Office of Homeland Security, Department of Public Safety, identified himself for the record and introduced Selby Marks, Administrative Services Officer, Office of Homeland Security, Department of Public Safety.

Mr. Eaton requested committee approval for the addition of $74,250 in Department of Homeland Security Grant Program (DHSP) funds under work program Item 86 and an Interim Finance Committee Contingency Fund allocation of $55,655 in fiscal year 2008 and $288,781 in fiscal year 2009 under Item I to support a state fusion center.

Mr. Eaton advised that the state fusion center, which would be located at the Division of Emergency Management in Carson City, would "provide information and expertise to detect and to deter criminal and terrorist activity" in Nevada. Approval of the requests would bring the various counties, state entities, and tribal nations online with the fusion centers already established in Washoe County and Clark County and would facilitate "the sharing of homeland security-related and crime-related information and intelligence across all levels of government and private industry."

Senator Mathews indicated she did not recall an answer to a question Senator Titus previously asked relative to whether the fusion center was affected by the budget reductions.

Selby Marks, Administrative Services Officer, Office of Homeland Security, Department of Public Safety, reported that the 4.50 percent budget reduction decreased the funding originally available from the Contingency Fund from $330,269 in fiscal year 2008 to $318,265 and from $318,224 in fiscal year 2009 to $303,903.

Chairman Arberry asked Office of Homeland Security representatives to explain how the existence of a state fusion center could assist in the prevention of an attack in Las Vegas.

Mr. Eaton indicated that although population centers were a factor, Nevada was at risk statewide and further indicated that numerous events that included radical extremists and criminal activity could be traced to rural areas across the country. Mr. Eaton reported that as recently as the previous week, al-Qaida issued a new "jihad" to set forest fires in national forests, all of which were located in rural areas. Additionally, Mr. Eaton pointed out that if one major fusion center was inoperable because of an attack, the other centers would continue to work seamlessly and cooperatively to share intelligence and to provide assistance where needed.

Senator Raggio questioned whether officials from the Washoe County Sheriff's Office and the Metropolitan Police Department had agreed to the plan for the establishment of the state fusion center.

Mr. Eaton indicated that Sheriff Gillespie, Las Vegas Metropolitan Police Department, and Mike Haley, Sheriff, Washoe County Sheriff's Office, were signatories on the *Intelligence and Information Sharing Concept of Operations Plan* (Exhibit L)

Assemblywoman McClain questioned how expenses would be funded in the event Homeland Security Grant funding was depleted.

Mr. Eaton indicated that Washoe County and Clark County currently used federal dollars for personnel support and explained that a portion of the funding request before the Committee was sub-granted from the Division of Emergency Management's federal Homeland Security Grant Program. Additionally, Mr. Eaton confirmed that the federal government was reviewing the possibility of "withdrawing from various processes and expecting the states and local entities to continue."

In response to Assemblywoman McClain's continued concern regarding the establishment of a third fusion center, Mr. Eaton advised that the fusion center that would be located in Carson City would manage the Terrorism Liaison Officers (TLO) Program for all counties with the exception of Washoe County and Clark County. Mr. Eaton reiterated that all areas of the state were at risk for terrorist and criminal activity.

In response to Assemblywoman McClain's concern that the statewide fusion center would exert control over the Las Vegas Metropolitan Police Department and the Washoe County Sheriff's Office, Mr. Eaton indicated that Governor Gibbons had just designated the Las Vegas Metropolitan Police Department as the state's primary fusion center, which would remain so for the "foreseeable" future.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 89 AND I.

SENATOR CEGAVSKE SECONDED THE MOTION.

In response to Assemblyman Denis' request, Mr. Eaton agreed that the Office of Homeland Security would continue to provide the Committee with information. Additionally, Mr. Eaton advised that if they chose to obtain the proper security clearance, committee members could learn more about issues and activities in the state that could not be divulged without the proper clearance.

THE MOTION CARRIED. (Senator Coffin voted nay; Senator Rhoads and Senator Titus were not present for the vote.)

90. Office of the Governor – Homeland Security – FY 08 – Addition of ~~$25,000.00~~ ***$22,407.00*** in Department of Homeland Security Grant Program (DHSP) funds transferred from the Division of Emergency Management to support the development and implementation of the State Communications Interoperability Plan (SCIP). Requires Interim Finance approval since the grant includes a new position. **Work Program #B94720 RECEIVED JANUARY 15, 2008**. **REVISED JANUARY 16, 2008**.

Refer to narrative and motion for approval under Item 73.

POSITION CHANGES

Refer to motion for approval under Item E.

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Business and Industry, Dairy Commission	745/4470	0017	Compliance /Audit Investigator II, 11.365, grade 33, step 1, $36,560.88, Employer Paid Retirement	Business Process Analyst I, 7.657, grade 34, step 1, $38,064.24, Employer Paid Retirement
Department of Agriculture, Livestock Identification	550/4546	1003	Deputy Brand Inspector I, 1.514, grade 20, step 2, $24,909.00, Employer Paid Retirement	Administrative Assistant I, 2.213, grade 23, step 2, $27,937.00, Employer Paid Retirement

Department of Corrections, Ely State Prison	440/3751	0027	Correctional Vocational Trainer, 5.225, grade 32, step 1, $34,974.00, Employer Paid Retirement	Correctional Sergeant, 13.311, grade 36, step 1, $39,003.84, Employer Paid Retirement
Department of Health and Human Services, Welfare Division	407/4862	0007	Grants and Projects Analyst Supervisor, 7.753, grade 37, step 1, $47,773.44, Employee/Employer Paid Retirement	Social Services Manager I, 12.357, grade 37, step 1, $47,773.44, Employee/Employer Paid Retirement
Department of Transportation	800/4660	017-012	Geodesist III, 6.108, grade 36, step 1, $45,768.96, Employee/Employer Paid Retirement	Business Process Analyst II, 7.656, grade 36, step 1, $45,768.96, Employee/Employer Paid Retirement
Department of Transportation	800/4660	017-028	Cartographer II, 6.110, grade 33, step 9, $56,918.88, Employee/Employer Paid Retirement	Business Process Analyst I, 7.657, grade 34, step 9, $59,570.64, Employee/Employer Paid Retirement

F. DEPARTMENT OF ADMINISTRATION – Status of General Fund budget shortfall and actions taken or planned to address the estimated shortfall.

Andrew Clinger, Director, Department of Administration, reporting on the status of the General Fund budget shortfall, informed the Committee that in the 71 days since the November 14, 2007 Interim Finance Committee (IFC) meeting, the $285.6 million shortfall had increased by $279 million or $3.9 million per day.

Mr. Clinger provided the following information:

- Unemployment in Nevada at 5.8 percent was at a five-year high, while job growth at .6 percent was at a five-year low.

- In April 2007, state sales tax revenue declined for the first time in five years and had continued to decline in six of the last seven months. In May, the one month in which the sales tax revenue did not decline, revenue increased by 0.1 percent.

- Twenty-six other states also faced budget shortfalls, and the number was expected to increase.

Mr. Clinger referenced a document entitled, *State of Nevada State Budget Briefing January 24, 2008* (Exhibit G) and provided the following revenue projections, which were revised from those projected by the Economic Forum:

- Sales Tax revenue was projected to decrease 7.1 percent in fiscal year 2008 and 8.1 percent in fiscal year 2009, or a $167,526,829 shortfall over the 2007-09 biennium.

- Percentage Fees for Gaming Tax, revised from November figures, were projected, using Gaming Control Board figures, to decline 1.7 percent in fiscal year 2008 and 1.2 percent in fiscal year 2009, or a shortfall of $25,558,748 over the biennium.

- Modified Business Tax was projected to decrease 8.4 percent in fiscal year 2008 and 12.8 percent in fiscal year 2009, or $66,714,071 over the biennium.

- Real Property Transfer Tax was projected to decrease 19 percent in fiscal year 2008 and 30 percent in fiscal year 2009 for a total shortfall over the biennium of $64,115,469.

- State General Fund revenues were projected to decrease 5 percent or $164,034,908 in fiscal year 2008 and 6.6 percent or $231,303,533 in fiscal year 2009 for a total revenue shortfall over the biennium of 5.8 percent or $395,338,441.

- Unrestricted General Fund Reversions, which were unspent General Fund appropriations anticipated to be reverted to the state, were projected to decline by 26.3 percent or $25 million in fiscal year 2009 only.

