MINUTES OF THE NOVEMBER 14, 2007
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairman Morse Arberry Jr. called a regular meeting of the Interim Finance Committee (IFC) to order on November 14, 2007, at 9:15 a.m. in Room 4100 of the Legislative Building. Exhibit A is the agenda. Exhibit B is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS EXCUSED:

Senator Rhoads
Assemblywoman Koivisto

GUEST LEGISLATORS:

Assemblyman Marcus Conklin

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Mark W. Stevens, Fiscal Analyst, Assembly
Gary L. Ghiggeri, Fiscal Analyst, Senate
Steve Abba, Principal Deputy Fiscal Analyst
Connie Davis, Interim Finance Committee Secretary
Cheryl Harvey, Fiscal Analysis Division Secretary
Tracie Battisti, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES FROM THE SEPTEMBER 6, 2007 MEETING.

ASSEMBLYMAN HARDY MOVED APPROVAL OF THE MINUTES OF THE SEPTEMBER 6, 2007 MEETING.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

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

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

The work program revisions and position changes listed under Item C were provided for informational purposes only. There was no action was required by the Committee.

1. **Department of Public Safety – Office of Traffic Safety – FY 08 –** Addition of $600,000.00 in National Highway Traffic Safety Administration (NHTSA) Grant funds to provide authority to accept and expend federal NHTSA grant funds in support of the Nevada Teen Seat Belt Campaign. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00 in new governmental grants**. Work Program #C34306**

2. **Department of Public Safety – Highway Safety Plan and Administration – FY 08 –** Addition of $166,000.00 in National Highway Traffic Safety Administration (NHTSA) Grant funds transferred from the Office of Traffic Safety to provide authority to receive and expend federal NHTSA grant funds in support of the Nevada Teen Seat Belt Campaign. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00 in new governmental grants**. Work Program #C34307**

*D. 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 programs 1; 22; 23; 25; 26; 39; 43; 44 which required a public hearing; 45, 46, 47; 48; 49; 53; 61, 62; 85; 89; and 90. Items 7, 27, 37, and 82 were withdrawn.

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

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

1. **Office of the Governor – Office of Homeland Security – FY 08 –** Addition of ~~$1,282,006.00~~ ***$20,000.00*** in Transfer from the Division of Emergency Management Federal Grant funds ~~to provide budgetary authority to receive and expend $20,000.00 in grant funding~~ ***to provide additional personnel and travel funds for the recently hired Data Security Analyst (Emergency Hire) for the State Fusion Center.*** ~~$250,000.00 in FY 07 Urban Area Security Initiative grant funding in support of the State's Interoperable Communications Project; and $1,012,006.00 in FY 07 State Homeland Security Program grant funding, also in support of the State's Interoperable Communications Project.~~ Requires Interim Finance approval since the amount exceeds ~~$100,000.00 in new governmental grants~~ ***10 percent of the legislatively approved level for that category. Work*** **Program #B94705. REVISED OCTOBER 30, 2007.**

Rick Eaton, recently appointed to the position of Administrator, Office of Homeland Security, identified himself for the record. Mr. Eaton appeared before the Committee to request approval to transfer $20,000 from the Division of Emergency Management (DEM) federal grant funds to continue funding a Data Security Analyst position hired under emergency provisions.

Mr. Eaton told the Committee that the state of Nevada had a robust Emergency Management Program and that he hoped to facilitate the implementation of a robust

Homeland Security Program as well. He indicated that he also wanted to secure additional federal grant money, to support the State Fusion Center, through the U. S. Department of Homeland Security and other federal agencies.

Mr. Eaton commented on being aware of the concerns relative to the establishment of a State Fusion Center and told the Committee that current plans did not replicate the anti-terrorism fusion centers in Clark and Washoe counties but instead focused on state issues.

Mr. Eaton discussed a recent agreement by terrorism liaison officers (TLOs) to support the State Fusion Center and explained that the TLOs were law-enforcement officers from various counties trained to identify possible threats to the state. Additionally, he advised that it was the function of the Office of Homeland Security to work in partnership with various federal, state, local, and tribal entities to prevent criminal and terrorist acts and to promote training and education programs for the citizens of the state.

Mr. Eaton discussed a recent first-time visit to Nevada by an Assistant Secretary to the U. S. Department of Homeland Security, who promised aid and support. Additionally, Mr. Eaton advised that the Department of Homeland Security had recently provided two Homeland Security Intelligence Systems that were considered critical to the success of the fusion centers in Clark and Washoe counties.

Mr. Eaton advised the Committee that changes to the business plan for the Office of Homeland Security and standard operating procedures were created and pending approval by the Department of Homeland Security.

Assemblywoman Buckley noted that a $20,000 transfer of funds was approved by the Department of Administration in July 2007 to hire an emergency temporary position. Assemblywoman Buckley pointed out that under the provisions of *Nevada Revised Statutes* (NRS), a state agency could accept a governmental grant if the grant did not involve the hiring of new employees. Assemblywoman Buckley asked for an explanation regarding why the Department of Administration did not submit the original work program to the Interim Finance Committee for consideration at its September 6, 2007 meeting.

Andrew Clinger, Director, Department of Administration, advised that a work program was processed for the temporary position but was not submitted to the Interim Finance Committee because a temporary emergency hire did not meet the requirements of the statute.

Assemblywoman Buckley requested additional information regarding the nature of the emergency and pointed out that agencies were required to follow the rules.

Mr. Clinger indicated that the Department of Administration had operated within the rules to provide the Office of Homeland Security the assistance they needed.

Mr. Eaton advised that the Data Security Analyst position was needed to establish a business plan that included policies and procedures for the Office of Homeland Security.

Assemblywoman Buckley informed agency representatives that establishing policies and procedures did not constitute an emergency under the provisions of NRS 353.263 and asked staff to clarify the rules. Assemblywoman Buckley indicated she would only support the request if agency representatives testified on the record that they would not violate the rules.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that under the provisions of NRS 353.335 Section 5 (b), a state agency could accept a government grant not exceeding $100,000 with the approval of the Governor or Chief of the Budget Division, if the grant did not involve the hiring of new employees. Mr. Stevens advised that staff interpreted the statute to mean that if a governmental grant involved the hiring of a new position, Interim Finance Committee approval was required.

Mr. Clinger indicated that he believed Budget Division representatives had followed the rules but having interpreted the statute slightly differently, "perhaps" needed to reconcile their interpretation with the Committee's staff.

SENATOR BEERS MOVED APPROVAL OF ITEM 1.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

2. Office of the Attorney General – Violence Against Women Grants – FY 08 – Addition of $1,223,728.00 in federal STOP Grant funds and deletion of $8,914.00 in Transfer from Other Budget Account Same Fund and $8,914.00 in Transfer from Victims of Domestic Violence to support programs relating to domestic violence, sexual assault, stalking, and dating violence. Requires Interim Finance approval since the amount added to the Victim's Services Grant category exceeds $50,000.00**. Work Program #C33829**

Refer to motion for approval under Item D.

3. Office of the Attorney General – Administrative Account – FY 08 – Addition of $183,434.00 in Transfer from Welfare Division to fund two additional Senior Deputy Attorney General positions and associated costs to adequately transition the anticipated 2,500 cases resulting from the termination of Carson City's contract with the Division of Welfare and Supportive Services for participation in the Child Support Enforcement Program. Requires Interim Finance approval

since the cumulative amount added to the Personnel Services category exceeds $50,000.00 and includes new staff**. Work Program #C33828. RELATES TO 4, 47 & 48.**

Refer to narrative and motion for approval under Item 45.

4. **Office of the Attorney General – Administrative Account – <u>FY 09</u> –** Addition of $302,924.00 in Transfer from Welfare Division to fund two additional Senior Deputy General positions and associated costs to adequately transition the anticipated 2,500 cases resulting from the termination of Carson City's contract with the Division of Welfare and Supportive Services for participation in the Child Support Enforcement Program. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds $50,000.00**. Work Program #C33830. RELATES TO 3, 47 & 48.**

Refer to narrative and motion for approval under Item 45.

5. **Office of the Treasurer – Nevada College Savings Trust – FY 08 –** Transfer of $42,000.00 from the Reserve category to the Personnel Services category to cover terminal leave pay due to the retirement of a long-term employee. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds 10 percent of the legislatively approved level for that category**. Work Program #C33632**

Refer to motion for approval under Item D.

6. **Department of Administration – Buildings and Grounds – Marlette Lake – FY 08 –** Addition of $600,000.00 in Agreement Revenue to accept revenue through an inter-local agreement for construction costs at the permanent pump site. Requires Interim Finance approval since the amount added to the Transfer to Marlette Lake CIP category exceeds $50,000.00**. Work Program #B94696**

Refer to motion for approval under Item D.

7. **Department of Information Technology – Director's Office – FY 08 –** Addition of $1,262,006.00 in Transfer from the Division of Emergency Management for Homeland Security Sub-grant to receive a sub-grant from the Department of Public Safety, Division of Emergency Management for the Interoperable Communications Grant. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants**. Work Program #C22028. WITHDRAWN OCTOBER 18, 2007.**

Item 7 was withdrawn October 18, 2007.

8. **Department of Information Technology – Facility Management – Computing Division – FY 08 –** Addition of $140,000.00 in Computer Facility Services to

accept additional payment from the Department of Employment, Training and Rehabilitation (DETR) to cover increased software licensing costs for the Adabas Program, in which DETR is the sole user. Requires Interim Finance approval since the amount added to the Information Services category exceeds $50,000.00**. Work Program #C22030. RELATES TO 55 & 60.**

Refer to motion for approval under Item D.

9. **Department of Cultural Affairs – Division of Museums and History – Nevada State Museum – Las Vegas – FY 08 –** Addition of $25,200.00 in Transfer from Nevada State Library to catalogue documents and other artifacts for patron accessibility to these items. Requires Interim Finance approval since the amount added to the Nevada State Library and Archives/Library Services Technology Act sub-grant category exceeds 10 percent of the legislatively approved level for that category**. Work Program #C33323**

Refer to motion for approval under Item D.

10. **Department of Cultural Affairs – Division of Museums and History – State Railroad Museums – FY 08 –** Addition of $408,450.00 in Transfer from Nevada Department of Transportation (NDOT) to accept sub-grant funds for the restoration of the East Ely Freight Building. Requires Interim Finance approval since the amount added to the NDOT Federal Grant category exceeds $50,000.00**. Work Program #C33324**

Refer to motion for approval under Item D.

11. **Department of Cultural Affairs – State Historic Preservation Office – FY 08 –** Addition of $43,525.00 in Transfer from the Nevada Department of Transportation to fund a new position and associated costs to address a backlog in historical architecture review. Requires Interim Finance approval since the amount includes new staff**. Work Program #C30362. RELATES TO 12.**

Refer to motion for approval under Item D.

12. **Department of Cultural Affairs – State Historic Preservation Office – <u>FY 09</u> –** Addition of $73,611.00 in Transfer from the Nevada Department of Transportation to continue a position and associated costs to address a backlog in historical architecture review. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00**. Work Program #C30364. RELATES TO 11.**

Refer to motion for approval under Item D.

13. **Department of Cultural Affairs – Library and Archives – Literacy Program – FY 08 –** Addition of $84,786.00 in Federal Library Services and Technology

Assistance Grant funds to support the Statewide Reading Program and the Meeting Diverse Literacy Needs statewide project. Requires Interim Finance approval since the amount added to the Federal Library Services and Technology Assistance Grant category exceeds $50,000.00**. Work Program #30398**

Refer to motion for approval under Item D.

14. **Department of Cultural Affairs – Nevada Arts Council – FY 08 –** Addition of $163,200.00 in National Endowment for the Arts Grant funds to reconcile grant authority and allow for receipt of the competitive Challenge America and American Masterpieces portion of the National Endowment for the Arts Grant. Requires Interim Finance approval since the amount added to the Artist Services Program category exceeds $50,000.00**. Work Program #C30332**

    Refer to motion for approval under Item D.

15. **Department of Agriculture – Plant Industry – Pest Abatement – FY 08 –** Addition of $137,331.00 in United States Forest Service Weed Management to continue the weed control project and implement early detection and rapid response teams. Requires Interim Finance approval since the amount added to the Noxious Weed Management category exceeds $50,000.00**. Work Program #C33180**

    Refer to motion for approval under Item D.

16. **Department of Agriculture – Animal Health – Veterinary Medical Services – FY 08 –** Addition of $2,300.00 in United States Department of Agriculture (USDA), Upland Game Birds and $20,800.00 in USDA, Subpart E Poultry Federal Grant funds for the National Poultry Improvement Plan Supplemental Surveillance Program of the Upland Game Birds and Subpart E Poultry. Requires Interim Finance approval since the amount added to the USDA Commercial Subpart E Poultry category exceeds $50,000.00**. Work Program #C33206**

    Refer to motion for approval under Item D.

17. **Department of Agriculture – Predatory Animal and Rodent Control – FY 08 –** Addition of $341,139.00 in Transfer from the Department of Wildlife to fund predator management services as approved by the Nevada Department of Wildlife's FY 08 Nevada Predation Management Plan. Requires Interim Finance approval since the amount added to the Nevada Department of Wildlife.

    Refer to motion for approval under Item D.

18. **Commission on Mineral Resources – Division of Minerals – FY 08 –** Transfer of $15,016.00 from the Reserve category to the Out-of-State Travel category to allow staff to network with personnel from other natural resource entities and

states. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00**. Work Program #C14393**

Refer to motion for approval under Item D.

19. **Commission on Mineral Resources – Division of Minerals – FY 08 –** Transfer of $30,491.00 from the Reserve category to the Operating category and $15,393.00 from the Reserve category to the Equipment category to acquire additional office space in Carson City. 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 #C14392**

    Refer to motion for approval under Item D.

20. **Department of Business and Industry – Financial Institutions Division – FY 08** Transfer of $35,000.00 from the Reserve category to the Training category to make up for a high examiner turnover rate. Requires Interim Finance approval since the amount added to the Training category exceeds 10 percent of the **legislatively approved** level for that category**. Work Program #C32806**

    Refer to motion for approval under Item D.

21. **Department of Health and Human Services – Director's Office – Office of Disability Services – FY 08 –** Addition of $83,946.00 in Federal Traumatic Brain Injury Grant funds to continue the implementation of the goals and objectives established for the Traumatic Brain Injury project. Requires Interim Finance approval since the amount added to the Traumatic Brain Injury category exceeds $50,000.00**. Work Program #C32948**

    Refer to motion for approval under Item D.

22. **Department of Health and Human Services – Director's Office – Office of Disability Services – Individuals with Disabilities in Education Act (IDEA) – Part C Compliance – FY 08 –** Addition of $774,967.00 in Transfer from the Department of Health and Human Services (DHHS) Health Division to establish a new budget account in order to separate IDEA Part C compliance and monitoring functions from the DHHS Health Division's service delivery system. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00**. Work Program #C32950. RELATES TO 39.**

Chairman Arberry announced that the Committee would consider Items 22 and 39 concurrently.

Todd Butterworth, Social Services Chief, Office of Disability Services, Department of Health and Human Services, appeared before the Committee to request approval to

transfer the compliance and monitoring function of Early Intervention Services (EIS) from the Health Division to the Office of Disability Services.

Mr. Butterworth reported that work program Items 22 and 39 were presented at the direction of the Director, Department of Health and Human Services, in response to the disability community's request that the provision of early intervention therapies be separate from the administration of Part C of the federal Individuals with Disabilities in Education Act (IDEA).

