

**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 Morse Arberry, Jr., on September 12, 2000, at 8 a.m., in Room 1214 of the Legislative Building, in Carson City, Nevada.

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Morse Arberry, Jr., Chairman  
Senator William J. Raggio, Vice Chairman  
Senator Bob Coffin  
Senator Lawrence E. Jacobsen  
Senator Bernice Mathews  
Senator William R. O'Donnell  
Senator Raymond D. Rawson  
Assemblyman Bob Beers  
Assemblywoman Barbara K. Cegavske  
Assemblyman Mark Manendo, sitting as an alternate for  
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

**COMMITTEE MEMBERS ABSENT:**

Senator Joseph M. Neal, Jr., Excused  
Assemblyman Bob Price, Excused

**LEGISLATIVE COUNSEL BUREAU STAFF:**

Lorne J. Malkiewich, Director  
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  
Yhvona Martin, Secretary

**A. ROLL CALL.**

Mr. Malkiewich called the roll and announced that a quorum of each committee was present.

Senator Raggio announced that Gary Ghiggeri, legislative Fiscal Analysis Division, had been appointed as the new Senate Fiscal Analyst, replacing Dan Miles, who had accepted the position of Interim Vice Chancellor of Finance with the University and Community College System of Nevada (UCCSN).

**B. APPROVAL OF INTERIM FINANCE COMMITTEE MINUTES FROM JUNE 14, 2000, MEETING.**

**MR. MARVEL MOVED TO APPROVE THE INTERIM FINANCE COMMITTEE MINUTES OF THE JUNE 14, 2000, MEETING. SECONDED BY SENATOR JACOBSEN AND  
MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

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

- 1. Department of Agriculture – Plant Industry – FY 00** – Addition of \$150,000 in the United States Department of Agriculture (USDA) Grasshopper Survey for additional grant funds for grasshopper surveys with intermittent staff and for grasshopper and Mormon cricket eradication (contract aerial spraying). Due to the time of the grant and the life cycle of grasshoppers and crickets, the window of opportunity for effective spraying is narrow and accordingly the agency requests expeditious action on work programs C14421 and C14422, which are both part of the same grant in an attempt to get an effective application this year.

There were no comments or questions from the committee on this item.

2. **Department of Employment, Training and Rehabilitation (DETR) – State Job Training Office – FY 01** – Acceptance of \$803,000 in the 1999 Mining Project Grant, JPTA Title III-D to request 15-day expeditious action to accept the fourth allocation of National Reserve Grant (Mining) under the Program Year 1999 Job Training Partnership Act, Title III-D Economic Dislocation Worker Adjustment Assistance (EDWAA) which will continue dislocation services to affected workers in the rural Nevada mining industry.

There were no comments or questions from the committee on this item.

3. **Department of Information Technology (DoIT) – Facility Management Division – FY 01** – Transfer of \$1,814,289 from the Reserve category to the Information Services category to upgrade the State’s mainframe computers.

Refer to testimony under item E.12.

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

1. **Office of the Attorney General – Attorney General Medicaid Fraud Control Unit – FY 00** – Transfer of \$6,700 from the Reserve category to the Information Services category to meet projected expenditures for the fiscal year.
2. **Secretary of State – Secretary of State – FY 00** – Addition of \$182,000 in a transfer from Special Fund to meet projected expenditures for the fiscal year.
3. **Department of Museums, Library and Arts – Nevada State Library and Archives – FY 00** – Deletion of \$1,200 in Budgetary Transfer to cover shortfall in salaries in Budget Account 2893.
4. **Department of Museums, Library and Arts – Nevada State Library and Archives – FY 00** – Addition of \$1,200 in Budgetary Transfers to cover shortfall in salaries due to frozen merit salary increases.
5. **Department of Business and Industry – Industrial Development Revenue Bond Program – FY 00** – Addition of \$317,000 in Cost of Issuance and \$7,366 in Treasurer’s Interest to increase revenue authority in the Industrial Development Revenue Bond Program.
6. **Department of Business and Industry – Industrial Development Revenue Bond Program – FY 00** – Addition of \$125,000 in Cost of Issuance to increase budget authority to accept funds for bond issuance cost for FY 00 IDR bonds.
7. **Department of Agriculture – Administration – FY 00** – Deletion of \$3,563 in Budgetary Transfer to cover anticipated salary shortfall in budget account 4550 Veterinary Medical Services due to the reclassification of Management Assistant III to Management Assistant IV and inability to accurately track seasonal and intermittent salaries due to Integrated Financial System (IFS) changes which no longer delineate said ledgers separately.
8. **Department of Tourism and Economic Development – Commission on Tourism – FY 00** – Transfer of \$200,000 from the Reserve category to the Promotion and Marketing category to enable payment for increased printing costs as a result of a successful international millennium campaign and increased requests for Nevada tourism information.
9. **Department of Prisons – Prison Dairy – FY 00** – Transfer of \$36,000 from the Reserve category to the Operating category to cover operating over-expenditures due to increased expense for new programs, stray horse, steer feeder, as well as Y2K contingency, and hay storage in silage bags.
10. **Board of Pharmacy – FY 00** – Addition of \$1,000 in Fines, Forfeitures, Penalties, and \$57,000 in Licenses and Fees to adjust authority to meet projected fiscal year requirements.

There were no comments or questions from the committee on the above requests.

**E. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES in accordance with Chapter 353, Nevada Revised Statutes.**

Chairman Arberry requested testimony on the following work programs included in Volume I of the meeting packets: items 3, 4, and 9. Volume II items 12, 17, 18, 21, 22, 27, 33, 34, 39, 40, 41, 42, 43, and 44. Volume III items 52, 55, 58, 59, 60, 63, 65, 70, and 75.

**MR. PERKINS MOVED TO APPROVE ALL ITEMS NOT PREVIOUSLY ENUMERATED ABOVE. SECONDED BY SENATOR RAGGIO AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

1. **Office of the Attorney General – Workers Compensation Fraud – FY 00** – Transfer of \$4,010 from the Out-of-State Travel category, \$10,000 from the Information Services category, \$6,000 from the Training category, and \$36,262 from the Reserve category to allow the transfer of \$52,372 into the Salary category, \$2,000 into the In-State Travel category, and \$1,400 into the Operating category to meet projected expenditures for the fiscal year.

Refer to motion for approval under item E.

2. **Office of the Attorney General – Domestic Violence Program – FY 01** – Addition of \$111,130 in the Rural Domestic Violence Grant to enhance Nevada’s ability to provide safety for victims and accountability for perpetrators through the development of model law enforcement protocols and training curriculum on federal and state full faith and credit provisions.

