

**MINUTES OF THE MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada**

A regular meeting of the Interim Finance Committee was called to order by Chairman William J. Raggio, on February 8, 2001, at 8 a.m., in Room 4100 of the Legislative Building, in Carson City, Nevada.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chairman
Assemblyman Morse Arberry, Jr., Vice Chairman
Senator Lawrence E. Jacobsen
Senator Bernice Mathews
Senator Joseph M. Neal, Jr.
Senator William R. O'Donnell
Senator Raymond D. Rawson
Assemblyman Bob Beers
Assemblywoman Barbara K. Cegavske
Assemblywoman Vonne Chowning
Assemblywoman Marcia de Braga
Assemblyman Joseph E. Dini, Jr.
Assemblywoman Christina R. Giunchigliani
Assemblyman David E. Goldwater
Assemblyman Lynn Hettrick
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblyman David R. Parks
Assemblyman Richard D. Perkins
Assemblywoman Sandra J. Tiffany

COMMITTEE MEMBERS ABSENT:

Senator Bob Coffin, Excused

LEGISLATIVE COUNSEL BUREAU STAFF:

Brenda J. Erdoes, Legislative Counsel
Gary Crews, Legislative Auditor
Gary Ghiggeri, Fiscal Analyst, Senate
Mark W. Stevens, Fiscal Analyst, Assembly
Robert Guernsey, Principal Deputy Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Yhvana Martin, Secretary

A. ROLL CALL.

In the absence of Mr. Lorne Malkiewich, Director, Legislative Counsel Bureau (LCB), Ms. Brenda Erdoes, Legislative Counsel, called the roll and announced that a quorum of each committee was present.

B. APPROVAL OF MINUTES FROM THE DECEMBER 4, 2000, MEETING.

SENATOR RAWSON MOVED TO APPROVE THE MINUTES OF THE INTERIM FINANCE COMMITTEE'S MEETING OF DECEMBER 4, 2000. SECONDED BY SENATOR MATHEWS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

C. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES IN ACCORDANCE WITH *CHAPTER 353, NEVADA REVISED STATUTES*.

Chairman Raggio requested testimony on the following work programs included in Volume I of the meeting packets: items 1, 4, 5, 13, 28, 29, 30, and 34. Volume II: items 36, 38, 39, 41, 46, and 76. Volume III: items 81, 83, and 84.

MR. PARKS MOVED TO APPROVE ALL ITEMS NOT PREVIOUSLY ENUMERATED ABOVE. SECONDED BY MRS. CEGAVSKE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

1. Office of the Attorney General – Victims of Domestic Violence – FY 01 – Transfer of \$3,000 from the Reserve category to the Training category and \$32,176 from the Reserve category to the Program Expenses

category to certify and monitor programs for the treatment of persons who commit domestic violence and to train law enforcement, legal and judicial personnel about domestic violence.

Chairman Raggio called attention to an error in the narrative for the request in item 1. He noted that the fiscal year should be 2001 instead of 2000. Chairman Raggio said he would entertain a motion to approve the request as amended.

MS. LESLIE MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

2. **Office of the Attorney General – Domestic Violence Program – FY 01** – Addition of \$1,156,000 in the Federal STOP Grant to continue the development and strengthening of law enforcement and prosecution strategies addressing violent crimes against women and the development and strengthening of victim services in cases involving violent crimes against women.

Refer to motion for approval under item C.

3. **Office of the Attorney General – Domestic Violence Program – FY 01** – Addition of \$400,000 in Civil Legal Assistance Grant to strengthen direct civil legal assistance available to domestic violence victims through a subgrant to the Volunteer Lawyers of Washoe County.

Refer to motion for approval under item C.

4. **Office of the Controller – FY 01** – Addition of \$189,606 in the Balance Forward to continue implementation of Integrated Finance System (IFS) rollout to state agencies.

Mr. Mark Winebarger, Chief Deputy Controller, apprised the Committee that the requested amount of \$189,606 to continue implementation of the IFS rollout to state agencies was incorrect. According to Mr. Winebarger, in September of 2000, the Controller's Office balanced forward from FY 1999-2000 to FY 2000-2001 only \$83,817 of the \$189,606 that was previously authorized to support the IFS Project. Mr. Winebarger provided a handout to the Committee detailing the request, a copy of which is included in the meeting minutes as Exhibit A.

It was Chairman Raggio's understanding that the reason this request had been brought forward to the Committee for approval at this time was because the Controller's Office had not received prior approval from the Committee before the funds to support this project were balanced forward in September of 2000. Chairman Raggio said he would assume this was an oversight on the part of the Controller's Office and that the Controller's Office would in the future request prior approval before balance forwarding funds, even when those particular funds had been previously authorized. Mr. Winebarger acknowledged that it was an oversight and that Chairman Raggio's cautionary remarks had been duly noted.

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST. SECONDED BY MR. ARBERRY AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

5. **Department of Education – Discretionary Grants, Unrestricted – FY 01** – Addition of \$1,848 in the Federal Class Size Reduction and a Transfer of \$3,094,043 from the Reserve category to the Federal CSR Aid to Schools category to provide pass-through funding to local school districts to allow them to meet current contractual obligations.

In providing background information, Chairman Raggio noted that the Department of Education submitted a work program to the Interim Finance Committee at the September 12, 2000, meeting to augment federal funding in the amount of \$6.1 million for the Class-Size Reduction Program. After a lengthy discussion and based on a recommendation from the Department that \$3 million would be sufficient to cover the contracts for teachers, the Committee authorized the Department to expend up to \$3 million of the anticipated federal funding for the Class-Size Reduction Program and reserve the remaining \$3.1 million until the 2001 Legislature convened. Chairman Raggio thought it would be helpful to hear how the \$3 million had been utilized.

Prior to providing his presentation, Mr. Douglas Thunder, Deputy Superintendent, Administrative Services, Department of Education, said he wished to introduce the new Superintendent of Public Instruction, Dr. Jack McLaughlin.

Chairman Raggio recognized Dr. McLaughlin and welcomed him to Nevada and the legislative process. Since this was his first appearance before the Interim Finance Committee, Chairman Raggio invited Dr. McLaughlin to provide information on his background in the field of education. Dr. McLaughlin apprised the Committee that he had worked in the State of California school system for 37-1/2 years, the last 27 years of which were as Superintendent of Schools in the California school districts of Irvine, Sunnyvale, Hemet, Riverside, and Berkeley. Dr. McLaughlin said he hoped his varied experience in the field of education would help him deal with the issues facing Nevada now and in the future. Dr. McLaughlin said he was excited about his new opportunity and that he had met a number of legislators over the past couple of weeks and he was impressed with their dedication and commitment.

With less than half of the school year remaining, it was Chairman Raggio's understanding that a total of \$1.8 million, or less than 60 percent of the \$3 million in Federal Class-Size Reduction funds approved by the Committee for distribution, had been distributed to the school districts in the FY 2001 school year and he wondered why the entire \$3 million had not been distributed and why the Committee was being asked to authorize the remaining \$3.1 million at this time.

Mr. Thunder acknowledged that the Interim Finance Committee, at its September 12, 2000, meeting, had approved the receipt of the federal grant for the Federal Class-Size Reduction Program in the amount of approximately \$6 million. In addition, the Interim Finance Committee requested that approximately \$3.1 million of that \$6 million be placed in reserve until the 2001 Legislative Session convened. Mr. Thunder indicated that \$3 million had been subgranted to the school districts to pay for Federal Class-Size Reduction teachers. Since these teachers have been hired for the full school year, Mr. Thunder said the balance of the funding would be used to continue those teachers for the remainder of the current school year. Although this federal grant funding has a lifespan of 27 months, Mr. Thunder said the funding was being disbursed in the first year of the grant. He said he was requesting to carry forward a small amount, approximately \$1,800, remaining from the first year. Mr. Thunder told the Committee that the Department of Education anticipates receiving another federal grant. Although he did have the specific amount of the federal grant readily available, he indicated it was supposed to be somewhat larger than the previous grant. Mr. Thunder also said he would be including this information in his presentation to the money committees.

Chairman Raggio said he was having difficulty understanding why all of the \$3 million had not been distributed to the school districts. Also, since it was his understanding that the federal grant funding could not be used to supplant the state initiative on class-size reduction, Chairman Raggio wanted to know what type of criteria was presented to ensure that the mandate was honored. Mr. Thunder stated that the application process describes how the funds are to be used. Mr. Thunder maintained that the \$1.8 million to which Chairman Raggio had referred previously represents the actual cash that has been distributed to the school districts. According to Mr. Thunder, the total amount of funds available to the school districts are indicated on the subgrant awards and the school districts draw those funds when they are needed as the school year

progresses. Since significant progress has been made in the Class-Size Reduction Program in Nevada, Mr. Thunder indicated that Nevada has the flexibility to use the federal funding to reduce class size in other grades, as well as for professional development activities.

After disclosing that she was a special education teacher, Ms. Giunchigliani asked Mr. Thunder if the Board of Education anticipates crafting a plan that would address the concerns expressed earlier by Chairman Raggio about better utilization of the federal funds, as an example, to obtain kindergarten class-size reduction. Mr. Thunder said he had not officially heard about such a plan, but he would convey Ms. Giunchigliani's suggestion to the Board of Education.

Since Dr. McLaughlin was not present when the budgets were first heard, Mrs. Cegavske said she wished to reiterate that the Department of Education was losing out by not having a grants writer on staff. Mrs. Cegavske also agreed with Ms. Giunchigliani about the need for a plan to address the utilization of federal funds.

To address Mrs. Cegavske's remarks, Dr. McLaughlin indicated that he had been an aggressive grants writer throughout his career and he looked forward to presenting several of his suggestions at a future date.

MS. GIUNCHIGLIANI MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. DE BRAGA.

Chairman Raggio requested that the Department of Education keep the legislative Fiscal Analysis Division staff apprised of the requests that are forthcoming from the school districts, as well as the amounts distributed, so that the Committee would be able to have a better understanding of the types of criteria being utilized in making the determinations.

To respond to a question from Chairman Raggio, Mr. Thunder indicated that the Department of Education had been notified unofficially the new federal grant award would be received within the next 6 weeks.

Since there were no further comments or questions from the Committee, Chairman Raggio called for a vote on the motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Disclaimer: Ms. Giunchigliani said she was a special education teacher in the Clark County school system, but she had no conflict of interest in this request.

6. **Department of Education – IASA Title Grants – FY 01** – Addition of \$2,688 in the Migrant, \$2,907 in the Neglected, \$873 in the Comprehensive School Reform, \$46,232 in the Prior Year Refunds and a Deletion of \$16,008 in the Capital Expenditures, \$47,551 in the Title I Basic and a Transfer of \$38,487 from the Reserve category to the Basic Aid to Schools category to align federal grant awards with State fiscal year 01 authority and move reserves to the Aid to Schools.

Refer to motion for approval under item C.

7. **Department of Education – School to Careers – FY 01** – Addition of \$950,000 in the School to Work Opportunities Grant to recognize the final grant award for School to Careers. The grant must be obligated by December 31, 2001.

Refer to motion for approval under item C.

8. **Department of Administration – Motor Pool Division – FY 01** – Addition of \$103,000 in Outside Vehicle Rentals to allow for projected costs for outside vehicle rentals due to decreased number of Motor Pool cars available for daily rentals.

Refer to motion for approval under item C.

9. **Department of Administration – Purchasing Division – Commodity Food Program – FY 01** – Transfer of \$65,000 from the Reserve category to the Operating category to provide funding for unbudgeted purchasing assessment charges and increased contract costs for cold storage of perishable food.

Refer to motion for approval under item C.