Chairman Arberry requested an update on efforts by the Health Division to increase private/nonprofit provider expenditures for intervention services by 20 percent.

Amy Roukie, Administrative Services Officer (ASO), Health Division, Department of Health and Human Services, identified herself for the record. Ms. Roukie testified that pursuant to S.B. 377, 2007 Legislature, which did not pass, the Director of the Department of Health and Human Services proposed to separate early intervention therapies from Part C administration of the federal Individuals with Disabilities in Education Act (IDEA), which was the request before the Committee. Additionally, Ms. Roukie advised that the Department was working to increase privatization of services and had contracted with private agencies for approximately $2.4 million to provide early intervention services. Ms. Roukie advised that the Department would submit formal provider agreements to the Board of Examiners within the next few months.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 22 AND 39.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

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

23. Department of Health and Human Services – Director's Office – Fund for a Healthy Nevada – FY 08 – Addition of $300,000.00 in Transfer from the Department of Health and Human Services Health Division to enroll HIV/AIDS patients in the Medicare Part D plan during the coverage gap which will enhance the drug co-payment process through the D risk corridors into catastrophic coverage where prescription drug costs will be covered at 95 percent. Requires Interim Finance approval since the amount added to the HIV/AIDS Rx Program category exceeds $50,000.00**. Work Program #C32942**

Laurie Olson, Program Manager, Senior Rx/Disability Rx, appeared before the Committee to request approval to transfer $300,000 from the Health Division to the Senior Rx/Disability Rx Program. Approval of the request would facilitate the payment of prescriptions for HIV/AIDS patients pursuant to A.B. 182, 2007 Legislature, which provided the authorization to serve HIV/AIDS patients.

In response to questions Chairman Arberry asked relative to the administrative costs associated with the AIDS Drug Assistance Program (ADAP), Ms. Olson advised that administrative costs experienced thus far were related to modifications of the database, which were being paid for by the Health Division.

Chairman Arberry noted that tobacco settlement funds were not available for the ADAP program and asked how the Director's Office would ensure that those funds were not used to support the administrative costs associated with administering the ADAP funds.

Ms. Olson advised that the Senior Rx/Disability Rx Program operated with two positions that were funded through the General Fund. She said, however, that although staff time was negligible, the time was being tracked.

> ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 23.
>
> ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblywoman Buckley, Senator Coffin, and Senator Titus were not present for the vote.)

24. Department of Health and Human Services – Director's Office – Fund for a Healthy Nevada – FY 08 – Addition of $583,111.00 in Transfer from the State Treasurer Tobacco Settlement funds to establish stale claims categories to pay previous fiscal years' Medicare Part D State Pharmaceutical Assistance Program liabilities for the Senior Rx and Disability Rx members. Requires Interim Finance approval since the amount added to the Senior Rx Stale Claim category exceeds $50,000.00**. Work Program #C32947**

Refer to motion for approval under Item D.

25. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 08 – Addition of $25,000.00 in gifts and donations to receive donations from the gaming industry in support of the Problem Gambling Program. Requires Interim Finance approval since the amount of the gift exceeds $10,000.00**. Work Program #C32941**

Dave Prather, Administrative Services Officer (ASO), Director's Office, Department of Health and Human Services, appeared before the Committee to request approval to accept $25,000 donated by the Gaming Industry to support the Advisory Committee on Problem Gambling.

In response to questions Chairman Arberry asked regarding expenditure of the funds, Mr. Prather advised that in response to the Advisory Committee on Problem Gambling's request for additional administrative support, the funds would be used primarily for in-state and out-of-state travel and operating expenses.

Chairman Arberry advised that it was the Committee's recommendation to place $7,500 in the Problem Gambling category and $17,500 in the Reserve category until the development of a detailed plan of expenditures.

Mr. Prather agreed that $7,500 would be placed in the Operating category and $17,500 in the Reserve category. Additionally, Mr. Prather pointed out that the position to support the Advisory Committee on Problem Gambling had not yet been hired and thus, a hold had been placed on some of the anticipated expenditures.

> ASSEMBLYMAN HARDY MOVED APPROVAL TO ACCEPT THE DONATION OF $25,000 AND TO PLACE $7,500 IN THE PROBLEM GAMBLING CATEGORY AND $17,500 IN THE RESERVE CATEGORY UNTIL A DETAILED PLAN OF EXPENDITURES WAS DEVELOPED.
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> ASSEMBLYMAN DENIS SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblywoman Buckley, Assemblyman Marvel, Senator Coffin, and Senator Titus were not present for the vote.)

26. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 08 – Addition of $200,000.00 in Transfer from the Department of Health and Human Services (DHHS) Welfare Division to allow for the transfer of Title XX funds to the DHHS Division of Child and Family Services (DCFS) for the support of the Victims of Domestic Violence Program. Requires Interim Finance approval since the amount added to the DCFS Domestic Violence category exceeds $50,000.00**. Work Program #C32949. RELATES TO 44 & 53.**

Chairman Arberry announced that the Committee would consider Items 26, 44, and 53 concurrently.

Dave Prather, Administrative Services Officer (ASO), Director's Office, Department of Health and Human Services (DHHS), introduced Nancy Ford, Administrator, Division of Welfare and Supportive Services, DHHS, and Romaine Gilliland, ASO, Division of Welfare and Supportive Services, DHHS.

Mr. Prather requested Committee approval for the addition of $200,000 in block grant funds to be transferred from the Division of Welfare and Supportive Services, through the Director's office, to allow for the transfer of Title XX funds to the DHHS Division of Child and Family Services (DCFS) for the Victims of Domestic Violence Program.

Mr. Prather advised that the work program involved the allocation of block grant funds, which required a public hearing.

Assemblywoman Leslie noted that the work program request for the support of the Victims of Domestic Violence Program was for fiscal year 2008 and asked for information relative to the expenditure of funds in fiscal year 2009 and beyond.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, DHHS, indicated that, if approved, the funding in the request before the Committee would be expended in fiscal year 2008, and funding for fiscal year 2009 would be re-evaluated to determine the availability of additional Temporary Assistance to Needy Families (TANF) funds that could be transferred to Title XX.

Chairman Arberry opened the hearing on Items 26, 44, and 53 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Items 26, 44, and 53.

> ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ITEMS 26, 44, AND 53.
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> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblywoman Buckley, Senator Coffin, and Senator Titus were not present for the vote.)

27. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 – Addition of $1,066,149.00 in Federal Value Driven Health Care Grant funds to promote high-quality and cost-effective health care and the four cornerstones of President Bush's August 2006 Executive Order. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants**. Work Program #C27643. WITHDRAWN OCTOBER 31, 2007.**

Item 27 was withdraw on October 31, 2007.

28. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 – Addition of $457,520.00 in Federal State Profile Tool Grant funds to provide opportunities for individuals with a disability and/or long-term illness to live in a manner that meets their preferences and capabilities. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants**. Work Program #C27644**

Refer to motion for approval under Item D.

29. Department of Health and Human Services – Division of Health Care Financing and Policy – Increased Quality of Nursing Care – FY 08 – Addition

of $3,440,779.00 in Long-Term Care Provider Tax and $402,461.00 in Treasurer's Interest Distribution, and transfer of $53,864.00 from the Payments to Nursing Facilities category to the Transfer to Medicaid category and $6,026,441.00 from the Reserve category to the Transfer to Medicaid category to properly align FY 08 long-term care provider tax collections required to pay the state share of nursing home rate increases and correct the recording of administrative fee transfers to the Medicaid Program. Requires Interim Finance approval since the amount added to the Transfer to Medicaid category exceeds 10 percent of the **legislatively approved** level for that category**. Work Program #C27638**

Refer to motion for approval under Item D.

30. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 08 –** Transfer of $224,440.00 from the Personnel Services category to the Professional Services category to continue providing contract psychiatric services to clients. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $50,000.00**. Work Program #C32112**

    Refer to motion for approval under Item D.

31. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Facility for the Mental Offender – Lake's Crossing – FY 08 –** Transfer of $307,187.00 from the Personnel Services category to the Professional Services category to continue providing contract psychiatric services to clients. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $50,000.00**. Work Program #C31128**

    Refer to motion for approval under Item D.

32. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 –** Transfer of $34,689.00 from the Medications category to the Training category to provide training and certification for Mental Health Technicians in compliance with the Joint Commission on the Accreditation of Health Care Organizations standards. Requires Interim Finance approval since the amount transferred to the Training category exceeds 10 percent of the **legislatively approved** level for that category**. Work Program #C31182**

    Refer to motion for approval under Item D.

33. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 –** Addition of $1,814,934.00 in Medicare Medical Services Charges to cover payment to the contractor for preparation of Medicare billing rate adjustment

reports. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00**. Work Program #C31181**

Refer to motion for approval under Item D.

34. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 – Addition of $76,916.00 in Ryan White Sub-grant from Clark County to provide mental health services to individuals infected with AIDS/HIV. Requires Interim Finance approval since the amount added to the Clark County Ryan White category exceeds $50,000.00**. Work Program #C31183**

Refer to motion for approval under Item D.

35. Department of Health and Human Services – Mental Health and Developmental Services – Sierra Regional Center – FY 08 – Addition of $94,723.00 in Medicaid funds to provide matching funds for equipment replacement as approved in S.B. 253 of the 2007 Legislature. Requires Interim Finance approval since the amount added to the One-Shot category exceeds $50,000.00**. Work Program #C31106**

Refer to motion for approval under Item D.

36. Department of Health and Human Services – Mental Health and Developmental Services – Desert Regional Center – FY 08 – Addition of $350,865.00 in Medicaid funds to provide matching funds for equipment replacement as approved in S.B. 253 of the 2007 Legislature. Requires Interim Finance approval since the amount added to the One-Shot category exceeds $50,000.00**. Work Program #C32120**

Refer to motion for approval under Item D.

37. 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 to conduct food sanitation inspections. Requires Interim Finance approval since the amount added to the Food and Drug Administration Contract category exceeds $50,000.00**. Work Program #C33067. WITHDRAWN NOVEMBER 1, 2007.**

Item 37 was withdrawn on November 1, 2007.

38. Department of Health and Human Services – Health Division – Radiological Health – FY 08 – Addition of $150,000.00 in Environmental Protection Agency (EPA) State Indoor Radon Grant funds to support activities related to the EPA Strategic Goals of Clean Air and Healthier Indoor Air Act. Requires Interim

Finance approval since the amount added to the Indoor Radon Grant category exceeds $50,000.00**. Work Program #C33066**

Refer to motion for approval under Item D.

39. Department of Health and Human Services – Health Division – Early Intervention Services – FY 08 – Transfer of $568,195.00 from the Personnel Services category to the Transfer to Part C Office category, $16,299.00 from the Information Services category to the Transfer to Part C Office category, $1,500.00 from the Nevada Department of Education Act Library category to the Transfer to Part C Office category and $188,973.00 from the Individuals with Disabilities in Education Act Part C Administration category to the Transfer to Part C Office category to transfer compliance and monitoring functions along with the associated eight positions to the Office of Disability Services. Requires Interim Finance approval since the amount transferred to the Transfer to Part C Office category exceeds $50,000.00**. Work Program #C33073. RELATES TO 22.**

Refer to narrative and motion for approval under Item 22.

40. Department of Health and Human Services – Health Division – Emergency Medical Services – FY 08 – Addition of $104,945.00 in Emergency Medical Services for Children Federal Grant funds to evaluate and improve the state's capacity to provide emergency medical care to the pediatric population. Requires Interim Finance approval since the amount added to the Emergency Medical Services for Children category exceeds $50,000.00**. Work Program #C33070**

Refer to motion for approval under Item D.

41. Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 08 – Addition of $1,245,560.00 in Bioterrorism Hospital Preparedness Program Grant funds to build medical surge capacity through associated planning, personnel, equipment, training and exercise capabilities at the state and local levels. Requires Interim Finance approval since the amount added to the Health Resources and Services Administration Hospital Preparedness category exceeds $50,000.00**. Work Program #C33071**

Refer to motion for approval under Item D.

42. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 08 – Addition of $42,439.00 in Federal United States Department of Agriculture Food Stamp Information Plan funds to conduct a campaign to educate low-income seniors on the Food Stamp Program and assist in the application process. Requires Interim Finance approval since the amount added to the Food Stamp Information Plan category exceeds

0 percent of the **legislatively approved** level for that category**. Work Program #C22603**

Refer to motion for approval under Item D.

43. Department of Health and Human Services – Division of Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF) – FY 08 – Addition of $156,973.00 in Federal TANF Block Grant funds to contract with non-profit service providers for support of the domestic violence program. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22615**

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), introduced Romaine Gilliland, Administrative Services Officer, Division of Welfare and Supportive Services, DHHS. Ms. Ford appeared before the Committee to request approval for the addition of $156,973 in Temporary Assistance to Needy Families (TANF) Block Grant funds to contract for the provision of services to victims of domestic violence.

Ms. Ford advised that contract expenditures for domestic violence services provided in fiscal year 2007 exceeded current budget authority and vendors provided services to TANF clients in excess of their contract authority. She said, however, that the Division revised the contracts to allow for full reimbursement in billing fiscal year 2008 services.

Chairman Arberry opened the hearing on Item 43 to public comment. There being no response to the request for public comment, Chairman Arberry closed the hearing on Item 43.

> ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 3.
>
> ASSEMBLYMAN PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblywoman Buckley, 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 $200,000.00 in Federal TANF Block Grant funds to allow for the transfer of Title XX funds to the Department of Health and Human Services, Division of Child and Family Services for the Victims of Domestic Violence Program. **Requires Interim Finance approval since the amount involves the**

allocation of block grant funds and this action requires a public hearing. Work Program #C22619. RELATES TO 26 & 53.

Refer to narrative and motion for approval under Item 26.

45. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 08 – Addition of ~~$220,728.00~~ ***$139,662.00*** in Federal Child Support funds ***and the transfer of $71,948 from the Reserve category to the Personnel, In-State Travel, Operating, Equipment and Information Services categories (revised by Fiscal)*** to enable the division to assume the responsibilities of the Carson City Child Support Program activities that were administered by the Carson City District Attorney's Office. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff**. Work Program #C22616. RELATES TO 46. REVISED OCTOBER 29, 2007.**

Chairman Arberry announced that the Committee would consider Items 45, 46, 47, and 48 concurrently.

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

Ms. Ford appeared before the Committee to request approval for the addition of $139,662 in federal Child Support funds and the transfer of $71,948 from the Reserve category to enable the Division to assume responsibility for 2,500 child-support enforcement cases previously administered by the Carson City District Attorney.

Ms. Ford testified that the Child Support Enforcement Program, established as Title IV-D of the Social Security Act, was required to be administered statewide and that failure to meet federal performance standards could "compromise" the receipt of Temporary Assistance to Needy Families (TANF) Block Grant funds. Ms. Ford advised that the program was administered through voluntary contracts with district attorneys throughout the state and that the federal government provided 66 percent of the funding for the program and the state or counties provided 34 percent of the funding.

Ms. Ford reported that the Carson City District Attorney had exercised a 120-day contract termination clause and effective December 10, 2007, the state would assume responsibility for the Carson City program cases.

Ms. Ford further advised that the intended funding source for the state's 34 percent portion of the program cost was based on the collection of TANF funds for which the state retained 48 cents of each dollar collected while 52 cents went to the federal government.