Refer to motion for approval under item E.

**3. Office of the Secretary of State – FY 01 – Addition of \$2,937,140 in a Transfer from the Special Account to initiate Phase II of the Business Process Reengineering of the Commercial Recordings Division.**

Chairman Arberry recognized Secretary of State Dean Heller. Mr. Heller introduced Mr. Scott Anderson, Deputy Secretary of State for Commercial Recordings and Mr. Beau Pankiw, Information Technology Coordinator for SOS. Mr. Heller provided a handout to the committee entitled “Office of the Secretary of State’s Annual Report Fiscal Year 2000,” a copy of which is included in the meeting minutes as Exhibit A, and an internal document entitled “Office of the Nevada Secretary of State, Commercial Recordings Division, 5-Year Business Plan 2000 – 2005,” a copy of which is included in the meeting minutes as Exhibit B. Mr. Heller said that he wanted to share the “5-Year Business Plan” with the committee so it would have a better understanding of the purpose of the two funding requests.

Mr. Heller recalled that a Bill Draft Request (BDR) to revise Article 9 of the Uniform Commercial Code (UCC) was presented to the 1997 Legislative Session and it was passed. This work program requests a transfer of \$2,937,140 from the Special Services account number 1054 to category 33 (a new category to specifically track the expenditures for this project) for Phase II of the Business Process Reengineering (BPR) of the Commercial Recordings Division. According to Mr. Heller, the new computer system would allow SOS to meet the UCC Article 9 mandate by July 1, 2001. Since SOS would no longer be on the state’s mainframe, Mr. Heller indicated that a client-server mode would provide SOS with more flexibility to accommodate eCommerce Internet projects.

Continuing his remarks, Mr. Heller apprised the committee that SOS had been working on the 5-Year Business Plan for the past four years and that a crossroad had been reached in its business development effort. Mr. Heller said that he was attempting to change the manual aspects of SOS to a more technical-oriented office, so that clients could conduct their business either electronically or over the Internet. Although he acknowledged that the purchase of the new technological enhancements would not be a “silver bullet,” Mr. Heller suggested that it was a solution that should have occurred 5 to 10 years ago so that SOS could compete with other states for business. Reading an excerpt from page 4 of the 5-year Business Plan, Mr. Heller stated:

If we can grow our market share 1 per cent, a conservative target, we will increase the revenue stream by \$3.3 million the first year. Our longer-term goal is to increase the national market share to at least 5 per cent.

In concluding his testimony, Mr. Heller said that if the committee were to approve this funding request, it would provide SOS with the opportunity to go forward with the technological enhancements that it needs. Although the information provided in the meeting packet indicates a single-source vendor had been selected for the replacement system, Mr. Heller noted that another vendor product had since been evaluated. According to Mr. Heller, SOS’ Information Technology staff was impressed with the second vendor’s product and, as a result, a decision had been made to go out to bid for this particular technological enhancement because the bid process would assist SOS in getting a better product at a lower price. He said, however, he did not expect the bid process to impact the July 1, 2001, deadline for implementation of the UCC Article 9 changes. Mr. Heller said he would be happy to respond to any questions the committee might have.

Chairman Arberry asked Mr. Heller whether there would be a fiscal impact to the Special Services’ account as a result of the proposed expenditure. After discussing the proposed expenditure with the Governor’s office and the Budget Division, Mr. Heller said he did not anticipate any negative impact to the Special Services’ account since the Special Services Fund was currently generating about \$300,000 per month and the proposed expenditure of approximately \$3 million would be paid in a series of payments over a 12- to 18-month period.

If the committee were to approve the two requests, Chairman Arberry wondered if other essential or significant projects or functions of SOS would be delayed or eliminated due to insufficient funds in the Special Services’ account. Mr. Heller said he was confident that there would be a sufficient amount of money in the Special Services’ account to achieve SOS’ goals. In fact, it was Mr. Heller’s understanding that one of the legislative interim committees may present legislation to the 2001 Legislature that would raise the threshold of the Special Services’ account to accommodate the future needs of SOS.

It was Chairman Arberry’s recollection that SOS’ original estimate that was provided in the spring of 1999, was for \$2,437,140 and that it was his understanding the additional \$500,000 being requested at this time was for negotiation flexibility to include additional enhancements in hardware, software, and maintenance service from the vendor, which have not yet been identified. Mr. Heller acknowledged that the original estimate was for \$2,437,140, but it did not include a service contract.

As a compromise, Chairman Arberry said it would be his recommendation to approve the original estimate of \$2,437,140, with the proviso that if additional funding were necessary, SOS would be required to justify the additional enhancements before the Interim Finance Committee at a later date. Mr. Heller said he would put the additional funding for the service contract in the budget and, since the enhancements were expected to come on line during the middle of the 2001 Legislative Session, he could discuss the service contract with the money committees at that time.

**MR. MARVEL MOVED TO REVISE THE REQUEST AND APPROVE THE REQUEST IN THE REVISED AMOUNT OF \$2,437,140, WITH THE PROVISIO THAT THE SERVICE CONTRACT IN THE AMOUNT OF \$500,000, WOULD BE CONSIDERED DURING THE 2001 LEGISLATIVE SESSION.**

Chairman Arberry recognized Senator Raggio who wished to speak to the motion. It was Senator Raggio’s recollection that any funding in excess of \$2 million in the Special Services’ account was swept into the General Fund; thus, SOS’ proposed expenditure would represent an impact of a similar amount to the General Fund. Senator Raggio said he had read the 5-Year Business Plan and thought it would conform with the intent of the interim study committee, Encouraging Businesses to Organize and Conduct Business in Nevada (Senate Concurrent Resolution 19); i.e., reshaping laws in order to make Nevada a more inviting state for incorporation. Senator Raggio said, however, he intended to look carefully at future requests from SOS because he did not want SOS to spend money on a program just to prevent the money from being swept into the General Fund. Senator Raggio was he was also in agreement that the additional \$500,000 be withheld until a case was made for the service contract.

Since there were no additional comments or questions from the committee, Chairman Arberry called for a second and a vote on the motion.