10. **Department of Administration – Buildings and Grounds Division – FY 01** – Transfer of \$29,500 from the Reserve category to the Equipment category and \$66,000 from the Reserve category to the Building Renovation category to allow for purchase of x-ray machine in the Governor's Office basement to replace the current 20-year old machine and to allow for increased renovation costs on the contract for the following replacement in the Sahara Las Vegas building.

Refer to motion for approval under item C.

11. **Department of Administration – Buildings and Grounds Division – FY 01** – Transfer of \$255,000 from the Reserve category to the Operating category to allow for stale claims and pay for increases in janitorial contract costs in FY 01.

Refer to motion for approval under item C.

12. **Department of Administration – Board of Examiners – Victims of Crime – FY 01** – Transfer of \$38,000 from the Reserve category to the Bail Bond Refunds category to allow for projected expenditures through June 30, 2001.

Refer to motion for approval under item C.

13. **Department of Information Technology – DoIT, Director's Office – FY 01** – Addition of \$100,990 in Transfers from other Budget Account in Same Fund to increase Revenue/Expenditure authority necessary for payment of costs to DMG-MAXIMUS to complete the Rate Development Plan.

Ms. Shelly Person, Chief, Administration, Department of Information Technology (DoIT), explained that approval of this work program was necessary for DMG-MAXIMUS to complete the Rate Development Plan

and model for the FY 2001-03 biennium. According to Ms. Person, completion of this rate model was critical to help DoIT develop, document, and implement a solid rate model that supports the next fiscal year, as well as future fiscal years thereafter.

It was Ms. Giunchigliani's recollection that the 1999 Legislature had approved a second contract with DMG-MAXIMUS for \$54,000 to reevaluate DoIT's billing system, develop revised DoIT billing rates, and provide guidance on how DoIT should monitor billings and apply future adjustments and she questioned why a third contract for \$100,990 was being requested at this time. Ms. Person apologized for not being able to speak on actions taken by the previous administration. She said, however, the software that supports the rate model was not purchased following adjournment of the 1999 Legislature for various reasons. According to Ms. Person, DMG was currently helping DoIT develop the rate model with DMG's software. Ms. Person said, however, that the Budget Division would be recommending a fourth contract with DMG-MAXIMUS to purchase appropriate software, and to provide both quarterly rate reviews and annual updates to DoIT's cost allocation plan. In addition, Ms. Person pointed out that the previous rate model was developed in-house by a previous employee; however, after the employee's departure from state employment, changes were made to the rate model that were not fully tested and documented; thus, DoIT has no confidence in the reliability of the rate model and wishes to start over with this process. Ms. Person added that she understood the Committee's concerns.

Chairman Raggio asked Ms. Person when she thought DoIT would be able to obtain an acceptable result so DMG's contract would not have to be renewed every two years. Ms. Person indicated that the first phase of the work was supposed to be completed by March 15, 2001, at which time DoIT expects to have documented procedures and review and oversight by DMG-MAXIMUS to continue this process. DoIT also intends to institute training for in-house staff that she thought was not adequately provided last time.

Since the price tag has increased each time a contract was approved, Mrs. Chowning expressed her objections to approving another contract for DMG-MAXIMUS. Also, since no results were expected to be available for legislative review until March 15, 2001, Mrs. Chowning thought it would pose a problem for the Assembly Committee on Ways and Means' subcommittee on General Government, for which she chairs, in deciding the amount of the user agency billings. Since other requests had been deferred today, Mrs. Chowning suggested that it would be appropriate to defer this request as well.

Chairman Raggio pointed out that he had been advised by the legislative Fiscal Analysis Division staff that approval of this request was essential because the user agency billing rates must be established so they could be included in agency budgets.

Mr. Beers maintained that if he had hired someone to do the same job twice and they failed, he would probably find another vendor. To respond to Mr. Beers' statement, Ms. Person stated that DoIT currently has the software to project usage for each of the service units and the cost incurred in each of the service units. She said, however, DoIT was not confident of the calculation piece to develop proposed rates.

In addressing Mr. Beers' previous comments, Mr. Comeaux told the Committee that it was his belief the rate model developed by DMG-MAXIMUS two years ago was a good one and accurately reflected DoIT's organizational structure at that time. Mr. Comeaux said, however, the "ink was barely dry" on the rate model before a number of changes were made within DoIT's organizational structure, resulting in the rate model becoming obsolete. Mr. Comeaux said he did not believe that any of the problems were attributable to the vendor, DMG-MAXIMUS, but rather the problems were internal. Mr. Comeaux also indicated that the rate model software to which Ms. Person previously referred was very inexpensive, or approximately \$5,000. He said, however, even if the software had been purchased two years ago, it would not have produced a good result because the facts upon which the rate model was based changed almost immediately. To prevent such a recurrence, Mr. Comeaux indicated that DMG-MAXIMUS would not only be developing the rate model plan for FY 2002 and FY 2003, but it would also be doing an actual cost distribution plan for FY 2000. After a comparison has been done, adjustments could be made in the FY 2003 Plan.

Since it was her recollection that DoIT had the recommendations two years ago, but simply did not implement them, Ms. Giunchigliani wanted to know what would be accomplished by approving the third contract for \$100,990, and what guarantees would the state have that the organizational structure of DoIT would not be changed again, resulting in the billing plan not being implemented once again. Mr. Comeaux said he first wished to state that Ms. Giunchigliani's observation was accurate. In addressing Ms. Giunchigliani's concerns, Mr. Comeaux told the Committee that the Department of Administration has been working closely with DoIT over the last month to jointly develop policies and procedures that he believes would prevent such a recurrence in the future.

It was Ms. Giunchigliani's understanding that DoIT expects to have everything that was previously paid for during the last study by March 15, 2001, except the implementation of the plan. Mr. Comeaux indicated that an actual cost allocation plan for FY 2000 would be completed by March 15, 2001. In addition, a rate model would be developed for FY 2002 and FY 2003 by March 15, 2001, and the budget adjustments would be available as well.

Since she was aware that Mr. Terry Savage, Director, DoIT, had submitted legislation to restructure part of DoIT, including making him a Chief Executive Officer (CEO) and having additional data centers report directly to him, Ms. Tiffany suggested that passage of this legislation could change the number of users. Ms. Tiffany wanted to know if it would also change the rate factor. Ms. Person noted that the legislation was proposing a CEO but no additional agencies within DoIT. Ms. Person indicated that DoIT was currently working with DMG-MAXIMUS to establish the actual cost to the existing service units.

After carefully reading the legislation, Ms. Tiffany contended that Mr. Savage was proposing to have other data centers report to him. Since he would then have the availability to redirect their technology plans, it was Ms. Tiffany's belief that those data centers would need to use DoIT's technology rather than their own servers, which would make them rate payers to DoIT. If this were to occur, Ms. Tiffany wanted to know whether this would impact the rate. Ms. Person acknowledged that if the structure were to be changed it would impact the rate.

Rather than providing a number to charge the user agencies, Mr. Hettrick wanted to know why the rate study had not provided a formula to determine how to charge the user agencies. Mr. Hettrick contended that a number becomes obsolete whenever agencies change; whereas, a formula would last forever. If the committee decides to approve this request, Mr. Hettrick suggested asking DMG-MAXIMUS to develop a reasonable formula. Ms. Person said that the request includes the development of a formula.

Mr. Hettrick said he could not understand why it had been creating a problem for DoIT when agencies were added. Ms. Person indicated that part of the work being done by DMG-MAXIMUS was reassessing how DoIT charges specific units. She noted that the infrastructure for the data communications unit, as an example, had changed drastically over the years due to investments in hardware and software to make that unit more efficient and to service more customers. Since the formula for calculating the cost and allocating the cost over various budgets has to change accordingly, DMG-MAXIMUS has been helping DoIT to reassess how to charge for that unit.

After listening to Ms. Person's testimony, it was Mr. Hettrick's belief that DoIT needs to determine how to fix rate charges; otherwise, a new rate plan would be required every time a change is made or an agency buys a new computer.

In addressing Mr. Hettrick's concerns, Mr. Comeaux told the Committee that he was confident that the work being done by DMG-MAXIMUS this time would provide DoIT with the ability to incorporate changes into the rate model so that it would not be necessary to start from scratch each time a change is made.

Before voting on this request, Mr. Hettrick said he would like assurances that DoIT would have the ability to build in changes so that another study plan would not be needed in the future. Ms. Person said she would

give her personal assurance that that would be the case.

Chairman Raggio questioned why a recommendation was included in the 2001 – 2003 Executive Budget for a fourth contract to continue DMG-MAXIMUS' services for the next two years. Ms. Person indicated that DMG-MAXIMUS' oversight was needed to help DoIT through the learning process.

Mr. Beers said he was perplexed because the skill needed to accomplish this task was taught in about the third year of a four-year accounting degree, which costs far less than the \$100,990 that would be paid to DMG-MAXIMUS for the third contract, not to mention the cost of DMG-MAXIMUS' services for two years. Mr. Beers thought it would be more expedient for DoIT to hire an accountant.

Although he felt "trapped like a spider in a web," Mr. Arberry thought the Committee had no recourse other than to approve this request one more time and hope for the best. Mr. Arberry agreed with the concerns expressed earlier by Chairman Raggio and other Committee members and he hoped that DoIT and the Department of Administration would not bring another request for a rate study to the Committee again.

MR. ARBERRY MOVED TO APPROVE THE REQUEST. SECONDED BY MR. HETTRICK.

Since he could not determine by voice vote whether the motion had passed, Chairman Raggio called for a show of hands.

MOTION FAILED ON THE SENATE SIDE DUE TO THE LACK OF A QUORUM.

Before continuing with the agenda, Senator Mathews asked Chairman Raggio for permission to make a motion to reconsider this request so she could change her vote based upon updated information she had received from the legislative Fiscal Analysis Division staff since the vote was taken and Chairman Raggio granted her request.

SENATOR MATHEWS MOVED TO RECONSIDER THE REQUEST. SECONDED BY SENATOR RAWSON AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

SENATOR MATHEWS MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR RAWSON AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

14. **Department of Agriculture – Gas Pollution Standards – FY 01** – Transfer of \$117,988 from the Reserve category to the Equipment category and \$6,163 from the Reserve category to the Information Services category to provide replacement and new equipment and computers requested for Fuel Lab in FY 2002/2003 budget but being requested now to alleviate the funding situation in Emission Control for FY 2002/2003.

Refer to motion for approval under item C.

15. **Department of Agriculture – Livestock Inspections – FY – 01** – Addition of \$15,000 in the County Participation and \$6,441 in the Transfer from Nevada Beef Council to provide additional out-of-state travel in connection with wild horse gathers, and operating costs at the Horse Gentling Facility at WWCC and Wild Horse Holding Facility at NNCC Prison Ranch.

Refer to motion for approval under item C.

16. **Gaming Control Board – FY 01** – Transfer of \$70,000 from the Operating category to the In-State Travel category and \$15,000 from the Investigations category to the In-State Travel category to fund projected total travel costs for audit reviews, gaming device inspections, and enforcement investigations.

Refer to motion for approval under item C.

17. **Department of Business and Industry – Industrial Development Revenue Bond Program – FY 01** – Addition of \$65,000 in Processing Fees to increase budget authority to accept funds for bond issuance cost for FY 01 IDR bonds.

Refer to motion for approval under item C.

18. **Department of Business and Industry – Housing Division/DOE Weatherization – FY 01** – Addition of \$84,373 in the Federal Receipts to adjust expenditure authority associated with Nevada's Weatherization Program.

Refer to motion for approval under item C.

