MINUTES OF THE JANUARY 8, 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 January 8, 2007, at 8:18 a.m. in Room 4100 of the Legislative Building. Exhibit A is the agenda. Exhibit B is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chairman
Assemblyman Moises Denis
Assemblywoman Heidi Gansert
Assemblyman John Oceguera sitting for Assemblywoman Giunchigliani
Assemblyman Lynn Hettrick
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblywoman Kathy McClain
Assemblyman David Parks sitting for Assemblyman Perkins
Assemblyman Bob Seale
Assemblywoman Bonnie Parnell sitting for Assemblywoman Smith
Assemblywoman Valerie Weber
Senator Bob Beers
Senator Barbara Cegavske
Senator Bob Coffin
Senator Bernice Mathews
Senator Dean Rhoads

COMMITTEE MEMBERS EXCUSED:

Senator William J. Raggio, Chairman
Senator Dina Titus

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel

Mark W. Stevens, Fiscal Analyst, Assembly
Steve Abba, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Fiscal Analyst, Senate
Larry Peri, Principal Deputy Fiscal Analyst
Connie Davis, Interim Finance Committee Secretary
Rebecca Lowe, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES FROM THE SEPTEMBER 12, 2006 MEETING.

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF THE SEPTEMBER 12, 2006, MEETING MINUTES.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

*C. APPROVAL OF MINUTES FROM THE NOVEMBER 15, 2006 MEETING.

ASSEMBLYMAN SEALE MOVED APPROVAL OF THE NOVEMBER 15, 2006 MEETING MINUTES.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

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

1. **Department of Conservation and Natural Resources – Division of Forestry – Forest Nurseries – FY 07 –** Addition of $268,000 in Seed Bank Sales to increase seed bank purchase authority for acquisition of seed for the Department of Wildlife and other state agencies. Requires Interim Finance approval since the amount added to the Seed Bank category exceeds $50,000. **Work Program #C30943**

Informational Only.

*E. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN

ACCORDANCE WITH Chapter 353, *Nevada Revised Statutes* and WORK PROGRAM REVISIONS PURSUANT TO S.B. 522 (2005), SECTION 8(2).

Chairman Arberry announced that agency representatives would be called upon to provide additional information for the following work programs:

Items 7, 8 and 9 would be considered concurrently; Item 10 was revised; Item 31; Item 32 required a public hearing; Item 36 and Informational Item L6c(2) were related and would be considered concurrently; Item 38 required a public hearing; Items 42 and 43 would be considered concurrently; Item 42 required a public hearing; Item 47 and 48 would be considered concurrently and Item 48 required a public hearing; Item 51, Item 71 was revised, Items 75 and 76 would be considered concurrently; Item 81 was related to the Department of Wildlife position request.

The following work programs were revised, but agency representatives would not be called upon to provide additional information:

Items 3 and 14

The following work programs were withdrawn:

Items 21, 30, and 35

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ALL WORK PROGRAM REQUESTS AND POSITION CHANGES THAT WERE NOT DESIGNATED BY THE CHAIRMAN FOR FURTHER DISCUSSION.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

1. **Office of the Attorney General – Attorney General Administrative Account – FY 07 –** Transfer of $80,000.00 from the Personnel category to the Tobacco Enforcement category to fulfill contract obligations and support the tobacco program expenditures through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Tobacco Enforcement category exceeds $50,000.00. **Work Program #C30481**

   Refer to motion for approval under Item E.

2. **Office of the Attorney General – Workers' Compensation Fraud – FY 07 –** Transfer of $15,000.00 from the Personnel category to the Litigation Expense category, $10,000.00 from the Reserve category to the Litigation Expense category, $18,000.00 from the Reserve category to the Operating category, and $3,000.00 from the Reserve category to the Training category to cover projected

expenditures through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Litigation Expense category exceeds 10% of the legislatively-approved level for that category. **Work Program #C30486**

Refer to motion for approval under Item E.

3. **Office of the Attorney General – Violence Against Women Grants – FY 07 –** Addition of $274,595.00 in federal Grants to Encourage Arrest Policies and Enforcement of Protection Order (GEAP) Program grant funds to support programs relating to domestic violence, sexual assault, stalking, and batterer treatment. Requires Interim Finance approval since the amount added to the Arrest Policies category exceeds ***$50,000.00*** ~~$50,0000~~. **Work Program #C30487**. **REVISED DECEMBER 5, 2006.**

   Item 3 was revised on December 5, 2006. Refer to motion for approval under Item E.

4. **Office of the Attorney General – Violence Against Women Grants –FY 07**- Addition of $332,258.00 in federal STOP Violence Against Women formula grant funds, and transfer of $4,164.00 from the Discretionary grants category to the Prosecution Expense category to assist in the development and strengthening of effective law enforcement and prosecution strategies to combat violent crimes against women. Requires Interim Finance approval since the amount added to the Prosecution Expense category exceeds $50,000.00. **Work Program #C30488**

   Refer to motion for approval under Item E.

5. **Office of the Secretary of State – HAVA Election Account – FY 07 –** Addition of $290,000.00 in federal Help America Vote Act (HAVA) funds to fund polling place improvements to ensure individuals with disabilities full access to the electoral process. Requires Interim Finance approval since the amount added to the Polling Place Improvements category exceeds $50,000.00. **Work Program #C29231**

   Refer to motion for approval under Item E.

6. **Department of Information Technology – Facility Management – Computing Division – FY 07 –** Transfer of $372,994.00 from the Reserve category to the Information Services category to complete the data replication project in Las Vegas and purchase additional disk storage to accommodate the new site. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00. **Work Program #C21983**

   Refer to motion for approval under Item E.

7. **Department of Information Technology – Facility Management – Computing Division – FY 07 –** Transfer of $74,145.00 from the Reserve category to the

Information Services category to establish a fiber optic backbone between Carson City and Reno and provide enhanced connectivity between Reno and Las Vegas. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00. **Work Program #C21985. RELATES TO ITEMS 8 AND 9.**

Chairman Arberry announced that Items 7, 8, and 9 would be considered concurrently. The Chairman recognized Gary Buonacorsi, Deputy Director, Department of Information Technology (DoIT).

Mr. Buonacorsi appeared before the Committee to request approval for $443,601 in budget authority reflected in work program requests 7, 8, and 9. If approved, the funding would be expended to complete fiber-optic network connectivity between Carson City and Reno and to enhance the data communication links between Reno and Las Vegas.

Assemblyman Denis asked for clarification on whether the request would create a second line between Carson City and Reno.

Mr. Buonacorsi advised that currently no fiber-optic connection existed between Carson City and Reno. Rather, data was transported from Carson City to Reno through a microwave channel, which he indicated was a "single point of failure" for DoIT. Mr. Buonacorsi reiterated that approval of the request would establish a fiber-optic connection between Carson City and Reno and enhance the connection between Reno and Las Vegas. Additionally, he said that the microwave channel would be used as a second bandwidth channel.

Senator Beers asked for information related to fiber-optic connections going out of Carson City.

Ken Adams, Deputy Chief of Communications, DoIT, advised that the State had access to AT&T Corporation's fiber-optic connections between Carson City and Reno as well as a second loop that formed a ring from Carson City to Fernley and back to the Interstate (I) 80 Corridor.

Senator Beers requested clarification regarding the reference to a "single point of failure."

Mr. Adams responded that "single point of failure" was a reference to the current method of transporting data via the microwave system between Carson City and Reno continuing out the I-80 Corridor. Mr. Adams explained that the fiber-optic link would establish a backbone between Carson City and Reno and create a second, redundant path to transport data between Carson City and Reno.

In response to questions Senator Beers asked in regard to renting networking capability from AT&T, Mr. Adams advised that it was not possible to access fiber-optic cables, or

"dark fiber" from AT&T. Mr. Adams explained that the fiber-optic cable services provided by AT&T were "lit," or equipped with optical electronics in the "single carrier" Ethernet methodology, rather than the open-fiber space the State needed to run multiple applications, such as radio, data, voice, or video systems.

In response to additional questions Senator Beers asked regarding the State's ability to access cable, Mr. Adams explained that approval of the work program requests would allow the State to complete the fiber-optic link from Carson City to Elko and Winnemucca, which was also part of the microwave project.

Senator Beers expressed concern about approving a capital project prior to the 2007 Legislative Session and asked if the request could be postponed until the issue could be addressed by the entire legislative body.

Mr. Buonacorsi explained that the opportunity to complete a fiber-optic network between Carson City and Reno had only recently occurred, and the timing appeared to be most advantageous for the vendor and a cooperative effort for the project between the Nevada System of Higher Education (NSHE), the Nevada Department of Transportation (NDOT), and the DoIT. Additionally, Mr. Buonacorsi indicated there was some uncertainty as to whether a future opportunity to complete a fiber-optic network would be available.

In response to Senator Beers, who asked if other State participants had the budgetary authority to participate in establishing a fiber-optic network, Mr. Buonacorsi said he could not speak for other departments.

In response to Assemblyman Denis, who asked for clarification on whether dark fiber existed between Carson City and Reno, Mr. Buonacorsi explained that the fiber-optic cable between Reno and Carson was a new installation and would provide a "first and only" opportunity to access dark fiber between Carson City and Reno. Mr. Buonacorsi further explained that the existing conduit infrastructure, based on a project by Sierra Touch America and AT&T, would be utilized by the vendor installing the network fiber.

In response to Senator Beers, who asked if DoIT would be charging portions of the cost for the fiber-optic network to other agencies, Mr. Adams advised that the budget authority requested for expenditures in Items 7, 8, and 9 represented DoIT's participation in the project while other costs were the responsibility of NSHE and NDOT.

Robert Chisel, Administrative Services Officer, NDOT, advised that budgetary authority for NDOT was provided through U. S. Department of Transportation funding for Intelligent Transportation Systems (ITS). Mr. Chisel explained that NDOT was adding cameras and other ITS devices along the interstates in both Reno and Las Vegas and utilizing the fiber to help carry the bandwidth or information transmission across the State.

In response to Senator Beers, who asked for information relative to the State's total participation in the project, Mr. Chisel advised that for the next twenty years, the NDOT and the NSHE would each contribute $600,000 for the equipment to "light," or equip the fiber with optical electronics needed to transmit information over significant distances. Additionally, $8,000 a year would be required for maintenance.

Senator Coffin asked for information relative to how long the proposed project would satisfy the capacity needs of the State.

Mr. Adams responded that the capacity of the fiber was based on using an OC48 high-speed, 2.5 gigabits per seconds, wide area network connection that would satisfy the State's needs "for the immediate near future." Mr. Adams indicated that the rapid increase of data and electronic business systems made it difficult to project future bandwidth requirements.

Dan Stockwell, Director, DoIT, further explained that capacity was driven by several different factors that included the available accessible network capacity and equipment being put in place that would provide for future growth. Mr. Stockwell pointed out that future capacity would be driven by customers' desire and funding for the implementation of various technology projects, such as video conferencing. Mr. Stockwell advised that State agencies had begun video conferencing in earnest in 2006 after funding was approved by the Legislature in 2005. He said that although video conferencing was not yet being fully utilized, approval of the request before the Committee would provide the necessary bandwidth as use increased. Additionally, Mr. Stockwell advised that although he could not provide a specific answer, the State's capacity needs would increase as State agencies' data processing needs became more sophisticated.

Senator Coffin indicated the question regarding the State's capacity needs would be addressed in committee meetings during the legislative session.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted, for the record, that Item 8 was revised from $265,029 to $260,401 and Item 9 was revised from $112,140 to $109,055.

SENATOR BEERS MOVED APPROVAL OF ITEM 7, AND ITEMS 8 AND 9 AS REVISED.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED.

8. **Department of Information Technology – Data Communications and Technology - FY 07 –** Transfer of $265,029.00 from the Reserve category to the Information Services category to establish a fiber optic backbone between Carson City and Reno and provide enhanced connectivity between Reno and Las Vegas. Requires Interim Finance approval since the amount transferred to the

Information Services category exceeds $50,000.00. **Work Program #C21988. RELATES TO ITEMS 7 AND 9.**

Item 8 was revised from $265,029 to $260,401. Refer to narrative and motion for approval under Item 7.

9. **Department of Information Technology – Network Transport Services -FY 07-** Transfer of $112,140.00 from the Reserve category to the Information Services category to establish a fiber optic backbone between Carson City and Reno and provide enhanced connectivity between Reno and Las Vegas. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00. **Work Program #C21986. RELATES TO ITEMS 7 AND 8.**

   Item 9 was revised from $112,140 to $109,055. **Refer to narrative and motion for approval under Item 7.**

10. **Department of Information Technology – Network Transport Services –FY 07-** Transfer of $81,640.00 from the Reserve category to the Equipment category to purchase a propane truck that is needed to deliver fuel to various mountaintop communication sites. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds $50,000.00. **Work Program #C21987**

Gary Buonacorsi, Deputy Director, Department of Information Technology (DoIT), appeared before the Committee to request approval to transfer $81,640 from the Reserve category to the Equipment category. If approved, the funding would be used to purchase a truck to deliver propane to DoIT's various mountaintop communication sites.

Mr. Buonacorsi explained that some mountaintop sites were powered by solar while others used alternating current (AC), and propane was used to fuel generators that supplied emergency power in the event of a power failure. Additionally, Mr. Buonacorsi explained that the mountaintop sites were located in remote areas traveled to by way of hazardous roads accessible only by four-wheel drive vehicles. Mr. Buonacorsi advised that the companies that refilled the propane fuel tanks were no longer willing to deliver to the mountaintop sites. The vendors had agreed, however, to deliver fuel to the base of the mountain sites where DoIT employees filled a tank on a truck that had been modified to carry 200 gallons of fuel. DoIT employees then transported the fuel to the mountaintop normally making eight to ten trips, which had become costly as well as impractical.