**SECONDED BY SENATOR RAWSON AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

**4. Office of the Secretary of State – FY 01 – Addition of \$577,785 in Transfer from the Special Account to initiate Phase IV of the agency retro-filming and imaging of historical microfiche.**

Mr. Heller apprised the committee that SOS was proposing to contract with the Micrographics and Imaging Program of the Department of Museums, Library and Arts to scan the entire inventory of corporate filings and related images, which were currently stored on microfiche. Mr. Heller noted that SOS currently has on file approximately 180,000 active corporations as well as inactive corporations. Since each corporation has an individual microfiche, Mr. Heller estimated that SOS has approximately 100,000 microfiche stored in boxes dating back to 1864. SOS’ goal is to put all corporate filings on electronic media for ease of retrieval and use on the World Wide Web. The first phase of the project will be the scanning of records dating from 1987 through 1997, a 10-year period, at an approximate cost of \$192,051. Phase I is expected to be completed by March 2002. The second phase will include the scanning of records dating from 1876 through 1986 at an approximate cost of \$385,734. The estimated completion date for the entire project is March 2005. Mr. Heller

indicated that getting corporate filings on the Internet would accommodate commerce, lawyers, bankers, mortgage companies, anybody needing information from SOS. Mr. Heller said that a representative from the State Library was available to respond to questions from the committee.

Although he thought Mr. Heller had made a case for the first phase going back to 1987, Senator Raggio said he did not believe the case had been made for the second phase at this point in time in view of the Governor trying to reduce operating costs through his Fundamental Review Task Force, plus the 2001 Legislature would be looking at limited revenues and increasing requirements. In order to save almost \$400,000, Senator Raggio suggested that the records from 1876 through 1986 be converted at a later date. Mr. Heller agreed with Senator Raggio's suggestion and he said he would be comfortable arguing his case for the second phase before the 2001 Legislature.

To respond to a question from Mr. Marvel, Mr. Heller indicated that phase one and phase two would require approximately 4-1/2 years to complete.

Mr. Marvel expressed concern about paying for the entire project when it was going to be phased in over a period of time. Since the majority of the requests for corporate records were related to the 1987 to 1997 time span, Mr. Heller said he was in agreement to a reduced funding request for phase one only.

**SENATOR RAGGIO MOVED TO REVISE THE REQUEST AND APPROVE THE REQUEST IN THE REVISED AMOUNT OF APPROXIMATELY \$192,051 TO BE TRANSFERRED FROM THE SPECIAL SERVICES' ACCOUNT FOR PHASE I OF THE PROJECT, WITH THE PROVISIO THAT THE FUNDING BE EXPENDED BY MARCH 2002. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

5. **Department of Education – Student Incentive Grants – FY 01** – Addition of \$14,307 in the Student Incentive Grant (LEAP), \$28,000 in the Student Incentive Grant (SLEAP) and \$56,016 in a Transfer from the University Endowment Fund to provide funding for students who demonstrate extreme financial need that are enrolled in institutions of higher education.

Refer to motion for approval under item E.

6. **Department of Education – IASA Title I Grants – FY 01** - Addition of \$404,519 in the Federal Accountability Grant to provide funds to help turn around low-performing schools by implementing tougher curricula and providing better teacher training.

Refer to motion for approval under item E.

7. **Department of Education – Discretionary Grants – Restricted – FY 01** – Addition of \$750 in Federal Funds Balance Forward and \$62,327 in a Federal Grant to book full federal authority for Robert C. Byrd Scholarships to provide funding for existing and new scholarships.

Refer to motion for approval under item E.

8. **Department of Education – Discretionary Grants, Restricted – FY 01** – Addition of \$100,000 in Refugee Children School Impact Grant and \$254,324 in Advanced Placement Fee Payment Program to provide funding for low-income individuals to cover part or all of the cost of advanced placement test fees and to provide support to refugee students in Clark County to enable them to acculturate to this country and improve their school achievement.

Refer to motion for approval under item E.

9. **Department of Education – Discretionary Grants – Unrestricted – FY 01** – Addition of \$1,857,376 in Federal Class Size Reduction to provide funding to Nevada's seventeen local school districts in order to reduce class size, particularly in the early grades, using highly qualified teachers to improve educational achievement for regular and special needs children.

Mr. Doug Thunder, Deputy Superintendent, Department of Education, indicated that the Department of Education had initially asked for approximately \$1.9 million because it was the amount of the federal grant award at that time. According to Mr. Thunder, the federal government has been breaking up the funding year in a number of federal grants, allocating between 22 per cent to 30 per cent in the first grant award and the balance in the second grant award. Since the federal government has notified the Department of Education that the second grant award would be received in the first week of October, Mr. Thunder said that a work program revision was submitted asking for the authority for the entire amount of the grant award at this time instead of the Department of Education having to return to the next Interim Finance Committee meeting for that purpose.

Senator Raggio wanted to know the total amount of the federal grant award. Mr. Thunder indicated that the Department of Education had received a fiscal notification from the federal government in the total amount of \$6,094,043 for the current school year. He said, however, if it was not possible to expend all of the funding during the current school year, the remaining funds could be used during the following school year.

Senator Raggio thought the legislative money committees would want to look at this particular funding when the budget for class-size reduction was being reviewed during the 2001 Legislative Session. Senator Raggio wanted to know how much of this federal grant would be allotted to the 17 school districts prior to the 2001 Legislative Session and Mr. Thunder responded approximately one-half of the funding. Mr. Thunder also estimated that approximately \$1,800 was not expended after the first year.

Since he thought Nevada was ahead of the curve in this particular program, Senator Raggio wanted to know how the Federal Class-Size Reduction Program would intertwine with the state's Class-Size Reduction Program. Mr. Thunder apprised the committee that the federal funding would be used to supplement the state's Class-Size Reduction Program. The federal government requires a class size of 18 to 1; however, since Nevada is ahead of most of the other states in this respect, Nevada has received a waiver that allows it to use the federal funds not only for teachers, but professional development as well. If a school is already below 18 to 1 in grades 1 through 3, Mr. Thunder said the federal funding could be used to reduce class size in other grades.

Senator Raggio said he was a little nervous about giving the Department of Education blanket authority for \$6 million when the Legislature would be meeting in February of 2001 to review all of the agency budgets.

Mr. Thunder suggested a compromise would be for the committee to approve one-half of the \$6 million federal grant, or \$3 million. Senator Raggio expressed concern that the Department of Education would be allowed to spend \$3 million before the 2001 Legislature could review the Class-Size Reduction budget. Since Nevada is already ahead of the curve in hiring teachers, Senator Raggio said he did not believe it was

appropriate to “throw money out there to hire teachers that are not necessary.” While there is no administrative money in the federal grant, Mr. Thunder told the committee that the school districts had engaged teachers in this program and those contracts would have to be met.

Mr. Marvel wanted to know how long the Federal Class-Size Reduction Program would be in effect. Mr. Thunder said he could not respond to Mr. Marvel’s question because continuation of the program was dependent on the November elections.

