MINUTES OF THE SEPTEMBER 6, 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 September 6, 2007, at 9:17 a.m. in Room 4100 of the Legislative Building. Exhibit A is the agenda. Exhibit B is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chairman
Senator William J. Raggio, Vice Chairman
Senator Bob Beers
Senator Barbara Cegavske
Senator John Lee (sitting for Senator Titus)
Senator Bernice Mathews
Senator Mike McGinness (sitting for Senator Rhoads)
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
Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

COMMITTEE MEMBERS EXCUSED:

Senator Bob Coffin
Senator Dean Rhoads
Senator Dina Titus
Assemblywoman Koivisto
Assemblyman John W. Marvel

LEGISLATIVE COUNSEL BUREAU STAFF:

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

Steve Abba, Principal Deputy Fiscal Analyst
Connie Davis, Interim Finance Committee Secretary
Cheryl Harvey, Fiscal Analysis Division Secretary
Patti Sullivan, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES FROM THE JUNE 26, 2007, MEETING.

ASSEMBLYWOMAN BUCKLEY MOVED TO APPROVE THE MINUTES OF THE JUNE 26, 2007, MEETING.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

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

Chairman Arberry announced that the Committee would consider work program items 3, 8, 15 and 16, 17, 20, 23, 26 and 27 required a public hearing; 30 related to O.10.b2; 35 and 37 required a public hearing; 42 and 43 required a public hearing; 63, 82, 89 and 90 related to O.10.d1. Item 46 was withdrawn.

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

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

1. Department of Administration – Information Technology Projects – FY 08 – Addition of $2,400,000.00 in Homeland Security Grant funds transferred from the Department of Information Technology to receive a sub-grant for an Interoperable Communications Use Grant. Funds will be used to procure, install and implement interconnections among major radio systems, and geographically distributed gateways among radio bands. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. Work Program **#B94608**

Refer to motion for approval under Item C.

2. **Department of Administration – Motor Pool Division – Administration – <u>FY 07</u> –** Transfer of $14,000.00 from the Personnel Services category to the Vehicle Operations category to cover increase in fuel costs. Requires Interim Finance approval since the cumulative amount transferred to the Vehicle Operations category exceeds $50,000.00. Work Program **#B94519**

   Refer to motion for approval under Item C.

3. **Department of Administration – Purchasing Division – <u>FY 09</u> –** Transfer of $65,000.00 from the Reserve category to the Nevada Executive Budget System (NEBS) Contract Enhancement category to cover the costs of a contract component in the legislatively approved Work Program Module enhancement to NEBS. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00. Work Program **#B94610**

Andrew Clinger, Director, Department of Administration, identified himself for the record and introduced Dave McTeer, Chief, Information Technology Division, Department of Administration, and Greg Smith, Chief, Purchasing Division, Department of Administration.

Mr. Clinger requested Committee approval to transfer $65,000 from the Purchasing Division's Reserve category to a new category, the Nevada Executive Budget System (NEBS) Contract Enhancement, to partially fund a contract module component for the new NEBS Work Program Module, which was approved by the 2007 Legislature.

Mr. Clinger provided the following information:

- During the initial design phase of the NEBS Work Program Module, a discovery was made that similar logic and functionality could be used to approve and track Board of Examiners' (BOE) contracts.

- Approval of the work program would allow modification of the scope of the NEBS Work Program Module to allow for the conversion of State Purchasing contract data and the addition of functionality to provide a workflow approval process and 100 percent data entry of Board of Examiner contracts into the system.

The enhancement would provide:

- a master database of contracts and contract amendments
- an automated system of approval and tracking
- the ability to obtain complete contract histories
- vendor performance and insurance verification information
- tools to monitor compliance

Mr. Clinger further advised that approval of the request would fund Phase I of the project, and funding would be requested from the 2009 Legislature to create a public web portal, which would allow the general public to view contract data online. Possible future expansions of the web portal would include information on subgrants, leases, Nevada Department of Transportation, and State Public Works Board contracts.

Mr. Clinger reported that the total cost of the contract was $140,000 for which he identified the following three funding sources:

- A reduction in the scope of the original work program project that eliminated the inclusion of items other than work programs from the Interim Finance Committee agenda would provide a savings of $35,000.

- Utilization of $40,000 in savings from the Time and Materials Contract (used for on-call trouble-shooting for NEBS, NEATS and Data Warehouse and for minor enhancements to those systems).

- Transfer of $65,000 from the Purchasing Division Reserve category.

Mr. Clinger advised that State Purchasing Division's in-house staff, without any specific funding requests from the Legislature, developed a basic contract database that the Division was currently using. After approval of a BOE contract, state agencies were notified by the Purchasing Division to enter the information into the database. However, Mr. Clinger indicated he believed state agencies considered the endeavor optional, and he lacked confidence that the data was entered with any consistency. Additionally, he said that contracts that were valued at $10,000 or under were not entered into the current database since they did not require BOE approval.

Mr. Clinger advised that approval of the funding request for a contract enhancement module would provide the following benefits:

- Analysis of state contracts by the State Purchasing Division including those valued at under $10,000 providing the possibility of saving the state money through the use of master service agreements and the elimination of duplicate contracts.

- Ability to mandate the approval of all contracts by certified contract monitors, which would improve performance monitoring of contracts.

- Information relative to the need to provide additional training for those state agencies that were experiencing a high number of rejected contracts.

- Evaluation of vendor performance and verification of insurance requirements vendors were required to carry.

- Consistent data through the use of system edits to ensure accurate data was being entered into the system.

- The flow of contracts would be monitored to ensure efficiency of the process through the established agency and Budget Division levels.

- Elimination of duplication of data entry.

- Automated email notification of contract issues, such as expiration of a contract, which would ensure that request for proposals (RFP) were timely.

Additionally, Mr. Clinger indicated that training would be minimal since the format for the contract module would be the same as used by the NEBS and NEATS (Nevada Employee Action and Timekeeping System). Additionally, the systems would all share the same user identification and passwords.

In closing, Mr. Clinger asked for the Committee's favorable consideration of the request to partially fund the contract module component and reiterated that the Department of Administration would return to the 2009 Legislature with a request to fund a public web portal.

In response to Senator Beers who questioned the funds remaining in the Purchasing Division's Reserve category, Mr. Clinger indicated there would be 35 days of Reserve funding remaining after the transfer, which he said was more than adequate since the Purchasing Division was not a bill-for-service agency.

SENATOR BEERS MOVED APPROVAL OF ITEM 3.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED.

4. Department of Education – Discretionary Grants – Unrestricted – FY 08 – Deletion of $2,500,000.00 in Federal Charter Schools Program Grant funds to transfer grant authority to the Discretionary Grants – Restricted budget account due to grant changes. Requires Interim Finance approval since the amount deducted from the Charter Schools Program – Aid to Schools category exceeds $50,000.00. Work Program #**C33249. RELATES TO 5.**

Refer to motion for approval under Item C.

5. Department of Education – Discretionary Grants – Restricted – FY 08 – Addition of $2,500,000.00 in Federal Charter Schools Program Grant funds to transfer grant authority from the Discretionary Grants – Unrestricted budget account due to grant changes. Requires Interim Finance approval since the

amount added to the Charter Schools Program – Aid to Schools category exceeds $50,000.00. Work Program **#C33250. RELATES TO 4.**

Refer to motion for approval under Item C.

6. **Department of Education – Discretionary Grants – Unrestricted – <u>FY 09</u> –** Deletion of $2,500,000.00 in Federal Charter Schools Program Grant funds to transfer grant authority to the Discretionary Grants – Restricted budget account due to grant changes. Requires Interim Finance approval since the amount deducted from the Charter Schools Program – Aid to Schools category exceeds $50,000.00. Work Program **#C33251. RELATES TO 7.**

   Refer to motion for approval under Item C.

7. **Department of Education – Discretionary Grants – Restricted – <u>FY 09</u> –** Addition of $2,500,000.00 in Federal Charter Schools Program Grant funds to transfer grant authority from the Discretionary Grants – Unrestricted budget account due to grant changes. Requires Interim Finance approval since the amount added to the Charter Schools Program – Aid to Schools category exceeds $50,000.00. Work Program **#C33252. RELATES TO 6.**

   Refer to motion for approval under Item C.

8. **Department of Education – Discretionary Grants – Unrestricted – FY 08 –** Addition of $2,543,213.00 in Federal Longitudinal Data System Grant funds to accept an award from the United States Department of Education to build a longitudinal reporting system that can be used by Nevada schools and school districts, which will significantly enhance the existing system. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00 and includes new staff. Work Program **#C33255**

Keith Rheault, Ph.D., Superintendent of Public Instruction, appeared before the Committee to request authority for the addition of $2,543,213 in United States Department of Education Longitudinal Data System Grant funds.

Dr. Rheault reported that a Grant Writer in the Department, whose position the 2007 Legislature approved for continuation, successfully wrote the highly competitive discretionary grant earlier in the year. The grant, awarded to only 13 states, was anticipated to provide a total of $5,999,975 over a three-year period.

Dr. Rheault outlined how the Department would use the grant, which included securing a better interface on the Department's website that would provide easier accessibility by members of the public, teachers, and parents. Funds would also be used to build a longitudinal reporting system that could be used by Nevada schools and school districts and that would enable the Department to comply with federal reporting, which included developing the Educational Data Exchange Network (EDEN) that would be phased in

over the next three years. Dr. Rheault explained that in the future all data for educational purposes including all grants and every data request would be under one system in a format designated by the federal government. Dr. Rheault also advised that the Department hoped to enhance its "accountability report card" to include all future legislative changes, improve the teacher unique identification system, and to fully integrate teacher licensure and fiscal databases.

Assemblywoman Smith expressed her congratulations to the Grant Writer and asked Dr. Rheault to comment on the System of Accountability Information in Nevada (SAIN), which she recalled was fully funded by the 2007 Legislature.

Dr. Rheault recalled that the Legislature provided funding for SAIN at approximately $300,000 for fiscal year 2008, which would be used to maintain the current system with the previous contractor for $75,000. Additionally, funding would be used to provide for new data components to report 7th and 8th grade dropouts and to phase in the teacher licensure database. Dr. Rheault explained that grant funds would enhance the current system to provide a "gold-star type of educational system."

In response to questions Assemblywoman Smith asked relative to the teacher unique identification system, Dr. Rheault indicated that the Department's current unique teacher identification system had been randomly generated in-house at no cost. As previously indicated, grant funds would be used expand SAIN to include a teacher identification system that would be integrated with student data.

Assemblywoman Smith asked the Department representatives for a time line of when benchmarks would be achieved on student achievement and teacher identification data.

Dr. Rheault advised that the Department of Education was currently working in conjunction with Department of Information Technology (DoIT) on a Technology Investment Request (TIR), and benchmarks were required for the final state-approved TIR.

Senator Cegavske also expressed her congratulations to the Grant Writer and to the Department on receipt of the grant.

Dr. Rheault commended the Grant Writer, who he said took the lead in researching, writing, and coordinating the grant.

In response to questions Senator Raggio asked regarding the grant and a commitment to permanent staff, Dr. Rheault advised that the initial grant was written to include that all positions would be filled with state employees. Since approval of the grant, however, it was determined that only three full-time personnel would be required, and the remainder of the positions would be contract employees whose services would no longer be required when the contract was completed. Dr. Rheault advised that at the conclusion of the project, the database would only require maintenance and any changes the Legislature requested.

Chairman Arberry noted that the Fiscal Analysis Division did not receive the TIR until August 31, which did not provide sufficient time for an analysis of the information. Chairman Arberry suggested holding the request until the November meeting of the IFC.

Dr. Rheault explained that the Department had rushed to submit a draft of the TIR in order to request Committee approval, which was needed before work could begin on the project goals. Dr. Rheault advised that a final TIR would be submitted to the Committee at the November IFC meeting.

Chairman Arberry agreed to a suggestion by Senator Raggio to approve the request subject to approval of the TIR by the Fiscal Analysis Division staff.

> SENATOR RAGGIO MOVED APPROVAL OF ITEM 3 SUBJECT TO APPROVAL OF THE TIR BY THE FISCAL ANALYSIS DIVISION STAFF.
>
> SENATOR BEERS SECONDED THE MOTION.
>
> THE MOTION CARRIED.

9. Department of Education – Career and Technical Education – <u>FY 07</u> – Transfer of $15,246.00 from the Occupational Education Basic Aid to Schools category to the Personnel Services category and $2,611.00 from the Occupational Education Basic Aid to Schools category to the Transfer to Staffing Services category to provide adequate authority for salary related costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds $50,000.00. **Work Program #C33267**

Refer to motion for approval under Item C.

10. Department of Education – Nutrition Education Programs – <u>FY 07</u> – Addition of $2,000,000.00 in Federal School Breakfast Grant funds, $6,000,000.00 in Federal School Lunch Grant funds and $100,000.00 in Federal Summer Food Grant funds to align federal funding due to increases in sponsorship and district participation for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the National School Lunch Program category exceeds $50,000.00. Work Program **#C33240**

Refer to motion for approval under Item C.

11. Commission on Mineral Resources – Division of Minerals – FY 08 – Addition of $303,243.00 in Southern Nevada Public Land Management Act funds to conduct an inventory of abandoned mines in Clark County. Requires Interim

Finance approval since the amount added to the Southern Nevada Public Land Management Act category exceeds $50,000.00. Work Program **#C14389**

Refer to motion for approval under Item C.

12. **Department of Business and Industry – Insurance Division – Insurance Examiners – FY 07 –** Addition of $860,000.00 in Examination Fees and $430,000.00 in Administration Fees to account for an increased number of examinations conducted. Requires Interim Finance approval since the amount added to the Insurance Company Exams category exceeds $50,000.00. Work Program **#C13698**

    Refer to motion for approval under Item C.

13. **Department of Business and Industry – Insurance Division – Captive Insurers – FY 07 –** Addition of $60,000.00 in Examination Fees to cover a projected shortfall for the remainder of the fiscal year due to an increased number of examinations associated with accreditation compliance. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00. Work Program **#C13699**

    Refer to motion for approval under Item C.

14. **Department of Business and Industry – Manufactured Housing Division – FY 07 –** Transfer of $42,495.00 from the Reserve category to the Transfer to Manufactured Housing Division category to establish a divisional cost allocation. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds $50,000.00. Work Program **#C19073**

    Refer to motion for approval under Item C.

15. **Department of Business and Industry – Financial Institutions Division – FY 08 –** Addition of $98,227.00 in Exchange Facilitators funds to add two positions and related costs to comply with S.B. 476 of the 2007 Legislative Session. Requires Interim Finance approval since the amount added includes new staff. Work Program **#C32800**

Chairman Arberry announced that the Committee would consider Items 15 and 16 concurrently.

George Burns, Administrator, Financial Institutions Division, Department of Business and Industry, appeared before the Committee to request the addition of $98,227 in Exchange Facilitators funds to support two positions and associated costs in compliance with S.B. 476, 2007 Legislature, which implemented the regulation of Internal Revenue Code 1031 exchange companies.

Assemblywoman Buckley noted the Division's estimate of licensing 200 to 400 potential new exchange facilitators and questioned the need for two Administrative Assistant positions before the workload for the actual number of new licensees could be determined.

Mr. Burns indicated that although there were 200 to 400 potential licensees, it was difficult to determine whether all state practitioners would seek to be licensed under the new statute. Mr. Burns pointed out that the positions would support the licensing process, accept applications, conduct background examinations, and implement and finalize the regulations through meetings and workshops with industry leaders. Mr. Burns testified that both positions were essential to the process of regulating and licensing exchange facilitators since Nevada was the first state to attempt to do so, and many other states would be looking to Nevada to establish a pattern they could follow.

Assemblywoman Buckley noted that the job description for the second Administrative Assistant did not match the duties Mr. Burns had described. Additionally, Assemblywoman Buckley pointed out that it did not appear that a newly employed Administrative Assistant would have the knowledge to implement regulations or conduct workshops, duties that were probably better suited to a more senior employee and to the oversight of the Division's Deputy Attorney General. Assemblywoman Buckley indicated that the Committee was advised that the second Administrative Assistant would be responsible for establishing and maintaining the database system, supporting the increased volume of assessments, examination billing, and other support functions depending on the number of licensees.

Assemblywoman Buckley recalled that several sessions ago an attempt to regulate attorneys as debt collectors did not fare well with attorneys, who already regulated by the State Bar of Nevada were uneasy, relative to attorney-client issues, about being regulated by the Financial Institutions Division. Based on that previous regulation attempt, Assemblywoman Buckley indicated she believed attorneys would be reluctant to be licensed and recommended that only one position be approved. Assemblywoman Buckley advised the Division to return to the Committee for approval of the second position after determining workload justification.

Mr. Burns responded that the individual the Division had in mind was a current employee, who would be promoted and who was more than qualified to arrange for workshops and coordinate the regulatory process. Mr. Burns anticipated that, despite the number of individuals seeking licensing, the process would be rigorous since it was a first attempt. Additionally, Mr. Burns indicated that if possible, the two positions would be used to assist with the implementation of the provisions of A.B. 127, 2007 Legislature, which revised provisions relating to the collection of debts by collection agencies and A.B. 478, 2007 Legislature, which revised the provisions governing loans and loan services.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ONE ADMINISTRATIVE ASSISTANT POSITION UNTIL

THE DIVISION ASCERTAINED THE LICENSING WORKLOAD AND TO DEFER ITEM 16 UNTIL THE DIVISION COULD BETTER IDENTIFY ITS NEEDS FOR THE EXCHANGE FACILITATOR PROGRAM.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED.

16. **Department of Business and Industry – Financial Institutions Division – <u>FY 09</u> –** Addition of $107,660.00 in Exchange Facilitators funds to add two positions and related costs to comply with S.B. 476 of the 2007 Legislative Session. Requires Interim Finance approval since the amount added includes new staff. Work Program **#C32801**

    The Committee deferred Item 16 until the Division could better identify its needs for the exchange facilitator program. Refer to narrative and motion for approval under Item 15.

17. **Department of Business and Industry – Housing Division – Department of Energy Weatherization – FY 08 –** Addition of $250,000.00 in Low Income Home Energy Assistance (LIHEA) Program funds transferred from Welfare to provide weatherization assistance to low income households. Requires Interim Finance approval since the amount added to the LIHEA category exceeds $50,000.00. Work Program **#C17510**

Lon DeWeese, Chief Financial Officer, Housing Division, Department of Business and Industry, appeared before the Committee to request the addition of $250,000 in Low-Income Home Energy Assistance (LIHEA) Program funds transferred from the Division of Welfare and Supportive Services.

Mr. DeWeese explained that the transfer request was the result of internal audit findings as well as a cooperative agreement between the Division of Welfare and Supportive Services, Department of Health and Human Services, and the Housing Division, Department of Business and Industry. Mr. DeWeese advised that the audit, conducted by the Division of Internal Audits, revealed that the multiplier effect of using funding to weatherize a dwelling was more than 1.36 times the dollar investment versus the onetime use of funds through the LIHEA program. Mr. DeWeese said the audit recommended that LIHEA funding that was not targeted for immediate use be transferred to the Housing Division to provide additional weatherization assistance.

Assemblywoman McClain asked for the number of homes that the Division could weatherize for $250,000.

Mr. DeWeese advised that weatherization costs ranged from $3,000 to $10,000 per dwelling depending on the condition of a dwelling. Mr. DeWeese explained that many

dwellings were in poor condition and required extensive renovation as well as repair work related to safety issues, such as leaking gas appliances.