In response to Assemblywoman Leslie who questioned why Carson City decided not to continue administering the program, Ms. Ford indicated she believed that Carson City had experienced some fiscal difficulties and was not in a position to continue supporting the program.

In response to additional questions Assemblywoman Leslie asked relative to whether other rural counties would also terminate administration of their Child Support Enforcement programs, Ms. Ford indicated that it was difficult to predict how other counties would proceed but that Carson City's program was the seventh for which the state had assumed responsibility.

Ms. Ford advised that the Division representatives would renegotiate the contracts with various district attorneys prior to the June 2008 expiration date. Ms. Ford indicated that several district attorneys with whom she had spoken were committed to the program, and she believed that they would continue with their caseload.

SENATOR RAGGIO MOVED APPROVAL OF WORK PROGRAM ITEMS 45, 46, 47, and 48.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

46. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 09 – Addition of ~~$339,441.00~~ ***$215,494.00*** in Federal Child Support funds ***and the transfer of $111,012 from the Reserve category to the Personnel, In-State Travel, Operating, Equipment and Information Services categories (revised by Fiscal)*** to enable the division to assume the responsibilities of the Carson City Child Support Program activities that were administered by the Carson City District Attorney's Office. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00**. Work Program #C22617. RELATES TO 45. REVISED OCTOBER 29, 2007.**

Refer to narrative and motion for approval under Item 45.

47. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 08 – Addition of $121,066.00 in Federal Child Support funds, and transfer of $62,368.00 from the Reserve category to the Carson City Child Support DAG category to provide support for two new Senior Deputy Attorney General positions required to handle the additional workload due to the Carson City District Attorney's Office withdrawing from the Child Support Enforcement Program. Requires Interim Finance approval since the amount added to the Carson City

Child Support DAG category exceeds $50,000.00**. Work Program #C22620. RELATES TO 3, 4 & 48.**

Refer to narrative and motion for approval under Item 45.

48. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – <u>FY 09</u> – Addition of $199,930.00 in Federal Child Support funds, and transfer of $102,994 from the Reserve category to the Carson City Child Support DAG category to provide support for two Senior Deputy Attorney General positions required to handle the additional workload due to the Carson City District Attorney's Office withdrawing from the Child Support Enforcement Program. Requires Interim Finance approval since the amount added to the Carson City Child Support DAG category exceeds $50,000.00**. Work Program #C22621. RELATES TO 3, 4 & 47.**

Refer to narrative and motion for approval under Item 45.

49. Department of Health and Human Services – Division for Aging Services – FY 08 – Addition of $54,438.00 in Senior Employment Federal Grant funds to provide work-training opportunities for seniors. Requires Interim Finance approval since the amount added to the Title V Senior Employment category exceeds $50,000.00**. Work Program #C33903**

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

Ms. Sala appeared before the Committee to request approval to augment existing revenue authority of $456,786 by $54,438 in Senior Employment Federal Grant funds to align with the current year grant. The funding, provided by the Department of Labor, was used to promote part-time work training opportunities through community service activities for unemployed low-income persons who were 55 years of age and older.

Assemblywoman McClain advised that she had requested the Committee's consideration of Item 49 to highlight the needs of Nevada's senior citizen population and asked the Administrator to provide the Committee with information on how the funds were being expended.

Ms. Sala explained that funding from the Department of Labor was passed through to the Division for Aging Services to be subgranted to provide work training for 64 slots for seniors in southern Nevada. Ms. Sala further advised that northern Nevada and rural areas were served through the American Association of Retired Persons (AARP), which was funded directly from the Department of Labor.

Additionally, Ms. Sala recognized and commended Catholic Charities of Southern Nevada, an organization that recently received an award from the federal government for achieving the highest performance in the nation for placing seniors in nonsubsidized employment. Additionally, Catholic Charities of Southern Nevada met their performance indicators at an 80 percent or greater level in enrollment, job placement, retention, services to the most in need, and customer satisfaction.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ITEM 49.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

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

50. Department of Health and Human Services – Division of Child and Family Services – Administration – FY 08 – Addition of $1,000,000.00 in Federal Methamphetamine Grant to support the strategies developed for collaborative and integrative services for methamphetamine addicted women and their children. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants**. Work Program #C25133**

Refer to motion for approval under Item D.

51. Department of Health and Human Services – Division of Child and Family Services – Administration – FY 08 – Addition of $167,049.00 in Federal Chafee Educational and Training Voucher Grant to assist and encourage youth aging out of foster care with higher education by providing assistance with costs such as tuition, books, room and board, etc. Requires Interim Finance approval since the amount added to the Education and Training Voucher category exceeds $50,000.00**. Work Program #C25132**

Refer to motion for approval under Item D.

52. Department of Health and Human Services – Division of Child and Family Services – Administration – FY 08 – Addition of $276,728.00 in Federal State Infrastructure Grant funds to support the development of the statewide children's behavioral health system through integrated planning, financing, workforce development, accountability, and improvement. Requires Interim Finance approval since the amount added to the Infrastructure Grant category exceeds $50,000.00**. Work Program #C25121**

Refer to motion for approval under Item D.

53. Department of Health and Human Services – Division of Child and Family Services – Victims of Domestic Violence – FY 08 – Addition of $500,000.00 in Transfer from Human Resources, director's office, to support sub-grants to

provide services to victims of domestic violence and sexual assault. Requires Interim Finance approval since the amount added to the Domestic Violence Aid Grants category exceeds $50,000.00**. Work Program #C25139 RELATES TO ITEM 26 & 44.**

Refer to narrative and motion for approval under Item 26.

54. Department of Health and Human Services – Division of Child and Family Services – Southern Nevada Child and Adolescent Services – FY 08 – Addition of $356,000.00 in Safe Schools Healthy Students sub-grant from Clark County School District to provide mental health and prevention services to students to help make the schools safer, foster healthy child development, prevent aggressive and violent behavior, and prevent drug and alcohol use. Requires Interim Finance approval since the amount added to the Clark County School District Safe Schools Healthy Students category exceeds $50,000.00**. Work Program #C13483**

Refer to motion for approval under Item D.

55. Department of Employment, Training and Rehabilitation – Administrative Services – Information Development and Processing – FY 08 – Addition of $140,000.00 in transfer from Employment Security to pay the Department of Information Technology for increased software-licensing costs for the Adabas Program. Requires Interim Finance approval since the amount added to the Information Services category exceeds $50,000.00**. Work Program #C25384. RELATES TO 8 & 60.**

Refer to motion for approval under Item D.

56. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 08 – Addition of $2,395,017.00 in Federal Section 110 Grant funds to augment client services. Requires Interim Finance approval since the amount added to the Client Services category exceeds $50,000.00**. Work Program #C25383**

Refer to motion for approval under Item D.

57. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Bureau of Services to the Blind and Visually Impaired – FY 08 – Addition of $162,855.00 in Federal Section 110 Grant funds to augment client services. Requires Interim Finance approval since the amount added to the Client Services category exceeds $50,000.00**. Work Program #C25382**

Refer to motion for approval under Item D.

58. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Blind Business Enterprise – FY 08 – Addition of $1,400,000.00 in

Department of Defense federal receipts to allow for a pass through of funds for a blind vendor who provides food service at the Fallon Naval Air Station. Requires Interim Finance approval since the amount added to the Business Enterprise category exceeds $50,000.00**. Work Program #C25369**

Refer to motion for approval under Item D.

59. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Client Assistance Program – FY 08 – Addition of $22,640.00 in Federal Rehabilitation Client Assistance to match remaining federal funds for continued Client Assistance services. Requires Interim Finance approval since the amount added to the Client Assistance category exceeds 10 percent of the **legislatively approved** level for that category**. Work Program #C25386**

Refer to motion for approval under Item D.

60. Department of Employment, Training and Rehabilitation – Employment Security Division – Special Fund – FY 08 – Transfer of $140,000.00 from the Reserve category to the Information Development and Processing Funding category for increased software licensing costs for the Adabas Program. Requires Interim Finance approval since the amount added to the Information Development and Processing Funding category exceeds $50,000.00**. Work Program #C25385. RELATES TO 8 & 55.**

Refer to motion for approval under Item D.

61. Department of Employment, Training and Rehabilitation – Employment Security Division – Special Fund – FY 08 – ~~Addition of $266,975.00 in Federal Receipts, and transfer of $1,626,397.00 from the Reserve category to the Unemployment Modernization (UI) category~~ *Deletion of $300,839.00 in federal receipts and the transfer of $1,325,558.00 from the Reserve category to the Unemployment Insurance Modernization category* to study the replacement of the current Unemployment Insurance Contribution and Benefits computer system. Requires Interim Finance approval since the amount added to the UI Modernization category exceeds $50,000.00**. Work Program #C25387 RELATES TO 62. REVISED OCTOBER 19, 2007.**

Larry Mosley, Director, Department of Employment, Training, and Rehabilitation (DETR), identified himself for the record and introduced Dave Haws, Administrator, Information Development and Processing Division, DETR; Marty Ramirez, Deputy Director and Chief Financial Officer, DETR; and Cindy Jones, Administrator, Employment Security Division, DETR.

Mr. Ramirez provided an overview of work program Item 61 for fiscal year 2008 and its companion work program, Item 62 for fiscal year 2009. Mr. Ramirez requested Committee approval for the addition of resources to fund Phase 1 of the DETR's

Unemployment Insurance (UI) Modernization project and reported that Items 61 and 62 totaled $1,893,371, which would be funded entirely from federal Reed Act revenue.

Mr. Ramirez advised that the funding request was reduced by approximately $700,000 from the amount presented to the Legislature during the 2007 Legislative Session because of the DETR's investment of approximately 1,000 hours of staff time to conduct a user-defined problem analysis.

Additionally, Mr. Ramirez reported that the UI modernization project was intended to address three areas of significant concern:

- Reduction of the ongoing costs of UI program operations.

- The changing needs of the DETR's customers, employers and claimants, who expected 24-hour-a-day, 7 days-a-week access to information.

- Managing the risks associated with Legacy UI systems, such as systems built around obsolete business processes, loss of key staff, and the increasing cost of software.

Mr. Ramirez reported that system integrity or the efficient processing, management, and safeguarding of hundreds of millions of dollars in benefits and contribution transactions was at the core of the UI modernization project and could be accomplished by:

- compliance with federal and state laws,
- establishment of business goals
- accurate and timely payment of UI benefits
- detection of costly overpayment and fraud
- provision of online services
- reduced dependence on manual processes

Mr. Ramirez turned the microphone over to Mr. Haws who testified that during the next ten months "a thorough business transformation analysis" would be conducted to review the current Unemployment Insurance Contribution and Benefits computer system and the system as envisioned. The analysis would include a review of 260 functions or business processes to identify weaknesses, opportunities to improve, and enhancement of the DETR'S ability to support customers.

Mr. Haws provided examples of existing application problems, which included:

- The inability of existing systems to process some business transactions, which had to be processed manually.

- An inability to enter complete dollar amounts for certain business transactions because the field sizes were too small, prompting users to split the transaction into two data-entries, which created problems in rectifying errors.

Concluding his presentation, Mr. Haws told the Committee that upon completion of the analysis and selection of the changes to be included in the project, the DETR would prepare and release a Request for Proposal (RFP) for a project vendor.

SENATOR BEERS MOVED APPROVAL OF ITEMS 61 AND 62.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

In response to questions Assemblywoman Buckley asked regarding the source of funds for completion of the project, Mr. Mosley advised that funding for the actual system replacement would also be provided through federal Reed Act funds.

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

62. Department of Employment, Training and Rehabilitation – Employment Security Division – Special Fund – FY 09 – Deletion of $397,891.00 in federal receipts, and transfer of $567,813.00 from the Reserve category to the Unemployment Insurance Modernization category to study the replacement of the Unemployment Insurance Contribution and Benefit system. Requires Interim Finance approval since the amount transferred to the Unemployment Insurance Modernization category exceeds $50,000.00**. Work Program #C25389. RELATES TO 61.**

Refer to narrative and motion for approval under Item 61.

63. Department of Corrections – Correctional Programs – FY 08 – Addition of $280,680.00 in Department of Justice Going Home Prepared Grant funds for the Prisoner Re-entry Initiative for the inmates in Northern Nevada. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants and includes new staff**. Work Program #C33739. RELATES TO 64.**

Refer to motion for approval under Item D.

64. Department of Corrections – Correctional Programs – FY 09 – Addition of $169,320.00 in Department of Justice Going Home Prepared Grant funds for the Prisoner Re-entry Initiative for the inmates in Northern Nevada. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants**. Work Program #C33740. RELATES TO 63.**

Refer to motion for approval under Item D.

65. Department of Corrections – Prison Industries – Prison Dairy – FY 08 – Addition of $223,000.00 in Estray Sales, Bureau of Land Management, to house and feed an additional 400 horses at the request of the Bureau of Land

Management. Requires Interim Finance approval since the amount added to the Wild Horse Program category exceeds $50,000.00**. Work Program #C23181**

Refer to motion for approval under Item D.

66. Department of Public Safety – Justice Assistance Grant Trust Account – FY 08 – Addition of $2,918,581.00 in United States Department of Justice Assistance Grant funds for various Department of Public Safety programs, including, but not limited to, Law Enforcement, Prosecution and Court, Prevention and Education, Corrections and Community Corrections, and Drug Treatment Programs. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00**. Work Program #C34350**

Refer to motion for approval under Item D.

67. Department of Public Safety – Justice Assistance Grant Trust Account – FY 08 – Addition of $70,000.00 in Treasurer's Interest Distribution to provide authority to receive and expend interest income earned on Federal Justice Assistance Grant funds in accordance with A.B. 165 of the 2007 Legislative Session. Requires Interim Finance approval since the cumulative amount added to the Justice Assistance Grant category exceeds $50,000.00**. Work Program #C34354**

Refer to motion for approval under Item D.

68. Department of Public Safety – Justice Assistance Account – FY 08 – Addition of $96,594.00 in National Institute of Justice Forensic Science Improvement Grant funds, $174,972.00 in Bureau of Justice Assistance Project Safe Neighborhood Anti-Gun Grant funds and $290,929.00 in Bureau of Justice Assistance Project Safe Neighborhood Anti-Gang Initiative Grant funds to provide sub-grants to state and local government agencies for various public safety programs. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants**. Work Program #C34351**

Refer to motion for approval under Item D.

69. Department of Public Safety – Division of Emergency Management Assistance – FY 08 – Addition of $352,169.00 in Federal Emergency Management Agency (FEMA) Hurricane Relief funds to reimburse state and local government agencies for approved expenditures regarding hurricane Katrina and Rita evacuees. Requires Interim Finance approval since the amount added to the FEMA Hurricane category exceeds $50,000.00**. Work Program #C34348**

Refer to motion for approval under Item D.

70. **Department of Public Safety – Forfeitures – FY 08 –** Transfer of $40,038.00 from the Reserve category to the Nevada Highway Patrol (NHP) federal category to cover the cost of sending NHP personnel to a Supervision of Police Personnel training course. Requires Interim Finance approval since the cumulative amount added to the NHP federal category exceeds $50,000.00**. Work Program #C34352. WITHDRAWN OCTOBER 16, 2007.**

Refer to motion for approval under Item D.

71. **Department of Public Safety – Forfeitures – FY 08 –** Transfer of $52,370.00 from the Reserve category to the Nevada Highway Patrol (NHP) federal category and $37,972.00 from the Reserve category to the Parole and Probation (P&P) federal category to cover the cost associated with sending NHP and P&P personnel to the School of Police Staff and Command that is conducted by Northwestern Command School. Requires Interim Finance approval since the cumulative amount added to the NHP federal category exceeds $50,000.00**. Work Program #C34353**

Refer to motion for approval under Item D.