Mr. Marvel wanted to know who would pay the salaries of the new teachers if the federal grant were not continued. Mr. Thunder indicated that the teachers hired for the Class-Size Reduction Program would be notified that their positions would be terminated if the federal funding were not available. It was Mr. Thunder’s belief that if this were to occur, most of the new teachers would be able to find other positions because of the growth in student enrollment.

Senator Raggio said the legislative Fiscal Analysis Division staff had advised him that the \$6 million could be held in reserve and that the committee could authorize the expenditure of, say, \$2 million, until the 2001 Legislative Session has the opportunity to review the Class-Size Reduction budget. Senator Raggio asked Mr. Thunder if this would be a satisfactory compromise. Since the schools would be about halfway through the school year when the 2001 Legislative Session convenes, Mr. Thunder estimated that approximately \$3 million would be sufficient to cover the contracts of the new teachers.

**SENATOR RAGGIO MOVED TO REVISE THE REQUEST AND APPROVE THE REQUEST IN THE REVISED AMOUNT OF \$3 MILLION FOR THE FEDERAL CLASS-SIZE REDUCTION PROGRAM, WITH THE PROVISIO THAT THE TOTAL AMOUNT OF THE FEDERAL GRANT, ESTIMATED TO BE APPROXIMATELY \$6 MILLION, BE HELD IN RESERVE AND THAT THE DEPARTMENT OF EDUCATION BE AUTHORIZED TO EXPEND UP TO \$3 MILLION OF THAT \$6-MILLION FEDERAL GRANT TO MEET NECESSARY COMMITMENTS AND ALSO THAT THE DEPARTMENT OF EDUCATION BE REQUESTED TO PROVIDE THE INTERIM FINANCE COMMITTEE WITH A COMPREHENSIVE REPORT ON THE EXPENDITURE OF THE \$3 MILLION WITH A BREAKDOWN FOR EACH OF THE 17 SCHOOL DISTRICTS. SECONDED BY MR. DINI.**

Chairman Arberry recognized Ms. Giunchigliani who wished to speak to the motion. It was Ms. Giunchigliani’s understanding that the issue relates to a federal grant for a Federal Class-Size Reduction Program. Nevada’s Department of Education would receive approximately \$6 million in federal funds that would be allocated to 17 school districts for the purpose of hiring teachers to continue or implement class-size reduction. The federal classroom reduction level is 18 to 1; whereas, Nevada’s classroom reduction level is 19 to 1, depending on flexibility. Ms. Giunchigliani thought the testimony provided today had indicated that Nevada had met every classroom goal; thus, one-half of the federal funding could be saved. Ms. Giunchigliani maintained that many of the classrooms in Nevada do not meet class-size reduction requirements, for example, classrooms with student teachers and classrooms with at-risk kindergarten students. Ms. Giunchigliani said she did not understand why \$3 million of the \$6 million in federal funds was being reserved.

In addressing Ms. Giunchigliani’s concerns, Senator Raggio reiterated that Nevada’s Class-Size Reduction Program was ahead of most states and it was his belief that the Federal Class-Size Reduction Program was designed for states that were not meeting the 18 to 1 federal requirements. Senator Raggio said he did not think it was prudent for the committee to approve a blank check for \$6 million before the 2001 Legislature had the opportunity to compare the Federal Class-Size Reduction Program with the state’s budget for the Class-Size Reduction Program. Senator Raggio pointed out that Mr. Thunder had indicated that \$3 million would be sufficient to meet the teacher contract commitments at this time.

Ms. Giunchigliani said she wished to speak in opposition to the motion because she thought the funding should be expended on those classrooms that do not meet class-size reduction requirements and a plan could be reviewed later on during the 2001 Legislature. Ms. Giunchigliani suggested that the federal funds could be targeted for class-size reduction in kindergarten, for an example, where some teachers have as many as 35, 5- and 6-year old children in their classrooms. Also, 3<sup>rd</sup> and 4<sup>th</sup> grades need to be dealt with. Ms. Giunchigliani said she did not believe it would be difficult to account for the expenditure of the federal funds; thus, it should not impact whether or not Nevada moves forward with class-size reduction.

Since there were no additional comments or questions from the committee, Chairman Arberry called for a vote on the motion.

**MOTION CARRIED BY VOICE VOTE WITH MS. GIUNCHIGLIANI, MS. LESLIE, AND MRS. DE BRAGA VOTING NO.**

10. **University and Community College System of Nevada – UNS – Special Projects – FY 01** – Addition of \$56,000 in Estate Tax to transfer funds to the Department of Education to match Federal funds for the Student Incentive Grant (Special Leveraging Educational Assistance Partnership – SLEAP).

Refer to motion for approval under item E.

11. **Department of Administration – Printing Division – Printing Office – FY 01** – Transfer of \$46,500 from Salaries category to Operating category, \$3,000 from Salaries category to Training category and \$29,400 from Raw Materials category to Information Services category to allow for purchase of a computer-to-plate system of making printing plates, a process that will reduce production times, lower prices, and provide higher image quality on the finished product that the Printing Office currently offers.

Refer to motion for approval under item E.

12. **Department of Information Technology – DoIT Computing Division – FY 01** – Transfer of \$1,197,903 from category 86 (Reserve) to category 26 (Information Services) to provide for an upgrade of the R-46 server to an R-56 server to meet anticipated processing capacity growth through the end of the fiscal year.

Mr. Terry Savage, Director, Department of Information Technology (DoIT), apprised the committee that when several emergency upgrades were made late last month; i.e., the R-25 to an R-35 and the R-36 to an R-46, it was DoIT’s expectations the R-46 would need to be upgraded to an R-56 some time before the close of the current fiscal year. He said, however, when the R-46 upgrade was installed on August 28, 2000, there was a brief spike to 100 per cent of available capacity. Although the utilization has since leveled off to about 75 to 80 per cent of available capacity, spikes above 80 per cent of available capacity have been consistently occurring. According to industry standards, upgrading is recommended when a system is consistently running above 80 per cent of available capacity. DoIT does not have a sufficient baseline at this time to know exactly when the 80 per cent of available capacity will occur, but the most recent trends indicate that the R-46 will need to be upgraded to an R-56 configuration within the next four to six weeks. Mr. Savage said that if the committee approves DoIT’s request to upgrade the R-46 to an R-56 today, it would be DoIT’s intention to monitor the utilization for the next week or two to confirm the preliminary data is an ongoing trend and, if that proves to be the case, DoIT would proceed with the upgrade before any degradation of the system occurs.

Chairman Arberry wanted to know whether the federal cost allocation policy would allow DoIT to use federal funding for the purchase of computer equipment.