In response to questions Chairman Arberry asked regarding the truck and the drivers' qualifications, Mr. Buonacorsi clarified that the truck would be a "brand new four-wheel drive vehicle," and the drivers had Hazardous Materials (HAZMAT) permits as well as commercial driver licenses (CDL).

In response to additional questions Chairman Arberry asked regarding the new truck and delivery of the fuel, Patrick Sheehan, Information Technology Manager, DoIT, clarified that the truck would be the property of the State of Nevada and would be utilized to transport propane obtained from the vendor at the bottom of mountain sites to the mountaintops.

Chairman Arberry asked if DoIT drivers could fill the truck tank at the propane company for delivery to a mountaintop site.

Mr. Sheehan replied that DoIT drivers could fill the truck tank at the propane company and drive directly to a mountaintop site for those sites with tanks that held less than 2,000 gallons. However, for those sites with a capacity in excess of 2,000 gallons, DoIT drivers were required to meet the vendor at the bottom of the mountain and make multiple trips to fill the onsite tanks.

Chairman Arberry asked about the feasibility of purchasing a truck with a tank as large as the propane company's truck.

Mr. Sheehan explained that driving a truck that could hold 5,000 gallons of fuel to a remote mountaintop site was too risky.

Assemblyman Hettrick recalled once having observed a fuel truck traveling to a local, not a State, mountaintop site above Lake Tahoe. He said that, most likely, an attempt was being made to deliver the fuel in one trip since a four-wheel drive tow truck was towing the truck to the site. Assemblyman Hettrick expressed support for the request considering the cost in wait time charged by the vendor and the cost to purchase the truck.

In response to Senator Beers, who asked for information regarding the Nevada Department of Transportation's (NDOT) method of fuel delivery, Robert Chisel, Administrative Services Officer (ASO), NDOT, advised that the DoIT maintained the mountaintop sites and were relied on to provide propane fuel as well.

Senator Beers questioned how the purchase of the truck might affect DoIT's rate model or cost pool.

Mr. Buonacorsi advised that a recent analysis indicated the purchase of the truck would not impact the rate model for the remainder of the year. Additionally, he said that DoIT representatives were attempting to cut other costs to make the acquisition cost rate-neutral.

Senator Beers questioned the reason funding was being transferred from the Reserve category to the Equipment category to purchase the truck and the fiber optic backbone that was addressed in the previous work programs.

Mr. Buonacorsi advised that DoIT representatives had attempted to manage their resources throughout the fiscal year in a manner that would not adversely impact the rate model. Additionally, he explained the reason the request was presented to the Interim Finance Committee (IFC) rather than in the budget was because of the lead time required by the manufacturer to produce the custom-built truck. Approval of the request by the IFC would provide for a July delivery while approval by the Legislature would provide for a November delivery. Mr. Buonacorsi explained that by November, the roads to the mountaintop sites would be inaccessible because of weather conditions.

Senator Rhoads noted that the Desert Research Institute (DRI) had several cloud-seeding stations on the mountaintops and asked if fuel delivery could be coordinated with the DRI.

Mr. Buonacorsi responded that the DoIT representatives worked with other agencies to accommodate their needs and indicated he would look into a working partnership with the DRI on fuel delivery.

Assemblyman Hogan questioned whether the change in the propane company's service provided an opportunity for re-pricing the cost of fuel delivery.

Mr. Buonacorsi expressed some uncertainty regarding whether the cost would be affected. As previously indicated, he said the vendors were currently delivering fuel to the bottom of the mountain sites where the fuel was being transferred to DoIT's smaller truck. The DoIT's current vehicle had a 200-gallon tank and normally made many trips up the mountain while the vendor, sitting at the bottom of the mountain, was being paid wait-time in addition to the cost of the fuel. Mr. Buonacorsi advised, however, that money would be saved when the vendor could offload fuel once from their transport tank into the larger tank of DoIT's new vehicle.

Mr. Hogan asked if the wait-time adjustment could be made within the terms of the current contract.

Mr. Buonacorsi indicated that the contract could be adjusted since the wait-time expense was based on the number of gallons of fuel needed for each site. He added that the wait-time adjustment had been included in the cost reduction plan.

In response to questions Assemblyman Denis asked regarding the time of the year the tanks were filled, Mr. Sheehan advised that the tanks were checked in mid-July and in mid-October.

Assemblyman Denis asked if the State's liability would be affected by the fewer number of fuel delivery trips.

Mr. Buonacorsi advised that liability and risk would be reduced because of the truck's four-wheel drive off-road delivery capabilities, and he said that fewer trips to the mountaintop sites and doing away with vendor wait-time would lower costs.

In response to Mr. Denis, who questioned whether the savings projected through the use of the new vehicle would be reflected in the DoIT's budget, Mr. Buonacorsi advised that the projected cost saving was reflected in the proposed budget.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted, for the record, that the work program before the Committee was revised to reflect a transfer of $85,640 from the Reserve category to the Equipment category rather than a transfer of $81,640 from the Reserve category to the Information Services category.

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM 10 AS REVISED.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED.

11. **Department of Personnel – FY 07 –** Transfer of $224,827.00 from the Reserve category to the New Personnel/Payroll System category to cover revisions in the required payback amount to the General Fund for the Personnel/Payroll System. Requires Interim Finance approval since the amount transferred to the New Personnel/Payroll System category exceeds $50,000.00. **Work Program #C16261**

    Refer to motion for approval under Item E.

12. **Department of Education – Other State Programs – FY 07 –** Addition of $47,094.00 in Transfer From Legislative Fund to allow for school site visits by the Commission on Educational Excellence members and review panelists, three Share Alike meetings and a Best Practices Fair. Requires Interim Finance approval since the amount added to the Commission on Excellence category exceeds 10% of the legislatively-approved level for that category. **Work Program #C31087**

    Refer to motion for approval under Item E.

13. **Department of Education – Gear Up – FY 07 –** Addition of $254,252.00 in federal Gear Up Program grant funds to align authority with federal awards. Requires Interim Finance approval since the amount added to the Aid to Schools category exceeds $50,000.00. **Work Program #C31095**

    Refer to motion for approval under Item E.

14. **Department of Education – ~~Drug Abuse Education~~ *Discretionary Grants – Unrestricted* – FY 07 –** Addition of $2,278,037.00 in federal Charter Schools Program grant funds, and deletion of $19,376.00 in federal National Community Service grant funds to align authority with federal awards. Requires Interim

Finance approval since the amount added to the Charter Schools Program – Aid to Schools category exceeds $50,000.00. **Work Program #C31096. REVISED BY FISCAL ANALYSIS DIVISION, DECEMBER 14, 2006.**

Item 14 was revised. Refer to motion for approval under Item E.

15. **Department of Education – Discretionary Grants – Restricted – FY 07 –** Addition of $3,188,806.00 in federal 21st Century Learning Centers grant funds, $4,352,822.00 in federal English Language Acquisition grant funds, $17,580.00 in federal Refugee Children School Impact grant funds, $121,576.00 in federal Byrd Scholarship grant funds, $242,912.00 in federal Homeless Children grant funds, $100,067.00 in federal Advanced Placement Fees grant funds, and deletion of $2,266,506.00 in Limited English Proficiency grant funds to align authority with federal awards for education programs. Requires Interim Finance approval since the amount added to the English Language Acquisition – Aid to Schools category exceeds $50,000.00. **Work Program #C31098**

    Refer to motion for approval under Item E.

16. **Department of Education – Elementary and Secondary Education - Title I – FY 07 -** Addition of $27,486,512.00 in federal Basic Title I Program grant funds, $131,335.00 in federal Title I Program for Neglected and Delinquent Children grant funds, $405,529.00 in federal Migrant Consortium grant funds, $3,353,420.00 in federal Reading First State Program grant funds, $457,567.00 in federal Even Start Program grant funds, and deletion of $66,380.00 in federal Migrant Aid Program grant funds, and $138,848.00 in federal School Reform Demonstration grant funds to align authority with federal awards for special education programs. Requires Interim Finance approval since the amount added to the Basic Aid to Schools category exceeds $50,000.00. **Work Program #C31094**

    Refer to motion for approval under Item E.

17. **Department of Education – Elementary and Secondary Education – Titles II, V and VI – FY 07 –** Addition of $4,570,232.00 in federal Improving Teacher Quality Program grant funds, $4,745,389.00 in federal State Assessments grant funds, $1,295,944.00 in federal Math and Science Partners Program grant funds, and deletion of $481,402.00 in federal Title V Program grant funds, and $536,051.00 in federal Technical Program grant funds to align authority with federal awards for special education programs. Requires Interim Finance approval since the amount added to the State Assessments – Contracts category exceeds $50,000.00. **Work Program #C31093**

    Refer to motion for approval under Item E.

18. **Department of Education – Occupational Education – FY 07 –** Addition of $1,335,714.00 in federal Vocational Education Receipts grant funds, $35,472.00 in

Workforce Investment Act grant funds and Carl D. Perkins Vocation and Applied Technical Education Act grant funds transferred from the Department of Employment, Training and Rehabilitation, and deletion of $11,494.00 in federal Technical Prep grant funds to align authority with federal awards. Requires Interim Finance approval since the amount added to the Occupational Education Basic Aid to Schools category exceeds $50,000.00. **Work Program #C31088**

Refer to motion for approval under Item E.

19. **Department of Education – Continuing Education – FY 07 –** Addition of $610,002.00 in federal Adult Basic Education Program grant funds, and $5,205.00 in federal Workforce Investment Act grant funds transferred from the Department of Employment, Training and Rehabilitation to align authority with federal awards, and increase federal Adult Basic Education grant to match federal funding. Requires Interim Finance approval since the amount added to the Adult Basic Education – Aid to Schools category exceeds $50,000.00. **Work Program #C31097**

    Refer to motion for approval under Item E.

20. **Department of Education – Individuals with Disabilities Act (IDEA) – FY 07 -** Addition of $10,081,652.00 in federal Handicapped Program grant funds, $534,419.00 in federal Early Childhood Program grant funds, $342,979.00 in federal Project Promises Program grant funds, and deletion of $81,600.00 in federal IDEA General Supervision Enhancement grant funds to align authority with federal awards for special education programs. Requires Interim Finance approval since the amount added to the Special Education – Aid to Schools category exceeds $50,000.00. **Work Program #C31091**

    Refer to motion for approval under Item E.

21. **Nevada System of Higher Education – School of Medicine – FY 07 –** Addition of $125,220.00 in Registration Fees, $43,510.00 in Non-Resident Tuition, and $1,265.00 in Miscellaneous Student Fees to support additional scholarships for students. Requires Interim finance approval pursuant to S.B. 522, Section 8, Subsection 2 of the 2005 Legislative Session. **Work Program #C30545. WITHDRAWN DECEMBER 27, 2006.**

    Item 21 was withdrawn on December 27, 2006.

22. **Nevada System of Higher Education – Law School – FY 07 –** Addition of $31,227.00 in Registration Fees, $207,588.00 in Non-Resident Tuition, and $18,000.00 in Miscellaneous Student Fees to support instructional activities, research assistants, and library acquisitions. Requires Interim Finance approval pursuant to S.B. 522, Section 8, Subsection 2 of the 2005 Legislative Session. **Work Program #C30550**

    Refer to motion for approval under Item E.

23. **Nevada System of Higher Education – Dental School – FY 07 –** Addition of $366,078.00 in Registration Fees, and deletion of $42,015.00 in Non-Resident Tuition to purchase additional equipment to support instruction. Requires Interim Finance approval pursuant to S.B. 522, Section 8, Subsection 2 of the 2005 Legislative Session. **Work Program #C30549**

    Refer to motion for approval under Item E.

24. **Nevada System of Higher Education – Great Basin College – FY 07 –** Addition of $21,852.00 in Non-Resident Tuition, and $13,867.00 in Miscellaneous Student Fees to support additional part-time instructors required to meet student enrollment demand. Requires Interim Finance approval pursuant to S.B. 522, Section 8, Subsection 2 of the 2005 Legislative Session. **Work Program #C30547**

    Refer to motion for approval under Item E.

25. **Nevada System of Higher Education – Western Nevada Community College – FY 07 -** Addition of $81,730.00 in Non-Resident Tuition, and deletion of $2,737.00 in Miscellaneous Student Fees to support additional part-time instructors required to meet student enrollment demand. Requires Interim Finance approval pursuant to S.B. 522, Section 8, Subsection 2 of the 2005 Legislative Session. **Work Program #C30548**

    Refer to motion for approval under Item E.

26. **Department of Agriculture – Plant Industry – Grade and Certification –FY 07-** Transfer of $45,078.00 from the Reserve category to the Native Seed Program category, and $20,285.00 from the Reserve category to the Personnel Services category to return Native Seed grant funds to the Division of Forestry to cover a portion of the salary costs of a Staff Research Associate position and provide travel and supplies for the Native Seed grant effort for the balance of fiscal year 2007. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00. **Work Program #C31432**

    Refer to motion for approval under Item E.

27. **Commission on Mineral Resources – Division of Minerals – FY 07 –** Transfer of $48,942.00 from the Reserve category to the Special Projects category to assist the United States Forest Service in the development of a management plan for designated roadless areas in Nevada. Requires Interim Finance approval since the amount transferred to the Special Projects category exceeds 10% of the legislatively-approved level for that category. **Work Program #C14377**

    Refer to motion for approval under Item E.