72. **Department of Public Safety – Office of Traffic Safety – FY 08 –** Addition of $1,344,102.00 in ***National*** ~~Federal~~ Highway Traffic Safety Administration (NHTSA), section 410, Alcohol Impaired Driving Countermeasure Incentive Grant Program funds to provide authority to receive and expend additional Federal Grant funds in support of the agency's alcohol related highway safety projects. Requires Interim Finance approval since the cumulative amount added to the 410 Incentive Grant category exceeds $50,000.00**. Work Program #C34358**

Refer to motion for approval under Item D.

73. **Department of Public Safety – Office of Traffic Safety – FY 08 –** Addition of $200,000.00 in Federal Highway Safety Section 408 Traffic Safety Grant funds to support the Highway Safety Data and Traffic Records System Strategic Plan. Requires Interim Finance approval since the amount added to the Traffic Safety Information Grant category exceeds $100,000.00 in new governmental grants**. Work Program #C34347**

Refer to motion for approval under Item D.

74. **Department of Public Safety – Highway Safety Plan and Administration – FY 08 –** Addition of $103,772.00 in Transfer from Traffic Safety – 410 Highway Safety Grant funds, and deletion of $14,154.00 in Transfer from Traffic Safety 402 Highway Safety Grant funds to accept and expend additional Federal 410 Alcohol Grant funds and to align Federal Highway Safety 402 Grant authority with actual

awards. Requires Interim Finance approval since the amount added to the Impaired Driving category exceeds $50,000.00**. Work Program #C34359**

Refer to motion for approval under Item D.

75. Department of Conservation and Natural Resources – Division of Forestry – FY 08 – Addition of $500,000.00 in United States Forest Service Forest Legacy Grant funds to contract with Carson City for the purchase of the Ash Canyon Gateway property which will allow increased public access to Lake Tahoe State Park, Hobart and Marlette reservoirs. Requires Interim Finance approval since the amount of the grant includes $100,000.00 in new governmental grants**. Work Program #C30966**

Refer to motion for approval under Item D.

76. Department of Conservation and Natural Resources – Division of Forestry – Fire Suppression Account – FY 08 – Addition of $1,684,370.00 in Federal Emergency Management Agency (FEMA) Fire Management Assistance Grant (FMAG) funds to accept and pass funds through to local government sub-grantees for FMAG declared fire reimbursements that have been approved by FEMA. Requires Interim Finance approval since the amount added to the FEMA Fire Assistance Grant category exceeds $50,000.00**. Work Program #C34401**

Refer to motion for approval under Item D.

77. Department of Conservation and Natural Resources – Division of Forestry – Intergovernmental Agreements – FY 08 – Addition of $123,401.00 in Elko County Receipts, $385,089.00 in Storey County Receipts, $379,377.00 in Clark County Receipts, $45,224.00 in Eureka County Receipts, $181,260.00 in Douglas County Receipts, $247,475.00 in Carson City Receipts, and deletion of $39,751.00 in White Pine County Receipts to reconcile FY 08 **legislatively approved** budget to the final budgeted amounts approved by the county commissioners for the county fire protection districts. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the **legislatively approved** level for that category and includes new staff**. Work Program #C30991**

Refer to motion for approval under Item D.

78. Department of Wildlife – Administration – FY 08 – Transfer of $28,500.00 from the Reserve category to the Law Enforcement category to target the harassment of wildlife, investigate the possession of dead head deer and elk, and document the pressure and possible displacement of wildlife. Requires Interim Finance approval since the amount transferred to the Law Enforcement category exceeds

10 percent of the **legislatively approved** level for that category**. Work Program #C32082**

Refer to motion for approval under Item D.

79. **Department of Wildlife – Administration – FY 08 –** Transfer of $25,875.00 from the Reserve category to the Conservation Education category to support urban nuisance public service announcements in the Reno and Las Vegas markets that focus on the dangers of feeding wildlife. Requires Interim Finance approval since the amount transferred to the Conservation Education category exceeds 10 percent of the **legislatively approved** level for that category**. Work Program #C32089**

Refer to motion for approval under Item D.

80. **Department of Wildlife – Administration – FY 08 –** Addition of $15,000.00 in United States (U.S.) Fish and Wildlife Services, Bureau of Land Management, U.S. Department of Agriculture Grants and deletion of $4,252.00 in Miscellaneous Revenue to survey and inventory sage grouse. Requires Interim Finance approval since the amount added to the Sage Grouse Conservation category exceeds 10 percent of the **legislatively approved** level for that category**. Work Program #C32091**

Refer to motion for approval under Item D.

81. **Department of Wildlife – Administration – FY 08 –** Addition of $78,139.00 in Southern Nevada Public Land Management Act Grant funds, and transfer of $28,302.00 from the Reserve category to the Game Management category to coordinate a habitat management plan to maintain viability of the Desert Bighorn Sheep. Requires Interim Finance approval since the amount includes new staff. **Work Program #C32086**

Refer to motion for approval under Item D.

82. **Department of Wildlife – Administration – FY 08 –** Transfer of $140,419.00 from the Reserve category to the Game Management category to support wildlife management, trapping, transplanting, monitoring, surveying, and investigation within the Game Management Program. Requires Interim Finance approval since the amount transferred to the Game Management category exceeds $50,000.00**. Work Program #C32088. WITHDRAWN NOVEMBER 2, 2007**

Refer to motion for approval under Item D.

83. **Department of Wildlife – Boating Program – FY 08 –** Transfer of $60,941.00 from the Reserve category to the Boating Safety category to fund additional instructional supplies and advertising for the Boating Education Program.

Requires Interim Finance approval since the amount transferred to the Boating Safety category exceeds $50,000.00**. Work Program #C32080**

Refer to motion for approval under Item D.

84. Department of Wildlife – Boating Program – FY 08 – Addition of $529,112.00 in Federal Dingell Johnson Aid to identify, plan, and implement boating access projects in order to improve existing sites, or to create new sites to meet public demand, and survey all statewide boating access facilities to track current physical inventories. Requires Interim Finance approval since the amount exceeds $100,000.00 in new governmental grants**. Work Program #C32066**

Refer to motion for approval under Item D.

85. Department of Transportation – Administration – FY 08 – Addition of $667,022.00 in Highway Fund Authorization and Transfer of $41,521.00 from the Operating category to the In-State Travel category to increase authority for in-state travel, primarily due to the adoption of the United States General Services Administration per diem rates, pursuant to S.B. 210 of the 2007 Legislative Session**. Work Program #C28599**

Susan Martinovich, Director, Nevada Department of Transportation (NDOT), identified herself for the record and introduced Felicia Denney, Administrative Services Officer, NDOT.

Ms. Martinovich appeared before the Committee to request approval to augment the NDOT In-State Travel expense category with the addition of $667,022 in Highway Fund monies and a transfer of $41,521 from the Operating category.

Ms. Martinovich testified that NDOT's travel requirements had increased subsequent to the budget approved by the 2007 Legislature and that it was only after working with staff to attempt to reduce travel expenses and utilizing video teleconferencing to the fullest extent possible that the request for augmentation was submitted for the Committee's consideration.

Ms. Martinovich explained that project development and oversight for NDOT's statewide projects required on-site staff presence and that the loss of two key members of the Right-of-Way Division in Las Vegas required Carson City staff to travel to Las Vegas to provide assistance in right-of-way acquisitions.

Additionally, Ms. Martinovich advised that NDOT, in an effort to reduce expenses, had maximized construction crews and minimized the use of consultants by relocating crews from their duty stations to projects.

Ms. Martinovich also told the Committee that at the close of fiscal year 2007, NDOT received an unanticipated federal allocation of approximately $27 million in federal

funding and $11 million in the sale of surplus right-of-way property. In closing, Ms. Martinovich asked for the Committee's favorable consideration of the augmentation request.

Assemblywoman Leslie recalled that during 2007 legislative committee hearings on S.B. 210, a bill that required state employees be reimbursed for travel expenses at the rate established for federal employees, representatives of the State Purchasing Division testified that agencies would not ask for additional funding for travel.

Andrew Clinger, Director, Department of Administration, agreed that testimony that was provided in support of S.B. 210 indicated that state agency budgets could absorb an increase in travel expenses. Mr. Clinger said, however, that while other state agencies could use teleconferencing to offset increased costs, NDOT staff was often required to be on the site of a freeway or bridge project.

Assemblywoman Leslie asked whether the testimony provided during the Legislative Session should have excluded NDOT and whether other state agencies were anticipated to be added to the exception list.

Mr. Clinger said that in retrospect the testimony should have excluded NDOT employees and that there were no other state agencies that the Department of Administration intended to bring forward to request additional travel funds.

ASSEMBLYMAN HOGAN MOVED APPROVAL OF ITEM 85.

SENATOR BEERS SECOND THE MOTION.

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

86. Department of Transportation – Administration – FY 08 – Addition of $58,292.00 in Highway Fund Authorization to provide sufficient authority for out-of-state audits and inspections and to transport a friction vehicle for inspection and calibration to meet the American Society of Testing Materials International standards. Requires Interim Finance approval since the amount added to the Out-of-State Inspection Audit category exceeds $50,000.00**. Work Program #C33501**

Refer to motion for approval under Item D.

87. Department of Transportation – Administration – FY 08 – Addition of $321,278.00 in Highway Fund Authorization and $8,604,895.00 in Federal Aviation Administration and Federal Transit Administration Grant funds to continue various transportation programs maintained by the Intermodal Section of the Planning Division, as well as pay for drug abuse testing for those classes required

by statute. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds $50,000.00**. Work Program #C33500**

Refer to motion for approval under Item D.

88. **Office of the Military – FY 08 –** Addition of $3,240,000.00 in Department of Defense federal receipts to comply with new requirements of the Master Cooperative Agreement, which states that all 100 percent federally funded procurements must go through state procurement processes. Requires Interim Finance approval since the amount added to the Training Site category exceeds $50,000.00**. Work Program #C21313**

Refer to motion for approval under Item D.

89. **Office of the Military – FY 08 –** Transfer of $87,523.00 from the Project ChalleNGe category to the Personnel Services category to fund two positions to support the new Nevada Project ChalleNGe Program. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00**. Work Program #C21314**

Miles Celio, Administrative Services Officer, Office of the Military, identified himself for the record and introduced Chief Staff Sergeant Ken Gray, Coordinator for Project ChalleNGe.

Mr. Celio appeared before the Committee to request Committee approval to transfer $87,523 from the Project ChalleNGe category to the Personnel Services category to fund two positions for the Nevada Project ChalleNGe Program.

In response to Senator Beers, who asked for information relative to whether the Air Force had approved use of the Nellis Air Force Base facility for Project ChalleNGe, Chief Staff Sergeant Gray advised that authorization had been received, installation-support agreements were in progress, and buildings that were identified for use were being evaluated.

In response to Senator Beers who also questioned when the first class would begin, Chief Staff Sergeant Gray said that the first class was scheduled to begin in July 2008.

Assemblywoman Buckley questioned whether the facility would require refurbishment or modification and whether it would be provided rent-free since the Governor's budget request did not recommend and the Legislature did not approve facility costs.

Chief Staff Sergeant Gray advised that modifications would be required and that buildings and information technology systems were currently in the process of being evaluated. Additionally, he advised that the facility would be provided on a rent-free basis.

In response to Assemblywoman Buckley who asked how the agency intended to pay for the refurbishment and modification costs, Chief Gray advised that the costs would be paid for from the Project ChalleNGe operating budget, which was funded by a 60:40 match between the state and the federal government.

Assemblywoman Buckley questioned whether a commitment had been received from the federal government to participate at the 60:40 match level.

Chief Staff Sergeant Gray advised that a commitment had not yet not been received because the federal government, currently operating under a continuing resolution, was prohibited from entering into any commitment until passage of the budget.

In response to Assemblywoman Buckley who pointed out that a number of items required finalization before proceeding with the program, Chief Staff Sergeant Gray advised that Office of the Military representatives were working closely with their counterparts in Washington, D.C., and the Project ChalleNGe Program would be finalized with passage of the federal budget.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 89.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

90. Department of Business and Industry – Division of Mortgage Lending – FY 08 Addition of $125,000.00 in Gifts and Donations and transfer of $325,000.00 from the Reserve category to the 800 Foreclosure Hotline category to establish a toll-free foreclosure hotline. Requires Interim Finance approval since the amount transferred to the 800 Foreclosure Hotline category exceeds $50,000.00**. Work Program #C31879. RECEIVED ON OCTOBER 31, 2007.**

Assemblyman Marcus Conklin, representing Clark County, Assembly District No. 37, appeared before the Committee to speak in support of the Department of Business and Industry's proposed work program to establish a toll-free foreclosure hotline, which was requested by the Legislative Commission's Subcommittee to Study Mortgage Lending and Housing Issues.

Assemblyman Conklin, Chairman of the Subcommittee to Study Mortgage Lending and Housing Issues, advised the Committee that information provided at their first meeting on October 22, 2007, included the following points:

- Nevada led the nation with the highest rate of foreclosures per household for the nine months from January to August 2007.

- Both nationally and locally, mortgage problems imposed substantial costs on borrowers, lenders, neighbors, neighborhoods, and government.

- As housing loans failed and foreclosures increased, credit markets tightened making refinancing increasingly difficult even for those with good credit.

- Consumer spending and construction activity in Nevada had slowed, as demonstrated by the previous presentation on the General Fund shortfall.

- Las Vegas was currently experiencing a record number of vacant homes because of the foreclosure crisis.

- As the value of vacant homes and neighborhoods declined, the economic downward spiral increased "quality-of-life" issues.

- Clark and Washoe counties had the first and second highest rate of foreclosures, but Carson City, Douglas County, Elko, Lyon, and Nye had significant foreclosure rates per capita as well.

Assemblyman Conklin advised that testimony heard by the Subcommittee on October 22, 2007, indicated that a statewide hotline to provide credit counseling to homeowners could prevent or slow foreclosures. Assemblyman Conklin reported that the United States Department of Housing and Urban Development (HUD), which normally assisted with foreclosure credit counseling, had reduced their spending to provide assistance by 65 percent. Currently, it took in excess of two weeks to see a HUD counselor, which, in many cases, was too late for a homeowner facing foreclosure.

Representatives of the Nevada for Housing Center testified at the Subcommittee hearing that 85 percent of the borrowers seeking assistance actually had good credit and were qualified for a "good loan." However, he said those borrowers received high-risk loans in which they paid too much for homes they could no longer afford.

Testimony, during the October 22, 2007 hearing, from representatives of the Statewide Foreclosure Prevention Task Force included a tentative budget for operating a toll-free foreclosure hot line to provide information to Nevada consumers facing the loss of their homes. The Subcommittee approved a recommendation at the October hearing to support the development of the foreclosure hot line and requested the Department of Business and Industry's Division of Mortgage Lending to submit a work program proposal to the Committee.

The work program requested approval to transfer $325,000 from the Mortgage Lending Division's Reserve category and to accept $125,000 in gifts and donations to establish a toll-free mortgage foreclosure hotline. With approval of the work program, Consumer Credit Counseling Services (CCCS), a non-profit organization, would hire two certified housing credit counselors to perform an initial assessment of each call to the hotline.

After identifying a caller's situation, the counselor would transfer the caller to other CCCS credit counselors to address their needs more specifically.