Chairman Arberry recognized Mr. Brian Spencer, Chief Accountant, DoIT, who told the committee that DoIT does not receive any direct federal funding. He said, however, DoIT bills state agencies that receive federal funding for computing services for programs such as Unified Nevada Information Technology for You (UNITY), Nevada Operations Multi Automated Data Systems (NOMADS), and other programs. In responding to Chairman Arberry's question, Mr. Spencer said that federal funds could be used to purchase computer equipment. Mr. Spencer noted that if a state intends to purchase computer equipment that would exceed the cost of \$5 million, the U.S. Department of Health and Human Services (HHS) requires the state to file a document explaining the purpose of the equipment. Since this particular upgrade would not exceed the \$5-million threshold, the document would not need to be filed with HHS.

Senator O'Donnell recalled that the need for the upgrade of the R-46 to an R-56 was discussed during the Project Genesis/DoIT subcommittee meeting yesterday. The subcommittee also discussed whether the upgrade would be increasing the computer system to effectuate a better throughput for NOMADS and other programs. It was Senator O'Donnell's understanding that NOMADS was consuming a significant amount of the state's mainframe's capacity. Mr. Spencer said that Senator O'Donnell's understanding was correct.

Senator O'Donnell said he had read an alarming report this morning that indicates that it had been costing the state between \$12 million and \$14 million per year to operate NOMADS, which was currently processing 209,000 welfare cases. It was also Senator O'Donnell's recollection that Mr. Savage had indicated yesterday that if a decision were to be made to "pull the plug" on NOMADS, it would result in the state's computer system having approximately 50 per cent excess capacity. Mr. Savage agreed with Senator O'Donnell that NOMADS uses approximately 50 per cent of the state's mainframe capacity.

It was Senator O'Donnell's belief that if NOMADS were to be terminated, the state would have to pay for that excess capacity. Mr. Savage apprised the committee that there would be significant excess capacity in the short term if NOMADS were to be terminated, but it might be possible to address that excess capacity by turning off some of the engines and ramping down the software costs. Mr. Savage said, however, in the long term the utilization was almost certain to grow, requiring the upgrade of the R-46 to an R-56.

Senator O'Donnell recounted a telephone call he received from a constituent who told him that she was receiving child support. Since the state law requires that child support be based on a percentage of the non-custodial spouse's income but NOMADS cannot accept a percentage, Senator O'Donnell said his constituent was distraught because she had to go to court in order to get a dollar figure. Also, if the wage changes, she would be required to go back to court again to get the dollar figure reevaluated. Senator O'Donnell said he was deeply disturbed about the annual cost to operate NOMADS and he thought it was a mistake for the state to continue buying more and more computing power for an antiquated system. Senator O'Donnell said he had asked repeatedly for someone to investigate the ongoing costs of NOMADS. Senator O'Donnell stated further:

I believe with all my heart that this is a failed system and we are needlessly spending more money for no reason at all when the counties can do this much more effectively and much more cheaply. So, I cannot support this today and I will not support any more dollars until we investigate the true cost of NOMADS. I think that once people find out exactly how much money we are spending, we will come to a quick decision. I think the federal government should be ashamed of itself for requiring this little state to go ahead and produce a computer system and continue to have us spend millions and millions and millions of dollars on a failed system because they will not agree that it does not work.

To respond to Senator O'Donnell's statements, Mr. Savage pointed out that DoIT, and especially the Computer Facility, was a service agency. Since the demand for capacity was substantially more than the available capacity, Mr. Savage said he had brought a request to the Interim Finance Committee to upgrade the R-46 to an R-56. He said, however, if the capacity trends do not materialize and capacity needs to be reduced, he was prepared to deal with that as well.

Chairman Arberry thought Senator O'Donnell had brought up several excellent points and he wondered if some one could address what the impact would be if the state were to decide to "pull the plug" on NOMADS.

Chairman Arberry recognized Mr. Michael Willden, Administrator, Nevada State Welfare Division (NSWD), who reminded the committee that NSWD was currently operating NOMADS under penalty provisions from the federal Office of Child Support and Enforcement. Since NSWD currently pays the federal government about \$1 million per quarter in penalties, the penalties would continue if a decision were to be made to "pull the plug" on NOMADS. Mr. Willden said he would disagree with Senator O'Donnell's contention that NOMADS was not working and he wished to provide several facts to support his belief that NOMADS is working. NSWD has converted almost 210,000 cases into NOMADS and only a few child welfare cases remain to be converted. The total of 210,000 cases includes about 100,000 child support and enforcement cases and about 100,000 welfare cases, which includes all aspects of welfare; i.e., Temporary Assistance to Needy Families (TANF), Food Stamps and Medicaid eligibility. The child support system has for the last two months processed all of the child support payments in Nevada. Last month, almost \$10 million in child support payments were processed through NOMADS and 58,000 checks were issued.

Continuing his testimony, Mr. Willden acknowledged that there had been delays in processing checks in the month of August through the conversion process to the new State Collection and Distribution Unit (SCaDU). Mr. Willden indicated that for the first 28 days of processing in the new statewide system 78 per cent of the checks were issued either the first or second day after they were received, but none of the checks were distributed later than six days after receipt. Mr. Willden opined that NOMADS has a number of good features, but he would agree that it was slow, uses old technology, and needs to be upgraded. Mr. Willden did not believe it would be appropriate "to pull the plug" on NOMADS when NSWD expects to send a letter this week asking the federal government to come to Nevada and certify NOMADS as meeting all of the federal requirements, at which time the penalty provision would be removed. Once NOMADS has been certified, Mr. Willden said a decision would need to be made whether to upgrade to a new language, use a different computer configuration, or remain status quo. Mr. Willden maintained that NOMADS does process child support checks and welfare eligibility, but he acknowledged that the NOMADS budget last year was \$14 million and the budget this year was slightly under \$10 million.

Chairman Arberry wondered whether NOMADS would ever pay for itself. Mr. Willden said that although he was not prepared to provide an exact date when the expected cost benefits would accrue, a cost analysis prepared by NSWD indicates that NOMADS had cost \$125 million over seven or eight years of development. In addition, Mr. Willden thought it was important for the committee to keep in mind that NOMADS processes over \$120 million in child support payments each year, \$30 million in TANF payments, \$60 million in Food Stamps, and does the eligibility computations for \$600 million in Medicaid payments. Mr. Willden stressed that NOMADS was a big, complex eligibility and child support system.

Chairman Arberry suggested that the time had come for NSWD to do an assessment of NOMADS comparing the costs to benefits. Chairman Arberry also thought this information would be helpful to the committee when deliberating over the need for additional computing equipment.