In response to Assemblywoman McClain, who asked whether climate conditions affected eligibility for weatherization assistance, Mr. DeWeese advised that climate conditions were irrelevant to the provision of assistance. Mr. DeWeese explained that lists of eligible recipients were received from the Division of Welfare and Supportive Services without bias to location. However, Mr. DeWeese pointed out that the preponderance of the recipient population was located in the southern part of the state.

In response to Assemblywoman McClain who asked why the initial 5 percent transfer was lower than in other states, Mr. DeWeese indicated the Division of Welfare and Supportive Services, being prudent fiscal managers, determined the initial 5 percent transfer. Mr. DeWeese explained that if the additional LIHEA funds were not needed in the balance of the current fiscal year or in fiscal year 2009, another funding transfer would be brought before the Committee for approval.

Assemblywoman McClain commented that she assumed the balance of the LIHEA funds would pay for utility bills, which Mr. DeWeese confirmed.

Assemblyman Denis asked for the percentage of LIHEA program recipients that resided in rental units versus their own homes.

Mr. DeWeese was not prepared to address the question but indicated he would obtain the data and submit the information to Assemblyman Denis.

Assemblyman Denis commented that many individuals who needed weatherization assistance resided in rental units, and assistance for owners of those units did not appear to match assistance provided to residents who owned their own homes.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM 17.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED.

18. Department of Health and Human Services – Director's Office – Office of Disability Services – FY 08 – Addition of $69,513.00 in Federal Traumatic Brain Injury Grant funds to implement the goals and objectives of the Traumatic Brain Injury Project that began in 2005. Requires Interim Finance approval since the amount added to the Traumatic Brain Injury category exceeds $50,000.00. Work Program #**C32928**

Refer to motion for approval under Item C.

19. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 –** Transfer of $14,842,881.00 from the Transfer to State Agencies category to the Payments to State Agencies category, $111,842.00 from the Transfer to Health category to the Payments to State Agencies category and $36,450.00 from the Transfer to Legislative Counsel Bureau category to the Payments to State Agencies category to simplify federal reporting requirements, and facilitate reconciliation with the state's financial system. Requires Interim Finance approval since the amount transferred to the Payment to State Agencies category exceeds $50,000.00. Work Program **#C27624**

Refer to motion for approval under Item C.

20. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 –** Addition of $157,112.00 in Balance Forward from Previous Fiscal Year, $177,416.00 in Federal Title XIX funds, $22,778.00 in Federal Title XXI funds and $820.00 in Health Insurance for Work Advancement Grant funds to balance forward General Fund authority from the 2007 Legislative Session provided in A.B. 271, Chapter 364, section 1, and record federal match for the Belrose office move. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C27623**

Diane Comeaux, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, identified herself for the record and introduced Mary Wherry, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services.

Ms. Comeaux appeared before the Committee to request approval to balance forward funding appropriated in A.B. 271, 2007 Legislature for the Belrose office move and to record the federal match for the Belrose office move. The work program involved the allocation of block grant funds, which required a public hearing.

Chairman Arberry opened the hearing on Item 20 to public comment. There being no public comment, Chairman Arberry closed the hearing on Item 20.

SENATOR RAGGIO MOVED APPROVAL OF ITEM 20.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION CARRIED.

21. **Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 –** Addition of $125,000.00 in Gifts and Donations to provide matching funds from the Health Services Coalition

for the establishment of programs to increase public awareness of health care information concerning hospitals and surgical centers for ambulatory patients. Requires Interim Finance approval since the amount of the gift exceeds $10,000.00. Work Program **#C27632**

Refer to motion for approval under Item C.

22. Department of Health and Human Services – Division of Health Care Financing and Policy – Administration – FY 08 – Transfer of $41,736.00 from the Pharmacy Web Site category to the Personnel Services category to support a new information technology professional position who will develop and maintain the pharmacy web site that was approved by the 2007 Legislature, A.B. 232, Chapter 519. Requires Interim Finance approval since the amount includes new staff. Work Program **#C27630**

Refer to motion for approval under Item C.

23. Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08 – Addition of $500,000.00 in General Fund appropriation, $509,301.00 in Federal Title XXI funds and $281,491.00 in Federal Title XIX funds to implement an outreach program to assist uninsured persons enrolling in health insurance programs as approved by the 2007 Legislature, A.B. 629, Chapter 348, Section 14. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C27628**

Diane Comeaux, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, identified herself for the record and introduced Mary Wherry, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services.

Ms. Comeaux appeared before the Committee to request approval for the addition of $500,000 appropriated in A.B. 629, 2007 Legislature to implement an outreach program to assist uninsured persons in enrolling in health insurance programs and to record federal matching funds. The work program involved the allocation of block grant funds, which required a public hearing.

Chairman Arberry opened the hearing on Item 23 to public comment. There being no public comment, Chairman Arberry closed the hearing on Item 23.

ASSEMBLYMAN HARDY MOVED APPROVAL OF ITEM 23.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

24. **Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08 –** Addition of $354,264.00 in Balance Forward from the Previous Fiscal Year, $354,265.00 in Federal Title XIX funds and $10,586.00 in Health Insurance for Work Advancement Grant funds to balance forward General Fund authority from the 2007 Legislative Session provided in A.B. 271, Chapter 364, section 3, and record federal match for the Belrose office move. Requires Interim Finance approval since the amount added to the One-Shot Appropriation category exceeds $50,000.00. Work Program **#C27622**

    Refer to motion for approval under Item C.

25. **Department of Health and Human Services – Division of Health Care Financing and Policy – Medicaid – FY 08 –** Addition of $249,407.00 in Federal Health Insurance for Work Advancement (HIWA) Grant funds to improve competitive employment opportunities for people with disabilities. Requires Interim Finance approval since the amount added to the HIWA category exceeds $50,000.00. Work Program **#C27629**

    Refer to motion for approval under Item C.

26. **Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Check-Up – FY 07 –** Addition of $429,030.00 in Federal Title XXI funds to align authority with contractual obligations for the immunization program which is administered by the Department of Health and Human Services' Health Division. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C27617**

Diane Comeaux, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, identified herself for the record and introduced Mary Wherry, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services.

Ms. Comeaux appeared before the Committee to request approval to transfer $429,030 in Federal Title XXI funds to the Immunization category to align budget authority with contractual obligations for the immunization program administered by the Health Division. The work program involved the allocation of block grant funds, which required a public hearing.

Chairman Arberry opened the hearing on Item 26 to public comment. There being no public comment, Chairman Arberry closed the hearing on Item 26.

> ASSEMBLYWOMAN SMITH MOVED APPROVAL OF ITEM 26.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED.

27. Department of Health and Human Services – Division of Health Care Financing and Policy – Nevada Check-Up – FY 08 – Addition of $13,373.00 in Balance Forward from the Previous Fiscal Year and $27,251.00 in Federal Title XXI funds to balance forward General Fund authority from the 2007 Legislative Session provided in A.B. 271, Chapter 364, section 2, and record federal match for the Belrose office move. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C27621**

Diane Comeaux, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, identified herself for the record and introduced Mary Wherry, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services.

Ms. Comeaux appeared before the Committee to request approval to balance forward funding appropriated in A.B. 271, 2007 Legislature for the Belrose office move and to record the federal match. The work program involved the allocation of block grant funds, which required a public hearing.

Chairman Arberry opened the hearing on Item 27 to public comment. There being no public comment, Chairman Arberry closed the hearing on Item 27.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ITEM 27.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

28. Department of Health and Human Services – Division of Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 08 – Addition of $1,470.00 in Medicaid Charges and $4,580.00 in Medicaid Charges – Case Management, and transfer of $103,855.00 from the Mental Health Court category to the Personnel Services category to support the staff necessary to implement the Mental Health Court Program expansion approved in A.B. 629 of the 2007 Legislature. Requires Interim Finance approval since the amount includes new staff. Work Program **#C32110**

Refer to motion for approval under Item C.

29. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 –** Addition of $80,180.00 in Medicaid funds to support the staff necessary to implement the Mental Health Court program expansion approved in A.B. 629 of the 2007 Legislature. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00, and includes new staff. Work Program #**C31167**

    Refer to motion for approval under Item C.

30. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 –** Transfer of $766,698.00 from the Personnel Services category to the Acute Psychiatric Placements category, $1,230.00 from the In-State Travel category to the Acute Psychiatric Placements category, $34,144.00 from the Operating category to the Acute Psychiatric Placements category, $3,000.00 from the Buildings and Grounds category to the Acute Psychiatric Placements category, $28,577.00 from the Food Services category to the Acute Psychiatric Placements category, $9,734.00 from the Information Technology category to the Acute Psychiatric Placements category, $3,600.00 from the Training category to the Acute Psychiatric Placements category and $108,441.00 from the Medications category to the Acute Psychiatric Placements category to continue the contract with WestCare for emergency psychiatric beds through December 31, 2007 due to agency staffing issues, and a focus on accreditation status. Requires Interim Finance approval since the amount transferred to the Acute Psychiatric Placements category exceeds $50,000.00. Work Program #**C31168**

Chairman Arberry announced that the Committee would consider Item 30 and Informational Item O.10.b (2) concurrently.

Jeff Mohlenkamp, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, identified himself for the record and introduced Stuart Ghertner, Ph.D., Agency Director, Southern Nevada Adult Mental Health Services (SNAMHS).

Mr. Mohlenkamp appeared before the Committee to request approval to transfer $955,424 from operating categories to the Acute Psychiatric Placements category. Approval of the request would provide funding to continue the operation of 20 acute care psychiatric beds at the WestCare facility through December 31, 2007. Additionally, the agency would gain more time to transition from the WestCare contract to the operation of 22 beds, in Building 3 located at SNAMHS' West Charleston facility, which was budgeted in Decision Unit E-328 during the 2007 Legislative Session.

Mr. Mohlenkamp attributed the following reasons to the delay in transitioning from WestCare to the agency's operation of 22 acute inpatient beds:

- continuing problems with recruitment of contract psychiatrists and nurses for Building 3 and for the new 190-bed Rawson-Neal Hospital

- the agency's focus on moving Psychiatric Ambulatory Services (PAS) to community clinics for greater accessibility by clients

- recent staffing changes that included the resignation of Dr. Rosin, the agency's Statewide Medical Director

- recent accreditation issues

Assemblywoman Leslie asked for information relative to the national average for the number of psychiatric beds per hundred thousand persons and how Clark County compared with the national average.

In response, Dr. Ghertner provided the following information:

- the national average was 33 psychiatric beds per hundred thousand persons

- Clark County currently had 237 public-psychiatric beds

- conservatively assuming a population of 1.5 million in metropolitan Clark County, approximately 495 beds were needed

- census numbers indicated a population of 1.9 million Clark County, which indicated a need of approximately 627 beds

In response to questions Assemblywoman Leslie asked regarding the availability of private-psychiatric beds, Dr. Ghertner advised that Pioneer Health Care, a private-psychiatric hospital was projected to open between 60 and 80 beds in March 2008. However, Dr. Ghertner pointed out that the addition of those private beds would not provide much assistance since most SNAMHS' clients were indigent.

In response to questions Assemblywoman Leslie asked regarding the decentralization of services, Dr. Ghertner advised that a fifth clinic would soon open in a centrally located area in Las Vegas. Additionally, intake and urgent care services, which had been previously located only at the West Charleston facility, were currently available in all five Clark County clinics. Dr. Ghertner advised that the impact of decentralizing services over the past four months had produced a 15 percent increase in outpatient services and a reduction in wait time at several clinics from six to four months.

Additionally, Dr. Ghertner provided the following information relative to what was defined as a newly developed and cost-efficient hospital management infrastructure that replaced the previous medical-administrative director and an associate medical director:

- a medical director for out-patient clinics

- a medical director for in-patient clinics
- a Certified Public Manager (CPM) III who would assume the duties of hospital administrator
- a medical director who would assume the duties of the clinical director of the hospital
- a new Director of Nursing (DON) and a new assistant DON

Dr. Ghertner advised that an acting medical director, who was a candidate for the permanent medical director had assumed the duties of the medical director during the recruitment process, and associate medical directors were placed in charge of inpatient and outpatient clinics.

Assemblywoman Leslie questioned whether sufficient positions could be hired in time to open the 22 inpatient beds in Building 3 at the West Charleston location by January 2008.

Although Dr. Ghertner expressed uncertainty that sufficient staff could be hired to open the 22 beds by January 2008, he stated that he had also restructured the Personnel unit to provide for the services of three staff members who were focused entirely on physician recruitment.

Additionally, Dr. Ghertner advised that he was in the process of determining whether WestCare staff was interested in employment with SNAMHS, and he had developed a transitional plan for WestCare physicians and advanced practice nurses (APN) who were interested in transitioning.

In response to Assemblywoman Leslie, who questioned the current WestCare rate charge per day per bed, Mr. Mohlenkamp explained that the number of contract beds was being reduced from 25 to 20 as the result of an increase in the daily rate.

Assemblywoman Leslie expressed concern regarding the daily rate increase and the reduction of beds and asked for information relative to the current daily census in Las Vegas' emergency rooms.

Dr. Ghertner stated that the current emergency room census numbered between 40 and 60 patients a day, and in the past nine months the wait time in emergency rooms was reduced from 72 to 36 hours even with the availability of only a limited number of beds.

Assemblywoman Leslie indicated that the emergency room census would be an ongoing topic during the interim and that the Legislative Committee on Health Care would be interested in learning whether there were even more creative ways to move patients out of the emergency room and into psychiatric beds.

Senator Beers questioned whether the national average of 33 psychiatric beds per hundred thousand persons was a combination of private and pubic psychiatric beds.

Dr. Ghertner advised that the National Institute of Mental Health provided the statistic, but he was not aware of whether the 33 beds per hundred thousand persons was a combination of public and private beds. However, he advised that Clark County currently had approximately 100 adult psychiatric private beds and a population of 1.5 million, which indicated a need for approximately 495 beds.

Senator Beers discussed a recent personal experience in a Clark County emergency room in which he encountered no wait time. Senator Beers asked whether the current 40 to 60 patients per hospital emergency room were not evenly distributed throughout Clark County hospitals.

Dr. Ghertner confirmed that the number of mental health patients in emergency rooms was not evenly distributed. He explained that emergency room physicians held patients until they received a mental health evaluation, and the majority of those patients were discharged either to the SNAMHS' psychiatric observation unit or to WestCare's psychiatric observation unit.

In response to Senator Beers, who questioned how 40 to 60 mentally ill patients in emergency rooms compared to the number of emergency room beds in Clark County, Dr. Ghertner indicated he did not have a statistic on the number of general medical-surgical emergency room beds.

Assemblywoman Buckley commented on the positive efforts being made by agency representatives toward a good foundation for serving the mentally ill but cautioned that a request for new positions would be "a difficult "sell" to the 2009 Legislature if current vacancies could not be filled.

In response to questions Senator Cegavske asked relative to the increase in the cost for WestCare beds, Mr. Mohlenkamp explained that although WestCare reduced positions and some of their costs, overall administrative costs remained high and were spread over a fewer number of beds. Additionally, Mr. Mohlenkamp advised that the newly negotiated rate of $519.20 a day per bed was a second amendment to the contract.

In response to Senator Cegavske, who questioned whether any of the beds that were paid for remained empty, Mr. Mohlenkamp advised that there were empty beds in the past, but over the past few months the census counts at WestCare had been consistently at 25 or above.

Dr. Ghertner advised that he had negotiated an agreement with the hospitals and WestCare to process all referrals and the control of beds through the SNAMHS' mobile-crisis team. As a result, WestCare and the SNAMHS' psychiatric observation unit had run at 100 percent capacity over the last five or six months.

Senator Cegavske questioned the decrease in the number of contracted WestCare beds and a report that there was an average of 44 individuals in hospital emergency rooms awaiting mental health inpatient services.

Mr. Mohlenkamp advised that the agency was "funding constrained" in negotiating with WestCare, and WestCare's cost for the service they could provide was for 20 beds rather than 25.

In response to Assemblywoman Gansert, who requested clarification regarding emergency room beds, observation units, and psychiatric beds, Dr. Ghertner explained that emergency room patients, who were thought to be a danger to self or others could lawfully be held for up to 72 hours in a psychiatric observation unit. At the end of 72 hours, the law required patients to be discharged if they were not a danger to self or others and if they refused treatment. If patients were deemed to be a danger to self or others and were not willing to either obtain outpatient treatment or to voluntarily enter the hospital, the patient could be civilly committed to a psychiatric bed at the Rawson-Neal Hospital or the WestCare facility through the court system.

In response to Assemblywoman Gansert, who asked about the number of patients on the wait list for transfer from the observation unit to the Rawson-Neal Hospital or WestCare, Dr. Ghertner advised there were approximately five or six patients on the wait list. He explained that the majority of patients under observation were stabilized and receiving outpatient treatment. Dr. Ghertner explained, however, that at any given point in time patients, who were legally admitted to an inpatient facility occupied approximately 25 percent of the 30 psychiatric observation unit beds because of the unavailability of beds at the Rawson-Neal Hospital or the WestCare facility. Dr. Ghertner reported that those patients remained in the psychiatric observation unit until the availability of beds in an inpatient facility.

Noting that the number of patients on the wait list for transfer from the psychiatric observation unit averaged only five or six, Assemblywoman Gansert questioned whether the psychiatric observation unit should be expanded rather than inpatient hospital beds, for which Dr. Ghertner indicated he would welcome a future discussion.

In response to questions Senator Raggio asked regarding the status report on accreditation issues (Exhibit F), Dr. Ghertner reported that the "SNAMHS had been officially notified that Joint Commission accreditation had been renewed pending submission and approval of a plan of Corrective Evidence of Standards Compliance." Additionally, Dr. Ghertner advised that the SNAMHS was in the process of preparing and submitting the plan and expressed confidence that the plan would be accepted.

In response to questions Senator Raggio asked regarding psychiatrist and nursing positions, Dr. Ghertner reported that the agency employed psychiatrists, registered nurses, and advanced practice nurses and that the inability to fill vacancies had placed additional stress on the available staff. Dr. Ghertner advised that Northern Nevada Adult Mental Health Services, which was fully staffed with psychiatrists, operated with an inpatient to psychiatrist ratio of 15:1 while Southern Nevada Adult Mental Health Services operated with an inpatient to psychiatrist ratio of 20:1.

Senator Raggio questioned whether it was realistic to assume that the state could hire the psychiatric staff needed to operate the additional hospital beds at the financial incentives that were being offered.

Dr. Ghertner responded that although it was not realistic to assume 100 percent staffing, in the past six months the SNAMHS had successfully filled 75 percent of nursing positions, 100 percent of clinical social worker positions, and 76 percent of psychologist positions.

In response to Senator Raggio who questioned the hiring of foreign psychiatrists, Dr. Ghertner expressed uncertainty regarding the number of foreign physicians employed by the agency although he indicated the percentage was probably not much greater than the percentage in metropolitan Clark County.

Additionally Dr. Ghertner discussed approaching the 2009 Legislature with requests to provide a limited or rapid licensure for individuals with restricted licenses to work only for the state and to offer salaries that would compare to salaries offered in the private sector.

Senator Raggio indicated that both the Executive and Legislative Branches had taken a cavalier attitude regarding the level of salaries necessary to attract professional psychiatric staff and that unless the salary issues were dealt with, contract beds would continue to be required.