- Local School Support Tax (LSST), the 2.25 percent portion of the sales tax distributed directly to the school districts, was projected to decline 7.9 percent or $89,956,685 in fiscal year 2008 and 8.9 percent or $109,363,453 in fiscal year 2009 for a total of $199,320,138 over the biennium, which the state was required to provide.

- Basic Support Savings was projected to provide $78,008,449 over the biennium offsetting the shortfall in the Local School Support Tax. The savings resulted from a lower-than-projected enrollment.

- A total shortfall of $541,650,130 was projected over the biennium.

Senator Mathews advised that the Nevada Alliance of Boys and Girls Clubs submitted a letter to her (Exhibit H) offering to reduce the balance of their remaining state funding by 5 percent in an effort to participate in the budget reduction process. The letter advised that the Nevada Alliance of Boys and Girls Clubs would return approximately $30,000 to the state.

Mr. Clinger continued his presentation beginning on the second page of the document, which reflected the following budget reserve amounts identified by state agencies for

Capital Improvement Projects, One-Time Equipment or Technology, and Ongoing Operations:

- Capital Improvement Projects totaling $27,377,507 for fiscal year 2008
- One-Time Appropriations totaling $21,950,422 for fiscal year 2008 and $1,108,134 for fiscal year 2009
- Ongoing Appropriations totaling $138,175,351 for fiscal year 2008 and $125,684,781 for fiscal year 2009
- A grand total of $187,503,280 for fiscal year 2008 and $126,792,915 for fiscal year 2009 or $314,296,194 over the biennium

Mr. Clinger told the Committee that a 124-page report reflecting budget reduction detail could be accessed on the Budget Division's website at http://budget.state.nv.us/.

Mr. Clinger moved to page 3 of the document and pointed out that in addition to the $541,650,130 projected shortfall for the 2007-09 biennium, fiscal year 2007 ended with a $23,109,631 shortfall of the legislatively approved unappropriated fund balance for a total projected shortfall for the 2007-09 biennium of $564,759,761.

Mr. Clinger reported that the Governor proposed to resolve the shortfall with the following funding sources:

- 4.5 percent Budget Reserves of Ongoing Appropriations totaling $263,860,132
- Capital Improvement Budget Reserves totaling $27,377,507
- 4.5 percent budget reserves of One-Time Appropriations totaling $23,058,556
- Grant Sawyer Office Building Settlement totaling $5,151,153
- Transfer from the Fund to Stabilize the Operation of State Government, the "Rainy Day Fund," of $232,000,000 leaving a $35 million balance
- Spend-down unappropriated General Fund balance of $13,312,413

In response to Senator Coffin, who asked when funding from the Fund to stabilize the Operation of State Government (Rainy Day Fund) would be requested, Mr. Clinger advised that the request would be included in the Governor's recommended budget for the 2009-2011 biennium and presented to the Legislature in 2009.

Mr. Clinger referenced page 4 of the budget briefing document, which identified total appropriations of $2,138,556,016 over the biennium to K-12 education programs through the Distributive School Account, (DSA), School Remediation Trust Fund, and Other Education Programs. After the 4.50 percent budget reduction, the appropriation over the biennium was adjusted to $92,724,641.

Mr. Clinger reported that the Department of Education identified $63,888,292 of new funding not yet awarded that the school districts had agreed they would use to meet a

portion of their budget reduction requirement leaving $28,836,349 that remained to be reduced from the Distributive School Account over the biennium.

Mr. Clinger reported that the last page of the document reflected a list of Capital Improvement Projects identified by the Public Works Board as projects that could be placed into budget reserves but were not recommended by state agencies.

Concluding his presentation, Mr. Clinger anticipated that as a result of the Governor's actions, the Unappropriated General Fund balance for fiscal year 2008 would be reduced to $116 million, and the $232,000,000 Rainy Day Fund transfer would increase the ending fund balance to $177 million at the close of fiscal year 2009.

Senator Coffin expressed concern that representatives of the Department of Administration had neglected to provide the Committee with documentation regarding specific budget reductions, including information relative to the closure of the Southern Nevada Correctional Center (SNCC) at Jean, which he indicated the members learned about from the press.

Senator Coffin referenced the language in A.B. 628, Section 67, 2007 Legislature, which required Interim Finance Committee approval for budget reductions and pointed out that similar language requiring Interim Finance Committee approval of budget reductions had been included in all budget appropriation acts since 1993.

Mr. Clinger provided clarification that under the provisions of A.B. 628, Section 67, the Governor was required to request Interim Finance Committee approval to reduce the budget only if the General Fund ending balance was projected to be less than $80 million. Mr. Clinger said, however, that with the actions taken by the Administration, the ending fund balance would not drop below $80 million. Mr. Clinger also pointed out that the process had not deviated from past procedures, when Director of Administration, John Comeaux, at the September 9, 2002, Interim Finance Committee meeting, outlined a 3 percent budget reduction that Governor Guinn recommended.

Josh Hicks, General Counsel to the Governor, Office of the Governor, commented that when Governor Guinn established the precedent for implementing budget reductions, his actions were not challenged. Mr. Hicks suggested that if there was an appetite to do so, changes should be pursued through legislation.

Senator Coffin countered that the Administration appeared to be basing momentous decisions on a "thin" precedent and said that the law should take precedent over language that was apparently weakened in previous budget bills.

Senator Coffin recalled that in 1993 the Legislature enacted legislation that provided the Governor the authority to propose budget reductions and to present them to the Interim Finance Committee for approval. Copies of Assembly Committee on Ways and Means and Senate Committee on Finance meeting minutes dated June 28, 1993 and June 2, 2007 (Exhibit I) were distributed to members of the Committee. Senator Coffin advised

that the minutes reflected an exchange of ideas relative to building budgeting legislation and pointed out that the 1993 Ways and Means minutes included a discussion between Assemblyman Joe Dini, who was the Speaker, Assemblywoman Giunchigliani, and Fiscal Analyst, Mark Stevens relative to Section 51 of the Appropriations Act. The minutes reflected that Mr. Stevens provided clarification that the Governor's recommendations for the implementation of budget reductions would have to be submitted to the Interim Finance Committee for approval. Senator Coffin indicated he believed then and still believed that the Legislature was the body that should address budget "calamities" and that A.B. 628 needed to be considered in its entirety and should not be interpreted by one section.

Moving on to the Senate Committee on Finance minutes dated June 2, 2007 (Exhibit I), Senator Coffin pointed out that he had expressed concern with the Appropriations Act "back" language because in the past it had become "a fait accompli" on how budgets were reduced. The minutes reflected that Senator Coffin asked the Committee whether there was any appetite to bring the Legislature back in the process so that funding reductions were not the sole responsibility of the Governor.

Additionally, Senator Coffin quoted from another paragraph of the June 2, 2007 Senate Committee on Finance minutes, in which he said, *relationships with the Governor have been unusual this Legislative Session. It has been troublesome in the areas in which we are not in session. If there is a downturn in the economy and it is left to the Governor to essentially rewrite the budget, I am concerned the reserve he is allowed to set aside is larger than that with which I would be comfortable. There were arguments in 1991 and 1992 regarding cuts made at that time. Some of those cuts were selectively made in such a fashion that entire departments and programs were decimated.*

Additionally, Senator Coffin advised that Senator Raggio testified in the June 2, 2007 hearing that, *anything the Governor does is subject to our approval*, which Senator Coffin pointed out meant not subject to the approval of the Legislature, but subject to the Interim Finance Committee. Senator Coffin said that Senator Raggio also indicated in the June 2, 2007 meeting minutes that because the Legislature only met every other year, language was placed in the bill to avoid arbitrary budget reductions, and the Governor would be required to request IFC approval prior to implementing budget reductions.

Senator Coffin pointed out there had been no emergencies on the scale of those that occurred on September 11, 2001 and indicated that since there had been no significant event, the Administration was wrong to implement budget reductions without legislative approval. He compared the Administration's action in choosing or discarding sections of A.B. 628 to a "dim sum menu approach."

In response, Mr. Hicks said that a statute, or language in a bill that was interpreted historically "in a certain way" without challenge, provided the "legal premise" for Governor Gibbons to reduce the budget using the same process Governor Guinn used.