Assemblyman Conklin testified that an additional eight housing counselors would need to be hired to respond to the more than 1,000 calls a month that were anticipated. The total cost for the ten counselors and operation of the hotline was estimated at $400,000. Additionally, the Mortgage Lending Division increased the budget by $50,000 for a public-education campaign that included public service announcements to inform the public about the hotline.

Assemblyman Conklin further testified that a designated hotline that provided a trusted resource to assist homeowners facing foreclosure would also help to prevent homeowners from entering fraudulent schemes designed to rob them of the equity in their homes. Additionally, he said the hotline would assist those homeowners who were facing removal from their homes through no fault of their own or through a lack of understanding of the loan process.

Assemblyman Conklin told the Committee that the CCCS and the other non-profit organizations that would manage the hotline would report the number of calls received and the number of callers assisted to the Subcommittee over the next nine months.

Although the Department of Business and Industry had increased the Subcommittee's proposal by $50,000 to include funding for a media campaign, Assemblyman Conklin indicated he believed it would be more prudent to spend the funding on developing the hotline and hiring counselors. Additionally, Assemblyman Conklin indicated he believed that most non-profit agencies had access to free public broadcasting through funds donated by the Nevada Broadcasters' Association.

In response to Assemblyman Marvel, who asked whether financial institutions could do a better job of underwriting, Assemblyman Conklin indicated he believed that lenders would learn an important lesson from the current foreclosure crisis.

Additionally, Assemblyman Conklin discussed having raised $25,000 in private funding commitments for the hotline but advised that fundraising was proving to be difficult when lenders such as Wachovia Bank, Citi Bank, and Bank of America were experiencing billion dollar losses. Although lenders had indicated a desire to provide funds, Assemblyman Conklin said they were facing budget shortfalls and uncertain future budget conditions.

In closing, Assemblyman Conklin asked for the Committee's favorable consideration to approve funds to support the staffing portion of the request.

Senator Raggio asked the Director of Business and Industry for information relative to the provision of oversight, which he indicated would be needed on a daily basis.

Mendy Elliott, Director, Department of Business and Industry, responded that the Department would not provide oversight under the proposed plan. Ms. Elliott advised, however, that the Department had submitted a separate plan (Exhibit E) to the Committee's staff on November 13, 2007, which included day-to-day oversight through the Mortgage Lending Division.

In response to concerns Senator Raggio raised about the role envisioned for the Department of Business and Industry in the modified version of the Subcommittee's plan, Assemblyman Conklin said that under the Subcommittee's plan, funds would be provided to, CCCS, a HUD-certified organization, to establish a foreclosure hotline. The CCCS, he said, would provide reports to the Subcommittee, the Interim Finance Committee, and the Department of Business and Industry as often as possible.

Assemblyman Conklin explained that the Subcommittee wanted to establish a program designed for a 12-month period and wanted to avoid establishing a long-term state government "bureaucracy."

In response to Senator Raggio, who requested information relative to the proposed staffing, Ms. Elliott advised that the Subcommittee requested six positions for the CCCS, as well as three positions for Nevada Fair Housing, and one position for the Women's Development Center, both operating in southern Nevada as non-profit organizations.

In response to Senator Raggio's request for information regarding the need for staff in addition to those requested for the CCCS, Assemblyman Conklin explained that the CCCS, which operated on a statewide basis, focused on problems related to the early stages of foreclosure while the other organizations offered assistance for callers in different scenarios.

In response to Assemblywoman Weber, who asked about the availability of comprehensive foreclosure data for all 17 counties, Assemblyman Conklin advised that foreclosure data changed on a monthly basis. He said that although many documents, with a variety of data were submitted to the Subcommittee, he was not aware of one document covering foreclosure data for all 17 counties. Additionally, Assemblyman Conklin advised that testimony during the hearing indicated speculation that close to 50 percent of foreclosures were related to investment property and not owner-occupied homes. He said, however, that it was important to recognize that non-owner-occupied homes in foreclosure were, most likely, rentals and displaced renters also had an impact on the economy.

In response to Assemblywoman Weber's questions regarding the proposed number of staff and the length of their employment, Assemblyman Conklin, advised that the proposal was for ten positions to be employed for twelve months.

In response to questions Assemblywoman Weber asked relative to whether assistance would be provided to individuals who took equity from their homes to purchase

investment properties and were experiencing foreclosure problems, Assemblyman Conklin indicated the process was not intended to assist individuals with property they did not occupy. He said it was his intention that credit counseling be provided to individuals who occupied their homes and for those individuals being displaced through no fault of their own.

In response to questions Assemblywoman Buckley asked regarding the need to hire counselors for the additional non-profit organizations, Michelle Johnson, President and Chief Executive Officer, CCCS, advised that as a HUD-certified agency, services could only be provided by trained staff. Ms. Johnson indicated that the CCCS would have to realign current staff in order to meet the need, and the ability to take advantage of the unique services the Nevada Fair Housing Center and the Women's Development Center could provide would better meet the need in Clark County.

Assemblywoman Buckley expressed her understanding that private-sector funds were being raised but assumed that private entities would only give funds to non-profit organizations that had achieved a tax-exempt status under IRC Section 501(c)(3), which provided the ability to accept contributions and donations that were tax-deductible to the donor. Additionally, Assemblywoman Buckley noted that private-sector donations provided donors with a tax write-off and at the same time met their Community Reinvestment Act responsibilities for the communities in which they operated.

Ms. Johnson confirmed Assemblywoman Buckley's understanding of the proposal for private-sector funds.

In response to questions Assemblywoman Buckley asked regarding oversight and working in conjunction with and reporting to the Subcommittee as well as the Department of Business and Industry, the Division of Mortgage Lending, and the Interim Finance Committee, Ms. Johnson said that as a representative of a HUD-approved housing agency, she would provide reports to whoever requested them.

Assemblywoman Buckley indicated that while the availability of the hotline could be announced through the Governor's website, she believed a need also existed for paid as well as unpaid advertising components to the proposal.

Additionally Assemblywoman Buckley wanted assurance that funding could be guaranteed to the non-profit organizations and questioned whether it was realistic to expect that in addition to the $25,000 raised by Assemblyman Conklin, an additional $75,000 to $100,000 could be raised.

Assemblyman Conklin expressed uncertainty regarding whether additional funds could be raised and indicated he believed it would be prudent to scale back a part of the budget for purposes of planning. Assemblyman Conklin reiterated that while private entities had expressed an interest in donating funds, their budgets for 2008 were uncertain and that a firm funding commitment to hire staff to the non-profit organizations was critical.

Senator Cegavske questioned whether the Subcommittee had considered using the Nevada 211 Get Connected – Get Answers line rather than establishing a statewide hotline.

Assemblyman Conklin advised that the Subcommittee considered using the Nevada 211 line, but Nevada 211 declined to participate because they lacked the skills to analyze each caller's financial situation. Assemblyman Conklin explained that Nevada 211 was simply an information line that had no way to connect callers facing foreclosure to a credit counselor. While the Nevada 211 line could be used to refer callers to the 800-hotline number, Assemblyman Conklin advised that the Subcommittee heard testimony that most homeowners would only make one call. He said the Subcommittee preferred the 800-line so that first-time callers received the credit counseling assistance they needed.

In response to Senator Cegavske, who asked for information regarding the lending industry's involvement in the foreclosure crisis, Ms. Elliott pointed out that financial institutions, such as Countrywide, Citi Bank, and Bank of America were in the process of creating their own "triage" or prioritization center and were attempting to contact borrowers. Ms. Elliott advised, however, that borrowers appeared to be reluctant to reveal their financial situations to lenders, who they felt might look upon them disparagingly.

Ms. Elliott advised that every borrower's financial situation, loan, and pay structure was unique and because there were no quick fixes, the foreclosure crisis was going to be "dealt with one house at a time." It was Ms. Elliott's opinion that the best way to serve the public would be to draw on a combination of strengths from the involvement of non-profit organizations, the private sector, and state government.

In response to Senator Cegavske, who questioned whether public service announcements could be provided through the offices of the Attorney General and or the Lieutenant Governor, Ms. Elliott recommended using the Nevada Broadcasters' Association (NBA) for a public-awareness campaign based on the "Colorado Model," which provided the ability to leverage funding for a 3:1 return. For every $1.00 invested, $3.00 in commercials and advertising would be received.

Ms. Elliott told the Committee that the program was important, required a public-private partnership and that the 800 number was practical. She expressed concern, however, over funding a plan that lacked the structure to ensure that prudent decisions were made with taxpayer money.

In response to questions Senator Cegavske asked relative to the accuracy of a reference to 400 files, Ms. Johnson advised that the Nevada Fair Housing Center saw 400 clients in the first nine months of the year while CCCS assisted 1,500 clients per month. Additionally, Ms. Johnson provided statistics that projected 5,000 foreclosures

per month and adjustments for 15,000 mortgages each month over the next twelve months.

Ms. Johnson advised that in recent months CCCS certified-housing counselors had increased their outreach to Nevadans facing foreclosure by over 40 percent. Additionally, Ms. Johnson explained that some homeowners had the ability to maintain their homes using various programs the lenders were beginning to allow, but the programs were "small in nature," and many homeowners did not meet the established criteria.

Senator Cegavske encouraged Assemblyman Conklin to consider the Nevada 211 line and if the Committee decided to provide funding for an 800 number, callers to the 211 number could be provided the 800-hotline number.

Senator Beers addressed the workload-to-employee ratio for 1,000 calls a month and questioned whether ten employees would have enough work to keep them busy if each employee responded to five calls a day spending approximately thirty minutes on each call.

In response, Ms. Johnson said that 1,044 calls per month was a conservative estimate of the number of calls, which she indicated could perhaps double or triple in view of the over 20,000 mortgages that were either adjusting or in foreclosure each month. Additionally, Ms. Johnson advised that CCCS employees currently answered phones from 7:30 a.m. to 6:30 p.m. five days a week, but with approval of the proposal, two employees would be staffing an 800-telephone number six days-a-week.

Ms. Johnson agreed that while each phone call might take thirty minutes to triage and direct through the next steps, seeing clients in person was another matter. Speaking on behalf of the Nevada Fair Housing Center whose representatives dealt with cases that were exceptionally complicated, Ms. Johnson said that eight, ten, or twelve hours could be devoted to a case if no legal action was included. She further indicated that the commitment allotted to consumers facing housing issues necessitated more time than traditionally allotted to clients. Ms. Johnson said that hiring ten credit counselors was a conservative effort and indicated that she was attempting to raise money to hire more than six counselors since she anticipated that the need for additional counselors would continue to increase.

Senator Beers indicated he could not support the request, which he said was not was "not well put together" and asked whether an alternate proposal had been received.

Chairman Arberry suggested that Committee members continue with questions relative to the proposal before addressing an alternate proposal.

Assemblyman Grady, who served as a member of the Subcommittee to Study Mortgage Lending and Housing issues, expressed some concern that approving the hotline would

be a duplication of effort in view of the recently initiated state foreclosure website and asked Ms. Elliott for information relative to the foreclosure website.

Chairman Arberry suggested continuing with questions from Committee members prior to discussing the website.

In response to questions Assemblyman Hardy asked regarding private donations and the banking industry's interest in supporting the foreclosure hotline, Assemblyman Conklin advised that the proposal for the 800-hotline was a collaborative effort by the banking industry, the non-profit sector, and HUD. He advised that representatives of the banking industry testified before the Subcommittee in support of the proposal and to date had confirmed $25,000 in funding. Additionally, Assemblyman Conklin pointed out that while the banking industry substantially supported programs such as the CCCS, the current financial situation made future donations difficult to project.

In response to questions Assemblyman Hardy asked regarding the proposed transfer of funds from the Mortgage Lending Division's Reserve category, Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Mortgage Lending Division's Reserve was currently at a level of approximately $4.6 million. Mr. Stevens explained that typically an agency's Reserve category held thirty to sixty days worth of operating funds and while the revenue received by the Mortgage Lending Division was declining, it was too large and should be reduced.

Assemblywoman McClain commented that Nevada 211 was an information and referral outreach resource that had the capability to transfer callers directly to another line.

ASSEMBLYWOMAN BUCKLEY MOVED TO:

FUND THE PROPOSAL WITH A TRANSFER OF $375,000 FROM THE RESERVE CATEGORY AND $25,000 IN PRIVATE CONTRIBUTIONS.

HAVE THE NON-PROFIT ORGANIZATIONS WORK WITH THE DEPARTMENT OF BUSINESS AND INDUSTRY TO ENSURE OVERSIGHT, ACCOUNTABILITY, AND THE PROVISION OF MONTHLY REPORTS TO THE APPROPRIATE LEGISLATIVE COMMITTEES AND THE SUBCOMMITTEE RELATIVE TO THE NUMBER OF CLIENTS SERVED.

BEGIN AN UNPAID ADVERTISING CAMPAIGN THROUGH PUBLIC SERVICE ANNOUNCEMENTS.

CONTINUE RAISING PRIVATE-SECTOR FUNDS AND WITH SUFFICIENT FUNDING, IMPLEMENT A

PUBLIC-AWARENESS CAMPAIGN USING THE COLORADO MODEL.

PROVIDE A SEAMLESS COORDINATED AND COLLABORATIVE EFFORT WITH THE GOVERNOR'S FORECLOSE WEBSITE.

IMPLEMENT A "SOFT ROLLOUT OF ALL ELEMENTS" ON DECEMBER 1, 2007.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Senator Raggio indicated his understanding of the motion was that the Department of Business and Industry would be responsible for the day-to-day oversight and accountability of the program

Assemblywoman Buckley confirmed that under her motion, the Department of Business and Industry would be responsible for the implementation and oversight of the program.

Senator Raggio expressed concern in approving the funding request since additional private funding appeared uncertain.

Ms. Elliott advised that an additional several hundred thousand dollars in private funding had been identified for support of the program through the Office of the Governor, and an announcement relative to the additional funding would be made the following week.

In response to questions Senator Raggio asked regarding assigning the Department of Business and Industry the day-to-day responsibility and oversight of the program, Ms. Elliott expressed her support for the motion as long as she had the flexibility to determine the "rollout."

Senator Beers indicated that the motion appeared to be ill defined and asked whether it could be amended to request that the Department of Business and Industry representatives return to the next IFC meeting with a more clearly defined proposal.

Ms. Elliott advised that the Department of Business and Industry recommended a total budget of up to but not to exceed $450,000, which would provide $50,000 for the public awareness campaign, 50 percent of which was matched, $10,000 for the website, and $390,000 for up to ten employees.

Assemblyman Buckley pointed out that although additional private-sector funds were anticipated, it was important to move forward to approve the motion knowing that 1 out of every 64 homes in Nevada was in foreclosure, an average of 5,800 foreclosures a month was occurring, and 20,000 home loans a month were being adjusted. Assemblywoman Buckley discussed the importance of hiring credit counselors to take

the calls, meet with consumers to help them to secure alternative financing, and help the economy rebound.

Chairman Raggio discussed amending the motion to incorporate the Department of Business and Industry's recommendation for a total budget of up to but not to exceed $450,000.

Assemblywoman Buckley expressed concerns that any delay in receiving funds from the private sector could hinder the non-profit organizations' ability to hire and realign staff.

Senator Raggio requested that Ms. Elliott and Assemblyman Conklin be permitted the time to rewrite the proposal for presentation to the Committee prior to the close of the meeting. Senator Raggio further indicated he was not prepared to vote on the motion until the recommendation was presented in an easy-to-understand format in order to avoid any misunderstanding relative to what the Committee was being asked to approve.