28. **Department of Business and Industry – Housing Division – Low Income Housing Trust Fund – FY 07 –** Transfer of $2,477,362.00 from the Reserve category to the Loan Disbursements category to allow for anticipated expenditures to local governments for housing projects through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Loan Disbursements category exceeds $50,000.00. **Work Program #C17499**

    Refer to motion for approval under Item E.

29. **Department of Business and Industry – Housing Division – Housing Enterprise Fund – FY 07 –** Transfer of $17,290.00 from the Reserve category to the Tax Credit Program category to allow for contract services to provide an evaluation of the current Qualified Annual Plan, regulatory compliance activities, provide training of regulatory staff related to compliance with new federal tax code regulations, and provide related expert testimony as deemed necessary. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds $50,000.00. **Work Program #C17500**

    Refer to motion for approval under Item E.

30. **Department of Business and Industry – Taxicab Authority – FY 07 –** Transfer of $398,069.00 from the Reserve category to the Versa Information System category to fund expenses related to the Taxicab Authority Licensing and Enforcement Project (TALES). Requires Interim Finance approval since the amount transferred to the Versa Information System category exceeds $50,000.00. **Work Program #B13959**

    Item 30 was withdrawn.

31. **Department of Health and Human Services – Health Care Financing and Policy Medicaid – FY 07 -** Transfer of $7,994,919.00 from the Waiver category to the Fiscal Agent Charge category to cover contract amendment obligations for the First Health Services contract. Requires Interim Finance approval since the amount transferred to the Fiscal Agent Charge category exceeds $50,000.00. **Work Program #C27602**

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCFAP), Department of Health and Human Services, identified himself for the record and introduced Patrick Cates, Administrative Services Officer (ASO), HCFAP, Department of Health and Human Services.

Mr. Duarte appeared before the Committee to request a transfer in authority of $7,994,919 from the Waiver category to the Fiscal Agent category. If approved, the funding would be used to pay for services associated with 39 months of fiscal agent contract services provided by First Health Services Corporation (First Health) as well as projected costs for contract amendment obligations for the remainder of fiscal year 2007. Mr. Duarte advised that funding sources included $2,218,639 from the State General Fund with the balance predominately provided from federal funding.

Mr. Duarte explained that the augmentation was requested to fund payments to First Health for processing claims that significantly exceeded the original 2001 contract estimate. Mr. Duarte advised that payments for claims to the previous fiscal agent ranged between $5 million and $6 million a year.

Additionally, Mr. Duarte advised that the latest contract with First Health, which was approved by the Board of Examiners on December 28, 2006, included consumer price index (CPI) adjustments for overall claims administration and medical CPI adjustments for health care management services.

In response to questions Assemblyman Seale asked regarding the caseload increase, Mr. Duarte explained that the caseload estimate in 2001 was based on historical data for payments that averaged $5 million to $6 million per year. However, during the past three years, the payments averaged $7 million to $10 million a year.

In response to Assemblyman Seale, who asked why it had taken three years to address the caseload increase, Mr. Duarte explained that the original 37-month contract with First Health approved in September 2002 was renegotiated. During the negotiation process, which was concluded at the end of November 2006, First Health and the HCFAP had responsibility to determine an accurate total number of claims for the period of the contract.

Assemblywoman Parnell recalled the large backlog of claims for payment to Medicaid providers during the initial period of the contract and asked whether First Health's performance had improved since that time. Additionally, Assemblywoman Parnell asked why the State should pay for claims processing costs, when, in at least some instances, it appeared the need to reprocess claims was a result of First Health's performance.

Mr. Duarte explained that HCFAP representatives worked very closely with First Health representatives to remove reprocessed claims that were the result of the fiscal agent's performance. Additionally, a number of other types of claims for which the HCFAP had no responsibility to pay were removed, and the claim counts adjusted to determine an

accurate claim count. Mr. Duarte advised that HCFAP representatives were pleased with First Health's overall performance and further indicated that although occasional problems were encountered, claims were being adjudicated and providers were being paid timely.

In response to Assemblywoman Parnell, who asked for the length of time it took for a provider to be paid, Mr. Duarte responded that it was approximately 14 days from the time a claim was submitted until the provider received a check.

Assemblywoman Leslie noted that the decision to pay First Health the postage and printing pass-through charges incurred in operating the Medicaid Management Information System (MMIS) was based on advice provided by the Attorney General's Office. Assemblywoman Leslie asked for clarification on the decision to pay for the pass-through charges since it appeared language in the original contract was ambiguous regarding whose responsibility it was to pay those costs.

Mr. Duarte indicated the complex contract included an amendment for pass-through costs that it was believed overrode the language in the base contract. However, ultimately the Attorney General's Office advised that the language in the amendment did not carry the authority needed to override the language in the base contract, and it was determined that it was the HCFAP's responsibility to pay the postage and printing costs.

In response to Assemblywoman Leslie, who questioned the apparent lack of oversight relative to the language in the amendment to the contract, Mr. Duarte advised that the amendment and the contract were executed at the same time in 2002 and that staff had learned a valuable lesson with respect to contract preparation.

Assemblywoman Leslie requested clarification relative to why a 4.2 percent medical inflation increase had been granted for the last six months of fiscal year 2007 compared to an annual 4.2 percent increase for fiscal years 2008 and 2009.

Mr. Duarte explained that the "all urban Consumer Price Index (CPI)" from 2006 was used for the contract since publication for the CPI took place after the end of the calendar year. Consequently, Mr. Duarte indicated the CPI remained flat since subsequent years were difficult to project.

Assemblywoman Leslie noted that the justification for the work program request addressed the difficulty that would be encountered to change fiscal agents. Although a change was not suggested at the present time, Assemblywoman Leslie asked HCFAP representatives to address plans for a future request for proposal (RFP).

As previously indicated, Mr. Duarte said that the contract with First Health had been extended to June 2009. A study conducted in 2002 reviewed a two-year "takeover, transfer-type of operational procurement," and Mr. Duarte advised that the HCFAP had a ten-month plan in which to evaluate whether or not to re-procure. If a decision was made to re-procure, Mr. Duarte said that perhaps only "pieces" of the system would be

serviced. Additionally, he said that before moving on after the June 2009 contract expiration, assurance would be required that First Health would commit to assisting the HCFAP in developing updated technology for the MMIS, and subcomponents of the contract, such as utilization management, would be evaluated as well.

Assemblywoman Leslie indicated she believed that First Health's overall performance was acceptable but indicated the Committee would be interested in hearing more during the Legislative Session on an evaluation of cost and feasibility alternatives.

In response to questions Senator Cegavske asked regarding the funding source and contract process, Mr. Duarte advised that the funding was provided through the Home and Community Base Waiver Program. Mr. Duarte explained that the HCFAP had difficulty providing individuals with program services as a result of the challenges faced in recruiting social workers, who served as case managers for clients. Consequently, funding was available since there were more slots in those programs than individuals served.

Senator Cegavske indicated she believed that the Legislature needed to review what appeared to be an option by State agencies to transfer money for other utilization needs. Additionally, Senator Cegavske indicated a review should be required for the number of social workers needed for program clients.

In response to Assemblywoman Weber, who asked for clarification relative to the number of days it took for a claimant to receive payment, Mr. Duarte indicated a claimant normally received payment 14 calendar days from submittal of a "clean" claim.

In response to Assemblywoman Weber's question regarding the HCFAP's performance indicators, Mr. Duarte advised that the benchmark for payment 14 days from submittal of a "clean" claim would be included in the HCFAP's performance indicators for presentation to the 2007 Legislature.

In response to Assemblywoman McClain's question regarding the $8 million in the Home and Community Based Waiver Program that could not be expended by the HCFAP, Mr. Duarte reiterated the difficulty encountered in recruiting social workers to provide case management services for program clients.

Assemblywoman McClain asked if the inability to expend the funding would impact future funding for the Waiver program.

Mr. Duarte indicated that funding was not anticipated to be affected unless the caseload estimates were adjusted.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 31.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

32. Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 07 – Addition of $10,036.00 in Community Mental Health block grant funds, and transfer of $32,736.00 from Community Mental Health block grant Transfer to Child and Family Services category to the Personnel Services category, $4,751.00 from the Community Mental Health block grant category to the Community Health category, $110,008.00 from the Community Mental Health block grant Transfer to Other Mental Health Agencies category to the Community Health category, $159,310.00 from the Community Mental Health block grant Transfer to Other Mental Health Agencies category to the Personnel Services category, and $8,645.00 from the Community Mental Health block grant Transfer to Other Mental Health Agencies category to the Consumer Services Assistance category to continue programs that improve the delivery of services to adults with serious mental illness. **Requires Interim Finance approval since the amount includes new staff and involves the allocation of block grant funds and requires a public hearing. Work Program #C31145**

Chairman Arberry announced that Item 32 involved the allocation of block grant funds and required a public hearing.

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services (MHDS), Department of Health and Human Services, appeared before the Committee to request the addition of $10,036 in Community Mental Health block grant funds and the transfer of:

- $32,736 from the Community Mental Health block grant Transfer to Child and Family Services category to the Personnel Services category
- $4,751 from the Community Mental Health block grant category to the Community Health category
- $110,008 from the Community Mental Health block grant Transfer to Other Mental Health Agencies category to the Community Health category

- o $159,310 from the Community Mental Health block grant Transfer to Other Mental Health Agencies category to the Personnel Services category

- o $8,645 from the Community Mental Health block grant Transfer to Other Mental Health Agencies category to the Consumer Services Assistance category

Dr. Brandenburg said that approval of the request for Mental Health block grant funds would provide the funding to continue programs that improved the delivery of services to adults with serious mental illness.

In response to Assemblywoman Leslie, who asked for an update on licensing new psychiatrists, Dr. Brandenburg advised that the Medical Director for MHDS, Dr. David Rosin, acting as a liaison between the Board of Medical Examiners and the MHDS, was working to expedite the licensing and background investigation process that now took eight to ten months to complete.

Chairman Arberry opened the hearing to public comment. Hearing no response to a request for public comment, Chairman Arberry entertained a motion for approval.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM 32.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED.

33. Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 07 – Addition of $415,000.00 in Projects for Assistance in Transition from Homelessness (PATH) federal grant funds to provide subgrants to agencies offering assistance to the homeless in Nevada. Requires Interim Finance approval since the amount added to the PATH grant category exceeds $50,000.00. **Work Program #C31143**

Refer to motion for approval under Item E.

34. Department of Health and Human Services – Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 07 – Transfer of $50,000.00 from the Personnel Services category to the Professional Services category to continue providing services to clients by utilizing contract doctors for coverage of vacant positions. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds 10% of the legislatively-approved level for that category. **Work Program #C31131**

Refer to motion for approval under Item E.

35. **Department of Health and Human Services – Mental Health and Developmental Services - Rural Clinics – FY 07 –** Transfer of $14,137.00 from the Operating category to the Equipment category to provide work stations for the newly centralized billing unit in the business office. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds 10% of the legislatively-approved level for that category. **Work Program #C28784. WITHDRAWN DECEMBER 19, 2006.**

    Item 35 was withdrawn.

36. **Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health – FY 07 –** Transfer of $1,434,665.00 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 #C31119**

Chairman Arberry announced that the Item 36 work program request and Informational Item L6c (2) were related and would be considered concurrently.

Dr. David Rosin, State Medical Director, Division of Mental Health and Developmental Services (MHDS), Department of Health and Human Services, appeared before the Committee to request approval to transfer $1,434,665 from the Personnel Services category to the Professional Services category. If approved, the funding would be used to hire contract professionals to fill vacant nursing and psychiatrist positions.

Assemblywoman Leslie requested information regarding nursing recruitment difficulties caused by the recent conversion to the state's online employment application process.

Dr. Rosin confirmed that while some initial tracking difficulties were encountered with the online application process, the problems appeared to have been resolved. Dr. Rosin indicated, however, that he would contact Department of Personnel representatives to substantiate that there were no ongoing problems with the online application process.

Assemblywoman Leslie noted that eight nurses were interviewed in October and November and asked how many had been offered and accepted positions with the agency.

Dr. Rosin indicated he believed that progress was being made in the ongoing recruitment and hiring of permanent psychiatric nurses. Additionally, Dr. Rosin advised that contract nurses had been hired to fill available nursing positions for the new State psychiatric hospital in Las Vegas.

Assemblywoman Leslie asked when it was anticipated that permanent nurses rather than contract nurses would be hired to fill the positions.

Carlos Brandenburg, Ph.D., Administrator, MHDS, Department of Health and Human Services, pointed out that even though 99 new nurses were required to be hired during a national nursing shortage, progress had been made with at least 50 percent of full-time nurses hired. Additionally, Dr. Brandenburg advised that he would provide the Committee's staff with the actual number of nurses that had been hired.

In response to questions Assemblywoman McClain asked regarding psychiatric nursing licensing requirements, Senator Mathews advised that all fifty states practiced reciprocity since the examination for nurses had been nationally standardized. Senator Mathews explained that nurses from other states, who wished to practice in Nevada, needed to visit the State Board of Nursing to obtain information relative to licensing requirements and to apply for a temporary license while a background check was conducted.

Assemblywoman Weber asked for information regarding the cost to recruit individual psychiatrists and psychiatric nurses and whether sufficient funds existed in the budget for those recruitment costs.

Dr. Rosin said that funding from the Department of Personnel had been made available during the last two years to assist the MHDS in recruiting psychiatrists through advertisements in national journals.

Assemblywoman Weber indicated that knowing the cost per individual to recruit psychiatrists and nurses would provide the information needed to ensure sufficient recruiting funds in the next biennium for any remaining or new positions that were anticipated.