Dr. Ghertner discussed the agency's success in hiring locum tenen physicians, who were licensed in Nevada as well as in multiple other states, many of whom were retired and some who worked as locum tenen physicians because they preferred to travel. Dr. Ghertner explained that in a review of salaries and with the addition of fees paid to the company through which locum tenen psychiatrists were hired, the overall cost would be evenly balanced when compared to hiring permanent staff at a higher salary.

Senator Raggio indicated that the agency representatives should return to the 2009 Legislature with a more realistic approach on recruiting psychiatric physicians, who were necessary to complete the staffing to operate the number of beds that were needed.

Assemblywoman Leslie expressed agreement with Senator Raggio's comments regarding salary as well as increasing travel pay for psychiatrics to travel to areas of rural Nevada to serve the mentally ill. Additionally, Assemblywoman Leslie indicated that clarification was needed regarding whether State Personnel rules prohibited state-hired psychiatrists from seeing private patients. Assemblywoman Leslie asked agency representatives to return to the Committee prior to the 2009 Legislative Session if they could develop ideas relative to hiring and salary issues.

Dr. Ghertner extended his appreciation to the Committee and indicated he looked forward to the next Interim Finance Committee meeting.

On behalf of the Committee, Assemblywoman Leslie extended congratulations to the SNAMHS on achieving accreditation.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 30.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED.

31. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 08 –** Transfer of $3,504,600.00 from the Personnel Services category to the Professional Services category to hire contract professionals to fill vacant nursing and psychiatrist positions. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $50,000.00. Work Program #**C31165**

    Refer to motion for approval under Item C.

32. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Regional Centers – FY 08 –** Addition of $31,724.00 in Medicaid funds to provide the matching funds for equipment replacement approved in S.B. 253 of the 2007 Legislature. Requires Interim Finance approval since the amount added to the One-Shot category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C28748**

    Refer to motion for approval under Item C.

33. **Department of Health and Human Services – Health Division – Cancer Control Registry – FY 08 –** Addition of $123,300.00 in National Cancer Prevention and Control Federal Grant funds to provide for the collection, cleansing and formatting of data leading to the preparation of the state's reports: "Nevada Comprehensive Cancer Report" and "Nevada Cancer Fact Sheet". Requires Interim Finance approval since the amount added to the National Cancer Prevention and Control category exceeds $50,000.00. Work Program #**C33041**

    Refer to motion for approval under Item C.

34. **Department of Health and Human Services – Health Division – Health Facilities – FY 08 –** Addition of $746,741.00 in Background Check Expansion and Enhancement Federal Grant funds to provide a sub-grant to the Department of Public Safety for implementation of an electronic fingerprinting submission system.

Requires Interim Finance approval since the amount added to the Background Check category exceeds $50,000.00. Work Program **#C33031**

Refer to motion for approval under Item C.

35. Department of Health and Human Services – Health Division – Community Health Services – FY 08 – Addition of $200,000.00 in Title XX Block Grant funds transferred from the Grants Management Unit – Department of Health and Human Services to provide support to the Community Health Nursing Program in under-served rural and frontier counties. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C33035**

Chairman Arberry announced that Items 35 and 37 would be considered concurrently.

Amy Roukie, Administrative Services Officer, Health Division, Department of Health and Human Services, advised that Items 35 and 37 involved the allocation of Title XX block grant funds and required a public hearing.

Ms. Roukie appeared before the Committee to request approval for the authority to receive $200,000 in Title XX Social Services originally placed in the Health Division's Immunization Budget Account 3213. Ms. Roukie advised that direction was provided through the legislative process to place the funds in the Community Health Nursing Budget Account 3224 to support community health nursing in the rural and frontier counties.

Chairman Arberry opened the hearing on Items 35 and 37 to public comment. There was no response to the request for public comment, and Chairman Arberry closed the hearing on Items 35 and 37.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 35 AND 37.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

36. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 08 – Addition of $1,092,490.00 in Federal Comprehensive Care Grant funds to provide sub-grants to health districts and community-based organizations for services to clients living with HIV/AIDS. Requires Interim Finance approval since the amount added to the Comprehensive Care category exceeds $50,000.00. Work Program **#C33034**

Refer to motion for approval under Item C.

37. Department of Health and Human Services – Health Division – Immunization Program – FY 08 – Deletion of $200,000.00 in Federal Title XX Block Grant funds to remove block grant funding for immunizations as they are not eligible, and allow block grant funds to be properly expended in the Community Health Services Program. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C33036**

Refer to narrative and motion for approval under Item 35.

38. Department of Health and Human Services – Health Division – Emergency Medical Services – FY 08 – Addition of $49,500.00 in Health Resources and Services Administration Emergency Medical Services for Children Federal Grant funds to improve existing emergency medical services systems, and procedures for treating children. Requires Interim Finance approval since the amount added to the Emergency Medical Services for Children category exceeds 10 percent of the legislatively approved level for that category. Work Program **#C33032**

Refer to motion for approval under Item C.

39. Department of Health and Human Services – Health Division – Public Health Preparedness – FY 08 – Transfer of $69,771.00 from the Health Resources and Services Administration Hospital Preparedness Grant category to the Epidemiology and Lab Capacity Grant category to continue funding for a Health Program Specialist position formerly funded by the Epidemiology Grant, which will no longer support the position. This transfer shifts funding to the Health Resources Administration Grant. Requires Interim Finance approval since the amount transferred to the Epidemiology Lab Capacity category exceeds $50,000.00. Work Program **#C33040**

Refer to motion for approval under Item C.

40. Department of Health and Human Services – Health Division – Public Health Preparedness – FY 08 – Addition of $40,700.00 in Homeland Security Grant Program funds transferred from the Division of Emergency Management to support coordination, training and exercise plans for alternative care sites for medical surge response, and dispensing clinics for mass prophylaxis. Requires Interim Finance approval since the amount added to the Homeland Security Grant Program category exceeds 10 percent of the legislatively approved level for that category. Work Program **#C33038**

Refer to motion for approval under Item C.

41. Department of Health and Human Services – Health Division – Public Health Preparedness – FY 08 – Addition of $1,593,916.00 in Centers for Disease

Control Bioterrorism Grant funds to support travel, activities and exercises for planning and preparedness in the event of a bioterrorist attack. Requires Interim Finance approval since the amount added to the Bioterrorism category exceeds $50,000.00. Work Program **#C33039**

Refer to motion for approval under Item C.

42. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 08 – Addition of $333,829.00 in Balance Forward from the Previous Fiscal Year, $159,189.00 in Federal United States Department of Agriculture Food Stamp funds, $179,275.00 in Federal Child Support Program funds, $277,691.00 in Federal Temporary Assistance to Needy Families Program funds, $24,804.00 in Federal Low Income Home and Energy Assistance Grant funds, $10,779.00 in Federal Child Care Development funds and $82,284.00 in Federal Title XIX funds to carry forward General Fund appropriation approved by the 2007 Legislature, S.B. 252, Chapter 385, and augment with matching federal revenue for aging equipment, and computer replacements. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C22594**

Chairman Arberry announced that Items 42 and 43 would be considered concurrently.

Romaine Gilliland, Administrative Services Officer, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request approval of Items 42 and 43, which would balance forward an appropriation, received under the provisions of S.B. 252, 2007 Legislature, from fiscal year 2007 to fiscal year 2008. Items 42 and 43 involved the allocation of block grant funds and required a public hearing.

Chairman Arberry opened the hearing on Items 42 and 43 to public comment. There was no response to the request for public comment, and Chairman Arberry closed the hearing on Items 42 and 43.

SENATOR RAGGIO MOVED APPROVAL OF ITEMS 42 AND 43.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

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

43. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 08 – Addition of $748,792.00 in Balance Forward from the Previous Fiscal Year, $337,334.00 in Federal United

States Department of Agriculture Food Stamp funds, $3,419.00 in Federal Child Support Program funds, $506,673.00 in Federal Temporary Assistance to Needy Families Program funds, $1,454.00 in Federal Low Income Home and Energy Assistance Grant funds, $2,739.00 in Federal Child Care Development funds and $409,699.00 in Federal Title XIX funds to carry forward General Fund appropriation approved by the 2007 Legislature, S.B. 252, Chapter 385, and augment with matching federal revenue for computer replacements, software and telephone equipment. **Requires Interim Finance approval since the amount involves the allocation of block grant funds, and this action requires a public hearing. Work Program #C22593**

Refer to narrative and motion for approval under Item 42.

44. Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 08 – Addition of $65,076.00 in Federal Child Support Program funds to purchase four scanners to process child support payments as prescribed by section 45CFR, 302.32 of the Codes of Federal Regulations, which requires payments to families be processed within two business days after receipt. Requires Interim Finance approval since the amount added to the State Collections and Disbursement Unit category exceeds $50,000.00. Work Program **#C22596**

Refer to motion for approval under Item C.

45. Department of Health and Human Services – Division of Aging Services – Gift Account – FY 08 – Addition of $316,000.00 in Gifts and Donations to accept funds bequeathed by the Gleeson-Otten 2003 Trust to provide housekeeping services for senior citizens. Requires Interim Finance approval since the amount of the gift exceeds $10,000.00. Work Program **#C26396**

Refer to motion for approval under Item C.

46. Department of Health and Human Services – Division of Child and Family Services – Clark County Integration – FY 07 – Addition of $2,183,005.00 in Federal Title IV-E Foster Care and Adoption Assistance funds to reimburse Clark County for the costs of placements, foster care and adoption subsidies. Requires Interim Finance approval since the amount added to the Clark County Ongoing category exceeds $50,000.00. Work Program **#C25116. WITHDRAWN AUGUST 27, 2007.**

Work program Item 46 was withdrawn.

47. Department of Health and Human Services – Division of Child and Family Services – Unified Nevada Information Technology for Youth/Statewide Automated Child Welfare Information System – FY 07 – Transfer of $45,000.00 from the Information Services category to the Operating category to

cover rent expenses for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved level for that category. Work Program **#C25118**

Refer to motion for approval under Item C.

48. Department of Employment, Training and Rehabilitation – Rehabilitation Division Vocational Rehabilitation – FY 08 – Transfer of $57,000.00 from the Reserve category to the Americans with Disabilities Act (ADA) Accommodation category to cover ADA approved expenses for an employee who receives Communication Access Realtime Translation services for the hearing impaired individuals. Requires Interim Finance approval since the amount transferred to the ADA category exceeds $50,000.00. Work Program **#C25365**

Refer to motion for approval under Item C.

49. Department of Corrections – Prison Medical Care – FY 07 – Transfer of ~~$55,837.00~~ ***$125,259.00*** from the Inmate Driven category to the Personnel Services category to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00. Work Program **#C33716. REVISED AUGUST 16, 2007.**

Item 49 was revised on August 16, 2007. Refer to motion for approval under Item C.

50. Department of Motor Vehicles – Compliance Enforcement – FY 08 – Deletion of $20,507.00 in beginning cash to align the ending cash balance of the Salvage/Wreckers/Body Shop budget account that will be eliminated and folded into Compliance Enforcement. The balance forward from Salvage/Wreckers/Body Shop will be less than the legislatively approved amount. Requires Interim Finance approval since the amount deducted from Reserve for Reversion category exceeds 10 percent of the legislatively approved level for that category. Work Program **#C34213**

Refer to motion for approval under Item C.

51. **Department of Motor Vehicles – Pollution Control – FY 08 –** Transfer of $1,230,000.00 from the Reserve category to the City/County Air Quality category to distribute excess reserve funds requested by the Washoe County District Health Department, Air Quality Management Division and the Clark County Department of Air Quality and Environmental Management for their air quality programs. Requires Interim Finance approval since the amount added to the City/County Air Quality category exceeds $50,000.00. Work Program **#C34201**

Refer to motion for approval under Item C.

52. **Department of Motor Vehicles – Pollution Control – FY 08 –** Deletion of $76,606.00 in Cost Allocation – Management Services to align the funding source for the legislatively approved transfer of positions from Management Services to Pollution Control. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds $50,000.00. Work Program **#C31697**

Refer to motion for approval under Item C.

53. **Department of Motor Vehicles – Pollution Control – FY 08 –** Transfer of $34,024.00 from the Reserve category to the Emissions Vehicle Identification (VID) category to align expenditure authority for the legislatively approved cost allocation transferred to the department's Information Technology Division for costs associated with the VID Program. Requires Interim Finance approval since the amount added to the Emissions Vehicle Identification category exceeds 10 percent of the legislatively approved level for that category. Work Program **#C34203**

Refer to motion for approval under Item C.

54. **Department of Motor Vehicles – Pollution Control – <u>FY 09</u> –** Transfer of $12,022.00 from the Reserve category to the Emissions Vehicle Identification (VID) category to align expenditure authority for the legislatively approved cost allocation transferred to the department's Information Technology Division for costs associated with the VID Program. Requires Interim Finance approval since the cumulative amount deducted from the Reserve category exceeds $50,000.00. Work Program **#C34208**

Refer to motion for approval under Item C.

55. Department of Motor Vehicles – Pollution Control – FY 09 – Deletion of $83,512.00 in Cost Allocation – Management Services to align the funding source for the legislatively approved transfer of positions from Management Services to Pollution Control. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds $50,000.00. Work Program #**C34205**

Refer to motion for approval under Item C.

56. Department of Public Safety – Records and Technology Division – Criminal History Repository – FY 08 – Addition of $300,000.00 in Federal Department of Health and Human Services Grant funds transferred from the Health Division to purchase a Store and Forward digital fingerprinting system. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. Work Program #**C33496**

Refer to motion for approval under Item C.

57. Department of Public Safety – Criminal History Repository – FY 08 – Transfer of $40,000.00 from the Reserve category to the Equipment category to purchase a file management system. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C33482**

Refer to motion for approval under Item C.

58. Department of Public Safety – Division of Emergency Management – FY 08 Addition of $45,500.00 in Waste Isolation Pilot Plant (WIPP) funds to align current grant authority with actual grant award. Requires Interim Finance approval since the amount added to the WIPP category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C33486**

Refer to motion for approval under Item C.

59. Department of Public Safety – Division of Emergency Management – Emergency Management Assistance – FY 08 – Addition of $23,506.00 in Waste Isolation Pilot Plant (WIPP) funds to fund WIPP related training, travel, operating and equipment expenses. Requires Interim Finance approval since the amount added to the WIPP category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C33485**

Refer to motion for approval under Item C.

60. Department of Public Safety – Highway Patrol Division – FY 08 – Addition of $83,000.00 in High Intensity Drug Trafficking Area (HIDTA) Reimbursement funds to reimburse the Highway Patrol for overtime and specialized training expenses

associated with its support to the Nevada HIDTA taskforce. Requires Interim Finance approval since the amount added to the HIDTA Taskforce category exceeds $50,000.00. Work Program #**C33477**

Refer to motion for approval under Item C.

61. Department of Public Safety – Highway Patrol Division – FY 08 – Addition of $50,000.00 in Waste Isolation Pilot Plant (WIPP) funds transferred from High Level Nuclear Waste to support the planning, preparation and oversight of the transportation of transuranic waste from the Nevada Test Site to the Waste Isolation Pilot Plant facility in New Mexico. Requires Interim Finance approval since the amount added to the WIPP category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C33480**

Refer to motion for approval under Item C.

62. Department of Public Safety – Forfeitures – FY 08 – Transfer of $31,924.00 from the Reserve category to the Nevada Division of Investigations (NDI) Federal category to purchase new and replacement polygraph equipment. Requires Interim Finance approval since the amount transferred to the NDI Federal category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C33464**

Refer to motion for approval under Item C.

63. Department of Public Safety – Forfeitures – FY 08 – Transfer of $45,750.00 from the Reserve category to the Parole and Probation Federal category to purchase emergency deployment uniforms for Parole and Probation Department of Public Safety Officers and Sergeants that do not have uniforms. Requires Interim Finance approval since the amount transferred to the Parole and Probation Federal category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C33488**

Mark Teska, Administrator, Administrative Services Division, Department of Public Safety, appeared before the Committee to request approval for the transfer of $45,750 in Forfeiture funds to purchase uniforms for Department of Public Safety Officer positions within the Division of Parole and Probation. Mr. Teska advised that the uniforms were needed when Division of Parole and Probation officers were called out to assist other Department of Public Safety and local law enforcement agencies in emergencies.

Chairman Arberry questioned the request in view of the windbreakers with law enforcement identification that the Committee previously approved for Parole and Probation officers.

Mr. Teska advised that windbreakers were currently funded in the Division's uniform allowance while the request before the Committee, if approved, would provide shirts, pants, boots, hats, and badges that, in emergency situations, would identify Parole and Probation staff as peace officers.

Phil Galeoto, Director, Department of Public Safety, discussed the request for uniforms as a continuing "tune up" process in the development of the Department of Public Safety. Mr. Galeoto expressed the need to identify Parole and Probation officers assisting other law enforcement officers in emergencies and advised that recent requests for officer assistance occurred during local area fire emergencies.

Mr. Galeoto explained that windbreakers were appropriate under certain circumstances, but not suitable under inclement weather conditions. Additionally, he pointed out that officers were, at times, required to perform basic law-enforcement duties, such as controlling an intersection in a cordoned-off area, in which case a windbreaker was not easily identifiable. Mr. Galeoto explained that typically members of the public acknowledged a law-enforcement officer wearing a uniform.

Taking into account the assistance Parole and Probation officers provided in recent fires, Mr. Galeoto explained that the request to purchase boots and utility uniforms resulted, in part, from the officers' experience in walking through fire-charred areas. Mr. Galeoto also indicated that the officers' principal function was the supervision of parolees and probationers but reiterated that officers needed to be readily identifiable to the general public and to other law enforcement officers in command of a situation in the rare occasion when they were called upon to provide a law enforcement support function.

Chairman Arberry expressed reluctance to support the request and pointed out that Federal Bureau of Investigation (FBI) officers did not wear uniforms.

Senator Mathews questioned the cost in comparison to the number of times Parole and Probation Officers had been called out to assist other law enforcement agencies in emergencies.

In response to the comments regarding the windbreaker, Mr. Galeoto indicated the public understood that an officer wearing an FBI identification windbreaker was not expected to be in uniform. He said, however, a windbreaker with a DPS or Police identification would not immediately identify the wearer's level of authority as would a uniform.

In response to Senator Mathews question on the cost of the uniforms, Mr. Galeoto indicated that the cost was nominal to the operation of the Department of Pubic Safety, but he said the uniforms were "extraordinarily important" from a command and control perspective.

Mr. Teska also advised that a standardized Department of Public Safety uniform was a significant cost factor the Department had not pursued.

Senator Raggio noted that that funding to purchase uniforms for Parole and Probation officers was not recommended by the Governor in the 2007-09 Executive Budget.

Senator Raggio indicated that although he understood the adequate availability of Forfeiture funding, the request for uniforms did not appear to be justified. Additionally, Senator Raggio indicated he recalled that considerable discussion occurred during the 2007 Legislative Session hearings regarding the Division's focus on law-enforcement duties rather than the supervision of parolees and probationers. Senator Raggio suggested that the Division consider submitting a future minimal uniform request to the Committee.

Captain Mark Woods, Division of Parole and Probation, Department of Public Safety, testified that the Division's primary responsibility was the supervision of offenders. Captain Woods explained that all Parole and Probation Officers in the state of Nevada were Category 1 trained peace officers and in the event of an emergency, it was easier for the Director to call upon Parole and Probation officers to standby on their off hours. Captain Woods further explained that in an emergency situation Parole and Probation Officers would be the last to be placed on standby and the first to be released from emergency duty. Captain Woods reiterated that requests for assistance would be rare and would not interfere with the Division's primary purpose of supervising parolees and probationers.

