MINUTES OF THE APRIL 4, 2006
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairman William J. Raggio called a regular meeting of the Interim Finance Committee (IFC) to order on April 4, 2006, at 8:50 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:

Senator William J. Raggio, Chairman
Assemblywoman Christina R. Giunchigliani, Chairman
Assemblyman Moises Denis
Assemblywoman Heidi Gansert
Assemblyman Lynn Hettrick
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblywoman Kathy McClain
Assemblyman Richard Perkins
Assemblyman Bob Seale
Assemblywoman Debbie Smith
Assemblywoman Valerie Weber
Senator Bob Beers
Senator Barbara Cegavske
Senator Bob Coffin
Senator Bernice Mathews
Senator Dean Rhoads
Senator Dina Titus

COMMITTEE MEMBERS EXCUSED:

Assemblyman Morse Arberry Jr., Chairman

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
Risa Lang, Chief Deputy Legislative Counsel
Mark W. Stevens, Fiscal Analyst, Assembly
Steve Abba, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Fiscal Analyst, Senate

Bob Guernsey, Principal Deputy Fiscal Analyst
Connie Davis, Interim Finance Committee Secretary
Cheryl Harvey, Secretary, Fiscal Analysis Division
Kelly Fisher, Secretary, Fiscal Analysis Division

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES FROM THE JANUARY 26, 2006 MEETING.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF THE JANUARY 26, 2006 MEETING MINUTES.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

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

Chairman Raggio noted, for the record, that Item C.2, Department of Health and Human Services, Director's Office was withdrawn on February 8, 2006.

Chairman Raggio advised that information would be requested for Item C.9, Department of Public Safety, Emergency Management Assistance.

1. **Department of Education – Discretionary Grants – Unrestricted – FY 06 –** Acceptance of $181,125.00 in Hurricane Education Recovery grant funds to allow for release of funding to be disbursed to Clark and Washoe County School Districts that have students who were displaced by the Katrina and Rita hurricanes. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

2. **Department of Health and Human Services – Director's Office – Administration – FY 06 –** Addition of $316,957.00 in Transfer from Health Care Financing and Policy – Maximus Recoveries to support the Governor's Commission on Medical Education, Research and Training (MERT), which will create cutting-edge partnership opportunities in medical research and training

providing the best training opportunities for Nevada's doctors and nurses. Requires Interim Finance approval since the amount added to the MERT category exceeds $50,000.00. **WITHDRAWN FEBRUARY 8, 2006**

The work program was withdrawn February 8, 2006.

3. **Department of Health and Human Resources – Director's Office – Healthy Nevada Fund – FY 06 –** Addition of $408,581.00 in federal Medicare Transitional Grant to provide assistance for Nevada's citizens eligible for Medicare Part D benefits to better understand prescription coverage available under state plans and counsel Senior Rx participants with their options under Medicare Part D. Requires Interim Finance approval since the amount of the grant to the Medicare Modernization Act Grant category exceeds $50,000.00.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

4. **Department of Corrections – Ely State Prison – FY 06 –** Deletion of $22,000.00 in Budgetary Transfer to the High Desert State Prison, to fund the cost to repair Well #4 for the facilities at Indian Springs. Requires Interim Finance approval since the amount deducted from the Equipment category exceeds 10% of the legislatively approved level for that category.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

5. **Department of Corrections – High Desert State Prison – FY 06 –** Addition of $22,000.00 in Budgetary Transfer from Ely State Prison, and the transfer of $16,896.00 from the Equipment category to the Buildings and Grounds Maintenance category to fund the costs to repair Well #4 for the facilities at Indian Springs. Requires Interim Finance approval since the amount transferred to the Buildings and Grounds Maintenance category exceeds 10% of the legislatively approved level for that category.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

6. **Department of Corrections – Northern Nevada Correctional Center – FY 06 –** Deletion of $35,000.00 in Budgetary Transfer to Southern Desert Correctional Center to fund the emergency repair costs of the electrical system at Southern Desert Correctional Center. Requires Interim Finance approval since the amount deducted from the Equipment category exceeds 10% of the legislatively approved level for that category.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

7. **Department of Corrections – Southern Desert Correctional Center – FY 06 –** Addition of $35,000.00 in Budgetary Transfer from Northern Nevada Correctional Center to fund the emergency repair costs of the electrical system in Building I, which houses the culinary, laundry, maintenance shops, and Prison Industries. Requires Interim Finance approval since the amount added to the Maintenance of Buildings and Grounds category exceeds 10% of the legislatively approved level for that category.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

8. **Department of Public Safety – Emergency Management Assistance – FY 06 –** Addition of $323,949.00 in Federal Emergency Management Agency (FEMA) Hurricane Grant funds to reimburse several government agencies for FEMA approved expenditures for hurricane Katrina and Rita evacuees. Requires Interim Finance approval since the amount added to the FEMA-Hurricane category exceeds $50,000.00.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

9. **Department of Public Safety – Emergency Management Assistance – FY 06 –** Addition of $16,957,959.00 in Federal Emergency Management Agency (FEMA) New Year's 2006 Flood Grant to reimburse several state and local agencies for expenditures related to the widespread flooding that occurred in Northern Nevada between December 31, 2005 and January 04, 2006. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

Frank Siracusa, Chief, Department of Public Safety, Division of Emergency Management (DEM), identified himself for the record and introduced Kamala Carmazzi, Deputy Chief, Department of Public Safety, DEM, and Eric King, Administrative Services Officer (ASO), Department of Public Safety, DEM.

Chairman Raggio asked for information that addressed the request to establish authority to receive a $16,957,959 grant from the Federal Emergency Management Agency (FEMA) to reimburse expenditures related to flooding that occurred in northern Nevada between December 2005 and January 2006. The Chairman noted that a portion of the funding for reimbursement of expenditures had not been approved by the FEMA and asked for information specifically related to the reason regarding the amount of the authority requested.

Kamala Carmazzi, Deputy Chief, DEM, explained that historically the state was not provided the benefit of an official grant award for a natural disaster since the funding was obligated at the federal level based upon approved project work sheets. Ms. Carmazzi indicated an estimate was submitted in a letter from the Governor to the President via the FEMA Region 2 Washington headquarters.

Additionally, Ms. Carmazzi discussed concerns the Committee's staff had expressed regarding reimbursement of expenses that included a 25 percent match. Ms. Carmazzi explained that the total amount of funding at the federal level was difficult to project and historically, the division had included the 25 percent match in the work program. However, Ms. Carmazzi said that rather than requesting authority for 100 percent of total expenses to be reimbursed, authority for only 75 percent would be requested, and a subsequent work program would be submitted to deobligate 25 percent of total expenses.

In response to questions Chairman Raggio asked regarding a provision included in the work program for individual assistance, which was not approved by FEMA as a reimbursable expense, Ms. Carmazzi advised that reimbursement for individual assistance was denied under the presidential declaration. Ms. Carmazzi explained that the grant provided for public assistance and hazard mitigation, but individual assistance at the federal level had become difficult to obtain. Ms. Carmazzi said the dollar amount for individual assistance would also be reduced in a subsequent work program. Ms. Carmazzi noted, however, that the division had moved forward to provide funding to individuals who could qualify for assistance from the $5.0 million revolving fund established under the provisions of A.B. 572, 2005 Legislature.

Mr. Siracusa advised that to date, the Division of Emergency Management had received and was in the process of reviewing 69 applications for individual assistance from individuals throughout northern Nevada.

In response to Chairman Raggio, who asked for information regarding the total amount of assistance requested in the applications that had been received, Mr. Siracusa indicated that although a total had not yet been established, criteria within the application process and the regulations had been developed to allow applicants to apply for up to $5,400 from the account for repairs and up to $10,900 for replacement of homes damaged in the 2006 flood.

In response to questions from the Chairman regarding how the amounts for individual assistance were determined, Mr. Siracusa explained that after consulting with their Emergency Management counterparts in five other states, guidelines from the existing FEMA Individual Assistance Program were used to develop the amount for repair and replacement. Mr. Siracusa advised that since guidelines for providing individual assistance had not been established under the provisions of A.B. 572, the FEMA guidelines were determined to be fair and equitable and had become part of the division's draft emergency regulations.

In response to Assemblywoman Giunchigliani, who asked when the subsequent work programs would be received, Mr. King advised that the work programs would be submitted to coincide with the IFC meeting scheduled for June 13, 2006.

Chairman Raggio indicated the Committee would accept the report provided by the Division of Emergency Management representatives with the understanding that the earlier referenced work programs would be submitted for the June 13, 2006 meeting. Additionally, the Chairman requested that a report on the individual assistance claims being considered by the division be provided at the June 13, 2006 meeting.

D. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(c). INFORMATIONAL ONLY – REQUIRED EXPEDITIOUS ACTION WITHIN 45 DAYS.

Chairman Raggio announced that testimony would be requested for Items D.1, Department of Information Technology, Director's Office, and D.2, Department of Information Technology, Planning and Research Division. The work program requests, which had been approved under the provisions for expeditious action, related to funds requested to cover the costs of relocating staff from the Kinkead Building to a new office at 400 West King Street. Chairman Raggio advised that staff had expressed concerns that the total amount of authority requested by the department for its relocation exceeded the amount included as an estimate in the Department of Administration's report to the IFC by more than $35,600, a 64.7 percent increase. The Chairman pointed out that the department had submitted the work program revisions on January 26, 2006, the day of the last IFC meeting, resulting in approval of the request after 45 days and asked if that was merely coincidence.

Terry Savage, Chief Information Officer, Department of Information Technology (DoIT) advised that he was unaware that the request for relocation expenses had exceeded the amount estimated in the Department of Administration's report to the IFC. Mr. Savage indicated that the timing must have been just a coincidence but that he would follow through with the Committee's staff after the close of the meeting.

1. **Department of Information Technology – Director's Office – FY 06 –** Transfer of $37,117.00 from the Reserve category to the Operating category, $10,021.00 from the Reserve category to the Equipment category and $3,234.00 from the Reserve category to the Information Services category to cover the costs of relocating staff currently in the Kinkead Building to a new office located at 400 West King Street, Carson City. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00.

Approved under the provisions of NRS 353.220(5)(c), which required expeditious action within 45 days.

2. **Department of Information Technology – Planning and Research Division – FY 06 –** Transfer of $29,693.00 from the Reserve category to the Operating

category, $8,017.00 from the Reserve category to the Equipment category and $2,587.00 from the Reserve category to the Information Services category to cover the costs of relocating staff currently in the Kinkead Building to a new office located at 400 West King Street, Carson City. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Approved under the provisions of NRS 353.220(5)(c), which required expeditious action within 45 days.

3. **Department of Corrections – Prison Industries – Prison Industry – FY 06 –** Addition of $1,472,286.00 in Miscellaneous Sales to increase sales and corresponding expenditure authority needed in the Northern Nevada Correctional Center (NNCC) furniture and metal shops which have been operating at capacity during the first half of the fiscal year. Requires Interim Finance approval since the amount added to the NNCC Furniture Shop and NNCC Metal Shop categories exceeds $50,000.00.

Approved under the provisions of NRS 353.220(5)(c), which required expeditious action within 45 days.

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

Chairman Raggio provided the following information regarding work program items listed under Item E:

- Work programs 11, 71, 74, 78, 79, 88, 120, and 129 were revised, but would not be called for testimony

- Work program items 23, 32, 33, and 83, and 98 were withdrawn

- Work program items 39 related to item 40, 61, 63, 64, 69, and 73 involved the allocation of block grant funding and required a public hearing

- Work program items 22, 24, 25 and Informational Item L.6b, which pertained to Manufactured Housing would be called for testimony; 27, 28, 29, 30, and Informational Item L.6f, which pertained to Mortgage Lending would be called for testimony; 35, 42, 67, 68, 87, 91, and 92 would be called for testimony; 94 which was revised and related to G.4 would be called for testimony; 105, which was revised and related to 106 and 112 would be called for testimony; 107 related to 108, and 115, which had been revised in part would be called for testimony; 109 related to 110, and 114 would be called for testimony; 112 related to 105, and 113 would be called for testimony; 115 was revised and related to 107, 110, and 114 would be called for testimony; 122 would be called for testimony

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF ALL WORK PROGRAM ITEMS AND POSITION CHANGES THAT WERE NOT ENUMERATED BY THE CHAIRMAN.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

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

I. Work Program Revisions Requiring Interim Finance Committee Review.

1. **Office of the Attorney General – Attorney General Administrative Account – FY 06 –** Transfer of $20,000.00 from the Training category to the In-State Travel category to cover estimated travel expenditures through the end of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Training category exceeds 10% of the legislatively approved level for that category.

   Refer to motion for approval under Item E.

2. **Department of Administration – Internal Audits – FY 06 –** Transfer of $4,642.00 from the Personnel Services category to the Operating category, $58,940.00 from the Personnel Services category to the Equipment category, and $7,744.00 from the Personnel Services category to the Information Services category to cover expenses to be incurred upon the relocation of the Internal Audits Division. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds $50,000.00.

   Refer to motion for approval under Item E.

3. **Department of Administration – Purchasing Division – Commodity Food Program – FY 06 –** Transfer of $38,276.00 from the Reserve category to the Operating category to cover additional commercial storage space needed due to increased school size and to cover freezer repairs needed for the Reno warehouse. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

   Refer to motion for approval under Item E.

4. **Department of Administration – Purchasing Division – Commodity Food Program - FY 06 –** Addition of $1,025,952.00 in Feed Processing Program funds and $10,000.00 in Department of Agriculture Grant funds to account for additional direct sales and receive a grant for the Senior Farmers' Market Nutrition Program.

Requires Interim Finance approval since the amount added to the Feed Processing Program category exceeds $50,000.00.

Refer to motion for approval under Item E.

5. **Department of Administration – Buildings and Grounds – FY 06 –** Transfer of $35,257.00 from the Reserve category to the Operating category, $172,272.00 from the Reserve category to the Maintenance of Buildings and Grounds category, and $241,965.00 from the Reserve category to the Utilities category to cover increased costs of maintenance for old automobiles with an average mileage of 111,000 and for increased costs of diesel fuel and gasoline. In addition, this work program allows Buildings and Grounds to pay for unanticipated costs for the Stewart Facility fire sprinkler, electrical panel replacement and increased utility costs. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $50,000.00.

   Refer to motion for approval under Item E.

6. **Department of Administration – Buildings and Grounds – Marlette Lake – FY 06 –** Transfer of $21,520.00 from the Reserve category to the Personnel Services category to cover projected salary costs through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds 10% of the legislatively approved level for that category.

   Refer to motion for approval under Item E.

7. **Department of Information Technology – Facility Management Division – Computing Division – FY 06 –** Transfer of $436,924.00 from the Reserve category to the Silvernet category to fund projected utilization expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Silvernet category exceeds $50,000.00. **Relates to Item E 8.**

   Refer to motion for approval under Item E.

8. **Department of Information Technology – Data Communications Division – Communications and Technology – FY 06 –** Addition of $436,924.00 in the Telecommunication Charges category to pay for necessary telecommunications equipment. Requires Interim Finance approval since the amount added to the Information Services category exceeds $50,000.00. **Relates to Item E 7.**

   Refer to motion for approval under Item E.

9. **Department of Information Technology – Mobile Communications Division – Network Transportation Services – FY 06 –** Transfer of $7,528.00 from the Reserve category to the Personnel Services category, $173.00 from the Reserve

category to the Operating category, $2,500.00 from the Reserve category to the Equipment category, and $2,382.00 from the Reserve category to the Information Services category to provide adequate funding for an Administrative Assistant III. This position will provide administrative support to a manager, supervisor, senior engineer and nine specialists/technicians. These duties are currently being performed by either the manager, supervisor or senior engineer. Requires Interim Finance approval since the amount includes new staff. **Relates to Item E 10.**

Refer to motion for approval under Item E.

10. **Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 07 –** Transfer of $44,795.00 from the Reserve category to the Personnel Services category to provide adequate funding for an Administrative Assistant III. This position will provide administrative support to a manager, supervisor, senior engineer and nine specialists/technicians. These duties are currently being performed by either the manager, supervisor or senior engineer. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds 10% of the legislatively approved level for that category. **Relates to item E 9.**

    Refer to motion for approval under Item E.

11. **Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 06 –** Transfer of $19,411.00 from the Reserve category to the Personnel Services category, ~~$15,000.00 from the Reserve category to the Equipment category~~, and ~~$109,058.00~~ ***$107,146*** from the Reserve category to the Microwave Radio System category to pay off existing comp time balances and to purchase equipment and parts for implementing and maintaining the State's digital microwave system and existing analog circuits. Requires Interim Finance approval since the amount transferred to the Microwave Radio System category exceeds $50,000.00. **REVISED 3-22-06.**

    Refer to motion for approval under Item E.

12. **Department of Education – Drug Abuse Education - FY 06 –** Transfer of $10,000.00 from the Aid to Schools category to the Operating category and $900.00 from the Aid to Schools category to the In-State Travel category to provide sufficient funds for payments to existing contractor who is developing the department's web-based grant program and also to provide sufficient travel funds to perform on-site monitoring and auditing for the Alternative Education for Disruptive Students Program. Requires Interim Finance approval since the cumulative amount transferred from the Aid to Schools category exceeds $50,000.00.

    Refer to motion for approval under Item E.

13. **Department of Education – Discretionary Grants – Restricted – FY 06 –** Addition of $366,660.00 in Advanced Placement Fee Payment Grant funds and a transfer of $22,252.00 from the Homeless Children-Aid to Schools to the Homeless Children Admin category, $34,911.00 from the English Language Acquisition-Aid to Schools category to the English Language Acquisition-Admin category, $100,000.00 from the 21st Century Learning Centers-Aid to Schools category to the 21st Century Learning Centers-Admin and Tech Assist category, and $1.00 from the 21st Century Learning Centers-Aid to Schools category to the Limited English Proficient category to continue funding which supports efforts to increase access to advance placement classes and tests for low-income students. Transfers will provide sufficient funds for payments to existing contractor who is developing the department's web-based grant program and to correct a grant payment. Requires Interim Finance approval since the amount added to the Advanced Placement Fee Payment category exceeds 10% of the legislatively approved level for that category.

    Refer to motion for approval under Item E.

14. **Department of Education – Elementary and Secondary Education – Title I – FY 06 –** Addition of $2,645,702.00 in Basic Concentration Title I Grant funds, $4,565.00 in Migrant Aid Grant funds, $1,234,006.00 in Reading First Grant funds, $60,930.00 in Even Start Grant funds, and $2,632.00 in Comprehensive School Reform Grant funds to continue funding for multiple Title I programs which improve the teaching and learning of children failing or most at-risk of failing; address the needs of migratory children; establish and support reading and literacy programs and improve student achievement. Funding will also support payments to existing contractor who is developing the department's web-based grant program. Requires Interim Finance approval since the amount added to the Chapter Basic Aid to Schools category exceeds $50,000.00.

    Refer to motion for approval under Item E.

15. **Department of Education – Elementary and Secondary Education – Titles II, V, and VI – FY 06 –** Addition of $11,259.00 in State Assessments Grant funds, $25,933.00 in Technology Grant funds, transfer of $561,235.00 from the Teacher Quality-Admin and Technical Assistance category to the Teacher Quality-State Program category, $230,247.00 from the Teacher Quality-Admin and Technical Assistance category to the Teacher Quality-Aid to Schools category, $71,311.00 from the State Assessments-Contracts category to the State Assessments-Admin category, and $26,378.00 from the Technology-Technical Assistance category to the Technology-Admin category to continue funding which supports advancement of technology in schools and development of the additional state assessments and standards required by the Elementary and Secondary Education Act. Transfers will realign authority based on projected expenditures for activities mandated by the federal grants. Requires Interim Finance approval since

the amount transferred from the Teacher Quality-Admin and Technical Assistance category exceeds $50,000.00.

Refer to motion for approval under Item E.

16. **Department of Education – Individuals with Disabilities – FY 06 –** Addition of $10,753,342.00 in Handicapped Grant funds, $197,655.00 in Early Childhood Grant funds, and $560,383.00 in Project Promises Grant funds to continue funding for three special education programs that assist states in providing a free appropriate public education to all children with disabilities as well as in reforming and improving their systems for providing educational, early intervention and transitional services. Requires Interim Finance approval since the amount added to the Special Education Aid to Schools category exceeds $50,000.00.

    Refer to motion for approval under Item E.

17. **Department of Cultural Affairs – State Historic Preservation Office – FY 06 –** Acceptance of $125,000.00 in transfer from the Department of Transportation to support the development of a historic architectural database component within the Nevada Cultural Resource Information System. Requires Interim Finance approval since the amount transferred to the Cultural Resource Information category exceeds $50,000.00.

    Refer to motion for approval under Item E.

18. **Department of Cultural Affairs – Library and Archives Division - Library Services – FY 06 –** Addition of $17,700.00 in Online Computer Library Center Private Grant funds to allow Nevada to participate in the National Spanish Language Outreach program. Requires Interim Finance Approval since the amount of the private grant exceeds $10,000.00.

    Refer to motion for approval under Item E.

19. **Department of Agriculture – Animal Health – Livestock Inspection – FY 06 –** Transfer of $44,590.00 from the Reserve category to the EIA Testing Expense category to purchase replacement laboratory equipment essential for continued bacteriology testing. Requires Interim Finance approval since the amount transferred to the EIA Testing Expense category exceeds 10% of the legislatively approved level for that category.

    Refer to motion for approval under Item E.

20. **Commission on Mineral Resources – Division of Minerals – FY 06 –** Addition of $299,702.00 in Mining Claim Fees, $49,362.00 in Dangerous Mine Fees, $20,925.00 in Geothermal Fees and $4,979.00 in Printing Sales to cover a projected shortfall in operating expenses resulting from increased program

activities and to cover travel, materials and fuel used by the six summer interns; anticipated Eagle Scout projects; and the abandoned mine public awareness and education efforts in the Abandoned Mine Land Support category. Requires Interim Finance approval since the amount added to the Abandoned Mine Land Support category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

21. **Department of Business and Industry – Insurance – Captive Insurers – FY 06 –** Transfer $7,009.00 from the Reserve category to the Personnel Services category, $36.00 from the Reserve category to the In-State Travel category, $785.00 from the Reserve category to the Operating category, $1,627.00 from the Reserve category to the Equipment category, and $3,053.00 from the Reserve category to the Information Technology category to add one Administrative Assistant position and related costs to provide clerical and technical support for the administrator of Captive Programs. Requires Interim Finance approval since the amount includes new staff.

    Refer to motion for approval under Item E.

22. **Department of Business and Industry – Manufactured Housing - FY 07 –** Transfer of $24,420.00 from the Reserve category to the Operating category to pay for the annual service agreement license for the division's storage based database and document retrieval system and to pay for the conversion of the statewide titles database for manufactured homes from CDs to microfilm. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category. **Relates to Items E 23, E 24, E 25 and L 6b.**

Chairman Raggio announced that Items E.22, E.24, E.25 were related to Informational Item L.6b and would be considered simultaneously.

Renee Diamond, Administrator, Division of Manufactured Housing, identified herself for the record.

Chairman Raggio expressed concern regarding the division's projected $1.30 million Reserve level and whether the fees being placed in the Reserve category were excessive. The Chairman recalled the division had previously indicated that a six-month operating Reserve level, which amounted to approximately $501,000, was required to withstand potential industry downturns. Additionally, the Chairman noted Items E.24 and E.25 addressed the division's staffing needs.

In response to the Committee's concerns, Ms. Diamond provided a brief overview in which she indicated the division was a fee-based agency driven by sales in the Manufactured Housing Industry. Ms. Diamond explained that in the period from 2000-2001, the Manufactured Housing Industry went into a national decline, which

forced a reduction in the Manufactured Housing Division of six employees and closure of the Elko office.

Although industry sales for most of the country remained in decline, Ms. Diamond advised that sales in Nevada had improved contributing to the increase in the Reserve to its current level.

Ms. Diamond advised that in 2002, approximately 8,000 titles were processed by the division while the number of titles that were projected to be processed in 2006 had increased by 17 percent to approximately 9,500 titles. Ms. Diamond explained that currently two division employees processed titles statewide for manufactured homes, real property conversions, and placed and removed liens, in addition to providing real property notices.

In response to Chairman Raggio, who questioned whether fees were fixed or graduated, Ms. Diamond advised that the fees were fixed. Ms. Diamond said, however, that as a result of the 2005 Legislative Session, regulations were being established that provided for:

- reduction of real property notices from $50 to $40

- consolidation of license fees for servicemen in various categories for a reduction of $46,000 in fees

- removing the limited dealers licensing requirement for realtors selling land-home packages reducing the division's annual income by $28,000

Additionally, Ms. Diamond referred to a letter dated February 8, 2006 (Exhibit D) from the Executive Director of the Nevada Manufactured Housing Association, which supported the existing fee structure until the 2007-2009 biennium and filling open positions "to improve the services" provided by the office. Ms. Diamond advised that the intervening period would provide sufficient time to analyze the division's revenue streams and cost allocations prior to the reduction of fees. Ms. Diamond discussed the difficulty being encountered in issuing titles in the rural areas and the need to address the division's immediate staffing need. Ms. Diamond proposed one new position for the Titling section, which she indicated would reduce the turn around time for issuing titles from three months to approximately six to eight weeks.

Noting the Manufactured Housing Industry's instability, Chairman Raggio questioned the need to fill positions with permanent employees rather than contract personnel.

In response, Ms. Diamond explained that permanent employees could be trained to handle the technical functions related to titling and review of documents that had been developed over the years to prove the ownership of property. Ms. Diamond explained that when she was appointed Administrator in 1995, the Titling section had four employees, and currently there were only two employees issuing titles. Ms. Diamond

indicated that replacing one position was a reasonable alternative to the two previously reduced positions.

Chairman Raggio asked Ms. Diamond “to comment on the current status of the increased number of manufactured housing park closures.”

Ms. Diamond advised that the number of parks being closed had a direct impact on the budgets for the Landlord Tenant Relations and Lot Rent Subsidy Programs as funding was provided by mobile home park owners based on the number of spaces in their park. Ms. Diamond explained that approximately 3,000 spaces had been lost and each time a park closed and a home was moved, the home required inspection at its new location, a seal placed on the home, and a title change.