19. **Department of Business and Industry – Housing Division – FY 01** – Addition of \$2,670,000 in the Cost of Issuance to cover costs of issuance for an increased amount of mortgage revenue bonds for single- and multi-family loans to meet increasing demands throughout the state.

Refer to motion for approval under item C.

20. **Department of Business and Industry – Low-Income Housing Trust Fund – FY 01** – Transfer of \$1,500,000 from the Reserve category to the Loan Disbursement category to increase authority to fund anticipated grants allocated to recipients.

Refer to motion for approval under item C.

21. **Department of Business and Industry – Consumer Affairs Restitution – FY 01** Addition of \$200,000 in the Receipts for Restitution to increase authority in the division's pass-through Restitution Account. The division has reached the legislatively approved authority. The increase will allow for the collection and distribution of restitution on behalf of consumers for the remainder of FY 01.

Refer to motion for approval under item C.

22. **Department of Human Resources – Healthy Nevada Fund Administration – FY 01** – Transfer of \$48,000 from the Senior Rx Payments category to the Information Services category to fund payments to the

Department of Information Technology for the program design, development and implementation of the Senior Rx database program; includes funding to complete program archiving and the re-enrollment process.

Refer to motion for approval under item C.

23. **Department of Human Resources – Healthy Nevada Fund Administration – FY 01** – Addition of \$1,000,000 in the Transfer from Aging Services to fund the additional amount needed to pay 100% of the monthly premiums for eligible recipients participating in the Senior Rx Program utilizing grant monies received from the Senior Independent Living Program within the Division of Aging Services.

This item was withdrawn.

24. **Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 01** – Addition of \$20,208 in the Federal Title XIX Receipts and \$35,208 in the Transfer Tobacco Settlement Money from B/A 3261 to initiate a smoking cessation program targeting pregnant women.

Refer to motion for approval under item C.

25. **Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 01** – Addition of \$188,944 in Federal Ticket to Work and Work Incentives Improvement Act Grant to provide resources needed to help breakdown the barriers that hinder people with disabilities from gaining employment within the community.

Refer to motion for approval under item C.

26. **Department of Human Resources – Health Division – Administration – FY 01** – Addition of \$37,508 in the Tobacco Prevention Federal Grant and a transfer of \$79,429 from the Salary category to the Tobacco Grant category to transfer federal funds from salary and augment the transfer of federal funds to private and non-profit grantee organizations.

Refer to motion for approval under item C.

27. **Department of Human Resources – Health Division – Administration – FY 01** – Addition of \$33,907 in the System Development Federal Grant and a transfer of \$6,000 from the Salary category to the Systems Development category to fund travel, operating, and equipment in performing a needs assessment study for the maternal and child health program.

Refer to motion for approval under item C.

28. **Department of Human Resources – Health Division – Health Administration – FY 01** – Addition of \$17,004 in the Administration charges to transfer a Biostatistician position from the Vital Statistics budget to this budget and replace the Vital Statistics budget position with a Health Resource Analyst position.

In the interest of time, Chairman Raggio suggested that the Committee defer this request since the eventual result would be the creation of an additional position in the Vital Statistics' budget account and he thought this request would be more appropriately handled through a budget revision to be considered during the 2001 Legislature. Chairman Raggio wanted to know whether deferring this request would adversely affect the Health Division.

Although he acknowledged that the Biostatistician position was not currently in the Health Administration's budget, Mr. Phil Weyrick, Administrative Services Officer, Health Division, indicated that the Health Division did not know when the budgets were initially submitted the indirect cost rate would increase from 10 percent to 11.9 percent, which had generated an additional \$145,000 in revenue in the Administrative Services' budget account. Mr. Weyrick also noted that the Biostatistician position serves the entire Division by compiling health statistics for the state.

It was Chairman Raggio's understanding that the Biostatistician position was currently funded by federal Maternal Child Health (MCH) block grant funds in the Vital Statistics' budget account and that the Health Division was proposing to use the saved MCH funding to create a new Health Resource Analyst II position in the Vital Statistics' budget account, effective April 1, 2001. Chairman Raggio questioned why the Committee should approve these positions today when they were not included in the Health Division's budget requests that were submitted to the 2001 Legislature.

Mr. Weyrick said that it was the Health Division's intent to submit a request to transfer the Biostatistician position and request a new position in the budget. Chairman Raggio suggested that Mr. Weyrick meet with the Budget Division staff to determine whether they would recommend the Health Division's proposal.

Chairman Raggio announced that this request would be deferred until the next meeting of the Interim Finance Committee.

29. **Department of Human Resources – Health Division – Health Administration – FY 01** – Addition of \$140,892 in the Alcohol Prevention and Treatment Grant to fund 2.5 positions, support costs, and data processing hardware and software costs positions are transferred from the Alcohol and Drug Abuse budget.

Since items 29 and 34 were to be considered together, Chairman Raggio suggested that the Committee consider deferring the transfer of positions to allow consideration of the Decision Units during the 2001 Legislature.

According to Mr. Weyrick, items 29 and 34, which are companion work programs, accomplish a number of different functions. Mr. Weyrick explained that the first function, a housekeeping maneuver, would move 2.5 Full Time Equivalent (FTE) positions from the Bureau of Alcohol and Drug Abuse (BADA) budget account (101-3170) to the Health Administration budget account (101-3223). Mr. Weyrick stated that at the time the indirect cost rates for the Division were being developed, BADA had not yet been transferred from the Department of Employment, Training, and Rehabilitation (DETR) to the Health Division. Since that transfer, the Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies has recommended that the indirect cost contribution from BADA to the Health Division be more formalized.

Chairman Raggio said that if the Committee wishes to approve the two requests without the transfer of the 2.5 FTE positions, the legislative Fiscal Analysis Division staff was recommending that item 29 be amended to \$73,021 in General Ledger 3583, \$0 in category 01, and \$73,021 in category 28. Additionally, item 34 should be amended to a reduction of \$73,021 in General Ledger 3583 and a reduction of \$197,024 in category 01, with all other General Ledgers and categories remaining as requested.

While he thought this was an acceptable compromise, Mr. Weyrick pointed out that the indirect costs for the salaries that would have been transferred in the two requests would not be reflected in the indirect rate, which would affect the rate.

Chairman Raggio asked the Senate Fiscal Analyst, Mr. Gary Ghiggeri, how he would propose to address this problem. Mr. Ghiggeri suggested that the legislative Fiscal Analysis Division staff work with Mr. Weyrick in order to arrive at a workable solution.

Chairman Raggio opened the meeting to a public hearing on items 29 and 34. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Raggio closed the public hearing and said he would entertain a motion to amend the two requests and approve as amended.

MS. LESLIE MOVED TO AMEND ITEMS 29 AND 34 AS RECOMMENDED BY THE LEGISLATIVE FISCAL ANALYSIS DIVISION AND APPROVE AS AMENDED. SECONDED BY MR. ARBERRY AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Disclaimer: Mr. Beers said he would be supporting the motion; however, he wished to state for the record that his wife was a full-time employee of Clark County and supervises the parenting project that receives several pass-through grants from the state Department of Human Resources. Since her salary is not paid from those grants, Mr. Beers said his wife has no pecuniary interest in issues regarding the state agencies that administer these grants.

30. **Department of Human Resources – Health Division – Health Administration – FY 01** – Addition of \$128,228 in the Administration Charge to fund two new Computer Network positions, support costs, and data processing costs to implement a Centralized Information Technology Unit.

Mr. Weyrick said he wished to clarify that the Health Division was requesting to transfer two existing FTE positions from the Immunization Program budget account (101-3213) to the Health Administration budget account (101-3223). According to Mr. Weyrick, the Health Division initiated this effort based upon a recommendation from the Department of Information Technology (DoIT) that the Health Division's information technology functions should be under Administration supporting the entire Health Division, rather than in one particular bureau supporting a single program. To accomplish this goal, the transfer of five positions was needed. During the first phase, Mr. Weyrick indicated that three FTE positions were transferred into Administration in September of 2000, as approved at the Interim Finance Committee's September 12, 2000, meeting. Approval of this request would facilitate the transfer into Administration of the remaining two FTE positions. He added that the reason the positions were transferred in two phases was because the Health Division did not have enough indirect funding in September to fund all five positions at that time.

Since it was his understanding that the two positions included in this request were funded by the federal Demonstration Projects to Promote Public Health Information (INPHO) grant, which would expire March 31, 2001, Chairman Raggio wondered whether it might be more appropriate for the Health Division to request that the Budget Division create temporary positions (effective April 1, 2001, through June 30, 2001) in Health Administration's budget account to allow for the continuation of the incumbents until Decision Units E-900 in each budget account could be considered during the 2001 Legislature.

Although additional paperwork would be required to establish the positions and then cancel them in three months, Mr. Weyrick said Chairman Raggio's suggestion was a viable option.

Chairman Raggio recognized Ms. Debba King, Administrative Services Officer, Director's Office, who stated that this alternative had been discussed prior to today's meeting with the legislative Fiscal Analysis Division staff. She said, however, moving permanent staff into temporary positions would create serious morale problems. While this alternative may be workable, Ms. King stressed that it would create a hardship for the Health Division because it almost guarantees turnover.

Since the positions were funded only through March 31, 2001, it was Chairman Raggio's contention that the staff should have been made aware of the conditions of their employment when they were hired. Ms. King indicated that the staff had been made aware of the conditions of their employment when they were hired; however, since that time, the Health Division has come forward with an alternative to correct the situation; i.e. moving the positions into cost allocation.

Chairman Raggio said he had been informed that the Health Division's budgets would be heard in the Assembly Committee on Ways and Means next week; thus, he thought this issue could be resolved before the expiration of the grant.

SENATOR O'DONNELL MOVED TO APPROVE THE CREATION OF TWO TEMPORARY FTE POSITIONS, EFFECTIVE APRIL 1, 2001, THROUGH JUNE 30, 2001, IN HEALTH ADMINISTRATION BUDGET ACCOUNT 101-3223, TO BE FOLLOWED WITH A LETTER OF INTENT FROM THE CHAIRMAN EXPLAINING THAT CONTINUATION OF THE INCUMBENTS WAS CONDITIONED UPON CONSIDERATION BY THE 2001 LEGISLATURE OF DECISION UNITS E-900 IN EACH BUDGET ACCOUNT. SECONDED BY MR. ARBERRY AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

31. **Department of Human Resources – Health Division – Family Planning FY 01** – Addition of \$148,559 in the Federal Family Planning Grant to continue the personnel support costs and provider contracts for statewide family planning services.

Refer to motion for approval under item C.

32. **Department of Human Resources – Health Division – Sexually Transmitted Disease – FY 01** – Addition of \$551,443 in HIV Prevention Federal Funds and a Transfer of \$152,884 from the Salary category to the AIDS Education category to continue federal funding for staff support, grants and aid to a variety of organizations for HIV Prevention and Education Programs.

Refer to motion for approval under item C.

33. **Department of Human Resources – Health Division – Immunization Program – FY 01** – Transfer of \$22,720 from the Salary category to the Nevada Wonder category to purchase computer hardware and telephone modem lines.

Refer to motion for approval under item C.

34. **Department of Human Resources – Health Division – Alcohol and Drug Abuse – FY 01** – Deletion of \$140,892 in the Alcohol Prevention and Treatment Grant and \$2,500 in the Training Charges, a transfer of \$38,000 from the Reserve category to the Operating category, \$98,682 from the Salary category to the Alcohol Grants category, \$15,619 from the Reserve category to the Data Processing category and \$30,180 from the Salary category to the ADMS Block Grant category to transfer 2.5 positions and support costs to the Health Administration budget (id- 3223) and augment operating, grants, and data processing.

Refer to testimony and motion to approve amended request under item 29.