Assemblywoman Weber asked for information relative to the Division's role as "first responders" through the Office of Homeland Security.

Mr. Galeoto explained that Parole and Probation officers were first responders as were all other peace officers in Nevada notwithstanding their assignment or duties. Additionally, he said that the officers would respond to any level of emergency that took place within the state of Nevada where a law enforcement response was appropriate. Mr. Galeoto reiterated previous testimony that Parole and Probation officers would be the last to be placed on standby and the first to be returned to regular duty.

Assemblywoman Weber asked for information related to the training provided to officers and how individuals who were all assembled as a team would recognize they were there for the same purpose.

Mr. Galeoto explained that responders were identified through their uniform but were called out by their own commanders. Additionally, he said that supervisory officers including a Patrol Officer, an Investigator, and a Parole and Probationer Officer were rotated throughout the Department and would be on the scene to supervise and command.

In response to questions Senator Cegavske asked regarding the costs related to replacement and wear and tear on the uniforms, Mr. Teska explained that the request, if approved, would fund the initial purchase of uniforms for the officer and sergeant positions. He said it was anticipated that funding for the initial deployment would be adequate since the uniforms would only be used in emergencies, and the Division would consider the necessity to fund a uniform replacement component when the budget was prepared for the 2009-11 biennium.

In response to additional questions Senator Cegavske asked regarding replacement costs prior to the next biennium, Mr. Teska advised that if there were any unforeseen circumstances for which additional uniforms were necessary, the costs would have to be drawn from the existing budget.

Assemblywoman Leslie commented that the Committee had received information that the Budget Division had approved a work program to purchase uniforms for 41 new DPS Officer II positions.

Mr. Teska indicated that the Committee's staff recommended reducing the request by $9,716, the amount the Budget Division approved to purchase uniforms for the 41 new officer positions that were approved by the 2007 Legislature. Mr. Teska explained that the officers were required to wear the uniforms while attending the Public Safety Academy and after graduation from the academy, the uniform became an emergency deployment uniform.

Senator Beers pointed out that the uniforms were not approved by the Legislature in the Training budget.

Mr. Teska reiterated that the cost of the uniforms for the 41 new offices was paid for in a separate work program request through the use of Forfeiture funds.

> SENATOR BEERS MOVED TO DENY THE REQUEST AND SUGGESTED THE AGENCY RETURN TO A FUTURE COMMITTEE HEARING WITH A MORE MODEST UNIFORM REQUEST.
>
> ASSEMBLYMAN PARKS SECONDED THE MOTION.

Assemblywoman McClain suggested that the agency approach the 2009 Legislature with a uniform request rather than the Committee.

Senator Beers withdrew his motion and provided a new motion.

> SENATOR BEERS MOVED TO DENY THE REQUEST TO USE FORFEITURE FUNDS TO PURCHASE UNIFORMS AND THAT THE POLICY CHANGE REQUESTED BY THE

AGENCY WOULD REQUIRE APPROVAL BY THE ENTIRE BODY OF THE LEGISLATURE.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

Senator Raggio indicated that although he supported the motion, he recognized the importance and vital role of Parole and Probation Officers, who he said could be effective in emergency situations. Additionally, Senator Raggio suggested that the potential remain open for Division representatives to return to the Committee in the event of a necessity to do so.

Chairman Arberry called for a vote on the motion.

THE MOTION CARRIED.

64. Department of Public Safety – Forfeitures – FY 08 – Transfer of $37,991.00 from the Reserve category to the Nevada Highway Patrol (NHP) Federal category to fund specialized training and conferences for the Interdiction and Criminal Enforcement Team. Requires Interim Finance approval since the cumulative amount transferred to the NHP Federal category exceeds $50,000.00. Work Program **#C33487**

Refer to motion for approval under Item C.

65. Department of Public Safety – Narcotics Control – FY 08 – Addition of $219,550.00 in Federal Justice Assistance Grant funds transferred from the Department of Public Safety to support statewide drug enforcement activities. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. Work Program **#C33474**

Refer to motion for approval under Item C.

66. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 08 – Addition of $160,277.00 in Office of Enforcement and Compliance Assistance Federal Grant funds to transition National Pollutant Discharge Elimination System permits/dischargers data into the Integrated Compliance Information System database. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. Work Program **#C32641**

Refer to motion for approval under Item C.

67. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 07 – Transfer of $63,575.00 from the Reserve category to the Personnel Services category to cover the additional 2 percent Cost-of-Living and 10th step salary adjustment

increases approved by the 2005 Legislature, in addition to unanticipated terminal, annual and sick leave payoffs. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00. Work Program #**C32647**

Refer to motion for approval under Item C.

68. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 08 – Addition of $50,000.00 in Wastewater Operator Certification fees to initiate a contract with the Nevada Water Environment Association to manage the Wastewater Operator Certification Program. Requires Interim Finance approval since the amount added to the Wastewater Operator Certification Program category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C32644**

Refer to motion for approval under Item C.

69. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 08 – Deletion of $545,812.00 in Federal Water Quality Grant funds to eliminate the Federal Water Quality Grant requirement in lieu of using excess storm water fees to support prevention of water pollution through groundwater protection. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds $50,000.00. Work Program #**C32646**

Refer to motion for approval under Item C.

70. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Waste Management and Corrective Actions – FY 08 – Addition of $300,000.00 in FY 07 National Environmental Information Exchange Network Federal Grant funds to expand the state's use of the Exchange Network in order to share data with the United States Environmental Protection Agency. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. Work Program #**C32645**

Refer to motion for approval under Item C.

71. Department of Conservation and Natural Resources – Environmental Protection – Bureaus of Mining, Regulation and Reclamation – <u>FY 07</u> – Transfer of $101,507.00 from the Reserve category to the Personnel Services category to cover the additional 2 percent Cost-of-Living adjustment and 10th step salary increases approved by the 2005 Legislature. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00. Work Program #**C32648**

Refer to motion for approval under Item C.

72. Department of Conservation and Natural Resources – Division of Forestry – Fire Suppression/Emergency Response – <u>FY 07</u> – Transfer of $360,000.00 from the Personnel Services category to the Fire Suppression Costs category to cover anticipated fire suppression expenditures for the remainder of the fiscal year as a result of increased fire incidents. Requires Interim Finance approval since the amount added to the Fire Suppression Costs category exceeds $50,000.00. Work Program **#C30984**

Refer to motion for approval under Item C.

73. Department of Conservation and Natural Resources – Division of Forestry – Fire Suppression/Emergency Response – FY 08 – Addition of $250,000.00 in Fire Suppression Funds transferred from the Department of Emergency Management (DEM) Emergency Fund to initiate a Governor's directive that makes available the Nevada National Guard in a standby and ready reserve status to respond to fire calls. Requires Interim Finance approval since the amount added to the Transfer from DEM Emergency Fund category exceeds $50,000.00. Work Program **#C30985**

Refer to motion for approval under Item C.

74. Department of Conservation and Natural Resources – Division of Forestry Nurseries – FY 08 – Addition of ~~$388,509.00~~ ***$888,509.00*** in Seed Bank Sales to support fire rehabilitation and restoration efforts through the Nevada Department of Wildlife and other state agencies. Requires Interim Finance approval since the amount added to the Seed Bank category exceeds $50,000.00. **Work program #C30980. REVISED AUGUST 15, 2007.**

Refer to motion for approval under Item C.

75. Department of Conservation and Natural Resources – Division of Forestry Nurseries – FY 08 – Addition of $60,362.00 in Forestry Seasonal Grant funds, and transfer of $6,022.00 from the Reserve category to the Personnel Services category to re-establish the existing salary expenses for two seasonal Conservation Aid positions which were inadvertently omitted. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00. Work Program **#C30982**

Refer to motion for approval under Item C.

76. Department of Wildlife – Administration – FY 08 – Addition of $3,750.00 in Federal Pittman Robertson Aid funds, and transfer of $3,470.00 from the Reserve category to the Transfer to Wildlife category, $1,250.00 from the Reserve category to the Carson Wetlands category, $212,049.00 from the Reserve category to the Habitat Rehabilitation and Restoration category, $20,531.00 from the Reserve

category to the Upland Game Bird Program category and $145,334.00 from the Reserve category to the Wildlife Mining Program category to continue wetlands, habitat conservation and restoration, upland game bird, and wildlife mining programs. Requires Interim Finance approval since the amount transferred to the Habitat Conservation and Restoration category exceeds $50,000.00. Work Program #**C32061**

Refer to motion for approval under Item C.

77. **Department of Wildlife – Administration – FY 08 –** Addition of $90,059.00 in Pittman Robertson Federal Aid funds to augment the federal match requirement in support of the implementation of sagebrush habitat projects, and local sage grouse conservation plans per S.B. 189 of the 2007 Legislative Session. Work program approval contingent upon approval of the Interim Finance Committee Contingency Fund allocation. Requires Interim Finance approval pursuant to S.B. 189 of the 2007 Legislative Session. Work Program #**C32052. RELATES TO ITEM I.**

Refer to narrative under Item I and to motion for approval under Item C.

78. **Department of Wildlife – Obligated Reserve – FY 08 –** Transfer of $2,256.00 from the Reserve category to the Transfer to Wildlife category and $89,515.00 from the Reserve category to the Duck Stamp Expenses category to complete wetland enhancement projects approved by the Board of Wildlife Commissioners. Requires Interim Finance approval since the amount transferred to the Duck Stamp Expenses category exceeds $50,000.00. Work Program #**C32057**

Refer to motion for approval under Item C.

79. **Department of Transportation – Administration – FY 08 –** Addition of $338,923.00 in Highway Fund authorization to re-establish unexpended revenue and expenditure authority for phase IV of the Safety Management System which will be used to develop Geographic Information System analytical tools. Requires Interim Finance approval since the amount added to the Consultants category exceeds $50,000.00. Work Program #**C28592**

Refer to motion for approval under Item C.

80. Department of Transportation – Administration – FY 08 – Addition of ~~$1,023,057.00~~ ***$1,005,300.00*** in Highway Fund Authorization to re-establish unexpended revenue and expenditure authority for the Project Scheduling and Management System (PSAMS). The system will enable the department to better schedule and manage projects and resources. Requires Interim Finance approval since the amount added to the Consultants category exceeds $50,000.00. **Work Program #C28591. REVISED AUGUST 22, 2007.**

Refer to motion for approval under Item C.

81. Department of Transportation – Administration – FY 08 – Addition of ~~$4,556,855.00~~ ~~$4,438.668.00~~ ***$4,417,667.00*** in Highway Fund Authorization to re-establish unexpended revenue and expenditure authority for the Department's Information Services Division to purchase a Right of Way Inventory System (IRWIN). Requires Interim Finance approval since the amount added to the Consultants category exceeds $50,000.00. Work Program **#C28590. REVISED AUGUST 10, 2007 and REVISED AUGUST 22, 2007.**

Refer to motion for approval under Item C.

82. Department of Transportation – Administration – FY 08 – Addition of ~~$5,162,340.00~~ ***$4,919,186.00*** in Highway Fund Authorization to re-establish unexpended revenue and expenditure authority for the equipment items yet to be delivered. Requires Interim Finance approval since the amount added to the Equipment category exceeds $50,000.00. **Work Program #C28589. REVISED AUGUST 22, 2007.**

Robert Chisel, Assistant Director of Administration, Director's Office, Nevada Department of Transportation (NDOT), identified himself for the record and introduced Felicia Denney, Chief of Financial Management, NDOT.

Mr. Chisel appeared before the Committee to request approval to reestablish authority of $4,919,186 in fiscal year 2008 to purchase equipment that included 77 separate items, for which purchase orders had been issued for 51 items including:

- 11 portable toilets
- 5 dump trucks
- 8 dump bodies
- 7 loaders
- 4 self-propelled brooms
- 3 tractor trailers

Mr. Chisel pointed out that the procuring process for the specialized pieces of equipment the NDOT required could be difficult occasionally resulting in long lead times. He explained that the NDOT had authority in fiscal year 2007 to purchase approximately

$21 million worth of equipment of which $16 million was expended leaving a balance of $4,919,186 in unexpended funds.

Chairman Arberry asked agency representatives to comment on information the Committee had received that the vendor that delivered the portable toilets had not received payment.

Mr. Chisel explained that the portable toilets did not properly flush, and NDOT would process the payment when the vendor corrected the problem.

In response to Chairman Arberry, who requested additional detail on the problem, Greg Smith, Administrator, Purchasing Division, Department of Administration, advised that approximately one month ago, Placer Fire Equipment, located in Sacramento, delivered the portable toilets to the NDOT equipment yard in Sparks. The toilets appeared to meet the specifications but did not generate enough water pressure and flushing power to meet Occupational Safety and Health Administration (OSHA) regulations. The vendor agreed to repair one portable unit as a prototype and to repair the other units after NDOT approved the repair of the prototype.

Mr. Smith reported that the vendor was a small-business owner and wanted payment but that NDOT would not accept substandard equipment.

In response to questions Chairman Arberry asked regarding the revision of portable toilet specifications, Mr. Smith advised that before the purchase of portable toilets in the future, the specifications would undergo major revisions.

Assemblywoman Smith noted that in addition to the delivery of portable toilets, it appeared there were also several pieces of heavy equipment that had been delivered but not officially accepted.

Mr. Smith advised that approximately $1 million in equipment was delivered to the NDOT but not officially accepted as a result of delays in the testing process. Mr. Smith indicated that he believed the testing and acceptance process would be completed within the next several weeks.

Assemblywoman Smith questioned the length of time incurred in the testing process.

Mr. Smith advised that the testing process averaged approximately two to four weeks but pointed out that the process moved more rapidly for standard equipment than customized equipment that deviated from specifications.

In response to Assemblywoman Smith, who asked whether the equipment under discussion was new or used, Mr. Smith indicated the equipment was new.

Assemblywoman Smith expressed concern with regard to the receiving process, which she indicated appeared to be lengthy for vendors awaiting payment, especially for new

equipment, which she assumed was under warranty. Ms. Smith expressed additional concern regarding the state's reputation with vendors considering all of the construction projects taking place throughout the state.

Mr. Smith indicated that he shared the same concerns and recognized vendors' compensation rights but reiterated that the NDOT would not accept substandard products.

Assemblywoman Smith asked whether changes could be made to the equipment testing process that would meet everyone's needs.

Mr. Chisel advised that he would convey the need for speed and would make sure that the testing process moved along as rapidly as possible although he indicated that at times delays could be attributed to other factors, such as a recent protest delivered by a vendor. Mr. Chisel stated that loaders and snow blowers were complicated pieces of equipment and restated that the NDOT would not spend taxpayer dollars on substandard equipment.

Assemblywoman Buckley discussed complaints received from vendors who indicated they were unaware of the testing process. Assemblywoman Buckley told the NDOT and Purchasing Division representatives to work together to develop guidelines that could be followed and to make vendors aware of the testing procedures and the length of time that might be involved in the official receipt of equipment.

In response to Assemblyman Denis, who asked how many NDOT employees were involved in the testing process, Mr. Chisel indicated that the number of employees involved in the testing of equipment depended on the product being tested. He explained that the NDOT worked with the Purchasing Division to develop specifications that would attract multiple companies that could meet those specifications. Mr. Chisel advised the Committee that after finalization of the bid process and procurement of the equipment, several weeks were required to test equipment.

In response to Assemblyman Denis, who inquired as to whether the NDOT delayed testing pending receipt of like items ordered, Mr. Chisel indicated testing began upon on receipt of each item.

Senator Beers indicated he was pleased to hear that NDOT was attempting to write specifications to attract multiple vendors and asked whether multiple bids were, in fact, being received.

Mr. Chisel reported that the specifications for snowplows and loaders were rewritten and bids were being received from multiple vendors that met the specifications. Additionally, he indicated the NDOT was currently receiving snowplows from several different vendors.

In response to additional questions Senator Beers asked regarding the receipt of multiple bids, Mr. Smith explained that only a limited number of vendors could meet the specifications for snowplows. Mr. Smith pointed out that NDOT was specific about the products they wanted, and the Purchasing Division's role was to facilitate multiple competition among vendors. Although improvement had been achieved, Mr. Smith expressed concern regarding complaints from vendors who indicated they would no longer bid on NDOT projects because of the lengthy delivery process and others who indicated their products had been ruled out. Mr. Smith advised, however, that oftentimes it was discovered that vendors wanted to propose a substandard product that NDOT would not accept, and, under those circumstances, he said that the NDOT had solid reasons to reject products they did not want in their fleet.

In response to Senator Beers' request for a history of a categorical number of responses to NDOT requests for proposal, Mr. Smith agreed to provide a history of bid responses.

Senator Beers asked Mr. Smith to provide the information to staff for distribution to the Committee.

SENATOR BEERS MOVED APPROVAL OF ITEM 82.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

83. Office of the Governor – Nuclear Projects – High Level Nuclear Waste – <u>FY 07</u> – Addition of $31,320.00 in Western Governor's Association Grant funds to accept additional grant funds for the safe transport of transuranic wastes. Requires Interim Finance approval since the amount added to the Western Governor's Association category exceeds 10 percent of the legislatively approved level for that category. Work Program **#C19644. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 15, 2007.**

Refer to motion for approval under Item C.

84. Public Employees' Benefits Program – Active Employee Group Insurance – <u>FY 07</u> – Addition of $6,906,261.00 in Receipts for Active Employee Insurance, and transfer of $576,176.00 from the Reserve category to the Active Employee Group Insurance category to cover costs due to increased enrollment of active state employees. Requires Interim Finance approval since the amount added to the Active Employee Group Insurance category exceeds $50,000.00. Work Program **#C17853. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 15, 2007.**

Refer to motion for approval under Item C.

85. Department of Corrections – Northern Nevada Correctional Center – FY 07 – Transfer of $12,754.00 from the Maintenance Contracts category to the Personnel Services category and $6,609.00 from the Utilities category to the Personnel Services category to fund expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Maintenance Contracts category exceeds 10 percent of the legislatively approved level for that category. Work Program #**C33722. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 16, 2007.**

Refer to motion for approval under Item C.

86. Department of Corrections – Southern Nevada Correctional Center – FY 07 – Transfer of $6,946.00 from the Maintenance of Buildings and Grounds category to the Personnel Services category, $4,377.00 from the Special Projects category to the Personnel Services category, $6,265.00 from the Inmate Drivens category to the Personnel Services category and $13,683.00 from the Utilities category to the Personnel Services category to fund expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Utilities category exceeds $50,000.00. Work Program #**C31985. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 16, 2007.**

Refer to motion for approval under Item C.

87. Department of Public Safety – Division of Emergency Management Assistance – FY 08 – Addition of $9,310,000.00 in Office of Disaster Preparedness (ODP) – Urban Area Initiative, $4,000,000.00 in ODP – Law Enforcement Terrorism Prevention Program, $179,229.00 in ODP – Citizen Corp, $258,145.00 in ODP – Major Medical Response and $5,610,000.00 in ODP Grant funds to authorize the receipt and expenditure of Federal Homeland Security grant funds. Requires Interim Finance approval since the amount added to the ODP-Grant category exceeds $50,000.00. **Work Program #C34310. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 22, 2007.**

Refer to motion for approval under Item C.