In response to questions the Chairman asked regarding where manufactured homes were being placed, Ms. Diamond explained that the majority of manufactured homes currently purchased were being placed on real property.

In response to questions Chairman Raggio asked regarding the proposal to replace positions, Ms. Diamond explained that two of the six positions lost to layoffs during the 2003-05 biennium were suggested for replacement, one to assist with titling and one accounting technician to assist with a permit system for inspections and payroll duties.

Chairman Raggio questioned why the positions, an Accountant Technician I and Administrative Assistant III had been significantly upgraded from the previously held positions.

Ms. Diamond explained that a higher level of technical expertise was currently needed to provide revenue analysis and additional duties required as the result of a 1993 audit.

Chairman Raggio pointed out that the proposed recommendations did not appear to significantly reduce the $1.30 million Reserve to a reasonable level and asked that gradual fee reductions be considered prior to the 2007-09 biennium.

Ms. Diamond expressed reluctance to place the Manufactured Housing Division in the same position as it was in 2001 when it was necessary to reduce the staff and close the Elko office. Prior to reducing fees, Ms. Diamond indicated an analysis of individual revenue components would be required as well as a cost analysis for individual positions. A cost analysis had been conducted for the positions in the Titling section, and Ms. Diamond indicated the revenue in Titling would support a position.

Chairman Raggio discussed the inappropriateness of the division’s current Reserve level and reiterated his earlier suggestion to gradually reduce current fees, which he indicated appeared to be neither reasonable nor necessary.

Ms. Diamond advised that division staff were currently in the process of analyzing fee reductions and indicated that the revenue stream from the Titling section could support

an additional position, and the Inspection section was also generating enough revenue for an additional Installation Inspector. However, because there was some uncertainty regarding whether the revenue streams could be maintained, a decision was made that fees to industry members and consumers would remain unchanged for the next two years.

Chairman Raggio requested an analysis of the fees charged by the division be provided to the Committee at the June 13, 2006 IFC meeting.

Assemblywoman Giunchigliani indicated the Manufactured Home Industry was at risk and was contributing to the state's affordable housing crisis. Additionally, Assemblywoman Giunchigliani, recalling a similar incident with the Division of Mental Health and Developmental Services about 15 years ago, called for the Committee to "tread carefully" and indicated she currently could not support a reduction in fees.

Assemblywoman Giunchigliani noted the Nevada Manufactured Housing Association's support of the division's position to continue the rate of current fees for the next biennium and their concern for low-income housing. Assemblywoman Giunchigliani discussed the potential loss of revenue a reduction in fees would generate and indicated a possible General Fund offset should be reviewed by the Legislature.

Sydney Wickliffe, CPA, Director, Department of Business and Industry, addressed the Committee and advised that after becoming concerned about the Reserve levels of various agencies within the Department of Business and Industry, general guidelines regarding the Reserve were reviewed to determine if additional specifics could be provided. The general direction provided was a three-months Reserve level, and a level in excess of or beneath the three-month level would require analysis by the Director's Office staff. A review of Department of Business and Industry agencies with a high Reserve level had been undertaken, and Ms. Wickliffe indicated she would provide information to the Committee not only for the Manufactured Housing Division, but also for any other Business and Industry agency for which there were concerns.

Chairman Raggio indicated the same questions regarding the Reserve level would be asked of the Division of Mortgage Lending representatives.

Senator Beers questioned whether the Department's Integrated Financial System (IFS) could currently support multiple cost centers within a fund.

Ms. Wickliffe indicated she was told the Department had the necessary accounting capability. Additionally, Ms. Wickliffe advised that an analysis of the accounting capability within each of the Department of Business and Industries' agencies was being conducted to determine the availability of critical expertise.

Senator Beers discussed looking into the possibility of establishing a Department of Administration unit that would create multiple cost centers within a fund for all state agencies.

Ms. Wickliffe welcomed the suggestion, which she indicated would provide a good information and managerial tool for all state agencies and legislators as well.

In response to the division's request for positions and the report on revenue and expenditure activity, Chairman Raggio remarked that the Committee had to "draw the line" on necessary and reasonable expenditures and said that an analysis on the fees charged by the division would be informative and helpful.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF THE POSITIONS REQUESTED IN E.22, E.24, AND E.25.

SENATOR RHOADS SECONDED THE MOTION.

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

23. Department of Business and Industry – Manufactured Housing – FY 06 – Transfer of $58,777.00 from the Reserve category to the Transfer to MHD category to establish authority for the cost allocation of salaries between agency budgets. Requires Interim Finance approval since the amount transferred to the Transfer to MHD category exceeds $50,000.00. **WITHDRAWN 3-28-06.**

Item 23 was withdrawn.

24. Department of Business and Industry – Manufactured Housing – FY 07 – Transfer of $86,736.00 from the Reserve category to the Personnel Services category, $482.00 from the Reserve category to the Operating category, and $53.00 from the Reserve category to the Information Services category to continue funding the two positions requested in Fiscal Year 2006. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00. **Relates to Items E 22, E 25 and L 6b.**

Refer to narrative and motion for approval under E. 22.

25. Department of Business and Industry – Manufactured Housing – FY 06 – Transfer of $14,562.00 from the Reserve category to the Personnel Services category, $342.00 from the Reserve category to the Operating category, $3,254.00 from the Reserve category to the Equipment category, and $4,407.00 from the Reserve category to the Information Services category to add an Accounting Technician I and an Administrative Assistant I to meet the current workload requirements. Requires Interim Finance approval since the amount includes new staff. **Relates to Items E 22, E 24 and L 6b.**

Refer to narrative and motion for approval under E. 22

26. Department of Business and Industry – Financial Institutions – FY 06 – Transfer of $59,152.00 from the Reserve category to the Operating category to pay additional rent costs for both Carson City and Las Vegas offices; the moves were approved at the August 9, 2005, Board of Examiners meeting. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

27. Department of Business and Industry – Mortgage Lending – FY 06 – Transfer of $102,000.00 from the Reserve category to the Operating category to cover projected costs for office supplies, contract employees and additional leased space through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00. **Relates to Items E 28, E 29, E 30 and L 6f.**

The Chairman announced that testimony would be heard for work program E. 27 in conjunction with items E.28, E.29, E.30 and L.6f.

Scott Bice, Commissioner, Division of Mortgage Lending, Department of Business and Industry, identified himself for the record and introduced Audrey Brooks-Scott, Management Analyst I, Division of Mortgage Lending, Department of Business and Industry, and Sydney Wickliffe, CPA, Director, Department of Business and Industry.

Mr. Bice appeared before the Committee to request approval of work program items E.27, E.28, E.29, and E.30, which would "utilize Reserve funding totaling $111,563 in fiscal year 2006 and $1.2 million in fiscal year 2007 to fund four new permanent positions, ongoing temporary staffing services, and operating expenses in support of its regulatory activities."

In response to concerns Chairman Raggio expressed regarding the division's Reserve funding level of $4.8 million and questions regarding requested staffing positions and reduction of agent renewal fees, Mr. Bice advised that effective May 2006 agent renewal fees would be reduced from $170 to $100. Mr. Bice explained that although the agent renewal fee was the only fee that statutorily could be adjusted, division representatives intended to request statutory changes to the fee schedule during the 2007 Legislative Session. Mr. Bice further advised that the division's source of income was predominately from licensing and renewal fees and provided the following historical perspective:

- the Division of Mortgage Lending was established during the 2003 Legislative Session as a result of A.B. 490
- licensing requirements were projected for 400 mortgage lending companies and 4,000 mortgage agents

- currently, 12,000 agents and approximately 1,400 companies were licensed to operate in Nevada

In response to questions Chairman Raggio asked regarding the number of licensees, Mr. Bice advised that the number of brokers and agents applying for license remained constant. Several months ago, division representatives instituted a mandatory weekly meeting for new licensees to review statutes and regulations prior to issuance of a license, with approximately 10 to 15 people attending each week. Mr. Bice attributed growth in the industry to low rates; alternative mortgage products, i.e., 100 percent financing; payment options that began with "low teaser rates," but accrued at "much higher rates;" reduced documentation; and increased amortization terms from 30 to 40 years.

Additionally, Mr. Bice advised that the number of consumer complaints, currently standing at approximately 250, accompanied the increased growth of licensed brokers and agents. While some complaints could be easily solved within two to three days, Mr. Bice said some cases took as long as 30 to 60 days to solve, and one case in Las Vegas in which approximately thirty people had been stripped of their equity had taken seven months to reach a settlement of restitution to consumers. Lacking the necessary staff, Mr. Bice told the Committee he personally conducted the investigation pointing out that the number of division positions had not kept pace with industry growth.

In response to Chairman Raggio's request for information regarding the positions being requested, Mr. Bice advised that two Administrative Assistant licensing positions, that would replace temporary positions, and two Compliance/Investigator positions were being requested. Mr. Bice advised that of the approximately 250 open complaints, 40 complaints had arisen from the $325 million Ameriquest Mortgage settlement nationwide with additional complaints anticipated.

In response to Chairman Raggio's request for information regarding utilization of the Reserve funding for investigative expenses, Mr. Bice projected an increase of $865,843 in investigative expenses primarily associated with fingerprinting cards, background checks, and hearings. Mr. Bice explained that the division had a backlog of agent licensing denials, and, by due process, all those denied had the right to request a hearing.

Chairman Raggio questioned whether the division would be able to fulfill its statutory obligations with the addition of two Investigator positions.

Mr. Bice indicated the new positions would assist with the backlog of the workload and current cases dealing with consumer complaints, but the two positions would not serve the division's long-term needs. However, Mr. Bice discussed the addition of the new positions as important to bridging the gap to the 2007 Legislative Session when modifications could be made to the law regarding annual examination requirements and the fee structure.

In response to a question from Chairman Raggio regarding when the Investigator positions would be hired, if approved by the Committee, Mr. Bice said hiring could take place as early as May since a list of qualified candidates currently existed from a previous recruitment.

Senator Beers recalled being a member of the Assembly Committee on Commerce during the time the legislation to create the Division of Mortgage Lending was developed. The Senator indicated the intent of the legislation was to use the regulatory authority of government to protect members of the public from unscrupulous private money lenders. In the process it appeared that many individual entrepreneurs and marketers, who were not intended to be regulated, had started businesses designed to find people, who needed a home loan and turn them over to a particular funding source. Senator Beers suggested that the 2007 Legislature might wish to examine the legislation governing the Mortgage Lending Division in order to determine if the regulatory authority pertaining to those entrepreneurs and marketers should be decreased or even eliminated.

Additionally, before using funds from the Reserve category to hire additional staff, Senator Beers expressed a preference to determine through, cost center accounting, how much of the revenue was being produced by individual entrepreneurs and how "much by large companies that amassed investors' money to provide home loans."

Mr. Bice responded that of the 1,400 licensees currently active or awaiting final approval for licensure, approximately 52 companies were defined as "private money lenders" and the remainder, "residential home lenders." Mr. Bice commended the staff of the Mortgage Lending Division for having done a good job in preventing the loss of funds, such as suffered by residents of southern Nevada, who had invested in the Harley Harmon mortgage investment plan and lost up to $30,000 of their home equity. Citing the $325 million Ameriquest settlement, Mr. Bice told the members of the Committee that "abuse in single-family lending was horrific nationwide," and that the Mortgage Lending Division's mission was not even close to being accomplished.

Assemblyman Seale noted that much of the lending activity was interest-rate driven since low rates had attracted buyers to the housing market. However, Assemblyman Seale predicted that with the current increase in interest rates and despite the recent trend in "clever lending plans," an eventual downturn would be seen in the number of licensees. Looking to the future, Assemblyman Seale indicated flexibility would be needed to adjust fees dependent on the market and said that caution should be exercised in hiring additional employees and increasing expenses.

Senator Coffin indicated he had asked staff on January 26, 2006, for information on what would be required to increase the division's ability to deal with situations similar to the "predatory lending practices" by the Ameriquest Mortgage Company. After receiving a response from the Division of Mortgage Lending, Senator Coffin indicated he had requested a bill draft that would help address such a situation.

Mr. Bice expressed optimism that additional proactive programs could be developed with the maturation of the division. However, Mr. Bice also indicated his intention to work with the members of the 2007 Legislature to create legislation to provide consistency in the law and follow through with the division's long range plans. More specifically, Mr. Bice indicated travel funds would be requested to conduct annual out-of-state examinations and to more quickly resolve consumer complaints.

In response to Senator Coffin, who questioned whether the division would be able to fulfill its statutory obligations if the requests for positions were approved by the Committee, Mr. Bice indicated that approval would provide a good framework from which to begin.

Assemblywoman McClain expressed concern regarding the 250 outstanding consumer complaints. Additionally, the Assemblywoman asked for information regarding the number of senior citizens that were victims of predatory lending practices and whether reverse mortgages would constitute the next wave of fraudulent practice.

Mr. Bice indicated that licensees had been actively advised of the accessibility of the division's staff. While Mr. Bice said the staff had done a good job in capturing a number of complaints, they wanted people to understand the division's mission and the availability of staff to provide assistance.

Additionally, Mr. Bice advised that rather than a prevalence of problems related to reverse mortgages, the division had brought action against lenders who encouraged senior citizens to enter into "a large cash out and refinance" of a primary residence and then to invest the proceeds in order to receive an annuity income stream. Additionally, the division had brought action against lenders, who guaranteed returns that were not accessible. Mr. Bice further advised that the provisions of *Nevada Revised Statutes* (NRS) 598, Deceptive Trade Practice, provided many areas of protection for the consumer.

Assemblywoman McClain reiterated concerns related to exploitation and fraud of the elderly, the lack of an investigative unit, and that 90 percent of cases were not prosecuted because senior citizens were considered willing victims.

Assemblywoman Giunchigliani suggested a "housekeeping bill" for the 2007 Legislative Session to provide for the adjustment of fees and perhaps an ombudsmen to investigate and resolve consumer complaints.

Ms. Wickliffe advised that the suggestions provided by Assemblywoman Giunchigliani were being developed.

Assemblyman Hogan questioned the effort directed to the examination of private lenders, who received a large portion of their funds from senior citizens as a result of inflated property appraisals.

Mr. Bice responded that although the division had limited resources, members of the staff were targeted to address the largest risk factor and to conduct yearly investigations of private lenders to ensure compliance.

Additionally, Mr. Bice advised the members of the Committee that statutorily private money lenders and borrowers had the right to waive certain documents, such as appraisals. Mr. Bice indicated that better protection mechanisms were needed to be built into the law to address problems related to appraisals, out-of-state lenders, licensing requirements for companies versus individuals, consistency in the law, and in the area of contracts since in a court of law it was presumed the signatory on a contract was educated and informed, which was not always the case.

SENATOR COFFIN MOVED APPROVAL OF WORK PROGRAM ITEMS 27, 28, 29, AND 30.

MR. HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Cegavske abstained.)

28. Department of Business and Industry – Mortgage Lending – FY 07 – Transfer of $207,278.00 from the Reserve category to the Operating category and $865,843.00 from the Reserve category to the Investigate Expense category to cover projected shortfalls for temporary staffing services and investigative expenses. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00. **Relates to Item E27, E29, E30 and L 6f.**

Refer to narrative and motion for approval under Item E. 27.

29. Department of Business and Industry – Mortgage Lending – FY 06 – Transfer of $600.00 from the Reserve category to the In-State Travel category, $10,836.00 from the Operating category to the Reserve category, $6,508.00 from the Reserve category to the Equipment category, and $13,291.00 from the Reserve category to the Information Technology category to add two Compliance/Audit Investigator III positions, one Administrative Assistant III position, one Administrative Assistant II position and related costs to conduct examinations and investigations of mortgage brokers, bankers, and escrow companies and for administrative support of the licensing section. Requires Interim Finance approval since the amount includes new staff. **Relates to Item E 27, E 28, E 30 and L 6f.**

Refer to narrative and motion for approval under Item E. 27.

30. Department of Business and Industry – Mortgage Lending – FY 07 – Transfer of $189,354.00 from the Reserve category to the Personnel Services category, $3,600.00 from the Reserve category to the In-State Travel category, $68,563.00 from the Operating category to the Reserve category, $4,039.00 from the Reserve

category to the Information Technology category, and $3,564.00 from the Reserve category to the Training category to continue two Compliance/Audit Investigator III positions, one Administrative Assistant III position, one Administrative Assistant II position and related costs to conduct examinations and investigations of mortgage brokers, bankers, and escrow companies and for administrative support of the licensing section. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00. **Relates to Item E 27, E 28, E 29 and L 6f.**

Refer to narrative and motion for approval under Item E. 27.

31. **Department of Business and Industry – Low Income Housing Trust Account – FY 06 –** Addition of $2,886,000.00 in Real Property Transfer Tax and $491,213.00 in Treasurer's Interest Distribution to augment revenue authority and expenditures for Loan Disbursements based on an increase in home sales and increased sales prices of homes. Requires Interim Finance approval since the amount added to the Loan Disbursements category exceeds $50,000.00.

Refer to motion for approval under Item E.

32. Department of Business and Industry – Taxicab Authority – FY 06 – Transfer of $26,644.00 from the Reserve category to the Operating category to expand existing leased office space. Current space is 5,842 sq. ft.; expanded space is an additional 4,402 sq. ft. for a total of 10,244 sq. ft. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category. **Relates to Item E 33. WITHDRAWN 3-27-06.**

Item 32 was withdrawn.

33. Department of Business and Industry – Taxicab Authority – FY 07 – Transfer of $54,853.00 from the Reserve category to the Operating category to expand existing leased office space. Current space is 5,842 sq. ft., expanded space is an additional 4,402 sq. ft. for a total of 10,244 sq. ft. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00. **Relates to Item E 32. WITHDRAWN 3-27-06.**

Item 33 was withdrawn.

34. Department of Business and Industry – Taxicab Authority – FY 06 – Transfer of $30,000.00 from the Reserve category to the Operating category to pay for a settlement agreement in a Nevada Federal Court case filed against the Taxicab Authority. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

35. Department of Health and Human Services – Director's Office – Administration – FY 06 – Addition of $316,957.00 in Transfer from the DHHS Health Care and Finance & Policy MAXIMUS Recoveries category and transfer of $28,952.00 from the Reserve category to the Collection Expense category to pay contractual obligations to MAXIMUS and to new MAXIUMS Projects category to support departmental mediation training and provide support to various community-based projects on a one-time basis. Requires Interim Finance approval since the amount added to the MAXIMUS Projects category exceeds $50,000.00.

Mike Willden, Director, Department of Health and Human Services, identified himself for the record and introduced Mike Torvinen, Deputy Director, Fiscal Services, Department of Health and Human Services.

Mr. Willden appeared before the Committee to request authority to accept $316,957 recovered by MAXIMUS, a company that was contracted with by the Department of Health and Human Services to collect third-party liability payments owed to the State's Medicaid program. In a brief overview, Mr. Willden advised that MAXIMUS had been under contract to the state for the past eight to ten years and during those years had collected millions of dollars. Mr. Willden further advised that although the contract with MAXIMUS ended on June 30, 2004, the contract required MAXIMUS to complete "all work in progress at the time of termination," by June 30, 2006. Mr. Willden reported that funds recovered by MAXIMUS totaled $34,000 in 2004, approximately $315,000 in 2005 and $316,957 in 2006.

Mr. Willden discussed the work accomplished by Assemblywoman Leslie and Assemblyman Hettrick during the 2003 and 2005 Legislative Sessions to identify and provide worthy community-based projects with funding recovered by MAXIMUS. Six community-based projects were identified during the 2003 Legislative Session to receive MAXIMUS recovery funds for the 2004-2005 biennium. A statewide suicide prevention program was identified as a priority under legislation authored by former Senator Ann O'Connell, but was removed from consideration after the 2005 Legislature funded a Statewide Suicide Prevention Program within the Division of Mental Health & Developmental Services. Additional projects that were prioritized included:

- Nevada Kids Count project, "a statewide, collaborative effort that brought together a wide range of organizations and agencies involved with children and families in Nevada"

- Elder Count, statistics produced by the Aging Services Division that determined priorities for funding programs for senior citizens and for the publication of the results in a brochure entitled *Nevada Elder Count*

- A Suicide Prevention Office for Douglas County

Mr. Willden reported that MAXIMUS had indicated they would generate approximately $1.7 million a year in 2004 and 2005, while collections, as previously reported, totaled only $34,000 and $315,000 respectively. Additionally, Mr. Willden reported that funding was complicated even further by problems that were incurred by the Health Division's Bureau of Alcohol and Drug Abuse maintenance of effort (MOE) requirement. Mr. Willden explained that much of the revenue that was balanced forward from 2003 into 2004 and 2005 collections was provided to the Bureau of Alcohol and Drug Abuse for MOE requirements. More specifically, Mr. Willden said that revenue totaled over $450,000 one year and $160,000 the following year.

Mr. Willden advised the members of the Committee that no additional third-party liability recoveries under the MAXIMUS contract were anticipated, and after funds earmarked during the 2005 Legislative Session were provided for the Douglas County Suicide Prevention Office and MAXIMUS was paid for their contract services, approximately $288,000 in funding remained for a one-time distribution to the following community-based projects:

- Kids Count – General Project Support $50,000
- Elder Count – General Project Support $50,000
- Food Bank of Northern Nevada – Fuel and Transportation Costs $50,000
- Treatment Program for Batterers – Domestic Violence Training $50,000

Mr. Willden recalled lengthy debate regarding the Batterers' Treatment Program during the 2005 Legislative Session, and although the program was not funded, provisions were made in statute for representatives of Rural Clinics, Division of Mental Health and Developmental Services, to work on treatment services and to provide reports regarding their progress. Mr. Willden said that Department representatives had worked with Domestic Violence groups in an effort to support a training effort.

- Department of Personnel - Mediation Training $10,000

Mr. Willden advised that the Department of Personnel's project was to train mediators in each department of state government to resolve personnel issues through in-house mediation rather than through expensive courtroom litigation. Mediation training would begin in May 2006 for 25 state government employees, and Mr. Willden advised that the Department of Health and Human Services requested that 18 members of their staff be provided the training. Although all 18 would, most likely, not be provided training in May, Mr. Willden indicated the Department would contract for additional slots.

- Reach Out and Read – General Project Support $50,000

Mr. Willden advised that "children receiving medical checkups at the Kids Healthcare Clinic" in Las Vegas were provided books as a part of the University of Nevada School of Medicine's Reach Out and Read program. Mr. Willden explained that the advocacy program's goal was to promote literacy as a standard part of pediatric primary care and to encourage parents to read to their children. Mr. Willden explained that Community Services Block Grant discretionary dollars were also used to assist funding the project.

- 211 Program – General Project Support $28,411

The 211 phone system initiated as a cooperative effort between the state, area phone companies, and several nonprofit organizations, served “as a one-stop resource for Nevadans seeking assistance for a range of health and human services.” Mr. Willden advised that Assemblywoman Smith and Senator Titus were instrumental in passage of the 2005 legislation that helped launch the 211 initiative in early 2006. Mr. Willden advised that the $28,411 that would be provided to the 211 Program would assist in expanding the coverage area.

In response to Chairman Raggio, who asked if the agencies expected to continue receiving funds, Mr. Willden indicated that representatives of each of the agencies understood the funding was provided as a one-time source from the Department of Health and Human Services.

In response to Chairman Raggio, who asked whether any consideration was given to funding substance abuse agencies, Mr. Willden indicated substance abuse agencies were not considered for funding.

In response to Chairman Raggio, who asked whether any of the agencies had received funding in the past, Mr. Willden reported that the Food Bank of Northern Nevada had received grants from the Department; Reach Out and Read received Community Services Block Grant funding, and the 211 Program was provided a $200,000 a year appropriation from the 2005 Legislature.

Assemblywoman McClain recalled that the Task Force for the Fund for a Healthy Nevada produced a statewide senior citizen demographic profile and indicated some uncertainty regarding whether the statistics provided by Elder Count were needed. Additionally, Assemblywoman McClain indicated that the 211 Program was out of funds, needed additional staff and expressed a preference that the $50,000 for Elder Care go the 211 Program. Assemblywoman McClain had learned that the 211 Program was dropping 400 calls a day because they did not have enough personnel to answer the calls, a majority of which were from senior citizens.

Assemblywoman Leslie discussed the importance of honoring the agencies to which the Legislature had allocated money in the past and indicated her preference to follow the recommendations of the Department of Health and Human Services to provide funding to the agencies that had been identified by Mr. Willden. Additionally, Assemblywoman Leslie recalled having heard the same arguments regarding the MAXIMUS funding collections for the entire eight years she had been at the Legislature and questioned whether it was possible additional funding might be recovered by MAXIMUS.

Mr. Willden reiterated that the MAXIMUS contract had ended 19 months ago, but a provision of the contract required MAXIMUS to “satisfactorily complete” all work in progress at the time of termination.

In response to Senator Beers, who asked if MAXIMUS had transferred any skills in recovery of funds to staff, Mr. Willden confirmed that a part of the process in identifying ways to maximize federal revenue was to also provide skills transfer. Mr. Willden also advised that additional third-party liability recoveries would be provided by a new vendor under contract to the Division of Health Care Financing and Policy.

In response to Senator Beers, who questioned whether additional funding recoveries would be built into ongoing budgets, Mr. Willden confirmed that any of the state agencies that contracted with a vendor to conduct a review on rates and third-party liability recoveries would build cost savings into their budgets going forward.

Senator Beers questioned why the recovered funding should not be reverted to the General Fund to reimburse for expenditures in the Medicaid program that should have been paid by third parties.

Mr. Willden agreed that Senator Beers was technically accurate regarding the recovery of expenditures on behalf of Medicaid recipients for which a commercial payer was responsible but did not provide an explanation on reimbursing the State General Fund.

In response to questions Assemblywoman Smith asked regarding accountability of funds provided to the community-based projects, Mr. Willden indicated that the terms of the sub-grants that were issued for the projects normally provided for an accountability of accomplishments on a quarterly or annual basis depending on the program.

Assemblywoman Smith asked what the expectation was that the statistics for the Elder Count project would be completed and a publication of the results produced. Assemblywoman Smith indicated it appeared that the 211 Program could provide some of the required data.