Additionally, Mr. Hicks expressed agreement with Senator Coffin that A.B. 628 should be considered in its entirety, and he pointed out that language in Section 33 of A.B. 628 stated that the sums appropriated under the act were subject to *Nevada Revised Statutes* (NRS) 353.150 to 353.245 inclusive. Mr. Hicks "respectfully submitted again" that the appropriate way to remedy the current budgeting approach would be through legislation.

Senator Coffin discussed his familiarity with NRS Chapter 353 and indicated his opinion was being misrepresented. Senator Coffin reiterated his concern regarding the Governor's budget reduction actions, which he said prompted him to propose in a letter (Exhibit J) to Senator Randolph Townsend, Chairman of the Legislative Commission, that the Legislative Commission serve notice on the Governor that appropriate legal remedies would be sought if the Governor proceeded to implement budget reductions. Senator Coffin advised, however, that Senator Townsend had responded in a letter (Exhibit J) dated January 22, 2008, that he did not believe it was appropriate for the Legislative Commission to challenge statutes adopted by the Legislature.

Senator Coffin also expressed concern that there were no plans to access the $300 million in the Rainy Day Fund until the 2009 Legislative Session and reiterated that legal action should be required if the budget reductions were implemented.

Assemblywoman Smith asked for clarification regarding budget reductions relative to reverting funds from the Remediation Trust Fund to the General Fund.

Mr. Clinger advised that the Remediation Trust Fund was not excluded from the reversion provisions outlined under the provisions of NRS 353.225 but that funding reverted from the Remediation Trust Fund to the General Fund would require passage of legislation by the 2009 Legislature.

Assemblywoman Smith asked for clarification on whether teachers' salaries were protected from budget reductions.

Mr. Clinger explained that while cost-of-living adjustment (COLA) increases were excluded in the budget reduction calculations, teacher salaries were not exempt from being cut since their salaries were determined at the school district level.

Assemblywoman Smith asked for clarification relative to calculating one-time reductions, such as Career and Technical Education, and Gifted and Talented Education programs that were eliminated in their entirety while other one-time appropriations were either entirely preserved or only reduced by 4.50 percent.

Mr. Clinger responded that all state agencies including the Department of Education provided budget reduction recommendations applicable to ongoing expenditures, capital improvement projects, and one-time expenditures. Mr. Clinger explained that after reviewing their options, district school superintendents preferred preserving the basic support funding within the Distributive School Account and reducing or eliminating

one-time appropriations. Mr. Clinger further advised that while some state agency directors chose to eliminate all one-time appropriations to their budget, others chose to reduce just a portion.

Assemblywoman Smith discussed being aware that representatives of the Budget Division initially proposed reductions to one-time appropriations and expressed concern relative to what appeared to be inequity issues related to the budget-reduction process.

Mr. Clinger confirmed that representatives of the Budget Division recommended ways to lessen the impact to one-time appropriations in the K-12 Education budgets; however, he advised that the recommendations were not mandated. Additionally, he pointed out that the Department of Administration did not have the authority to reduce some one-time appropriation funding to entities, such as an appropriation to a Legislative fund.

Mr. Hicks discussed the legal complexities involved in whether the Executive Branch had the authority to reduce one-time funding appropriations to other branches of government, which he said was being investigated by representatives of the Office of the Attorney General and Department of Administration. Mr. Hicks attributed any seeming inequities to the yet-to-be determination on whether the Administration had the legal authority to reduce one-time appropriations, such as the $30 million appropriation to the Legislature.

Using the Remediation Trust Fund as an example, Assemblywoman Smith, pointed out that money from the fund was competitively granted and not apportioned per pupil by school district. Additionally, Assemblywoman Smith pointed out that the education budgets were more complicated than other state agency budgets and reiterated concern that the reductions were implemented without using a balanced approach.

Assemblywoman Smith asked why the Department of Education's largest per pupil budget reduction had to take place in late in fiscal year 2008 with only a few months remaining in the school year.

Mr. Clinger responded that the initial 8 percent reduction recommendation to state agency budgets excluded education budgets and that after reviewing the serious impact the 8 percent reduction would have on the Department of Health and Human Services' budgets, the Administration determined it would be more equitable to reduce budgets by 4.50 percent across the board. Additionally, Mr. Clinger explained that the larger reduction in the per pupil funding through the Distributive School Account was related to $40.6 million worth of new program funding in fiscal year 2009, which reduced the requirement to decease Distributive School Account funding in fiscal year 2009.

Assemblywoman Smith questioned whether the budget for the Regional Professional Development Program, which had an increase in funding was considered for a budget reduction.

Mr. Clinger advised that he would have to defer her question to representatives of the Department of Education.

Assemblywoman Leslie discussed the detailed budget reduction analysis Mike Willden, Director, Department of Health and Human Services, provided to the Legislative Committee on Health Care at their meeting on January 23, 2008. Assemblywoman Leslie complimented Mr. Willden on the easy-to-understand format in which the document was presented.

For the benefit of her colleagues, who did not attend the Committee on Health Care meeting, Assemblywoman Leslie provided the following information:

- The Department of Health and Human Services' 4.50 percent budget reduction totaled $82,013,104 for the biennium.

- An additional $40 million in federal tax matching funds that included a $20 million reduction in Federal Medical Assistance Percentage (FMAP) funds would be lost for a total of $122 million over the biennium.

- Additional funding of $2.1 million for caseload increases would be dealt with through the Interim Finance Committee (IFC) by transferring funds from fiscal year 2009 into fiscal year 2008.

- Inter-Governmental Transfer (IGT) Program funds would be utilized to meet the budget reduction goal and would deplete the reserve, which had been used in the past to provide funding assistance to the Medicaid budget and caseload increases.

Assemblywoman Leslie asked for Mr. Clinger's comments relative to the budget reduction report Mr. Willden provided to the Committee on Health Care.

Mr. Clinger agreed with the figures provided with the exception of $2.1 million projected for caseload increases, which he corrected to $21 million. Additionally, Mr. Clinger reiterated that the fully detailed 124-budget reduction report could be accessed through the Budget Division's website at http://budget.state.nv.us/, or he would provide hard copies if requested to do so.

Assemblywoman Leslie asked Mr. Willden to provide testimony related to caseload issues and available options.

Mike Willden, Director, Department of Health and Human Services, identified himself for the record and advised that he had rounded the $82,013,104 budget reduction over the biennium to the nearest ten million or $82 million.

Mr. Willden reported that the Department of Health and Human Services faced the following three "serious" issues:

- The 4.50 percent budget reduction totaling $82,013,104 over the biennium.

- An additional loss of $40 million in federal matching funds, primarily in health care programs, $20 million of which was attributed to Federal Matching Assistance Percentage (FMAP) funds that was reduced from 52.46 percent to 50 percent.

- Medicaid caseload increases were approximately 3.2 percent higher than projected and could increase to 6 or 7 percent over caseload projections in fiscal year 2008.

Mr. Willden projected a $50 million shortfall in "total computable claims" for Medicaid caseload, $21 million of which were General Fund dollars and indicated that available options included transferring funds budgeted for fiscal year 2009 to fiscal year 2008 with hope for a turnaround in the state economy. Additionally, he said that representatives of the Department of Health and Human Services were working with national associations and the state's congressional delegation to determine the availability of a federal relief package and to place the FMAP shift from the federal government to the states in abeyance.

Assemblywoman Leslie discussed the Legislative Committee on Health Care members' dismay in learning that the budget reductions were achieved by:

- Discontinuing the Health Insurance Flexibility and Accountability (HIFA) waiver that would have provided additional health care coverage to pregnant women and to the children of low-income workers in small businesses

- Placing a cap on Nevada Check-Up enrollment at 30,000 children, effective April 2008

Assemblywoman Leslie pointed out that the budget reductions that would prevent pregnant women and children from receiving health care would shift the cost to hospital emergency rooms, to other community providers, and to members of the community in general through increased insurance premiums. Assemblywoman Leslie asked for comments relative to options and whether a method was available to track how health benefits were paid for uninsured children and pregnant women, who had no prenatal care.

Mr. Willden advised that while uncompensated care within hospitals could be broadly tracked, it was not possible to track the care provided by physicians within their offices. Mr. Willden further advised that the Department was committed to the $82 million budget reduction target, and Department representatives were reviewing additional

options relative to the HIFA Waiver, which he said would be discussed with federal government representatives.