88. Department of Wildlife – Administration – FY 08 – Transfer of $341,139.00 from the Reserve category to the Predator Management Projects category, $4,450.00 from the Reserve category to the Vehicles category and $25,972.00 from the Reserve category to the A.B. 291 Predator Management category to conduct predator control activities approved by the Nevada Board of Wildlife Commissioners. Requires Interim Finance approval since the amount transferred to the Predator Management Project category exceeds $50,000.00. Work Program #**C32067. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 22, 2007.**

Refer to motion for approval under Item C.

89. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 08 – Addition of $707,056.00 in Federal Temporary Assistance to Needy Families (TANF) Block Grant funds to effectively administer the TANF Program and to fulfill the minimum federal work participation requirements as prescribed by the Deficit Reduction Act of 2005. This proposal includes the addition of twenty new positions. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22601. RELATES TO ITEM O-10- d.1. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 27, 2007.**

Chairman Arberry announced that Items 89 and 90 and Item O. 10.d. (1) would be considered concurrently.

Nancy Ford, Administrator of the Department of Health and Human Services, Division of Welfare and Supportive Services, identified herself for the record and introduced Romaine Gilliland, Deputy Administrator, Department of Health and Human Services, Division of Welfare and Supportive Services.

Ms. Ford began her presentation by reminding the Committee of the impact the Deficit Reduction Act (DRA) of 2005 had on the Division's Temporary Assistance to Needy Families (TANF) Program, particularly in the area of work participation. After passage of the DRA, Ms. Ford said the state's flexibility in the administration of the TANF block grant, particularly in the area of work-participation rates, was significantly reduced.

Ms. Ford stated, as she had during the 2007 Legislative Session, that the state would fail federal work-participation requirement rates for fiscal year 2007. However, she said that under the new challenges presented by the DRA, the Division was attempting to use a "three-legged stool" method to meeting work-participation rates, which she described in the following comments:

- The first leg of the stool, a streamlined contracting process to more effectively contract with vendors, trainers, and employers on behalf of clients, was in effect.

- The second leg of the stool would change the way benefits were paid to work-eligible clients as defined by federal regulations. Implementation of a retroactive pay model meant clients would not be paid until they performed, and would not be counted in the denominator to calculate the work participation rate. Currently, the Division administered a prospective pay model. A letter of intent from the Assembly Committee on Ways and Means requested that the retroactive pay model be delayed until it could be determined whether the implementation of other strategies would meet the work-participation rates. The second leg of the stool was not in effect.

- The third leg of the stool was a request for additional staff to reduce the staff to caseload ratio from 90:1 to 40:1. The request included staff to perform the role of work participation advisors to ensure every opportunity for employment success was provided to clients. For example, if clients experienced problems with transportation, childcare, or eviction, an advisor would be available to assist them in resolving the problem. During the budget-closing process, the Division agreed to explore using contractors to provide employment and training opportunities for clients rather than using state employees.

Ms. Ford advised that without implementation of the retroactive pay model, case management advisors were needed to effectively evaluate the Division's ability to meet work-participation rates. As a result of the 2007 budget closing action, the Division issued a Request for Interest (RFI) for case management services through the State Purchasing Division. The RFI was posted on the State Purchasing Division's website, a link to that website was posted on the Division of Welfare and Supportive Services' website, and the RFI was sent to 46 organizations.

Ms. Ford advised that five responses were received, one for the provision of a case management software package but not management services. Three were from organizations within the state of Nevada that wanted to provide case management services for certain geographic areas, which did not include Clark County, the Division's largest caseload. The fifth response, from a national corporation that performed similar functions in other states, appeared to be a viable alternative.

Ms. Ford referred to the first page of a document entitled, "Division of Welfare and Supportive Services Administering Work Participation Costs Analysis" (Exhibit D) that provided a side-by-side comparison of the costs for state employees versus a contractor. The top portion of the first page reflected total state costs of $4.6 million for case management services compared with $4.3 million for contractor's costs and additional costs for contract-monitoring staff for a total of $4.7 million.

The bottom portion of the document provided annualized expenditure increases for the state compared with the contractor. The state costs included $2.6 million of additional expenditures compared with $2.7 million for the contractor. Ms. Ford pointed out that that the cost for the Welfare Division's five Assistant District Office Managers was deducted in view of a recommendation not to fund the positions.

Ms. Ford also pointed out that since the state and contractor costs were very nearly the same, the issue was not one of funding but rather one of policy and indicated that she needed the Committee's guidance on how to proceed.

Ms. Ford advised that the penalty that would be assessed against the state for failure to meet federally required work-participation rates was 5 percent of the TANF block grant or $2.2 million for the first year increasing incrementally by 2 percent a year to a maximum of 21 percent. Additionally, the state would be required to spend an equal amount of General Fund dollars to replace the penalty.

Taking into account the severe penalties that would be assessed against the state for failure to meet federal requirements, Ms. Ford expressed concerns relative to contracting for case management services and advised that penalties could not be passed on to the contractor.

Additionally, Ms. Ford pointed out that using state employees for case management services would provide the ability to quickly change policies, procedures, and direction, if needed as opposed to using a contractor whose performance could only be monitored. Ms. Ford also expressed concern that contracting for the services would ensure that the Division would fail work-participation rates in federal fiscal year 2008 given the approximate six months to a year it would take to initiate a request for proposal and award a contract. Other states' experience indicated that upon award of a contract, a contractor would require time to build their infrastructure, as well as hire and train staff before they had the ability to provide case management services for work-eligible clients.

Ms. Ford advised that one way to meet work-participation rates would be to move the hardest-to-serve clients from the caseload leaving only those clients who were employable. Ms. Ford pointed out that contractors had an incentive to reduce caseload in order to meet the standards and receive payment. The second way to meet work-participation rates would be to provide intensive case-management services guiding clients to self-sufficiency and ensuring every opportunity for success.

Ms. Ford indicated it was her opinion that the state could more effectively provide and administer case-management services than through a contract, and approval of the work program requests would allow her to "hit the ground running." However, if the Committee chose to deny the request, a request for proposal would be initiated and the by the time a contract was awarded, the state would fail to meet work-participation rates in state fiscal year 2007 and federal fiscal year 2008.

Ms. Ford said that page 2 of the "Division of Welfare and Supportive Services Administering Work Participation Costs Analysis" document (Exhibit D) provided an overview of the structure of the Division's five largest offices. The eligibility-worker positions on the right-hand side of the page provided a culture in which clients were obligated to provide the federally required information or be denied benefits. The case-management positions on the left-hand side of the page reflected social workers who worked intensively with clients, prospective employers for clients, trainers, and community organizations to ensure clients had every opportunity for employment success.

Ms. Ford expressed concern regarding the recommendation to deny the Assistant Officer Manager positions, which she said were needed to assist in the development of relationships between clients and community resources. Ms. Ford pointed out that without the services of the five Assistant District Office Managers, one manager would be supervising the various units and philosophies in the five large

offices. Concluding her presentation, Ms. Ford reiterated her request for guidance from the Committee on how to proceed.

Assemblyman Hardy asked whether the work-participation rates would be met in 2008 if the Committee approved the new positions.

Ms. Ford said that the probability of meeting work-participation rates in 2008 would be "greatly enhanced" by the use of state staff. She explained that work-participation rates would not be met in 2008 using contract employees because the federal fiscal year began on October 1, and it could take four to six months to award a contract with additional time needed for the contractor to build an infrastructure.

In response to Assemblyman Hardy who asked about the availability of resources to increase the Division's staff, Ms. Ford said that 100 percent of the funding was available through the TANF block grant and no General Fund monies were requested in either Item 89 or 90 including employee benefits.

Assemblywoman Buckley recalled that discussion during the 2007 Legislative Session subcommittee hearings largely related to developing an effective program rather than hiring a large number of state employees. Assemblywoman Buckley asked whether the Division had contacted local community-based organizations relative to participation in the contract process.

Ms. Ford advised that the State Purchasing Division sent the request for information proposals to a number of community organizations in Clark County and throughout the state.

In response to Assemblywoman Buckley, who asked whether a list of the community organizations to which the RFI was sent was provided to staff, Ms. Ford advised that the list (Exhibit E) was included in documents submitted with Informational Item O.10.d (1).

Assemblywoman Buckley indicated that it appeared the federal government was setting the states up for failure with unachievable benchmarks for a difficult-to-serve client population and asked whether other states had examined the work-participation requirement issue.

Ms. Ford advised that the states were using a variety of strategies with some contracting for services, while others were ignoring the Deficit Reduction Act and waiting to see if Congress would amend it.

Additionally, Ms. Ford expressed agreement that the federal benchmarks were unachievable particularly when 37 percent of the Division's client base was considered a difficult-to-serve population.

Ms. Ford indicated that the Division had contracts with various employment agencies and if the staff-to-caseload ratio could be reduced from 90:1 to 40:1, staff could more

effectively provide case management services and ensure that clients followed their personal responsibility plans.

Ms. Ford pointed out that she received notification in August 2007 that the state met 2005 work-participation rates and expressed confidence that she would be notified in August 2008 that the state met 2006 rates, and after that, it was likely she would be notified of failing to meet 2007 work-participation rates. Ms. Ford indicated the process was not timely and because of the many changes, most states were uncertain on how to calculate work-participation rates. However, Ms. Ford mentioned that software approved during the 2007 Legislative Session would assist Division staff with the calculations.

Assemblywoman Buckley recalled other concerns expressed during the Legislative Session regarding the state's child support collection record and questioned whether penalties would also be assessed against that revenue collection.

Ms. Ford indicated that the Division was awaiting a response to the most recent audit of the Child Support Enforcement Program and expressed some concern regarding data reliability.

Assemblywoman Buckley asked whether consideration had been given to initiating a contract for a portion of the work, hiring state workers for the remaining portion of the work, and providing a side-by-side comparison of the results.

Ms. Ford indicated the Division could experiment with pilot programs but reiterated her concern that 2007 work participation requirements could not be met and that contracting for the work would most likely ensure that the Division would also fail to meet 2008 requirements. Ms. Ford pointed out that the RFI provided no interest from responders in serving Clark County with the exception of one national corporation.

Senator Cegavske expressed agreement with Assemblywoman Buckley's comments and questioned why, considering the failure to meet requirements, a proposal was being made to continue using Division staff. Additionally, Senator Cegavske recalled discussions during the 2007 Legislative subcommittee hearings relative to the difficulties encountered in hiring additional staff.

Ms. Ford clarified that the failure to meet requirements occurred in the Child Support area and said that the Division had consistently met work-participation rate requirements except in 2003 as a result of the impact of September 11, 2001 events. Ms. Ford reiterated that the work-participation requirements for 2006 were met, but work participation rate requirements would not be met in federal fiscal year 2007 because of the changes in the Deficit Reduction Act, which took effect October 1, 2006. Additionally, Ms. Ford advised that the Division's staff was agreeable to the changes that developed to facilitate working with clients.

In response to Senator Cegavske's questions regarding hiring difficulties that were expressed during Legislative hearings, Ms. Ford indicated that the Division only had a 3 percent vacancy rate at the time of the hearings and said the Division would not face any difficulty in recruiting staff for the positions.

In response to questions Senator Cegavske asked regarding the list (Exhibit E) of responders to the RFI, Ms. Ford reiterated that the State Purchasing Division mailed the RFI to 46 organizations and five responses were received. Ms. Ford indicated she preferred not to reveal the names of the responders on the record because, in the event the Committee chose to initiate a request for proposal, she wanted to avoid any adverse impact such knowledge might impart. Additionally, Ms. Ford advised that while the Division had worked with some of the responders in the past, only the national organization that was willing to provide statewide services including Clark County could be considered a viable contractor.

In response to questions Assemblywoman Leslie asked regarding some of the organizations on the list that appeared to be in no position to offer a statewide program, Ms. Ford advised that the RFI was distributed to any organization that might have had an interest, and advocates suggested sending the RFI to family resource centers.

In response to questions Assemblywoman Leslie asked regarding a pilot program with a side-by-side comparison as suggested by Assemblywoman Buckley, Ms. Ford indicated that the national organization that was willing to provide statewide services could be approached relative to a pilot in a limited area.

In response to Assemblywoman Leslie's request for information regarding the national organization, Ms. Ford expressed concern that divulging information relative to the responders could provide an unfair advantage in the event the Committee directed the Division to initiate a request for proposal. However, Ms. Ford advised that she could provide the information in private.

In response to Assemblywoman Leslie who questioned sending the RFI to Maximus, Inc., in Virginia, Ms Ford advised that companies such as Maximus, Inc., PSI (Policy Studies Inc.), and Arbor performed many of the required functions in other states.

Assemblywoman Leslie indicated she had hoped to see a more creative approach to meeting the federal requirements and further indicated she was not satisfied that results could be achieved by hiring additional state staff. Assemblywoman Leslie suggested using funding to subsidize jobs for clients.

Ms. Ford indicated that Mike Willden, the Director of the Department of Health and Human Services, had joined her at the witness table with a proposal that the Committee consider approving the positions for 2008 and contract for some of the positions in 2009 with a side-by-side comparison.

In response to questions Assemblywoman Leslie asked relative to the proposal, Mr. Willden explained that approval to hire 20 new positions for the 2008 caseload would provide the Division the ability to attempt to meet the federal work-participation rate requirements for 2008 and avoid the penalties. He indicated the model could be split in 2009 using a combination of vendors and staff with a variety of possibilities, such as staffing some offices with state employees while one or two offices used contracted services.

Assemblywoman Leslie indicated that it appeared to be clear that the work participation rate requirements would not be met whether the offices were staffed with state or contract workers.

Mr. Willden responded that the goal was not to fail.

In response to Assemblywoman Leslie who asked how best to serve the clients, Mr. Willden advised that based on his 25 years of experience in the Welfare Division, a collaborative effort was required. Mr. Willden indicated that while he believed state staff could best provide case-management services, certain nonprofit organizations were better at providing functions such as skills training. However, Mr. Willden advised that many such organizations were no longer providing those services, which he said was one of the reasons only one national organization responded to the RFI. Additionally, Mr. Willden explained that Maximus, Inc. included a revenue maximization unit as well as employment and training units, and Dean Curtis and Associates, another national organization, provided training models.

Assemblywoman Gansert indicated it appeared that a customized model rather than a one-size fits all approach was required, such as using nonprofit organizations in regions where they were still available and state staff in areas such as Clark County.

Ms. Ford indicated that Mr. Willden's suggestion would facilitate moving forward to provide intensive case-management services for clients while providing time to strategize on whether to initiate a request for proposal for a contractor.

Assemblywoman Leslie indicated that if the Committee voted in favor of Mr. Willden's suggestion, she would remain unconvinced that Assistant District Manager positions were needed in every office.

Ms. Ford pointed out that while the Division had 17 statewide offices, the request was for only one Assistant District Office Manager in each of the five largest offices. Ms. Ford explained that the Assistant District Office Managers' duties included developing subsidized employment contracts. Ms. Ford further advised that 20 positions with three Assistant District Office Managers were requested for fiscal year 2008, and the three Assistant District Office Managers would be located in the largest Las Vegas offices.

Assemblywoman Leslie asked the Committee's staff to work out the details with the Budget Division staff, if the proposal was approved,

> ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF 20 POSITIONS FOR FISCAL YEAR 2008 AND FOR THE EXPLORATION OF INDIVIDUALIZED APPROACHES TO SERVING CLIENTS EITHER GEOGRAPHICALLY OR BY POPULATIONS. ADDITIONALLY, THE DIVISION WAS ASKED TO RETURN TO A FUTURE INTERIM FINANCE COMMITTEE HEARING WITH AN APPROPRIATE PLAN AND TO WORK WITH COMMITTEE AND BUDGET DIVISION STAFF TO ENSURE THAT THE NUMBERS WOULD ADEQUATELY CARRY OUT THE DIRECTIVE.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.
>
> THE MOTION CARRIED.

90. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – <u>FY 09</u> – Addition of $2,383,083.00 in Federal Temporary Assistance to Needy Families (TANF) Block Grant funds to effectively administer the TANF Program and to fulfill the minimum federal work participation requirements as prescribed by the Deficit Reduction Act of 2005. This proposal includes the addition of thirty new positions. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22602. RELATES TO ITEM O-10-d.1. RECEIVED AFTER SUBMITTAL DEADLINE ON AUGUST 27, 2007.**

Refer to narrative and motion for approval under Item 89.

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Personnel	070/1363	0250	Administrative Assistant II, 2.212, grade 25, step 1, $26,329.68, Employer Paid Retirement	Personnel Technician III, 7.532, grade 29, step 1, $30,944.16, Employer Paid Retirement
Public Utilities Commission	80/3920	115	Administrative Assistant II, 2.212, grade 25, step 2, $30,192.48, Employee/Employer Paid Retirement	Staff Professional Trainee, 7.777, grade 30, step 1, $35,496.00, Employee/Employer Paid Retirement

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Conservation and Natural Resources, Division of State Parks	704/4162	0199	Maintenance Repair Worker I, 9.488, grade 23, step 1, $23,949.36, Employer Paid Retirement	Park Ranger Technician III, 1.958, grade 28, step 1, $29,211.12, Employer Paid Retirement
Department of Conservation and Natural Resources, Division of Environmental Protection	709/3173	0060	Accounting Assistant II, 2.303, grade 25, step 1, $26,329.68, Employer Paid Retirement	Accountant Tech I, 7.143, grade 30, step 1, $32,196.96, Employer Paid Retirement

*D. APPROVAL OF THE UNCLASSIFIED SALARY OF THE OMBUDSMAN OF CONSUMER AFFAIRS AS FUNDED BY SECTION 11 OF A.B. 629 (CHAPTER 348, 2007), PURSUANT TO SECTION 2 OF S.B. 575 (CHAPTER 349, 2007). **WITHDRAWN AUGUST 15, 2007. RESUBMITTED ON AUGUST 16, 2007.**

Bill Maier, Administrative Services Officer, Director's Office, Department of Business and Industry, identified himself for the record. Mr. Maier requested approval of the salary for the new unclassified Ombudsman position for the Office of Ombudsman for Minorities within the Consumer Affairs Division of the Department of Business and Industry. The position was approved under the provisions of A.B. 629, 2007 Legislature.

In response to Chairman Arberry's request for information related to the duties of the Ombudsman, Jim Campos, Commissioner, Division of Consumer Affairs, Department of Business and Industry, advised that the Ombudsman would support the growing minority communities in southern Nevada by increasing awareness, providing educational activities, community outreach, and service programs pertaining to deceptive trade practices.

Additionally the Ombudsman would make recommendations to the Director and the Commissioner of Consumer Affairs and develop procedures to enable them to become more effective in assisting minority communities with issues related to deceptive trade practices. Mr. Campos advised that a substantial portion of the Latino, Asian, and Arab-American communities in Las Vegas were not fluent in English and needed assistance in knowing where to go and how to file complaints related to deceptive trade practices.

Senator Beers recalled that the position was approved to report to the Commissioner of Consumer Affairs and asked why the Ombudsman was described in a description of duties as reporting to the Director of the Department of Business and Industry.

Mr. Campos explained that the position would report to the Commissioner of Consumer Affairs but that consideration was being given to also locating the position on a part-time basis within the Department of Business and Industry headquarters in Las Vegas in an effort to provide better coverage for the various agencies within the Department that involved consumer protection issues.

Senator Beers asked whether recruiting for the position would be affected by the provision to report to two bosses.