Mr. Willden agreed that the 211 Program captured demographic data from a group of questions asked as calls were answered.

SENATOR RHOADS MOVED TO APPROVE THE AUTHORITY REQUESTED IN WORK PROGRAM ITEM 35 TO PAY FOR MAXIMUS' SERVICES, TO FUND MEDIATION TRAINING, AND TO PROVIDE ONE-TIME FUNDING TO THE COMMUNITY-BASED SERVICES IDENTIFIED ON PAGE 391, VOLUME I, OF THE COMMITTEE'S DOCUMENTATION.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Beers voted nay.)

36. **Department of Health and Human Services – Director's Office – Office of Disability Services – FY 06 –** Addition of $349,143.00 in federal Technical Related Assistance Grant funds to promote equal opportunity and life choices for people with severe disabilities through which they may positively contribute to society and remain free of institutional care. Requires Interim Finance approval since the amount added to the Technical Related Assistance category exceeds $50,000.00.

    Refer to motion for approval under Item E.

37. **Department of Health and Human Services – Health Care Financing and Policy – Medicaid – FY 06 –** Addition of $169,495.00 in federal Medicaid Infrastructure Grant (MIG) funds and deletion of $79,015.00 in federal Title XIX funds to align actual expenses incurred during the first two quarters of Fiscal Year 2006 for the MIG grant that expired on December 31, 2005. Requires Interim Finance approval since the amount added to the Health Insurance Work Advancement (HIWA) category exceeds 10% of the legislatively approved level for that category. **Relates to Item E 38.**

    Refer to motion for approval under Item E.

38. **Department of Health and Human Services – Health Care Financing and Policy – Medicaid - FY 06 –** Addition of $534,288.00 in federal Medicaid Infrastructure Grant (M16) funds and the deletion of $79,627.00 in federal Title XIX funds to fund the Health Insurance Work Advancement (HIWA) Program for the period January 1, 2006 through December 31, 2006. Requires Interim Finance approval since the amount added to the Health Insurance for Work Advancement Program category exceeds $50,000.00. **Relates to Item E 37.**

    Refer to motion for approval under Item E.

39. **Department of Health and Human Services – Health Care Financing and Policy – Nevada Check-Up – FY 06 -** Addition of $69,728.00 in Transfer from the Intergovernmental Transfer Account, and $150,441.00 in federal Title XXI Funds to cover additional system costs associated with the Nevada Check-Up database implementation. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00. **Requires Interim Finance approval since the amount involves the allocation of Block Grant funds, which required a public hearing. Relates to Item E 40.**

Chairman Raggio announced that testimony was requested for Item 39 since the allocation of Block Grant funds related to the work program required a public hearing.

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

introduced Patrick Cates, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services.

Mr. Duarte appeared before the Committee to request approval to receive $69,728 from a Reserve balance in the Intergovernmental Transfer Account, Budget Account 3157, and to increase federal Title XXI revenue by $150,441. Mr. Duarte said approval of the of the request would allow the division to use the funds to offset cost overruns incurred in the development of the Nevada Check-Up database.

Chairman Raggio opened the hearing to public testimony.

There was no response to the Chairman's request for public testimony.

ASSEMBLYMAN SEALE MOVED APPROVAL OF ITEM 39.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED.

40. Department of Health and Human Services – Health Care Financing and Policy – Intergovernmental Transfer Account – FY 06 - Transfer of $69,728.00 from the Reserve category to the Transfer to DHCFP category to cover additional system costs associated with the Nevada Check-Up database implementation. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00. **Relates to Item 39.**

Refer to narrative and motion for approval under E.39.

41. Department of Health and Human Services – Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 06 – Addition of $257,026.00 in Medicaid funds transferred from the Division of Healthcare Financing and Policy to continue payments to Mojave Mental Health Services for the division's Medicaid-eligible clients. Requires Interim Finance approval since the amount added to the Mojave category exceeds $50,000.

Refer to motion for approval under Item E.

42. Department of Health and Human Services – Mental Health and Developmental Services – Rural Clinics – FY 06 – Transfer of $413,533.00 from the Personnel Services category to the Technology Way category to use available funds to cover the cost of moving to Technology Way with agency staff from its Curry Street location. Requires Interim Finance approval since the amount transferred to the Technology Way category exceeds $50,000.00

Jeff Mohlenkamp, Administrative Services Officer, Division of Mental Health and Developmental Services (MHDS), Department of Health and Human Services, introduced Ray Kendall, Director, Rural Clinics, Division of Mental Health and Developmental Services, Department of Health and Human Services and Pam Dover, Administrative Services Officer, Rural Clinics, Division of Mental Health and Developmental Services, Department of Health and Human Services.

Mr. Mohlenkamp appeared before the Committee to request approval to transfer $413,533 from Category 01 - Personnel Services to a new Category 10 - Technology Way. If approved, the transfer would provide "funding support for one-time building renovation and moving costs associated with relocating the agency's administrative staff from leased space on Curry Street in Carson City" to one of two buildings located on Technology Way in Carson City.

Mr. Mohlenkamp explained that the work program was requested to provide Rural Clinics the opportunity to relocate to the building on Technology Way in an effort to provide additional space to accommodate their current needs as well as future expansion opportunities. In addition, Mr. Mohlenkamp said that "business synergies" would be realized by being located in the same building with the Division of Mental Health and Developmental Services.

In response to questions Chairman Raggio asked regarding the number of square feet that would be gained by the move, Mr. Mohlenkamp advised that Rural Clinics currently occupied approximately 4,300 square feet and would gain an additional 1,700 square feet of space by relocating. Mr. Mohlenkamp also explained that Rural Clinics was currently leasing space on a month-to-month basis and had negotiated a lease for approximately six months going forward. The current location, he said, did not accommodate Rural Clinics' requirements, nor did it provide room for future growth.

Mr. Mohlenkamp also explained that the new location was primarily unfinished space and some areas would require renovation to make it suitable for office space. The funding was requested to be transferred from Category 01 - Personnel to the newly created Category 10 - Technology Way in order to track the costs specifically related to "building out" the space and to pay for relocation expenses.

Chairman Raggio asked agency representatives to comment on whether "funding for the actual physical move would be committed for expenditure prior to the end of fiscal year 2006."

Mr. Mohlenkamp indicated his understanding was that the contractor would begin work on the renovation in May or shortly thereafter and that fiscal year 2006 funds could be encumbered and expended until August 2006 after which additional fiscal year 2006 funds could not be dispersed.

Mike Torvinen, Deputy Director, Fiscal Services, Department of Health and Human Services, in a brief overview, reported that in November 2005, Department

representatives appeared before the Committee and received an Interim Finance Committee (IFC) Contingency Fund allocation for $1,028,934 to relocate state employees from the Kinkead Building and the cottages occupied by the Division of Child and Family Services (DCFS) staff to two buildings located on Technology Way in Carson City.

Mr. Torvinen provided the following information on the request to also move Rural Clinics to one of the two buildings located on Technology Way:

- Reno Business Interiors, a state-approved contractor, provided efficient utilization of the available space minimizing construction and appropriately placing the available modular furniture.

- Final approved plans were received on March 24, and "walkthroughs" were scheduled for April 7, 2006.

- The signed lease had been sent to the Board of Examiners for a meeting scheduled at the end of April.

In response to Chairman Raggio's earlier question regarding the expenditure of funds prior to the end of fiscal year 2006, Mr. Torvinen indicated that funding for furnishings, fixtures, and equipment (FF&E) would be provided by the agencies, and construction funds would be provided by the IFC Contingency Fund allocation, which could balance forward to fiscal year 2007. Additionally, Mr. Torvinen said that through arrangements with the landlord, a staging area would be set up next to the two buildings on Technology Way to store equipment purchased prior to the end of the fiscal year and for availability to the contractor to install the equipment when all the improvements were completed.

In response to Chairman Raggio, who asked when the employees could occupy the building, Mr. Torvinen indicated the first move would take place in early to mid-September. Additionally, he said that a project plan, submitted to staff, showed that most of the month of April would be spent on designing and approval of construction plans. Carson City was expected to issue the required permits by June 15, with sixty to ninety days allotted for construction and thirty to sixty days to set up furniture.

In response to questions Chairman Raggio asked regarding the funding authorization for fiscal year 2006 and fiscal year 2007, Mr. Mohlenkamp advised that the 2006 funds were requested because of the availability of salary savings and there was no certainty of a similar salary savings in 2007. Additionally, Mr. Mohlenkamp expressed a desire to "considerably" reduce surplus salary savings and said that most, if not all, of the fiscal year 2006 funds could be dispersed in fiscal year 2006 or in the three months following and anything that was not would revert to the General Fund.
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In response to a request from Chairman Raggio, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided the following recommendations by staff for adjustments to the work program request:

Original work program request	$413,533
Reduction for building costs estimate	($46,092)
Reduction for modular furnishings	($10,400)
Reduction for office equipment	($10,126)
Subtotal	$346,915
Reduction for physical move September 2006	*($8,400)
Revised amount	$338,515

*Mr. Ghiggeri advised that $8,400 was needed for moving but said he was doubtful that the money could be expended prior to the closure of the books by the State Controller. Mr. Ghiggeri pointed out that an $8,400 reduction would provide a revised amount of $338,515 requested for transfer, and the agency would then have to find $8,400 in their fiscal year 2007 budget to fund the physical move.

Mr. Mohlenkamp expressed agreement with the modifications and indicated the revisions had been discussed with staff although costs were estimated and a contractor had not yet walked through the premises.

Chairman Raggio suggested that the Committee could approve the revised amount and the division staff could return to the Committee with an additional request, if needed.

Assemblywoman Giunchigliani questioned whether all 24 of the Rural Clinics staff would be moved in September or early October.

Mr. Mohlenkamp indicated the intent was to move all 24 employees at one time.

In response to a question Chairman Raggio asked regarding current obligations, Ms. Dover, Administrative Services Officer, Rural Clinics, reiterated that the current facilities were being leased by on a month-to-month basis, and the landlord was aware of the plan to move staff to the facility on Technology Way.

> ASSEMLBYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE ITEM 42 REQUEST FOR A TRANSFER OF FUNDS REVISED IN THE AMOUNT OF $338,515 FOR RELOCATION EXPENSES AND RELATED ITEMS.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.
>
> THE MOTION CARRIED.

Chairman Raggio extended the Committee's condolences to Mike Torvinen and his family at the loss of his brother, former District Judge Roy Lee Torvinen, who had recently passed away.

43. Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 06 – Transfer of $296,878.00 from the Personnel Services category to the Professional Services category to continue to contract for psychiatrist, nursing and social work services to maintain service levels, accreditation and Medicare/Medicaid certification. Vacancies persist in these areas despite aggressive recruiting efforts. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

44. Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 06 – Addition of $4,844,220.00 in Medicaid funds transferred from the Division of Health Care Financing and Policy to continue payments to Mojave Mental Health Services for the division's Medicaid-eligible clients. Requires Interim Finance approval since the amount added to the Mojave category exceeds $50,000.00.

Refer to motion for approval under Item E.

45. Department of Health and Human Services – Mental Health and Developmental Services – Sierra Regional Center – FY 06 – Addition of $71,074.00 in Medicaid funds transferred from the Division of Healthcare Financing and Policy to record the expenditures for Mojave Mental Health for Medicaid-eligible clients. Requires Interim Finance approval since the amount added to the Mojave category exceeds $50,000.00.

Refer to motion for approval under Item E.

46. Department of Health and Human Services – Mental Health and Developmental Services – Sierra Regional Center – FY 06 – Transfer of $50,000.00 from the Certified Jobs and Day Training Centers category to the Non-certified Jobs and Day Training Centers category and $280,000.00 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.

Refer to motion for approval under Item E.

47. **Department of Health and Human Services – Mental Health and Developmental Services – Desert Regional Center – FY 06 -** Addition of $115,360.00 in Medicaid funds transferred from the Division of Healthcare Financing and Policy to continue payments to Mojave Mental Health Services for the division's Medicaid-eligible clients. Requires Interim Finance approval since the amount added to the Mojave category exceeds $50,000.00.

    Refer to motion for approval under Item E.

48. **Department of Health and Human Services – Mental Health and Developmental Services – Desert Regional Center – FY 06 –** Transfer of $745,753.00 from the Certified Jobs and Day Training Centers category to the Non-certified Jobs and Day Training Centers category and $1,763,517.00 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.

    Refer to motion for approval under Item E.

49. **Department of Health and Human Services – Mental Health and Developmental Services – Rural Regional Center – FY 06 -** Transfer of $450,000.00 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 & Day Training Centers category exceeds $50,000.00.

    Refer to motion for approval under Item E.

50. **Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 06 –** Transfer of $23,061.00 from the Reserve category to the Personnel Services category and $5,667.00 from the Reserve category to the Operating category to add a Health Facilities Surveyor III position due to the additional workload associated with the increase in facility types that have been added to the regulatory authority of the bureau**.** Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds 10% of the legislatively approved level for that category and includes new staff. **Relates to Item E 51.**

    Refer to motion for approval under Item E.

51. **Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 07 –** Transfer of $73,514.00 from the Reserve category to the Personnel Services category, and $17,689.00 from the Reserve category to the Operating category to continue the costs of a new Health Facilities

Surveyor III position requested in Fiscal Year 2006 to meet the additional workload of the bureau. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00. **Relates to Item E 50.**

Refer to motion for approval under Item E.

52. Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 06 – Addition of $760,000.00 in Health Facilities Licenses and Fees to cover the costs of contracted staff, regulations, operating costs, equipment and training as a result of the regulation of new facility types and an increase in the number of facilities being licensed. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

53. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 06 – Addition of $536,399.00 in federal National Cancer Prevention and Control Program Grant funds, transfer of $155,477.00 from the Personnel Services category to the National Cancer Prevention and Control category and $984.00 from the Operating category to the National Cancer Prevention and Control category to continue the program to support the early identification of breast and cervical cancer and utilize available vacancy savings from federally-funded positions to increase the services to clients. Requires Interim Finance approval since the amount added to the National Cancer Prevention and Control category exceeds $50,000.00.

Refer to motion for approval under Item E.

54. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 06 – Addition of $10,254.00 in federal Sexually Transmitted Disease Prevention Grant funds, and transfer of $2,010.00 from the Out-of-State Travel category to the STD Prevention category, $3,810.00 from the In-State Travel category to the STD Prevention category, $141,282.00 from the Aid To Counties category to the STD Prevention category, $16,914.00 from the Aid To Counties category to the Aids Education/Risk Reduction category, and $6,037.00 from the Aid To Counties category to the Comprehensive Care category to provide services and operational support for the Sexually Transmitted Disease Program and to properly allocate funding of positions freeing up funding for other programs. Requires Interim Finance approval since the amount transferred to the STD Prevention category exceeds $50,000.00.

Refer to motion for approval under Item E.

55. Department of Health and Human Services – Health Division – Immunization Program – FY 06 – Addition of $1,235,407.00 in federal Immunization Grant

funds, and transfer of $2,000.00 from the Perinatal Hepatitis category to the Out-of-State Travel category, $8,000.00 form the Perinatal Hepatitis category to the In-State Travel category, $100,000.00 from the County Vaccines category to the State Immunization Information System category to cover projected travel, telephone and grant required communication costs and to reimburse sub grantees that provide vaccinations to children in Nevada. Requires Interim Finance approval since the amount added to the Vaccines for Children category exceeds $50,000.00.

Refer to motion for approval under Item E.

56. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 06 –** Addition of $326,655.00 in Federal Real Choices-Children with Special Health Care Needs Grant funds to continue sub grants for pilot projects to coordinate and increase access to community based, family focused services and organizations for children with special health care needs and their families. Requires Interim Finance approval since the amount added to the Real Choices-Children With Special Health Care Needs category exceeds $50,000.

    Refer to motion for approval under Item E.

57. **Department of Health and Human Services – Health Division – Early Intervention Services – FY 06 –** Transfer of $200,000.00 from the Personnel Services category to the Private, Community Sector category to utilize projected salary savings to contract with private or community organizations to provide direct services to families with children ages birth through two years who have known or suspected developmental delays. Requires Interim Finance approval since the amount transferred to the Private Community Sector category exceeds $50,000.00.

    Refer to motion for approval under Item E.

58. **Department of Health and Human Services – Health Division – Early Intervention Services – FY 06 –** Addition of $1,766,841.00 in Individuals with Disabilities Education Act Grant funds to continue providing early intervention services to children ages birth through two years who have known or suspected developmental delays. Requires Interim Finance approval since the amount added to the IDEA Direct Services category exceeds $50,000.00.

    Refer to motion for approval under Item E.

59. **Department of Health and Human Services – Health Division – Alcohol and Drug Rehabilitation – FY 06 –** Addition of $70,844.00 in federal Data Infrastructure Grant funds to continue the collection and reporting of data on drug

and alcohol treatment programs in the state. Requires Interim Finance approval since the amount added to the Data Infrastructure category exceeds $50,000.00.

Refer to motion for approval under Item E.

60. **Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 06 –** Addition of $1,045,254.00 in federal Centers for Disease Control Supplemental Bioterrorism Grant funds for Pandemic Influenza to support state and local level pandemic influenza preparedness and response. Requires Interim Finance approval since the amount added to the Pandemic Flu category exceeds $50,000.00.

    Refer to motion for approval under Item E.

61. **Department of Health and Human Services – Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF) – FY 06 –** Addition of $240,000.00 in federal TANF Block Grant funds to provide for increased caseload, as well as contractual and administrative obligations for the Kinship Care Program. This program provides 90% of the foster care payment rate for caretakers age 62 and older who have the guardianship of relative children. **Requires Interim Finance approval since the amount involves the allocation of Block Grant funds, which required a public hearing.**

Chairman Raggio announced that Item 61 required a public hearing since the request for the addition of funds involved the allocation of block grant funds.

Roger Mowbray, Administrative Services Officer, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request the addition of $240,000 in federal Temporary Assistance for Needy Families (TANF) funds. Mr. Mowbray advised that approval of the request would provide for increased caseload costs associated with the Kinship Care Program, and as indicated by the Chairman required a public hearing.

Chairman Raggio opened the hearing to public testimony.

There was no response to the Chairman's request for public testimony.

ASSEMBLYWOMAN SMITH MOVED APPROVAL OF ITEM 61.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

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

62. **Department of Health and Human Services – Welfare and Supportive Services – Child Support Enforcement – FY 06 –** Addition of $257,536.00 in Child Support Withholding Fees and deletion of $200,239.00 in federal Child Support Program Grant funds to record Child Support Withholding Fees and distribute the state-retained portion equally between the county enforcing authorities (district attorney offices) and the state. Requires Interim Finance approval since the amount added to the County Share of Costs category exceeds 10% of the legislatively approved level for that category.

    Refer to motion for approval under Item E.

63. **Department of Health and Human Services – Welfare and Supportive Services – Child Care Assistance and Development – FY 06 –** Addition of $11,926,083.00 in federal Child Care Mandatory Matching Block Grant funds, $12,766,042.00 in federal Discretionary Block Grant funds to fund projected caseload and contractual obligations for child care services through the remainder of the fiscal year. **Requires Interim Finance approval since the amount involves the allocation of Block Grant funds, which required a public hearing.**

Chairman Raggio announced that Item 63 required a public hearing since the request for the addition of funds involved the allocation of block grant funds.

Roger Mowbray, Administrative Services Officer, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request the addition of $11,926,083.00 in federal Child Care Mandatory Matching Block Grant funds, and $12,766,042.00 in federal Discretionary Block Grant funds. Mr. Mowbray advised that with approval of the request, projected caseload and contractual obligations for child care services would be funded through the remainder of the fiscal year, but that the majority of the funding would be placed in Category 90 – Reserve.

Chairman Raggio opened the hearing to public testimony.

There was no response to the Chairman's request for public testimony.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF ITEM 63.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Raggio announced that Item 64 required a public hearing since the request for the addition of funds involved the allocation of block grant funds.

64. **Department of Health and Human Services – Welfare and Supportive Services – Energy Assistance Program – FY 06 –** Addition of $1,845,942.00 in Universal Energy Charge and $2,076,218.00 in federal Low Income Home Energy Assistance Block Grant funds to serve an additional 4,620 low income households, provide for a payment increase from $743.00 to $793.00 per household and make arrearage payments to utility companies on behalf of clients with delinquent accounts. **Requires Interim Finance approval since the amount involves the allocation of Block Grant funds, which required a public hearing.**

Roger Mowbray, Administrative Services Officer, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request the addition of $1,845,942.00 in Universal Energy Charge and $2,076,218.00 in federal Low Income Home Energy Assistance Block Grant funds. Mr. Mowbray advised that with approval of the request, funding would provide payments to utility companies on behalf of Energy Assistance Program clients and the balance would be placed in Category 90 – Reserve.

In response to questions Chairman Raggio asked regarding the number of low-income households served by the Energy Assistance Program, Mr. Mowbray advised that for the six months July 1, 2005 through December 31, 2005, 6,772 households statewide were served with energy assistance funds for an average $793 one-time payment per year.

Chairman Raggio opened the hearing to public testimony.

There was no response to the Chairman's request for public testimony.

ASSEMBLYMAN SEALE MOVED APPROVAL OF ITEM 64.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

65. **Department of Health and Human Services – Aging Services – Elder Protective Services – Homemaker Programs – FY 06 –** Transfer of $70,000.00 from the Personnel Services category to the Purchase of Services category to continue contracting for homemaker services to meet current level of service needs and serve clients with the highest needs on the waiting list for services. Services are being contracted due to difficulty in filling the Intermittent Homemaker positions. Requires Interim Finance approval since the amount transferred to the Purchase of Services category exceeds $50,000.00.

    Refer to motion for approval under Item E.

66. **Department of Health and Human Services – Child and Family Services – Community Juvenile Justice Programs – FY 07 –** Transfer of $60,000.00 from

the Enforcing Underage Drinking Law Discretionary category to the Personnel Services category to authorize salary costs for a half-time Grants and Projects Analyst II position to monitor and oversee the administration of the federal funds for both the Enforcing the Underage Drinking Laws (EUDL) Base Grant and the EUDL Discretionary Grant. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00 and includes new staff.

Refer to motion for approval under Item E.

67. Department of Health and Human Services – Child and Family Services – Clark County Integration – FY 06 – Addition of $1,098,487.00 in General Fund Appropriations, and $760,436.00 in federal Title IV-E funds to transfer General Funds from Fiscal Year 2007 in addition to the corresponding federal Title IV-E funds to cover projected shortfalls in the Clark County Ongoing category due to higher than originally projected adoption subsidy expenditures as well as increased foster care caseloads. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34, 2005 Legislative Session. **Relates to Item E 68.**

Chairman Raggio announced that Items 67 and 68 would be simultaneously addressed.

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

Ms. Comeaux appeared before the Committee to request approval to transfer $1,098,487 in General Fund appropriations from fiscal year 2007 to fiscal year 2006 and to increase federal Title IV-E Child Welfare revenue by $760,436 to cover projected shortfalls in the Clark County Ongoing category due to higher than projected adoption subsidy expenses and increased foster care caseloads. Ms. Comeaux noted that the transfer of funds between fiscal years was authorized by A.B. 576, Chapter 434, Section 34, 2005 Legislature.

In response to Chairman Raggio, who requested additional information regarding the shortfall and transfer of funds, Ms. Comeaux attributed the majority of the shortfall to "higher than projected foster care caseloads in Clark County," and "higher than budgeted adoption subsidy payments."

Senator Cegavske requested additional information on why adoption subsidy payments were being provided to adoptive parents and whether controls existed to determine whether the children were actually receiving the benefit.

Ms. Comeaux explained that annual adoption subsidies were negotiated by county and Division of Child and Family Services staff on behalf of "special needs" children, who required additional assistance. Ms. Comeaux indicated she was unable to provide an

answer on whether controls existed to determine whether the children were actually receiving the benefit but would find out and report to Senator Cegavske.

Chairman Raggio noted that attorneys in Clark County were being appointed to negotiate adoption subsidies and asked whether the same was true in other counties.

Ms. Comeaux advised that, currently, attorneys were only being appointed to negotiate adoption subsidies in Clark County, but the issue had been discussed at length and would be addressed in the DCFS program improvement plan.

In response to Chairman Raggio, who asked whether a statewide procedure existed for negotiating subsidies, Ms. Comeaux explained that a standard policy and procedure was used statewide to negotiate adoption subsidies. Additionally, Ms. Comeaux explained that in Clark County attorneys who were appointed by the courts and a legal service that provided services to youth assisted adoptive parents in negotiating adoption subsidies for special needs children.

In response to Chairman Raggio, who questioned the necessity and the cost of an attorney's involvement, Theresa Anderson, Deputy Administrator, Division of Child and Family Services, explained that social workers initiated the negotiation for an additional adoption subsidy benefit. Ms. Anderson indicated that adoptive parents would be required to justify the needs of a child to warrant a higher payment than the foster care maintenance payment and would be assisted by an attorney to present evidence that the special needs of a child warranted a higher payment.

In response to questions Chairman Raggio asked regarding whether subsidies were being negotiated within or in addition to the federal rate for special needs children, Ms. Anderson advised that social workers were trained to negotiate for a higher subsidy for special needs in addition to the foster care maintenance payment. Ms. Anderson explained that part of the challenge was that many children in Nevada, living in residential and group homes, received a higher daily rate that included administrative costs, which proved confusing to adoptive parents that were not eligible to receive that same rate.

In response to Assemblywoman Giunchigliani, who asked for examples of justifications used to request a higher subsidy, Ms. Anderson advised that additional tutoring, speech therapy, occupational therapy, respite care, or perhaps that a parent was needed to stay at home for a child who required a higher level of supervision were typical justifications.

In response to Assemblywoman Giunchigliani, who asked whether band equipment or other extra curricular activities a family might not be able to afford were justifiable, Ms. Anderson indicated that justifications of that nature were not typical.

In response to the question Senator Cegavske asked regarding whether increased subsidies were monitored, Ms. Anderson advised that many states had post adoption

programs that provided monitoring and support services, but Nevada lacked the resources to provide that particular service.

In response to Chairman Raggio, who questioned whether relatives of children placed with them, rather than in foster care, were eligible to receive maintenance and subsidy payments, Ms. Anderson advised that relatives could not receive foster care maintenance payments unless they became licensed. Ms. Anderson added that some relatives chose to become licensed and others did not.