35. **Department of Human Resources – Welfare Division – Welfare Administration FY 01** – Addition of \$258,349 in the Federal Food and Nutrition Grant to implement Nevada’s Food Stamp Nutrition Education Plan for fiscal year 2001.

Refer to motion for approval under item C.

36. **Department of Human Resources – Welfare Division – Temporary Assistance for Needy Families – FY 01** – Transfer of \$2,948,933 from the Reserve category to the Cash Assistance category to provide for caseload growth and grant expenditures that are projected to be higher than budgeted based on the first six months of the activity in FY 01.

Mr. Bob Anderson, Administrative Services Officer, Nevada State Welfare Division (NSWD), introduced Mr. Roger Mobray, Administrative Services Officer, Budget and Statistics, NSWD. Mr. Anderson said that his last day with NSWD was tomorrow and Mr. Mobray would be representing NSWD in fiscal matters in his stead. To respond to a question from Chairman Raggio, Mr. Anderson said he had been employed by NSWD for almost 7 years and he was leaving state service to pursue a career opportunity with the Carson City School District. Mr. Anderson said it had been a pleasure and honor serving NSWD and he thanked the Committee for its past support.

Speaking on behalf of the Committee, Chairman Raggio thanked Mr. Anderson for his dedicated service to the state and he congratulated him on his new career endeavor and wished him well.

Mr. Anderson explained that the Committee’s approval of this request would provide additional cash assistance authority of \$2,948,933 in the Temporary Assistance for Needy Families (TANF) budget account. This revision transfers money from the reserve category to the cash grants category. During his previous presentations before the Interim Finance Committee, Mr. Anderson recalled having explained the various complexities of the TANF caseload. At the present time, Mr. Anderson indicated that a volume variance of 1,558 additional TANF recipients through the first 6 months of the current fiscal year had created a shortfall of about \$372,000. Also, as a result of an unfavorable volume and rate variance occurring in the non-needy caretaker (NNCT) population, he said NSWD was projecting a shortfall of approximately \$422,382 in this area. According to Mr. Anderson, the average monthly grant per recipient had increased from \$106 per case to approximately \$117. Because of this significant increase in the average grant, coupled with the increased volume, Mr. Anderson said that the NSWD was projecting a shortfall of about \$2.1 million through the remainder of the year. In concluding his testimony, Mr. Anderson noted that the proposed increase of \$2,948,933 in expenditure authority represents federal monies that NSWD has earned over the past 4 years that are available for expenditure.

Since he was concerned about the increase in caseloads, Chairman Raggio questioned whether it would be prudent for the Committee to honor NSWD’s request at this time. Mr. Anderson told the Committee that NSWD had budgeted a reserve of approximately \$23 million. With approximately \$27 million currently available in reserve, Mr. Anderson said he wished to assure the Committee that approval of this revision would not jeopardize any of the funds set aside for an economic downturn.

To respond to several questions from Chairman Raggio, Mr. Anderson pointed out that the actual caseload numbers for January 2001 were currently available. In addition, the caseload numbers for the months of November and December 2000, and January of 2001 had come in within about a 22-recipient deviation; thus, the caseloads had been static for the last three months. Mr. Anderson said he was reasonably confident with the information available that the transfer of funds from the reserve category would not jeopardize the programs. He said, however, because the leading indicators are predicting hard times and a recession, an increased number of applications was expected in the month of February. If this trend continues, Mr. Anderson said that it might be necessary for NSWD to return to the Interim Finance Committee with another work program revision.

Ms. Leslie thought the Governor was recommending an increase in cash payments for the NNCT population in the 2001-2003 Executive Budget. According to Mr. Anderson, the increase in grant being recommended by the Governor was similar to the grant in this request, but it was intended for parents or guardians who are caring for incapacitated children.

To respond to a question from Ms. Leslie, Mr. Anderson apprised the Committee that NSWD had calculated the increased caseloads for this particular group into the next biennial budget and approximately \$19 million has been reserved through the end of FY 2003, which would enable NSWD to cover a recession period of about 9 months, and accommodate an additional 400 recipients each month.

Since there were no additional comments or questions from the Committee, Chairman Raggio opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Raggio closed the public hearing and said he would entertain a motion for approval of the request.

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

37. **Department of Human Resources – Welfare Division – Child Support Enforcement Program – FY 01** – Transfer of \$36,793 from the Operating category to the State Collections and Disbursement Unit (SCADU) category and \$164,880 from the Reserve category to the SCADU category to meet greater than anticipated expenses associated with the operation of the State Collections and Disbursement Unit.

Refer to motion for approval under item C.

38. **Department of Human Resources – Welfare Division – Employment and Training Program – FY 01** – Addition of \$640,160 in the TANF, \$2,824,956 in CDF Certified Matching, \$6,322,383 in the CCDF Mandatory and Matching and \$3,085,489 in the CCDF Discretionary to meet the needs of the increasing New Employees of Nevada (NEON) child care population; fund additional child care providers and allow child care providers to expand their services; and to increase outreach efforts via public service announcements and partnership with Nevada Check Up to increase the number of children served. Establishes a new category to isolate certification and eligibility determination costs and places 25% of the FFY 2001 grant award in reserve.

Mr. Anderson explained that approval of this request would facilitate the augmentation of expenditure authority by \$12,872,988. Since this increase in federal Child Care Development Funds (CCDF) and TANF Block Grant Funds represents revenue already awarded to the state, no additional General Fund match is required. The TANF increase provides \$640,160 to cash recipient groups with jobs. Adequate child care must be available for these people so they can complete their personal responsibility plans while they are in a work activity. The CCDF increase reserves approximately \$4 million, which represents the funding available in the last quarter of the federal fiscal year, or the first quarter of the state fiscal year in the next biennium. The remaining \$8 million will be used to augment various categories to enable additional services to clients. Mr. Anderson said he was pleased to announce that there was no longer a waiting list for child care providers and that NSWD plans to free-up additional funds for child care and provide an adequate amount of assistance so the clients can remain in jobs and become self-sufficient.

It was Chairman Raggio’s understanding that some of the funding would be utilized for outreach efforts to increase participation in the Nevada Check-Up Program. Mr. Anderson acknowledged that some of the funding would be utilized for administrative purposes.

Ms. Tiffany expressed an interest in learning how the Block Grant funding was distributed and whether a Request for Proposal (RFP) process were utilized. Mr. Anderson explained that two contractors, Equal Opportunity Board in southern Nevada and Children's Cabinet in northern Nevada, provide the majority of the child care services. Mr. Anderson noted that the funds directly reimbursable for child care to a client or to a third party flow through those two agencies.

It was Ms. Tiffany's understanding that the majority of this funding would be distributed to two contractors, Equal Opportunity Board and Children's Cabinet, as a subsidy for child care for welfare mothers who are going to work. Mr. Anderson said Ms. Tiffany's understanding was correct.

Chairman Raggio opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Raggio closed the public hearing and said he would entertain a motion for approval of the request.

MS. LESLIE MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. DE BRAGA AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

39. **Department of Human Resources – Aging Services – FY 01** – Transfer of \$28,800 from the Salary category to the Operating category and \$1,200 from the In-State Travel category to the Operating category to pay for contracted homemakers.

Ms. Mary Liveratti, Administrator, Division for Aging Services, requested approval to transfer Title XX funds in the Salary and In-State Travel categories to the Operating category in budget account 3252 to pay for contracted homemaker services.

Since there were no comments or questions from the Committee, Chairman Raggio opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Raggio closed the public hearing and said he would entertain a motion for approval of the request.

MS. GIUNCHIGLIANI MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

40. **Department of Human Resources – Aging Services – Older Americans – FY 01** - Addition of \$390,000 in the Federal Nutrition Funds to continue federal funding for group or home meals for the elderly.

Refer to motion for approval under item C.

41. **Department of Human Resources – Aging Services – Homemaker Program – FY 01** – Addition of \$13,385 in the Tobacco Settlement Funds to hire a new Social Worker position to provide care plans for the elderly.

Ms. Liveratti apprised the Committee that the Division for Aging Services was requesting a new Social Worker II position for the Homemaker Program in budget account 3252 to manage the Homemaker caseload in the Carson regional office. According to Ms. Liveratti, the Homemaker caseload has been handled previously on a part-time basis by a Social Worker who was also responsible for investigating Elder Protective Services' cases for the Carson office. Due to a significant increase in Elder Protective cases, the current Social Worker position has been doing Elder Protective cases on a full-time basis; thus, is unable to manage the Homemaker caseload. Ms. Liveratti indicated that the Division for Aging Services was requesting to spend \$13,385 in Tobacco Settlement monies under the Independent Living Grant to hire a new Social Worker II position for fiscal year 2001.

Ms. Giunchigliani questioned why the new Social Worker II position was not requested as part of the 2001-2003 Executive Budget process. Ms. Liveratti explained that the increase in the Elder Protective caseload had occurred within the last several months and was not a factor when the Division for Aging Services' budget was first crafted. Currently, the Division for Aging Services has been averaging on a statewide basis 32 Elder Protective cases per Social Worker; whereas, the Carson City Social Worker position is currently handling an average of 40 Elder Protective cases. Since Elder Protective cases are a high priority for the Division for Aging Services, Ms. Liveratti thought it was important for the Social Worker to spend full-time on those cases.

It was Ms. Giunchigliani's understanding that a new Social Worker position had been requested in the Division for Aging Services' budget for the Las Vegas office. Ms. Liveratti indicated that the new Social Worker position for the Las Vegas office was requested to address the waiting list for Homemaker services.

While she was not arguing the need for the new Social Worker position, Ms. Giunchigliani said she was concerned about the funding mechanism. Since it was her recollection that Title XX funding had been used in the past to fund positions for Homemaking and Elder Protection services, Ms. Giunchigliani wanted to know the reason for the funding change. Although she acknowledged that Title XX was currently funding existing positions for Homemaking and Elder Protective services, Ms. Liveratti indicated that the Division for Aging Services was requesting Tobacco Settlement monies in its biennial budget to fund a new Social Worker position for the Las Vegas office.

Ms. Giunchigliani wondered whether the Division for Aging Services had received an opinion on the legality of utilizing Tobacco Settlement monies for new staff positions. Since the Independent Living Grant that the Division for Aging Services received from the Tobacco Settlement Fund can be utilized to promote independent living for older people, Ms. Liveratti said she was confident that utilizing Tobacco Settlement monies for the new positions was appropriate. According to Ms. Liveratti, the legislation creating the Tobacco Settlement Fund allows state agencies either to utilize those funds directly or grant those funds to community organizations. Ms. Liveratti added that this was the Division for Aging Services' first request to use Tobacco Settlement monies and that all of the other money had been distributed to community organizations.

Chairman Raggio asked Ms. Brenda Erdoes, Legislative Counsel, for her thoughts on the Division for Aging Services' request to utilize Tobacco Settlement monies to fund a new position. Since the use of the Tobacco Settlement monies was discussed at the last Interim Finance Committee, it was Ms. Erdoes' belief that funding a new position for Homemaking services for the elderly would be a lawful use of this particular funding, if the Committee chooses to approve the request. She said, however, the problem with the request is that the position to be funded was proposed as an ongoing position, which is somewhat troublesome since the duration of the Tobacco Settlement monies is uncertain.

Mr. Arberry expressed concern that approval of this request would open the door for other state agencies to make similar requests. Since it was her understanding that this was the first request from a state agency to use Tobacco Settlement monies to fund a new position, Ms. Erdoes said it would "open the door," or create a precedent, for the Interim Finance Committee to approve additional requests from state agencies for the funding of ongoing positions from these temporary funds. Furthermore, a provision in the Nevada Revised Statutes (NRS) specifically states that Tobacco Settlement funding can be used for existing state programs, with the approval of the Interim Finance Committee.