As Chairman of the Interim Finance Committee's Subcommittee on Project Genesis/DoIT, Mr. Beers said the subcommittee met yesterday and heard testimony on some recent improvements to NOMADS, but it was too early for an assessment to be made. Mr. Beers thought it might be helpful to the committee to have Mr. Savage discuss the improvements. Mr. Savage explained that although the upgrade from the R-36 to an R-46 that was installed on August 28, 2000, provided the NOMADS programmers with the desired relief, the effect of the increased CPU on the cycler program, which actually processes the cases, was somewhat

disappointing. A team was put together consisting of senior staff of the Computer Facility and database and programming staff from NOMADS to find a solution to the problem. Mr. Savage said it would appear a solution has been found that would provide a substantial improvement in the ability of NOMADS to quickly process the cases, but it would probably be a week or two before the results could be identified.

Mr. Beers said it had been his experience that the term computer obsolescence was less meaningful than in, say, cars, refrigerators, or cooking ranges, if results are being achieved. Mr. Beers also recalled that when he was in business school he was taught not to agonize too much over sunk costs, which constitutes the money that has been spent on a project that cannot be recovered. Mr. Beers said it was distressing to think of the number of schools that could have been built with the \$125 million that had been spent on NOMADS to date. In the meantime, Mr. Beers said the committee needs to decide whether to spend almost \$2 million to upgrade a computer to expedite the processing of welfare cases that would not only improve the lives of the recipients, but the state employees who have to work with NOMADS as well.

It was Senator O'Donnell's understanding that the Office of the Controller was holding a number of checks for welfare recipients that were not deliverable. Mr. Willden acknowledged that approximately 100 checks were returned to NSWD on a daily basis primarily because of bad addresses as a result of people moving since the last check was issued without providing a forwarding address, rather than incorrect information that has been entered into NOMADS. Mr. Willden said this was a common occurrence in the welfare and child support business. According to Mr. Willden, NSWD makes every effort to immediately locate the recipient so a new check can be issued to them.

Senator O'Donnell suggested that the scenario described by Mr. Willden was another reason for keeping child support and enforcement on the local level. It was Senator O'Donnell's opinion that the federal government had required the states to have a statewide system for child support and enforcement because the federal government did not want people moving from one county to another county within a state trying to escape paying child support. He said, however, because Las Vegas was more closely tied to Los Angeles and Reno was more closely tied to Sacramento or San Francisco, a statewide system makes no financial sense, but it had cost the Nevada taxpayers \$125 million and the federal government should be ashamed for laying this onerous burden on the taxpayers of Nevada.

Since there were no additional comments or questions from the committee, Chairman Arberry said he would entertain a motion.

**MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED BY VOICE VOTE WITH SENATOR O'DONNELL VOTING NO.**

To accommodate the Attorney General and her staff, Chairman Arberry said he would hear testimony on Item G.1 at this time.

13. **Department of Agriculture – Veterinary Medical Services – FY 00** – Addition of \$3,563 in Budgetary and \$6,000 in Reimbursements to cover anticipated salary shortfall in budget account 4550 Veterinary Medical Services due to the reclass of MA III to MA IV and inability to accurately track seasonal and intermittent salaries due to IFS changes which no longer delineate said ledgers separately. Additionally, to cover additional services being provided to NDOW.

Refer to motion for approval under item E.

14. **Department of Agriculture – Livestock Inspection – FY 00** – Addition of \$87,000 in Inspection Fees to cover projected expenditure requirements for the fiscal year.

Refer to motion for approval under item E.

15. **Department of Business and Industry – Division of Insurance / Education and Research – FY 01** – Transfer of \$10,560 from the Reserve category to the Information Technology category to provide funding authority to complete the acquisition and implementation of the COSMOS integrated database.

Refer to motion for approval under item E.

16. **Department of Business and Industry – Insurance Regulation – FY 01** – Addition of \$62,000 in Registration Fees to implement service contracts legislation passed by A.B. 673, Chapter 612, 1999 Statutes.

Refer to motion for approval under item E.

17. **Department of Business and Industry – Nevada State Energy Office – FY 01** - Addition of \$132,180 in the Rebuild America Grant and \$153,434 in the Codes and Standards Grant to continue the Rebuild Nevada program, to allow the agency to assess the current quality and rate of compliance of energy efficient practices and to provide training for code enforcement personnel.

Ms. Margaret Mal, Accountant, Nevada State Energy Office (NSEO), apprised the committee that the original work program that was submitted had been adjusted because the federal Department of Energy (DOE) would not be awarding the Rebuild America Grant. Ms. Mal noted that federal funding from the two-year Codes and Standards grant would be used to assess the current quality and rate of compliance of energy-efficient construction practices and to provide training for code enforcement personnel.

**MR. DINI MOVED TO REVISE THE REQUEST AND APPROVE THE REVISED REQUEST IN THE AMOUNT OF \$153,434. SECONDED BY MR. PERKINS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

18. **Department of Business and Industry – NAIW – FY 01** – Addition of \$100,393 in Transfer from Budget Account 1014 to pay for the costs associated with two new positions required to address case backlog and anticipated increase in future claims filed by workers from the Nevada Test site.

Ms. Nancyann Leeder, Nevada Attorney for Injured Workers (NAIW), indicated that the 1999 Legislature had funded four positions for NAIW, subject only to request and need. The funding was placed in the reserve category. Ms. Leeder requested permission to transfer \$100,393 from the reserve category to pay for two new positions, an attorney and a legal secretary, for NAIW's Las Vegas office.

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

19. **Department of Human Resources – State and Community Collaborations – FY 01** – Addition of \$61,511 in a Transfer from Other Budget Account/Same Fund (Division of Child and Family Services) to continue

rural respite program utilizing Title IV-B funds transferred from the Division of Child and Family Services; continues one .75 FTE position, originally scheduled to expire 9/30/00, through the end of the fiscal year.

Refer to motion for approval under item E.

- 20. Department of Human Resources – State and Community Collaborations – FY 01** – Addition of \$582,494 in the Education of Handicapped Children Federal Grant to continue services for the education of handicapped children; adds one full-time Developmental Specialist position; increases one .51 FTE position to .75 FTE and one .51 FTE position to 1.00 FTE and continues one .51 FTE position through 6/30/01.

Refer to motion for approval under item E.

- 21. Department of Human Resources – Purchase of Social Services – FY 00** – Transfer of \$296,332 from the Northern Nevada Child Services category to the Southern Nevada Child Services category to provide additional Title XX funds to offset Fiscal Year 2000 shortfall projected in the Division of Child and Family Services' Southern Nevada Child and Adolescent Services budget.