Assemblywoman Leslie asked whether increased adoption subsidies could be tied to the increase in the adoption rate for special needs children.

Ms. Anderson indicated the number of adoptions for special needs children had increased along with increased subsidies.

Chairman Raggio advised that according to information provided to him, it was important to know that the number of children entering the foster care system in Clark County had dramatically increased. The Chairman reported that between 2004 and 2005, the number of dependency petitions filed for children that needed protection increased by 17 percent. In 2005, the number of children in emergency shelters on a daily basis increased 27 percent for a total of 5,792 children. The Chairman indicated he had learned that one of the primary factors associated with the increase was substance abuse by a parent, most frequently methamphetamines. Additionally, the Chairman reported that statistics indicated that 308 out of 1,210 dependency petitions that were filed included an infant who tested positive at birth for substance abuse and a factor leading to the need for intervention.

Ms. Anderson advised that Susan Klein-Rothschild, Director, Clark County Department of Family Services, if she were present could testify that the methamphetamine issue had placed an “incredible strain” on the system in Clark County. Ms. Anderson indicated the entire state was facing a crisis with the number of children born drug affected and in hospitals awaiting foster care.

Assemblywoman Giunchigliani indicated she and Senator Cegavske attended a recent function where they were told of a need for volunteers to assist with holding and feeding the growing number of babies awaiting adoption or foster care.

Jim Dolian, Ph.D., Manager, Administrative Services, Clark County Department of Family Services, advised that on Friday, March 31, 2006, 53 infants were sheltered at Child Haven, the county refuge for children placed in protective custody, in addition to the infants cared for in shelter homes throughout the community. Dr. Dolian explained that realistically only 15 to 20 infants could be cared for at any one point at Child Haven, but because of the crisis, staff members were volunteering their lunch hours, breaks, and weekends to help feed and hold the infants.

Assemblywoman Giunchigliani suggested an outreach call to the community to provide the nurturing that was “key” to helping children born with drug dependency or fetal alcohol syndrome.

Chairman Raggio asked if DCFS or Clark County representatives would request new staff positions at the June IFC meeting.

Ms. Comeaux indicated that staffing requirements were 11 short of the level originally projected and that additional staff positions would be requested in a supplemental appropriation during the 2007 Legislative Session.

In response to Chairman Raggio, who asked whether the DCFS would request positions for fiscal year 2007, Ms. Comeaux advised that the DCFS lacked the mechanism to request additional positions for 2007 unless funds were requested from the IFC Contingency Fund, which she understood was short on funds. Ms. Comeaux indicated that the Committee’s staff had been provided with preliminary estimates of the projected shortfall, the amount of the supplemental appropriation request, as well as funding requirements for additional staff.

In response to Chairman Raggio, who asked whether any unexpended General Fund appropriations were expected to remain in fiscal year 2006, Ms. Comeaux advised that it appeared the division would have no unexpended funds for fiscal year 2006.

Chairman Raggio indicated that in the event unexpended General Fund appropriations remained in fiscal year 2006, IFC approval would be required to transfer those unspent funds to fiscal year 2007 to assist with the projected expenses.

Senator Cegavske reported that she had been working with Susan Klein-Rothschild, in a community outreach attempt, to ask volunteers to assist with the care of the infants sheltered at Child Haven. Senator Cegavske indicated that the two-month screening process required of volunteers had somewhat slowed the effort.

Senator Cegavske asked for information regarding the closure of a housing unit at the Boys and Girls Town of Nevada due to a lack of referrals.

Dr. Dolian advised that the Clark County Department of Family Services staff were in the process of negotiating to reopen the housing unit at the Boys and Girls Town of Nevada, and he indicated he believed the negotiations would be successful.

In response to Senator Cegavske, who questioned the lack of referrals during a crisis situation, Dr. Dolian indicated the current pressing need was for infant care, and the Boys and Girls Town of Nevada program was not specifically targeted to serving infants.

In response to additional questions Senator Cegavske asked regarding providers serving adolescents with special needs, Dr. Dolian indicated that the Clark County Department of Family Services had a critical need for facilities that would serve children

with complex problems. Dr. Dolian explained that most of the children, particularly teenagers, located at Child Haven, had one or more significant behavior or emotional problems, and providers were often reluctant to serve children with special needs, who could prove difficult in group settings.

ASSEMBLYWOMAN LESLIE MOVED TO APPROVE WORK PROGRAM ITEMS 67 AND 68.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED.

68. **Department of Health and Human Services – Child and Family Services – Clark County Integration – FY 07 –** Deletion of $1,098,487.00 in General Fund Appropriations to transfer General Funds to Fiscal Year 2006 to cover projected shortfalls in the Clark County Ongoing category due to higher than originally projected adoption subsidy expenditures, as well as increased foster care caseloads. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34, 2005 Legislative Session. **Relates to Item E 67.**

    Refer to narrative and motion for approval under E.67.

69. **Department of Health and Human Services - Child and Family Services – Child Care Services – FY 06 –** Transfer of $4,331.00 from the Personnel Services category to the Operating category, $5,754.00 from the Personnel Services category to the Information Services category, $379.00 from the Background Investigation category to the Information Services category, $31.00 from the Background Investigation category to the Provider Training category, and $4,043.00 from the Training category to the Provider Training category to cover projected expenditures in operating and provider training through the end of the fiscal year as well as allow the purchase of needed computer equipment for data collections. **Requires Interim Finance approval since the amount transferred to the Local Government category exceeds 10% of the legislatively approved level for that category, and the amount involves the allocation of Block Grant funds, which required a public hearing.**

Chairman Raggio announced that testimony was requested for Item 69 since the allocation of Block Grant funds related to the work program required a public hearing.

Diane Comeaux, Deputy Administrator, Administrative Services, Division of Child and Family Services (DCFS), Department of Health and Human Services, reported that work program Item 69 requested approval to transfer funding from the Personnel Services, Training, and Background Investigation categories to Operating, Information Services, and Provider Training categories to cover projected expenditures in operating and provider training through the end of fiscal year 2006. Ms. Comeaux noted that work

program Item 69 involved the allocation of block grant funds and required a public hearing.

Chairman Raggio opened the hearing to public testimony.

There was no response to the Chairman's request for public testimony.

ASSEMBLYMAN MARVEL MOVED TO APPROVE ITEM 69.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION FOR APPROVAL CARRIED.

70. Department of Health and Human Services – Child and Family Services – Rural Child Welfare – FY 06 – Transfer of $20,000.00 from the Substitute Foster Care category to the Operating category, $50,500.00 from the Substitute Foster Care category to the Transportation category, and $6,700.00 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.

Refer to motion for approval under Item E.

71. Department of Health and Human Services – Child and Family Services – Transition from Foster Care – FY 06 – Transfer of ***$698,575.00*** ~~$688,575.00~~ from the Reserve category to the Clark County category, and $48,209.00 from the Reserve category to the Rural category to cover projected expenditures through the end of the fiscal year for children needing assistance while transitioning from foster care to a self-sufficient lifestyle. Requires Interim Finance approval since the amount transferred to the Clark County category exceeds $50,000.00. **REVISED 3-10-06.**

Refer to motion for approval under Item E.

72. Department of Health and Human Services – Child and Family Services – Child Death Reviews – FY 06 – Transfer of $162,060.00 from the Reserve category to the Review of Death of Children category to continue the support of the child death review committees that include the development of statewide protocols, training and multidisciplinary teams, the compilation of child death statistics and an annual report of recommendations on improving the laws, regulations, or policies related to child death. Requires Interim Finance approval since the amount to the Review of Death of Children category exceeds $50,000.00.

Refer to motion for approval under Item E.

73. **Department of Health and Human Services – Child and Family Services – Juvenile Accountability Block Grant – FY 06 –** Transfer of $25,300.00 from the Reserve category to the Personnel Services category, and $45,100.00 from the Reserve category to the Local Government category to cover anticipated expenditures through the end of the current fiscal year. **Requires Interim Finance approval since the amount transferred to the Local Government category exceeds 10% of the legislatively approved level for that category, and the amount involves the allocation of Block Grant funds and required a public hearing.**

Chairman Raggio announced that testimony was requested for Item 73 since the allocation of Block Grant funds related to the work program required a public hearing.

Diane Comeaux, Deputy Administrator, Administrative Services, Division of Child and Family Services (DCFS), Department of Health and Human Services, reported that work program Item 73 requested approval to transfer funding from the Reserve category to the Personnel Services, and Local Government categories to cover projected expenditures through the end of fiscal year 2006. Ms. Comeaux noted that work program Item 73 involved the allocation of block grant funds and required a public hearing.

Chairman Raggio opened the hearing to public testimony.

There was no response to the Chairman's request for public testimony.

ASSEMBLYWOMAN WEBER MOVED FOR APPROVAL OF ITEM 73.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED

74. **Department of Health and Human Services – Child and Family Services – Caliente Youth Center - FY 06 –** Transfer of ~~$221,000.00~~ ***$135,000.00*** from the Personnel category to the Operating category to cover projected costs of contracting for temporary nurses through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00**. REVISED 3-29-06.**

Refer to motion for approval under Item E.

75. **Department of Health and Human Services – Child and Family Services – Nevada Youth Training Center – FY 06 –** Transfer of $94,000.00 from the Personnel Services category to the Operating category, and $70,000.00 from the Personnel Services category to the Utilities category to cover the cost of contracting psychologists due to the difficulty in recruiting vacant positions and to

cover the projected shortfall in utilities through the end of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Personnel services category exceeds $50,000.00.

Refer to motion for approval under Item E.

76. **Department of Health and Human Services – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 06 –** Addition of $950,000.00 in Transfer from Medicaid to reflect actual and projected payments made to Mojave Mental Health from Nevada Medicaid for mental health services provided to Child and Family Services clients through the end of the fiscal year. Requires Interim Finance approval since the amount to the Mojave Payments category exceeds $50,000.00.

    Refer to motion for approval under Item E.

77. **Department of Health and Human Services – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 06 –** Transfer of $30,493.00 from the Operating category to the Utilities category to cover projected expenditures through the end of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds $50,000.00.

    Refer to motion for approval under Item E.

78. **Department of Employment, Training and Rehabilitation – Rehabilitation Division - Vocational Rehabilitation – FY 06 –** Addition of $250,000.00 in Social Security Administration Reimbursement to help client services meet their service level obligation. The recent staff increase has allowed the ~~Services to the Blind to assist more clients and the funds will cover costs associated with providing their service.~~ ***Vocational Rehabilitation to assist more clients. The funds would cover costs associated with providing their service.*** Requires Interim Finance approval since the amount added to the Social Security Administration/Vocational Rehabilitation Assessment category exceeds $50,000.00. **Relates to Action Item I.1. REVISED 3-10-06.**

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

79. **Department of Corrections – Inmate Welfare Account – FY 06 –** Transfer of ~~$90,000.00~~ ***$99,000.00*** from the Retained Earnings category to the Satellite TV Costs category to fund the 5% inflationary costs associated with the monthly satellite TV services and to continue to provide ESPN programming to the inmates at the statewide correctional facilities. Requires Interim Finance approval since the amount transferred to the Satellite TV Costs category exceeds $50,000.00. **REVISED 3-22-06.**
    Refer to motion for approval under Item E.

80. Department of Corrections – Prison Industries – FY 06 – Addition of $187,286.00 in Miscellaneous Sales to request increased sales and corresponding expenditure authority needed in the Lovelock Correctional Center Garment Factory, which has been operating at capacity and has picked up an additional customer during the first half of the fiscal year. Requires Interim Finance approval since the amount added to the Lovelock Correctional Center Garment Factory category exceeds $50,000.00

Refer to motion for approval under Item E.

81. Department of Motor Vehicles – Verification of Insurance – FY 06 - Transfer of $100,000.00 from the Reserve category to the Operating category to provide adequate funds for increased mailings due to improvements in program efficiencies. Funds will also cover the recent increase in postage rates from the United States Postal Service. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00

Refer to motion for approval under Item E.

82. Department of Public Safety – Technology Division – FY 06 – Transfer of $45,000.00 from the Information Services category to the Telephone Circuit Charges category to allow for an increase in the number of telephone circuits required to handle the department's needs. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

83. Department of Public Safety – Emergency Management Division – FY 06 - Addition of $74,800.00 in Federal Emergency Management Agency (FEMA) New Year's 2006 Flood Grant funds to allow for the reimbursement of expenditures related to the widespread flooding in Northern Nevada that occurred in January 2006. Requires Interim Finance approval since the amount added to the FEMA New Year's 2006 Flood category exceeds $50,000.00.
WITHDRAWN 3-24-06.

Item 83 was withdrawn.

84. Department of Public Safety – Emergency Management Division – FY 06 – Addition of $64,765.00 in Transfer from Division of Emergency Management (DEM), Federal Emergency Management Agency (FEMA), $17,425.00 in transfer from DEM, Department of Energy Aid in Process, $25,665.00 in Waste Isolation Pilot Program (WIPP), and $229,315.00 in Transfer from DEM, Office of Domestic Preparedness to allow for projected Personnel Services, Travel, Operating and Information Services expenditures through the end of the fiscal year due to

unexpected emergencies, changes in the application process for Homeland Security grants and continued interaction with various state and local agencies. Requires Interim Finance approval since the amounts added to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

85. Department of Public Safety - Emergency Management Division – FY 06 – Addition of $117,419.00 in Emergency Operations Center funds transferred from Emergency Management – Office of Domestic Preparedness to allow for the purchase of an additional video display for the new Emergency Operations Center (EOC). Requires Interim Finance approval since the amount added to the EOC Construction category exceeds $50,000.00.

Refer to motion for approval under Item E.

86. Department of Public Safety – Emergency Management Division – FY 06 – Addition of $37,757.00 in Transfer from Division of Emergency Management (DEM), Emergency Management Assistance Compact (EMAC), and a deletion of $4,373.00 in Transfer from DEM, Department of Energy, Aid in Progress, and $4,374.00 in Transfer from DEM, Office of Domestic Preparedness to accept reimbursement funds for expenditures related to the rescue efforts after hurricanes Katrina and Rita. Requires Interim Finance approval since the amount added to the EMAC – Hurricane category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

87. Department of Public Safety – Emergency Management Assistance Grant – FY 06 – Addition of $381,953.00 in Federal Emergency Management Agency (FEMA) Hurricane Grant funds to allow for the reimbursement of FEMA approved expenditures for hurricane Katrina and Rita evacuees to state and local governmental agencies. Requires Interim Finance approval since the amount added to the FEMA Hurricane category exceeds $50,000.00.

Kamala Carmazzi, Deputy Chief, Division of Emergency Management, Department of Public Safety, appeared before the Committee to request approval to augment the division's budget authority to receive $381,943, "as reimbursement from the Federal Emergency Management Agency (FEMA) for Hurricanes Katrina/Rita expenses."

Ms. Carmazzi pointed out that work program Item C.9, in the amount of $323,949, submitted for the same purpose, was approved under the provisions of *Nevada Revised Statutes* (NRS) 353.220(5)(b), which required expeditious action within 15 days. As recommended by legislative staff, Ms. Carmazzi asked that the request to augment the division budget by $381,953 be reduced by $362,530 leaving a balance of $19,423.

ASSEMBLYMAN HETTRICK MOVED TO APPROVE ITEM 87 AS REVISED.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Weber and Assemblyman Perkins were not present for the vote.)

88. **Department of Public Safety – Emergency Management Assistance Grant – FY 06 –** Addition of ~~$818,671.00~~ ***$1,304,556.00*** in Emergency Management Assistance Compact (EMAC) reimbursement funds to allow for reimbursement to state and local governmental entities for expenditures related to rescue efforts after hurricanes Katrina and Rita. Requires Interim Finance approval since the amount added to the EMAC Hurricane category exceeds $50,000.00. **REVISED 3-21-06.**

    Refer to motion for approval under Item E.

89. **Department of Public Safety – Criminal History Repository – FY 06 –** Addition of $1,778,882.00 in Civil Applicant Fingerprint Fees to allow for anticipated revenue and expenditures through the end of the fiscal year due to a 20% increase in year-to-date fingerprint transactions. Requires Interim Finance approval since the amount added to the Federal Bureau of Investigation Fingerprint Pass Through category exceeds $50,000.00.

    Refer to motion for approval under Item E.

90. **Department of Public Safety – Criminal History Repository – FY 06 –** Addition of $251,942.00 in Civil Name Check Fees to allow for an increase in Civil Name Check background checks that are run through the Las Vegas Metro Police Department's (LVMPD) Shared Computer Operation for Protection and Enforcement (SCOPE) database. Requires Interim Finance approval since the amount added to the Civil Name Check category exceeds 10% of the legislatively approved level for that category.

    Refer to motion for approval under Item E.

91. **Department of Public Safety – Criminal History Repository – FY 06 –** Transfer of $317,205.00 from the Reserve category to the Information Services category to allow for migration from the UNISYS mainframe to a server-based system, increased State Switch transactions, and higher-than-budgeted network costs. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00.

Chairman Raggio announced that Items 91 and 92 would be considered simultaneously.

Captain P. K. O'Neill, Chief, Records and Technology Division, Department of Public Safety, appeared before the Committee to request approval, under Item 91, to transfer $317,205 and, under Item 92, $661,500 from the Reserve category to the Information Services category to allow for migration from the Department's mainframe to a server-based environment. Captain O'Neill advised that a goal had been established to complete the migration process by June 30, 2007.

Chairman Raggio noted that the transfer of $317,205 under Item 91 related to programming that was critical to the migration to a server-based system and the $661,500 under Item 92 was requested for the contract to rewrite the Warrants system.

Additionally, the Chairman recalled that the Department of Public Safety received approval at the January 2006 Interim Finance Committee meeting to transfer $115,575 from the Reserve Category to the Information Services Category to develop an interface between Clark County's Shared Computer Operation for Protection and Enforcement (SCOPE) and Wanted Vehicle System (WVS) systems and the Department of Public Safety's server. The Chairman asked if the interface was underway, and Captain O'Neill indicated it was.

Chairman Raggio noted that it appeared "an additional $450,000 in anticipated funding requests from the Criminal History Repository Reserve" would be needed "to rewrite the Civil Name Check, Civil Applicant Accounting, and Dangerous Offender Notification systems to complete the migration from the mainframe."

Captain O'Neill confirmed that the additional funding would be needed to complete the migration from the mainframe to a server-based system.

In response to questions Chairman Raggio asked regarding increased costs related to using outside contractors, Captain O'Neill indicated he had been recently transferred to the Department of Public Safety's Records and Technology Division and asked that he be permitted to provide some background information regarding the Criminal History Repository, which he said had faced a number of challenges in the past several years.

Captain O'Neill indicated that some problems had been identified, and a business plan was currently being developed to completely identify the issues, resolutions, and costs associated with rewriting the systems to complete the migration. Captain O'Neill indicated the business plan would be completed in June 2006.

Captain O'Neill advised that the need to migrate from a mainframe to a server-based environment was identified in 2001, but financial and other priorities precluded the migration process. Captain O'Neill explained that during that time frame, the mainframe software had not been upgraded to maintain the workload and could not support an upgraded version. As previously indicated, Captain O'Neill advised that the migration was projected to be completed by June 30, 2007 and to go beyond that time limit would risk the Department's productivity and produce additional expenses.

In response to questions Chairman Raggio asked regarding the backlog for court dispositions, Captain O'Neill said that court dispositions presented an "extreme challenge" to the Criminal History Repository. The Captain indicated that work was being conducted with the Administrative Office of the Courts (AOC) to develop an electronic dispositions pilot project.

Captain O'Neill reiterated the need for a business plan to identify and aggressively solve problems that had plagued the Criminal History Repository. Additionally, Captain O'Neill advised that the work programs the Committee approved during the January 2006 IFC meeting and the current work programs were critical in the process to complete the migration from the mainframe.

In response to additional questions Chairman Raggio asked regarding the work being conducted to develop an electronic dispositions project, Captain O'Neill indicated the interaction between the AOC and Department representatives would be increased to a biweekly or weekly schedule.

Additionally, Chairman Raggio asked for information on when an "efficient" Criminal History Repository would be available that could provide information on the "ultimate disposition" of criminal history cases.

Captain O'Neill indicated he hoped to include information on the electronic dispositions pilot project in the business plan, which was projected to be delivered in June 2006 or September at the latest.

Assemblywoman Giunchigliani asked if prior to the completion of the migration from a mainframe to server-based operation, the Reserve in the Criminal History Repository would be used to improve Repository operations by decreasing backlogs.

Captain O'Neill indicated that although the Repository had a contract to scan fingerprints into the system, he learned, after being transferred to the Records and Technology Division, that a state identification number was required to properly scan fingerprints. Lacking an electronic or technology solution for a state identification number, the data would have been entered twice. Captain O'Neill indicated he curtailed the activity until the state identification assignment issue could be resolved.

Assemblywoman Giunchigliani pointed out that law enforcement officers were placed in jeopardy by an inability to access information and that teachers, for example, had to wait as long as six months to be fingerprinted. Assemblywoman Giunchigliani asked if the backlogs, experienced by the Criminal History Repository, would be reduced after adoption of the business plan and the move from the mainframe to the server was completed.

Captain O'Neill indicated that reducing the backlogs would be "aggressively" addressed.

In response to questions Assemblyman Denis asked about the migration process and projections to be off the mainframe by June 2007, Captain O'Neill indicated the migration from the mainframe to a server environment was being phased in and currently the Department had a dual system.

ASSEMBLYMAN MARVEL MOVED TO APPROVE ITEM 91 AND 92.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

92. Department of Public Safety – Criminal History Repository – FY 06 - Transfer of $661,500.00 from the Reserve category to the Information Services category to allow for the rewrite and the subsequent migration of the Warrants system on the Unisys mainframe to a server based system. The Warrants system will be integrated into the Nevada Criminal Justice Information System upon completion of the rewrite. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00.

Refer to narrative and motion for approval under Item 91.

93. Department of Public Safety – Criminal History Repository – FY 06 - Transfer of $16,078.00 from the Reserve category to the Operating category to allow for the upgrade of the division's phone system. Requires Interim Finance approval since the cumulative amount transferred from the reserve category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

94. Department of Public Safety – Highway Patrol – FY 06 – Transfer of ***$300,647*** from Reversion to Highway Fund category**, *$27,677 from the Information Technology category and $716 from the Aircraft Maintenance category*** to the Operating category to allow for projected expenditures due to increased fuel costs through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000. **Relates to Action Item G 4. REVISED 3-22-06 by Fiscal Division based on revision submitted by Budget Division related to item G 4; allocation of Contingency Funds to Nevada Highway Patrol.**

Chairman Raggio announced that Item 94 and Item G.4 would be considered simultaneously.

Colonel David Hosmer, Chief, Nevada Highway Patrol, Department of Public Safety, appeared before the Committee to request approval to transfer $300,647 in savings

from the Reversion Category to the Highway Fund Category, $27,677 from the Information Services Category, and $716 from the Aircraft Maintenance Category to the Operating Category and approval of a Contingency Fund allocation of $872,202. Colonel Hosmer requested the transfers and Contingency Fund allocation to address projected salary and operating shortfalls in the fiscal year 2006 budget.

Colonel Hosmer expressed agreement with the following recommendations from staff:

- Reduce the Contingency Fund allocation request from $872,202 to $737,029

- Revise the Item E. 94 work program:
  - ✓ Operating from $822,914 to $747,914
  - ✓ Employee Physicals from $0 to ($50,000)
  - ✓ Aircraft (non-op.) from ($716) to ($416)
  - ✓ Utilities from $25,960 to $15,487

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEMS 94 AND ITEM G.4 AS REVISED.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins, Assemblywoman Giunchigliani, Assemblywoman Weber, and Senator Beers were not present for the vote.)

On behalf of the Highway Patrol staff, Colonel Hosmer expressed his appreciation for passage of legislation by the 2005 Legislature for salary increases, equipment, and facilities, which he indicated were instrumental in reducing the number of statewide trooper vacancies from 70 in 2002 to 3 in 2006.

95. Department of Public Safety – Highway Patrol – FY 06 – Addition of $368,966.00 in Transfer from the Division of Emergency Management – Division of Emergency Management Assistance Compact (EMAC) funds, and a transfer of $7,431.00 from the Out-of-State Travel category to the Communications High Band category, and $2,867.00 from the In-State Travel category to the Communications High Band category to allow for the reimbursement of costs incurred due to the deployment of officers to the Gulf Coast during hurricane Katrina. Requires Interim Finance approval since the amount added to the DEM Reimbursement, Katrina category exceeds $50,000.00

Refer to motion for approval under Item E.

96. Department of Public Safety – Highway Patrol – FY 06 – Addition of $295,434.00 in Miscellaneous Revenue to recover costs associated with wide load escorts and special events including traffic control. Requires Interim Finance

approval since the amount added to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

97. Department of Public Safety – Forfeitures – FY 06 – Transfer of $312,345.00 from the Reserve category to the Parole and Probation federal category to allow for the purchase of tasers and shotguns. Requires Interim Finance approval since the amount added to the Parole and Probation federal category exceeds $50,000.00.

Refer to motion for approval under Item E.

98. Department of Public Safety – Parole and Probation – FY 06 - Addition of $63,601.00 in Law Enforcement Terrorism Prevention funds transferred from Emergency Management to allow for the purchase of 17 metal detectors to aid law enforcement in terrorism prevention. Requires Interim Finance approval since the amount added to the Homeland Security Grant category exceeds $50,000.00. **WITHDRAWN 3-22-06.**

Item 98 was withdrawn.

99. Department of Public Safety – Parole and Probation – FY 06 – Addition of $73,942.00 in Transfer from the Division of Emergency Management – Division of Emergency Management Assistance Compact (EMAC) funds to accept reimbursement funds for expenditures related to the rescue efforts after hurricanes Katrina and Rita. Requires Interim Finance approval since the amount added to the EMAC – Hurricane category exceeds $50,000.00.

Refer to motion for approval under Item E.