Mr. Campos reiterated that housing the Ombudsman on a part-time basis in the Department of Business and Industry, in the Grant Sawyer Building, and the Division of Consumer Affairs on East Sahara Avenue, would provide the best coverage for the consumer and should not negatively affect the recruitment process. Mr. Campos advised that the Ombudsman would direct individuals who needed assistance to various agencies under the purview of the Department of Business and Industry, but emphasis would be placed on providing service programs for minority communities pertaining to consumer fraud, and the Ombudsman would report to the Commissioner for Consumer Affairs.

Senator Beers asked whether there would be problems if the Committee directed that the position reside solely in the Division of Consumer Affairs.

Mr. Campos indicated that although he did not anticipate problems, the Department and the Division wanted to ensure the best coverage for consumers.

Senator Raggio noted that the Nevada Commission on Minority Affairs had been scheduled to sunset on June 30, 2007, but A.B. 629, Section 12 removed the sunset provision, which preserved the status of the Commission and provided for the Ombudsman position. Senator Raggio asked for clarification relative to whether the Director of Business Industry or the Commissioner for Consumer Affairs would appoint the Ombudsman and to whom the Ombudsman would report. Additionally, Senator Raggio recalled that the intent of the Legislature was that the position be placed in the unclassified service, and if approved and funded, the position would provide assistance to the Commission on Minority Affairs, which received no funding.

Assemblyman Denis advised that A.B. 530, 2007 Legislature, the predecessor bill to create the Office of Ombudsman of Consumer Affairs for Minorities, was a bill he had sponsored to establish a position that could assist minority communities with consumer-fraud issues and to provide assistance to the Commission on Minority Affairs, which received no funding. Additionally, Assemblyman Denis indicated that the intent of the legislation was that the Ombudsman be placed in the unclassified service.

Assemblyman Denis agreed that confusion existed regarding to whom the Ombudsman would report and requested clarification.

Mr. Campos reiterated that the Ombudsman would report to the Commissioner of Consumer Affairs but would occupy space in both the Division of Consumer Affairs' office and the Department of Business and Industry headquarters. Additionally, Mr. Campos advised that the Ombudsman would make recommendations to both the Director of Business and Industry and the Commissioner of Consumer Affairs with regard to serving the minority communities in the resolution of consumer-based issues.

Additionally, Mr. Campos advised that the Ombudsman would support the Commission on Minority Affairs by acting as a secretary for the Commission and assisting with agendas and scheduling. Mr. Campos advised that since the Commission on Minority Affairs did not receive funding, creative ways to conduct business, such as video conferencing would need to be established.

Assemblyman Denis indicated that even though the Commission on Minority Affairs was not funded, the Ombudsman's services as a secretary would provide the Commission a better chance of success.

Senator Raggio pointed out again that the Ombudsman position was funded only for the 2007-09 biennium and might not be funded again.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised the Committee that the request on the agenda was for approval of the unclassified salary for the Ombudsman for which the Committee was charged with making a decision.

In response to Chairman Arberry who questioned the salary level for the position, Mr. Campos advised that the salary was established at $65,000.

Mr. Stevens advised that the recommended maximum annual salary for the position was $65,083 and since the position was approved to begin on October 1, 2007, the fiscal year 2008 salary for nine months would be $48,812.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL OF ITEM D.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Senator Raggio reiterated that the position was funded for the 2007-09 biennium only.

THE MOTION CARRIED.

E. STATEMENT OF CONTINGENCY FUND BALANCE.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported the Contingency Fund Unrestricted Fund Balance at $15.5 million with approximately $3.4 million recommended for allocation. If the Committee approved the requested allocations, there would be an available balance of $12.1 million.

Additionally, Mr. Stevens reported a balance of $2.1 million in the Unrestricted portion of the Highway Fund with no requests for allocation.

Mr. Stevens advised that the Contingency Fund Balance worksheet (Exhibit G) listed the balances in the Restricted Fund, some of which would be discussed later in the agenda.

*F. REQUESTS FOR ALLOCATIONS FROM THE IFC CONTINGENCY FUND (NRS 353.269):

1. COMMISSION ON JUDICIAL DISCIPLINE – Request for $13,000 to fund the costs of an investigation of a case in fiscal year 2007.

David Sarnowski, General Counsel and Executive Director, Commission on Judicial Discipline and the Standing Committee on Judicial Ethics and Election Practices, appeared before the Committee to request $13,000 from the Contingency Fund.

Mr. Sarnowski briefly explained that the funding was needed for payment of services associated with the investigation of a complex judicial misconduct case late in fiscal year 2007. Additionally, Mr. Sarnowski reported that the Commission on Judicial Discipline had not requested funding from the Contingency Fund since 2002 and, in fact, had historically reverted approximately 7.8 percent of their budget during that period.

ASSEMBLYWOMAN BUCKLEY MOVED APPROVAL TO ALLOCATE $13,000 FROM THE IFC CONTINGENCY FUND TO THE COMMISSION ON JUDICIAL DISCIPLINE.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

2. DEPARTMENT OF BUSINESS AND INDUSTRY – Nevada Athletic Commission – Request for $2,746 to fund projected shortfalls in fiscal year 2007 for Personnel, In-State Travel, Operating, and Utility costs.

Mendy Elliott, Director, Department of Business and Industry, appeared before the Committee on behalf of the Athletic Commission to request $2,637 from the Contingency Fund to prevent funding shortfalls that were projected to occur in personnel, instate travel, operating and utility categories. Ms. Elliott explained that additional overtime and travel costs were the result of increased boxing events and an increase in the cable bill from Cox Communications.

In response to Chairman Arberry, who noted the request had been revised, Mr. Stevens advised that the request for funding was revised from $2,746 to $2,637.

Ms. Elliott explained the request was revised because of a refund from Cox Communications.

SENATOR RAGGIO MOVED APPROVAL TO ALLOCATE $2,637 FROM THE IFC CONTINGENCY FUND TO THE ATHLETIC COMMISSION, DEPARTMENT OF BUSINESS AND INDUSTRY, AS REVISED FROM A PREVIOUS AMOUNT OF $2,746.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED.

3. DEPARTMENT OF PUBLIC SAFETY – Dignitary Protection – Request for $36,798 to fund anticipated Out-of-State Travel costs in fiscal year 2008.

Josh Hicks, General Counsel and Deputy Chief of Staff, Office of the Governor, identified himself for the record and introduced Phil Galeoto, Director, Department of Public Safety, and Chris Perry, Chief, Nevada Highway Patrol, Department of Public Safety. Mr. Hicks requested the Committee's approval of a $36,798 allocation from the Contingency Fund, which would increase the Dignitary Protection Out-of-State Travel budget to cover increased travel costs for two Nevada Highway Patrol Officers to accompany the Governor and/or the First Lady during travel outside of the state.

Providing a brief overview, Mr. Hicks advised that the Governor inherited a budget largely constructed by his predecessor. Mr. Hicks said that Governor Gibbons' Out-of-State travel budget was increased in accordance with his proactive travel plans, and the 2007 Legislature approved the funding; however, the Out-of-State Travel budget for Dignitary Protection was not correspondingly increased. Mr. Hicks stated

that approval of the request would provide the funding necessary for the Highway Patrol Dignitary Protection detail to accompany the Governor on travels outside of the state.

Mr. Galeoto told the Committee that the Department of Public Safety was charged with the responsibility of protecting the lives and providing for the personal safety of the Governor and the First Lady and that the need for their protection, considering current security risks, could not be overstated.

Mr. Galeoto reported that the Department of Public Safety had a long history of doing a good job in the area of dignitary protection, and, over the years, the Legislature increased funding to ensure that Nevada Highway Patrol officers or other highly-trained personnel had the means to provide the needed protection.

Mr. Galeoto discussed a recent event in which Colorado's Dignitary Protection detail shot an individual who walked into the state capitol building and threatened the Governor. He advised that Nevada state government officials, including the Governor and First Lady, received regular threats and asked for the Committee's favorable consideration of the request.

Assemblywoman McClain indicated that the need for dignitary protection could not be denied but noted that, if approved, the Out-of-State Travel authority for the Dignitary Protection budget in fiscal year 2008 would increase by 271 percent. Given the importance of providing protection to the Governor, Assemblywoman McClain asked agency representatives why the request was not included in The Executive Budget request for the 2007-09 biennium. Additionally, she asked agency representatives for information regarding the level of protection provided to Governors in other states, whether the Office of Homeland Security or the National Governor's Association (NGA) provided protection for meetings the Governor attended in his role as co-lead on homeland security, and the destinations and purposes of four additional trips that were projected.

Mr. Hicks advised that he would respond to the first question and Mr. Galeoto and Chief Perry would respond to the subsequent questions. Mr. Hicks indicated that an attempt to increase the Dignitary Protection budget during the 2007 Legislative Session occurred during an intense budget reduction period. He further indicated that because of a miscommunication between the Budget Division and the Legislative Counsel Bureau, the request to increase the Out-of-State Travel budget for Dignitary Protection was not brought to the attention of the money committees.

Assemblywoman McClain asked if the amended budget request had included all of the travel listed in the current request before the Committee.

Mr. Hicks indicated he was uncertain as to what the original amended budget request included but that possibly the Director of the Department of Administration could respond to her question.

Assemblywoman McClain questioned the need for a 271 percent increase.

Mr. Hicks responded that the increase in the Out-of-State Travel budget for Dignitary Protection was necessary to correspond to the Governor's Out-of-State Travel budget.

In response to questions Assemblywoman McClain asked regarding previous administrations' Dignitary Protection detail, Mr. Galeoto advised that, historically, each Governor treated the level of Dignitary Protection they preferred in their own fashion. Mr. Galeoto advised, however, that the current Governor traveled to functions for which he held a "high level of responsibility," and it was the job of the Dignitary Protection detail to protect him around the clock. Mr. Galeoto explained that the Highway Patrol officers, who made up the detail, worked in shifts and, therefore, a continuing overlap of officers was required.

Additionally, in response to an earlier question regarding the level of security provided by other states to visiting governors, Mr. Galeoto said that while some states provided security, others did not, and it was incumbent upon individual states to provide protection for their own individual governors. Mr. Galeoto cited the variables involved in budget planning for the numbers and frequency of visiting dignitaries as one of the reasons other states could not easily plan or provide protection to other governors. More importantly, Mr. Galeoto indicated that each dignitary protection detail was trained specifically to protect their own governor.

Chief Perry responded to an earlier question regarding four miscellaneous trips and explained that the projected cost for those trips, throughout the remainder of fiscal year 2008, was based on an average trip cost thus far in the biennium.

In response to Assemblywoman McClain, who questioned how Dignitary Protection costs would be addressed for fiscal year 2009, Chief Perry indicated that it was most likely an additional request would be made for an allocation from the Contingency Fund.

Senator Raggio expressed concern over the level of questioning regarding the travel associated with the Governor's Office. With respect to the separation of powers, Senator Raggio indicated that imposing the Committee's judgment on the level of protection necessary for the Governor and the First Lady was "irresponsible and inappropriate." Senator Raggio recommended that the Committee endorse the Governor's travel requests and the level of protection determined by the Department of Public Safety.

SENATOR BEERS MOVED APPROVAL TO ALLOCATE $36,798 FROM THE IFC CONTINGENCY FUND TO INCREASE OUT-OF-STATE TRAVEL COSTS FOR THE DEPARTMENT OF PUBLIC SAFETY'S DIGNITARY PROTECTION BUDGET.

SENATOR CEGAVSKE SECONDED THE MOTION.

Assemblywoman Buckley expressed agreement with Senator Raggio's comments to endorse the request but submitted that it was appropriate to question expenditures that were not provided to the money committees for debate during the Legislative Session. Assemblywoman Buckley reiterated agreement with the necessity for the appropriate levels of security but indicated an answer was not provided to the question regarding whether the Department dispatched two officers with the Governor when traveling out-of-state if not accompanied by the First Lady.

Senator Raggio, in deference to Assemblywoman Buckley's question, questioned the appropriateness of a disclosure regarding the number of officers dispatched on a security mission.

Mr. Galeoto advised that generally two officers accompanied the Governor; however, on occasion, and depending on the circumstances, one officer or perhaps even three or four officers accompanied the Governor. Mr. Galeoto apologized for generalizing his response but indicated that in the current security environment, he could not address the question with any specificity.

Mr. Galeoto indicated that, in conjunction with their counterparts in various locations to which the Governor and First Lady traveled, it was the Department of Public Safety's job to assess the environment and potential risks to determine the necessary level of protection required.

Chief Perry advised that during the previous administration, trips occurred in which an advance team was sent to assess security risks, plan routes, and the actual deployment of the Governor.

Assemblywoman McClain indicated she did not question the Department of Public Safety's authority to protect the Governor but rather moving outside of the Legislative process to increase the Dignitary Protection Out-of-State travel budget. Additionally, Assemblywoman McClain indicated that the Committee was charged with the responsibility to question the expenditure of taxpayer dollars.

Chairman Arberry also agreed with the importance of protecting the Governor and First Lady but indicated he could not support the request for an allocation from the Contingency Fund. As previously indicated, Chairman Arberry said the request to increase the Out-of-State Travel budget for Dignitary Protection should have been brought before the money committees during the 2007 Legislative Session.

Senator Raggio pointed out that an incoming Governor would not necessarily have the opportunity to evaluate the amount of travel and level of protection needed for the biennium. Senator Raggio indicated that denying the request would "set a bad precedent" and encouraged the Committee's support of the request.

Assemblywoman Buckley expressed agreement with the Chairman's dissatisfaction regarding the budget process and not having received a budget amendment. However, Assemblywoman Buckley reiterated the importance of protecting the Governor and First Lady and endorsed the Committee's approval of the request. Assemblywoman Buckley indicated that the Nevada Commission on Homeland Security and the Executive Branch should address any remaining questions regarding appropriate levels of security.

Additionally, Assemblywoman Buckley indicated that the Governor's representative should take the Committee's budget process concerns to the Governor and ensure that the request to increase the Out-of-State Travel for the Dignitary Protection budget was submitted in a timely manner to the 2009 Legislature.

Chairman Arberry reiterated his previous concerns and indicated he would not support the request.

Chairman Arberry called for a vote on the motion for approval by Senator Beers, which Senator Cegavske seconded.

> THE MOTION CARRIED. (Chairman Arberry, Assemblywoman McClain, Assemblyman Parks, and Assemblyman Hogan voted nay.)

4. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – Division of Forestry – Fire Suppression and Emergency Response – Request for $3,300,965 to fund costs associated with wildfires from June 2007 through October 2007.

Pete Anderson, State Forester, Nevada Division of Forestry, Department of Conservation and Natural Resources, identified himself for the record and introduced Scott Sisco, Administrative Services Officer, Nevada Division of Forestry, Department of Conservation and Natural Resources.

Mr. Anderson was before the Committee to request an allocation of $3,300,965 to fund costs associated with wildfires that occurred from June 2007 to date and those anticipated to occur through October 2007.

In a brief overview, Mr. Anderson reported that beginning in early June 2007 the state experienced a "significant" wildland fire season driven, in part, by minimal precipitation and a limited snowpack. Additionally, Mr. Anderson reported that local fire activity at middle and higher elevations was heavy through July and then tapered off with the approach of shorter days and cooler nights. He said that nationally, however, a "tremendous amount" of fire activity was continuing to occur, and Division of Forestry personnel and members of the National Guard were currently assisting fire crews in Idaho and California.

Mr. Anderson reported the loss of 885,644 acres of public land to fire thus far in 2007 with the northern half of Elko County particularly hard hit and more than 223,000 acres of private land lost, again primarily in Elko County and a "tremendous" loss of wildlife habitat. Mr. Anderson discussed the reclamation and rehabilitation work needed to sustain the acreage loss and again asked for the Committee's favorable consideration of the allocation request.

Senator Cegavske extended her appreciation to the Division of Forestry personnel for their fire suppression efforts and asked what causes contributed to the fire activity.

Mr. Anderson reported that lightening was the primary cause of wildland fires and in early July, 64 lightening-sparked fires occurred in one afternoon across Eureka and Elko counties, and limited resources to respond contributed to quickly increasing the size of some of those fires. Additionally, he reported that the number of human-caused fires had increased to 311 thus far in 2007 compared with 249 at the same time in 2006. Mr. Anderson also reported that the Hawken Fire, west of Reno, was started by construction activity, and the Angora Fire, in which 250 homes on the California side of Lake Tahoe were destroyed, was started by an abandoned campfire.

In response to Senator Cegavske, who asked if the state could recoup any of the costs, Mr. Anderson explained that the Division of Forestry investigated all fire starts and efforts were made at all levels to recoup costs. Mr. Anderson reported that California was currently conducting an intensive investigation to find the party responsible party for the abandoned campfire that resulted in the Angora Fire.

Senator Raggio expressed the Committee's gratitude for the work accomplished by the Forestry Division in combating fires statewide, and noting the continued dry conditions, asked for a cost projection for the remainder of the fire season.

Mr. Anderson thanked the Committee for their support and indicated it appeared that with the shorter days and cooler nights, the threat of wildfires had lessened. However, he advised that the annual crop of cheat grass caused the ignitions that grew into large fires and that an average winter and snowpack would be helpful in combating next season's fire danger.

Senator Raggio noted that the state's share of suppression costs in fiscal year 2008 totaled $3,744,317 and asked agency representatives for additional comments regarding reimbursement of costs.

Mr. Sisco indicated that a reimbursement of approximately $700,000 in federal funds for the fires that occurred in the months of June through October was projected to be received by the end of the year.

Additionally, Mr. Sisco explained that fire expenses were normally paid out of two categories, one for personnel services and one for heavy equipment; however, he clarified for the record that the allocation, if approved, would be subject to an

"accounting only" work program that would be used move funds depending on where a fire actually occurred.

Assemblyman Grady questioned how local governments received reimbursements for their reciprocal agreements.

Mr. Anderson advised that the Division had eight fire districts and there were portions of some counties for which Elko, White Pine, and Eureka counties were responsible, but the vast majority of the state was not in an organized fire district. Mr. Anderson advised that counties, such as Lander and Humboldt had the option to create a fire district, but in many cases did not have the finances to do so. Although the Division assisted the counties as much as possible, Mr. Anderson suggested that the creation of county fire districts was an area that needed to be pursued.

> SENATOR RAGGIO MOVED APPROVAL TO ALLOCATE $3,300,965 FROM THE IFC CONTINGENCY FUND AND THAT THE DIVISION OF FORESTRY PROVIDE THE FISCAL ANALYSIS DIVISION, LEGISLATIVE COUNSEL BUREAU WITH MONTHLY REPORTS ON THE EXPENDITURE OF CONTINGENCY FUNDS FOR FIRE SUPPRESSION AND THAT ANY UNUSED CONTINGENCY FUNDS AT THE END OF FY 2008 BE REVERTED TO THE IFC CONTINGENCY FUND.
>
> ASSEMBLYMAN GRADY SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Denis was not present for the vote.)

5. DEPARTMENT OF WILDLIFE – Request for $40,315 to fund costs associated with "bear nuisance and depredation complaints" from the public.

Ken Mayer, Director, Department of Wildlife, identified himself for the record and introduced Daralyn Dobson, Administrative Services Officer, Department of Wildlife, and Russ Mason, Game Bureau Chief, Department of Wildlife.

Mr. Mayer appeared before the Committee to request a $40,315 allocation from the IFC Contingency Fund to fund costs associated with "bear nuisance and depredation complaints" from the public. Mr. Mayer told the Committee that the Department had exceeded their budgeted ability to respond to the problem, which was escalating yearly. He advised that the current level of phone calls related to bear issues could number as many as 40 in one day.