Since the Tobacco Settlement funds were going to be used to fund new positions that would be ongoing, Mr. Arberry wanted to know how the Division for Aging Services proposes to fund those positions in the future. Ms. Liveratti said it would be her intention to request additional Tobacco Settlement monies to continue the new positions.

Mr. Arberry suggested that Ms. Liveratti start looking for alternative funding sources to fund the positions before July 1, 2001, because he found it very troublesome that state agencies were starting to use Tobacco Settlement monies to fund new positions. Ms. Liveratti said she wished to point out that the Division for Aging Services has two enhancement requests in the budget that would be utilizing Tobacco Settlement funds to expand the Community Home-Based Initiatives Program (CHIP) and the Homemaker Program, which includes staffing to manage those caseloads.

Although there was no question in his mind that the services and the position were needed, Senator Rawson said he did not believe that it was the intent of the Task Force for the Fund for a Healthy Nevada ([NRS 439.625](#)) to build ongoing programs with Tobacco Settlement monies. If a decision were to be made today to fund the new position with Tobacco Settlement monies, Senator Rawson said it would be his intention during the 2001 Legislative Session to substitute that funding with General Fund, or some other funding source, in order to restore the Fund for a Healthy Nevada for its intended purposes.

To respond to an inquiry from Chairman Raggio, Ms. Liveratti said there were no Title XX funds available to fund the new Social Worker position for the Carson office.

Chairman Raggio asked Mr. Perry Comeaux, Director, Department of Administration, to speak on the issue. Mr. Comeaux said he understood the Committee's concern and he agreed with Senator Rawson that the request from the Division for Aging Services to use Tobacco Settlement monies to fund a new position represents a rather broad policy issue. Mr. Comeaux said he would have no objections to the Interim Finance Committee approving this request with the caveat that the policy issue be discussed during the 2001 Legislative Session and, depending on the policy that is ultimately decided upon, a change in the funding source for the new positions could be made in the [2001-2003 Executive Budget](#).

Since the new Social Worker II position for the Carson City office was not currently recommended in the [2001-2003 Executive Budget](#), Chairman Raggio suggested that an amended budget request would be needed. Ms. Liveratti agreed with Chairman Raggio that an adjustment to the budget would need to be made.

Chairman Raggio said he wanted the Division for Aging Services to understand that the Committee's approval of the new position today would not necessarily mean that the position would be continued with Tobacco Settlement monies in the future. Ms. Liveratti said she would work with the Budget Division staff toward resolving the funding issue.

Since she had similar concerns as Senator Rawson about the use of Tobacco Settlement monies to fund new positions, Ms. Giunchigliani wanted to know if it would be possible for the Budget Division to compile a list of the disbursements that had been made from the Tobacco Settlement Fund to individual entities that would detail the purpose for which the funding was being used. It was Ms. Giunchigliani's belief that such a list would be helpful when the policy for Tobacco Settlement disbursements was being discussed during the 2001 Legislature. She also thought that Mr. Comeaux's input in suggesting how to adjust the budget would be invaluable, especially since Title XX dollars are decreasing.

Chairman Raggio wanted to know whether the Division for Aging Services' budget for the next biennium utilizes Title XX funds for the existing positions in the Homemaking Program and the Elder Protective Services' Program and Ms. Liveratti responded affirmatively.

SENATOR RAWSON MOVED TO APPROVE THE NEW SOCIAL WORKER II POSITION TO BE FUNDED WITH TOBACCO SETTLEMENT MONIES WITH THE PROVISIO THAT THE DIVISION FOR AGING SERVICES SUBMIT AN AMENDED BUDGET FOR THE NEXT BIENNIUM TO THE LEGISLATIVE MONEY COMMITTEES AS SOON AS POSSIBLE SO A DETERMINATION CAN BE MADE AS TO WHETHER TOBACCO SETTLEMENT MONIES WILL BE AN APPROPRIATE SOURCE OF FUNDING IN THE FUTURE. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Chairman Raggio asked Mr. Comeaux to arrange for the list requested earlier by Ms. Giunchigliani and to work with the legislative Fiscal Analysis Division staff to be sure there was a complete understanding of how the Tobacco Settlement funds are being utilized as well as how they are proposed to be used. Mr. Comeaux said he would be happy to comply with Chairman Raggio's request.

- 42. Department of Human Resources – Child and Family Services – FY 01** – Addition of \$118,000 in the Bureau of Alcohol and Drug Abuse Grant to continue the program to provide intensive, home-based treatment to families where the alcohol and drug problems of the parent have threatened out-of-home placement of their children.

Refer to motion for approval under item C.

- 43. Department of Human Resources – Child and Family Services – U.N.I.T.Y. – FY 01** – Addition of \$65,324 in the Federal Title IV-E Funds to pass through federal funds to Washoe County for their continued participation in the U.N.I.T.Y. project.

Refer to motion for approval under item C.

- 44. Department of Human Resources – Child and Family Services – U.N.I.T.Y. – FY 01** – Addition of \$62,762 in the Federal Title IV-E Funds to reimburse the State for depreciation costs for equipment for the U.N.I.T.Y. system.

Refer to motion for approval under item C.

- 45. Department of Human Resources – Child and Family Services – Youth Community Services – FY 01** – Addition of \$1,180,000 in the Federal Title IV-E to pass through federal Title IV-E funds to Washoe County for eligible youth in county custody.

Refer to motion for approval under item C.

- 46. Department of Human Resources – Child and Family Services – Juvenile Accountability Block Grant – FY 01** – Addition of \$2,165,200 in Federal Juvenile Accountability Incentive Block Grant to continue program to address the problem of juvenile crime through accountability based reforms.

Mr. Jim Baumann, Administrative Services Officer, Division of Child and Family Services (DCFS), told the Committee that this work program would accept the third year of the federal Juvenile Accountability Incentive Block Grant that provides funding to states and local governments to develop programs to promote greater accountability in the Juvenile Justice System.

Chairman Raggio expressed an interest in learning more about this program. Mr. Larry Carter, Chief, Juvenile Justice Programs, DCFS, said he had recently returned from a trip to Washington, D.C. where he had worked on grant issues with staff from the federal Office of Juvenile Justice. According to Mr. Carter, this block grant serves 12 purpose areas and each state and unit of local government decides which purpose area they would like to develop. The purpose areas range from construction of facilities to developing accountability-based sanctions, improvement of technology, development of drug courts, and a wide variety of items. Each unit of local government develops what is called a juvenile crime enforcement coalition that is made up of citizens from the community, judicial, probation, law enforcement, and social service agencies that then develop a plan for their community for the best utilization of the funds.

Chairman Raggio wanted to know whether some of the funding was being utilized for the Drug Court programs. Mr. Carter pointed out that Carson City and Clark County were the two local entities in Nevada currently utilizing funds for Drug Court programs.

Chairman Raggio opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Raggio closed the public hearing and said he would entertain a motion for approval.

MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

47. **Department of Human Resources – Child and Family Services – Caliente Youth Center – FY 01** – Addition of \$40,000 in Bureau of Alcohol and Drug Abuse Grant to provide a drug and alcohol treatment program for adolescents at the center. Adds one Group Supervisor I effective March 1, 2001.

Refer to motion for approval under item C.

48. **Department of Human Resources – Child and Family Services – Nevada Youth Training Center – FY 01** – Addition of \$146,000 in the Forest Fire Reimbursement to provide for overtime costs of fire crew supervisors while fighting forest fires.

Refer to motion for approval under item C.

49. **Department of Human Resources – Child and Family Services – Nevada Youth Training Center – FY 01** – Addition of \$26,249 in the Transfer from Education to meet the special educational needs and related services of students identified as disabled.

Refer to motion for approval under item C.

50. **Department of Employment, Training and Rehabilitation – FY 01** – Addition of \$461,000 in Federal Administration Cost Allowance to provide additional funds to continue the activities specified in the America's Labor Market Information System.

Refer to motion for approval under item C.

51. **Department of Employment, Training and Rehabilitation – Employment Security – FY 01** – Addition of \$631,315 in the Client Services to align work program authority for Trade Adjustment Assistance (TAA) and Trade Readjustment Allowance (TRA) program funds available in SFY 01.

Refer to motion for approval under item C.

52. **Department of Employment, Training and Rehabilitation – Employment Security Special Fund – FY 01** – Transfer of \$123,144 from the Reserve category to the TIC Furniture (new) category to purchase modular workstations for 42 Claims Taking staff who will be serving in the Virtual Telephonic Claims Center in Carson City.

Refer to motion for approval under item C.

53. **Department of Prisons – Corrections Administration – FY 01** – Addition of \$2,135,000 in the Budgetary Transfer and a deletion of \$2,135,000 in the State Criminal Alien Assistance Program Grant Funds to transfer authority to Corrections Administration from Prison Medical Center to partially cover State Criminal Alien Assistance Program Grant shortfall of \$2,234,266.

Refer to motion for approval under item C.

54. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$391,318 in the Budgetary Transfer of reserves from the Prison Medical Care generated from the 1999 Legislature Letter of Intent to the Southern Nevada Women's Correctional facility to provide for the projected shortfall in Contract Payments as a result of inmate populations exceeding that which was budgeted.

Refer to motion for approval under item C.

55. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$14,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in Utilities at Indian Springs Conservation Camp.

Refer to motion for approval under item C.

56. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$270,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in Utilities at Southern Desert Correctional Center.

Refer to motion for approval under item C.

57. **Department of Prisons – Prison Medical Care – FY 01** - Deletion of \$10,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in the maintenance of Buildings and Grounds at Warm Springs Correctional Center.

Refer to motion for approval under item C.

58. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$2,135,000 in the Budgetary Transfer of funding authority to Corrections Administration from Prison Medical Care to partially cover State Criminal Alien Assistance Program Grant shortfall of \$2,234,266.
- Refer to motion for approval under item C.
59. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$22,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in the maintenance of Buildings and Grounds at Northern Nevada Correctional Center.
- Refer to motion for approval under item C.
60. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$7,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in the maintenance of Buildings and Grounds at Stewart Conservation Camp.
- Refer to motion for approval under item C.
61. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$14,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in the Maintenance of Buildings and Grounds at the Nevada State Prison.
- Refer to motion for approval under item C.
62. **Department of Prisons – Southern Nevada Correctional Center – FY 01** – Deletion of \$1,500,000 in the Budgetary Transfer to transfer unused funds authorized via a budgetary transfer from High Desert State Prison to allow a phased transition from closing Southern Nevada Correctional Center, opening High Desert State Prison; also funds for higher than budgeted utility costs at Southern Nevada Correctional Center.
- Refer to motion for approval under item C.
63. **Department of Prisons – Warm Springs Correctional Center – FY 01** – Addition of \$10,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover projected shortfall in the Maintenance of Buildings and Grounds at Warm Springs Corrections Center.
- Refer to motion for approval under item C.
64. **Department of Prisons – Southern Nevada Women’s Correctional Facility – FY 01** – Addition of \$391,318 in the Budgetary Transfer of reserves from the Prison Medical Care generated from the 1999 Legislative Letter of Intent to the Southern Nevada Women’s Correctional Facility to provide for the projected shortfall in Contract Payments as a result of inmate populations exceeding that which was budgeted.
- Refer to motion for approval under item C.
65. **Department of Prisons – Northern Nevada Correctional Center – FY 01** – Addition of \$22,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in the Maintenance of Buildings and Grounds at Northern Nevada Correctional Center.
- Refer to motion for approval under item C.
66. **Department of Prisons – Nevada State Prison – FY 01** – Addition of \$14,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in the Maintenance of Buildings and Grounds at the Nevada State Prison.
- Refer to motion for approval under item C.
67. **Department of Prisons – Southern Desert Correctional Center – FY 01** - Addition of \$270,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in Utilities at Southern Desert Correctional Center.
- Refer to motion for approval under item C.
68. **Department of Prisons – High Desert State Prison – FY 01** – Transfer of \$600,000 from the Operating category to the Utilities category to transfer funding authority from the Operating category to cover projected shortfall in Utilities.
- Refer to motion for approval under item C.
69. **Department of Prisons – High Desert State Prison – FY 01** – Addition of \$1,500,000 in the Budgetary Transfer to receive unused funds authorized via a budgetary transfer from High Desert State Prison to allow a phased transition from closing Southern Nevada Correctional Center, opening High Desert State Prison; also funds for higher than budgeted utility costs at Southern Nevada Correctional Center.
- Refer to motion for approval under item C.
70. **Department of Prisons – Stewart Conservation Camp – FY 01** – Addition of \$7,000 in the Budgetary Transfer of funding authority from the Prison Medical Care to cover a projected shortfall in the Maintenance of Buildings and Grounds at the Stewart Conservation Camp.