100. Department of Public Safety – Training – FY 06 – Transfer of $30,000.00 from the Background Investigations category to the Maintenance of Buildings and Grounds category to slurry, seal and stripe the parking lot, install a seismic gas shutoff valve, and replace the building's water heater. Requires Interim Finance approval since the amount added to the Maintenance of Buildings and Grounds category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

101. Department of Public Safety – Traffic Safety – FY 06 – Addition of $580,857.00 in federal Traffic Safety Grant funds to align revenue and expenditure authority with approved federal National Highway Traffic Safety Administration Grant funds. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.
Refer to motion for approval under Item E.

102. Department of Public Safety – Highway Safety Plan and Administration – FY 06 – Addition of $383,336.00 in 402 Highway funds, and a deletion of $14,848.00 in 410 Grant funds to align budget authority with highway safety grant authority. Requires Interim Finance approval since the amount added to the Occupant Protection category exceeds $50,000.00.

Refer to motion for approval under Item E.

103. Department of Conservation and Natural Resources – Nevada Natural Heritage – FY 06 – Addition of $105,000.00 in United States Bureau of Land Management federal grant to map cheatgrass in the Owyhee Uplands. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

104. Department of Conservation and Natural Resources – State Parks – Federal Grant Program – FY 06 – Addition of $344,916.00 in Land and Water Conservation Fund State Assistance Grant funds to provide planning and targeting needs that will have a significant impact on the quantity and quality of outdoor recreation opportunities in Nevada. Requires Interim Finance approval since the amount added to the Federal Fiscal Year 2006 Land and Water Conservation Fund (LWCF) Locals category exceeds $50,000.00

Refer to motion for approval under Item E.

105. Department of Conservation and Natural Resources – Environmental Protection – Environmental Protection Administration – FY 06 – Transfer of ~~$29,688.00~~ ***$29,668.00*** from the Reserve category to the Personnel Services category, $6,444.00 from the Reserve category to the Out-of-State Travel category, $13,439.00 from the Reserve category to the Operating category and $30,093.00 from the Reserve category to the Equipment category to improve the efficiency of administrative functions and to consolidate and coordinate grant and loan programs into an Office of Financial Assistance, add a new Administrative Assistant III, provide additional travel, operating costs and conference room equipment. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00 and includes new staff. **Relates to Items E 106 and E 112. REVISED 3-10-06.**

Chairman Raggio announced that Items I05, 106, 107, 108, 109, 110, 112, 113, 114, and 115 pertained to the Division of Environmental Protection's proposed general reorganization plan. The Chairman initially asked Division representatives if the request could be deferred until the June 2006 Interim Finance Committee meeting to provide staff with more time to analyze the plan and subsequently asked if the request could be deferred to the 2007 Legislative Session for analysis and consideration by the entire Legislature.

Leo Drozdoff, P. E., Administrator, Division of Environmental Protection, Department of Conservation and Natural Resources, advised that the work program requests before the Committee did not rely on General Fund expenditures but would be funded instead through federal funds and fees.

Mr. Drozdoff advised that the proposed reorganization plan requested four positions that included:

- 1 Administrative Services Officer (ASO) III – The ASO position was requested to provide financial oversight for $450 million in federal grants and loans, including the Clean Water State Revolving Fund (SRF), and the Brownfield Revolving Loan Grant fund that would be consolidated into one single organizational unit. The position would be funded with federal set aside funds for administrative costs that had not been utilized over the years.

- 1 Administrative Assistant III

- 2 Administrative Assistant I positions – the proposal included hiring two long-term temporary contract staff for two permanent Administrative Assistant I positions. The contract positions were transferred from the Health Division after the 2005 Legislature approved moving the Safe Drinking Water program from the Health Division to the Nevada Division of Environmental Protection (NDEP). The two contractors had provided database support for six years, and the division did not want to lose the employees to other state positions.

Four of the work programs provided for the transfer of the Chemical Accident Prevention Program (CAPP) from the Bureau of Waste Management to the Bureau of Air Pollution Control. Mr. Drozdoff explained that the revenue neutral program worked to ensure the prevention of industrial accidents.

Mr. Drozdoff also discussed the need for office equipment and conference room furniture, which was not requested during the 2005 Legislative Session in order "to not unnecessarily expend General Fund dollars." However, after having moved to the Bryan Building, it was determined additional equipment and furniture was needed "to improve the efficiency of administrative functions."

Chairman Raggio noted that "the net cost associated with all of the components of the division's proposed reorganization plan, including the addition of four new positions, was $45,028 in fiscal year 2006 and $123,350 in fiscal year 2007, funded through federal funds and fees." The Chairman asked if the reorganization including the addition of the four positions would "immediately" improve the division's operation.

Mr. Drozdoff indicated approval of the request for reorganization and the four positions would improve office efficiency.

Chairman Raggio noted the request in work program Item 105 included a request to utilize $30,093 from the Reserve category to purchase new office equipment and furniture and asked for the administrator's comments.

Mr. Drozdoff indicated a total cost of about $42,914, for furniture and equipment, of which $28,360 was requested to equip three large conference rooms. Mr. Drozdoff indicated funding would be used to purchase video conferencing equipment and conference room furniture to accommodate 30 to 40 people.

Chairman Raggio asked for comments related to the need for new furniture for the Administrator and two Deputy Administrators.

Mr. Drozdoff advised that the $14,554 requested for furniture equaled approximately $4,500 per office and would be used to purchase new and replacement furniture for the administrator and two deputy administrators.

In response to Assemblyman Marvel, who suggested purchasing the furniture from Prison Industries, Mr. Drozdoff advised that although a great deal of furniture had been purchased from Prison Industries, the tables were designed to also be used for classroom settings.

Assemblyman Marvel advised that Prison Industries had the capability to custom design and to manufacture any type of furniture that the agency might require.

> ASSEMBLYMAN HETTRICK MOVED APPROVAL OF WORK PROGRAM ITEMS 105, 106, 107, 108, 109, 110, 112, 113, 114, AND 115.
>
> SENATOR BEERS SECONDED THE MOTION
>
> THE MOTION CARRIED. (Assemblywoman Giunchigliani, Assemblyman Perkins, Assemblyman Seale, and Assemblywoman Weber were not present for the vote.)

106. Department of Conservation and Natural Resources - Environmental Protection Administration – FY 07 – Transfer of $43,602.00 from the Reserve category to the Personnel Services category, and $6,444.00 from the Reserve category to the Out-of-State Travel category to continue the costs of an Administrative Assistant III requested in Fiscal Year 2006 and to provide additional Out-of-State travel conference costs for the Administrator. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds $50,000. **Relates to Items E 105 and E 113.**

Refer to narrative and motion for approval under Item E.105.

107. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Air Quality - FY 07 – Addition of ~~$408,675.00~~ ***$408,674.00*** in Fees for Chemical Accident Hazard Prevention transferred from the Chemical Accident Prevention budget to establish the Chemical Accident Prevention Program, which is requested to be eliminated from the Bureau of Waste Management and Corrective Actions budget account. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00**. Relates to Items E 108 and E 115. REVISED 3-16-06.**

Refer to narrative and motion for approval under Item E.105.

108. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Air Quality – FY 06 – Addition of $217,647.00 in Fees for Chemical Accident Hazard Prevention transferred from the Chemical Hazard Prevention budget to transfer the Chemical Accident Prevention Program from the Bureau of Waste Management and Corrective Actions budget account. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00. **Relates to Items E 107 and E 114.**

Refer to narrative and motion for approval under Item E.105.

109. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 06 – Addition of $29,128.00 in United States Environmental Protection Agency Clean Water Revolving Grant funds, $9,132.00 in Water Permit Fees, $5,826.00 in Transfer from Municipal Bond Bank and $81,760.00 in United States Environmental Protection Agency Brownfield Revolving Loan Grant fund (administrative portion) to establish an Administrative Services Officer III position to provide oversight and monitoring to the Clean Water State Revolving Fund and move the administrative portion of the Brownfield Revolving Loan fund from the Bureau of Waste Management and Corrective Actions budget to this budget. Requires Interim Finance approval since the amount added to the Brownfield Cleanup category exceeds $50,000.00. **Relates to Items E 110 and E 114.**

Refer to narrative and motion for approval under Item E.105.

110. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 07 – Addition of $107,050.00 in United States Environmental Protection Agency Clean Water Revolving Grant funds, $18,758.00 in Water Permit Fees, and $21,410.00 in Transfer from Municipal Bond Bank to continue an Administrative Services Officer III position to provide oversight and monitoring to the Clean Water State Revolving Fund. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00. **Relates to Items E 109 and E 115.**

Refer to narrative and motion for approval under Item E.105.

111. **Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 06 –** Transfer of $69,010.00 from the Reserve category to the Water Permit Fees category to provide contract services that will develop regulations for the Storm Water and Pre-Treatment programs and continue the existing temporary labor contract in order to complete the filing system conversion and assist in the backlog reduction of compliance reports. Requires Interim Finance approval since the amount transferred to the Water Permit Fees category exceeds $50,000.00.

    Refer to motion for approval under Item E.

112. **Department of Conservation and Natural Resources – Environmental Protection – Safe Drinking Water Regulatory – FY 06 –** Addition of $442.00 in Licenses and Fees, $500.00 in Plan Review Fees, and transfer of $8,856.00 from the federal Drinking Water State Revolving Grant fund category to the Personnel Services category, and $4,718.00 from the Reserve category to the Reserve for Reversion category to transfer an Accounting II position to the Environmental Protection Administration budget and to convert two contract positions to state employees. Requires Interim Finance approval since the amount includes new staff. **Relates to Items E 105 and E 113.**

    Refer to narrative and motion for approval under Item E.105.

113. **Department of Conservation and Natural Resources – Environmental Protection – Safe Drinking Water Regulatory – FY 07 –** Addition of $1,753.00 in Licenses and Fees, $1,956.00 in Plan Review Fees, and deletion of $8,617.00 in federal Safe Drinking Water Grant funds, $18,960.00 in Drinking Water State Revolving funds transferred from the Bureau of Water Pollution Control, and transfer of $28,490.00 from the federal Drinking Water State Revolving Grant fund category to the Personnel Services category, $7,123.00 from the ~~federal Department of Agriculture Feed Safety Grant~~ ***Reserve*** category to the Personnel Services category and $23,806.00 from the Reserve category to the Reserve for Reversion category to continue the transfer of an Accounting II position to the Environmental Protection Administration budget and two contract positions converted to state employees. Requires Interim Finance approval since the amount transferred from the federal DWRSF Grant category exceeds $50,000. **Relates to Items E 106 and E 112. REVISED 3-29-06.**

    Refer to narrative and motion for approval under Item E.105.

114. **Department of Conservation and Natural Resources – Environmental Protection – Bureau of Waste Management and Corrective Actions – FY 06 –** Deletion of $217,647.00 in Fees for Chemical Accident Hazard Prevention transferred from the Chemical Hazard Prevention budget, and $81,760.00 in United States Environmental Protection Agency Brownfield Revolving Loan fund

grant to transfer the Chemical Accident Prevention Program and the administrative portion of the Brownfield Revolving Loan program to the Bureau of Air Quality budget. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds $50,000.00. **Relates to Items E 108, E 109 and E 115.**

Refer to narrative and motion for approval under Item E.105.

115. **Department of Conservation and Natural Resources – Environmental Protection – Bureau of Waste Management and Corrective Actions – FY 07 –** Deletion of ~~$408,675.00~~ ***$408,674.00*** ~~i~~n Fees for Chemical Accident Hazard Prevention transferred from the Chemical Hazard budget to transfer the Chemical Accident Presentation Program to the Bureau of Air Quality budget. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds $50,000.00. **Relates to Items E 107, E 110 and 114.**
REVISED 3-17-06.

Refer to narrative and motion for approval under Item E.105.

116. **Department of Conservation and Natural Resources – Environmental Protection – Bureau of Waste Management and Corrective Actions – FY 07 –** Addition of $87,874.00 in Environmental Public Health Tracking System Grant funds transferred from the Health Division, $103,568.00 in United States Environmental Protection Agency Exchange Network Grant funds, and transfer of $18,584.00 from the Reserve category to the Indirect Costs category to continue funding of two Information Technology positions working on the Environmental Public Health Tracking System and the Exchange Network programs. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

117. **Department of Conservation and Natural Resources – Forestry – FY 06 –** Transfer of $14,275.00 from the Consolidated Payment Grant 05 category to the Personnel Services category to provide for a new Management Analyst III position that is necessary to administrate the operations of the Consolidated Payment Grant. Requires Interim Finance approval since the amount includes new staff.

Refer to motion for approval under Item E.

118. **Department of Conservation and Natural Resources – Forestry – Forest Fire Suppression - Emergency Response – FY 06 –** Addition of $805,139.00 in Transfer from Emergency Management to accept Federal Emergency Management Agency reimbursements through the Division of Emergency Management for the Fiscal Year 2005-06 flood disaster. Requires Interim Finance

approval since the amount added to the Fiscal Year 2005-06 Flood category exceeds $50,000.00.

Refer to motion for approval under Item E.

119. **Department of Conservation and Natural Resources – Forestry – Forest Nurseries – FY 06 -** Addition of $205,519.00 in United States Forest Service – Nevada Native Seed Grant funds to continue the collection, processing, storage and planting of native Nevada seed for rehabilitation and restoration work. Requires Interim Finance approval since the amount added to the Personnel services category exceeds $50,000.00.

    Refer to motion for approval under Item E.

120. **Department of Wildlife – Wildlife Administration – FY 06 –** ~~Addition of $25,000.00 in Miscellaneous Income to increase printing authority of hunting and fishing regulations in Conservation Education~~. Transfer $25,000.00 from Reserve category to Conservation Education category for additional printing costs. Requires interim Finance approval since the amount added to the Conservation Education category exceeds 10% of the legislatively approved level for that category. **REVISED 3-22-06.**

    Refer to motion for approval under Item E.

121. **Department of Wildlife – Wildlife Administration – FY 06 –** Deletion of $78.00 in federal aid statewide Wildlife Grants, $4,035.00 in transfer from DCNR and transfer of $1,000.00 from the Reserve category to the Vehicles category, and $9,092.00 from the Reserve category to the Tahoe Environmental Improvement Program (EIP) category, to augment Tahoe Environmental Improvement Program wildlife team member operating and vehicle expenses. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds 10% of the legislatively approved level for that category.

    Refer to motion for approval under Item E.

122. **Department of Transportation – Administration – FY 06 –** Addition of $75,000,000.00 in Highway Fund Authorization funds to provide adequate funds to continue current construction programs. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds $50,000.00.

Robert Chisel, Assistant Director for Administration, Nevada Department of Administration (NDOT), appeared before the Committee to request approval of a $75 million augmentation from the Highway Fund to ensure adequate funding for the NDOT's current construction program. Mr. Chisel indicated it was estimated the Department would expend approximately $398 million in contractor payments and

$171 million for construction, engineering, consultant work, and right-of-way activity for a total of $479 million in fiscal year 2006. Additionally, approximately $90 million in bond fund expenditures was projected for expenditure. The expenditures would result in a projected Highway Fund cash balance as of June 30, 2006 of $200 million in cash and an additional $100 million in bond fund cash. The current Highway Fund cash balance as of April 3, 2006 was $368 million.

Chairman Raggio asked if, with the Committee's approval of the request, the Department would be able to maintain its target Highway Fund balance of $150 million for cash flow.

Mr. Chisel projected that at the close of fiscal year 2006, the Department would have approximately $300 million in cash, $100 million of which was bond fund cash. Mr. Chisel advised that with the "volatility" of the summer construction season, there was always a need for approximately $150 million in cash.

Chairman Raggio questioned how limited funding available from the gasoline tax and federal matching dollars would affect the Department's construction projects, particularly in southern Nevada. Although aware of the Blue Ribbon Task Force studying future highway projects in Nevada, Chairman Raggio pointed out that political candidates running for office at every level were saying no to tax increases.

Mr. Chisel advised that the members of the Blue Ribbon Task Force were meeting monthly to review the Department's funding needs for future highway projects during the period from 2008 to 2015. Mr. Chisel advised that the cost of Las Vegas projects had increased as inflationary increases had driven up the cost of concrete, steel, asphalt, and oil-based construction materials. Mr. Chisel indicated the cost to construct a simple interchange had increased from approximately $5 to $10 million to $35 to $50 million. Additionally, Mr. Chisel pointed out that the extension from Highway 395 in Reno to Mount Rose cost $83 million.

Chairman Raggio indicated that political candidates would have to face tough questions on how they believed future highway projects would be funded.

In response to Assemblyman Seale, who asked where the $75 million augmentation was coming from, Mr. Chisel said the $75 million was from the Highway Fund cash balance.

Assemblyman Seale expressed his belief that the gasoline tax should be increased.

Senator Beers requested information on the rural airport projects for which the Legislature approved legislation for a 19:1 federal match.

Mr. Chisel indicated he did not have the information readily available but would provide it to Senator Beers.

Chairman Raggio asked staff to provide the information to Senator Beers.

ASSEMBLYMAN SEALE MOVED APPROVAL OF WORK PROGRAM ITEM 122.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

123. Department of Transportation – Administration – FY 06 – Addition of $61,950.00 in Highway Fund Authorization funds to provide adequate In-State Travel funds construction contract oversight, specification reviews, materials reviews, collection of pavement management system condition data; support technology needs at remote locations; perform maintenance installations and inventory at the newly established Freeway and Arterial System of Transportation (FAST) facility. Requires Interim Finance approval since the amount added to the In-State Travel category exceeds $50,000.00.

Refer to motion for approval under Item E.

124. Department of Transportation – Administration – FY 06 – Addition of $4,006,036.00 in Highway Fund Authorization funds and $196,175.00 in Federal Highway Administration Emergency Relief funds to prevent a shortfall in funding for District II operational items; to fund projected training needs; and to provide adequate funding for betterment projects to properly maintain Nevada's infrastructure. Betterment projects include two projects relating to the 2006 New Year's Day flood, which may be reimbursed by the federal Highway Administration. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

125. Office of the Military – FY 06 – Transfer of $158,000.00 from the Air Security category to the Operating category to cover anticipated budgetary shortfalls associated with the guard's recruiting office lease, hanger rentals and vehicle maintenance efforts. Requires Interim finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

126. Office of the Military – FY 07 – Addition of $46,000.00 in Department of Defense federal funds to fund a new Administrative Assistant III position for the Army National Guard. This position is 100% funded from federal funds. Requires Interim Finance approval since the amount added to the Personnel Services category includes new staff**. Refer to motion for approval under Item E.**

127. Office of the Military – FY 06 – Addition of $80,000.00 in Department of Defense federal funds to cover anticipated telecommunications billings through the end of Fiscal Year 2006. Requires Interim Finance approval since the amount added to the Telecommunications category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

128. Office of the Military – FY 06 – Addition of $423,338.00 in federal Homeland Security Grant funds transferred from the Emergency Management Division to fund the installation of a crash-proof security barrier/fence at the Nevada National Guard Readiness Center in Carson City. Requires Interim Finance approval since the amount added to the Federal Grants – Homeland Security category exceeds $50,000.00.

Refer to motion for approval under Item E.

WORK PROGRAMS RECEIVED AFTER THE MARCH 10, 2006 DEADLINE

129. Department of Education – Discretionary Grants – Unrestricted – FY 06 – Addition of ~~$712,125.00~~ ***$1,009,875.00*** In Hurricane Education Recovery Grant funds to cover the remaining three quarters of funding that will be available for schools enrolling students displaced by the Katrina and/or Rita hurricanes. Funds will offset some of the costs incurred by Nevada schools for these students. Requires Interim Finance approval since the amount added to the Emergency Impact – Katrina-Aid to Schools category exceeds $50,000.00. **RECEIVED 3-14-06. REVISED 3-30-06.**

Refer to motion for approval under Item E.

Agency	Agency/ Budget Account	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Business and Industry, Financial Division	755/3835	0030	Administrative Assistant IV, 2.210, grade 29, step 1, $29,273.76, Employer Paid Retirement	Management Analyst I, 7.637, grade 33, step 1, $34,577.28, Employer-Paid Retirement
Department of Health and Human Services, Division of Mental Health and Developmental Services	408/3168	0018	Accounting Assistant III, 2.301, grade 27, step 1, $26,956.08, Employer-Paid Retirement	Auditor II, 7.154, grade 34, step 1, $36,018.00, Employer-Paid Retirement
Department of Health and Human Services, Division of Welfare and Supportive Services	407/3228	0410	Management Analyst III, 7.624, grade 37, step 1, $40,987.44 Employer-Paid Retirement	Social Services Program Specialist III, 12.315, grade 37, step 1, $40,987.44, Employer-Paid Retirement

Agency	Agency/ Budget Account	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Corrections, Training Division	440/3710	0361	Training Officer II, 7.524, grade 36, step 1, $36,999.36, Employer Police/Fire Paid Retirement	Correctional Sergeant, 12.512, grade 36, step 1, $36,999.36, Employer Police/Fire Paid Retirement
Department of Corrections, Training Division	440/3710	0760	Training Officer 1, 7.519, grade 34, step 1, $33,930.00, Employer Police/Fire Paid Retirement	Senior Correctional Officer, 12.513, grade 34, step 1, $33,930.00, Employer Police/Fire Paid Retirement
Department of Corrections, Training Division	440/3710	0669	Training Officer I, 7.519, grade 34, step 9, $56,146.32, Employee/Employer-Paid Retirement	Senior Correctional Officer, 12.513, grade 34, step 9, $56,146.32, Employee/Employer-Paid Retirement
Department of Corrections, Prison Industries	440/3719	0319	Driver Warehouse Worker I, 9.210, grade 26, step 1, $25,891.20, Employer-Paid Retirement	Prison Industries Supervisor I, 7.333, grade 33, step 1, $34, 577.28, Employer-Paid Retirement
Department of Public Safety, Parole and Probation	650/3740	0580	Administrative Assistant IV, 2.210, grade 29, step 2, $30,463.92. Employer-Paid Retirement	Parole and Probation Specialist III, 12.616, grade 33, step 1, $34,577.28, Employer-Paid Retirement
Department of Public Safety, Parole and Probation	650/3740	0118	Administrative Assistant III, 2.211, grade 27, step 7, $34,577.28, Employer-Paid Retirement	Parole and Probation Specialist III, 1.2616, grade 33, step 3, $37,584.00, Employer-Paid Retirement
Department of Conservation and Natural Resources, Division of State Parks	704/4162	0062	Electrician II, 9.447, grade 32, step 1, $33,094.80, Employer-Paid Retirement	Park Ranger II, Non-Commissioned, 1.922, grade 33, step 1, $34,577.28, Employer-Paid Retirement
Department of Conservation and Natural Resources, Division of Environmental Protection	709/3185	0014	Environmental Scientist III, 10.525, grade 36, step 1, $39,254.40, Employer-Paid Retirement	Staff II, Associate Engineer, 6.228, grade 37, step 1, $40,987.44, Employer-Paid Retirement
Department of Conservation and Natural Resources, Division of Environmental Protection	709/3187	0521	Staff II, Associate Engineer, 6.228, grade 37, step 1, $40,987.44, Employer-Paid Retirement	Environmental Scientist III, 10.525, grade 36 step 1, $39,254.40, Employer-Paid Retirement
Department of Conservation and Natural Resources, Division of Environmental Protection	709/3187	0300	Environmental Scientist III, 10.525, grade 36 step 9, $61,345.44, Employee/Employer-Paid	Information Systems Specialist II, 7.924, grade 37, step 9, $64,185.12, Employee/Employer-Paid
Department of Conservation and Natural Resources, Division of Forestry	706/4195	0015	Equipment Mechanic IV, 9.322, grade 33, step 9, $48,838.32, Employer-Paid Retirement	Administrative Services Officer II, 7.217, grade 39, step 10, $66,941.28, Employer- Paid Retirement
Department of Conservation and Natural Resources, Division of Forestry	706/4195	0042	Fire Control Dispatcher II, 1.826, grade 31, step 9, $44,724.96, Employer-Paid Retirement	Personnel Technician II, 7.535, grade 27, step 6, $33,094.80, Employer-Paid Retirement

Agency	Agency/ Budget Account	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Transportation	800/4660	017023	Photogrammetrist/ Cartographer II, 6.110, grade 33, step 3, $41,300.64, Employee/Employer-Paid	Agency/Program Information Specialist II, 7.952, grade 36, step 2, $45,038.16, Employee/Employer-Paid
Nevada State Veterans Home	240/2561	033000	Administrative Assistant III, 2.211, grade 27, step 10, $39, 254.40, Employer-Paid Retirement	Program Officer I, 7.649, grade 31, step 8, $42,783.12, Employer-Paid Retirement

F. STATEMENT OF CONTINGENCY FUND BALANCE.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised, that if all allocation requests were approved as submitted, that the estimated balance available in the Unreserved General Fund portion of the Contingency Fund would be $3,348,530. Additionally, Mr. Ghiggeri advised that prior to the reduction from $872,202 to $737,029 for the Highway Patrol request, the Unreserved Highway Fund portion of the Contingency Fund was $558,819.

Chairman Raggio pointed out to the Committee members as well as to agency representatives that, if the requests before the Committee were approved, the Contingency Fund balances would be at an unusually low level. Chairman Raggio also reminded the Budget Director and state agency representatives that it was imperative their bills be paid as soon as possible in order to avoid the need to transfer money from the Contingency Fund to the Stale Claims Fund.

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

1. SUPREME COURT – JUDICIAL SELECTION – Request $3,500 to fund costs for interviewing multiple candidates for three District Judge positions that had been vacated.

Ron Titus, Director, Administrative Office of the Courts and the Secretary for the Judicial Selection Commission, identified himself for the record and introduced Deanna Bjork, Manager of Budgets and Finance.

Mr. Titus appeared before the Committee to request approval for a $3,500 allocation from the Contingency Fund to cover the cost of three recently completed judicial selections.

ASSEMBLYMAN MARVEL VOTED TO APPROVE THE $3,500 ALLOCATION REQUEST.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

2. DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES – FAMILY PRESERVATION PROGRAM – Request for $85,000 to fund projected costs resulting from increased caseloads in the Family Preservation Program through the end of Fiscal Year 2006.