Ms. Elliott agreed and indicated that she and Assemblyman Conklin were prepared to return to her office to rewrite the proposal.

Senator Cegavske requested clarification relative to the funding transfer from the Reserve category.

Ms. Elliott advised that, if approved, $350,000 would be transferred from the Mortgage Lending Division's Reserve category to the 800 Foreclosure Hotline category. Ms. Elliott advised that the Reserve was projected at $4.6 million at the close of the biennium.

Mark Stevens advised that currently $7 million was budgeted in the Mortgage Lending Division's Reserve category for which there was a $4.2 million budget and "well over" 12 months of operating reserve funding.

Assemblywoman Gansert expressed concerns regarding the ability of the private sector to provide funding and questioned whether the state or the private sector should support the program.

Ms. Elliott indicated she believed that the state had a responsibility to take the lead and to become a part of the solution to resolve the foreclosure crisis. She pointed out that the state had the regulatory tools and the ability to provide oversight to ensure that Nevadans facing foreclosure were being provided credit counseling.

Chairman Arberry agreed to hold the vote on the motion until Ms. Elliott could return to the witness table with a recommendation in written form that could be incorporated into the motion.

After a recess and a discussion with some Senate and Assembly members of the Committee, Senator Raggio indicated that it was the consensus of those members that the information regarding the extent and impact of foreclosures and statistics developed by CCCS and others who had dealt with the issue was insufficient. Senator Raggio requested that additional information be presented during the January meeting of the Interim Finance Committee for reconsideration of the proposal at that time. In the meantime, Senator Raggio proposed that the Committee authorize up to $100,000 from the Mortgage Lending Division's Reserve category, and with available funds from the private sector, provide funding to CCCS to hire four credit counselors and to utilize the 211 line to refer callers to the CCCS office.

Assemblywoman Buckley said that, as the director of a non-profit legal firm in Clark County, she had seen "the ravages" of the foreclosure crisis firsthand and told the Committee that more than half of the individuals taking the bankruptcy class the firm offered each week were clients facing foreclosure. In view of Nevada's high foreclosure rate and citizens who were being taken advantage of by "agencies that advertised on telephone poles," Assemblywoman Buckley expressed disappointment that the Committee declined, for the time being, to approve a legitimate 800-number that could provide credit counseling assistance.

Assemblywoman Buckley agreed that while Nevada 211 should be involved to refer callers to an 800 number, there were not enough credit counselors to provide assistance, the key to the provision of that assistance was to communicate its availability and to hire the counselors.

Ms. Elliott advised the Committee that the Department of Business and Industry had created the foreclosure website, http://foreclosurehelp.nv.gov without cost to the state of Nevada and asked members of the Committee to review it and to let her know if they had suggestions for improvement.

ASSEMBLYWOMAN BUCKLEY WITHDREW HER ORIGINAL MOTION AND MOVED TO:

> AUTHORIZE A TRANSFER OF FUNDS FROM THE MORTGAGE LENDING DIVISION'S RESERVE CATEGORY, NOT TO EXCEED $100,000, TO FUND A CONTRACT WITH CONSUMER CREDIT COUNSELING SERVICES TO BEGIN THE IMPLEMENTATION OF CREDIT COUNSELING FOR THOSE FACING FORECLOSURE.
>
> REQUEST THE DEPARTMENT OF BUSINESS AND INDUSTRY REPRESENTATIVES RETURN TO THE JANUARY MEETING OF THE IFC WITH ADDITIONAL INFORMATION RELATED TO THE NUMBER OF CALLERS COMPARED TO A YEAR AGO, TIME SPENT BY STAFF

ON CALLS, AS WELL AS INFORMATION ON CURRENT OR ANTICIPATED RESULTS WITH A VIEW TOWARD ALLOCATING ADDITIONAL FUNDS TO ALLOW SERVICES TO CONTINUE FOR ONE YEAR.

AUTHORIZE THE ACCEPTANCE OF PRIVATE FUNDS.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Senator Beers asked whether the motion could be amended to request that the Nevada 211 system provide an itemization of calls referred to credit counseling numbers and to place the 211 number on the Department of Business and Industry's foreclosure website.

Assemblywoman Buckley declined acceptance of the amendment indicating she did not believe it was the Committee's place to add Nevada 211 information to the foreclosure website.

Senator Raggio indicated it was his understanding that the motion was not to exceed $100,000, and, together with private funding, would fund four positions to be hired by Consumer Credit Counseling Services.

Chairman Arberry agreed with Senator Raggio's understanding of the motion.

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

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Cultural Affairs, Nevada State Library	332/2891	0025	IT Technician III, 7.940, grade 29, step 1, $31,048.56, Employer Paid Retirement	Librarian II, 4.112, grade 33, step 1, $36,686.16, Employer Paid Retirement
Department of Employment, Training and Rehabilitation, Rehabilitation Division	901/3254	0106	Therapeutic Recreation Specialist II, 10.614, grade 34, step 1, $38,189.52, Employer Paid Retirement	Rehabilitation Counselor II, 12.427, grade 34, step 1, $38,189.52, Employer Paid Retirement

Refer to motion for approval under Item D.

E. STATEMENT OF CONTINGENCY FUND BALANCE.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported a $12,132,291.66 balance in the unrestricted portion of the Contingency Fund as of October 22, 2007 and noted that approval of a $20,000 allocation for National Guard Benefits would leave a balance of $12,112,291.66.

Mr. Stevens reported that as of October 22, 2007, there was available spending authority of $2,289,911 in the General Appropriations Act, Chapter 350, Section 37, for use by the Department of Corrections, the Board of Parole Commissioners, and the Division of Parole and Probation for inmate housing and parole and probation costs not contemplated during the Legislative Session. Approval of $516,705 for the Board of Parole Commissioners would leave a balance of $1,773,206 for allocation during the remainder of fiscal year 2008.

F. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (NRS 353.269)

1. DEPARTMENT OF AGRICULTURE – Request for an allocation of $575,175 for the Virginia Range Estray Program Management proposal, which will preserve the Virginia Range habitat for horses and indigenous wildlife. **WITHDRAWN OCTOBER 31, 2007.**

Item F.1 was withdrawn on October 31, 2007.

2. OFFICE OF THE MILITARY – National Guard Benefits – Request for an allocation of $20,000 to cover summer school tuition reimbursements for the remainder of the fiscal year.

Miles Celio, Administrative Services Officer, Office of the Military, appeared before the Committee to request $20,000 from the Interim Finance Committee's Contingency Fund to cover summer school tuition payments for June 2007 and June 2008.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ITEM F.2.

SENATOR BEERS SECONDED THE MOTION.

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

*G. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO A.B. 628, SECTION 37 (CHAPTER 350, 2007) – DEPARTMENT OF PUBLIC SAFETY – Request for ~~$577,763~~ **$621,763** in

FY 2008 and $745,941 in FY 2009 of the amount allocated for the operation of the State Board of Parole Commissioners to meet requirements set in S.B. 471 and A.B. 510. **REVISED NOVEMBER 2, 2007.**

Dorla Salling, Chairman, Nevada Board of Parole Commissioners, Department of Public Safety (DPS) identified herself for the record and introduced Rebecca Mabray, Management Analyst, Nevada Board of Parole Commissioners, DPS.

Ms. Salling appeared before the Committee to request an allocation of funds from the Contingency Fund pursuant to the passage of A.B. 628, 2007 Legislature. If approved, the $621,763 for fiscal year 2008, and $749,941 for fiscal year 2009 would pay for additional staff, equipment, travel, and operating expenses that the Board would incur to conduct inmate hearings that were "greater than legislatively approved or to ensure hearings were conducted in a timely manner." Additionally, the funds would be used to comply with requirements to increase the Board's capacity to conduct hearings under the provisions of A.B 510 and S.B. 471, 2007 Legislature.

Chairman Arberry requested information relative to the Board of Examiners' approval of the funding allocation.

Andrew Clinger, Director, Department of Administration, advised the Committee that the Board of Examiners approved the funding allocation in reduced amounts of $516,705 in fiscal year 2008 and $749,071 in fiscal year 2009 for a total allocation of $1,265,776.

In response to Chairman Arberry's request for additional information regarding the new positions, Ms. Salling provided the following:

- Four Parole Hearing Analysts would perform "preparatory tasks currently conducted by Parole Commissioners" in advance of the hearings to expedite the process.

- The Program Officer would "coordinate the program of Lifetime Supervision of Sex Offenders for Parole Hearings," to comply with the requirements of S.B. 471 for the sex offender program.

- In accordance with a recommendation from the Office of the Attorney General, two Administrative Assistants would record hearings because of additional due process rights afforded to inmates under the provisions of S.B. 471.

- The Administrative Assistant II would notify inmates of hearings under the requirements of S.B. 471.

- The Administrative Assistant I would be hired in July 2008 to provide administrative assistance to the Program Officer.

In response to Assemblywoman Buckley who asked for information relative to conducting Lifetime Supervision hearings, Ms. Salling advised that S.B. 471 revised provisions concerning certain sex offenders, including requirements that specific conditions be applied for inmates under certain circumstances and specific findings be applied when extraordinary circumstances existed and the Board did not apply a specific condition. Specifically, Ms. Salling said that Tier 3 sex offenders would now require the establishment of special conditions in addition to conditions that were previously established.

In response to Assemblywoman Buckley who questioned how the changes would increase the Board's workload, Ms. Salling advised that additional requirements under the new legislation included identifying and notifying Tier 3 inmates, scheduling and conducting hearings, and establishing special conditions that the Board would "channel back through" the Division of Parole and Probation.

Assemblywoman Buckley noted that the Committee's staff recommended staggering the start dates of the Hearing Analyst Supervisor and two meeting secretaries to begin January 2008 and to delay the start dates for three Hearing Analysts and a Meeting Notice Coordinator until February 2008. Additionally, the start dates for the Program Officer would be delayed until March 2008 and the Administrative Assistant I until July 2008. Assemblywoman Buckley indicated that staggering and delaying the start dates for the positions would provide "more time to better assess the impact of the new legislative requirements" and "allow for continued funding for a portion of the request to be provided through a supplemental appropriation to the 2009 Legislature." Additionally, Assemblywoman Buckley noted that staff recommended a number of technical adjustments to the cost of equipment and operating expenses, and that, if approved, the Board report to the Committee quarterly on the implementation of the request, including the number of hearings conducted in compliance with A.B. 510, and S.B. 471.

Ms. Salling expressed agreement with the recommendation.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, pointed out that the Board of Examiners' approval of the allocation in fiscal year 2009 differed by $3,000 from the amount proposed by the Fiscal Analysis Division staff. Mr. Stevens said, however, that the recommendation to defer action on the fiscal year 2009 portion of the request, as previously discussed, would provide opportunities to better assess costs and to request a supplemental appropriation during the 2009 Legislative Session.

> ASSEMBLYWOMAN BUCKLEY MOVED TO APPROVE THE FISCAL YEAR 2008 PORTION OF THE REQUEST FOR $516,705 AND:
>
> STAGGER THE START DATES OF THE REQUESTED POSITIONS WITH A START DATE OF JANUARY 2008

FOR THE HEARING ANALYST SUPERVISOR AND TWO MEETING SECRETARIES.

DELAY THE HIRING OF THREE HEARING ANALYSTS AND A MEETING NOTICE COORDINATOR UNTIL FEBRUARY 2008.

DELAY THE HIRING OF THE PROGRAM OFFICER UNTIL MARCH 2009.

DELAY THE HIRING OF THE ADMINISTRATIVE ASSISTANT I UNTIL JULY 2008.

DEFER ACTION ON THE FISCAL YEAR 2009 PORTION OF THE REQUEST THAT WOULD ALLOW CONTINUED FUNDING FOR A PORTION OF THE REQUEST THROUGH A SUPPLEMENTAL APPROPRIATION DURING THE 2009 LEGISLATIVE SESSION.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

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

*H. STATE PUBLIC WORKS BOARD – REPORT FROM INTERIM FINANCE COMMITTEE'S (IFC) SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS (S.B.387, 2007 LEGISLATURE).

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Chairman's Report (Exhibit F) of the November 13, 2007, meeting of the Interim Finance Committee's (IFC) Subcommittee to Review Public Works Board Matters was distributed to the Committee. The Subcommittee met to review and to make recommendations on informational and action items submitted by the State Public Works Board for the November 14, 2007 meeting of the IFC.

In response to Senator Beers who asked whether the Chairman's Report would streamline the Committee's review process of Public Works Board matters, Chairman Arberry confirmed that it was intended to do so.

Gus Nunez, P.E., Manager, State Public Works Board (SPWB), provided the following overview of the Subcommittee's recommendations:

1. Request to utilize private contractor to manage design, construction, and inspection pursuant to S.B. 387, Section 12.5 (2007 Legislature), on Capital Improvement Program (CIP) projects 07-C27 Civil Support Team

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

Mr. Nunez reported that the Subcommittee recommended that the SPWB proceed with a Request for Proposal (RFP) to utilize a private contractor to manage design, construction, and inspection of Capital Improvement Program (CIP) projects 07-C27 and 07-C29. The SPWB representatives were directed to return to the next meeting of the Subcommittee with updated information on the cost of implementing the pilot privatization project.

Mr. Nunez anticipated that the RFP process would be completed and costs available by January 21, 2008.

2. Grant Sawyer Building tile repair settlement – receipt and disposition of $6.25 million settlement – information only. **REVISED OCTOBER 29, 2007.**

Mr. Nunez reported that the Subcommittee recommended Committee acceptance of the SPWB's proposal to allocate $6.25 million in Grant Sawyer Building tile repair settlement funds to the General Fund and the Bond Interest and Redemption account and to reduce the General Fund allocation by $98,038 and increase the Bond Interest and Redemption account allocation by the same amount.

3. CIP project exception report pursuant to S.B. 387, Section 5 (2007 Legislature) – informational only.

Mr. Nunez advised that the Subcommittee recommended Committee acceptance of the October 2007 CIP project exception report as submitted by the SPWB. Additionally, Mr. Nunez provided the following updates on the status of Project 03-M08, Project 05-C35, and Project 05-M42:

- Project 03-M08 - Upgrade Electric Strike Door Release System, Division of Mental Health and Developmental Services, Department of Health and Human Services – the warranty issue was resolved, and the project completed per the specifications.

- Project 05-C35 - Gym and Multi-Purpose Building Remodel for the Nevada Youth Training Center, Department of Health and Human Services – installation of heating and air conditioning equipment was completed, and the project scheduled for total completion on November 30, 2007.

- Project 05-M42 - Secure Uninhabited Buildings, Northern Nevada Adult Mental Health (NNAMHS) Services, Division of Mental Health and Developmental Services, Department of Health and Human Services. Mr. Nunez advised that after NNAMHS requested a review of whether cooling equipment could be provided to Buildings 1 and 2 and Building 10 entirely demolished rather than a

portion of it as requested in 2003, it was determined that the scope of the project could not be changed. Specifically, Mr. Nunez advised that Building 10 would be partially demolished with the remaining portion of the building housing the chiller and cooling tower for Buildings 1 and 2.

4. Status report regarding the appointment and funding of Deputy Manager for Compliance and Code Enforcement established pursuant to S.B. 387, Section 5 (2007 Legislature) – informational only.