Dr. Brandenburg advised that funds for recruitment costs were not provided through the MHDS budget, but rather, as previously indicated by Dr. Rosin, were placed in the Department of Personnel's budget. Dr. Brandenburg explained that recruitment costs were only expended out of the Operating category to advertise psychiatric positions in local and national publications. Additionally, Dr. Brandenburg indicated he would provide information relative to the costs MHDS' representatives had encumbered in the Operating category for recruitment.

ASSEMBLYMAN SEALE MOVED APPROVAL OF ITEM 36.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

37. Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services –

FY 07 – Transfer of $182,785.00 from the Personnel Services category to the Utilities category to cover utility cost increases due to rate increases and the opening of the new Rawson-Neal Hospital. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $50,000.00. **Work Program #C31161**

Refer to motion for approval under Item E.

38. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Desert Regional Center – FY 07 –** Addition of $13,746.00 in Social Service block grant funds transferred from the Department of Health and Human Services to provide reimbursement for crisis counseling services provided to evacuees of hurricanes Rita and Katrina. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing. Work Program #C32102**

Chairman Arberry announced that Item 38 involved the allocation of block grant funds and required a public hearing.

Jeff Mohlenkamp, Administrative Services Officer (ASO), Division of Mental Health and Developmental Services (MHDS), Department of Health and Human Services, appeared before the Committee to request approval to establish authority for the addition of $13,746 in Social Service block grant funds. If approved, the funding would be transferred from the Department of Health and Human Services to provide reimbursement for crisis counseling services provided to evacuees of hurricanes Rita and Katrina.

Chairman Arberry opened the hearing to public comment. Hearing no response to a request for public comment, Chairman Arberry entertained a motion for approval.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 38.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

39. **Department of Health and Human Services – Mental Health and Developmental Services – Desert Regional Center – FY 07 –** Transfer of $365,000.00 from the Certified Jobs and Day Training Centers category to the Non-certified Jobs and Day Training Centers category, and $1,900,000.00 from the Resident Placement category to the Non-certified Jobs and Day Training category to continue providing job and day training services based upon client needs. Requires Interim Finance approval since the amount transferred to the Non-certified Jobs and Day Training Centers category exceeds $50,000.00. **Work Program #C32105**

    Refer to motion for approval under Item E.

40. **Department of Health and Human Services – Mental Health and Developmental Services – Rural Regional Center – FY 07 –** Transfer of $700,000.00 from the Certified Jobs and Day Training Centers category to the Non-certified Jobs and Day Training Centers category to continue providing job and day training services based upon client needs. Requires Interim Finance approval since the amount transferred to the Non-certified Jobs and Day Training Centers category exceeds $50,000.00. **Work Program #C28746**

    Refer to motion for approval under Item E.

41. **Department of Health and Human Services – Health Division – Cancer Control Registry – FY 07 –** Transfer of $50,129.00 from the Personnel Services category to the Cancer Prevention and Control category to support contract personnel dedicated to grant management, application development, and data entry of death certificate backlog. Requires Interim Finance approval since the amount transferred to the Cancer Prevention and Control category exceeds $50,000.00. **Work Program #C31294**

    Refer to motion for approval under Item E.

42. **Department of Health and Human Services – Health Division – Community Health Services – FY 07 –** Addition of $21,029.00 in federal Immunization and Vaccines for Children grant funds, $119,194.00 in County Participation funds, and deletion of $93,128.00 in federal Preventive Health Services block grant funds to provide preventive health services to rural and frontier communities. **Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and involves the allocation of block grant funds and requires a public hearing. Work Program #C31286. RELATES TO ITEM 43.**

Chairman Arberry announced that Items 42 and 43 were related and would be considered concurrently. Additionally, the Chairman advised that Item 42 involved the allocation of block grant funds and required a public hearing.

Alex Haartz, MPH, Administrator, Health Division, Department of Health and Human Services, introduced Amy L. Roukie, MBA, Administrative Services Officer (ASO), Health Division, Department of Health and Human Services.

Ms. Roukie advised that the work program listed under Item 42 realigned authority in Budget Account 3224 to match available funding for the Preventative Health and Health Services Block Grant, the Immunization Grant, the Temporary Assistance for Needy Families contract, and County Participation funds.

Ms. Roukie also advised that as a result of changes in revenue and multiple funding streams, the salary allocations for Community Health Nursing Program positions had to be changed to accurately reflect the revenue as well as the time and effort requirements provided in the Office of Management and Budget (OMB) Circular A-87. Circular A-87 established "principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments."

Ms. Roukie further advised that Work Program 42, in conjunction with work program 43, provided for appropriate funding levels and realigned funding based on current notices of award.

Chairman Arberry opened the hearing to public testimony. Hearing no response to a request for public comment, Chairman Arberry entertained a motion for approval.

> ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEMS 42 AND 43.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Oceguera was not present for the vote.)

43. Department of Health and Human Services – Health Division – Immunization Program – FY 07 – Deletion of $21,029.00 in federal Immunization and Vaccines for Children grant funds to provide funding to the Community Health Services Program for immunization services in rural and frontier Nevada. Requires Interim Finance approval since the cumulative amount deducted from the Title 317 category exceeds $50,000.00. **Work Program #C31274. RELATES TO ITEM 42.**

Refer to narrative and motion for approval under Item 42.

44. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 07 – Addition of $5,915.00 in Diabetes Prevention and Control Program grant funds, $273,249.00 in Chronic Disease Prevention and Health Promotion Program (Tobacco) grant funds, and $29,434.00 in National

Cancer Prevention and Control Program grant funds, and deletion of $2,268.00 in Chronic Disease Prevention and Health Promotion Programs (Arthritis) grant funds, and $24,556.00 in National Environmental Public Health Tracking Program grant funds to support Tobacco Prevention and Education, Comprehensive Cancer Control, Diabetes Prevention and Control and Arthritis Prevention and Control Programs. Requires Interim Finance approval since the amount added to the Tobacco grant category exceeds $50,000.00. **Work Program #C31273.**

Refer to motion for approval under Item E.

45. **Department of Health and Human Services – Health Division – Communicable Disease Control – FY 07 –** Transfer of $111,034.00 from the Personnel Services category to the National Cancer and Prevention Control category to support the Women's Health Connection National Breast and Cervical Cancer Early Detection program. Requires Interim Finance approval since the amount transferred to the National Cancer Prevention and Control category exceeds $50,000.00. **Work Program #C31292**

    Refer to motion for approval under Item E.

46. **Department of Health and Human Services – Health Division – Alcoholism and Drug Rehabilitation – FY 07 –** Addition of $965,016.00 in Substance Abuse and Mental Health Services Administration grant funds to reduce the effects of substance abuse. Requires Interim Finance approval since the amount added to the State Incentive grant category exceeds $50,000.00. **Work Program #C31291**

    Refer to motion for approval under Item E.

47. **Department of Health and Human Services – Welfare and Supportive Services Administration – FY 07 –** Deletion of $31,885.00 in United States Department of Agriculture (USDA) Food Stamp High Performance Bonus Award (HPB) funds to provide matching reserve funds to cover additional electrical modification costs required to complete the Henderson District Office relocation. Requires Interim Finance approval since the amount deducted from the federal Reserve for Food Stamp HPB category exceeds 10% of the legislatively-approved level for that category. **Work Program #C22578. RELATES TO ITEM 48.**

Chairman Arberry announced that Items 47 and 48 would be considered concurrently. Additionally, the Chairman advised that Item 48 involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, introduced Roger Mowbray, Deputy Administrator, Administrative Services.

Ms. Ford appeared before the Committee to request approval, under Item 47, to transfer $31,885 from a Food Stamp High Performance Bonus Award in the Reserve category, Administrative Budget Account 3228, to the Field Services Budget Account 3233 and approval under Item 48 to expend the funds to complete necessary electrical work required for the Henderson District Office relocation.

Chairman Arberry reiterated that Item 48 required a public hearing and opened the hearing to pubic testimony. Hearing no response to a request for public testimony, the Chairman entertained a motion for approval.

SENATOR COFFIN MOVED APPROVAL OF ITEMS 47 AND 48.

SENATOR MATHEWS SECONDED THE MOTION.

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

48. **Department of Health and Human Services – Welfare and Supportive Services Field Services – FY 07 –** Addition of $14,907.00 in United States Department of Agriculture (USDA) Federal Food Stamp High Performance Bonus Award (HPB) funds, $135.00 in Title IV-D Child Support federal funds, $31,885.00 in USDA Federal Food Stamp High Performance Bonus Award funds, $21,186.00 in TANF block grant funds, $132.00 in federal Child Care Program grant funds, $17,466.00 in federal Title XIX Medicaid funds, and $73.00 in Transfers from Low Income Home Energy Assistance (LIHEA) federal funds to cover additional electrical modification costs required to complete the Henderson District Office relocation. **Requires Interim Finance approval since the amount added to the USDA Food Stamp HPB category exceeds $50,000.00 and involves the allocation of block grant funds and requires a public hearing. Work Program #C22577. RELATES TO ITEM 47.**

    Refer to narrative and motion for approval until Item 47.

49. **Department of Health and Human Services – Welfare and Supportive Services Administration – FY 07 –** Addition of $1,055,912.00 in United States Department of Agriculture Federal Food Stamp Nutrition Education Program funds to support nutritional education programs that target specific child groups, encouraging healthier eating habits. Requires Interim Finance approval since the amount added to the Nutritional Education Network category exceeds $50,000.00. **Work Program #C22571**

    Refer to motion for approval under Item E.

50. **Department of Health and Human Services – Welfare and Supportive Services Field Services – FY 07 –** Addition of $21,650.00 in United States Department of Agriculture Federal Food Stamp Employment and Training Program funds, and

$21,650.00 in Child Support Enforcement Program funds to provide support services and transportation associated with client's participation in job search activities. Requires Interim Finance approval since the amount added to the Food Stamp Employment and Training category exceeds 10% of the legislatively-approved level for that category. **Work Program #C22573**

Refer to motion for approval under Item E.

51. **Department of Health and Human Services – Child and Family Services – Rural Child Welfare – FY 07 –** Transfer of $11,500.00 from the Substitute Foster Care category to the In-State Travel category, $108,500.00 from the Substitute Foster Care category to the Adoption Subsidy category, $33,000.00 from the Substitute Foster Care category to the Transportation category, $3,500.00 from the Substitute Foster Care category to the FC Licensing Background Investigations category, $8,000.00 from the Substitute Foster Care category to the Information Services category, and $10,500.00 from the Substitute Foster Care category to the Drug Testing category to cover projected expenditures through the end of the fiscal year. Requires Interim Finance approval since the amount transferred from the Substitute Foster Care category exceeds $50,000.00. **Work Program #C25098**

Fernando Serrano, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services, introduced Diane Comeaux, Deputy Administrator, Support Services, DCFS, Department of Health and Human Services.

Mr. Serrano appeared before the Committee to request approval to transfer expenditure authority from the Substitute Foster Care category to In-state Travel, Adoption Subsidy, Transportation, Foster Care Licensing Background Investigations, Information Services, and Drug Testing categories. Approval of the request would fund projected expenditures through the end of the fiscal year.

Chairman Arberry asked agency representatives to address the potential for growth in adoption subsidy rates.

Ms. Comeaux advised that although a 12 percent growth rate had been budgeted for adoptions, a 20 percent rate was achieved. Ms. Comeaux explained that adoption subsidy rates had been projected based on an historic average of about $512 a month, and the average cost had escalated to $542 a month. Ms. Comeaux said that the significant increases being seen in the "special needs" of adopted children prompted the negotiation of higher adoption subsidies with foster families.

Chairman Arberry asked agency representatives to comment on establishing a limit on the adoption subsidy rate.

Ms. Comeaux projected that the adoption subsidy rate would continue to increase based on the increase in the cost to raise children. Ms. Comeaux compared the State's adoption subsidy rate of approximately $591 a month with United States Department of

Agriculture (USDA) survey data, which indicated that the cost of raising a child had currently reached a level of approximately $914 a month

Senator Cegavske asked agency representatives to provide information on the length of time and qualification process involved in licensing foster parents.

Patricia Hedgecoth, Rural Regional Manager, DCFS, Department of Health and Human Services, identified herself for the record.

Ms. Hedgecoth advised that in addition to Federal Bureau of Investigation (FBI) background and reference checks, potential foster families were also visited by State licensing unit officials, Intensive Family Services staff, and social workers. "Resource families" were also required to attend pre-service training and orientation before being licensed. Ms. Hedgecoth advised that the entire process involved from three to six months depending on the timely receipt of information.

Senator Cegavske asked for information regarding payment for the investigations and notification to families who were not qualified.

Ms. Hedgecoth advised that the State paid approximately $49 per applicant for the background investigation, and applicants who failed the background check were notified immediately.

In response to additional questions Senator Cegavske asked regarding staff involvement and costs involved in background investigations, Ms. Hedgecoth advised that fingerprints taken by staff were processed through local law enforcement agencies and the Department of Public Safety for a national check.

In response to Senator Cegavske, who asked if home visits by staff were included in the $49 cost per applicant, Ms. Hedgecoth advised that home visits were included in DCFS personnel costs, not in the cost per applicant.

In response to questions Assemblywoman Weber asked regarding whether an average length of time had been established to complete the qualification process in other states, Ms. Hedgecoth advised that an average was unavailable since some states did not conduct a national check.

Assemblywoman Weber discussed the three-to-six month period of time to conduct background checks and asked for information related to whether an ideal period of time was reflected in the agency's performance indicators.