David Luke, Ph.D., Associate Administrator for Developmental Services, Division of Mental Health and Developmental Services, Department of Health and Human Services, appeared before the Committee to request approval for an $85,000 allocation from the Contingency Fund to fund costs resulting from increased caseloads in the Family Preservation Program. Dr. Luke advised the members of the Committee the Family Preservation Program provided cash assistance to families willing to care for severely and profoundly handicapped family members at home.

ASSEMBLYMAN DENIS MOVED APPROAL OF THE $85,000 REQUEST FOR ALLOCATION FROM THE CONTINGENCY FUND.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Gansert, Assemblywoman Giunchigliani, Assemblywoman Leslie, Assemblyman Perkins, and Senator Coffin were not present for the vote.)

3. DEPARTMENT OR CORRECTIONS – Request for $1,733,092 to partially fund projected utility shortfalls in Fiscal Year 2006 and $196,709 to partially fund projected inmate-driven shortfalls in Fiscal Year 2006.

Glen Whorton, Director, Department of Corrections, appeared before the Committee to request Contingency Fund allocations of $1,733,092 to partially fund projected fiscal year 2006 utility shortfalls and $196,709 to partially fund projected fiscal year 2006 inmate-driven shortfalls for a total request of $1,929,801. Mr. Whorton introduced Darrel Rexwinkel, Deputy Director, Support Services, Department of Corrections, who provided a brief overview regarding the Department's request.

Mr. Rexwinkel told the Committee that projections indicated the Department of Corrections would expend approximately $11,218,000 in utility costs rather than the $8,907,000 for which the Department was budgeted. Mr. Rexwinkel attributed the utility cost increases to inflation. Funding for inflation was provided in the budget at the following levels:

- 4 percent over the base year for power

- 8 percent over the base for natural gas
- no percentage increase was provided for fuel oil

Mr. Rexwinkel provided the following actual percentage increases:

- 12.45 percent increase over fiscal year 2004 for power
- 60 percent increase – natural gas
- 88 percent increase – fuel oil

Mr. Rexwinkel indicated that the increase in the cost of fuel oil had been significant and was projected to be over budget by about $1,145,000. Mr. Rexwinkel mentioned that while fuel oil was used at the Indian Springs and Ely prisons, the cost of power in Ely had not increased over the previous year because it was provided through the Rural Power Association.

Chairman Raggio noted that Committee approval of the request would "fund 75 percent of the Department's current estimate of the budget shortfalls for utilities and inmate-driven expenses for fiscal year 2006."

Mr. Whorton said that while utility bills would continue to be monitored, projections indicated that an additional $650,000 would be required prior to the end of the fiscal year.

In response to Chairman Raggio, who asked about the utilization of conservation measures in the various Department of Corrections' facilities, Mr. Rexwinkel advised that conservation measures were being employed.

Chairman Raggio questioned whether the average population had increased over projections.

Mr. Whorton advised of significant growth in population and reported that as of March 31, 2006, the men's population had increased by 348 inmates over projections and the women's population had increased by 34 inmates over projections, with only nine months into the two-year cycle. Additionally, Mr. Whorton advised that over the last 12 months, the female population had increased at a rate of about 17 percent while the men's population increased at a rate of over 4 percent.

With respect to increased utility costs, Assemblyman Seale asked "if the variance was on the price and not on the quantity of the fuels."

Mr. Rexwinkel advised that fuel oil had increased 88 percent over the base year with increases in natural gas and power rates as well, but consumption had also increased as a result of the winter weather.

Senator Titus referenced a recent program on television regarding Alzheimer's patients in prison and asked whether patients suffering from Alzheimer's disease affected the Nevada Department of Corrections' inmate population.

Mr. Whorton indicated that some individuals, within the system, were afflicted with Alzheimer's disease and recalled that in the 1960s and 1970s, many individuals, entered the system with life sentences and life without the possibility of parole, and those inmates were aging. Mr. Whorton discussed options that included taking patients to the Pardons Board and compassionate release. Additionally, a hospice was located at the Regional Medical Facility for patients with Alzheimer's disease and dementia. Mr. Whorton advised that as inmates aged, those suffering from dementia were increasing in prison populations across the United States.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF THE $1,929,801 ALLOCATION REQUEST FROM THE CONTINGENCY FUND.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

4. DEPARTMENT OF PUBLIC SAFETY – NEVADA HIGHWAY PATROL – Request for ~~$788,655~~ ***$872,202*** to fund projected shortfalls in salary and operating costs in Fiscal Year 2006. **Relates to Item E94. REVISED 3-22-06.**

Refer to Item E. 94 for narrative and motion for approval of the allocation in the revised amount of $737,029.

*H. REQUEST FOR ALLOCATIONS FROM THE IFC CONTINGENCY FUND TO THE DEPARTMENT OF ADMINISTRATION, INFORMATION TECHNOLOGY PROJECTS – A.B. 576 (2005, CHAPTER 434), SECTION 39.

1. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF WATER RESOURCES – Request for $55,000 to fund the implementation of a central videoconferencing system. **WITHDRAWN 3-16-06**.

Item H.1 was withdrawn.

2. DEPARTMENT OF AGRICULTURE – BUREAU OF WEIGHTS AND MEASURES – Request for $278,201 to fund the implementation of the licensing and payment system.

David McTeer, Chief, Information Technology Division, Department of Administration, appeared before the Committee to request approval for a $278,201 Contingency Fund allocation to fund the development and implementation of "a database software application for the Department of Agriculture and its Bureau of Weights and Measures."

Serving to provide project management and oversight for the project, Mr. McTeer advised that representatives of the Department of Agriculture and the Department of Information Technology (DoIT) worked together to perform a requirements analysis and to prepare a request for proposal (RFP). The RFP resulted in vendor selection and contract award, subsequent to approval by the Interim Finance Committee of the funding request.

Chairman Raggio noted that information provided to the Committee reflected that the projected cost exceeded the funding allocated for the project by approximately $6,677 through the implementation phase while ongoing licensing and support costs would equal $15,500 to $16,500 annually for three years following implementation. The Chairman asked if assurance could by provided by the Department of Agriculture representatives that the Department could provide funding for the additional expenses in fiscal year 2006 and fiscal year 2007.

Mr. McTeer advised that a Contingency category, within Budget Account 1325, contained approximately $1,064,000 for funding contingencies, and shortfalls could be addressed by transferring the $6,700 through a work program from the Contingency Category into Category 17 to finish the project.

Mr. McTeer deferred to Rick Gimlin, Deputy Director, Department of Agriculture, to provide information on funding ongoing costs.

Mr. Gimlin testified that the Department of Agriculture had the necessary funds to fund the continuing operating costs of the program at about $22,000 to $23,000 a year.

ASSEMBLY MARVEL MOVED APPROVAL OF THE $278,201 ALLOCATON REQUEST FROM THE CONTINGENCY FUND.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were absent for the vote.)

*I. REQUEST FOR ALLOCATIONS FROM THE IFC CONTINGENCY FUND TO THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION – A.B. 576 (2005, CHAPTER 434), SECTION 40.

1. VOCATIONAL REHABILITATION – Request for $133,007 to fund costs related to providing services to clients. **Relates to Item E 78.**

Marty Ramirez, Deputy Director, Department of Employment, Training, and Rehabilitation, identified himself for the record and introduced Dr. Michael Coleman, Administrator, Rehabilitation Division.

Mr. Ramirez was before the Committee to request allocations from the Contingency Fund for:

- Item I.1 in the amount of $133,007 to fund costs related to providing services to clients of Vocational Rehabilitation

- Item I.2 in the amount of $71,663 to fund costs related to providing services to clients of Services to the Blind and Visually Impaired

Mr. Ramirez advised that both accounts had been adversely affected by vacancies that reached a highpoint in 2004 of between 25 and 30 percent. Mr. Ramirez indicated the vacancies were manifested into the division's inability to spend its federal Section 110 funding and associated General Fund match. Since that time, Mr. Ramirez advised that the division had developed strategies to rectify its retention and recruitment problems significantly improving its service delivery to clients.

Currently, Mr. Ramirez advised that client service dollars, General Fund, and Federal Section 110 funding had been expended, every position for Services to the Blind had been filled, and only a 4 percent vacancy currently existed in Vocational Rehabilitation. Mr. Ramirez indicated that in filling the vacancies, the Department had complied with the Legislature's direction to spend federal dollars, fill positions, and improve program performance.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF CONTINGENCY FUND REQUESTS ITEMS I.1 AND I. 2

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

2. SERVICES TO THE BLIND AND VISUALLY IMPAIRED – Request for $71,663 to fund costs related to providing services to clients.

Refer to narrative and motion for approval under I. 1.

*J. STATE PUBIC WORKS BOARD.

1. Project 03-C12, Rehabilitate State Fish Hatcheries – Phase II – Request to receive and expend an additional $2,500,000 in Question 1 funds to complete the project.

Evan Dale, Deputy Manager, Administration and Finance, Public Works Board (PWB), appeared before the Committee to request approval to receive and expend an additional $2,500,000 in Question 1 funds from the Department of Wildlife for Capital Improvement Project 03-C12, Rehabilitate State Fish Hatcheries. Mr. Dale advised that a cost estimate prepared by the PWB consulting team indicated that construction at the Gallagher Fish Hatchery would cost approximately $7 million, with approximately $4.5 million available in the current budget.

In response to Chairman Raggio, who requested information related to the total cost of the Gallagher Fish Hatchery, Mr. Dale advised that the refurbishment cost would total approximately $8.5 million with approval of the funding request.

In response to Senator Raggio, who questioned why the project was so costly, Mr. Dale explained that labor and material costs had increased and that it was difficult to recruit contractors to the area in Elko County where the Gallagher Fish Hatchery was located.

In response to Senator Beers, who asked whether conservation camp crews could provide assistance for the project, Gus Nunez, Deputy Manager, Professional Services, PWB, expressed concern regarding the level of experience that would be required and the need for supervision but indicated the PWB would investigate using inmate crews.

SENATOR RHOADS MOVED APPROVAL OF ITEM J. 1.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

2. Project 05-P20, Design new Biotechnology and Genomics Research Facility at UNR – Request to cancel project.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board (SPWB), appeared before the Committee to request cancellation of Project 05-P20, Planning for the Biotechnology and Genomics Research Facility at the University of Nevada, Reno (UNR).

Mr. Dale advised the Committee that Project 05-P20 would be replaced by an “agency project” that included full design and construction of the Biotechnology and Genomics Research Facility for which the SPWB staff would provide management and inspection services.

Additionally, Mr. Dale indicated the cost for the new project totaled $74 million, of which $60 million would be funded through revenue bonds serviced with UNR Indirect Cost Recovery Funds, $10 million through a General Fund appropriation included in S.B. 105, 2005 Legislature, and $4 million in gifts and donations.

Chairman Raggio noted that the $10 million was appropriated from the State General Fund to the Nevada School of Medicine “for support of its partnership with the Nevada Cancer Institute and Center of Excellence to expand research, treatment, education and teaching opportunities in Nevada.” Chairman Raggio asked the Dean of the UNR School of Medicine to comment on the request to cancel Project 05-P20.

Dr. John McDonald, Dean, UNR School of Medicine, advised the members of the Committee that the request to cancel was for the same project for which $10 million was appropriated from the State General Fund on behalf of a partnership with the University of Nevada School of Medicine and the Nevada Cancer Institute. Dean McDonald said the new project included design and construction of the Biotechnology and Genomics Research Facility that included a component of funding for the Chronic Fatigue Syndrome Center from the Whittemore Family Foundation, as well a pledge for $4 million.

In response to a request from Chairman Raggio for clarification on whether the Committee was being asked to also approve the new project, Mr. Dale explained the request before the Committee was simply to cancel Project 05-P20. Mr. Dale indicated that the new “agency project,” which would be managed by the SPWB, was funded with money controlled by the UNR including the $10 million appropriated under S.B. 105 and did not require approval from the Legislature.

Chairman Raggio noted that the $74 million project cost estimate did not include funding for furniture, fixtures and equipment (FF&E) and recalled that testimony provided by Nevada System of Higher Education (NSHE) representatives to the 2005 Legislature indicated additional capital project funding for the UNR Biotechnology and Genomics Research Facility would not be requested.

In response to the Chairman, who asked whether NSHE representatives intended to request FF&E funds for the new project in the 2007 Capital Improvement Program (CIP), Mr. Dale indicated that University representatives had indicated they would include a request in the 2007 CIP to fund the FF&E.

Assemblywoman Giunchigliani pointed out that $10 million had been appropriated by the Legislature during the 2005 Legislative Session and requested clarification regarding the statement that Legislative approval was not required for the new project.

Mr. Dale advised that when the SPWB was requested by state agencies to provide project management on “agency projects” outside of the Legislative Session, the SPWB role was to simply fulfill that duty and leave it up to the agency to handle funding authorizations since funding would be in the agency’s control, not the SPWB. Mr. Dale further explained that the SPWB would provide the service to the agency and forward all bills to the agency for payment.

Assemblywoman Giunchigliani indicated that since $10 million had been appropriated to the project under S.B. 105, the Legislature should have the opportunity to provide oversight on the expenditure of public funds.

In response to a question from Assemblywoman Giunchigliani regarding whether prevailing wages would be paid, Mr. Dale confirmed the project would be constructed using the prevailing wage rate.

Assemblywoman Giunchigliani also questioned whether funding would be requested from the 2007 Legislature to pay for the new project's FF&E expenses, even though testimony provided during the 2005 Legislature indicated that the UNR representatives would not ask for additional capital project funding for the project.

Mr. Dale reiterated that representatives from the University had indicated to SPWB staff that a request for state funds for FF&E expenses would be included in the 2007 CIP.

Assemblywoman Giunchigliani specifically recalled testimony provided during the 2005 Legislative Session that indicated the University would not approach future Legislatures for additional funding for the Biotechnology and Genomics Research Facility.

Dean McDonald clarified that the testimony provided during the 2005 Legislative hearings by Dan Klaich, Vice Chancellor of Legal Affairs, "specifically alluded" to the fact that the University would not request additional construction funds. Dean McDonald said Mr. Klaich did not testify that he would not return to request FF&E funds.

Assemblywoman Giunchigliani asked the Committee's staff to review the testimony provided to the 2005 Legislature regarding the intent to seek additional capital project funding from the Legislature for the facility.

Assemblyman Seale also expressed concern in regard to the $10 million appropriated from the State General Fund as well as the $60 million in revenue bonds and suggested a thorough review of the project to ensure that the intent of the Legislature's initial approval of the project would be met.

Buzz Nelson, Assistant Vice President, Facilities Management, University of Nevada, Reno, advised that Mr. Klaich's testimony during a Senate Committee on Finance Hearing on May 23, 2005, indicated the University would not request additional capital funds from the Legislature to build the facility. Mr. Nelson further advised that the UNR representatives were committed to working with the SPWB and that UNR representatives would be aware of and privy to full accountability on the construction of the project.

In response to Assemblyman Marvel, who questioned the current status of the $4 million donation, Dean McDonald advised that the $4 million pledge had not yet been "monetized."

Assemblywoman Giunchigliani asked staff to elaborate on whether a decision by the Committee to cancel Project 05-P20 would obligate the Legislature to provide additional future funding.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, deferred the question to Legislative Counsel, Brenda Erdoes, but explained that rather than proceed with Project 05-P20, the SPWB, with the Committee's approval, would use revenue bonds supported by indirect cost recovery funds, $10 million appropriated through S.B. 105, and $4 million in gifts and donations to fund the design and construction of the new agency Biotechnology and Genomic Research Facility.

Noting that the $4 million donation had not yet been received, Assemblywoman Giunchigliani asked for an opinion on whether the project would be prevented from moving forward without immediate action by the Committee.

Lorne Malkiewich, Secretary to the Committee indicated he would locate Brenda Erdoes, Legislative Counsel, who was temporarily out of the meeting room.

Mr. Ghiggeri said that non receipt of the $4 million would not prevent the project from moving forward. Mr. Ghiggeri explained that the $4 million was not a part of the Capital Improvement Program process, nor was it built into the legislation for the $10 million appropriation or included in the revenue bond legislation.

Assemblywoman Giunchigliani asked for Legislative Counsel's opinion on whether the project could continue to move forward without a vote by the Committee and until answers were provided on Legislative oversight of the $10 million appropriation, receipt of the $4 million donation, and whether state funding would be requested for the FF&E.

Dean McDonald reiterated earlier testimony that S.B. 105 "appropriated from the State General Fund to the University of Nevada School of Medicine the sum of $10 million for support of its partnership with the Nevada Cancer Institute and the Center of Excellence to expand research, treatment, education and teaching opportunities in Nevada." As previously indicated, Dean McDonald pointed out that the remainder of the project was funded by revenue bonds supported by indirect cost recovery funds, and the $4 million donation by the Whittemore Foundation for the Center of Excellence would only expand the project.

Assemblywoman Giunchigliani again questioned whether the project could move forward without immediate action by the Committee to approve the request to cancel. Assemblywoman Giunchigliani indicated that before the Committee approved the request, answers should be provided regarding whether the Legislature would have oversight for the $10 million appropriation and whether state funds for the FF&E would be requested in the future.

Ms. Erdoes suggested that the Committee might wish to defer the request to cancel the project and to request that further action on the project not be taken until answers were provided to the Committee's questions.

In response to Chairman Raggio, who asked if the request to cancel the project was to avoid an unnecessary design process, Mr. Dale explained that the request was to cancel the SPWB's authorization to receive money from the NSHE and to proceed with planning. Mr. Dale advised that maximum efficiency would be achieved by establishing a new project that would handle design and construction of the entire facility rather than two separate components.

Chairman Raggio asked Dean McDonald to elaborate on the timeline for the project.

Dean McDonald advised that meetings with the architects and a management team from the State Public Works Board had been regularly occurring since early January 2006. Dean McDonald reported that "considerable progress" had been made with completion of the schematics for the facility's laboratories and work had begun on construction documents. Dean McDonald further advised that each month delay added approximately $700,000 to the project, which he attributed to costs related to the rapid rate of inflation in the Reno area and asked the Committee to consider the adage that "time was money."

In response to Chairman Raggio, who asked if the new plan would accommodate the Cancer Institute and the Center of Excellence for Chronic Fatigue Syndrome, Dean McDonald said the architects had recommended consideration of two buildings within a building. One building would house a facility for basic biomedical research, which because of security as well as other issues would incur a high net cost per square foot. A less costly adjoining building would house clinical facilities that would be offered to the Cancer Institute and the Center of Excellence for Chronic Fatigue Syndrome.

In response to Chairman Raggio, who asked whether the Board of Regents had reviewed the project change, Dean McDonald, indicated he did not believe the Regents had reviewed the change. However, the Dean indicated the request was "an attempt to maximize the space which was made available to the Cancer Institute and the Center of Excellence for Chronic Fatigue Syndrome because the cost of being inside a pure Biotechnology Medical Research facility was extraordinarily high."

Mr. Nelson indicated he believed that the Board of Regents had been informed of the project change. Recalling that the project had begun two biennia ago at a time funding was unavailable, Mr. Nelson said the 2005 Legislature approved funding for the project, and the request before the Committee was, in essence, a housekeeping activity incorporating the Nevada Cancer Institute and the Center of Excellence for Chronic Fatigue Syndrome as a part of the original Biotechnology and Genomics Facility project. Originally, Mr. Nelson said the project was funded with $60 million; the current $74 million project included funding from the $10 million State General Fund appropriation and a potential $4 million donation from the Whittemore Foundation.

Assemblywoman Giunchigliani questioned the decision to combine the projects and expressed concern that the Legislature would have no access to accounting for public tax dollar funds that would be totally controlled by the UNR. Assemblywoman Giunchigliani asked if clarification could be provided to ensure the provision of Legislative oversight and that the funds for the project would not be controlled solely by the UNR.

Mr. Nelson advised that the project was being constructed on state property and although the UNR controlled the funds, accountability would be maintained through services provided by the SPWB.

In response to Assemblywoman Giunchigliani, who asked whether there was any objection to having the State Controller's Office undertake accounting duties for the project, Mr. Nelson advised that the UNR would provide the accounting services as they had in the past with other appropriations to, for example, the Nevada State Judicial College and the Medical School. Additionally, Mr. Nelson indicated that oversight for the project would be provided by the State Public Works Board and that the UNR would not have a problem with the State Controller's review of the books. Mr. Nelson repeated, however, that the funds would be controlled by the UNR.

Assemblywoman Giunchigliani reiterated her concern for the accounting of public tax dollars and asked if a motion would be in order to ensure Legislative oversight and accounting by the State Controller's Office, especially since it appeared that there would be a future request for FF&E funds.

Chairman Raggio asked Legislative Counsel to comment on whether in her opinion the Committee's approval to cancel Project 05-P20 would obligate the 2007 Legislature to approve a request for FF&E funds.

Ms. Erdoes opined that the Committee did not have the authority to obligate the 2007 Legislature to approve a request for FF&E funding for the project.

> ASSEMBLYMAN MARVEL MOVED TO APPROVE THE REQUEST TO CANCEL PROJECT 05-P20, DESIGN OF THE NEW BIOTECHNOLOGY AND GENOMICS RESEARCH FACILITY AT THE UNIVERSITY OF NEVADA, RENO.
>
> ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

Assemblyman Seale also expressed concern regarding Legislative access to accounting for the project's expenditures.

In response to Assemblyman Seale's concern, Mr. Dale advised that the SPWB project management services included maintaining a full accounting of expenditures in a satellite system to which access by the Committee would be available.

In response to Chairman Raggio, who asked if the Universities also provided accounting services for revenue bond financing, Mr. Ghiggeri advised that they did.

THE MOTION CARRIED. (Assemblywoman Giunchigliani voted nay.)

3. Project 05-C67L, Construction of Student Services Building Addition and Renovation of Frazier Hall at UNLV – Request to reduce the square footage of the Student Services Building from 22,770 square feet to 15,000 square feet and to perform minor modifications to the existing building.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board (SPWB), appeared before the Committee to request approval to reduce the scope of Project 05-C67L, Student Services Building Addition and Renovation of Frazier Hall at the University of Nevada, Las Vegas (UNLV), from 22,770 square feet to approximately 15,000 square feet.

Mr. Dale explained that the reduction in scope was being requested after bids received for the project exceeded the allowable budget and a 15,000 square-foot addition was determined by the University and SPWB staff to be acceptable.

Senator Coffin recalled that a significant amount of legislative time had been spent debating the Students Services Building Addition and Renovation of Frazier Hall and asked whether the Board of Regents had expressed an opinion on reducing the scope of the project.

Gus Nunez, Deputy Manager, Professional Services, SPWB, advised that the design for the project was approved under the 2001 Capital Improvement Program, but funding for construction was approved under the 2005 Capital Improvement Program. As previously indicated, Mr. Nunez said the bids exceeded the budgeted funding, and the only recourse was to redesign the project.

Senator Coffin asked again whether the Board of Regents had discussed the reduction in scope.

Tom Hagge, Associate Vice President, Facilities Management, UNLV, indicated that the decision to reduce the scope of the project had been made at the University level and had not been discussed with the members of the Board of Regents. Mr. Hagge advised that the University and SPWB representatives had been placed in the position of responding to a "bad bid-day circumstance" and attempting to recover within the existing budget.

Senator Coffin expressed concern regarding the request to reduce the scope of the project and asked that the request be delayed until the long-term use of the building could be given more thought. Senator Coffin pointed out that with the resignation of the UNLV president, the University was without a leader, and it was yet to be determined how a successor might feel about the project.

Mr. Hagge indicated that the existing leadership at the University fully supported the change in scope in view of developments that had occurred regarding two adjacent buildings not calculated in the original space requirements.

Senator Coffin reiterated his concern and opposition to supporting the request and asked that the issue be more fully explored at the University level.

Senator Titus also expressed concern that the Committee appeared to be revisiting the same public work issues involving legislative approval of projects and requests for reduction in scope at twice the initial cost.

In response to Senator Titus, who questioned the foresight involved in the project planning process, Mr. Dale provided assurance that the SPWB employed professional architects and engineers to design the project and estimate the costs.

Senator Beers commented that several high-rise projects that had been planned in Las Vegas were canceled because of the unanticipated increase in the cost of concrete and steel. Senator Beers expressed concern that delaying the decision would further reduce the scope of the project to perhaps a 12,000 square-foot building.

SENATOR BEERS MOVED APPROVAL OF ITEM J. 3.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

Chairman Raggio also expressed concern in delaying a decision and recalled that the Committee had been advised in the past that each month a project was delayed, the cost became greater and less money would be available.

Senator Coffin discussed “changes” on the horizon as a result of the projected building slowdown being discussed by financiers. Senator Coffin indicated a building slowdown would affect the price of concrete, steel, and the bidding environment.

In response to Senator Coffin, who requested information on the cost to construct the building as originally conceived and approved by the entire Legislature, Mr. Dale advised that the bids were approximately $1.8 million over the budget of $8.1 million.

Senator Coffin asked that the Board of Regents be provided the opportunity to provide some direction and to find another $2 million to fund the project as originally approved.

Senator Coffin indicated a decision to reduce the project would be “a mistake for the next fifty years. “

Chairman Raggio pointed out the Committee had no authority to fund additional money, and waiting until the 2007 Session would ultimately increase the cost.

THE MOTION CARRIED. (Senator Coffin voted nay. Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

4. Project 01-C15, Planning, Design and Utility Infrastructure for Science and Engineering Complex, UNLV; Project 03 C-23, UNLV Science Engineering and Technology Complex Construction; and Project 05-C06, Construction of Science Engineering and Technology Complex at UNLV –

   Project Status Report (informational only).

5. Project 05-M41, Remodel Bathrooms in Buildings 1, 2, 3 and 3A at SNAMHS – Request to change the scope to remodel the bathrooms in Buildings 1, 2, 3A and approximately 25 percent of the bathrooms in Building 3.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board (SPWB), appeared before the Committee to request a change in scope for Project 05-M41, Remodel Bathrooms in Buildings 1,2, 3, and 3A at the Southern Nevada Adult Mental Health Services (SNAMHS) campus.

Mr. Dale explained that originally 60 bathrooms were to have been remodeled, and as a result of cost escalation and inflation factors, the construction cost estimate exceeded the construction budget. Approval of the reduction in scope would provide for the remodeling of 30 to 40 bathrooms.