Ms. Blaine Rose, Administrative Services Officer, Community Connections, Department of Human Resources, introduced Mr. Jim Baumann, Administrative Services Officers, Division of Child and Family Services (DCFS). Since item 21 is related to item 40, Ms. Rose requested that item 40 be heard out of sequence. Item 40 also requires a public hearing due to the allocation of Block Grant funds.

Speaking to item 21, Ms. Rose explained that this work program requests a shift in category expenditure authority from the Northern Nevada Child and Adolescent Services (NNCAS) to the Southern Nevada Child and Adolescent Services (SNCAS). According to Ms. Rose, the Northern unit was unable to earn the entire amount of Title XX funds budgeted and the Southern unit incurred an overall shortfall for which Title XX funds could help to offset.

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

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

- 22. Department of Human Resources – Mental Health – Planning Council FY 01** –Addition of \$24,786 in the Mental Health Block Grant to provide training, data processing, travel and operating support for the Mental Health Planning Advisory Council.

There was no agency representative available to testify on this request.

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

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

- 23. Department of Human Resources – Health Division – Sexually Transmitted Disease – FY 01** - Addition of \$142,415 in the Federal Housing Grant to provide housing for persons with AIDS.

Refer to motion for approval under item E.

- 24. Department of Human Resources – Health Division – Sexually Transmitted Disease – FY 01** - Addition of \$154,165 in the Federal Aids Grant and a Transfer of \$17,106 from the Salary category to the AIDS category to pass federal funds to Washoe and Clark Counties to provide surveillance and monitoring of AIDS cases.

Refer to motion for approval under item E.

- 25. Department of Human Resources – Health Division – Administration – FY 01** – Addition of \$456,818 in the Federal Tobacco Prevention Grant to continue three existing positions plus operating costs and to provide grants to organizations to provide tobacco control programs.

Refer to motion for approval under item E.

- 26. Department of Human Resources – Health Division – Alcohol and Drug Abuse FY 01** Addition of \$177,949 in the Federal Substance Abuse Grant to fund strategic planning and prevention and treatment programs for substance abuse.

Refer to motion for approval under item E.

- 27. Department of Human Resources – Health Division – Health Administration – FY 01** – Addition of \$111,971 in Federal Administration Fees to create three new positions in Health Administration plus fund position support costs to provide a centralized information technology program.

Mr. Phil Weyrick, Administrative Services Officer, Health Division, explained that this work program would augment the revenue and expenditure authority in budget account 3223 (Office of State Health Administration) to utilize available funds generated by the Health Division's administrative service charge. Mr. Weyrick pointed out that the narrative for item 27 was incorrect. According to Mr. Weyrick, the three positions addressed in this work program were existing positions, rather than new positions, currently funded by federal grants. At the request of the Health Division last fall, Mr. Weyrick told the committee that DoIT had completed an evaluation of the automation infrastructure within the Division on March 15, 2000, and DoIT's report basically recommended that all support functions should be centralized at the Division level. The Health Division currently has three local area networks (LAN) at the Bureau of Licensure and Certification, Health Protection Services, and in Health Administration.

Chairman Arberry asked Mr. Weyrick if he intended to ask for state funds in the future to support the information technology function if the federal grants were to be eliminated. Mr. Weyrick noted that the Health



Division assesses indirect costs on salaries and fringe benefits funded by federal grants and that 66 per cent of the Health Division's total funding was derived from federal grants. Mr. Weyrick said he would hope to be able to continue funding the positions either through the indirect cost process or federal grants. He said, however, DoIT's report had not only recommended the Health Division double the IT staff, but fund the majority of the IT staff with General Fund. Mr. Weyrick pointed out that the Health Division had decided to use the indirect cost process in the biennial budgets so the cost of the positions would not impact the General Fund, but that if additional funds were needed, the Health Division would seek funding sources other than the General Fund.

**MS. GIUNCHIGLIANI MOVED TO APPROVE THE REQUEST. SECONDED BY MR. BEERS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 28. Department of Human Resources – Health Division – Women, Infant and Children Food Program – FY 01** – Transfer of \$28,266 from the Operating category to the Salary category to establish a new Health Program Specialist position to coordinate the statewide breast feeding program.

Refer to motion for approval under item E.

- 29. Department of Human Resources – Health Division – Women, Infant and Children Food Program – FY 01** – Addition of \$1,801,368 in the Federal Women, Infant and Children Grant to provide food for clients, staff training, and funding for the Health Passport Program.

Refer to motion for approval under item E.

- 30. Department of Human Resources – Health Division – Cancer Registry – FY 01** – Addition of \$80,812 in the Federal Cancer Registry Grant, Deletion of \$24,806 in Client Charges and \$19,746 in Balance Forward to continue federal funding for the Cancer Registry Program.

Refer to motion for approval under item E.

- 31. Department of Human Resources – Welfare Division – Welfare Administration – FY 01** – Addition of \$137,295 in the Balance Forward from the Previous Year, \$135,389 in the Federal USDA Food Stamp Program, \$1,496 in the Federal Child Support Program, \$780 in the Federal TANF Program, and \$356 in the Federal Title XIX to purchase office equipment approved in Fiscal Year 2000 and to procure Quality Assurance contractual services to independently evaluate and assist with the project plan review necessary for the implementation of Electronic Benefits Transfer (EBT) in the Food Stamp Program.

Refer to motion for approval under item E.

- 32. Department of Human Resources – Welfare Division – Welfare Administration – FY 01** - Addition of \$258,676 in the Balance Forward from the Previous Year, \$18,671 in the Federal USDA Food Stamp Program, \$156,024 in the Federal Child Support Program, \$1,041,701 in the Federal TANF Program, and \$17,928 in the Federal Title XIX to balance forward Fiscal Year 2000 funding to continue implementation of Welfare Division automated systems projects to include funding for travel and operations.

Refer to motion for approval under item E.

- 33. Department of Human Resources – Welfare Division – Welfare Administration - FY 01** – Addition of \$2,198,838 in the TANF Block Grant to implement an automation improvement strategy that will standardize software applications, expand user access, create stable environments in both local- and wide-area network communications, and provide comprehensive training of staff in order to utilize computer software and hardware effectively; includes purchase of computer hardware and software, file server, routers, switches and hubs, printers, electrical power upgrades, and contractual services for on-site computer training.