Mr. Nunez advised that the Subcommittee recommended that the Committee accept the status report on the Deputy Manager of Compliance and Code Enforcement, including the funding of the position in the SPWB Inspection Account. Additionally, Mr. Nunez reported that the SPWB would have sufficient salary savings in fiscal year 2008 to support the position but would return to the Committee with a work program request to support the position in fiscal year 2009.

5. 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 – informational only.

Mr. Nunez advised that the Subcommittee recommended that the Committee accept the status report on the CIP projects for the design and construction of the UNLV Science, Engineering, and Technology Complex.

ASSEMBLYMAN DENIS MOVED TO ACCEPT THE CHAIRMAN'S REPORT.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

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

*I. LEGISLATIVE COUNSEL BUREAU – FISCAL ANALYSIS DIVISION – PURSUANT TO A.B. 3, SECTION 2, OF THE 23RD SPECIAL SESSION – Approval of vendor to continue contractual services for the reporting of test scores of pupils to parents, to provide web-based data to improve the performance of pupils on statewide examinations, and to provide related services.

Joi Davis, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, appeared before the Committee to request consideration of a request to continue the contractual services of a consultant to report student test scores to parents through a web-based system.

Ms. Davis reported that A.B. 3, Section 2 of the 23rd Special Session of the Nevada Legislature appropriated $475,000 in each year of the 2007-09 biennium to continue those services. Ms. Davis recommended continuing the contractual services of the Grow Network, a company that provided similar services during the 2005-07 biennium.

> ASSEMBLYWOMAN SMITH MOVED APPROVAL TO CONTINUE THE CONTRACTUAL SERVICES OF THE GROW NETWORK THROUGH THE 2007-09 BIENNIUM.
>
> ASSEMBLYMAN DENIS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Titus and Senator Coffin were not present for the vote.)

J. INFORMATIONAL ITEMS

Chairman Arberry announced the Committee would hear reports from agency representatives on Informational Items J.2.a; J.2.c; J.3.b.; J.7.d (3); J.7.e (1); J.8.a; J.10.a; and J.13. Refer to Exhibit C to review the entire list of Informational Items.

2. DEPARTMENT OF ADMINISTRATION

a. Status report on the potential General Fund budget reductions.

Andrew Clinger, Director, Department of Administration, appeared before the Committee to provide a status report on potential General Fund budget reductions. The Committee was provided with a document entitled, *State Budget Briefing November 7, 2007*, (Exhibit D). Prior to beginning his presentation, Mr. Clinger announced that slides presented during the November 7, 2007, budget briefing were available online at http://budget.state.nv.us/.

Mr. Clinger reported that currently the Statewide Sales and Use Tax was the only revenue that had been re-projected, the forecast on Gaming Tax would remain unchanged, and fiscal year 2008 first quarter data for the Modified Business Tax, Insurance Premium Tax, and Real Property Transfer Tax had not yet been received. Once the first quarter's data was received, year-to-date revenue would be reviewed and re-projected.

Mr. Clinger referenced a timeline of past recessionary cycles and budget reductions on page 1 of the *State Budget Briefing* document (Exhibit D). The timeline covered the period from 1981 to the present during which each governor reduced the budget:

- In April 1982, Governor List asked agencies to prepare plans for 10 percent reductions.
- In 1991, agencies were told to prepare plans for reductions of 17 percent.

- In July 1992, Governor Miller asked for further reductions and asked the school districts to reduce their state appropriation by 5 percent.

- in September 2001, Governor Guinn ordered reductions and in August 2002 ordered additional reductions of 3 percent.

- In fiscal year 2003, the Fund to Stabilize the Operation of State Government, more commonly identified as the Rainy Day Fund, was accessed and reduced to "practically zero."

Mr. Clinger referenced page 2 of the *State Budget Briefing* document, which illustrated the decline in the top nine taxable sales by industry and provided the following report:

- Building and Garden Equipment Supplies, which related to residential construction, reflected double-digit negative year-over-year growth for the past twelve months.

- Furniture and Home Furnishings, for the past 12 months, reflected significant year-over-year declines in taxable sales.

- Motor Vehicles, indirectly related to the housing slowdown, reflected year-over-year negative growth for the past 11 months,.

Page 3 of the document outlined projected General Fund revenue shortfalls for fiscal year 2008 and fiscal year 2009. Mr. Clinger reported that a $78,594,952 shortfall was projected for the 2 percent portion of the State Sales and Use Tax for fiscal year 2008, but other unrestricted General Fund revenues had not yet been projected pending receipt of first-quarter reports.

Page 3 also reflected the state's guaranteed K-12 basic support requirements, and Mr. Clinger reported that a $80,094,638 shortfall was projected for the 2.25 percent Local School Support Tax (LSST), which supported the school districts. Mr. Clinger advised, however, that some savings were projected due to lower-than-budgeted enrollments in K-12.

Mr. Clinger told the Committee that currently a total shortfall of $137,551,949 was projected for fiscal year 2008 and $148,086,165 was projected for 2009 for a total projected shortfall of $285,638,114 for the upcoming biennium.

Page 4 provided information relative to the 5 percent targets that were given to agencies as of October 15, 2007 and the agencies that were exempted including the Department of Corrections, the Fire Suppression Account, the Department of Public Safety, and all of the K-12 Education accounts in which funds passed through to the school districts.

Page 5 of the document provided information relative to the Fund to Stabilize the Operation of the State Government, NRS 353.288, and Mr. Clinger reported that money from the Fund could be appropriated only if:

- The total actual revenue of the State fell short by 5 percent or more of the total anticipated revenue for the biennium in which the appropriation was made; or

- If the Legislature and the Governor declared that a fiscal emergency existed, which required a special session.

Mr. Clinger advised that the last page of the document summarized the Legislatively approved General Fund appropriations for fiscal years 2008 and 2009 relative to the Legislatively approved appropriations for fiscal year 2006 and 2007.

Concluding his presentation, Mr. Clinger told the Committee the after the first quarter revenue data was received, the Governor planned to make final budget reduction recommendations in January based on revenue projections and on information received from the agencies.

Assemblywoman Buckley noted a softening in the decline of Sales and Use Tax revenue figures in several categories including Clothing Stores, which reflected 26.9 percent for September 2006 and 28.7 percent for October 2006, compared with 9.5 percent for July 2007 and 10.1 percent for August 2007. Assemblywoman Buckley noted similar declines in the categories for Food and Beverage Stores, Restaurants, and General Merchandise and asked for information related to what the softening could be attributed.

Mr. Clinger explained that the decline in year-over-year growth rates appeared not as severe in recent months compared to the previous year because the percentages were better when compared to a weak month. Mr. Clinger pointed out that statewide taxable sales for August 2007 represented a 5 percent decrease over August 2006.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the Department of Taxation changed their method of classifying taxable sales about 15 months ago from the Standard Industrial Classification System (SICS) to the North American Industrial Classification Standard (NAICS). Mr. Stevens explained that current year-over-year taxable sales figures were available only for the last several months using the NAICS classification. He said that an "apples to apples" comparison of taxable sales 12 months ago to current data could not be made because the SICS and the NAICS could not be placed in a comparable format to achieve an "apples to apples" comparison.

Mr. Clinger said that after discussions with Department of Taxation representatives and his staff, it was agreed that the taxable sales by industry information they had presented was an "apples to apples" comparison for the past 12 months.

Assemblywoman Buckley requested backup information that would allow an in-depth review of the taxable sales data that was presented. She indicated it was difficult to draw conclusions unless assurance could be provided regarding the applicability of the data and that the Executive and Legislative branches were working from the same numbers.

Mr. Clinger agreed to provide the requested information.

Senator Coffin noted that a response had not yet been received to the October 31, 2007, memorandum requesting that the budget reduction recommendations developed by the agencies be provided to the Fiscal Analysis Division for review.

Mr. Clinger responded that the Department of Administration was currently involved in the process of gathering information and decision-making relative to the shortfall and would not release information until final budget-reduction recommendations were made in January.

Senator Coffin pointed out that under the provisions of *Nevada Revised Statutes* (NRS) Chapter 239, the agency budget-reduction submissions were public record and required to be provided when requested.

Mr. Clinger disagreed with the interpretation that the agency recommendations were public record and explained that the submissions were working documents upon which final budget-reduction decisions would be based. Mr. Clinger advised that agency administrators and department directors were the most familiar with their budgets, critical client services, the funding necessary to run their programs, and that the agencies should be able to provide unbiased information without fear of outside pressure.

Senator Coffin suggested requesting an opinion from the Legislative Counsel relative to whether the budget reduction plans were a matter of public record.

Mr. Clinger advised that the Department of Administration had conferred with representatives of the Office of the Attorney General who agreed that the agency submissions were currently not considered public records.

Senator Coffin yielded to the Chairman to request an opinion from the Legislative Counsel.

Chairman Arberry indicated he would take questions from other Committee members prior to asking the Legislative Counsel for her opinion.

Assemblywoman Leslie referenced the budget reserve targets of $45,438,092 and $50,259,146 for the Department of Health and Human Services on page 4 of the State Budget Briefing document (Exhibit D) and asked if an analysis was available on the amount of federal match money that would be lost in the reduction process.

Mr. Clinger advised that the loss of federal match money was not included in the State Budget Briefing document, but the Director of the Department of Health and Human Services had advised that an equal amount of federal funding would be lost.

In response to Assemblywoman Leslie who asked if other state agencies would also lose matching federal funds because of General Fund budget reductions, Mr. Clinger said there were others but not to the extent seen in the Department of Health and Human Services' budget.

Assemblywoman Leslie indicated it was important for the public to understand that their tax dollars would be lost by reducing the Department of Health and Human Services' General Fund appropriations.

Assemblywoman Leslie noted that in the previous day's press the Governor had exempted Child Welfare and Juvenile Justice programs from the potential budget reductions.

Mr. Clinger confirmed that the Governor had exempted Child Welfare programs and explained that although final decisions had not been made regarding the extent of the exemption, the Governor wanted to protect the state's most vulnerable citizens.

In response to Assemblywoman Leslie's questions regarding whether the Child Welfare exemptions would be eliminated from the Department of Health and Human Services' line item and whether the Juvenile Justice programs had been addressed, Mr. Clinger said that final decisions had not yet been made but reiterated that the Governor wanted to protect the state's most vulnerable citizens.

Assemblywoman Leslie indicated that she agreed with the exemption for Child Welfare and Juvenile Justice programs and asked whether the Department of Health and Human Services would be requested to submit additional budget reductions if the exemptions were implemented.

Mr. Clinger indicated he was uncertain as to whether the Department of Health and Human Services would be requested to submit additional budget reductions but pointed out that the 5 percent targets listed on page 5 of the document did not equal the Department of Administration's projected reductions. Mr. Clinger explained that Capital Improvement Program projects and one-time appropriations were being reviewed for potential budget reductions, and the agencies could be requested to reduce their budgets by more than 5 percent.

Assemblywoman Leslie indicated that deferring Capital Improvement Program (CIP) projects was preferable to reducing services provided through the Department of Health and Human Services.

Mr. Clinger agreed that it was "easier in some cases" to reduce a one-time appropriation or a CIP project in order to minimize the impact on ongoing programs.

Assemblywoman Gansert referenced the Taxable Sales by Industry data on page 2 and noted that even though the Department of Taxation changed their method of classifying taxable sales, it appeared that a comparison could be made in dollars since the total change was reflected in dollars on page 3 of the document.

Mr. Clinger advised that the data on page 3 reflected total taxable sales in dollars and online information that could be downloaded reflected that since December 2004, year-over-year taxable sales, despite the classification method, had declined to the point that the August 2007 report reflected a 5.7 percent reduction.

In response to Senator Titus, who requested clarification relative to the exemptions for K-12 Education, Department of Public Safety, and the Department of Corrections, Mr. Clinger advised that the budgets were "extremely complicated," and the Department of Administration wanted to be careful regarding statements relative to blanket exemptions. Mr. Clinger pointed out that 46 percent of the budget was exempted and additional exemptions would require reductions in other areas. He reiterated that the Governor wanted to protect the state's most vulnerable citizens but indicated there might be areas of the Child Welfare and Juvenile Justice programs that could be reviewed for reductions without harming children.

Senator Titus asked if the same would be true for the Department of Corrections' and Department of Public Safety' budgets.

Mr. Clinger advised that as the shortfall increased, he believed there were some areas of the Department of Public Safety' and Department of Corrections' budgets that could be reviewed for smaller reductions that would not harm their ability to house inmates or affect public safety.

Senator Titus questioned the statement regarding the increasing shortfall and a recent statement by the Governor that the shortfall appeared not to be as serious as first anticipated.

Mr. Clinger explained that there was a larger General Fund shortfall in the information that was presented on November 7, 2007, than in the information that was initially to have been presented on October 15, 2007.

In response to Senator Titus, who questioned whether the shortfall was expected to increase or decrease, Mr. Clinger indicated that shortfall projections were uncertain until the first quarter data for the Modified Business Tax, Insurance Premium Tax, and Real Property Transfer Tax was received. However, Mr. Clinger noted that Economic Forum projections on those taxes were conservative.

In response to Assemblyman Marvel, who asked if the price of gasoline would affect taxable sales, Mr. Clinger advised that consumers with less disposable income tended to spend less and continually rising gas prices could affect taxable sales.

Assemblyman Parks commented on the hiring freeze and indicated that conflicting statements had been received relative to how extensive the hiring freeze was and how it was being applied. Assemblyman Parks asked why hiring freezes were not placed on agencies that were exempted from the budget reductions.

Mr. Clinger responded that the agencies that received budget reduction exemptions were provided some hiring freeze exemptions, such as the Department of Corrections, whose correctional officers and nursing positions were exempted from the hiring freeze while certain administrative and accounting positions were not. Mr. Clinger explained that a panel reviewed each hiring request that was not exempted to determine whether a position was a critical hiring need.

There were no additional questions from the Committee, and Chairman Arberry asked Legislative Counsel to respond to Senator Coffin's question.

Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, citing a common-law exclusion articulated in DR Partners' case law, indicated her response to the question was not one that was relative to pending litigation, but instead a comment on the Legislature's request for information. Ms. Erdoes alleged that the actual documents identifying suggested reductions that the agencies submitted would be considered "factual information" to which the common-law exclusion was not applicable.

Ms. Erdoes advised that if the Executive and Legislative branches could not resolve their differences over the submission of budget reduction information and ultimately went to court, the request for information would be subject to a three-part review. The review would include determining whether it was demonstrated that the information was deliberative and a part of the process and that the Legislature's need for the information outweighed the regulatory interest in preventing the disclosure.

Ms. Erdoes reiterated that she was not commenting on the pending litigation, which she indicated was a different fact situation, but opined that the Legislature should have access to the budget reduction information as a public document.

Josh Hicks, General Counsel to the Governor, advised the Committee that the *Reno Gazette Journal* had requested the state agencies recommended budget reduction information, but the Governor's office had taken the position that the documents were privileged information. Mr. Hicks said that turning the information over to anybody else would place the documents in the public domain, which he said would "effectively eviscerate" their position in pending litigation brought by the *Reno Gazette Journal*, and, for that purpose, the information would not be disclosed.

Senator Coffin pointed out that the October 31, 2007, memorandum to the Director of the Department of Administration requested information relative to submissions from the agencies, not working documents to reduce the budget. Senator Coffin argued that the agency submissions under the provisions of *Nevada Revised Statutes* (NRS) 239 were public and produced for the entire state of Nevada, not just one of three branches of government.