Assemblywoman Leslie expressed her appreciation to Mr. Willden for his work to minimize the impact of the budget reductions but also expressed concern relative to the loss of a rate increase for doctors and that a consequence of budget reductions would be increased costs that the entire community would have to bear.

Assemblywoman Buckley rejected the Administration's precedent setting argument relative to Governor' Guinn's budget reductions and questioned procedures that would obligate future Legislatures. Assemblywoman Buckley pointed out that when the previous budget reductions were made after the events of September 11, 2001, she was not a member of the Interim Finance Committee, nor were many others currently sitting on the Committee.

Additionally, after speaking to the former Speaker, Assemblyman Perkins, and Assemblyman Arberry, Assemblywoman Buckley learned that Governor Guinn had "intensely" involved legislative leadership in budget-reduction discussions, which included a review of the following broad parameters:

- delay of capital construction projects
- one-time funding appropriations
- accessing the Rainy Day Fund
- salary savings

Assemblywoman Buckley pointed out that there had been no recommendation in the past to reduce K-12 education and health care benefits to children and pregnant women to the extent currently contemplated and compared the difference to past and current adjustments as a "night and day" approach. In agreement with an analogy used by Senator Coffin, Assemblywoman Buckley pointed out that it appeared that the following adjustments were made using a "dim sum menu approach":

- A $99,000 reduction to a new $2.2 million detention facility in Ely, while funding was reduced in its entirety for Career and Technical Education and Gifted and Talented programs.

- Reductions of $10 million for computers in classrooms and $10 million for an innovative pay for a performance bonus system for teachers.

Assemblywoman Buckley recalled previous testimony relative to the legality of accessing an appropriation to a Legislative fund and indicated that if the Administration had chosen to work with the members of the Legislature to resolve the budget crisis, perhaps less drastic across-the-board cuts could have been implemented. Additionally, Assemblywoman Buckley said that reducing the budget was difficult but that the reductions being implemented by the Administration would lead to further mediocrity in education for a state that was already ranked 46th in the nation in quality and near the

bottom in per pupil funding. With 45 states being sued for adequacy in funding education, Assemblywoman Buckley said that the state was extending an invitation to a lawsuit and sending the wrong message to businesses that were thinking of relocating to Nevada.

Assemblywoman Buckley pointed out that the Legislature had recognized the challenges in being near the bottom in education rankings and identified ways to "strategically improve" by funding programs for Innovation in Education, Career and Technical Education, Gifted and Talented, Empowerment, and Full Day Kindergarten, which were now being either reduced or eliminated.

Assemblywoman Buckley also discussed previous statements relative to the Innovation and Remediation Trust Fund that indicated legislation would be required to revert funds from the Trust Fund to the General Fund. Assemblywoman Buckley pointed out that Legislative intent was to promote classroom innovation and reform through the Trust Fund, which provided school officials the opportunity to apply for grants to fund needs that were specific to each school. Assemblywoman Buckley recalled that language was written into the bill to prevent funds from being accessed for use in the event of an economic downturn and said that while the 2009 Legislature would approve a balanced budget, the assumption by Administration officials that legislation would be approved to revert funds from mid-stream educational programs was an incorrect assumption.

After reviewing the large budget reductions to the education and health care programs, minus recommendations from the Legislature and the secrecy involved in the process, Assemblywoman Buckley advised that she would draft a bill to reform the process and would work with other legislative members on how to construct the legislation.

Senator Titus expressed agreement with Assemblywoman Buckley's remarks and asked whether the budget for the "controversial" Carson City fusion center that Governor Gibbons requested during the Legislative Session was also reduced.

Mr. Clinger advised that the Office of Homeland Security budget had been reduced by 4.50 percent, as had every other state agency, but a request for an allocation from the Interim Finance Contingency Fund for the fusion center was on the Committee's agenda for consideration.

Senator Beers described the legislative budget process as "a tangled, messy affair" that was only accomplished by setting a limit on the length of time to complete the process.

Offering an opposing view to previous testimony, Senator Beers indicated that it was "entirely" appropriate for representatives of the Executive Branch to determine how to execute the law for the budget the Legislature authorized. Additionally, he discussed the consequences that resulted from both over and under projecting revenues and indicated that direct legislative control should perhaps be required during the revenue forecasting process.

Senator Beers reiterated that the Legislature's role was to establish a "broad guideline" for the budget, which the Executive Branch had the responsibility to execute, and he further indicated that to involve only one-third of the members of the Legislature in the minutiae of reducing budgets would involve an immeasurable length of time.

Concluding his remarks, Senator Beers said that he believed that the Governor was elected to determine reductions in a budget for which revenues were over projected.

Chairman Arberry commented that budget reductions in past economic downturns could not compare with the severity of the current financial crisis and expressed concern relative to the reductions in education budgets indicating that the Legislature considered funding increases for education a top priority for a state near the bottom in per pupil funding. Additionally, Chairman Arberry expressed concern regarding the possibility that newly hired personnel in elementary and higher education positions could be affected by the budget cuts.

Chairman Arberry expressed his respect for the work accomplished by Administration officials involved in the budget reduction process but said that members of the Legislature should have been invited to participate.

Senator Beers indicated it was his understanding that layoffs were not currently being considered in the budget reduction. He recalled that revenue for the quarterly payroll tax was $18 million less than projected and said that the only layoffs that were taking place were in the private sector.

Assemblyman Denis concurred with many of the prior statements and agreed that there were no easy solutions to resolving the budget problem. He pointed out, however, that the Legislature did not approve a budget using a strict formulaic approach and said that the 4.50 percent across-the-board formula the Administration used to reduce the budget did not take into consideration issues that were important to the Legislature, which, in effect, rendered the work the Legislature accomplished during the 2007 Session meaningless. Assemblyman Denis also commented that he considered education a priority issue and that he expected that the reductions to the education budgets would create difficult challenges and affect future budgets. Assemblyman Denis called for legislators to exhibit a spirit of cooperation in working together to find a more creative approach to the budget reductions than using an across-the-board formula.

Assemblywoman Gansert asked for confirmation from Administration representatives that across-the-board reductions were decided on to avoid discriminating between state agencies and that it was the agency representatives who determined how to reduce the budgets. Additionally, Assemblywoman Gansert asked for confirmation that the Administration proposed to use all but $35 million of the Rainy Day Fund to help resolve the crisis.

Mr. Hicks confirmed that the greater part of the Rainy Day Fund would be requested to be accessed leaving a $35 million balance since only a quarter of the biennium had elapsed.

Mr. Hicks took the opportunity to respond to earlier comments relative to legislators not being asked to participate in the budget reduction process. Mr. Hicks asked the Committee members to recall that initially the Governor did not plan to use the Rainy Day Fund, but "after talking with legislators and reviewing the situation more carefully," made a determination to use a significant portion of the Rainy Day Fund. Mr. Hicks indicated that legislators also recommended the reduction of capital improvement projects pointing out the irony in the Committee's earlier action to deny the change-of-scope request to eliminate the Department of Corrections' 100-bed transitional facility.

Additionally, Mr. Hicks confirmed that agency administrators were asked to submit their budget reduction recommendations, and in the review process, the reduction percentage went from 5 percent to 8 percent and ultimately to 4.50 percent. Mr. Hicks indicated that the Administration felt it was important to respect the Legislature's appropriations and reductions were made across-the-board rather than "picking and choosing" programs. He explained that in the initial process, it was determined that some exclusions would cause serious problems, especially for the Department of Health and Human Services' agencies. Thus, it was determined that across-the-board reductions and as many capital improvement projects, and one-time appropriations that could be eliminated would be a more equitable approach.

Senator Coffin questioned whether the Committee members would be permitted additional time to continue the discussion on the "half billion dollar" budget reduction or whether the Committee would permit what he defined as the "commission of a crime."

Chairman Arberry pointed out that Administration officials were requested to provide the Committee with the status of the General Fund budget shortfall and actions taken or planned to be taken to which they complied and the information they provided would be reviewed.

Senator Coffin indicated that simply bringing Administration representatives before the Committee to deliver a report and plan of action was not enough and condemned the actions.

Assemblywoman Buckley observed that under the provisions of Nevada Revised Statutes, proposed budget reductions were to be considered by the Interim Finance Committee, but the Administration had excluded the Legislature's participation by not including the proposed reductions in the ending fund balance in order to maintain the balance above $80 million. Additionally, Assemblywoman Buckley pointed out that the legislative history Senator Coffin provided from prior legislative minutes "clearly" indicated the requirement for Interim Finance Committee approval.