Ms. Hedgecoth advised that three months was considered ideal.

In response to questions Chairman Arberry asked regarding child adoption records, Ms. Hedgecoth advised that adoptive parents were entitled to all information that was related to the child they were adopting. Additionally, Ms. Hedgecoth advised that in an

open adoption identifying information was shared between birth and adoptive parents with a plan for continued contact after placement. The DCFS also provided an adoption registry to assist adoptees and birth parents in reuniting at some point in the future.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM 51.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

52. **Department of Health and Human Services – Child and Family Services - Transition from Foster Care – FY 07 –** Transfer of $13,042.00 from the Washoe County category to the Clark County category, $2,444.00 from the Rural category to the Clark County category, $39,932.00 from the Tribes category to the Clark County category, and $237,433.00 from the Reserve category to the Clark County category to support the transition from foster care which includes job training, housing assistance, and medical insurance. Requires Interim Finance approval since the amount transferred to the Clark County category exceeds $50,000.00. **Work Program #C25099.**

    Refer to motion for approval under Item E.

53. **Department of Health and Human Services – Child and Family Services Child Abuse and Neglect – FY 07 –** Addition of $660,940.00 in federal Child Abuse and Neglect funds to support State efforts to improve Child Protective Services. Requires Interim Finance approval since the amount added to the Child Abuse category exceeds $50,000.00. **Work Program #C25095**

    Refer to motion for approval under Item E.

54. **Department of Employment, Training, and Rehabilitation – Rehabilitation Division - Vocational Rehabilitation – FY 07 –** Addition of $32,864.00 in federal Section 110 grant funds to expand the scope of an existing annual "consumer satisfaction survey" and to perform a needs assessment for individuals with disabilities who live or work independently. Requires Interim Finance approval since the amount added to the Strategic Planning category exceeds 10% of the legislatively-approved level for that category. **Work Program #C25309**

    Refer to motion for approval under Item E.

55 **Department of Employment, Training and Rehabilitation – Rehabilitation Division - Vocational Rehabilitation – FY 07 –** Addition of $3,497,547.00 in federal Section 110 grant funds to align fiscal year 2007 state and federal authority, to support client services, and to cover costs associated with a new rental agreement. Requires Interim Finance approval since the amount added to the

Client Services category exceeds $50,000.00. **Work Program #C25298. RELATES TO ITEM 56.**

Refer to motion for approval under Item E.

56. **Department of Employment, Training and Rehabilitation – Rehabilitation Division - Services to the Blind and Visually Impaired – FY 07 –** Addition of $862,248.00 in federal Section 110 grant funds to align fiscal year 2007 state and federal authority, to support client services, and to cover costs associated with a new rental agreement. Requires Interim Finance approval since the amount added to the Client Services category exceeds $50,000.00. **Work Program #C25297. RELATES TO ITEM 55.**

    Refer to motion for approval under Item E.

57. **Department of Employment, Training and Rehabilitation – Employment Security Division - FY 07 –** Addition of $116,679.00 in federal Administrative Cost Allowance, and $81,894.00 in Filing Fees to align the Trade Act grant authority, and the Displaced Homemaker Program contract authority with state fiscal year 2007 authority. Requires Interim Finance approval since the amount added to the Client Services category exceeds $50,000.00. **Work Program #C25302**

    Refer to motion for approval under Item E.

58. **Department of Employment, Training, and Rehabilitation – Employment Security Division - FY 07 –** Addition of $154,819.00 in federal Administrative Cost Allowance to align current Re-employment Eligibility Assessment grant authority with state fiscal year budget authority and cover costs associated with providing in-person eligibility assessments in Nevada Job Connect offices. Requires Interim Finance approval since the cumulative amount added to the Information Services category exceeds $50,000.00. **Work Program #C25303**

    Refer to motion for approval under Item E.

59. **Department of Corrections – Prison Industries – FY 07 -** Acceptance of $103,000.00 in Miscellaneous Sales to request increased revenue and corresponding expenditure authority for the Lovelock Correctional Center Garment Factory based on projected increased sales. Requires Interim Finance approval since the amount added to the Lovelock Correctional Center Garment Factory category exceeds $50,000.00. **Work Program #C23136**

    Refer to motion for approval under Item E.

60. **Department of Corrections – Prison Industries – FY 07 –** Acceptance of $426,821.00 in Miscellaneous Sales to request increased revenue and corresponding expenditure authority for the Nevada State Prison Mattress Factory

based on projected increased sales and/or bids. Requires Interim Finance approval since the amount added to the Nevada State Prison Combined Mattress category exceeds $50,000.00. **Work Program #C23137**

Refer to motion for approval under Item E.

61. **Department of Public Safety – Emergency Management Division – FY 07 –** Addition of $39,053.00 in Waste Isolation Pilot Plant (WIPP) funds transferred from Nuclear Projects, and transfer of $43.00 from the In-State Travel category to the WIPP category, $8,194.00 from the Operating category to the WIPP category, and $2,710.00 from the Training category to the WIPP category to authorize receipt and expenditure of grant funds in support of the WIPP preparedness program. Requires Interim Finance approval since the amount added to the WIPP Program category exceeds 10% of the legislatively-approved level for that category. **Work Program #C32750. RELATES TO ITEM 62.**

    Refer to motion for approval under Item E.

62. **Department of Public Safety – Emergency Management Assistance – FY 07 –** Addition of $50,000.00 in Waste Isolation Pilot Plant (WIPP) funds to support training and preparedness efforts associated with nuclear waste shipments in Nevada. Requires Interim Finance approval since the amount added to the WIPP category exceeds 10% of the legislatively-approved level for that category. **Work Program #C32746. RELATES TO ITEM 61.**

    Refer to motion for approval under Item E.

63. **Department of Public Safety – Emergency Management Assistance – FY 07 –** Addition of $100,000.00 in Office of Domestic Preparedness (ODP) Transit Security Grant Program funds (TSGP) to assist state and local government agencies in developing programs, policies and procedures to better protect the state's critical transportation infrastructure and reduce the chance of loss of life in the event of a terrorist attack. Requires Interim Finance approval since the amount added to the ODP Transit Security category exceeds $50,000.00. **Work Program #C32744**

    Refer to motion for approval under Item E.

64. **Department of Public Safety – Emergency Management Division – FY 07 –** Addition of $89,267.00 in Office of Domestic Preparedness grant funds transferred from Emergency Management Assistance to purchase equipment for the state Emergency Operations Center (EOC). Requires Interim Finance approval since the amount added to the EOC Equipment category exceeds $50,000.00. **Work Program #C32673**

    Refer to motion for approval under Item E.

65. **Department of Public Safety – Emergency Management Assistance – FY 07 –** Addition of $1,189,000.00 in Office of Disaster Preparedness (ODP) – Buffer Zone Protection Program (BZPP) grant funds to provide federal grant funding to local governmental agencies in support of their effort to develop policies, procedures and programs designed to minimize vulnerabilities of identified critical infrastructure and key resource sites throughout the state. Requires Interim Finance approval since the amount added to the ODP BZPP category exceeds $50,000.00. **Work Program #C32745**

    Refer to motion for approval under Item E.

66. **Department of Public Safety – Homeland Security – FY 07 –** Addition of $35,487.00 in Homeland Security grant funds transferred from Division of Emergency Management to accept and expend federal grant funds related to the maintenance and expansion of the Citizen Corps Program. Requires Interim Finance approval since the amount added to the Citizen Corps category exceeds 10% of the legislatively-approved level for that category. **Work Program #C32749**

    Refer to motion for approval under Item E.

67. **Department of Public Safety – Highway Patrol – FY 07 –** Addition of $38,733.00 in Joining Forces grant funds transferred from the Office of Traffic Safety to participate in statewide multi-jurisdictional traffic enforcement activities and enforcement of other safety and speed laws. Requires Interim Finance approval since the amount added to the Joining Forces grant category exceeds 10% of the legislatively-approved level for that category. **Work Program #C32759**

    Refer to motion for approval under Item E.

68. **Department of Public Safety – Forfeitures – FY 07 –** Transfer of $50,000.00 from the Reserve category to the Training category to fund Training Range facility upgrades, and modifications to increase training opportunities for all users of the range. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds $50,000.00. **Work Program #C32757**

    Refer to motion for approval under Item E.

69. **Department of Public Safety – Forfeitures – FY 07 –** Transfer of $33,480.00 from the Reserve category to the Nevada Highway Patrol (NHP) federal category to provide funding to send five Department of Public Safety personnel to the School of Police Staff and Command, conducted by the Northwestern Command School. Requires Interim Finance approval since the cumulative amount transferred to the NHP federal grant category exceeds $50,000.00. **Work Program #C32754**

    Refer to motion for approval under Item E.

70. **Department of Conservation and Natural Resources – Forestry Conservation Camps – FY 07 –** Addition of $180,287.00 in Fire Suppression/Emergency Response funds to reimburse conservation camps for fuel and vehicle maintenance expenses incurred in fire suppression activities during fiscal year 2007. Requires Interim Finance approval since the cumulative amount added to the Pioche Conservation Camp category exceeds 10% of the legislatively-approved level for that category. **Work Program #C30945**

    Refer to motion for approval under Item E.

71. **Department of Wildlife – Administration – FY 07 –** Addition of $220,000.00 in United States Fish and Wildlife Service Devil's Hole Pupfish Federal Agreement for the recovery and conservation of Devil's Hole Pupfish which includes a biologist position, equipment, travel, and operating. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00 and includes new staff. **Work Program #C33028**

Rob Buonamici, Acting Director, Nevada Department of Wildlife (NDOW), introduced Doug Hunt, Deputy Director, NDOW. Mr. Buonamici appeared before the Committee to request approval for the authority to receive and spend $220,000 from the United States Fish and Wildlife Service (USFWS) for the recovery and conservation of the Devil's Hole Pupfish project.

Mr. Buonamici advised that the 70 or so pupfish that remained in existence were on the endangered species list. Additionally, Mr. Buonamici said that the request included a biologist position and that the funding from the USFWS did not require a State match.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted, for the record, that the work program was revised to reflect that the amount listed in the Personnel category was reduced to $16,666, and that there was $147,549 in the Reserve category.

In response to questions Senator Beers asked regarding the demise of the pupfish, Mr. Buonamici explained that there were approximately 700 pupfish five years ago, but after a flash flood and disruption of the ecosystem by a contractor working near one of the springs, 90 percent of the fish were destroyed.

In response to questions Senator Beers asked regarding whether there was any private-sector involvement in reducing the pupfish population, Mr. Buonamici indicated he would find out and provide the information to the Senator.

In response to Senator Rhoads, who asked about the location of the pupfish habitat, Mr. Buonamici advised that Devil's Hole was on federal land.

In response to Assemblywoman Parnell who expressed concern regarding the funding request, Mr. Hunt clarified that the funding was being provided by the U. S. Fish and Wildlife Service, and there was no State funding involved in the request.

Mr. Buonamici advised that it was a federal, not private contractor, who was responsible for disrupting the ecosystem.

SENATOR BEERS MOVED APPROVAL OF ITEM 71 AS REVISED.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED.

72. **Department of Wildlife – Administration – FY 07 –** Transfer of $24,192.00 from the Reserve category to the Personnel Services category to provide for a seasonal position to work in the Chronic Wasting Disease Program. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds $50,000.00. **Work Program #C32023**

    Refer to motion for approval under Item E.

73. **Department of Wildlife – Administration – FY 07 –** Addition of $436,800.00 in United States Fish and Wildlife Service Landowner Incentive federal grant funds to facilitate and encourage emergency rehabilitation of private lands recently devastated by wildfires in Nevada. Requires Interim Finance approval since the amount added to the Wildlife Diversity category exceeds $50,000.00. **Work Program #C32024**

    Refer to motion for approval under Item E.

74. **Department of Wildlife – Administration – FY 07 –** Transfer of $482,147.00 from the Reserve category to the Equipment category to request 13 replacement vehicles that were eliminated by the 2005 Legislature to ensure an adequate fund balance, which has been achieved. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds $50,000.00. **Work Program #C27995**

    Refer to motion for approval under Item E.

75. **Department of Wildlife – Administration – FY 07 –** Transfer of $1,035,393.00 from the Reserve category to the Prior Year Transfer Obligated Reserve category to reconcile prior year transfers between Wildlife Administration and the Wildlife Obligated Reserve account. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00. **Work Program #C32026. RELATES TO ITEM 76.**

Chairman Arberry announced that Items 75 and 76 would be considered concurrently.

Rob Buonamici, Acting Director, Nevada Department of Wildlife (NDOW), appeared before the Committee to request approval to return $1,035,393 of authorization to the Obligated Reserve account from the Wildlife Administration account. Mr. Buonamici explained that a recent Legislative Audit concluded the NDOW inappropriately spent revenue that was restricted for other accounts on a water development project and administrative cost reimbursements. Approval of the request would reconcile the prior year transfers between the Wildlife Administration and the Wildlife Obligated Reserve accounts.

Assemblyman Marvel indicated he was pleased to see that NDOW representatives were taking measures to ensure that revenue restricted for specific purposes would not be inappropriately used in the future.

ASSEMBLYMAN MOVED APPROVAL FOR ITEMS 75 AND 76.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

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

76. Department of Wildlife – Wildlife Obligated Reserve – FY 07 – Addition of $1,035,393.00 in Transfer from Wildlife Administration to reconcile prior year transfers between Wildlife Administration and the Wildlife Obligated Reserve account. Requires Interim Finance approval since the amount added to the Reserve category exceeds $50,000.00. **Work Program #C32025. RELATES TO ITEM 75.**

Refer to narrative and motion for approval under Item 75.