Mr. Mayer discussed a recent incident in Utah in which a black bear killed a child and told the Committee that the Department treated all bear nuisance calls "very seriously."

In response to questions Senator Cegavske asked relative to how the funds, if approved, would be used, Mr. Mayer advised that one staff member was assigned duties related to bear issues, and that person had been working 7 days-a-week, 12 hours-a-day in response to bear nuisance complaints. Mr. Mayer indicated that the Department would use the funds to add a seasonal dispatcher and a seasonal employee to assist the current staff member.

SENATOR BEERS MOVED APPROVAL OF ITEM F.5 TO ALLOCATE $40,315 FROM THE IFC CONTINGENCY FUND TO THE DEPARTMENT OF WILDLIFE TO FUND COSTS ASSOCIATED WITH BEAR PROBLEMS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

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

THE MOTION CARRIED.

*G. REQUEST FOR ALLOCATION FROM THE INTERIM FINANCE COMMITTEE (IFC) CONTINGENCY FUND, PURSUANT TO S.B. 579, SECTION 4 (CHAPTER 345, 2007) – NEVADA SYSTEM OF HIGHER EDUCATION – TMCC, Spanish Springs Education Center – Request for allocation of the $500,000 appropriated to the IFC for the design and planning of the TMCC Spanish Springs Education Center. **WITHDRAWN AUGUST 29, 2007.**

Item G was withdrawn on August 29, 2007.

***H.** REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO A.B.628, SECTION 37 (CHAPTER 350, 2007) – Department of Corrections – Request for $393,065 to fund the projected costs of acquisition, installation, and operation of video-teleconferencing of Parole Board hearings at all NDOC facilities in fiscal year 2008.

Howard Skolnik, Director, Department of Corrections, identified himself for the record and introduced Dorla Salling, Chairwoman, State Board of Parole Commissioners, and Darrel Rexwinkel, Deputy Director, Department of Corrections. Mr. Skolnik announced Mr. Rexwinkel's imminent retirement and expressed his appreciation for his support and years of dedicated service to the Department. Mr. Skolnik said that Mr. Rexwinkel would be greatly missed.

Mr. Skolnik was before the Committee to request a $393,065 allocation from the IFC Contingency Fund to implement provisions of S.B. 471, 2007 Legislature that required the Parole Board to provide an opportunity for offenders to be present and speak at

Parole Board hearings when being considered for parole. Additionally, under the provisions of the legislation, the Parole Board could not deny parole at such hearings unless they complied with those requirements.

Mr. Skolnik reported that the Parole Board traditionally considered minimum-security inmates for parole in absentia, but it was determined that taking inmates to parole hearings would prove too costly since additional vehicles and correctional officers would be required to do so. He said that a single investment and ongoing service costs to implement a video-teleconferencing system at all department facilities would provide inmates the opportunity to attend and speak at Parole Board hearings and was more cost effective.

In response to Chairman Arberry, who asked for the length of time it would take to implement a video-teleconferencing system, Mr. Skolnik advised that the Department of Corrections had received bid estimates and would be ready to award a contract upon approval of the request by the Committee.

In response to questions Assemblyman Parks asked relative to space requirements in individual dedicated areas, Mr. Skolnik advised that although space would always be a problem, the Department could accommodate a video-teleconferencing system in secure locations within the prison camps. Additionally, Mr. Skolnik said that the equipment would not only provide the camps with video-teleconferencing technology, but the installation of dedicated digital communication lines would also provide faster Internet access than currently available via telephone lines.

Senator Beers questioned whether the equipment being considered met the Department of Administration's equipment standardization requirements.

Mr. Skolnik advised that the video equipment was compatible with the equipment the Nevada System of Higher Education (NSHE) used to run the Department of Corrections' video-conferencing needs.

Mr. Rexwinkel confirmed that the video equipment being considered for the Parole Board hearings was compatible with the NSHE video-conferencing system and advised that additional equipment would include routers and video-monitoring equipment.

> ASSEMBLYMAN PARKS MOVED APPROVAL TO ALLOCATE $393,065 FROM THE CONTINGENCY FUND TO THE DEPARTMENT OF CORRECTIONS.
>
> ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

Senator Beers discussed amending the motion to require that the equipment be compatible with the Department of Administration standards rather than the Nevada System of Higher Education's system.

Mr. Skolnik pointed out that such a condition would require modification of all existing equipment and would increase costs.

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

On behalf of the Committee, Senator Raggio congratulated Mr. Rexwinkel on his retirement after 11.5 years of state service in the Department of Corrections and the Division of Child and Family Services. Senator Raggio commended Mr. Rexwinkel's dedication to a particularly complex work environment and thanked him for being just the kind of public servant appreciated by the public as well as by the Executive and Legislative Branches of state government.

Mr. Rexwinkel expressed his enjoyment in being before the legislative committees during the interim period between legislative sessions as well as during legislative sessions. He told the members of the Committee that he was looking forward to a retirement as his son's guardian, fishing, and vacationing in Mazatlan.

Senator Raggio wished him well, and, on behalf of the entire Legislature, thanked him again for his years of service to the state.

Mr. Rexwinkel, in turn, thanked the Committee for their support throughout the years.

*I. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO S.B. 189 SECTION 1 (CHAPTER 380, 2007) – Department of Wildlife – Administration – Request for an allocation of $100,400 for sage grouse conservation projects. **RELATES TO ITEM C. 77.**

Ken Mayer, Director, Department of Wildlife, appeared before the Committee to request a $100,400 allocation from the IFC Contingency Fund pursuant to S.B. 189, 2007 Legislature. The allocation would support implementation of sagebrush habitat projects identified in state and local sage grouse conservation plans and matched the addition of Pittman Robertson Federal Aid funds identified in Item C. 77.

> SENATOR RAGGIO MOVED APPROVAL TO ALLOCATE $100,400 FROM THE IFC CONTINGENCY FUND TO THE DEPARTMENT OF WILDLIFE.
>
> ASSEMBLYMAN HARDY SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Denis and Assemblywoman Leslie were not present for the vote.)

*J. RENO-SPARKS CONVENTION AND VISITORS AUTHORITY – Pursuant to S.B. 454 (Chapter 395, 2007), request for extension of reversion of funds allocated by the IFC to implement the Truckee River Recreational Master Plan.

Robert Joiner, Government Affairs Manager, City of Sparks identified himself for the record and introduced Peter Etchart, P.E., City Engineer, City of Sparks.

Mr. Joiner was before the Committee to request approval to extend the date for the reversion of funding allocated to the Reno-Sparks Convention and Visitors Authority on June 13, 2006, for the implementation of the Truckee River Recreational Master Plan. Mr. Joiner expressed his appreciation to Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, for his assistance in bringing the request before the Committee. Additionally, Mr. Joiner advised that a letter of support (Exhibit H) from Mayor Geno R. Martini, City of Sparks, provided details regarding the implementation thus far.

Mr. Joiner also expressed his appreciation to the Legislature for the passage of S.B. 454 and S.B. 203 during the 2007 Legislative Session that granted extension of the funding and to the Reno-Sparks Convention and Visitors Authority in the administration of the funding for the Truckee River project.

Mr. Joiner advised that the City of Sparks' staff was working, in conjunction with state agencies and the U.S. Army Corps of Engineers, to redesign "river facilities to meet new standards," and to obtain permits for the construction of the water park project in Sparks. Mr. Joiner expressed confidence that the City of Sparks was "on track" to implement the project within the extension period during the current biennium.

SENATOR RAGGIO MOVED APPROVAL TO EXTEND THE DATE FOR REVERSION OF FUNDING FROM JUNE 30, 2007 TO JUNE 20, 2009.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

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

*K. DEPARTMENT OF HEALTH AND HUMAN SERVICES – Director's Office – Request for approval of expenditure plan and criteria for establishing eligibility requirements to build and strengthen services for children with autism pursuant to A.B. 629. Section 41 (Chapter 348, 2007).

Todd Butterworth, Bureau Chief, Office of Disability Services (ODS), Department of Health and Human Services, identified himself for the record and introduced

Jan Crandy, a member of the new Autism Task Force and co-founder of Families for Effective Autism Treatment (FEAT).

Mr. Butterworth was before the Committee to request approval of the Nevada Department of Health and Human Services' Office of Disability Services' *Proposal for Autism Services in Fiscal Year 2008-09* (Exhibit I), as mandated by A.B. 629, 2007.

Chairman Arberry questioned how the Department determined that eight meetings of the Task Force would be sufficient to carry out its duties.

Mr. Butterworth advised that the determination was made based upon the Office of Disability Services' staff experience in working with other advisory bodies and through communication with the members of the Task Force.

Chairman Arberry questioned why staff could not be used to provide the administrative support for the Task Force rather than using a temporary services agency.

Mr. Butterworth advised that the decision to contract for services was based on the additional caseload and that proposed services were patterned on an already successful autism program within the Division of Mental Health and Developmental Services (MHDS). Mr. Butterworth said that the ODS would contract for case managers and a fiscal agent, who would manage the payment of the various direct service workers. Mr. Butterworth advised that the MHDS program, which was separate from the ODS' program, had state employees who worked as case managers, but the ODS did not want to establish new positions because the funding was a one-shot appropriation.

Chairman Arberry asked why the Department elected to use a co-payment formula for the Independent Living program together with payment schedule limits used by MHDS.

Mr. Butterworth explained that the decision to use a co-payment formula was based on experience using the formula for an independent living services program. He said the co-payment formula had proven to be fair over the years and would be utilized to provide equality among families at different income levels.

In response to Chairman Arberry, who questioned whether the limited funding would result in a waiting list for services, Mr. Butterworth indicated it was hoped that the co-payment formula for families with higher incomes would provide additional resources to serve families with lower incomes.

Chairman Arberry asked how the Department would determine which applicants received services and which would be placed on a waiting list.

Mr. Butterworth indicated that the Autism Task Force would address the waiting list issue. He said discussion had already begun relative to scoring and prioritizing

applicants based on family income, number of autistic children in a family, other services being received, and behavioral issues.

Assemblywoman Leslie congratulated the ODS representatives on so quickly coming forward with the proposal, which she indicated was consistent with ideas addressed during the Legislative Session. Assemblywoman Leslie indicated that tracking the waiting list data would provide information on how many more families needed assistance.

Mr. Butterworth advised that the ODS was excited to move forward and reiterated that the Autism Task Force was already working on some of the issues and would continue to work on details that needed to be addressed before October 1, 2007.

Senator Cegavske also expressed her appreciation to Department representatives for doing a good job with the proposal and to Senator Raggio and Assemblywoman Buckley for their efforts in passage of legislation to provide autism services.

In response to Senator Raggio, who indicated he was familiar with the Northern Nevada Center for Independent Living but was unfamiliar with RAGE, Mr. Butterworth advised that RAGE, Inc. was a disability owned nonprofit agency that operated the independent living program in southern Nevada

> ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE PLAN UNDER ITEM K TO PROVIDE SERVICES FOR CHILDREN WITH AUTISM.
>
> SENATOR CEGAVSKE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Lee, Assemblyman Denis, and Assemblywoman McClain were not present for the vote.)

*L. APPOINTMENT OF A SUBCOMMITTEE OF THE IFC PURSUANT TO NRS 218.6827, State Public Works Board; S.B. 387, Section 10 (Chapter 529, 2007, Subcommittee to review certain matters of the Board that require prior approval of the IFC).

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that pursuant to S.B. 387, 2007 Legislature, Committee approval was required for the appointment of a Subcommittee of the IFC to review certain matters of the Public Works Board prior to a regular meeting of the Interim Finance Committee.

Chairman Arberry advised that Assemblywoman Buckley, Speaker of the Nevada Assembly, and Senator Raggio, Senate Majority Leader, had submitted the names of the following legislators to serve as members of the Subcommittee:

- ✓ Senator Cegavske, Senator Mathews, and Senator Raggio
- ✓ Assemblywoman Smith, Assemblywoman Gansert, and Assemblyman Arberry

> ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE LEGISLATORS NOMINATED BY THE SPEAKER AND THE SENATE MAJORITY LEADER TO SERVE AS MEMBERS OF A SUBCOMMITTEE TO REVIEW CERTAIN MATTERS OF THE PUBLIC WORKS BOARD THAT REQUIRED PRIOR APPROVAL OF THE IFC.
>
> SENATOR RAGGIO SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Lee, Assemblyman Denis, and Assemblywoman McClain were not present for the vote.)

*M. STATE PUBLIC WORKS BOARD

1. Project 01-C12, Request for approval to receive federal grant money of ~~$608,858~~ ***$652,858*** and utilize $397,169, which was held in reserve to complete the renovation of the Ely Armory. **REVISED AUGUST 22, 2007.**

Evan Dale, Deputy Manager, Administrative and Fiscal Services, State Public Works Board (SPWB), Department of Administration, requested approval to increase the SPWB's authority to receive and expend federal grant funds of $652,858 for Project 01-C12, Rural Armory Renovations and to release $397,169 of state funding that was held in reserve.

Mr. Dale advised that the 2001 Legislature approved Project 01-C12 for the renovation of five rural armories. Four armories were completed, and the Office of the Military was ready to proceed with renovation of the final armory in Ely. Mr. Dale stated that the Office of the Military had received notification that additional grant funds were available and reiterated his request to receive and expend the funds for the project.

In response to Senator Raggio, who questioned the amount of the request, Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Public Works Board revised their initial submittal request from $608,858 to $652,858.

> SENATOR RAGGIO MOVED APPROVAL OF THE REQUEST AS REVISED.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Lee, Assemblyman Denis, and Assemblywoman McClain were not present for the vote.)

2. 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).

Gustavo Nunez, P.E., Manager, State Public Works Board (SPWB), Department of Administration, advised that the University of Nevada Las Vegas (UNLV) Science, Engineering and Technology Project 01-C15, 03-C-23, and 05-C06 was 88 percent completed to date.

In response to Chairman Arberry, who asked whether the current project completion date of December 19, 2007 was realistic, Mr. Nunez confirmed that the December 19, 2007 was realistic, but pointed out that the 2007 capital improvement project (CIP) remained to be completed.

Chairman Arberry asked whether the UNLV would be able to utilize the building for classes during the 2008 spring semester.

Mr. Nunez advised that the 2007 CIP that remained to be completed included tenant improvements and extensive fixtures, furniture, and equipment needs including dismantling, and rebuilding sensitive equipment that had to be moved from other parts of the campus. Mr. Nunez projected completion of the entire project between May and June 2008 and further advised that utilization of the building, which was a research facility, was not tied to semester scheduling.

Senator Raggio questioned whether there was continued disagreement between the SPWB and contractor regarding the number of days of delay on the project.

Mr. Nunez advised that the SPWB had reached a comprehensive settlement with the contractor, which was currently being processed for approval.

In a brief summary of events, Mr. Nunez provided the following information:

The contractor had filed a time delay claim of $2.2 million. The settlement agreed to a sufficient number of days for the contractor to complete the contract without the imposition of liquidated damages. In exchange, the contractor agreed to begin the immediate release in weekly succession of the fourth, third, second, and first floors of the building to the SPWB. The contractor's release of the floors allowed the SPWB to begin the required tenant improvements four months ahead of schedule.

In response to Senator Raggio, who asked whether the settlement resulted in additional costs to the original contract, Mr. Nunez reported an additional cost of $114,000. Mr. Nunez advised that although he had some concerns regarding the $114,000 settlement to the contractor, it was reduced from the initial $2.2 million claim and extending the deliberation by going to mediation and or arbitration would have been more expensive. Additionally, Mr. Nunez pointed out that gaining the contractor's release of the building four months prior to the completion of the contract permitted the SPWB to begin tenant improvements, which was worth acceptance of the settlement.

3. Project 05-C01, (FINAL REPORT) Repair exterior of the Grant Sawyer Building – Project status report (informational only).

Gustavo Nunez, P.E., Manager, State Public Works Board (SPWB), Department of Administration, reported that Project 05-C01 to repair the exterior tile on the Grant Sawyer Building was completed. He also reported that work was proceeding with the capital improvement project, approved by the 2007 Legislature, to repair the fountain and sidewalks and to reposition the flagpole.

Chairman Arberry noted the difficulty encountered in opening the heavy doors at the Grant Sawyer Building and asked that the SPWB representatives investigate the possibility of installing automatic doors at some point in the future.

4. Project status report (informational only).

There were no questions from the Committee regarding the Project Status Report.

Assemblywoman Smith asked that the SPWB provide a written report to the Committee on their development of "green building" standards for state projects and an update on the incorporation of Leadership in Energy and Environmental Design (LEED) standards for current projects.

*N. APPOINTMENT OF A SUBCOMMITTEE OF THE IFC PURSUANT TO A.B. 629, SECTION 2 (Chapter 348, 2007; funding for alternatives for persons who are homeless). Chairperson would be Assemblywoman Leslie.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that A.B 629, 2007, provided that the distribution of funding for homeless projects would be determined by a Subcommittee of the Interim Finance Committee, which required the Committee's approval.

Chairman Arberry advised that Assemblywoman Buckley, Speaker of the Nevada Assembly, and Senator Raggio, Senate Majority Leader, had submitted the names of the following legislators to serve as members of the Subcommittee:

- ✓ Senator Beers, Senator Titus, and Senator Raggio

- ✓ Assemblyman Parks, Assemblyman Hardy, and Assemblywoman Leslie, who would serve as Chairwoman

ASSEMBLYWOMAN SMITH MOVED APPROVAL OF THE LEGISLATORS NOMINATED BY THE SPEAKER AND THE SENATE MAJORITY LEADER TO SERVE AS MEMBERS OF A SUBCOMMITTEE TO DETERMINE THE DISTRIBUTION OF FUNDING FOR HOMELESS PROJECTS.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Denis and Assemblywoman McClain were not present for the vote.)

O. INFORMATIONAL ITEMS

Chairman Arberry announced that the Committee would hear reports on Informational Items O.2; O.8.a; O.10.b.(2); O.10.d.(1); O.10.f.(2); O.13; O.16.b.(4). Refer to Exhibit C to review the entire list of Informational Items.

2. SUPREME COURT – Mental Health/Criminal Justice Task Force – Plan for Implementation of a Pilot Prison Re-Entry Mental Health Court.

Chief Justice A. William Maupin, Supreme Court of Nevada, appeared before the Committee to provide information relative to the progress that had been made, since the adjournment of the 2007 Legislative Session, with regard to the creation of a prison re-entry mental health court program.

Chief Justice Maupin advised that about a year ago Assemblywoman Sheila Leslie approached the Court with information regarding the availability of grant funding from the National Council of State Governments for states that were willing to form Chief Justices Task Forces on Mental Health Courts. Seven states were selected to participate in an effort to bring to the public's attention and to more fully institutionalize the use of mental health courts in the criminal justice system. As of that entry, Chief Justice Maupin said that a "successful" mental health court experiment was underway in Washoe County with Judge Peter Breen in the Second Judicial District and in Clark County with Judge Jackie Glass in the Eighth Juridical District.

Chief Justice Maupin said that the Court created the Chief Justice's Council on Mental Health Courts and selected representatives of every stakeholder organization in the system that involved mental health courts. Participants included rural and urban lawyers, rural and urban judges, Department of Corrections' representatives, mental health professionals, activists, and Carlos Brandenburg, Ph.D., from the Department of Health and Human Services, Division of Mental Health and Developmental Services.