Continuing her commentary, Assemblywoman Buckley rejected earlier testimony that Committee consideration of the budget reductions would take a lot of time and was of the opinion that the Committee could conduct deliberations in a timely manner. Assemblywoman Buckley indicated that since Administration officials chose not to submit the reductions for Committee consideration and to keep the cuts confidential until late in the process, Education, and some Department of Health and Human Services' budgets were adversely affected.

Assemblywoman Buckley indicated that options open to the Committee included initiating a lawsuit against the Administration or drafting a bill to change the law to reflect that the method of calculating the ending fund balance included the reductions and to require Interim Finance Committee participation in the budget reduction process.

Assemblywoman Buckley recalled a suggestion from the members of the Clark County School Board to set aside and retain funding budgeted for enrollment that did not meet projections. Additionally, Assemblywoman Buckley discussed establishing a Rainy Day Fund for Education with set-aside funds to ensure that programs that were underfunded to begin with did not become a casualty of budget cuts.

Assemblywoman Buckley indicated she shared Senator Coffin's outrage and concern, but since the budget reductions were not an action item, the Chairman had no choice but to move forward with other agenda items.

Expressing an opposing point of view, Senator Raggio recalled that five governors before the current governor also had to reduce legislatively approved budgets and did so without recommendations from the Legislature. Senator Raggio pointed out that Governor Gibbons approved the Legislature's budget for the 2007-2009 biennium; the economy, not the Governor or the Legislature created the $540 million shortfall, and the Economic Forum revenue estimates, upon which the budget was based, failed to meet expectations.

Senator Raggio agreed that as previously indicated by Senator Coffin, a process was established that should the General Fund ending balance fall below $80 million, the Legislature or the Interim Finance Committee, during the interim, would become involved in the process. Senator Raggio pointed out, however, that the ending fund balance had not dropped below $80 million.

Senator Raggio commended Governor Gibbons' budget reduction approach and pointed out that the Governor had asked for recommendations from legislative leadership and had spent several months dealing with the financial crisis, a crisis similar to financial problems that more than half of the other states were currently facing. Senator Raggio recalled that initially the shortfall was projected at several hundred million dollars; an 8 percent reduction was anticipated and confidential recommendations were requested from state agencies, which he indicated he believed was appropriate.

Senator Raggio pointed out that while he also had concerns regarding reductions to K-12 and higher education budgets, the school district superintendents recommended the reductions that would minimally affect budgets, and they did not reduce teachers' salaries or existing programs. Similarly, he said other state agencies recommended budget reductions with the least impact to their programs.

Additionally, Senator Raggio indicated that while he did not want to reduce budgets or access the Rainy Day Fund, he understood the necessity to work with available revenue and cautioned against attacking the Governor or the process. He reiterated that the ending fund balance had not dropped below $80 million and pointed out that the Legislative Counsel agreed that the budgeting process was legal; the Governor had the authority to implement the budget reductions and that discussion relative to a lawsuit was without merit.

Senator Raggio closed his remarks by asking the members of the Committee to put aside the results of the last election and to work together in a spirit of cooperation, despite party affiliations, to help resolve the shortfall crisis as responsibly as possible.

Assemblywoman Smith asked for clarification from Administration representatives regarding previous statements alluding to across-the-board reductions being a goal but not a requirement.

Mr. Hicks confirmed that across-the-board reductions were not required but favored as the most equitable approach.

Assemblywoman Smith indicated she remained unapologetic for expressing concerns regarding reductions to the K-12 and Department of Health and Human Services' budgets, which she indicated were budgets that were in jeopardy prior to the 4.50 percent reductions.

G. STATEMENT OF CONTINGENCY FUND BALANCE.

A verbal report on the Contingency Fund balance was not provided; refer to the Contingency Fund Balance report (Exhibit N).

*H. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO NRS 353.268.

1. OFFICE OF THE GOVERNOR – Agency for Nuclear Projects – Request for $1,500,000 to provide resources to assure the state’s interests are protected in the upcoming licensing proceedings.

Robert Loux, Executive Director, Agency for Nuclear Projects, Office of the Governor, appeared before the Committee to request a $1.5 million allocation from the Contingency Fund to stem cash flow problems pending receipt of

$5 million in federal funding that was anticipated to be received in April or May 2008.

SENATOR RAGGIO MOVED THAT IN LIEU OF ALLOCATING FUNDS FROM THE CONTINGENCY FUND, $1.5 MILLION BE TRANSFERRED FROM FISCAL YEAR 2009 TO FISCAL YEAR 2008 TO MEET CASH FLOW NEEDS PENDING RECEIPT OF FEDERAL FUNDING, AND UPON RECEIPT OF FEDERAL FUNDING, THE AGENCY SUBMIT A WORK PROGRAM TO REVERSE THE TRANSACTION. ADDITIONALLY, LEGISLATION WAS RECOMMENDED TO BE REQUESTED ON BEHALF OF THE COMMITTEE TO PERMIT ADVANCES FROM THE STATE GENERAL FUND PENDING RECEIPT OF FEDERAL FUNDS.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley, Assemblywoman Koivisto, Assemblywoman Smith, Senator Rhoads, Senator Titus, and Senator Cegavske were not present for the vote.)

2. OFFICE OF THE MILITARY – Request for $685,998 to cover the reimbursement to the federal government for costs associated with the Steve Fossett search and rescue mission. WITHDRAWN JANUARY 7, 2008.

The Contingency Fund request from the Office of the Military was withdrawn on January 7 2008.

*I. REQUEST FOR AN ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO A.B. 628, (Section 42, 2007) – Office of the Governor – Homeland Security **–** Request for an allocation of ~~$333,269~~ ***$55,655*** in FY 2008 and ~~$318,224~~ ***$288,781*** in FY 2009 for the State Fusion Center. **REVISED JANUARY 9, 2008.**

Refer to narrative and motion for approval under E. 89.

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

1. DEPARTMENT OF PUBLIC SAFETY – State Board of Parole Commissioners – Request for $52,284 to purchase and install audio and

video equipment in the existing and new hearing rooms in Carson City and Las Vegas.

Dorla Salling, Chairman, State Board of Parole Commissioners, Department of Public Safety, appeared before the Committee to request an allocation from the Contingency Fund to purchase microphones needed to conduct inmate hearings via video teleconferencing. Ms. Salling indicated that when the Committee approved funds for the equipment at the November 2007 meeting, the request did not include audio and video equipment. Additionally, Ms. Salling advised the Committee that the original $52,284 funding request was revised after it was discovered that the Committee previously approved $11,688 of the funding for video equipment that was included in the request.

SENATOR RAGGIO MOVED TO APPROVE THE REQUEST AT THE REVISED AMOUNT OF $40,596.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley, Assemblywoman Koivisto, Assemblywoman Smith, Senator Rhoads, Senator Titus, and Senator Cegavske were not present for the vote.)

2. JUDICIAL BRANCH – Supreme Court – Request for $596,482 on behalf of the Southern Nevada Adult Mental Health Services to support the Chief Justice-led Mental Health/Criminal Justice Task Force Prison Re-entry Mental Health Court Pilot Project. DEFERRED BY BOARD OF EXAMINERS – JANUARY 8, 2008 MEETING.

Ron Titus, Director, Administrative Office of the Courts, Supreme Court of Nevada, advised the Committee that an initial request for a $596,482 allocation from the Contingency Fund to support the Chief Justice-led Mental Health/Criminal Justice Task Force was deferred by the Board of Examiners until the availability of funds could be determined.

Mr. Titus emphasized the project's importance but expressed agreement with the deferment pending determination of funding by representatives of the Department of Administration and the Legislative Counsel Bureau's Fiscal Analysis Division. Mr. Titus reported that the Task Force, whose members included Senator Cegavske and Assemblywoman Leslie, had scaled back the scope of the project from 100 clients to 25 clients to address funding concerns, and he advised that a funding request would appear on the agenda for the next Interim Finance Committee meeting.

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

This agenda item was deferred until the next meeting of the Interim Finance Committee.