77. Department of Transportation – Administration – FY 07 – Addition of $9,727,469.00 in Highway Fund Authorization to provide sufficient funds for projected costs related to fuel, district's maintenance materials, betterment projects and increased costs for aggregate and liquid asphalt. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00. **Work Program #C28572**

Refer to motion for approval under Item E.

78. Department of Transportation – Administration – FY 07 – Addition of $7,527,540.00 in federal Transit Administration grant funds, and $252,142.00 in Highway Fund Authorization to enable the department to receive and expend grant funds related to various transit programs. Requires Interim Finance approval since

the amount added to the Administrative Consultants – Federal Programs category exceeds $50,000.00. **Work Program #C28573**

Refer to motion for approval under Item E.

79. **Department of Transportation – Administration – FY 07 –** Addition of $1,727,407.00 in receipts for Sale of Oil and Gas to ensure adequate funds are available for costs associated with the resale of oil and gas to other state agencies at the department's fueling stations located throughout the state. Requires Interim Finance approval since the amount added to the Sale of Oil and Gas category exceeds $50,000.00. **Work Program #C28574**

    Refer to motion for approval under Item E.

80. **Office of the Military – FY 07 –** Addition of $80,000.00 in Department of Defense federal receipts to allow for projected expenditures through the end of the fiscal year for telephone and data lines that support the Army Guard automation and communication systems. Requires Interim Finance approval since the amount added to the Communications category exceeds $50,000.00. **Work Program #C21295**

    Refer to motion for approval under Item E.

81. **Department of Wildlife – Administration – FY 07 –** Transfer of $14,235.00 from the Reserve category to the Personnel Services category to cover the cost to upgrade an Administrative ~~**Assistant**~~ Aid position to an Administrative Services Officer III. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds $50,000.00. **Work Program #C32027. THIS WORK PROGRAM WAS RECEIVED AFTER THE BUDGET DIVISION DEADLINE DECEMBER 14, 2006. REVISED DECEMBER 15, 2006. RELATES TO RECLASSIFICATION REQUEST – DEPARTMENT OF WILDLIFE ADMINISTRATIVE AID/ADMINISTRATIVE OFFICER III.**

Rob Buonamici, Acting Director, Nevada Department of Wildlife (NDOW), appeared before the Committee to request approval to transfer $14,235 from the Reserve category to the Personnel Services category. If approved, the funds would be used to pay for additional personnel costs associated with the reclassification of an existing Administrative Aid position to an Administrative Services Officer (ASO). Mr. Buonamici discussed the importance of quickly implementing the reclassification as a result of a recent legislative audit that addressed the need for adequate oversight of the NDOW budgeting process.

In response to Assemblywoman Leslie, who asked for information relative to the duties of the agency's current Operations Bureau Chief, Mr. Buonamici advised that the Operations Bureau Chief would continue to provide oversight for hunting and fishing

licensing, operations, boat titling and registration, and business management services, which included information technology, personnel, and engineering.

Assemblywoman Leslie recalled that the Operations Bureau Chief had also provided oversight for the budgeting process and asked if the position would continue if the new ASO reclassification was approved.

Mr. Buonamici advised that the Operations Bureau Chief would continue to provide oversight duties with the exception of the agency's financial activities, and the proposed ASO would report to the Deputy Director, who would provide direct oversight similar to the duties of a Chief Executive Officer (CEO) for a private company.

Assemblywoman Leslie indicated that a past history of NDOW positions and responsibilities relative to the agency's fiscal management was confusing, and it appeared that approval of the reclassification would provide the NDOW with an extra position.

Mr. Buonamici agreed that the NDOW personnel roster would ultimately include an extra position, which he indicated was justified as a result of the diversity of functions for the entire agency that were incorporated within the Operations Bureau.

Assemblywoman Leslie expressed a preference that a request for funds to pay for a reclassification of positions, such as the one before the Committee, be presented during the Legislative Session. Assemblywoman Leslie agreed, however, that in view of the Legislative Audit, a position was needed to provide agency-wide fiscal management. Assemblywoman Leslie indicated that if the IFC approved the request, the NDOW representatives should be prepared to discuss NDOW personnel positions and duties before a Subcommittee during the Legislative Session.

Mr. Buonamici reiterated that the NDOW requested approval of a transfer of funds for the reclassification in order to resolve the fiscal oversight problems addressed in the Legislative Audit.

> SENATOR BEERS MOVED TO DEFER THE WORK PROGRAM REQUEST TO TRANSFER $14,235 FROM THE RESERVE CATEGORY TO THE PERSONNEL SERVICES CATEGORY AND TO ALSO DEFER THE RECLASSIFICATION REQUEST.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Assemblyman Marvel indicated he believed Mr. Buonamici had effectively pointed out that the NDOW did not currently have a staff person responsible for management of the agency's fiscal activities but agreed that the request should be deferred until it could be addressed during the Legislative Session.

THE MOTION CARRIED.

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Employment, Training and Rehabilitation, Employment Security Division	902/4767	~~**0074**~~ ***0076***	Workforce Services Rep III, 12.157, grade 30, step 1, $34,806.96 Employee/Employer Paid Retirement	Accounting Assistant II, 2.303, grade 25, step 1, $25,891.20, Employer Paid Retirement **REVISED DECEMBER 18, 2006**.
*Department of Wildlife	702/4452	0432	Administrative Aid, 2.221, grade 21, step 1, $22,237.20, Employer-Paid Retirement	Administrative Services Officer III, 7.216, grade 41, step 1, $50,801.04 Employer-Paid Retirement **RECEIVED AFTER DEADLINE DECEMBER 18, 2006. RELATES TO ITEM 81.**
Department of Transportation	800/4660	050-008	Maintenance Management Coordinator II, 7.736, grade 37, step 1, $42,616.08, Employer Paid Retirement	Supervisor III, Associate Engineer, 6.209, grade 40, step 1, $48,587.76 Employer Paid Retirement

*Refer to narrative and motion for approval under Item 81.

F. STATEMENT OF CONTINGENCY FUND BALANCE.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Unrestricted Fund Balance in the General Fund portion of the Contingency Fund was $209,959. If requests for allocation from the Contingency Fund were approved by the Committee, the available balance would be $20,648.

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

1. JUDICIAL BRANCH – SUPREME COURT – COMMISSION ON JUDICIAL SELECTION – Request for $5,000 to cover costs associated with recruitment for District Judge vacancies.

Ron Titus, Court Administrator and Director of the Administrative Office of the Courts, appeared before the Committee to request an allocation from the Contingency Fund in

the amount of $5,000 to cover costs associated with the recruitment for District Judge vacancies.

ASSEMBLYMAN MARVEL MOVED APPROVAL TO ALLOCATE $5,000 FROM THE CONTINGENCY FUND.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED.

2. OFFICE OF THE MILITARY – Request for $175,311 for four positions, operating, equipment, and utility costs related to the Las Vegas Readiness Center.

Miles Celio, Administrative Services Officer (ASO), Office of the Military, appeared before the Committee to request $175,311 from the Contingency Fund to support the opening of the new Las Vegas Readiness Center in February 2007.

Chairman Arberry noted that staff review of the request indicated annual costs for Employee Bond Insurance, Attorney General Tort Claim Assessment, and Department of Information Technology (DoIT) Assessment, could be reduced by a total of $2,294, for an adjusted request amounting to $173,017.

Mr. Celio advised that he was in agreement with staff recommendations to reduce the request by $2,294.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE REQUEST AS REVISED FROM $175,311 TO $173,017.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED.

In response to questions Senator Coffin asked regarding the Las Vegas Readiness Center opening date, Mr. Celio advised that the facility would be substantially completed by February 2007, but that the Certificate of Occupancy would most likely be delayed by several additional months. Mr. Celio indicated some uncertainty regarding a formal opening date.

Senator Coffin expressed an interest in touring the facility prior to the opening date.

Mr. Celio indicated he was fairly certain that the date for the ribbon cutting ceremony could be adjusted to accommodate legislators who wanted to attend.

H. STATEMENT OF DISASTER RELIEF ACCOUNT BALANCE.

*I. REQUESTS FOR GRANTS FROM THE DISASTER RELIEF ACCOUNT (NRS 353.2755) – DEPARTMENT OF PUBLIC SAFETY – DIVISION OF EMERGENCY MANAGEMENT.

1. Request for ~~**$1,634,600.67**~~ ***$1,083,700.67*** on behalf of the City of Caliente to cover costs associated with floods that occurred in January 2005**. REVISED DECEMBER 11, 2006. WITHDRAWN DECEMBER 29, 2006.**

2. Request for $423,697.23 on behalf of Lincoln County to cover costs associated with floods that occurred in January 2005. **WITHDRAWN DECEMBER 29, 2006.**

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the requests for grants from the Disaster Relief Account under Item H and I had been withdrawn.

*****J. APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2(c).

1. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS – Request for approval to accept a gift in excess of $10,000.00 for water rights ($790,000) from the Gillemot Family Trust.

Pam Wilcox, Administrator, Division of State Lands, Department of Conservation and Natural Resources, appeared before the Committee to request approval to accept a gift in excess of $10,000 from the Gillemot Family Trust. Ms. Wilcox expressed appreciation to George Gillemot, the trustee for the Gillemot Family Trust, for a gift to the State of 158.298 acre feet of water rights from Ophir Creek in Washoe Valley. The water rights had an 1856 priority and appraised for a value of $790,000.

ASSEMBLYMAN MARVEL MOVED APPROVAL TO ACCEPT THE GIFT.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED

2. DEPARTMENT OF WILDLIFE – Request for retroactive approval to accept a gift in excess of $10,000.00 for a transport truck ($33,700.00) from Nevada Bighorns Unlimited-Reno for moving big game around the State.

Rob Buonamici, Acting Director, Department of Wildlife, appeared before the Committee to request retroactive approval to accept a transport truck valued at $33,700 from

Nevada Bighorns Unlimited in Reno. The truck would be used to transport big game around the State.

SENATOR RHOADS MOVED APPROVAL TO ACCEPT THE GIFT.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

*K. STATE PUBLIC WORKS BOARD

1. Project 05-C01, Sawyer Building tile repair, Las Vegas, change in scope - Request to delete approximately 17,120 square feet of tile replacement on the north wall in phases 6, 7, and 8 and defer that work to a 2007 CIP request. Funding originally approved for the north wall's tile replacement, or the project phases proposed for deletion, will be used to repair construction deficiencies discovered on the south, east and west walls during the tile removal process. Funding is being requested in the fiscal year 2007 CIP (07-M02) to complete the north wall's tile installation. **RELATES TO AGENDA ITEM K.4.**

Gustavo Nunez, Interim Manager, State Public Works Board (SPWB), appeared before the Committee to request a change in scope for Project 05-C01, Sawyer Building Tile Repair. If approved, approximately 17,120 square feet of exterior tile replacement on the north wall of the building would be deleted, and the funding originally approved for the north wall would be used instead to repair construction deficiencies that were discovered on the west, south, and east elevations during the demolition process.

In response to questions Assemblyman Seale asked regarding the eventual replacement of the north wall tile, Mr. Nunez clarified that early funding for the north wall tile replacement had been requested in the 2007 Capital Improvement Program (CIP) budget.

Chairman Arberry noted that the early funding request for $3 million in the 2007 CIP project included payment for the removal and installation of exterior tile as well as the repair of all construction deficiencies on the north wall. Chairman Arberry asked SPWB representatives to discuss why they believed the 2007 CIP project would provide sufficient funding to complete the repair of the north wall, including construction deficiencies even though the tile had not yet been removed.

Mr. Nunez advised that the 2007 CIP included $1.5 million to finish the tile work on the north elevation, additional exterior repairs, and removal of the outside fountain, which had been requested by the Division of Buildings and Grounds. Mr. Nunez also indicated that funding in the existing CIP would be used to replace sidewalks, which had been delayed pending the completion of the tile work.

Chairman Arberry questioned whether an early CIP bill could be processed in view of the voter-approved, Education-First Initiative.

Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau, advised that the Legislature could only pass a supplemental appropriation prior to approving funding for education if passage of a supplemental appropriation occurred before June 30, 2007. Additionally, Ms. Erdoes pointed out that a supplemental appropriation could be used only for work completed prior to the beginning of the next biennium, or before July 1, 2007.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that work remained on the tile repair project that would be accomplished prior to the end of the 2007 fiscal year. Mr. Stevens said that funding for any work on the project after June 30, 2007, would have to be included in the CIP bill for funding in the next biennium.

Mr. Nunez advised that with the exception of the north elevation, the contractor should be able to finish work by June 30, 2007.

In response to questions Assemblyman Marvel asked regarding the litigation proceedings brought by the State against the general contractor, architects, and exterior tile subcontractor, Mr. Nunez advised that the legal counsel retained by the Office of the Attorney General believed that the State had a good case in recovering a portion of the costs. Additionally, Mr. Nunez indicated that the State had proposed a settlement of approximately $10 million for mediation purposes, but if the mediation failed, the entire amount of the State's costs for the building's repair would be requested.

In response to questions Assemblyman Hettrick asked regarding any portion of the supplemental appropriation that was not expended prior to June 30, 2007, Mr. Stevens suggested that language could be included in the 2007 CIP bill that any unspent portion of the supplemental appropriation would be balanced forward if not utilized prior to June 30, 2007.

In response to questions Senator Coffin asked regarding whether costs would be recouped for construction deficiencies that were being discovered with removal of the tile, Mr. Nunez advised that legal counsel was being informed on a monthly basis of all construction deficiencies encountered in the project. Additionally, Mr. Nunez said that the complaint was being amended by legal counsel as new deficiencies were discovered.