Chief Justice Maupin reported that members of the Task Force had met several times and had attended a national conference of Mental Health/Criminal Justice Task Forces in Atlanta where participants learned that mental health courts placed in major cities across the country were proving successful. The Chief Justice said, "the mental health courts provided insertions into the criminal justice system in the more advanced projects on the police apprehension level, in the initial incarceration level, in the court-adjudication level, later in the prisons, and thereafter in prison re-entries." Although initially skeptical, he said he was now convinced of the effectiveness of mental health court programs.

Chief Justice Maupin advised that with resources provided from the Center for Mental Health Services' (CMHS) GAINS Center and the Council of State Governments, the Mental Health/Criminal Justice Task Force had "preliminarily" developed a pilot project for a prison re-entry mental health court. The Chief Justice reported that approximately 20 percent of prisoners in Nevada were diagnosed with "Axis 1" mental health disorders and because of compliance issues, those individuals used more services in the prison system, cost the prison system more in terms of medication and medical services, and took longer to reach parole status.

Chief Justice Maupin concluded his presentation and advised the Committee that with further development of the project, members of the Task Force would return to a subsequent Interim Finance Committee meeting with a request for resources.

In response to Chairman Arberry, who asked when a budget for the proposed program would be completed, the Chief Justice indicated the budget would, most likely, be provided to the Committee at their next meeting.

Assemblywoman Buckley requested a geographic breakdown of where the 75 prisoners, tentatively identified as meeting the criteria for the program, resided and where they would be going if they were all accepted into the program.

Chief Justice Maupin indicated that the majority of prisoners that were identified as meeting the criteria were from Clark County.

Judge Jackie Glass, Eighth Judicial District Court, Civil/Criminal Division, Department 5, advised that the Department of Corrections provided a list of 150 individuals, which was narrowed by the members of the Task Force to 32 individuals. The criminal histories of those 32 individuals, who were from Clark County, Washoe County, and other areas of the state, reflected arrests records that were significant throughout the system. Judge Glass indicated that a fully developed statewide pilot program would propose serving 45 individuals in Washoe County, 45 individuals in the Clark County and 10 individuals in Carson City.

Assemblywoman Buckley questioned the adequacy of resources to fund a fully-developed project that would serve a group of 45-45-10 individuals since it appeared that 80 percent of the prisoners were from Clark County.

Judge Glass explained that because of the unpredictability of sentence length and eligibility for parole, the screening process was crucial in determining the number of individuals that would be served. While the group of 45-45-10 individuals was optimal, Judge Glass advised that the Task Force was flexible relative to the numbers.

Chief Justice Maupin discussed the difficulties the Task Force members encountered with the screening criteria and indicated that the prisoners needed to be "intercepted" prior to discharging their sentences. He explained that when prisoners were discharged with no further controls, their chances for re-offending were greater, and, thus, it was necessary to screen inmates with sufficient time remaining on their sentences so that upon parole, they received the necessary therapeutic period within the program.

Judge Glass provided the following overview of the proposed program:

- Development of a mental health court for mentally ill felons, who were paroled from prison but who had "significant" difficulties obtaining the resources they needed to prevent them from re-offending and returning to prison. Judge Glass advised that the parolees required medication, shelter, structure, and counseling.

- The goal of the Task Force was to identify those individuals early on in the prison process and to institute some preparatory-release programs during their incarceration.

- Once released, parolees would be provided medication through Southern or Northern Nevada Adult Mental Health Services, and housing and benefits would be obtained for them, which would help to alleviate continued costs to the state.

- When compliant on medication, parolees would be transitioned into reuniting with their families and the community.

Judge Glass explained that the 32 inmates, selected by a subcommittee of the Task Force, were individuals who committed crimes that included burglaries, identify theft, possession of stolen vehicles, possession of stolen property and drugs, and, as previously indicated, once paroled and without resources, the likelihood of those inmates remaining crime free was slim. Judge Glass said that development of a pilot program for a mental health court was seen as being financially sound and a way to eliminate the number of days spent in jails and prisons, reduce the number of new crimes committed, and protection for the pubic.

Speaking from her experience with the Clark County mental health court, Judge Glass advised that an 89 percent reduction was seen in the number of new crimes committed by program participants and an 83 percent reduction of days in jail as well as a

significant reduction in new offenses. Judge Glass pointed to the success of the mental health courts in Clark County and Washoe County and said that Mental Health/Criminal Justice Task Force wanted to implement a two-year pilot program and report the results to the Legislature in 2011.

Additionally, Judge Glass advised that the Task Force planned to develop a control group of 45 currently incarcerated individuals who would be monitored and once released, a comparison would be made to others with similar mental health diagnoses and criminal activities.

Assemblywoman Leslie expressed her thanks Justice Maupin for his leadership and Judge Glass for her work on the pilot project.

In response to Assemblywoman Leslie's request for additional information regarding the funding for the project, Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the proposal was for a utilization of reserved funding, which amounted to $2.7 million in the first year of the biennium and $3.6 million in the second year of the biennium.

Mr. Stevens explained, however, that before funding for the project could be allocated, the Fiscal Analysis Division and the Department of Administration would need to determine whether the Department of Corrections, the Division of Parole and Probation, and the State Board of Parole Commissioners needed additional funding to support "inmate associated costs that were greater than the legislatively approved budget." Additionally, funding for the White Pine County Courthouse in Ely also had to be considered before any monies could be allocated for the mental health court.

Although not yet discussed with Department of Administration representatives, Mr. Stevens suggested that a funding allocation for the project could be determined by the time the Committee met in January 2008. Mr. Stevens explained that six months into fiscal year 2008 would provide enough time for a comparison of actual prison population to projections and whether additional resources for support costs would be needed for the Division of Parole and Probation and the Parole Board.

Assemblywoman Leslie recalled discussion during the Legislative Session regarding the courthouse in Ely and indicated that legislative intent was on the record that the Prison did not come before special programs. Assemblywoman Leslie requested that staff research the record relative to legislative intent.

Chief Justice Maupin indicated that in view of the important public policy considerations regarding the allocation of resources and the Task Force's comprehensive screening process of eligible inmates for the program, six months appeared "more than reasonable" time to prepare a budget for the project.

The Chief Justice expressed his thanks to Assemblywoman Leslie and Senator Cegavske, two members of the Task Force, who he said had provided

valuable contributions in terms of better communicating with the Committee on the creation of a prison re-entry mental health court program.

In response to questions Senator McGinness asked regarding the mental health program for rural Nevada, Chief Justice Maupin advised that the Task Force, in its first meeting, created a rural court component that, under the direction of Judge Richard Wagner, Sixth Judicial District Court, Department 1, were studying statewide needs. Chief Justice Maupin advised that qualified inmates from rural counties would be eligible for the program, which he indicated would be an important part of the project.

Additionally, the Chief Justice discussed the success achieved in Elko County when a prisoner associated with District Judge Andrew Puccinelli's Eastern Nevada Adult Drug Court Program was released into the community and working in Elko as a productive citizen.

Chairman Arberry closed the discussion on the Plan for the Implementation of a Pilot Prison Re-Entry Mental Health Court.

8. DEPARTMENT OF BUSINESS AND INDUSTRY
   (a) Mortgage Lending – Quarterly report on revenue and expenditure activity for the quarter ending June 30, 2007 (letter of intent, 2005 Legislature).

Bill Maier, Administrative Services Officer, Director’s Office, Department of Business and Industry, identified himself for the record and introduced Sheila Walther, Supervisory Examiner, Mortgage Lending Division, Department of Business and Industry.

Mr. Maier was before the Committee to address the Mortgage Lending Division's quarterly report on revenue and expenditure activity for the quarter ending June 30, 2007 (Exhibit J).

Chairman Arberry asked for comments relative to the decline in revenue during fiscal year 2007 and the impact on the Division if the industry continued to decline into fiscal year 2008 and 2009.

Ms. Walther attributed a decline in revenue to the decrease in the number of mortgage broker, banker, and escrow agent companies in the state. Ms. Walther advised that 404 offices had closed in Nevada during the past twelve months, and approximately 230 broker offices failed to renew their licenses during the latest license renewal period. Additionally, Ms. Walther said that some mortgage broker companies had downsized by maintaining their broker license and bringing all of their loan officers into one location.

Chairman Arberry asked whether the agency would be able to sustain the 17 new positions approved by the 2007 Legislature, if the decline continued.

Ms. Walther indicated that the Division would move cautiously to determine the need before filling the positions. She reported that with the current backlog of examinations, the Division could only meet 45 percent of its mandate to conduct an annual examination of all licensees. However, she said that the Division tried to ensure the annual examination of mortgage companies charged with handling private money. Ms. Walther pointed out that even with the decline in the number of mortgage companies, the Division needed additional staff in order to meet the current examination requirements.

Chairman Arberry accepted the report.

10. DEPARTMENT OF HEALTH AND HUMAN SERVICES
    b. Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services.
        (2) Status report regarding accreditation issues.

            Refer to work program Item 30 for narrative and motion for approval.

10. DEPARTMENT OF HEALTH AND HUMAN SERVICES
    d. Division of Welfare and Supportive Services
        (1) Report on agency efforts to obtain work participation advisors for clients to comply with higher work-participation rates under the federal Deficit Reduction Act.

            Refer to narrative and motion for approval under Item C – 89 and 90.

10. DEPARTMENT OF HEALTH AND HUMAN SERVICES
    f. Division of Child and Family Services
        (2) Clark County Integration – Report on the 90-day implementation plan for new positions approved by the 2007 Legislature.

Thomas Morton, Director, Clark County Department of Family Services, appeared before the Committee to report on the implementation of new positions the Legislature approved in 2007.

The Assembly Committee on Ways and Means and the Senate Committee on Finance Joint Subcommittee on K-12 and Human Services at its May 2, 2007, meeting, recommended approval of 85 new positions to support child welfare integration in Clark County. The positions were approved with a condition that the Clark County Department of Family Services submit to the Interim Finance Committee a 90-day implementation plan (Exhibit K) to fill those positions.

Mr. Morton indicated he had intended to request approval for the positions from the Board of County Commissioners in early July, proceed with recruitment, and fill the positions at the end of September or early October. However, delays occurred including the need for a new interlocal agreement between the state and the county

before the county could request approval for the new positions from the Board of County Commissioners. He explained that the current active interlocal agreement contained a provision disallowing the county to encumber or expend funds beyond June 30, 2007. Additional delays occurred as a result of a miscommunication from his office to the Administrator of the state's Division of Child and Family Services regarding a request for final budget closing information.

Mr. Morton reported that a draft of the interlocal agreement would be available on September 7, 2007, but that he had also recently gained the approval of the Clark County Manager to waive the county protocol regarding the interlocal agreement. Mr. Morton stated that the request for the positions would go before the Board of County Commissioners the first week in October and with the approval of the County Manager to proceed, and a newly executed interlocal agreement by mid-October, the County could begin to extend hiring offers in early December.

Assemblywoman Sheila Leslie indicated she was disappointed to learn of the delays and questioned whether the recruitment process had begun.

Mr. Morton indicated that the county's recruitment for most positions was ongoing; however, the job description for family support workers was revised and would require a new recruitment, which would begin upon approval of the Board of County Commissioners.

In response to Assemblywoman Leslie, who asked when the positions would be filled, Mr. Morton anticipated extending offers in December or January but advised that the county had encountered a problem with the quality of the applicant pool in recent recruitments, which could be a factor in terms of their ability to fill the positions.

In response to questions Assemblywoman Leslie asked regarding whether the positions the Legislature approved for fiscal year 2007 were filled, Mr. Morton advised that the positions were previously funded by Clark County effective January 2007. Mr. Morton advised that twelve applicants were hired, another would begin employment on September 10, 2007, and recruitment for two vacant licensing positions was currently in progress.

Assemblywoman Leslie questioned whether the funding for positions that remained vacant in fiscal year 2007 should be reverted to the state.

Mr. Morton indicated that some confusion had occurred regarding the 14 positions approved in the supplemental appropriation for child welfare, A.B. 540, 2007. He indicated it was his understanding that the positions, which were funded effective July 1, 2007, had not been filled.

Assemblywoman Leslie asked Mr. Morton to work with the Committee's staff relative to whether funding for the positions should be reverted to the state.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that a staff review would be required to determine whether funding should be reverted to the General Fund.

Mr. Morton pointed out that from May 2007 to date, the Department of Family Services experienced a 10.7 percent increase, or 120 additional available beds for children in regular foster homes as well as a 23 percent increase in the number of licensed-relative homes. Mr. Morton attributed the increase in beds and relative homes to the funding investment in recruitment, training, and licensing staff.

Assemblywoman Leslie requested that the county work toward putting the state's investment into hiring workers to support child welfare needs in Clark County.

Chairman Arberry accepted the report.

13. DEPARTMENT OF CORRECTIONS – Southern Nevada Correctional Center – Status report on the implementation and operation of the real-time tracking system for staff and inmates (IFC Resolution, June 13, 2006).

Howard Skolnik, Director, Department of Corrections, appeared before the Committee to report on the problems the Department had encountered with the ElmoTech, Inc. electronic monitoring equipment purchased for the Southern Nevada Correctional Center (SNCC).

The 2005 Legislature appropriated $838,200 to the Interim Finance Committee for allocation to the Department of Corrections to purchase the electronic monitoring equipment, and Mr. Skolnik reported that a first payment was made upon the receipt of hardware, a second payment upon completion of installation, and the third payment was to be made upon activation, training, and acceptance. To date ElmoTech, Inc. received two-thirds of the money for the hardware and the completion of installation, although "significant initial difficulties" were encountered with the equipment and with the ability of the software to identify the location of inmates.

Mr. Skolnik advised that ElmoTech, Inc. had been "very responsive" to date relative to the Department's concerns and had modified the system and increased the hardware equipment used in the SNCC yard. Mr. Skolnik attributed the problems, in part, to blind spots that that were revealed after the system was activated and to which ElmoTech responded by increasing the number of radio units. Additionally, problems occurred with the clasps on inmate ankle bracelets, which occasionally provided false alarms and/or were being opened without the ability to determine whether an accidental or intentional breach had occurred. Mr. Skolnik advised that ElmoTech, Inc. was in the process of designing a new clasp.

Mr. Skolnik attributed other system problems to the lack of closed-circuit camera equipment, which was originally included in the budget request but was later eliminated. Mr. Skolnik indicated that the system was currently operating at approximately

80 percent of the equipment's efficiency and indicated he believed the system's ability to operate at peak performance had been slowed without the camera equipment.

Chairman Arberry pointed out that the remaining balance of the funding originally allocated to the Department would revert to the General Fund on or before September 21, 2007, and asked how the Department planned to make the final contract payment for the system considering the number of unresolved equipment issues.

Mr. Skolnik indicated that although ElmoTech, Inc. had completed the essence of the contract, warranty work remained uncompleted, and the final payment would be withheld until the Department was entirely satisfied that the equipment was performing at 100 percent capacity.

In response to questions Chairman Arberry asked regarding resolution of outstanding contract compliance issues, Mr. Skolnik advised that ElmoTech had two weeks to rectify unresolved issues before the deadline and had brought additional staff in to work on the problems. Mr. Skolnik recommended that if the problems were not resolved to the Department's satisfaction, the final payment be submitted to stale claims.

In response to questions Assemblyman Parks asked relative to the Department's Nevada Offender Tracking Information System (NOTIS), Mr. Skolnik advised that NOTIS was currently operational but would require additional modifications in response to the Department's daily operating needs. Mr. Skolnik advised that the system generated a substantial quantity of information and discussed the need to establish a reporting structure signifying various levels of importance, so that for example, an inmate smoking in his cell did not carry the same level of importance as an assault on an officer. Mr. Skolnik expressed his appreciation for the system, which he indicated would benefit the Department.

In response to Assemblywoman Weber, who questioned whether NOTIS was available at Case Grande, Mr. Skolnik confirmed it was.

16. Reports on one-time General Fund appropriations approved by the 2005 Regular Session and 22nd Special Session of the Nevada Legislature.

    b. A.B. 580, 2005 Legislature
        (4) Appropriation of $200,000 to the M2 Foundation for Kids for enhancing educational programs for children.

Chairman Arberry indicated he was advised that the M2 Foundation for Kids had not submitted a final expenditure report for funding appropriated to them by the 2005 Legislature. Chairman Arberry indicated he would check into the matter with the Foundation's Certified Public Accountant and provide a report to the Committee.

*P. APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c) – Department of Wildlife – Request for approval to accept

binoculars and spotting scopes valued in excess of $10,000 from Nevada Bighorns Unlimited, Reno Chapter. **RECEIVED AUGUST 22, 2007.**

Ken Mayer**,** Director, Department of Wildlife, appeared before the Committee to request approval to accept optical equipment donated by the Reno Chapter, Bighorns Unlimited. The high-quality optics included binoculars, and spotting scopes valued in excess of $10,000.

SENATOR BEERS MOVED APPROVAL OF ITEM P.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

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

Prior to adjourning the meeting, Chairman Arberry requested that Mike Willden, Director Department of Health and Human Services, respond to a request from Senator Cegavske to provide the Committee with information regarding the theft of computers reported in a recent news article.

Mr. Willden reported that in February 2007, the Division of Welfare and Supportive Services discovered 93 computers and 94 monitors, valued at $100,000, were missing obviously as the result of security issues. Mr. Willden advised that upon discovery of the theft, a report was made to the Las Vegas Metropolitan Police who declined to conduct a probe because there were no signs of forced entry. Mr. Willden further advised that the Department conducted an internal investigation, the case was referred to the Office of the Attorney General, who was conducting an investigation, the Budget Division was notified, and procedures had been changed.

In response to questions Senator Mathews asked regarding the cost of computers, Mr. Willden advised that the Department of Health and Human Services employed approximately 5,300 employees who required computers on a three-year replacement schedule. He indicated payment for the computers averaged approximately $1,100 per computer.

Q. PUBLIC COMMENT.

There was no public comment.

R. ADJOURNMENT.

Chairman Arberry adjourned the hearing at 3:47 p.m.

_____
Assemblyman Morse Arberry Jr., Chairman
Interim Finance Committee

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

EXHIBITS INTERIM FINANCE COMMITTEE		
Exhibit	**Witness/Agency**	**Description**
A		Agenda
B		Guest List
C		Item O. Informational Items
D	Nancy Ford, Administrator, Division of Welfare and Supportive Services	Division of Welfare and Supportive Services Administering Work Participation Cost Analysis
E	Nancy Ford, Administrator, Division of Welfare and Supportive Services	List of people and organizations to which the RFI for contract services was sent.
F	Stuart J. Ghertner, Ph.D. Agency Director, Southern Nevada Adult Mental Health Services	Informational Item O.10.b.(2) Status Report regarding accreditation issues
G	Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Statement of Contingency Fund Balance
H	Mayor Geno R. Martini, City of Sparks	Letter dated July 6, 2007.
I	Todd Butterworth, Bureau Chief, Office of Disability Services (ODS), Department of Health and Human Services	Proposal for Autism Services in FY 08-09
J	Bill Maier, Administrative Services Officer, Director's Office, Department of Business and Industry	Revenues and Expenditures of the Mortgage Lending Division for the Fourth Quarter of Fiscal Year 2007
K	Tom Morton, Director, Clark County Department of Family Services	Clark County Integration – Report on the 90-day implementation plan for new positions approved by the 2007 Legislature.