Mr. Hicks said that under the provisions of NRS 353.225, the agency submissions were considered Executive Branch documents that were not only "factual information," but recommendations for which the Governor had the sole discretion to implement budget reductions.

Chairman Arberry questioned why the 5 percent reduction recommendations were being withheld from the Legislative Counsel Bureau's Fiscal Analysis Division staff since the ultimate budget reduction decisions would be based on a joint working relationship between the Legislature and the Department of Administration.

In response to the Chairman, Mr. Hicks indicated that the Department of Administration's Director had worked with the Committee's staff on projection issues. Mr. Hicks said, however, that during the process of determining the programs that would be affected by the reductions, the ultimate percentage of the reserves, and agency exemptions, it was premature to release the information for public knowledge.

Senator Coffin pointed out that some information was on the record since several weeks ago, during a Legislative Commission's Audit Subcommittee meeting, he requested budget reduction information from the Bureau for Hospital Patients, and their representatives indicated they submitted instate travel budget reductions. Senator Coffin recalled that the Bureau for Hospital Patients requested an instate travel increase in the pre-session budget, which was removed in the Governor's request but later replaced by the Legislature.

Senator Coffin expressed concern relative to the lack of a collegial process and pointed out that the course of action relative to past recessionary cycles and budget reductions, as illustrated in the *State Budget Briefing* document (Exhibit D), was completed openly on a collegial basis with all parties involved.

Mr. Hicks responded that he did not want to give the impression of lacking collegiality but reiterated that what and how much to cut was ultimately the Governor’s decision. Mr. Hicks further advised that the Governor had reached out to receive recommendations from others and was open to suggestions and ideas. Additionally, he noted that all Department heads were advised that the proposed 5 percent reduction recommendations were confidential and were asked not to disclose the information until a final decision was made.

With no further questions from the Committee, Chairman Arberry indicated it was time to move on to the next item.

c. Purchasing Division – Additional information on number of responsive bidders for Nevada Department of Transportation (NDOT) equipment.

Greg Smith, Administrator, Purchasing Division, Department of Administration, advised the Committee that as requested during the September 6, 2007, meeting of the Interim Finance Committee, a statistical report (Exhibit G) reflecting the number of responses received to bids for equipment solicited by the Nevada Department of Transportation (NDOT) was provided.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that while statistical conclusions could not be drawn from the report provided by the Purchasing Division, the information offered details relative to the history of vendors responding to NDOT bids.

Mr. Ghiggeri deferred to Mr. Smith to provide information regarding whether competition for NDOT equipment bids was increasing or whether NDOT continued to encounter problems with vendor response to bids for equipment.

Mr. Smith discussed meeting with Andrew Clinger, Director, Department of Administration, Susan Martinovich, Director, NDOT, and Rick Nelson, Assistant Director, NDOT relative to vendors meeting NDOT specifications for equipment. Mr. Smith advised that NDOT representatives articulated their position relative to the quality of the equipment for which bids were solicited. Mr. Smith expressed confidence that NDOT's current move from descriptive to functional specifications would increase competition among vendors.

In response to questions Assemblywoman Smith asked regarding delays in accepting equipment and timely payment to vendors by NDOT, Mr. Smith advised that the portable toilet issue, discussed at the September 6, 2007, meeting of the Interim Finance Committee, was successfully resolved to the satisfaction of both the NDOT and the vendor.

3. DEPARTMENT OF TAXATION

b. Report on financial status of White Pine County.

Dino DiCianno, Executive Director, Department of Taxation, appeared before the Committee to report on the financial status of White Pine County. Mr. DiCianno testified that the County was currently exhibiting a "strong financial basis" with positive receipt of revenue and a positive cash flow.

Mr. DiCianno advised the Committee that the Department of Taxation's proposal to transition White Pine County from a condition of severe financial emergency to technical financial assistance status would be considered by the Committee on Local Government Finance in January 2008 to be followed with a review by the Nevada

Tax Commission. Mr. DiCianno explained that a transition to technical financial assistance would require the replacement of $700,000 in revenue enhancements, implemented by the Nevada Tax Commission, with other revenue sources. Mr. DiCianno reported that White Pine County was currently in the process of investigating potential revenue sources that included business license fees, interest revenues, lodging tax, and franchise fee tax. Mr. DiCianno reported that White Pine County also had the option to reduce their budget by $700,000.

Additionally, Mr. DiCianno reported that White Pine County's annual audit reports for fiscal years 2004-05 and 2005-06 would be presented to the White Pine County Commission on November 14, 2007. Mr. DiCianno further indicated that the audit reports would be available as public documents in December.

Assemblywoman Leslie noted that a contract to review and propose updates for the County's personnel administration was extended through March 2008 to allow the contractor to complete the work and to negotiate with White Pine County employee unions. In response to concerns Assemblywoman Leslie expressed relative to White Pine County's retention of public employees, Mr. DiCianno indicated some difficulty had occurred in working with the Union to meet community needs and affordability.

In response to questions Assemblywoman Leslie asked relative to the involvement of employees in the progress of the discussions, Mr. DiCianno advised that difficulty had developed regarding compensation.

In response to questions Assemblywoman McClain asked regarding the economic benefit the County could gain by the location of a coal-fired, power plant in Ely, Mr. DiCianno advised that the location of the power plant was a local issue in which the Department of Taxation was not involved. He agreed, however, that a power plant located in Ely would be economically beneficial to the County.

7. DEPARTMENT OF HEALTH AND HUMAN SERVICES

d. Division of Welfare and Supportive Services

(3) Report on the implementation of federal SSI payment increases scheduled for January 2008 and January 2009 (letter of intent, 2007 Legislature).

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee and provided the following report on the implementation of the federal Supplemental Security Income (SSI) payment increase for 2008:

- The 2.3 percent SSI payment increase scheduled for January 2008 amounted to approximately $14.00.

- The personal needs allowance multiplied by the 2.3 percent increase allowance increased a recipient's personal needs allowance from $102 to $104, a gain of $2.00.

- The remaining $12 increased the rate paid to Group Care operators from $912 to $924.

In response to questions Assemblywoman Leslie asked regarding the split between the recipient's personal needs and the Group Care operators, Ms. Ford reiterated that the SSI payment increase was applied to the personal needs allowance with the difference going to the provider. Ms. Ford advised that for the last several years the recipient and the providers split the SSI increase, which she indicated appeared to be a fair method of distribution.

e. Division of Child and Family Services

(1) Rural Child Welfare – Semi-annual report on the occupancy status of new positions and all Social Worker positions in rural Nevada for the period ending June 230, 2007, and request to discontinue submitting report (letter of intent, 2005 Legislature).

Fernando Serrano, Administrator, Division of Child and Family Services, Department of Health and Human Services, introduced Dennis Debacco, Deputy Administrator, Division of Child and Family Services, Department of Health and Human Services.

Mr. Serrano reported that during the 2005 Legislative Session, 11 Social Workers, 2 Supervisors, and 2 Administrative Assistants were allocated to rural Nevada and although all positions were filled at various times, vacancies had also occurred. Since the positions were allocated in 2005 and had been filled at various points, Mr. Serrano asked the Committee to consider discontinuing the submission of reports on the occupancy status of new positions and all Social Worker positions in rural Nevada as required by a 2005 legislative letter of intent.

Mr. Serrano credited the Great Basin College in Elko for offering a Bachelor of Social Work program that provided students, who were living in or near the area, the opportunity to take the coursework, graduate, and practice in a rural environment.

In response to concerns Assemblywoman Leslie expressed regarding the 4 out of 9 Social Worker III positions that were vacant in Pahrump, Mr. Serrano agreed that Social Worker vacancies in Pahrump and Fallon were primary areas of concern. Mr. Serrano indicated that the Division was continuing recruitment efforts and advised that one of the Social Worker III positions in Pahrump had been filled leaving only three vacancies.

In response to Assemblywoman Leslie who questioned the request to discontinue the reporting requirement, Mr. Serrano advised that the request was initiated on the basis that the positions allocated by the 2005 Legislature had been filled.

Assemblywoman Leslie requested the continuation of reports to the Committee regarding the occupancy status of the Social Worker positions.

Mr. Serrano agreed to continue to provide the Committee with vacancy status reports on new positions and Social Worker positions in rural Nevada.

8. DEPARTMENT OF CORRECTIONS

a. Status report on the impact of A.B. 510 (2007 Legislature) on the inmate population in custody.

Howard Skolnik, Director, Department of Corrections, appeared before the Committee to provide a status report on the impact of A.B. 510, 2007 Legislature, on the inmate population in the custody of the Department.

Mr. Skolnik reported a current inmate population of 249 inmates above the projected number of inmates for fiscal year 2008.

Assemblywoman McClain noted that a chart, provided to the Committee, reflected the number of sentences reduced by certain periods and the number of parole eligibility dates accelerated for certain periods but did not include actual parole dates.

Mr. Skolnik indicated that there was no requirement to hold hearings at the time inmates were eligible for parole. He advised that Parole Board hearings were currently averaging four times as long as they were prior to the enactment of S.B. 471, 2007 Legislature, and that 20 to 25 percent of the inmates, brought before the Board, were heard on the day they were scheduled to be heard.

In response to Assemblywoman McClain, who questioned current inmate eligibility status, Mr. Skolnik advised that the Parole Board currently had 400 cases with 800 cases anticipated by the end of the calendar year.

Assemblywoman McClain noted that the chart reflected 1,146 parole eligibility dates moved forward by three to six months and 225 parole eligibility dates moved forward six to twelve months. Assemblywoman McClain indicated it appeared that although the eligibility dates would be accelerated, the release dates would not be immediate.

Mr. Skolnik concurred with Assemblywoman McClain's understanding and advised that the majority of accelerated parole eligibility dates were from lower security-risk inmates, while accelerated eligibility dates for most Class A and B felons would not significantly increase for some time.

Mr. Skolnik advised that as a result of A.B. 510 increasing the amount of good time and program credits that offenders were eligible to earn, 1,400 inmates were discharged from probation and parole on July 1, 2007, which he indicated caused the inmate population to slightly flatten in the first part of fiscal year 2008.

In response to Assemblywoman McClain who questioned the length of time before the impact of the A.B. 510 requirements would stabilize, Mr. Skolnik indicated that he believed it would take from four to six months to determine.

In response to Assemblywoman Weber who questioned whether the Board of Parole Commissioners could access inmate records through the Department of Corrections' computer system, Mr. Skolnik indicated that the Board had access to the system and although there had been some problems at the beginning of the fiscal year, those problems had been addressed.

Mr. Skolnik took the opportunity to introduced Rex Reed who had rejoined the Department, Chief of the Offender Management Division (OMD) and Lori Bagwell, recently appointed as Deputy Director for Support Services.

Assemblywoman Buckley expressed the hope that all involved would work together to ensure that the goals of the legislation to resolve overcrowding, to provide funding for programming, and to look at more innovative ways to keep non-violent offenders and parole violators out of prison were met.

Mr. Skolnik concurred and indicated that representatives of the Department were reviewing various methods of addressing the issues.

Additionally, Mr. Skolnik reported that 18 months was allotted to the development of an off-the shelf computer system that had to be modified to respond to Department needs with only several weeks provided for additional adjustments. Mr. Skolnik indicated that the Department's computer staff had worked since July 1 to bring the system into compliance and the vendor had provided patches for the sentencing data to provide adequate information. Mr. Skolnik explained, however, that it was October before the problems with the system were resolved.

In response to questions Assemblyman Parks asked relative to the Nevada Offender Tracking Information System (NOTIS), Mr. Skolnik advised that staff had been hired to operate NOTIS. Additionally, he expressed confidence in the system although he indicated additional work was required on internal reporting and to meet the needs of the Department.

Assemblyman Parks questioned whether the six additional staff members for NOTIS, for which the Legislature appropriated funding, had been hired.

Mr. Skolnik advised that approval had been granted for the six additional staff during the previous week after being delayed by the hiring freeze process.

10. DEPARTMENT OF WILDLIFE

a. Administration – Convert a seasonal Biologist 1 position to a permanent full-time equivalent position.

Ken Mayer, Director, Department of Wildlife, appeared before the Committee to report that the Department was converting a seasonal Biologist 1 position to a permanent fulltime equivalent position that would administer the Department's deer and antelope compensation tag program for landowners who had experienced damage to property from wildlife.

Mr. Mayer reported that converting the position, currently funded with revenue from license fees and a federal match, to a permanent appointment would provide a cost savings to the Department with the elimination of significant overtime accrued by the seasonal position.

Chairman Arberry noted that the conversion of the position did not require Interim Finance Committee approval.

13. Report on actions taken by the Washoe County Commission related to the approval of a minor league baseball stadium project (S.B. 203, 2007 Legislature).

Alfredo Alonzo, a Principal with Lewis and Roca LLP's Government Relations Practice Group and a representative of SK Baseball, LLC and Nevada Land LLC, Delaware, limited liability companies, identified himself for the record.

Mr. Alonzo advised the Committee that Paul Liparelli, Deputy District Attorney, Washoe County District Attorney's Office, would report on the establishment of goals put forth under the provisions of S.B. 203, 2007 Legislature, with respect to the rental car tax and action taken by the Washoe County Commission related to the approval of a minor league baseball stadium project.

Paul Liparelli, Deputy District Attorney, Washoe County District Attorney's Office, identified himself for the record and reported that the Washoe County Commission adopted a resolution, which established the findings required by S.B. 203, 2007 Legislature, to impose a fee upon the rental of passenger vehicles. The resolution included the following findings required for the use of the rental car tax for a baseball stadium:

- An agreement was entered into with a minor league baseball team to play its Triple-A franchise home games in a county-city baseball stadium.

- Approvals required to relocate the franchise from Tucson, Arizona to Reno were made.

- o A site sufficient to locate a Triple-A level baseball stadium was obtained and established through a review of the deeds and agreements between the City of Reno Redevelopment Agency and the baseball team.

- o The approvals necessary for the construction of the stadium were accomplished through a review of the special use permit issued by the Reno City Planning Commission. The building permits issued by the Reno City building official and letters from the Community Development Department of the City of Reno established that no further discretionary approvals would be required from city agencies in order to construct the baseball stadium.

Senator Raggio complimented City of Reno and Washoe County representatives in working together to approve the minor league baseball stadium project.

SENATOR RAGGIO MOVED TO ACCEPT THE REPORT.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

K. PUBLIC COMMENT.

Amoreena "Amy" Jaffe, Social Work Supervisor, Clark County Department of Family Services, representing Child Welfare Advocates of Service Employees International Union (SEIU) provided a written statement (Exhibit H) of the SEIU's "strong opposition" to the 5 percent budgets cuts proposed by Governor Gibbons.

L. ADJOURNMENT.

Chairman Arberry adjourned the hearing at 2:26 p.m.

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Chairman Morse Arberry Jr., Chairman
Interim Finance Committee

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

EXHIBITS INTERIM FINANCE COMMITTEE		
Exhibit	**Witness/Agency**	**Description**
A		Agenda
B		Guest List
C		Item J. List of Informational Items
D	Andrew Clinger, Director, Department of Administration	State Budget Briefing November 7, 2007
E	Mendy K. Elliott	Foreclosure Hotline Proposal
F	Chairman Morse Arberry	Chairman's Report of Subcommittee to Review Public Works Board Matters
G	Greg Smith, Administrator, Purchasing Division, Department of Administration	Nevada Department of Transportation (NDOT) Bid Response History
H	Amoreena "Amy" Jaffe	Written statement relative to SEIU's opposition to 5 percent budget cuts proposed by Governor Gibbons.