Refer to motion for approval under item C.

71. **Department of Prisons – Indian Springs Conservation Camp – FY 01** – Addition of \$14,000 in the Budgetary Transfer of funding authority from Prison Medical Care to cover a projected shortfall in Utilities at Indian Springs Conservation Camp.

Refer to motion for approval under item C.

72. **Department of Prisons – Jean Conservation Camp – FY 01** – Transfer of \$55,000 from the Operating category to the Utilities category and \$22,561 from the Operating category to the Reserve category to request the use of \$55,000 of the Reserve required by the 1999 Legislative Letter of Intent for inmate population savings to provide for the projected shortfall in Utilities; balance of required Reserve to be placed in Category 99, Reserve for the General Fund.

Refer to motion for approval under item C.

73. **Department of Prisons – Inmate Welfare Account – FY 01** – Transfer of \$167,279 from the Repayment to General Fund FY 98 category to Repayment of General Fund FY 99 category to establish Category 67, Repayment to the General Fund for FY 99 for issues relating to AB 389/533 charges and to transfer authority from Category 66, Repayment to General Fund for FY 98, to allow for a partial payment. Requires Interim Finance approval since the amount transferred to the Repayment to General Fund FY 98 category exceeds \$50,000.

Refer to motion for approval under item C.

74. **Department of Prisons – Prison Dairy – FY 01** – Addition of \$98,000 in the Farm Sales and a transfer of \$22,800 from the Equipment category to the Retained Earning category to provide additional authority in Farm Sales and corresponding expenditure authority reflecting anticipated increase in alfalfa sales and feeder steers. Equipment category has been reduced to reflect the purchase of hay swather in prior fiscal year.

Refer to motion for approval under item C.

75. **Department of Motor Vehicles and Public Safety – Director’s Office – FY 01** – Addition of \$96,700 in the Office of Traffic Safety Federal Fund to fund public relations media campaign which advertises traffic safety programs statewide.

Refer to motion for approval under item C.

76. **Department of Motor Vehicles and Public Safety – Motor Vehicles Pollution Control – FY 01** – Transfer of \$1,209,500 from the Reserve category to the Emission Control Database category to contract with World.com to modify the existing database system to support test results from emission analyzers in the field.

Mr. Jim Parsons, Administrator, Management Services and Program Division, Department of Motor Vehicles and Public Safety (DMV&PS), told the Committee that DMV&PS was requesting to transfer \$1,209,500 from Emission Control reserve category 86 to fund the implementation of the new Onboard Diagnostic (OBD) II Test System required by the State Implementation Plan and the federal Environmental Protection Agency (EPA). In June of 2000, Mr. Parsons indicated that the Nevada Environmental Commission adopted regulations directing DMV&PS to develop test procedures and test equipment to perform OBD II tests. The State Implementation Plan for the inspection of motor vehicles in the Las Vegas area also requires a contingency plan for an enhanced emission program in the event carbon monoxide levels exceed compliance standards set by the federal EPA. In November of 2000, DMV&PS adopted regulations necessary to comply with the directions of the Nevada Environmental Commission. Along with the development of regulations, DMV&PS also completed a Request for Proposal (RFP) for the test equipment and modification requirements for the current data system.

To respond to a question from Chairman Raggio, Mr. Parsons noted that the OBD II was an upgrade of the existing testing program and vehicles manufactured in 1996 and newer would be affected.

Since it was his recollection that DMV&PS had contracted to provide the existing testing program and it was funded through assessments collected at the testing stations, Chairman Raggio wanted to know why DMV&PS has chosen the option of funding the entire cost of the enhanced testing program from the reserve. He also wondered if raising the contract fee was an option. Although raising the fee could be an option, Mr. Parsons said that DMV&PS was trying to follow the Governor’s guidelines of “no new fees.”

In answering Chairman Raggio’s questions, Mr. Parsons said that \$1.48 per customer was collected for the database at the testing stations. Mr. Parsons also indicated that DMV&PS did not request a cost proposal for OBD II testing from the current contractor, MCI World.Com. Mr. Parsons stated that the only other potential uses of the reserve money would be for excess grant requests from the counties and other agencies and funding for the counties that is mandated in the statutes.

Chairman Raggio wondered whether the reduction in reserve was reflected in the Governor’s recommended budget and Mr. Parsons responded affirmatively.

It was Chairman Raggio’s understanding that an analysis by the legislative Fiscal Analysis Division indicated the reduction in reserve in the amount of \$1,209,500 was not in the Governor’s contemplated budget and, if the Committee were to approve this request, the reserve balance would become insolvent during the 2001-03 biennium. Chairman Raggio asked Mr. Comeaux if he were in agreement with legislative staff’s analysis. While it was his belief that the reserve would remain solvent during the 2001-03 biennium, Mr. Comeaux acknowledged that the reduction in reserve would affect the funding available for grants from the excess funds. Mr. Comeaux added that he would take another look at the budget.

Because of the uncertainty about the condition of the reserve during the 2001-03 biennium, Chairman Raggio said he thought it might be best to defer the request at this time.

Mr. Parsons suggested that Mr. Clete Kus, Department of Comprehensive Planning, Clark County, address the issue.

Chairman Raggio recognized Mr. Kus, who apprised the Committee that the federal EPA was continuing its review of Clark County’s carbon monoxide State Implementation Plan (SIP) that was submitted in August of 2000. Mr. Kus emphasized that Clark County would be facing federal sanctions if the plan was not fully approved by August of 2001. As part of the review, the federal EPA will be looking at Clark County’s continued efforts in implementing this contingency measure. In order for the federal EPA to approve the contingency measure, Mr. Kus said that it was imperative for Clark County to move forward expeditiously. Future delays associated with providing for final implementation could seriously impact the approval of Clark County’s SIP, leading to potential federal sanctions which include prohibition of federal funding for highway projects or grants.

Since he was concerned about a negative balance in the reserve account, Chairman Raggio suggested that the request be deferred today with the understanding that the request would be revisited after the problem with the negative balance had been resolved.

Mr. Kus asked Chairman Raggio how long would it take to resolve the issue. Chairman Raggio said it would be his hope that the Budget Division staff would get together with the legislative Fiscal Analysis Division staff and resolve the issue on the status of the reserve in a timely fashion. He said, however, it might be more appropriate to consider an augmentation of the existing fee to fund this process.

As one of the legislators from southern Nevada, Senator O'Donnell spoke in opposition of deferring the request because he recognized the critical need for clean air quality in the Las Vegas area.

Chairman Raggio countered that a meeting of the Interim Finance Committee could be called at any time and he stressed once again the importance of resolving the funding mechanism before action was taken.

Chairman Raggio announced that this item was deferred. In the meantime, Chairman Raggio requested that Mr. Parsons work with the Budget Division staff to calculate an amount that would be required to augment the fee to resolve the issue without using the reserve.

77. **Department of Motor Vehicles and Public Safety – Highway Safety Grants – FY 01** – Addition of \$250,000 in Motor Safety Assistance Grant to allow the use of laptop computers in patrol cars to access national data bases to credential motor carriers.

This item was withdrawn.

78. **Department of Motor Vehicles and Public Safety – Highway Safety – FY 01** – Addition of \$643,354 in Motor Carrier Safety Grant to continue to fund existing staff and support costs to promote commercial vehicle safety and enforcement.

Refer to motion for approval under item C.

79. **Department of Motor Vehicles and Public Safety – Motorcycle Safety – FY 01** - Transfer of \$25,000 from the Salary category to the Operating category and \$10,000 from the Rider Training category to the Operating category to contract for services to coordinate the motorcycle and safety education program.

Refer to motion for approval under item C.

80. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Transfer of \$15,057 from the Reserve category to the Buildings and Grounds category to provide for construction of shelving in Wildlife's Las Vegas Headquarters' Warehouse.

Refer to motion for approval under item C.

81. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Addition of \$430,000 in the Sport Fish Restoration to purchase additional 500 acre feet of water for Knott Creek Reservoir to expand the minimum pool to support the fishery at Knott Creek.

Mr. Terry Crawforth, Administrator, Nevada Division of Wildlife (NDOW), introduced Mr. Steve Bremer, Chief, Administrative Services. Mr. Crawforth noted that the requests in items 81, 83 and 84 represent an opportunity for NDOW to enhance several outstanding trout fisheries in the Pine Forest Wilderness Area in Humboldt County.

Speaking to the request in item 81, Mr. Crawforth noted that NDOW had acquired 500-acre feet of water in the Knott Creek Reservoir in 1988 and, since that time, a trophy quality trout fishery has been established. The owner of Knott Creek Reservoir, Mr. Richard Drake, has recently approached NDOW with an offer to sell an additional 500-acre feet of water to NDOW, which Mr. Crawforth suggested would enhance the existing fishery by enabling NDOW to maintain the fishery throughout the year. NDOW is currently in negotiations with Mr. Drake to purchase the water rights for a total acquisition cost of \$750,000 over a three-year period. The acquisition will be paid for with federal Sport Fish Restoration funds and Mr. Drake has pledged a donation of 160 acres of land beneath and around the reservoir to serve as the state's match for Federal Aid funding.

Chairman Raggio inquired as to whether the U.S. Fish and Wildlife Service had approved the grant to fund the future payments proposed in this transaction. Mr. Crawforth responded that the U.S. Fish and Wildlife Service had approved the grant in concept.

Chairman Raggio wanted to know whether NDOW would be receiving land or water rights and Mr. Crawforth responded that NDOW would be receiving both.

Chairman Raggio thought it might be more appropriate to defer action on this item until NDOW presents a signed grant award, approval of the memorandum of understanding by the Board of Examiners, and until the Committee could separately consider the acceptance of land proposed in this request. Mr. Crawforth indicated that NDOW was not asking for approval of the land gift today, but rather his staff would work with the legislative Fiscal Analysis Division staff and the Budget Division and then come back to the Interim Finance Committee at a later date with a request for approval of the gift of land. Mr. Crawforth estimated that a request would be submitted some time in late spring or early summer of 2001.

Since he was concerned that NDOW might be making the request prematurely, Chairman Raggio thought it might be better for NDOW to wait until the package was complete; i.e., approval from the U.S. Fish and Wildlife Service on the funding and the land grant, rather than making piecemeal requests. Mr. Crawforth told the Committee that it was necessary for NDOW to submit partial requests because it was a multi-year acquisition and there were insufficient federal funds available in any one fiscal year.

Chairman Raggio questioned what would be the outcome if the Committee approves the request and NDOW did not receive the balance of the federal funding. Mr. Crawforth said that no money would be spent unless NDOW could consummate the deal.