*L. STATE BOARD OF EXAMINERS – APPROVAL OF POLICIES, PROCEDURES AND CRITERIA FOR SCHOOL DISTRICT SPECIAL APPROPRIATION FOR UTILITIES – Pursuant to A.B. 628 (Section 71, 2007), review policies, procedures and criteria for the review of requests for funding appropriated to the Interim Finance Committee for allocation to school districts in meeting electricity, heating and cooling costs, which are greater than amounts budgeted for the 2007-2009 biennium.

Andrew Clinger, Director, Department of Administration, requested Committee approval of the policies, procedures, and criteria for school districts to access funding that was set aside for unmet utility expenditures. The Board of Examiners approved the request on January 8, 2008.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM L.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley, Assemblywoman Koivisto, Assemblywoman Smith, Senator Rhoads, Senator Titus, and Senator Cegavske were not present for the vote.)

*M. WITHDRAWN

*N. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – Division of State Parks – Pursuant to NRS 407.0762 (4), request to use User Fee Overage funds in excess of $25,000, for a total request of $48,062.50. Funds will be used for the restoration of the boating access at Big Bend.

David Morrow, Administrator, Division of State Parks, Department of Conservation and Natural Resources, introduced Steve Weaver, Chief of Planning and Development, Division of State Parks, Department of Conservation and Natural Resources.

Mr. Morrow requested Committee approval to use Division of State Parks funding that was dedicated to the maintenance of State Parks to match a federal grant for the improvement of a boat-launching ramp at the Big Bend State Recreation Area, located five miles south of Laughlin on the Needles Highway.

SENATOR RAGGIO MOVED APPROVAL OF ITEM N.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley, Assemblywoman Koivisto, Assemblywoman Smith, Senator Rhoads, Senator Titus, and Senator Cegavske were not present for the vote.)

*O. LEGISLATIVE COUNSEL BUREAU – Fiscal Analysis Division – Pursuant to S.B. 184 (Section 26, 2007) – Approval of vendor to contract for a study to measure the alignment of mathematics and English Language Arts class assignments given to pupils at selected grade levels with the state standards established by the Council to Establish Academic Standards.

Joi Davis, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised the members of the Committee that pursuant to section 26 of S.B. 184, 2007 Legislature, the Interim Finance Committee was charged with approving the selection of a vendor for a study to measure curriculum alignment of mathematics and English Language Arts to Nevada's state standards. Ms. Davis further advised that the legislation required the Legislative Committee on Education to select 100 schools to participate in the study, and in November 2007 the Committee determined that grades 3 through 8 would be included in the study.

A Request for Proposal to contract with a vendor for the study was released on November 17, 2007, and six responses were received. A review committee, comprised of Legislative Counsel Bureau Fiscal and Research staff, and representatives of the Nevada Department of Education, and the Statewide Coordinating Council for Regional Professional Development Programs scored the responses and recommended that the Interim Finance Committee approve The Standards Company as the vendor for the statewide curriculum alignment study.

SENATOR RAGGIO MOVED APPROVAL OF ITEM O.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley, Assemblywoman Koivisto, Assemblywoman Smith, Senator Rhoads, Senator Titus, and Senator Cegavske were not present for the vote.)

P. INFORMATIONAL ITEMS

Chairman Arberry announced that the Committee would hear reports from agency representatives on Informational Items P.3.a; P.5.b; P.8; and P.14.

Assemblywoman Buckley asked that the Committee also hear the report on P.1. Refer to Exhibit C to review the entire list of Informational Items.

1. DEPARTMENT OF ADMINISTRATION –Interim Finance Committee request for clarification of taxable sales information presented at the November 14, 2007, Interim Finance Committee.

Time did not permit the Department of Administration representatives to clarify taxable sales information presented at the November 14, 2007, Interim Finance Committee meeting.

3. NEVADA SYSTEM OF HIGHER EDUCATION
   a. Status report on General Fund budget reductions

Dan Klaich, Executive Vice Chancellor, Nevada System of Higher Education (NSHE), appeared before the Committee to discuss the actions taken by the Board of Regents to meet the Governor's 4.5 percent budget reduction target for the NSHE and to respond to any requests or questions from members of the Committee

Senator Raggio commended the NSHE Presidents, faculty, students, and the Board of Regents for working together to accommodate the budget reductions, particularly the faculty for their willingness to defer merit increases and to the students for the willingness to accept a student credit hour surcharge.

Mr. Klaich expressed his appreciation for Senator Raggio's comments and indicated that the NSHE had attempted to conduct the budget reduction process in an open and fair manner involving students and faculty in the process. Mr. Klaich also pointed out that the deferral of merit increases extended to administrators throughout the system as well as faculty. Additionally, he advised that the NSHE Presidents had "presented thoughtful and reasonable plans for budget reductions" and that they had attempted to avoid layoffs and the cancelation of classes while at the same time protecting the core missions of teaching, research, and workforce development.

Mr. Klaich indicated that the representatives of the NSHE would work with the Committee and continue to supply budget reduction detail to the Committee's staff and to the Governor's staff.

Mr. Klaich also indicated that, after speaking with the Governor, NSHE representatives were hopeful that they could establish the base budget for the coming biennium on an unreduced basis. Mr. Klaich said that although commitments were not expected, the Governor had committed, in concept, to an unreduced base budget, and representatives of the NSHE were proceeding on the basis that the revenue problems were short-term.

In response to Assemblyman Denis, who asked whether the increased student fees would be permanent, Mr. Klaich advised that student-fee increases were proposed for

the academic year 2008-09 only, and the action by the Board of Regents included a sunset provision for the spring of 2009.

Senator Raggio pointed out that Nevada's tuition level for higher education classes was "far below" that of other similar institutions and indicated that it was his understanding that the Board of Regents planned to review tuition increases. Senator Raggio commented that allowing the NSHE to retain a portion of future tuition increases would be an issue for the Legislature to consider.

Mr. Klaich apologized for the misunderstanding and clarified that while the student credit hour surcharges were proposed for a one-year period only, a review of the tuition and fee policy occurred on a biennial basis and increased tuition and fees were built into the budget.

5. DEPARTMENT OF BUSINESS AND INDUSTRY
   b. Mortgage Lending – Report on additional information related to the 800-foreclosure hotline.

      Refer to narrative under Item R.

8. DEPARTMENT OF MOTOR VEHICLES – Status report as of December 4, 2007, Son the Real ID Act.

   Time did not permit hearing the status report on the Real ID Act. Refer to Exhibit D to review the report entitled the *DMV, Nevada Department of Motor Vehicles' Real ID final Rules Overview*.

*Q. APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335 (2)(C) – Department Of Corrections – Prison Industries – Request for approval to accept one paint booth valued at $12,000 from Michael Bogan. RECEIVED JANUARY 4, 2008.

John McCuin, Chief of Financial Services, Prison Industries, Department of Corrections, appeared before the Committee to request approval to accept the donation of a paint booth to the Southern Desert Correctional Center auto body shop.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM Q.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Buckley, Assemblywoman Koivisto, Assemblywoman Smith, Senator Rhoads, Senator Titus, and Senator Cegavske were not present for the vote.)

Chairman Arberry reminded Prison Industry representatives that the Board of Examiners also needed to approve the donation.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, clarified that although the Committee had approved the acceptance of the donation, a work program modification had to be submitted to the State Board of Examiners and to the Interim Finance Committee before expenditures from the Prison Industry Capital Improvement Fund, to disassemble, transport, and construct the paint booth, could occur.

*R. DEPARTMENT OF BUSINESS AND INDUSTRY – Division of Mortgage Lending – Program to provide assistance to individuals at risk of foreclosure. RECEIVED JANUARY 15, 2008.

Joseph Waltuch, Administrator, Division of Mortgage Lending, Department of Business and Industry, identified himself for the record and introduced Vicki Dunmore, Management Analyst, Division of Mortgage Lending, Department of Business and Industry.

Mr. Waltuch addressed the Committee's action at the November 14, 2007, meeting that authorized the Division of Mortgage Lending to fund a contract with Consumer Credit Counseling Services (CCCS) to provide credit counseling for consumers facing foreclosure. Mr. Waltuch advised the Committee that the Division and CCCS had negotiated a contract with all terms, with the exception of one, acceptable to both parties.

Mr. Waltuch reported that Division representatives wanted to conduct "back-end" audits to ensure the "proper" expenditure of funds transferred to the CCCS and to do so, the CCCS would be required to provide the name, property address, and telephone number of those homeowners who requested counseling services. Mr. Waltuch indicated that the Division had a fiduciary duty to their licensees whose fees went into the reserve account and to consumers to ensure that the clients using the service were homeowners who qualified for the assistance and were not commercial or absentee property owners.