In response to Senator Coffin, who questioned an earlier reference to removal of the fountain, Mr. Nunez explained that the fountain was difficult to maintain, and its removal was requested by representatives of the Division of Buildings and Grounds.

Senator Coffin recalled that the original design concept for the Sawyer Building, which included the historic Mormon Fort, across the street from the building, was a

continuation of the theme that existed before construction. Senator Coffin expressed concern that removing the fountain would be a violation of the intent of the original design concept.

Mr. Nunez discussed the difficulties encountered by the Division of Buildings and Grounds in attempting to maintain the fountain and suggested that the area's historical significance could be preserved by the incorporation of a substitute feature.

In response to questions Senator Coffin asked regarding the State's ability to treat the alkalinity of the water, Mr. Nunez deferred the question to the Chief Engineer for the Division of Buildings and Grounds.

Patrick McInnis, Chief Engineer, Buildings and Grounds (B&G) Division, Department of Administration, explained that the water in the fountain was treated in the same manner that was used for swimming pools. Mr. McInnis advised that the depth of the water flowing through the system was shallow enough to evaporate leaving a residue of salt. Mr. McInnis indicated that the fountain design was unworkable using Las Vegas water and suggested replacing the fountain with a desert landscape.

In response to Senator Coffin who suggested the use of inmate crews to clean the fountain, Mr. McInnis explained that nearly all attempts to maintain the fountain had failed. He explained that any cleaning solution that would remove the salt residue would also destroy the synthetic stone used in the fountain construction.

Mr. Stevens indicated that the fountain issue did not have to be immediately resolved and suggested that the discussion be continued during Legislative committee hearings.

Chairman Arberry agreed and asked SPWB and B&G representatives to work on resolving the fountain issue for continued discussion in committee hearings during the Legislative Session.

In response to questions Assemblyman Parks asked regarding whether the mold and mildew problems that appeared when the building was first occupied were related to the construction deficiencies, Mr. Nunez advised that mold and mildew problems were not related to the legal action taken by the State against the original contractor.

In response to questions Assemblyman Parks asked regarding the nine-month mediation delay, Mr. Nunez explained that a mediation scheduled for October 9, 2006, was canceled by the exterior tile contractor until additional discovery occurred, which was currently in progress.

In response to Assemblywoman Weber, who asked if the fountain and the Sawyer Building were constructed during the same period under Project 91-C9, Mr. Nunez confirmed that the fountain was built during the same period the Sawyer Building was constructed. Additionally, Mr. Nunez advised that funding for either the repair or

replacement of the fountain was placed in the 2007 Capital Improvement Program budget.

In response to questions Assemblywoman Weber asked regarding whether the litigation included issues related to the fountain, Mr. Nunez advised that the fountain was not included in the litigation because the problems were related to design and water quality, not construction deficiencies.

> ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE REQUEST ON THE CONDITION THAT THE PUBLIC WORKS BOARD AND BUILDINGS AND GROUNDS REPRESENTATIVES REVIEWED THE FOUNTAIN ISSUE FOR CONTINUED DISCUSSION DURING THE LEGISLATIVE SESSION.
>
> ASSEMBLYMAN SEALE SECONDED THE MOTION.
>
> THE MOTION CARRIED.

2. Project 05-C13, Las Vegas Readiness Center - Request authorization to receive and spend an additional $253,141.00 of federal funds to acquire food service equipment and related kitchen work in the new facility.

Gustavo Nunez, Interim Manager, State Public Works Board (SPWB), appeared before the Committee to request approval to receive and spend an additional $253,141 in federal funding. If approved, the funding would be used to acquire food service equipment and related kitchen work for the new Las Vegas Readiness Center.

> ASSEMBLYMAN MARVEL MOVED APPROVAL OF THE REQUEST TO RECEIVE AND SPEND AN ADDITIONAL $253,141 IN FEDERAL FUNDING FOR PROJECT 05-C13.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.
>
> THE MOTION CARRIED.

3. Project 05-C20c, CCSN Classroom Building, Las Vegas, change in scope - Request to increase the building size from 65,000 to 78,486 square feet without increasing the cost of the project.

Gustavo Nunez, Interim Manager, State Public Works Board (SPWB), appeared before the Committee to request a change in scope for Project 05-C20c. If approved, the Community College of Southern Nevada (CCSN) classroom building size would be increased from 65,000 square feet to 78,486 with no additional costs in the project's currently approved funding. Funds for furniture, fixtures, and equipment (FF&E) would be requested in the 2007 CIP request.

In response to Chairman Arberry's request for clarification relative to the change in scope request, Mr. Nunez advised that Interim Finance Committee (IFC) approval was required in the event the change in scope deviated by 10 percent either positively or negatively.

Chairman Arberry asked SPWB representatives to discuss why flooring and window treatments had been included in the 2007 FF&E request rather than in construction costs.

Mr. Nunez responded that floor coverings, window treatments, and auditorium seating could be considered FF&E items, although typically they were not. Additionally, Mr. Nunez pointed out that the members of the Board of Regents had initially requested that floor coverings, window treatments, and auditorium seating items be included in the 2007 CIP.

Senator Beers recalled that over a year ago, the Nevada System of Higher Education (NSHE) representatives testified before the IFC that if construction cost savings were identified, the savings would be used to reduce a $5 million emergency loan they obtained to fund construction costs. Senator Beers questioned why the size of the building was being increased rather than a reduction to the $5 million loan.

Mr. Nunez indicated he was unfamiliar with the NSHE commitment to reduce the emergency loan and advised that the SPWB was involved only to the extent of the design. Additionally, Mr. Nunez indicated that the project included the use of the Construction Manager at Risk (CMAR), a cost-effective project delivery method that provided monitoring of day-to-day cost factors, which Mr. Nunez indicated resulted in efficiencies that permitted the construction of additional square footage without an increase in the project's budget. Additionally, Mr. Nunez pointed out that there were indirect cost savings since the facility had an existing parking lot ,and the central plant heating, ventilation, and air conditioning unit would accommodate the new classroom building with only two additional pieces of equipment that needed to be purchased.

Chairman Arberry indicated he would entertain a motion for approval that excluded window treatments and flooring from consideration as FF&E items in the 2007 CIP.

> ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF THE MOTION TO INCREASE THE COMMUNITY COLLEGE OF SOUTHERN NEVADA (CCSN) CLASSROOM BUILDING SIZE FROM 65,000 TO 78,486 SQUARE FEET AND TO EXCLUDE WINDOW COVERINGS AND FLOORING FROM BEING CONSIDERED AS FF&E ITEMS IN THE 2007 CIP REQUEST.
>
> ASSEMBLYMAN HOGAN SECONDED THE MOTION.

Assemblyman Hettrick expressed his opposition to the motion relative to the $5 million emergency loan after calculating that the cost for an additional 13,000 square feet of space amounted to $3.9 million.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, clarified that the $5 million loan was secured by the NSHE through a private lender and was not provided by the State.

In response to additional questions Assemblyman Hettrick asked about the interest being paid on the loan, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, confirmed that the NSHE secured a $5 million loan from a private lending institution and that they testified before the IFC that any savings that accrued would be utilized to reduce the size of the loan. Mr. Ghiggeri clarified that the interest on the loan was being paid by the NSHE and not through the CIP project funding.

Senator Beers, Senator Cegavske, Senator Mathews, Assemblyman Hettrick, Assemblyman Marvel, Assemblywoman Gansert, and Assemblywoman Koivisto declared their intent to oppose the motion.

Senator Beers indicated that staff had advised that the NSHE had proceeded with a design for a larger building without first approaching the IFC for approval. However, Senator Beers pointed out that a vote by the Committee not to approve the request to increase the building size would delay construction while the facility was redesigned to the original legislatively approved size, which he said would cost more in construction delays than the "value of their broken promise."

Senator Beers described the NSHE change of scope requests for the Greenspun College of Urban Affairs and the CCSN Classroom Building as "irresponsible public works management behavior." Senator Beers indicated that although he would now support the motion before the Committee, he found it difficult to believe the NSHE contention that they needed "to be freed from under the yoke of the SPWB" in order to properly manage their affairs.

In response to Senator Mathews, who asked SPWB representatives if they preferred to manage or not manage NSHE projects, Mr. Nunez advised that the SPWB was a service agency that would provide service as directed by the Legislature.

Assemblyman Hettrick also recalled the previous NSHE appearances relative to change in scope requests. Assemblyman Hettrick indicated the precedent being set was untenable and that at some point the NSHE would have to build a project as approved by the Legislature or request approval from the IFC to deviate.

Chairman Arberry repeated the motion on the floor

ASSEMBLYWOMAN LESLIE MOVED APPROVAL TO INCREASE THE BUILDING SIZE FROM 65,000 TO 78,486 SQUARE FEET AND TO EXCLUDE WINDOW COVERINGS AND FLOORING FROM BEING INCLUDED AS FF&E ITEMS IN THE 2007 CIP REQUEST.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hettrick, Assemblyman Marvel, Assemblywoman Gansert and Senator Coffin voted nay.)

4. Projects 05-C01 and 01-M04, Repair exterior of the Grant Sawyer Building – Project status report. (Informational only.) **RELATES TO AGENDA ITEM K.1.**

Refer to narrative and motion for approval under Item K.1.

5. Projects 01-C15, Planning, design and utility infrastructure for Science and Engineering Complex, UNLV; 03-C23, UNLV Science, Engineering and Technology Complex construction; and 05-C06, Construction of Science, Engineering and Technology Complex at UNLV – Project status report. (Informational only).

6. Project status report. (Informational only).

CIP Project 01-M5 – Clear Creek Youth Center

Chairman Arberry asked State Public Works Board (SPWB) members to comment on Capital Improvement Program Project 01-M5, Clear Creek Youth Center.

Gustavo Nunez, Interim Manager, State Public Works Board (SPWB), advised that Project 01-M5 had been placed on hold by the Division of Buildings and Grounds. Mr. Nunez reported that a Request for Proposal (RFP) had been issued by the Division of Buildings and Grounds for an operator to maintain the Clear Creek facility. Mr. Nunez turned the microphone over to the Administrator of the Division of Buildings and Grounds, whom he indicated could provide additional information regarding the RFP process.

Cindy Edwards, Administrator, Division of Buildings and Grounds, Department of Administration, reported that, in March 2006, the Division of Buildings and Grounds and the Purchasing Division issued an RFP for an operator to improve, operate, and maintain the Clear Creek facility. Two proposals were received and after analysis the selection committee determined that it was not in the best interests of the State to award a contract to either of the vendors who responded to the RFP.

Ms. Edwards advised that the major obstacle in finding an operator to run the Clear Creek facility was the capital outlay that would be required to bring the facility to a fully operational condition. Ms. Edwards indicated it was her opinion the State would need to provide the capital outlay for the extensive refurbishing needed to meet current building, fire, and Americans with Disabilities Act (ADA) codes.

In response to Assemblywoman Parnell, who asked for the names of the vendors who responded to the RFP, Ms. Edwards advised that Circle in the Sky, a religious group, and another vendor affiliated with Rite of Passage, a provider of programs for at-risk youth, were the only two respondents.

Assemblywoman Parnell indicated that the Clear Creek facility was located in her district, and the residents of the district had expressed their frustration to her regarding individuals who were renting facilities on the property, possible "squatters," and the deplorable conditions of the buildings. Assemblywoman Parnell defined the Clear Creek facility as a "nightmare" and indicated that decisions needed to be made on whether to walk away or level the buildings in order to provide alternate uses.

Ms. Edwards responded that she had developed some suggestions for the Clear Creek facility, which she could provide, although the information had not yet been reviewed by the Governor's Office and the Department of Administration.

Assemblywoman Parnell indicated it was unnecessary to provide the information during the meeting but indicated she hoped the Committee would review the suggestions and determine what should be done with the Clear Creek facility during the 2007 Legislative Session.

L. INFORMATIONAL ITEMS – Reports on Letters of Intent, Committee Requests and Statutory Requirements. Refer to Exhibit C for a complete list of Item L Informational Items.

Chairman Arberry announced that verbal reports would be required for the following Department of Health and Human Services agency items.

Item 6 b (1) Health Care Financing and Policy
Item 6 c (2) Division of Mental Health and Developmental Services' Southern Nevada Adult Mental Health Services
Item 6 f (5) Division of Child and Family Services

6. DEPARTMENT OF HEALTH AND HUMAN SERVICES

b. Health Care Financing and Policy
(1) Report on the status of implementing the Health Insurance Flexibility and Accountability (HIFA) waiver pursuant to the requirements of A.B. 493, section 4, subsection 3 of the 2005 Legislature.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (DHCFP), appeared before the Committee to provide a status report on implementing the Health Insurance Flexibility and Accountability (HIFA) waiver pursuant to the requirements of A.B. 493, section 4, subsection 3 of the 2005 Legislature.

Mr. Duarte reported that under the provisions of A.B. 493, the DHCFP was required to apply for a Medicaid waiver pursuant to the Health Insurance Flexibility and Accountability (HIFA) demonstration initiative.

The benefits were to include:

- Increasing coverage for medical services to pregnant women, who had income of more than between 133 percent of the federal poverty level (FPL) but not more than 185 percent of the FPL.

- A monthly subsidy of up to $100 toward a policy of insurance purchased by an employee or spouse, when the employee worked for a small employer who offered health coverage, to help low-income employees pay for the cost of health care premiums.

- Hospital care coverage for low-income individuals who were ineligible for Medicaid and who had a catastrophic illness or injury.