In response to Chairman Raggio, who asked if the reduction in the number of remodeled bathrooms would be adequate to serve the needs of the facility, Mr. Dale indicated that a request to finish the bathroom remodels at the SNAMHS would, most likely, be requested in the 2007 Capital Improvement Program.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM J.5

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

6. Project 05-C01, Repair exterior of the Grant Sawyer State Office Building – Project Status Report (informational only).

7. Project Status Report (informational only).

8. Semi-annual report on progress of developing additional performance indicators for the Facility Condition Analysis Program as required by letter of intent from the 2005 Legislature (informational only).

*K. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE PARKS – Request to utilize excess fee revenues as deposited to the Account for Maintenance of State Parks pursuant to NRS 407.0762, Section 4(b).

1. $30,000 to replace old outdated toilets with CXT restrooms at Rye Patch State Recreation Area

2. $28,500 to replace old outdated toilets with CXT restrooms at Fort Churchill State Park Group Area

3. $29,500 to purchase two single-stall new CXT restrooms to replace rental toilets at South Fork Recreation Area

4. $47,000 to replace and extend the power line at Echo Canyon State Park

5. $38,000 to replace restroom at Lahontan State Recreation Area

Chairman Raggio noted that Item K. 1, 2, 3, 4, and 5 requested authorization to utilize excess fee revenues deposited to the Account for Maintenance of State Parks pursuant to NRS 407.0762, Section 4(b). The Chairman indicated staff had not expressed any concerns related to the request.

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM K.1, 2, 3, 4, and 5.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani and Assemblyman Perkins were not present for the vote.)

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 Raggio announced the Committee's acceptance of the reports that had been submitted under Informational Items and indicated that testimony would be heard on 6.b; 7.a.2; 7.b.2.; 7.e.5; 7.e.8.; 7.f; 8.a.; 9.b.1 and b.2, and 14.b.

Chairman Raggio called Charles Chinnock, Executive Director, Department of Taxation, to the witness table. Noting Mr. Chinnock's imminent retirement, the Chairman, quoting earlier remarks by Governor Guinn, said "the state of Nevada is losing an incredibly valuable public servant, who has truly been an asset to my administration and to the people of this great state. He served our state and nation with distinction and honor during his thirty–year career in the Nevada Air National Guard, rising to the rank of Brigadier General along with more than a decade of excellent management with the Department of Taxation."

The Chairman described Mr. Chinnock as an extremely capable and efficient appointee in a very important position, who had dedicated a large portion of his life to the state of Nevada. Chairman Raggio commended Mr. Chinnock's leadership abilities and his work to resolve complex taxation issues over the past several legislative sessions. On behalf of the Committee and the people of Nevada, Chairman Raggio extended appreciation to Mr. Chinnock for his long service and for setting an example for those to follow. Joining the Committee in a round of applause, Chairman Raggio said Mr. Chinnock's shoes would be difficult to fill.

Chairman Raggio also noted the recent retirement of Mr. Chinnock's wife, Birgit Baker, former Director, Department of Employment, Training and Rehabilitation, and extended the Committee's best wishes and thanks for her many years of service to the state.

Senator Coffin also recognized Mr. Chinnock's "splendid service to the state" and extended commendations for his "rock steady," "even-tempered," and "mild-mannered" delivery of information during legislative committee hearings and behind-the-scenes meetings.

Chairman Raggio called David Luke, Ph.D, Division of Mental Health and Developmental Services, to the witness table. Chairman Raggio noted that Dr. Luke was also retiring in April after 31 years of state service, 15 years of which he served as Associate Administrator, Division of Mental Health and Developmental Services. Dr. Luke supervised the statewide delivery of services for developmentally disabled individuals and their families and was instrumental in the dramatic progress made in transitioning clients from institutional to community residential settings. Chairman Raggio commended Dr. Luke for his contributions to improving the quality of life of many of Nevada's "developmentally-challenged citizens."

Chairman Raggio also acknowledged that under Dr. Luke's leadership, the Northern, Southern, and Rural Regional Centers had received full accreditation, a demonstration that Nevada was serious about providing quality services to clients.

Additionally, Chairman recognized Dr. Luke's importance to the legislative process in addressing complex mental health and developmental services issues.

Dr. Luke expressed his appreciation to the members of the Committee and commented on the pride he felt in serving the state of Nevada and acknowledged that the state had come a long way in improving services for clients.

Chairman Raggio asked General Chinnock and Dr. Luke to continue to be available to provide their valuable knowledge and experience and reiterated the Committee's sincere appreciation for jobs well done for the state and the citizens of Nevada.

6. DEPARTMENT OF BUSINESS AND INDUSTRY
   b. Manufactured Housing Division – Report from the Manufactured Housing Division and the Nevada Manufactured Housing Association concerning the fees charged by the Manufactured Housing Division as requested by letter of intent (2005 Legislature). Relates to Items E 22, E 24 and E 25.

      Refer to narrative and motion for approval under Item E 22.

   f. Division of Mortgage Lending – Quarterly report on the status of the revenue and expenditure activity with corresponding impact to Reserve for the quarter ending December 31, 2005. Report was required by letter of intent (2005).

      Refer to narrative and motion for approval under Item E. 27

7. DEPARTMENT OF HEALTH AND HUMAN SERVICES

   a. Director's Office
      2) Report on delayed move from Kinkead building and the Carson City Children's Home.

Mike Torvinen, Deputy Director, Fiscal Services, Department of Health and Human Services, appeared before the Committee to report on the status of the move from the Kinkead building and the Carson City Children's Home to two office buildings located on Technology Way in Carson City. Mr. Torvinen indicated a certificate of occupancy from Carson City should be received in the middle of August, and once Reno Business Interiors installed modular furniture designed into the plan, the move would begin to take place sometime in the middle of September.

Mr. Torvinen provided the following logistical information:

- The Division of Child and Family Services would begin the move in mid-September and would occupy the third floor of the building located at 4126 Technology Way.

- The Director's Office and the Division of Mental Health and Developmental Services' Rural Clinics would occupy the first floor of the building located at 4126 Technology Way.

- The Division of Mental Health and Developmental Services, Administrative Offices, and the Bureau of Alcohol and Drug Abuse would occupy the second floor of the building located at 4126 Technology Way.

- The second building, located on Technology Way, would be entirely occupied by the Health Division. A public hearing room had been incorporated into the second building to accommodate the needs of the Board of Health as well as other Department committees.

Chairman Raggio expressed the Committee's concern for the safety of the employees in the Kinkead building and questioned whether additional delays were projected.

Mr. Torvinen advised that he did not anticipate additional delays and reported that once the Division of Child and Family Services were moved in mid-September, the movers would continue moving offices from the Kinkead Building until the move was completed. Mr. Torvinen indicated that designing the space was difficult, but "all sides had signed off on the plans," which had been provided to the contractor, who was working on the construction documents.

b. Division of Health Care Financing and Policy
   2) Status report on implementing the Health Insurance Flexibility and Accountability (HIFA) demonstration waiver as required by A.B. 493, 2005 Legislature.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCFAP), identified himself for the record and introduced Peter Burns, Burns and Associates. Mr. Duarte was before the Committee to provide a status report on implementation of the Health Insurance Flexibility and Accountability (HIFA) demonstration waiver, A.B. 493, 2005 Legislature. Mr. Burns assisted with the preparation and submittal of the waiver to the Centers for Medicare and Medicaid (CMS) and provided a portion of the status report later in the meeting.

Mr. Duarte reported that implementation of the waiver would:

- expand health care coverage for pregnant women with income levels from 134 percent to 185 percent of the federal poverty level (FPL)

- provide a premium subsidy for an Employer-Sponsored Insurance (ESI) product to encourage small employers to offer health insurance coverage

- federalize a county-based program that provided catastrophic event coverage

Mr. Duarte reported that, during the preparation process, Congressional passage of the Deficit Reduction Act 2005, created changes in the State Children's Health Insurance Program (SCHIP), which affected the waiver. Additionally, concerns were raised when administrative decisions were made by the Centers for Medicare and Medicaid Services in relation to other HIFA waivers they were evaluating.

Mr. Duarte referenced the document entitled, "Nevada HIFA Background and Discussion Materials for the State of Nevada HIFA Application," (Exhibit E), and moving to page 12 discussed recent developments associated with the Deficit Reduction Act (DRA). Mr. Duarte reported that the DRA prohibited the use of SCHIP funds for non-pregnant individuals without children, which meant that single-childless adults, who were not pregnant, could not be covered by the initiative. Mr. Duarte indicated he believed the DRA prohibition of SCHIP funds for non-pregnant individuals without children was primarily the result of advocacy brought forth to Congress to use SCHIP funds for children only.

Mr. Duarte explained that in terms of the HIFA waiver and the Employers Sponsored Insurance (ESI) that was being proposed to provide a premium subsidy to low-income employees and small businesses, SCHIP funds could only be provided for employees with children eligible for Nevada Check-up and for Medicaid. Mr. Duarte further explained that the intent of the original waiver included all employees in small businesses who were below 200 percent of the federal poverty limit, not just employees who had children. Mr. Duarte indicated the DRA development significantly affected the marketing of the ESI product by telling employer groups that only employees with children could be provided insurance assistance.

On page 13, Mr. Duarte pointed out that the most important change affecting the waiver occurred as a result of recent administrative decisions the CMS made regarding other waivers they were evaluating. Mr. Duarte explained that the CMS decision to cover categorical groups changed the "rules" on how Title XIX funds could be used in a waiver, and Title XIX Medicaid funds could not be used for the Nevada Waiver "if the eligibility expansion for pregnant women was a capped program." Mr. Duarte indicated that if Title XIX funds were used, an entitlement program would need to be created. Mr. Duarte pointed out that initially a combination of both Title XIX Medicaid funds and Title XXI SCHIP funds were to be used for the wavier.

Mr. Duarte indicated that the DRA and CMS decisions that affected the waiver limited the ability of the HCFAP to create a program to fund health care benefits consistent with the provisions of A.B. 493. Additionally, Mr. Duarte advised that creating an entitlement program was discussed with legislative staff, but given the testimony during the 2005 Legislative Session regarding the flexibility of the use of funds to cover categorical as well as non-categorical individuals, an entitlement program was not in keeping with legislative intent. In order to remain within the flexibility of the initiative, Mr. Duarte indicated a redesigned HIFA wavier was submitted to the CMS funded solely by Title XXI SCHIP funds and only proposed coverage for "categorical populations."

Mr. Burns provided the second portion of the presentation and discussed elements of the proposed redesigned waiver using only Title XXI SCHIP funds covering the same three populations identified in the original proposal:

- Pregnant women between 133 percent to 185 percent of the FPL

- Parents below 200 percent of the FPL that had available, but had not taken up, Employer Sponsored Insurance

- Uninsured parents with incomes below 150 percent of the FPL that had incurred hospital and related charges of at least $25,000

Mr. Burns advised that the overall waiver was proposed to begin July 1, 2006 and would end on June 30, 2011. Implementation of the plan provided for startup on:

- July 1, 2006 for pregnant women and the ESI program
- January 1, 2007 for the Catastrophic Coverage Initiative

Mr. Burns advised that the fiscal plan for the waiver projected the SCHIP financing requirements through the term of the waiver and reserved approximately $16 million of federal funds for unanticipated program needs. Mr. Burns explained that 20 percent of the ending balance was reserved for Nevada SCHIP allotments and the remainder to fund the waiver. Additionally, Mr. Burns advised that staying within the HIFA Waiver with Title XXI funds provided for enrollment caps and expenditure caps to ensure both allotment and state fund budget neutrality.

Mr. Burns pointed out that information on page 19 provided the sources of SCHIP funding. The first chart on page 19 indicated that without the waiver, the State of Nevada would lose $19,546,963 in expenditure authority under the SCHIP allotment at an enhanced match rate. The second chart on page 19 reflected a projected unspent ending balance of $80,387,076 of which $16,077,415 would be reserved and with $64,309,661 in federal funding, a total $83,856,624 available for HIFA.

Moving to page 20 Mr. Burns provided information on the waiver cost and caseload projected out to state fiscal year 2011:

- Pregnant women ultimate caseload of 1,350 and expenditure of $14,242,716 in state fiscal year 2011

- Employer sponsored insurance ultimate caseload of 5,500 and expenditure of $9,340,320 in state fiscal year 2011

- Catastrophic Coverage - $4,800,000 in state fiscal year 2011

In response to Chairman Raggio, who asked for information regarding total expenditures for the 2008-09 biennium, Mr. Burns indicated that approximately

$20 million in combined state and federal funding would be expended in fiscal year 2008 and $25 million in fiscal year 2009.

Moving to page 21, Mr. Burns provided the following information on the source of non-federal funds:

State General Fund for state fiscal year 2008 - $3,636,590
County 1 cent Levy for state fiscal year 2008 - $3,636,590
Total Non-Federal Funds for state fiscal year 2008 - $7,273,181

Mr. Burns advised that the funding information was provided based on no additional changes under Title XXI SCHIP funding.

Additionally, Mr. Burns discussed the benefits that would be provided under the proposed waiver:

- Pregnant women – benefits would remain the same as with the current Medicaid Program

- ESI Program – up to $100 subsidy per month for policies that met the state minimum policy requirements

- Catastrophic Coverage – would provide limited benefits, including inpatient and services related to inpatient episode

Mr. Burns provided the following information related to cost sharing:

- Pregnant Women - cost sharing levels would be consistent with current Title XIX levels

- ESI – the unsubsidized portion of the employee premium plus whatever cost sharing and co-payments were determined for the Employer Sponsored Insurance

In response to Chairman Raggio, who questioned the requirements for ESI eligibility, Mr. Burns advised that only those individuals with children were eligible although the waiver was originally designed to encourage small businesses to provide health care benefits to their employees. Mr. Burns advised that, under the new rules, only parents were eligible and at least the initial enrollment would be provided through the current Nevada Check Up eligibility lists.

Moving to page 24, Mr. Burns addressed the coverage operation and provided the following information:

- Pregnant women would be administered to through the existing Medicaid business processes

- ESI would use a third-party administrator to perform front-end processing and limited verifications

- Catastrophic coverage would use a combination of existing county and Medicaid infrastructure

Moving to page 27, Mr. Burns provided a comparison of the redesigned waiver using SCHIP-only funding to the legislatively-approved waiver budget and caseload. Mr. Burns pointed out that as a result of the movement from the combined use of Title XIX and Title XXI funds to Title XXI funding only, the program had been reduced from that approved by the Legislature.

In a comparison of the programs' key features, Mr. Burns pointed out that enrollment for pregnant women and ESI would not vary considerably in the first year. However, under the Legislatively-approved version of the waiver, an enrollment of 2,048 pregnant women and 8,016 for ESI was projected for 2011. Under the provisions of the redesigned waiver, an enrollment of 1,350 pregnant women and 5,500 for ESI was projected for 2011. Additionally, Mr. Burns advised that expenditures for the Catastrophic Program would be reduced from a projected $9 million under the legislatively-approved waiver to $4.8 million under the redesigned waiver.

On page 28, Mr. Burns provided the following comparison of program expenditures over the five years of the waiver:

- $198,556,454 in total program expenditures was approved by the Legislature

- $124,432,777 in total program expenditures were "sized" to the availability of Title XXI funds

Mr. Duarte continued the presentation beginning on page 30 and provided information on the status of the waiver and the outcome of a meeting that involved both HCFAP and CMS representatives.

- The waiver application was submitted to CMS on March 10, 2006

- The application included a completed waiver template, cost and caseload projections, preliminary funding, eligibility and payment flows for each coverage group

Continuing with his presentation, Mr. Duarte provided the following information regarding the outcome of the meeting held on March 15, 2006 with representatives of the CMS Central and Regional Office staff, the President's Office of Management and Budget, HCFAP staff, and Mr. Burns:

- "Overall, the federal team's response was positive."

- "The federal team thought the pregnant women eligibility expansion was straight forward and posed no significant issues."

- The federal team was supportive of the Employer Sponsored Insurance component of the program, and the discussion centered on administration. Nevada representatives stressed, and CMS representatives understood that the state wanted simplicity in the administration of the ESI program to keep the administrative costs low.

- "The most significant discussion concerned the Catastrophic Coverage Initiative" for individuals, who incurred significant hospital expenses previously covered by the counties. It appeared that standards were being developed within CMS for an expansion of insurance coverage, and their concern was that the catastrophic coverage for that particular group might not necessarily meet the criteria being developed. Mr. Burns suggested that CMS representatives provide the state with what they determined would be an acceptable catastrophic coverage program, which might involve benefits in addition to hospital-based coverage.

Concluding his remarks, Mr. Duarte indicated that the CMS representatives had acknowledged receipt of the redesigned HIFA Waiver using only the SCHIP funding. An inquiry regarding the status of the waiver was sent by email on April 3, 2006, with an answer expected during the current week. Mr. Duarte indicated a series of questions and answer sessions would be scheduled with the CMS officials in order to ensure an acceptable conclusion and an approvable waiver. Mr. Duarte said the wavier could change from the one that had been proposed, and additional discussions with the Committee might be required dependent on decisions made by the CMS and Office of Management and Budget staff.

Chairman Raggio commended Mr. Duarte and Mr. Burns on their presentations.

In response to Assemblywoman Leslie, who questioned information that indicated a response had been expected by March 24, Mr. Duarte advised that a response had not been received. A response to an email sent to the CMS on April 3, 2006, revealed that a request for additional information would be sent during the current week.

In response to Assemblywoman Leslie, who questioned whether approval of the waiver would be based on the Catastrophic Coverage issue, Mr. Duarte indicated he expected additional questions, but no commitments. Mr. Duarte indicated that the CMS officials indicated at the March 15 meeting in Baltimore that the Catastrophic Coverage issue brought up policy questions that would require approval by individuals at the highest level of the CMS.

Assemblywoman Leslie observed that if the Catastrophic Coverage portion of the waiver was lost, the counties' incentive to participate would also be lost.

Additionally, Assemblywoman Leslie questioned the practicality of providing a premium subsidy for Employer Sponsored Insurance and also asked how eligibility would be determined for individuals with children.

Mr. Duarte indicated that the marketing focus for the program had changed, and discussions had taken place with the HCFAP third-party administrator about approaches that could be used for an ESI product. Mr. Duarte advised that rather than providing employers the opportunity to offer health-care coverage, employees would be offered assistance with health-care premium costs.

In response to Assemblywoman Leslie, who recalled that the legislation was written to include monetary participation by employers, Mr. Burns advised that the ESI would be employer sponsored. Mr. Burns explained that the marketing campaign would include a mailing to parents of children receiving SCHIP and Medicaid benefits advising them that if they had employer-sponsored insurance they could not afford, they would be provided a monthly subsidy for signing up. Mr. Burns discussed other complexities and issues, such as marketing to small businesses that did not participate in an employer-sponsored insurance program and how employees might be affected during open enrollment periods.

Assemblywoman Leslie indicated that since a response had not yet been received from the CMS, it appeared unrealistic to believe the program would become effective July 1, 2006.

Senator Titus recalled that as a member of the interim committee that developed the legislation, the committee focused on assisting small businesses to provide health insurance to their employees. Senator Titus questioned how many parents were already working in jobs that provided health insurance benefits.

Mr. Duarte responded that although some information was available in the Nevada Check Up database, the concern was only whether a child was uninsured. Mr. Duarte explained that children in the Nevada Check Up program initially had to be uninsured for at least for six months prior to becoming eligible for Nevada Check Up coverage, so it was not necessarily known if the parents had additional coverage. Mr. Duarte advised that a number of children in the Medicaid program had third-party coverage, which was used as a cost offset.

Senator Beers questioned whether resources to administer the ESI were limited, since it appeared that providing individuals coverage would be more expensive than providing it to employers, who would pay for administration of the coverage.

Mr. Duarte advised that the federal rule was that no more than 10 percent of medical expenditures could be utilized for administration, and an example was provided using a $10 million administrative cap for $100 million in medical expenditures.

In response to Senator Beers, who asked if failure of the ESI component would affect the waiver, Mr. Duarte advised that assuming the ESI component failed, there would be no HIFA Wavier since the CMS required the inclusion of ESI in the HIFA Waiver.

In response to Assemblywoman Gansert, who asked if there were requirements regarding the dollar distribution between the coverage groups, Mr. Duarte advised that funding for the coverage groups was estimated for projection purposes. Mr. Duarte indicated that caps on enrollment and expenditures had been proposed as a way of ensuring that expenditures for the three coverage groups remained balanced and consistent with proposals.

Ms. Gansert asked if funding provided for the ESI could be shifted to the other coverage groups if the ESI failed to enroll as many individuals as projected.

Mr. Duarte reiterated that although there would be no HIFA Waiver without the ESI component, some of the funds could be shifted to other categories for coverage if enrollment was less than projected.

In response to questions Senator Beers asked regarding the counties' participation in the Catastrophic Coverage Initiative, Mr. Duarte indicated an additional benefit would provide uninsured pregnant women with insurance coverage, while uninsured employees could participate in the Employee Sponsored Insurance coverage.

Mr. Burns reported that currently the Indigent Supplemental Fund was funded solely by Nevada dollars. If the Catastrophic Coverage Initiative was successful, Mr. Burns said that only 50 cents of each dollar spent under the program would be a Nevada dollar, and ultimately more could be provided for hospital bills, which was a reason the counties chose to participate. Additionally, Mr. Burns explained that the dynamics of the sources of funding were critical to the waiver.

In response to Senator Beers, who asked if the counties could initiate a halt to the catastrophic component, Mr. Duarte recalled unanimous support for the coverage during the 2005 Legislative Session. Additionally, although he preferred not to speak in terms of what the counties' concerns might be, Mr. Duarte advised that county officials would be concerned if the dollars received from the Indigent Supplemental Fund were not federalized.

Senator Beers requested agency representatives to return to the next meeting with a progress report.

Chairman Raggio agreed.

e. Division of Child and Family Services.
   5) Rural Child Welfare – Semi-annual report on the occupancy status of the new positions funded by the 2005 Legislature and all social

worker positions in rural Nevada for the period July 1, 2005 through December 31, 2005. Report required by letter of intent (2005).

Chairman Raggio announced that Division of Child and Family Services (DCFS) representatives, in response to a letter of intent, were before the Committee to provide a semi-annual report on the occupancy status of new and existing Social Worker positions in rural Nevada.

Chairman Raggio asked the DCFS representatives to comment on the 11 Social Worker III vacancies and what appeared to be a downgrading of positions.

Fernando Serrano, Administrator, DCFS, told the members of the Committee he would use the experience he had gained during the 23 years he had worked with the court system, Welfare, Probation, and Child Protective Service agencies throughout rural Nevada to help resolve Social Worker recruitment issues.

Mr. Serrano discussed a meeting with Denise Montcalm, Ph.D., Associate Professor and Baccalaureate Program Coordinator, University of Nevada, Reno (UNR) School of Social Work, regarding increasing recruitment for students for the UNR School of Social Work. Additionally, Mr. Serrano advised that Great Basin College in Elko was offering courses that met the prerequisites for application to the UNR, School of Social Work degree program. Additionally, Mr. Serrano indicated he planned to attend a town hall meeting in Pahrump to discuss Social Worker recruitment issues.

Mr. Serrano introduced Theresa Anderson, Deputy Administrator, Child Welfare Services, DCFS, who provided the Committee with specific information relative to the requests outlined in the legislative letter of intent.

Ms. Anderson advised that in January 2006, the DCFS had 11 vacant Social Worker and 3 vacant Social Worker Supervisor positions, 9 of which were new. To date, there were 24 vacancies, 8 of which were new Social Worker positions and 2 Social Worker Supervisors for a total of 5 vacant Social Worker Supervisor positions and 19 Social Workers.

Ms. Anderson discussed the DCFS efforts to recruit Social Workers for rural areas, which involved working with the Universities, as previously mentioned by the administrator, and working within the division through a letter mailing campaign and web site advertisements. Ms. Anderson advised that recruitment efforts had proved to be unsuccessful, and the allocated positions could not be filled.

Ms. Anderson indicated that DCFS staff had recently met with State Personnel representatives to review possible temporary reclassifications, and work would continue with the Universities on a proposal for a long-term solution to the problem. A recent survey of DCFS Social Workers revealed that 30 percent had been with the division less than two years and 17 percent less than six months. Ms. Anderson advised that the survey also revealed the jobs were too stressful and involved too much work, which

resulted in worker “burnout.” Ms. Anderson indicated alternatives to the current situation had to be found.

Mr. Serrano told the members of the Committee the recruitment for Social Workers was a statewide comprehensive effort that was being aggressively pursued. After speaking extensively with Mike Capello, Director of Social Services, Washoe County, and Susan Klein-Rothschild Director, Clark County Department of Family Services, he learned that Washoe County and Clark County were also experiencing difficulty in recruiting Social Workers. Mr. Serrano indicated that Child Protective Services in those large urban areas was specifically affected as a result of methamphetamine abuse and an increase in the need for foster care.

Senator Titus commented on the scholarship loan program for teachers and nurses and suggested reviewing a four-year loan program for Social Workers that would be offset by forgiving the loan for each year of practice in the state.

Ms. Anderson advised that a stipend, paid for with federal dollars, was offered for the last year of a student’s education in pursuit of a bachelor’s degree and master’s degree in Social Work. A student, in turn, would be required, after graduation, to work for a Child Welfare agency. Ms. Anderson indicated the program had only met with limited success, but reiterated that staff was encouraged by the long-distance program offered by the Great Basin College in Elko and plans to expand the program to Pahrump in the fall.

Senator Titus suggested that Nevada State College might also look at such a program. Additionally Senator Titus expressed concern regarding the impact of methamphetamine abuse on children and cautioned that while the enforcement effort was important, the children should not be forgotten.

Assemblywoman Leslie commended the division’s list of long-term solutions that included:

- a review of Social Worker salaries requested by legislators during the 2005 Legislative Session

- proposals being considered by Washoe County Department of Social Services

Assemblywoman Leslie pointed out that the situation regarding Social Worker positions had worsened since the 2005 Legislature and indicated a resolution was needed before the Legislature convened in 2007.