Mr. Waltuch reported that the CCCS considered the information confidential but suggested that the CCCS and the Division enter into a confidentiality agreement that would be transparent to the clients the Division would contact for auditing purposes.

Mr. Waltuch requested direction from the Committee relative to whether the Division should have the authority to conduct audits that would provide oversight of funding expenditures.

Michelle Johnson, President and Chief Executive Officer, CCCS, reported that the CCCS had been in operation since 1972 with oversight provided by a number of independent third parties and pointed out that the provision of services, despite the clients' socioeconomic status, was based on confidentiality.

Ms. Johnson advised that she had provided Division of Mortgage Lending representatives with pertinent data excluding consumer names, addresses, and phone numbers and had documented "every issue relative to first and second mortgages." Ms. Johnson further advised that although some clients were identified as "mom and pop type" investors, 99 percent of clients were losing their owner-occupied homes.

Ms. Johnson expressed an understanding of the limitations placed on the $100,000 funding transfer but pointed out that foreclosures and the need for counseling services were increasing and with each day the funding was delayed opportunities for consumers to be taken advantage of were also increasing. Ms. Johnson advised that initially the CCCS was going to request $450,000, of which $150,000 would be provided from the industry. Ms. Johnson further advised that while $75,000 was received with a commitment for the other $75,000, the CCCS needed the $100,000 the Committee had authorized because of the increasing number of requests for services.

In response to Assemblywoman Buckley, who questioned whether similar information was required by the federal government, Ms. Johnson advised that the federal government required the counselor's name and salary, an identifying number, and the outcome of services provided, but not client addresses.

In response to Assemblywoman Buckley, who questioned whether the CCCS would be willing to provide information that included the number of clients served, demographics, the presenting problem, outcomes, and utilization of the funding for the purpose for which it was contracted, Ms. Johnson indicated that the CCCS was currently sharing such information.

Assemblywoman Buckley suggested using the same standard requirements including accountability measures that the state's grants management units used rather than auditing clients, which she considered "overly intrusive."

Mr. Waltuch discussed the thorough examination and verification process required of the Division's licensees but indicated that if the Committee instructed the Division to treat the transfer of funds to the CCCS as a grant, he would immediately enter into a contract with them and oversight of funds would not be an issue.

Assemblywoman Buckley expressed agreement with the need to ensure accountability and indicated she hoped that the Committee would provide the Division with the direction to immediately initiate a contract with the CCCS, which she said would help to stem the foreclosure crisis and contribute to an economic rebound.

In response to questions that Senator Beers asked regarding the number of staff employed by the CCCS, Ms. Johnson advised that 12 counselors were currently employed with 4 additional counselors and 2 intake staff projected to be hired. Ms. Johnson advised that the current staff of 12 provided many types of counseling services including reverse mortgage, financial, and bankruptcy counseling.

Senator Beers noted that information provided to the Committee reflected that the CCCS conducted 10,547 individual counseling sessions in 2007 and asked whether that figure included all types of counseling services.

Ms. Johnson responded that while the 10,547 individual counseling sessions conducted in fiscal year 2007 included all types of counseling, a great deal of the service related to housing. Additionally, Ms. Johnson advised that foreclosure counseling was not limited to individuals currently in the foreclosure process but also to those who held adjustable rate mortgages or to renters who discovered the homes they were renting were in foreclosure.

Senator Beers asked for the number of counseling services that related only to the mortgage crisis over the past 12 months since he had "anecdotal evidence" that the incremental increase in mortgage foreclosures from a year ago was not related to owner-occupied homes.

Ms. Johnson reported that according to the Chief Economist for the Mortgage Bankers Association, approximately 30 percent of the foreclosures in Nevada were investor properties.

Senator Beers asked for the percentage of investor-property foreclosures from a year ago since a large increase would support the anecdotal evidence that the increase in foreclosures was related to investor properties.

Ms. Johnson responded that she did not have access to the percentage increase of investor-property foreclosures and did not know whether the information had been collected since a year ago. Ms. Johnson advised, however, that the number of foreclosures had "dramatically" increased and whether or not an increase in investor property foreclosures occurred, the CCCS was providing services to clients who occupied their homes. She indicated that in some cases, clients, on the advice of a realtor or lender, might have used the equity in their home to purchase a larger home while maintaining the first home as a rental, and because both homes were financed with adjustable negative amortization loans, the clients were losing both homes.

Senator Beers questioned whether the Nevada 2-1-1- information number had been advertised and whether a report was available on the number of calls Nevada 2-1-1 received.

Mr. Waltuch reported that the Division of Mortgage Lending received a report that from December 10, 2007 through January 18, 2008, Nevada 2-1-1 received an average of 25-26 calls a week or 131 calls for which callers were given the CCCS 800 number. Mr. Waltuch indicated, however, that the number of individuals who actually phoned CCCS was an unknown.

Ms. Johnson reported that she had placed 11 of the 131 phone calls and on 3 calls she was transferred to the CCCS number; however, on the balance of her calls, she was referred to several different non-profit organizations in Las Vegas and twice referred to a for-profit, out-of-state organization that provided foreclosure counseling.

In response to Senator Beers, who asked whether the U.S. Department of Housing and Urban Development (HUD) certified for-profit organizations, Ms. Johnson explained that HUD only certified non-profit organizations.

Assemblywoman Buckley advised that the Committee's staff provided information that the number of foreclosures in Nevada from 2006 to 2007 increased by 11,000, or 510 percent. Additionally, Assemblywoman Buckley reported that experts, who testified before the Legislative Commission's Subcommittee to Study Mortgage Lending and Housing Issues generally concurred that 30 percent of the foreclosures in Nevada were investor properties, which indicated that 70 percent of the increase was related to owner-occupied foreclosures.

Senator Beers pointed out that information provided to the Committee indicated that CCCS intake counselors spent 40-45 minutes completing intake forms and CCCS HUD-certified counselors spent another 45 minutes to an hour in counseling sessions. Information also indicated that according to the CCCS, the average counselor could assist between 25 to 30 homeowners each week, which Senator Beers indicated could keep one counselor busy.

Assemblywoman Buckley discussed the existing call volume and indicated that since CCCS had not yet entered into a contract with the Division of Mortgage Lending, the availability of counseling services had not been widely advertised. Additionally, Assemblywoman Buckley pointed out that, as previously discussed, the 12 existing staff members provided bankruptcy, credit, and housing counseling services.

Senator Beers indicated that it was his understanding that the media had advertised Nevada 2-1-1 as a 7-day-a-week mortgage-relief information phone number.

Assemblywoman McClain indicated that she heard only one radio announcement for mortgage-crisis information through the Nevada 2-1-1 number and a few other announcements for the 1-800 number.

Assemblywoman Buckley advised that Senator Harry Reid recently held several widely-attended media events in Las Vegas that provided information related to counseling services, which would have accounted for some advertising.

Assemblywoman Buckley reiterated the need for accountability to ensure the proper expenditure of funds and again suggested that information collected from clients seeking mortgage counseling include a non-identifying number and demographics based on the same structure used by state agencies' grant management units.

Senator Raggio questioned whether the CCCS was legally constrained from providing the client information requested by the Division of Mortgage Lending.

Ms. Johnson advised that the CCCS Board of Directors, whose members included a Nevada Supreme Court Justice and a district court judge, established the policy that information on individual consumers remain confidential.

In response to Senator Cegavske who questioned whether Nevada 2-1-1 staff were made aware that they had incorrectly referred calls, Ms. Johnson indicated she had spoken with Nevada 2-1-1 staff about the problem and experienced varied results on subsequent calls.

In response to a request from Senator Cegavske for additional information from the Division of Mortgage Lending representatives, Mr. Waltuch reiterated that he believed that the Division of Mortgage Lending had a statutory responsibility to monitor the transfer of reserve funding since the funding resulted from fees paid by the Division's licensees, not taxpayers. Additionally, Mr. Waltuch reiterated that if the Committee decided to treat the transfer of funds as a grant, the Division would not seek to provide oversight over expenditure of the funds by the CCCS.