It was Chairman Raggio's recollection that considerable damage had occurred to the Knott Creek Reservoir as the result of a fire. Mr. Crawforth apprised the Committee that the loss of the fishery at Knott Creek Reservoir this past summer was not due to a fire, but rather a combination of low water levels, high temperatures, and climatic conditions depleting the oxygen in the water. According to Mr. Crawforth, acquiring an additional 500-acre feet of water would help prevent such a recurrence. Also, Mr. Crawforth noted that when NDOW purchased the original 500-acre feet of water, the owner of the reservoir had used that money to rebuild the dam; thus, the reservoir could now hold more water.

To respond to several questions from Mr. Marvel, Mr. Crawforth indicated that the Knott Creek Reservoir has a total capacity of 3,300-acre feet of water of which NDOW had been guaranteed 1,000-acre feet of water; and that irrigation would be continued.

MR. MARVEL MOVED TO APPROVE THE REQUEST CONDITIONED UPON NDOW'S RECEIPT OF THE GRANT TO THE LAND AND AUTHORIZATION OF FEDERAL FUNDING. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 82. Department of Conservation and Natural Resources – Wildlife CIP – FY 01** – Transfer of \$309,950 from the Reserve category to the Overton Habitat Enhancement category to develop 100 acres of wetlands and upland habitat on the Overton Wildlife Management Area and purchase shares of Overton Ditch water for the project.

Refer to motion for approval under item C.

- 83. Department of Conservation and Natural Resources – Wildlife CIP – FY 01** – Addition of \$50,000 in the Transfer from Wildlife (Boat Program) and a transfer of \$200,000 from the Reserve category to the Onion Valley Reservoir category to purchase of minimum pool of 950 acre feet of water in Onion Valley Reservoir to enhance the fishery.

Speaking to items 83 and 84, Mr. Crawforth explained that NDOW was requesting \$200,000 in Park and Recreation Question-5 Bond funds and a transfer of \$50,000 in Motorboat Fuel taxes from NDOW's boating account to initiate the purchase of a minimum pool of 950-acre feet of water in Onion Valley Reservoir located in northern Humboldt County. According to Mr. Crawforth, NDOW has established a fishery at Onion Valley Reservoir that was not only popular with local residents, but people from all over the state as well. Since a number of the fishermen use motorboats, Mr. Crawforth thought the use of Motorboat Fuel Tax was justified. Irrigation would be continued from the top half of the pond. NDOW has been in negotiations with the former landowner and the current landowner to acquire the water for a number of years. According to Mr. Crawforth, a previous legal dispute between the two landowners had resulted in a Nevada Supreme Court action, which orders NDOW to negotiate a settlement. Similar to the request in item 81, Mr. Crawforth said that appraisals have been completed and the U.S. Fish and Wildlife Service had agreed conceptually to participate.

Chairman Raggio inquired about the current status of Onion Valley Reservoir. Mr. Crawforth said that although most of the water from the Onion Valley Reservoir was currently being used for irrigation, NDOW plans to establish a fishery there for the next two or three years, but NDOW would expect to lose the fishery during low-water years.

In responding to several questions from Chairman Raggio, Mr. Crawforth stated that 950 acre feet of water would be adequate for NDOW to establish a fishery at the Onion Valley Reservoir. He also indicated that federal Sport Fish Restoration funds would eventually be used to complete the purchase.

Chairman Raggio said he was curious how NDOW had become involved in the settlement between the two landowners. Mr. Crawforth noted that the first landowner had sued the state for not consummating the original deal and when the ranch was sold, the state became involved in litigation with both landowners.

Since there were no further questions or comments from the Committee, Chairman Raggio said he would entertain a motion to approve the two requests.

MR. MARVEL MOVED TO APPROVE ITEMS 83 AND 84 CONDITIONED UPON THE AVAILABILITY OF FEDERAL FUNDING, APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BY THE BOARD OF EXAMINERS, AND NDOW'S RECEIPT OF A GRANT TO THE LAND. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 84. Department of Conservation and Natural Resources – Wildlife Boat Program – FY 01** – Transfer of \$50,000 from the Reserve category to the Wildlife category to contribute to purchase of minimum pool of 950 acre feet of water in Onion Creek Reservoir to support the fishery at Knott Creek.

Refer to testimony and motion for approval under item 83.

- 85. Department of Conservation and Natural Resources – Water Quality Management – FY 01** – Addition of \$55,039 in the Water Quality Management Sec. 604B to provide funding for Memorandums of Understanding (MOU's) with local planning agencies for water quality projects and purchase a turbidity meter for surface water sampling statewide.

Refer to motion for approval under item C.

- 86. Nevada Office of Veterans' Services – Veterans Home – FY 01** – Transfer of \$10,000 from the Utilities category to the Equipment category and \$45,000 from the Utilities category to the Information Services category to purchase a wheelchair lift and healthcare software and maintenance needed for the home to be able to open.

Refer to motion for approval under item C.

87. REQUESTS FOR POSITION RECLASSIFICATIONS:

- (1) Department of Human Resources (DHR), Health Care Financing and Policy, reclassification of position number 0190, from Management Analyst II, grade 35-1, \$36,707, to Social Welfare Program Specialist, grade 35-1, \$36,707.
- (2) DHR, Health Division, reclassification of position number 0032, from Program Assistant IV, grade 29-1, \$26,120, to Grants and Projects Analyst I, grade 33-1, \$30,860.
- (3) DHR, Health Division, reclassification of position number 0034, from Management Analyst III, grade 37-1, \$36,602, to Health Program Specialist I, grade 35-1, \$33,554.
- (4) Department of Employment, Training and Rehabilitation (DETR), Employment Security Division, reclassification of position number 0008, from Grants and Projects Analyst Supervisor, grade 37-1, \$36,602, to Chief, Field Direction and Management, grade 40-1, \$41,739.
- (5) Department of Prisons, Prison Industries, reclassification of position number 0307, from Program Assistant III, grade 27-2, \$27,415, to Program Officer I, grade 31-1, \$31,027.

- (6) Department of Motor Vehicles and Public Safety (DMV&PS), Central Services Division, reclassification of position number SA5594, from DMV Services Technician III, grade 27-4, \$29,754, to Program Assistant III, grade 27-4, \$29,754.
- (7) DMV&PS, Technology Division, reclassification of position number 0030, from Program Assistant III, grade 27-6, \$32,322, to Accountant Technician I, grade 30-5, \$35,182.
- (8) DMV&PS, Records Division, reclassification of position number 3054, from Driver/Motor Vehicle Supervisor I, grade 29-1, \$26,120, to Program Officer I, grade 31-1, \$28,375.
- (9) Colorado River Commission, reclassification of position number 0021, from Management Assistant I, grade 23-8, \$29,754, to Program Officer I, grade 31-2, \$32,322.
- (10) Department of Transportation (NDOT), Administration, reclassification of position number NA070003, from Program Assistant IV, grade 29-8, \$35,057, to Program Officer I, grade 31-8, \$38,210.

Refer to motion for approval of the above position changes under item C.

D. STATE PUBLIC WORKS BOARD:

1. Request for Authorization to Receive \$1.5 million in Non-State Funds for Project No. 99-C25L, Pahrump High Tech Center.

Mr. Daniel O'Brien, Manager, State Public Works Board (SPWB), introduced Mr. Ward Patrick, Deputy Manager. Mr. O'Brien explained that the 1999 Legislature had appropriated \$3.5 million towards the construction of the Pahrump High Tech Center. In addition, the Community College of Southern Nevada (CCSN) anticipated receiving an Economic Development Administration (EDA) grant in the amount of \$1.3 million, which has been received. SPWB is requesting approval to accept that grant and add it to this project. The bids were opened on September 14, 2000, and the contract was awarded on November 9, 2000. Prior to issuing a Notice to Proceed, Mr. O'Brien said it was brought to his attention that the Interim Finance Committee had not approved the additional funds. After discussing the oversight with the legislative Fiscal Analysis Division staff, Mr. O'Brien said he was given approval to issue the Notice to Proceed as long as a request for approval of the additional funding was submitted to the next meeting of the Interim Finance Committee.

MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

2. Request to Authorize Acceptance of \$394,000 from the Department of Prisons and Proceed with Project No. 01-C28, New NSP Shop Facility.

Mr. O'Brien indicated that this project would replace a maintenance shop at the Nevada State Prison (NSP) that was damaged by a twister in July of 1999. According to Mr. O'Brien, Factor Mutual (FM) would provide financial assistance in replacing the entire 4,000-square foot structure. The old building has been demolished. Mr. O'Brien requested Committee approval to accept \$394,000 in insurance settlement funds from Risk Management so that SPWB could proceed with the project. The project cost estimate is included on page 97 in Volume III of the meeting packet.

Since it was his understanding that the concerns expressed earlier by the legislative Fiscal Analysis Division staff had been resolved, Chairman Raggio said he would entertain a motion to approve the request.

SENATOR JACOBSEN MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

3. Project Status Report (Informational Only).

Project No. 99-H01, DMV&PS, New Office Building for NHP Site Acquisition--Mr. Patrick said the site for this project had not been acquired to date. This is a joint venture project between the Nevada Department of Transportation (NDOT) and the Nevada Highway Patrol (NHP). In June of 2000, a proposal was presented to the Transportation Board to swap existing NDOT land for Clark County Airport land. The Transportation Board did not believe it would be a fair swap; thus, the land was placed for public bid. All of the responses were deemed unacceptable. NDOT is continuing to work on negotiating a site for NHP. A.B. 699, the CIP bill, requires SPWB to obtain Interim Finance Committee approval to start design upon site selection. Mr. Patrick said, however, no site was currently available.

Mr. Arberry wanted to know whether consideration had been given to tearing down the existing building located on the corner of Bonanza and Casino Center, where Parole and Probation is currently located, and moving staff to temporary quarters, and building a high-rise building at that site. Mr. Patrick said he was not sure whether that particular site had been considered, but he thought it was rather limited in size since it would only accommodate about a 30,000-square foot building and approximately 100 parking spaces. Since this project is a joint venture between NDOT and NHP, Mr. Patrick indicated that the two agencies were looking for a site that would fulfill the need for what they call a "fast system," which is a freeway access monitoring system that would be in collaboration with Clark County's Metropolitan Police. Although the two agencies had looked at a number of sites, they believe the optimum site that would provide freeway access was located near Interstate 215 and Decatur Boulevard.

Since he thought underground parking could be provided under a five- or six-story building at the Bonanza and Casino Center site, Mr. Arberry said he would appreciate it if SPWB would consider his suggestion.

Project No. 99-C07, MH/DS, PES Crisis Center Adv. Planning Thru CD--Mr. O'Brien noted that although this project was approved for advanced planning funding, it has not been recommended for funding in the FY 2001 CIP. The design is about 75 percent completed. He said, however, since there has been a change in the design contract, he questioned spending an additional \$25,000 when the project has not been recommended for funding. After discussing this with the agency, they have agreed for the project to be placed on hold.

Project No. 99-23L, UNLV, Wright Hall Ph. I-Adv. Planning--Mr. Patrick said the original appropriation for this project was \$600,000 and it was originally envisioned as an advanced design for an approximate \$9-million project. During the 1999 Legislature, a two-phased project was under consideration, which totaled approximately \$20 million. After consultation with UNLV, SPWB is under contract with an architect to complete half of the design for the larger project. The Board of Regents has approved the larger project and the Governor is recommending funding for the larger project in the FY 2001 CIP. Mr. Patrick said he wished to advise the Interim Finance Committee that SPWB was proceeding with the design for the larger project.