Mike Willden, Director, Department of Health and Human Services, indicated the Personnel Task Force, on which he served, was working to resolve recruitment issues and large numbers of vacancies for difficult-to-recruit for positions, such as Social Workers, Nurses, and workers for the new mental health hospital.

Mr. Willden said the Personnel Task Force was studying salaries, an initiative for signing bonuses, and rural differential pay, which he said could be attractive for some classifications. Mr. Willden indicated he was uncertain, however, whether any of the ideas being pursued by the Task Force could be initiated without legislative approval.

Additionally, Mr. Willden discussed working with his counterpart in Arizona, who had succeeded in combining the university education system with the Child Welfare system. Students in one building worked on education classes for a part of the day and casework for the remainder of the day.

Assemblywoman Leslie indicated the situation had reached a crisis point and asked if the division staff planned to return to a subsequent IFC meeting to provide a plan to fill vacant positions.

Mr. Willden indicated he was hopeful that a plan could be addressed at a subsequent meeting. Mr. Willden also advised that an inability to hire highly-trained professionals would result in filling positions with interns and supervised paraprofessionals. Mr. Willden advised that a series of personnel forms had been submitted to the Personnel Office to hire interns and paraprofessionals for the mental health system.

Assemblywoman Leslie indicated the Social Worker vacancy problem was recognized during budget subcommittee hearings, but unless the division developed a “concrete plan,” there was not much the legislators could do to provide assistance.

Chairman Raggio reminded the division and department officials that the letter of intent required IFC approval prior to utilizing alternative position classifications or downgrading Social Worker positions.

Assemblywoman Giunchigliani asked for comments on what was needed to accomplish the division’s short-term solution to convert the value of one Social Worker position to contract for foster and adoptive parent home studies and child social summaries.

Diane Comeaux, Deputy Administrator, DCFS, advised that DCFS representatives would appear before the IFC in June with a work program requesting the transfer of funds from the Salary Category to the Operating Category to convert the value of one Social Worker position. Ms. Comeaux further advised that in the meantime, grant funding would be used to hire contractors.

In response to Assemblywoman Giunchigliani’s request for additional information regarding the value of a Social Worker position, Ms. Comeaux advised that the salary and benefit costs for a Social Worker position would be transferred from the Salary Category to the Operating Category to contract for staff to work in specific areas depending on their qualifications.

Additionally, Ms. Comeaux said a number of meetings had taken place with State Personnel staff to review various classifications that could be under filled for

licensed Social Workers, such as Family Support workers. Ms. Comeaux advised that the grade level for a Family Support Worker was so low that if used at all would be used for duties that did not require a degree, such as transporting clients. Ms. Comeaux also indicated DCFS representatives were working with State Personnel to develop a long-term plan and for assistance with the most immediate vacancies.

Assemblywoman Giunchigliani cautioned DCFS staff, when under filling positions, not to lose sight of the fact that licensed Social Workers should be receiving higher salaries than they were currently receiving.

Assemblywoman McClain asked DCFS staff to consider retirees in filling future personnel needs, especially in the health-care field. Assemblywoman McClain indicated retirees should be given some incentive to work, such as flexible hours, health care insurance, and removal of the Public Employees Retirement System (PERS) penalty for working after retirement.

8) Child Welfare – Future funding plan response to IFC providing Genera Fund analysis of the "swap."

Diane Comeaux, Deputy Administrator, Division of Child and Family Services (DCFS), appeared before the Committee in response to a request, during the November 9, 2005 IFC meeting, for an analysis of the General Fund impact to the state if a child welfare future funding plan including the "swap" would have been implemented following the 2003 Legislative Session.

Copies of the requested analysis and supporting documentation (Exhibit F) were provided to the members of the Committee in their meeting packets, and Ms. Comeaux presented the following overview:

- Washoe and Clark Counties would retain their current responsibility for "front-end services" related to salaries, benefits, and operating.

- A "swap" of costs would occur between the state and the two counties under which the state would resume responsibility for the costs of the Medicaid County Match/Long-term Care program, and the two counties would resume responsibility for all "back-end" child-welfare costs related to salaries, benefits and operating.

- The remaining "front-end" and "back-end" costs (primarily placement costs) would be shared based on a formula that considered the relative share of costs borne by the counties and state after the "swap" was taken into account.

- The cost for higher levels of care would remain the state's responsibility.

- A one-time "true-up" was proposed for Washoe County at the end of the 2003-2005 biennium and Clark County at the end of the 2005-2007 biennium to

ensure that the percentages utilized in the funding formula reflected actual experience and the growth of the County Match program had not significantly outpaced the growth of child welfare.

Ms. Comeaux pointed out that the original September 2002 proposal, which projected the cost of the "swap" through fiscal year 2009 and the cost estimates for Child Welfare Services for fiscal year 2004 and fiscal year 2005 was reflected on page 2 of the analysis (Exhibit F).

Chairman Raggio asked if there were plans to request that a funding formula be included in *The Executive Budget* for the 2007-09 biennium.

Mike Willden, Director, Department of Health and Human Services, advised that a proposal to include a funding formula that would swap the county match for some piece of the child welfare system was being planned for inclusion in *The Executive Budget* for the 2007-09 biennium. Mr. Willden advised that the detail regarding the child welfare system portion was being developed. Additionally, Mr. Willden pointed out that currently the child welfare costs were "growing" faster than county match long-term care costs.

In response to Chairman Raggio, who questioned the impact of a change in federal assistance, Mr. Willden indicated that although some difficulties would be encountered, all of the participants were hopeful the detail of the swap could be worked out.

In response to Chairman Raggio, who asked if the shortfall in Clark County child welfare expenses was factored into the analysis, Ms. Comeaux advised that the projected shortfall was not reflected in the numbers.

Chairman Raggio asked that the Committee be made aware of any changes that occurred in the plan before the 2007 Legislative Session convened in order to ensure that fair and equitable decisions were made on how to proceed in the future.

f. Health Division – Status report on possible cost containment measures for Aids Drug Assistance Program (ADAP).

Alex Haartz, Administrator, Health Division, Department of Health and Human Services, identified himself for the record and introduced Richard Whitely, Deputy Administrator, and Amy Roukie, Administrative Services Officer, Health Division, Department of Health and Human Services. Mr. Haartz referenced the *ADAP* (*Aids Drug Assistance Program) Informational Report* (Exhibit G) that had been provided to the Committee prior to the meeting.

Chairman Raggio acknowledged that the *ADAP Informational Report* had been received by the members of the Committee and asked that the report be made a part of the record.

Mr. Haartz advised that representatives from the University Medical Center (UMC) of Southern Nevada Wellness Center, the southern Nevada provider, and Northern Nevada HOPES, the northern Nevada provider, were in the audience.

Ms. Roukie provided the presentation on the *ADAP Informational Report* in response to a request during the January 26, 2006 Interim Finance Committee meeting, that representatives of the Health Division evaluate the cost-containment strategies related to the potential shortfall in the Aids Drug Assistance Program (ADAP). Subsequently, Ms. Roukie said that Division representatives participated in two meetings with identified stakeholders that included representatives from the provider community, the counties and the consumers.

Ms. Roukie reported that the outcome of those meetings was a determination that there would be a systematic review of the ADAP to evaluate the best mechanism to maximize the resources and provide pharmaceuticals to those in the program. The information provided in the *ADAP Informational Report* (Exhibit G) detailed the cost-containment options that were explored. Ms. Roukie advised that the Division planned to institute the options defined in the packet including:

- the transition of eligibles to Medicare Part D prescription coverage

- capping enrollment at the level that would remain following transition to Medicare Part D and evaluating the current eligibility criteria being utilized to assure that those enrolled were eligible

- ongoing evaluation of the management of statewide resources with a plan to keep staff informed

As previously indicated, Chairman Raggio advised that the *ADAP Informational Report* (Exhibit G) would be made a part of the record.

Chairman Raggio asked that quarterly reports on the financial status of the ADAP including any estimates of cost savings that resulted from the implementation of proposed cost-containment alternatives be provided to the Committee's staff.

Mr. Haartz agreed to provide quarterly reports as requested.

8. DEPARMENT OF CORRECTIONS
   a. Therapeutic Community Programs – Report on the operation of the programs as required pursuant to NRS 209.4244.

Glen Whorton, Director, Department of Corrections, advised the Committee, that the Department of Corrections had submitted its annual report (Exhibit H) on therapeutic community programs being operated within the state's correctional system. Mr. Whorton indicated that two programs were being operated, one by a private

contractor at the Northern Nevada Correctional Center, and another operated by the Department of Corrections at the Southern Desert Correctional Center.

Mr. Whorton introduced Dorothy Nash Holmes, Deputy Director, Correctional Programs Division, Department of Corrections.

In response to questions Chairman Raggio asked regarding the programs, Ms. Holmes identified the therapeutic program operated at the Northern Nevada Correctional Center, for individuals addicted to drugs and alcohol, as the WINGS (Willing Inmates in Nevada Gaining Sobriety) Program. Ms. Holmes reported that WINGS was operated by a private contractor as a 172-bed intensive treatment program "running" between six and twelve months in duration.

Chairman Raggio noted the report provided by the Department did not include the number of offenders currently participating in the WINGS Program.

Ms. Holmes explained that as a result of staffing issues, the WINGS Program's 172-bed facility had not been continually utilized to its fullest extent. Staffing issues had been resolved, and Ms. Holmes advised that during the last four or five months at any given time, only ten beds might remain unoccupied.

In response to questions Chairman Raggio asked regarding tracking statistics, Ms. Holmes advised that the position, filled by the employee whose entire time was devoted to tracking and maintaining statistics, was eliminated with the reduction of federal funding. Ms. Holmes reported that with the resolution of turnover and training issues, it was believed the contractor would begin tracking and maintaining statistics.

In response to Chairman Raggio, who asked how much the contractor was being paid, Ms. Holmes said the current budget, approved by the 2005 Legislature, amounted to $635,000 a year. However, Ms. Holmes advised that the federal Residential Substance Abuse Treatment (RSAT) funds available for 2006 amounted to only $124,000, of which the federal share was 75 percent or $93,249. Ms. Holmes advised that although funding was expected to be eliminated in 2007, it was difficult to know what would happen since funding was reinstated after previous attempts for elimination.

In response to the Chairman, who commented on the General Fund appropriation to the program, Ms. Holmes advised that Nevada's share of federal funds in 2005 was reduced from $600,000 to $336,183 and in order to bring the funding up to the value of the contract, funding from the General Fund and the Inmate Welfare Fund was increased.

In response to the Chairman's request for information regarding the recidivism rate, Ms. Holmes reported the following:

- 17.75 percent recidivism rate, determined by the contractor for the WINGS program

- o 14 to 15 percent average recidivism rate for the OASIS (Offenders Acting in Solidarity to Insure Sobriety) Program, a full-time treatment resource to Southern Nevada male inmates operated by the Department of Corrections

Additionally, Ms. Holmes reported that the ARCH (Addiction Recovery and Commitment to Healing) Program was the Department's therapeutic community for women at the Southern Nevada Women's Correctional Center in North Las Vegas. Ms. Holmes advised that the 50 beds available under the operation of the Corrections Corporation of America (CCA), a private company, were increased to 70 when the Department took over the operation.

In response to a question from Chairman Raggio regarding funding for the ARCH Program, Ms. Holmes explained that when the Department took over operations for the Southern Nevada Women's Correctional Center from the CCA, the budget included funding for two substance abuse counselors.

Assemblywoman Leslie asked if the Department planned to request state funding in *The 2007-2009 Executive Budget* for the WINGS Program.

Ms. Holmes advised that funding would be requested based on the fact that therapeutic programs were "desperately needed." Ms. Holmes said that inmate intake information provided that 60 to 80 percent of the individuals entering the prison system had drug and alcohol problems, and upon being tested, the Department could validate addiction in 60 percent of the individuals.

In response to Assemblyman Marvel, who asked about a drug treatment program in Lovelock, Ms. Holmes advised that although Frontier Health Services, a private enterprise, had discussed beginning a volunteer program, a program had not yet materialized.

In closing remarks, Ms. Holmes said that although lacking the resources, several substance abuse counselors and therapeutic treatment programs were needed at every Department of Corrections' facility in the state.

Chairman Raggio extended his appreciation to the Department of Corrections' staff for their presentation.

9. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
   - b. Division of Forestry
     1. Notification of the intent to transfer all emergency services in the Washoe County portion of the Sierra Fire Protection District to a "new" NRS 473 Fire District operated by Washoe County.

Pete Anderson, State Forester, Nevada Division of Forestry, Department of Conservation and Natural Resources, introduced Jennifer Kizer, Administrative Services

Officer IV, Nevada Division of Forestry, Department of Conservation and Natural Resources. Mr. Anderson appeared before the Committee to report on the Nevada Division of Forestry's (NDF) intent "to transfer all emergency services in the Washoe County portion of the Sierra Forest Fire Protection District (SFFPD) to a "new" NRS 473 Fire District operated by Washoe County.

Mr. Anderson told the Committee that during the past five years NDF representatives had worked with Washoe County officials and citizens groups in the SFFPD "to analyze options to consolidate portions of the fire protection district with either Washoe County or the City of Reno." Mr. Anderson explained that significant changes had occurred in the affected area over the past 15 years with U. S. Forest Service acquisition of much of the once private forestland along the top of the Carson Range and expansion of urban development in the Truckee Meadows. Those changes, Mr. Anderson indicated had resulted in a fire protection district that was no longer contiguous and difficult to manage.

Mr. Anderson further advised that the Washoe County Board of County Commissioners unanimously voted to move forward with the transition, and the transition team was working through an inter-local agreement to facilitate the movement of emergency services to Washoe County. Mr. Anderson indicated the transfer to a new fire district operated by Washoe County would provide an improved level of service for the affected area and would allow the NDF to focus on its mission of wild land fire and natural resource management.

In response to Chairman Raggio, who asked for additional information regarding Washoe County's takeover, Mr. Anderson indicated that 43 NDF positions as well as equipment and facilities, currently operated by the NDF, would be transferred to Washoe County. The new NRS 473 Fire District would be operated by Washoe County, and the taxpayers of the district would continue to pay for its operation.

In response to questions Chairman Raggio asked regarding the NDF budget, Mr. Anderson advised that historically Washoe County had paid a portion of the funds collected for the CNR Forestry Inter-Governmental Agreements, Budget Account 4227, through which the NDF managed county fire districts.

In response to additional questions Chairman Raggio asked about the NDF relationship with the fire protection district after the transfer, Mr. Anderson advised that Washoe County would be the lead entity in the management of the remaining portion of the affected area. Although Washoe County would hold responsibility for the daily operation of the district, mutual-aid agreements would be utilized to provide NDF aircraft and conservation camp crews as needed on a billable basis.

In response to Chairman Raggio, who asked for comments regarding the benefit of a new NRS 473 Fire District, Mr. Anderson reiterated that the affected area had significantly changed over the years from wild land to urban high-density streets, subdivisions, and fire hydrants. Additionally, Mr. Anderson indicated that as the City of

Reno continued to annex into the district, diminishment of the tax base meant the needs of the 43 employees being transferred would be better met by Washoe County.

In response to Chairman Raggio, who questioned Washoe County's budgeted portion of the administrative assessment to NDF's administration budget, Mr. Anderson explained that Washoe County had agreed to continue to pay its budgeted portion of the administrative assessment to the NDF only through the end of fiscal year 2007.

In response to Chairman Raggio, who asked what changes residents would see, Mr. Anderson advised that the only discernable changes would be firefighters in a different uniform and different colored truck. Additionally, Mr. Anderson indicated that initially the response time would be the same, but as growth continued and multiple new stations were constructed, firefighters would have the ability to more quickly respond to emergency situations.

In response to Chairman Raggio, who questioned the City of Reno's involvement, Mr. Anderson advised that the City would be involved at some point in the near future at which time city and county officials would negotiate another agreement.

In response to Assemblywoman Smith, who asked how the transition affected the group of firefighters, who were not included in the 2005 salary increase, Mr. Anderson advised that NDF had firefighters in all county fire districts, but the greater number of those firefighters would be transferred out of the NDF to Washoe County.

b. Division of Forestry
   2. Department of Conservation and Natural Resources – Nevada Division of Forestry (NDF). Report on expenditures from the $2.5 million allocation from the Contingency Fund on September 15, 2005 and amended on January 26, 3006 for fire suppression, emergency response, and flood activity.

Chairman Raggio expressed concern that reimbursement from the Federal Emergency Management Agency (FEMA) for the $2.5 million Contingency Fund allocation to the Nevada Division of Forestry (NDF) on September 15, 2005 for fire suppression, emergency response, and flood activity had not yet been requested. Chairman Raggio asked Division representatives for a report on the status of the reimbursement requests.

Pete Anderson, State Forester, Division of Forestry, Department of Conservation and Natural Resources, discussed the NDF's efforts to correct problems encountered in their conversion to a new computer software system in the fall of 2005. Mr. Anderson advised that NDF staff were working to ensure the accuracy of bills submitted to FEMA.

Jennifer Kizer, Administrative Services Officer IV, Division of Forestry, Department of Conservation and Natural Resources, advised that staff were currently working to ensure billing accuracy through an auditing process since the data was initially inaccurately entered into the billing system. Ms. Kizer indicated the new system was

being reviewed to ensure accuracy and that invoices could be produced that were presentable to the federal agencies for reimbursement. Ms. Kizer indicated she hoped to mail invoices by the end of May 2006.

In response to additional concerns expressed by the Chairman, Ms. Kizer, acknowledged that internal problems had delayed the billing process, but again expressed her intent to mail invoices by the close of May 2006 and to receive reimbursement by the close of the fiscal year. Ms. Kizer projected the receipt of approximately $380,000 in reimbursements for fire billings and about $600,000 in reimbursements for the flood by the close of the fiscal year.

Chairman Raggio reminded the agency representatives that the Interim Finance Committee's Contingency Fund had been diminished and that the reimbursements were important to both the NDF and to the Committee.

In response to Assemblyman Marvel, who questioned whether the $380,000 and $600,000 reimbursement amounts were all that could be billed, Ms. Kizer advised that those amounts were correct based on current information.

Assemblyman Marvel expressed concern that another fire season was quickly approaching and that even with the reimbursements, there would not be enough funding for the new fire season.

Ms. Kizer advised that with reimbursements received at the close of the year, the NDF would revert $1.8 million by June 30, and depending on the fire season, additional Contingency Funds or a supplemental appropriation would be requested from the Legislature.

Chairman Raggio asked that the Committee be provided an update on the status of the FEMA reimbursements at the June meeting.

14. DEPARTMENT OF TAXATION
    b. Financial status report on White Pine County

Charles Chinnock, Executive Director, Department of Taxation, identified himself for the record and introduced Terry Rubald, Chief, Division of Assessment Standards, and Dino Dicianno, Deputy Executive Director, Department of Taxation. It was announced that Mr. Dicianno would assume the position of Executive Director upon the retirement of Mr. Chinnock on April 7, 2006.

Mr. Chinnock referenced documents (Exhibit I) provided to the Committee that included:

- *White Pine County Financial Condition Status Report as of March 20, 2006*

- White Pine County "cash flow sheet" that reflected finances prior to a reduction in force

- White Pine County “cash flow sheet” that reflected finances with the reduction in force

- White Pine County “cash flow sheet” that reflected the relationship between expenses and revenue

Mr. Chinnock provided an overview of the *White Pine County Financial Condition Status Report* that included the following action by the Department of Taxation on behalf of White Pine County:

- Child Support Services would be transferred from Ely on April 17, 2006 to the Division of Welfare, Child Support Services. The Department of Taxation would provide assistance with the actual cost of the transfer.

- All reductions in force had been completed.

- The Department of Taxation staff continued to monitor expenditures on a daily basis.

- The Department of Taxation staff met with White Pine County department officials to develop a long-term strategic plan and to implement control and communication mechanisms.

- An enterprise fund was created for the golf course department “to recognize that the golf course would be operated as a business and would not be dependent upon the general fund of White Pine County for any subsidies.”

Ms. Rubald reported that the Department of Taxation (DOT) staff had been working with White Pine County officials to develop a budget for the 2006-2007 fiscal year that would focus on expense mitigation and a reduction in the services and supplies categories by 10 percent.

Ms. Rubald projected a “small” but positive ending fund balance that could be brought forward to fiscal year 2007. Additionally, an increase in the Net Proceeds of Minerals Tax was projected, which would be saved for future needs through the Budget Stabilization Fund.

Ms. Rubald reported that the White Pine County Commissioners had approved a 2 percent franchise fee on electric and telecommunication utilities, which was expected to generate approximately $400,000 in the 2006-2007 fiscal year. Ms. Rubald indicated, however, that a recommendation had not yet been made to the Tax Commission regarding the level to which property tax should be increased. Although the Tax Commission had the ability to increase the property tax rate to the highest level of $4.50, Ms. Rubald indicated it appeared unnecessary to do so.

In response to Assemblyman Marvel, who asked how the 3 percent property tax cap would affect White Pine County, Mr. Chinnock reported that projections indicated that increasing the property tax rate to $3.90 would provide $1.2 million in revenue and every 10 cents above the $3.90 rate would provide an additional $200,000. A $4.50 rate would take advantage of any new property, including personal property and for example, mining equipment. Mr. Chinnock pointed out, however, that the revenue enhancements being established were temporary and would eventually be eliminated, and that one of the goals of the recovery plan was to look at other long-term revenue generators and enhancements.

In response to a question Senator Rhoads asked regarding the intervention into White Pine County's fiscal affairs, Ms. Rubald referenced *Nevada Revised Statutes* (NRS) 354.685 that outlined the conditions requiring the Department of Taxation to take over management of a local government under severe financial emergency.

As previously indicated, Mr. Chinnock indicated progress had been made during the last year in better communication with city and county officials providing the opportunity to establish inter-local agreements.

In response to Mr. Chinnock, who discussed the need to promote a community culture in White Pine County, Ms. Rubald indicated that city and county officials were encouraged to communicate through the Committee on Local Government Finance (CLGF) and had been invited to the CLGF meeting on April 17, 2006 to explain what their priorities were. Ms. Rubald indicated Department of Taxation representatives were optimistic that better communication would change the culture in White Pine County to one that was more community oriented.

Mr. Chinnock discussed a proposal to fill the Finance Director position and to hire a county manager that would be funded by the state for a two-year period beginning July 1.

Additionally, Mr. Chinnock advised that the governmental services tax (GST) on vehicle registrations had been increased by 1 cent and was expected to enhance revenues for the balance of the 2006 fiscal year by $30,000. In response to a question Chairman Raggio asked, Mr. Chinnock indicated the GST was applicable within the entire county.

Mr. Chinnock reported that the lodging tax had been increased by 1 percent and was expected to bring in $25,000 for the balance of fiscal year 2006.

The requirements for implementing the increase in the sales tax by ¼ of 1 percent had been completed, and collections were expected to begin on July 1, 2006.

Mr. Chinnock advised that the enhancements had been approved by the Nevada Tax Commission and reiterated that the revenue provided by the enhancements would have to be replaced in five years.

Mr. Chinnock reported that the Kafoury Armstrong report had been completed and was available for distribution. The report reflected that approximately $2.8 million in adjustments were made to White Pine County's journal entries and 2004 audit recommendations had been reviewed to determine if recommendations had been implemented.

Mr. Chinnock advised that as Executive Director he planned to disperse the first $200,000 of the $500,000 revolving loan available to the County. Mr. Chinnock explained the county was required to repay the loan within a year of the draw, and funds were only to be withdrawn as needed.

In response to Chairman Raggio, who questioned the county's ability to repay the loan in a year, Mr. Chinnock indicated an account for repayment had been established for which funding would be set aside.

Mr. Chinnock advised that the Department of Taxation was participating in meetings as a member of the White Pine Water Committee negotiating team and with County Commissioners and Southern Nevada Water Authority to discuss agreements on the development of water rights and resolution of various water issues between the two entities.

In response to Assemblyman Seale, who questioned bond payments, Ms. Rubald advised that White Pine County had an $800,000 debt for which a payment plan had been established and was not in danger of defaulting on repayment of the debt.

Chairman Raggio congratulated Mr. Chinnock on his retirement and Mr. Dicianno on his appointment as Mr. Chinnock's successor.

In response to Senator Titus, who asked about the status of the lawsuit regarding the tax issue with the Power Company, Mr. Chinnock advised that issue was being negotiated with the attorneys representing the Nevada Tax Commission, Southern California Edison and the Office of the Attorney General. Mr. Chinnock said that a declaratory judgment was being sought in order to get a court sponsored decision on a definition of the open meeting law.

M. PUBLIC COMMENT.

The Chairman opened the hearing to public comment.

There was no public comment.

N. ADJOURNMENT.

The next meeting of the Interim Finance Committee was scheduled for June 13, 2006.

Chairman Raggio adjourned the hearing at 4:22 p.m.

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Senator William J. Raggio, Chairman
Interim Finance Committee

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

EXHIBITS INTERIM FINANCE COMMITTEE		
Exhibit	**Witness/Agency**	**Description**
A	Legislative Counsel Bureau Fiscal Analysis Division	Agenda
B	Legislative Counsel Bureau Fiscal Analysis Division	Guest List
C	Legislative Counsel Bureau Fiscal Analysis Division	ITEM L – INFORMATIONAL ITEMS
D	Renee Diamond, Administrator, Division of Manufactured Housing	Letter from the Nevada Manufactured Housing Association dated February 8, 2006
E	Charles Duarte, Administrator, Division of Health Care Financing and Policy	Nevada HIFA Background and Discussion Materials for the State of Nevada HIFA Application
F	Diane Comeaux, Deputy Administrator, Division of Child and Family Services	Child Welfare Future Funding Plan
G	Alex Haartz, Administrator, Health Division	*ADAP Informational Report*
H	Glen Whorton, Director, Department of Corrections	Therapeutic Community Programs – Report on the operation of the programs as required pursuant to NRS 209.4244
I	Chuck Chinnock, Executive Director, Department of Taxation	*White Pine County Financial Condition Status Report as of March 20, 2006* White Pine County "cash flow sheet" reflecting the effect and status of finances prior to a reduction in force White Pine County "cash flow sheet" reflecting the effect and status of finances with the reduction in force White Pine County "cash flow sheet" reflecting the relationship between expenses and revenue