Mr. Duarte reported that the Medicaid waiver was developed with the preceding criteria but did not initially receive approval by the Centers for Medicare and Medicaid Services (CMS). Mr. Duarte advised that the CMS indicated HIFA waivers were required to provide medical care coverage but were not intended to provide payment for already incurred catastrophic illness. CMS goals were to expand health coverage, and the DHCFP was requested to eliminate the catastrophic illness component.

Additionally, Mr. Duarte indicated that the Deficit Reduction Act of 2005 required that the State Children's Health Insurance Program (SCHIP) Title XXI funds could not be used to provide coverage for non-pregnant, childless adults. Mr. Duarte pointed out that individuals, particularly in the employee subsidy group, had to be a parent of a child and eligible, from an income perspective, for Nevada Check Up or for Medicaid, which also resulted in a modification to the waiver.

Mr. Duarte advised that the CMS agreed with revisions to the waiver that provided two benefit programs to individuals meeting eligibility guidelines:

- Medical services coverage for pregnant women who had income of more than 133 percent of the FPL but not more than 185 percent of the FPL.

- The Employer Sponsored Insurance (ESI) subsidy sponsored program, called Nevada Check Up Plus, which provided a monthly subsidy of up to $100 toward

a policy of insurance purchased by an employee or spouse when the employee worked for a small employer. In order to qualify, the employee's income could not be more than 200 percent of the FPL, and the employee had to be a parent, caretaker, relative, or legal guardian of a child under age 19 who qualified for Medicaid or Check Up.

Mr. Duarte provided the following information:

- In November 2006, the CMS approved the HIFA waiver for the two components with an effective start of December 1, 2006.

- The pregnancy component was initiated on December 1, 2006 with eligibility determinations administered by the Division of Welfare and Supportive Services. The regular application and eligibility processes within the Medicaid/NOMADS program were utilized with the exception that the income criterion was increased to 185 percent of poverty.

- As of December 28, 2006, there were five enrollees and a number of applications in the queue pending approval.

- Applications were currently being accepted in Nevada Check Up offices for the Employer Sponsored Insurance subsidy program component, identified as Nevada Check Up Plus. Nevada Check Up Plus was not expected to be fully operational until April 1, 2007, which was the result of a two-step eligibility process that had DHCFP staff determining employee participation and the Health Management Systems Holding Corporation (HMS) representatives determining employer participation.

In response to questions Assemblywoman Koivisto asked relative to funding for the program that was to be provided by the counties, Mr. Duarte advised that under the provisions of A.B. 493, the counties provided one cent on each $100 of assessed valuation of all taxable property ad valorem from the Supplemental Account for Medical Assistance to Indigent Persons. The remainder of the funding was provided from State and federal funding. Mr. Duarte pointed out that the counties benefited since the program paid for more pregnancies than would normally be compensated.

In response to questions Assemblywoman Leslie asked regarding outreach efforts to promote the ESI program to small employers, Mr. Duarte advised that a press release promoting the program had not received a lot of coverage. However, Mr. Duarte indicated that the contract with HMS had been expanded to include employer outreach that would begin after the January 8, 2007, Interim Finance Committee meeting. Mr. Duarte explained that small employers had been identified and would be contacted to ensure there was some interest in the program. Additionally, HMS representatives would determine if employers were interested in ensuring that their employees also qualified for the Health Insurance Premium Payment (HIPP) Program, which would provide that the employer's premium would be paid for through DHCFP rather than the

employer paying the Medicaid claims. Mr. Duarte anticipated enrollment activity would increase during employers' open enrollment period in May through July.

Assemblywoman Leslie expressed some concern that the benefits provided through the waiver had been delayed and indicated that members of the Committee were very interested in knowing what the participation level would be.

In response to questions Senator Beers asked regarding the advertising campaign for the HIPP Program, Mr. Duarte reiterated that DHCFP had contracted with an agency to identify employers who had employees that qualified for the HIPP Program. Mr. Duarte indicated that the State would benefit from significant cost savings by purchasing cost effective employment-related medical insurance to provide medical assistance to clients.

In response to questions Senator Beers asked regarding the parenting requirement and whether the marketing campaign would be directed to parents of children in the existing program, Mr. Duarte advised that in addition to identifying employers, information in the agency's database was being used as a starting point for families currently enrolled in Nevada Check Up and Nevada Medicaid. Mr. Duarte advised that additional outreach efforts could reach qualified employers.

In response to Senator Beers, who questioned whether qualification for ESI was based on current enrollment in Nevada Check Up, Mr. Duarte advised that individuals not enrolled in Nevada Check Up but who met eligibility criteria were qualified for the employee subsidy.

Senator Beers indicated he assumed that after spending several million dollars in advertising for Nevada Check Up, clients that qualified had already signed onto the program.

Mr. Duarte agreed that a significant amount of money had been spent on outreach efforts for Nevada Check Up and, although many had been reached and educated, there was some uncertainty that the best possible outreach had been accomplished.

In response to Senator Beers, who questioned whether the State's advertising expenditures were matched by the federal government, Mr. Duarte confirmed that State funds for advertising were matched by the federal government.

Assemblywoman McClain noted that although Tobacco Settlement funds had paid for significant Nevada Check Up outreach efforts, the response had been disappointing. Assemblywoman McClain indicated that too many children remained uninsured and outreach efforts needed to be improved.

Senator Cegavske commented on information received from doctors that Nevada Check Up clients sometimes only appeared for one visit, or the application form was incorrectly completed.

Mr. Duarte confirmed that non-cooperation with the application process had been an ongoing issue as long as he had been a Medicaid Administrator and was the most prevalent reason children were not enrolled. Mr. Duarte pointed out that the enrollment process for some programs was anticipated to become even more difficult as a result of the implementation of citizenship documentation requirements.

Senator Cegavske expressed concern regarding the State funds being expended to provide medical assistance through Nevada Check Up and asked Mr. Duarte to comment on the reasons for the flat enrollment.

Mr. Duarte attributed Nevada Check Up flat enrollment issues, in part, to the redetermination of enrollee eligibility conducted by the DHCFP. Mr. Duarte indicated that many clients were dropped as a result of either not paying the premiums or no longer needing the coverage, which had affected the overall caseload. Additionally, Mr. Duarte advised that population increases brought new parents to Nevada who were unfamiliar with assistance programs. As previously indicated, Mr. Duarte said that increasing the caseload would depend on continued efforts to provide information to parents. Mr. Duarte anticipated that with assistance from the schools and through the use of State and federal funding, eligible uninsured children would continue to increase Nevada Check Up enrollment.

In response to questions Senator Cegavske asked regarding the length of time needed to become enrolled in the program, Mr. Duarte advised that normally about thirty days was required to complete the process with the client becoming eligible the first of the following month.

Assemblywoman McClain noted that school administrators and teachers were in a "first line" position to know whether children could qualify for assistance based, for example, on the free or reduced lunch program. Assemblywoman McClain maintained that the best outreach efforts could be provided through the schools by educating parents to better understand the programs rather than simply sending the paperwork home with the children.

Chairman Arberry accepted the report as presented.

c. Division of Mental Health and Developmental Services
(2) Southern Nevada Adult Mental Health Services – Follow-up to questions regarding WestCare and staffing/recruitment from the September 12, 2006 IFC meeting.

Dr. David Rosin, State Medical Director, Southern Nevada Adult Mental Health Services (SNAMHS), Division of Mental Health and Developmental Services (MHDS), Department of Health and Human Services, appeared before the Committee to respond to questions from the September 12, 2006, Interim Finance Committee (IFC) meeting

regarding recruitment efforts and census information for the WestCare facility and the Rawson-Neal Hospital.

Dr. Rosin advised that a psychiatrist had been hired, who would begin work in January, and another, who had been previously employed by WestCare, was currently working on a part-time basis at the clinic located on East Lake Mead Drive in Henderson. Additionally, another psychiatrist from WestCare was hired to work on a full-time basis.

Carlos Brandenburg, Ph.D., Administrator, MHDS, Department of Health and Human Services, recalled the question asked during the IFC meeting was in regard to whether psychiatrists could be recruited from WestCare after services for MHDS provided through the facility were reduced from 50 beds to 25 beds. As pointed out by Dr. Rosin, Dr. Brandenburg said two psychiatrists from WestCare had been hired.

Additionally, Dr. Brandenburg recalled another question was in regard to the total number of WestCare admissions for which the following information was provided:

- The number of admissions for WestCare totaled 411 from September 12, 2006 to December 10, 2006

- The average daily census for September 2006 was 25.15

- The average daily census for October 2006 was 25.47

- The average daily census for November was 26.46

Dr. Brandenburg noted that funding was provided to staff 25 beds, and SNAMHS had been able to maintain the 25-bed census at WestCare.

In response to questions Senator Beers asked regarding maintaining the 25-bed census at WestCare and empty beds at the Rawson-Neal Hospital, Dr. Rosin explained that currently three of the four pod units at the Rawson-Neal Hospital as well as the 30-bed psychiatric center for emergency services were in operation.

Dr. Rosin advised that staff was being actively recruited for the Rawson-Neal Hospital's fourth pod and that 14 additional psychiatrists would be hired by July 2007. Dr. Rosin further advised that several psychiatrists requested that they be hired on a contract basis, which was cost-neutral since they would be compensated for the base salary in addition to benefits. Although it remained unclear why individuals would choose to be hired on a contract basis, Dr. Rosin indicated the flexibility to work on a contract basis was offered in an effort to fill the vacant positions.

In response to additional questions Senator Beers asked regarding the empty space in the Rawson-Neal Hospital and the 25-bed census at WestCare, Dr. Rosin advised that the additional 40 beds for the fourth pod had recently been licensed by the Bureau of Licensure and Certification (BLC). Dr. Rosin indicated that he anticipated opening the

40-bed unit within the next 2 to 4 weeks, using temporary psychiatrists with a subsequent recruitment for two full-time psychiatrists.

In response to questions Senator Beers asked regarding the length of time it had taken to open the facility, Dr. Brandenburg provided assurance that everything that could be done to hire psychiatrists as quickly as possible was being done.

In response to questions Chairman Arberry asked regarding individuals waiting for services in emergency rooms, Dr. Rosin reported that as of that morning, 52 people were waiting for mental health services in Las Vegas area hospital emergency rooms and 10 people were waiting for services in community hospitals in addition to those receiving services at WestCare. Dr. Rosin pointed out that once the new pod was opened, 40 individuals could be admitted for services and an additional 22 beds were requested in the budget for the 2007-2009 biennium.

In response to questions Senator Cegavske asked regarding the numbers of individuals awaiting mental health services in hospital emergency rooms, Dr. Brandenburg advised that the average number in October 2006 was 66.5 and in November 2006 was 61.5 compared to 110 individuals when the Clark County Manager declared a crisis situation in Clark County in 2004.

Chairman Arberry accepted the report as presented.

f. Division of Child and Family Services
   (5) Report on the project to Enforce Underage Drinking Laws in response to a request made during the November 15, 2006 IFC meeting.

Fernando Serrano, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services, identified himself for the record. Mr. Serrano appeared before the Committee to provide a report (Exhibit D) on the project for Enforcing Underage Drinking Laws (EUDL). The report was written in response to questions that members of the Committee asked during the November 15, 2006, Interim Finance Committee.

Mr. Serrano reported that the EUDL Project was funded through two grants from the federal Office of Juvenile Justice and Delinquency Prevention (OJJDP). The grant funds were provided to local law enforcement agencies throughout the State and used to conduct various projects such as:

- Alcohol Sale to Minors Compliance Checks
- Third-party Purchaser and Shoulder Tap Operations
- Control of Use of Fake Identification
- Controlled Juvenile Party Dispersal
- Juvenile DUI Intervention
- Special Event Control

Mr. Serrano advised that law enforcement officials had some discretion for the use of EUDL grant funds and enforcement activities within their respective communities although many of them conducted the same type of operations. The report (Exhibit D) included an overview of coalition activities focused on law enforcement support, youth focused activities, and community-based strategies.

Chairman Arberry accepted the report as presented.

M. PUBLIC COMMENT.

There was no public comment.

N. ADJOURNMENT.

Chairman Arberry took a moment, before adjourning the meeting, to convey the Committee's best wishes to Assemblyman Lynn Hettrick and Assemblyman Bob Seale, who had chosen not to run for reelection.

The Chairman recalled fond memories of working with Assemblyman Hettrick, in his capacity as Co-Speaker of the Assembly in 1995 and Minority Floor Leader from 1997 through 2005 and Assemblyman Seale, first as State Treasurer and then as a member of the Assembly Committee on Ways and Means and the Interim Finance Committee. The Chairman expressed his greatest admiration and respect for both men and indicated their valuable knowledge and experience would be sorely missed.

Assemblyman Hettrick and Assemblyman Seale individually thanked the Chairman and the members of the Committee and expressed their enjoyment in having worked as legislators in the Nevada State Assembly.

Chairman Arberry advised that the pre-session Budget Subcommittee meetings were scheduled to take place on January 23, 24, and 25 in Carson City and January 29 and January 30 in Las Vegas. The Las Vegas meetings would be broadcast through a simultaneous video broadcast.

Chairman Arberry adjourned the meeting at 11:45 a.m.

_____
Assemblyman Morse Arberry Jr., Chairman
Interim Finance Committee

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

EXHIBITS INTERIM FINANCE COMMITTEE		
Exhibit	**Witness/Agency**	**Description**
A		Agenda
B		Guest List
C		Informational Items
D	Fernando Serrano	Report on Enforcing Underage Drinking Laws Project