Mr. O'Brien told the Committee that Project No. 99-23L represents a change in scope since the cost of the project was estimated to be approximately \$23 million; whereas, the original project was projected to cost approximately \$9- to \$10-million.

Chairman Raggio told Mr. O'Brien that he would need to bring this item back to the Interim Finance Committee as an action item at a future date.

E. DEPARTMENT OF HUMAN RESOURCES – Health Division – Propose Change in Immunization Program to Provide for Hepatitis A Vaccine Program.

Mr. Weyrick noted that the 1999 Legislature issued a Letter of Intent to the Health Division regarding the Immunization Programs' operation. Mr. Weyrick requested Committee approval to expand Hepatitis A vaccine distribution to include all Vaccines for Children (VFC) – eligible children using federal VFC dollars only.

To respond to a question from Chairman Raggio, Mr. Weyrick said that the Health Division had received an initial award of \$412,523 from the Centers for Disease Control (CDC) to purchase Hepatitis A vaccine in calendar year 2001. Mr. Weyrick added that the VFC funds would provide approximately 68,000 doses and that the Health Division was currently administering approximately 32,000 doses.

SENATOR RAWSON MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

F. CHINA SPRING YOUTH CAMP IMPROVEMENT PROJECT (S.B. 560) – Request for Distribution of Funds to Douglas County - \$179,022.

Mr. Steven Thaler, Director, China Spring Youth Camp, requested a distribution of \$179,022 for the ongoing architecture and engineering work required to prepare the plans so they could be put out to bid approximately one month from today.

It was Chairman Raggio's recollection that Senate Bill 560 (1999 Legislature) had appropriated from the state General Fund to the Interim Finance Committee for distribution to Douglas County the sum of \$2,800,000 for improvements to and the expansion of the China Spring Youth Camp and this request represents a distribution from that appropriation.

MR. HETTRICK MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

A copy of the resolution adopted by the committee is included in the meeting minutes as Exhibit B.

G. DEPARTMENT OF PRISONS – Acceptance of In-Kind Gift from Undisputed Productions in Excess of \$10,000 (NRS 353.335).

Mr. Darrel Rexwinkel, Chief, Fiscal Services, Nevada Department of Prisons (NDOP), apprised the Committee that NDOP has a contract in place to accept a gift in acknowledgment of the filming of a movie presently titled "Undisputed" at the High Desert State Prison (HDSP), as well as the Southern Nevada Correctional Center (SNCC), commencing January 15, 2001 and concluding around March 16, 2001. The contract calls for the use of the prison facilities, including the reimbursement of all out-of-pocket expenses; i.e., salaries and supplies that NDOP incurs as a result of the use of the prison facilities by the filming company.

Continuing his testimony, Mr. Rexwinkel indicated that NDOP had received a letter from Mr. David Foster, Location Manager, Undisputed Productions, Inc., dated December 30, 2000, providing for a gift of \$7,500 each week during the filming. Based on the filming schedule in the contract at that time, Mr. Rexwinkel estimated that the amount of the gift would approximate \$60,000.

Since that time, Mr. Rexwinkel noted that NDOP had received a revised letter, dated January 9, 2001, which discusses a donation in terms of appreciation for the use of NDOP's facilities. Mr. Rexwinkel said that Mr. Foster was told that NDOP would prefer a separate letter promising a donation rather than a contract provision because it could be considered as compensation. Since both HDSP and SNCC were built on Bureau of Land Management (BLM) land, which was intended for Recreational and Public Purpose (R&PP), Mr. Rexwinkel said that NDOP was concerned about the perception of compensation because NDOP was not permitted to gain any profit from the use of BLM's land.

Chairman Raggio asked Ms. Brenda Erdoes, Legislative Counsel, to comment on the merits of this request. Ms. Erdoes suggested that the central problem with the Committee approving NDOP's request was that it would seem to violate the provisions of the Authorizations Act which requires that when state General Fund agencies receive additional dollars that exceed the amount they are authorized to expend, those dollars are required to be used to reduce the General Fund appropriation. Ms. Erdoes said she had not seen any documentation from the federal government which would indicate that the receipt of compensation for the use of the land upon which HDSP and SNCC were situated would violate the terms of NDOP's use of BLM land. Since the federal statute states the use of the land cannot be changed, Ms. Erdoes said she would analogize the use of the prison facilities as movie sets to the use of the land by Prison Industries, which in her opinion is not a change in the use of the land.

Chairman Raggio wanted to know if NDOP would have any objections to the Committee approving the request conditioned upon the donation being deposited into the General Fund. Mr. Rexwinkel emphasized that the donation would not supplant NDOP's budget as Undisputed Productions, Inc. would be providing credit to the Inmate Store's account for the acquisition of video cameras and video equipment.

Chairman Raggio said he would not want to create a precedent by making an exception to the state policy that donations be deposited to the General Fund. If the Committee decides to approve this request, Chairman Raggio said it would be done with the understanding that the amount of the donation would be distributed to the General Fund and that NDOP would have the flexibility to work with the legislative Fiscal Analysis Division staff to determine whether the amount of the donation could be accommodated in NDOP's budget.

MS. GIUNCHIGLIANI MOVED TO APPROVE THE REQUEST WITH THE UNDERSTANDING THAT THE AMOUNT OF THE DONATION WOULD BE DISTRIBUTED TO THE GENERAL FUND AND THAT NDOP WOULD HAVE THE FLEXIBILITY TO WORK WITH THE LEGISLATIVE FISCAL ANALYSIS DIVISION STAFF TO DETERMINE WHETHER THIS AMOUNT COULD BE ACCOMMODATED IN NDOP'S BUDGET. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

H. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – Division of State Lands – Lease of Building 9 at the Stewart Complex (NRS 322.007).

Representing Ms. Pamela Wilcox, Administrator, Division of State Lands, who was ill and unable to attend the meeting today, Ms. Ruth Danner, Land Agent II, requested Committee approval to renew a lease of an available residence at the Stewart Complex known as Building 9 to Mr. Neal Coston, an employee of the Buildings and Grounds Division. The lease is for a one-year period. Since Mr. Coston's presence on the site helps to reduce vandalism and emergency maintenance response times, the rent has been reduced from a fair market value of \$700 per month to \$550 per month.

SENATOR JACOBSEN MOVED TO APPROVE THE REQUEST. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

I. OFFICE OF THE ATTORNEY GENERAL – Request to Increase Two Deputy Attorney General Positions to Senior Deputy Attorney General.

Ms. Kimberly Maxson-Rushton, Chief Deputy Attorney General, Office of the Attorney General, Las Vegas, introduced Ms. Marilyn Skibinski, Regulatory Analyst, Bureau of Consumer Protection. In addition, she

introduced two members of the Nevada Athletic Commission sitting in the audience, Mr. Luther Mack, Reno, and Mr. Glenn Carano, Reno, who were attending the meeting to support upgrading the legal adviser position to the Nevada Athletic Commission. According to Ms. Rushton, the duties and responsibilities of Deputy Attorneys General Keith Kizer and Eric Witkowski are consistent with those of other Senior Deputy Attorneys General within the Office of the Attorney General. Deputy Attorney General Kizer is legal adviser to the Gaming Control Board and the Nevada Athletic Commission and Deputy Attorney General Witkowski is solely responsible for utility regulations in Las Vegas. Since deregulation is one of the major issues confronting the State of Nevada this year, Ms. Rushton indicated that Deputy Attorney Witkowski, serving as an assistant to Consumer Advocate Timothy Hay, would be responsible for ensuring that utility rates are affordable and accessible to all citizens of Nevada. In concluding her testimony, Ms. Rushton apprised the Committee that funding for the two upgrades would not be an additional cost to the state, but rather would result from salary savings implemented by the Office of the Attorney General and future funding derived directly from the Office of the Attorney General's budget. Ms. Rushton said she would welcome questions from the Committee.

Senator O'Donnell asked for a clarification of the funding required for the two position upgrades. Ms. Rushton indicated that the two position upgrades for the next five months would be funded through cost savings incurred from position vacancies and attrition earlier in the year by the Office of the Attorney General.

Chairman Raggio recognized Ms. Marilyn Skibinski, who wished to respond to Senator O'Donnell's previous question. Ms. Skibinski noted that the ongoing annual cost of approximately \$15,000 for the reclassification of Deputy Attorney General Witkowski's position in the utilities unit of the Bureau of Consumer Protection (budget account 1038) would be funded by utility mil assessments. In addition, she indicated that the cost of the reclassification for the remainder of the current fiscal year would be approximately \$5,000. Funding for the reclassification was included in the biennial budget requests. The mil assessment for the current fiscal year is .00075. The revenue of utility companies is based upon calendar year 1999. As an example, it would cost a ratepayer \$.75 on \$1,000 in utility bills.

Senator O'Donnell asked Ms. Skibinski if she thought Deputy Attorney General Witkowski had the expertise in this particular area to warrant a salary increase. Ms. Skibinski responded that Deputy Attorney General Witkowski had been employed in the Bureau of Consumer Protection since May of 1994, and was the only utilities deputy stationed in the Las Vegas area. Since the technical staff is located in Carson City, Ms. Skibinski suggested that this position was fairly autonomous. According to Ms. Skibinski, Deputy Attorney General Witkowski works on all of the cases that affect utilities in this state; i.e., regional transmission operator filings and other similar cases. He also handles electricity and natural gas issues. Prior to his employment with the Office of the Attorney General, Deputy Attorney General Witkowski was employed by the Kansas Utilities Commission. In addition, he has had more than 10 years experience in utility regulatory matters, as well as extensive training in relevant subject areas. If Deputy Attorney General Witkowski were to leave state service, Ms. Skibinski surmised that the Office of the Attorney General would need to do a nationwide search to replace him because the number of qualified candidates in this area of expertise was limited in Nevada.

It was Chairman Raggio's understanding that there were three positions under consideration. Ms. Skibinski indicated that although the Office of Attorney General was requesting a salary increase for the unclassified position of Economist in the Bureau of Consumer Protection, this particular request was for a reclassification of two Deputy Attorney General positions; one serving the Nevada Athletic Commission and one serving as a deputy for utilities in the Las Vegas area.

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

J. DEPARTMENT OF HUMAN RESOURCES – Aging Services Division – Approval of Independent Living Grant Funds to Senior Rx Program.

This item was withdrawn.

K. INFORMATIONAL ITEMS:

1. Department of Education
 - a. Semiannual Report on the Statewide Management of Automated Record Transfer (SMART).
 - b. Status Report on Charter Schools Per NRS 386.600(2).
2. Department of Agriculture – Status of Division of Livestock Inspection, Including Hiring of an Administrator by the Middle of April 2001.
3. Department of Business and Industry – Governor's Committee on Employment of People with Disabilities – Quarterly Operational Report for October 1 – December 31, 2000.
4. Department of Human Resources – Division of Health – Quarterly Report on MCH Dental Health Initiative.
5. Department of Prisons:
 - a. Ely State Prison – FY 2001 Ely State Prison Quarterly Electric Cost.
 - b. Telephone Commission's Report.
 - c. Inmate Store Profits Report.
 - d. Vending Machine Operation Report.
6. Department of Motor Vehicles and Public Safety - Division of Emergency Management – FY 2001 Second IFC Quarterly Report on Emergency Assistance Account Pursuant to NRS 414.135(5).
7. Department of Conservation and Natural Resources – Division of State Parks – Advance of \$400,000 from State General Fund to State Parks Pursuant to NRS 407.079.

There were no comments or questions on the above informational items.

L. PUBLIC TESTIMONY.

There was no public testimony.

There being no further business to come before the committee, Chairman Raggio adjourned the meeting.

Senator William J. Raggio, Chairman
Interim Finance Committee

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