ASSEMBLYWOMAN BUCKLEY MOVED THAT:

THE CONTRACT ENTERED INTO BETWEEN THE DIVISION OF MORTGAGE LENDING AND CONSUMER CREDIT COUNSELING SERVICES BE TREATED AS A GRANT, AND THE COLLECTION OF STATISTICAL INFORMATION INCLUDE THE NUMBER OF CONSUMERS ASSISTED, THE PRESENTING PROBLEM, GENERAL DEMOGRAPHIC INFORMATION INCLUDING ZIP CODES, OUTCOMES TO ENSURE ACCOUNTABILITY BUT NOT PERSONAL IDENTIFICATION INFORMATION THAT WOULD VIOLATE CONSUMER CREDIT COUNSELING SERVICES' BOARD APPROVED POLICY.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Senator Beers expressed opposition to the motion indicating that it appeared, from information provided to the Committee, that the CCCS did not generate enough calls to hire 6 additional staff.

Ms. Johnson advised that the contract was written on a per-counseling basis, and funding would be drawn on that basis. Additionally, Ms. Johnson indicated she would not immediately hire all 6 of the additional staff.

In response to Assemblyman Hardy, who asked for information relative to the success rate for consumers staying in their homes after counseling, Ms. Johnson said success could not be measured by consumers remaining in their homes since many would not.

Mendy Elliott , Director, Department of Business and Industry, commented that the Department was currently working with the National Foreclosure Mitigation Program and was in the process of accepting applications for grants through the Housing Division in partnership with non-profit organizations. Ms. Elliott advised that federal mandates required the collection of information related to family income, address, hours of counseling received, name of originating lender, and current service or type of loan. Ms. Elliott suggested that if the Committee wanted to move forward with the request that the Division of Mortgage Lending and the CCCS align their contract based on the same federal information requirements the Department was using.

Assemblyman Grady questioned whether the contract with the CCCS would provide services to only southern Nevada homeowners,

Ms. Elliott advised that the CCCS provide services statewide.

Chairman Arberry called for a vote on the motion.

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

Senator Raggio indicated he would move to proceed with a contract based on the federal guidelines mentioned by Ms. Elliott.

> SENATOR RAGGIO MOVED APPROVAL FOR THE DIVISION OF MORTGAGE LENDING TO UTILIZE UP TO $100,000 OF THEIR RESERVE FUNDING TO PROVIDE ASSISTANCE TO INDIVIDUALS AT RISK OF FORECLOSURE BASED UPON ENTRY INTO A CONTRACT WITH AN APPROPRIATE NON-PROFIT ORGANIZATION OR ORGANIZATIONS THAT ADHERED TO COLLECTING INFORMATION IN ACCORDANCE WITH FEDERAL GRANT REQUIREMENTS.
>
> SENATOR CEGAVSKE SECONDED THE MOTION.

Senator Beers, who noted the availability of federal grant funds, questioned the need to provide counseling services through a transfer of funds to the CCCS.

Ms. Elliott indicated that although the extent of the foreclosure crisis was still unknown, Nevada received federal funding based on qualifying as one of the greatest-need states and recommended that the Committee move forward with a contract based on the federally mandated information the Department was required to use.

In response to questions Assemblywoman Leslie asked about collecting personal information in violation of the CCCS' policy, Ms. Elliott confirmed the information required included ethnicity as well as addresses and telephone numbers.

> THE MOTION FAILED. (Assemblywoman Buckley, Assemblyman Denis Assemblywoman Leslie, Assemblywoman McClain, Assemblyman Parks voted nay. Assemblywoman Koivisto, Senator Rhoads, and Senator Titus were not present for the vote.)

Assemblywoman Buckley encouraged the Department of Business and Industry and the Division of Mortgage Lending to work with the CCCS to resolve the issue.

S. PUBLIC COMMENT.

James Palombo, M.S.W, Ph.D., a former Nevada Department of Corrections' (NDOC) inmate, who in November 2007 was granted a pardon, appeared before the Committee to address a proposal for an inmate re-entry program in southern Nevada.

Having noted previous testimony relative to the current long-term issues facing the NDOC and pursuant to the provisions of A.B. 510, 2007 Legislature, Mr. Palombo asked the members of the Committee to consider the future funding of community programs that could assist inmates leaving the system as well as the community at large.

Terry Hubert, President, Board of Directors, RidgeHouse, Inc. and Chair of the Veterans Incarcerated Committee, Vietnam Veterans of America, Inc., appeared before the Committee as a representative of community-based programs, such as provided by RidgeHouse. Mr. Hubert discussed an increasing concern relative to the treatment of veterans in the criminal justice system and advised that 18 months ago the RidgeHouse budget was reduced by $800,000 forcing a reduction in staff and ongoing efforts to find funding to maintain services. Mr. Hubert discussed the need to access funds to expand services to include inmates with mental health issues and, although he indicated some funding availability from the Veterans Administration, asked the members of the Committee to consider the need for additional re-entry programs during the 2009-2011 budget building process.

Mr. Hubert cited what he defined as a seemingly "endless" influx of inmates from Washoe County and Clark County into the state prison system and the implementation of A.B. 510 that, in effect, would release some of the burgeoning population, also creating a need for re-entry programs. Mr. Hubert closed his comments by asked the

Committee members once again to assist nonprofit organizations in their efforts to provide current services and for the expansion of services in the future.

Senator Raggio commended the RidgeHouse for their "excellent work" and suggested that, even though funding would be limited in the next biennium, the Board of Directors for the RidgeHouse submit a proposal to the Governor's Office and to the Legislature to provide services for inmates released from the Nevada Department of Corrections. Mr. Hubert later submitted a proposal (Exhibit M) for distribution to the Committee.

In response to Assemblywoman McClain, who asked for the number of veterans currently incarcerated, Mr. Hubert reported that there were 140,000 veterans incarcerated in prisons across the United States. Mr. Hubert indicated he was working with the Assistant Director and the Director of NDOC to begin identification of Nevada's incarcerated veterans on the NDOC's new computer system, particularly since new veterans were currently returning from deployment in Iraq and Afghanistan.

Assemblywoman McClain advised that as Chair of the interim Committee Studying Issues Relating to Senior Citizens and Veterans (A.C.R. 35), she wanted to hear more, at one of the Committee's scheduled hearings, about the issues facing Nevada's senior and veterans' population being released from Nevada prisons.

Mr. Hubert indicated his availability to address the interim committee.

Assemblyman Parks agreed that a compelling need existed for services in southern Nevada similar to services the RidgeHouse provided in Washoe County.

T. ADJOURNMENT.

Chairman Arberry adjourned the hearing at 3:35 p.m.

_____
Chairman 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	Fiscal Analysis Division, Legislative Counsel Bureau	Agenda
B	Fiscal Analysis Division, Legislative Counsel Bureau	Guest List
C	Fiscal Analysis Division, Legislative Counsel Bureau	Item P. Informational Items
D	Nevada Department of Motor Vehicles	*Nevada Department of Motor Vehicles' Real ID Final Rules Overview*
E	Fiscal Analysis Division, Legislative Counsel Bureau	*Interim Finance Committee's Subcommittee to Review Public Works Board Matters Chairman's Report of Meeting Held January 23, 2008*
F	Gustavo Nunez, Manager, State Public Works Board	*CIP Project General Fund Reductions – January 2008 Legislative Approved Project versus Agency of State Public Works Board Reductions & Bid Savings or Completed Project w/ Surplus Funding*
G	Andrew Clinger, Director, Department of Administration	*State of Nevada, State Budget Briefing January 24, 2008*
H	Nevada Alliance of Boys & Girls Clubs	January 23, 2008 Letter to Senator Bernice Mathews
I	Senator Coffin	Excerpts of Minutes from: June 2, 2007 Assembly Committee on Ways and Means and Senate Committee on Finance.
J	Senator Coffin and Senator Randolph Townsend	Letter dated January 21 to Senator Townsend Letter dated January 22 to Senator Coffin
K	Joseph Vanacore, Labor Representative, American Federation of State, County, and Municipal Employees (AFSCME) Local 4041	*State of Kansas State Employee Compensation Oversight Commission Proposed Compensation Plan Design*
L	Rick Eaton, Director, Office of Homeland Security	*Intelligence and Information Sharing Concept of Operations Plan*
M	Terry Hubert, President, Board of Directors RidgeHouse, Inc.	*Nexus LP Project*
N	Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	*Contingency Fund – Available Spending Authority*