Mr. Bob Anderson, Administrative Services Officer, Nevada State Welfare Division (NSWD), introduced Mr. Michael Willden, Administrator, NSWD, and Mr. Gary Stagliano, Deputy Administrator, DoIT. Mr. Anderson explained that this request would augment the Welfare Administration budget to receive the High Performance Bonus Award that NSWD received from the Temporary Assistance for Needy Families (TANF) program. Mr. Anderson apprised the committee that NSWD was a top performing state agency ranking 5<sup>th</sup> in job entry statistics and 4<sup>th</sup> in the percentage of year-over-year improvement in job entry results on a national basis.

Continuing his testimony, Mr. Anderson noted that the available funding in the augmentation was designed to allow a one-time appropriation in connection with NSWD's automation improvement proposal that would standardize the software applications, expand user access, create a stable environment in both local- and wide-area networks (LAN and WAN) throughout NSWD, and provide comprehensive training to optimize the effectiveness of these computing tools. Creating a more effective and efficient automated network would promote greater access to private-public partnerships. According to Mr. Anderson, the level of electronic communication capabilities proposed in the automation improvement strategy was fundamental to the success of NSWD in achieving the higher performance expected in the growing technological business world of eCommerce. Currently, NSWD does not have the capacity to electronically communicate with clients because the majority of the eligibility workers have dumb terminals. In addition, Mr. Anderson said that a new category was being proposed for this one-time appropriation so that the expenditures could be accounted for separately from the rest of the budget.

Senator O'Donnell said he had read the letter from Donna Shalala, Secretary of U.S. Health and Human Services, on pages 33.4-33.5 in Volume II of the meeting packets, commending NSWD for the good work it had done to facilitate people back to work who have been on welfare. Since NSWD had ranked 5<sup>th</sup> in the country in job entry and 4<sup>th</sup> in the country in the percentage of year-over-year improvement in job entry results, Senator O'Donnell thought NSWD should be commended. Since it was his understanding that NSWD had received an approximate \$2.2-million bonus, which he characterized as a gift from the federal government, Senator O'Donnell wondered whether it would have been possible for NSWD to use the \$2.2-million bonus to pay for the \$1.1-million computer upgrade to NOMADS, a computer system the federal government has required Nevada to create.

In responding to Senator O'Donnell's question, Mr. Anderson said that the Cost Allocation Plan provides for a benefiting program concept. He emphasized that NOMADS was a completely integrated system that takes care of five federal programs, one of which was the TANF program. Mr. Anderson said that the award money would be used to help pay for DoIT's upgrades to the TANF program, but it could not have been used to benefit other federal programs because, according to Ms. Shalala's letter, "the bonus must be used to carry out purposes of the TANF program, including a range of supportive services to overcome barriers to employment and self-sufficiency."

Senator O'Donnell wanted to know how many more jobs would NSWD be able to effectuate by upgrading dumb terminals to Personal Computers (PC's). It was Mr. Anderson's belief that the increased electronic capability would facilitate NSWD in communicating quickly with its partners, who are the people employing welfare recipients, giving them basic training skills and development, and opening up on-the-job training

sites.

Senator O'Donnell said he would like to hear from the legislative Fiscal Analysis Division staff whether the High Performance bonus funding could be used to purchase the R-56 upgrade and, if so, he would ask for item 12 to be reopened. Speaking as a long-time legislator, Senator O'Donnell said he saw a critical need for funding for a number of programs, such as foster care and nursing homes that are going broke. It was also Senator O'Donnell's belief that because the treatment of senior citizens in nursing homes was so deplorable, seniors were living in fear of having to go to a nursing home. He also saw a need for teachers' salaries and health care benefits for teachers who retire. Senator O'Donnell said he did not intend to support NSW's request or any other request from NSW dealing with computerization until he receives a dollar amount on the annual cost to operate NOMADS.

Chairman Arberry told Senator O'Donnell that the legislative Fiscal Analysis Division staff had advised him they would need to research whether the High Performance bonus funding could be used to purchase an R-56 upgrade and their report would be provided at a later date.

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

**MR. PARKS MOVED TO APPROVE THE REQUEST. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED BY VOICE VOTE WITH SENATOR O'DONNELL VOTING NO.**

34. **Department of Human Resources – Welfare Division – Welfare-to-Work – FY 01** – Addition of \$68,116 in the Balance Forward from the Previous Year, and \$153,237 in the Welfare-to-Work Federal Grant to continue Welfare-to-Work Grant activities through Fiscal Year 2001.

Mr. Anderson apprised the committee that this item represents a request to balance forward the remaining amount of General Fund dollars and to match those funds with federal Welfare-to-Work program authority at a rate of 2 to 1 for maximum utilization of the grant authorization. Mr. Anderson also indicated that a partial balance forward was previously approved by the Interim Finance Committee and this request represents the remaining money available to balance forward and match with the federal grant. Mr. Anderson noted that the amount of the General Fund in this request needs to be revised from \$68,116 to \$67,890, and the offsetting expenditure authority needs to be reduced as well. Mr. Anderson indicated that the Cost Allocation formula was revised during the budget closing process, creating the need for a revision and balance forward.

**MR. MARVEL MOVED TO REVISE THE REQUEST AND APPROVE THE REVISED REQUEST IN THE AMOUNT OF \$67,890. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

35. **Department of Human Resources – Welfare Division – Energy Assistance – FY 01** – Transfer of \$19,500 from the Salaries category to the Operating category, and \$27,676 from the Salaries category to the LIHEA Payments category to eliminate one full-time Program Assistant IV position vacant since February 2000 and utilize salary savings for contract services to temporary, intermittent case workers to review Low Income Home Energy Assistance (LIHEA) applications and to provide additional payments to eligible households.

Refer to motion for approval under item E.

36. **Department of Human Resources – Aging Services – FY 01** – Addition of \$210,000 in the Senior Advocates Federal Grant to provide administrative support costs in Aging Services and provide contract services with the Attorney General to conduct the Medicare Fraud Prevention Program.

Refer to motion for approval under item E.

37. **Department of Human Resources – Aging Services – FY 01** – Addition of \$350,000 in the Alzheimer's Federal Grant to provide a new contract position and support costs to allocate funds statewide to the Alzheimer's Disease and Related Disorders Association.

Refer to motion for approval under item E.

38. **Department of Human Resources – Child and Family Services – Children Youth and Family Administration – FY 00** – Transfer of \$225,775 from Administration Reserve category to the University Indirect category to meet projected revenue shortfall at the Desert Willow Treatment Center at Southern Nevada Child and Adolescent Services.

Refer to motion for approval under item E.

39. **Human Resources – Child and Family Services – Youth Community Services – FY 01** – Addition of \$2,214,559 in Balance Forward to meet projected requirements in child welfare placement costs and medical costs for youth in state custody. This action restores a portion of the fiscal year 2001 General Fund transfer to fiscal year 2000 that was approved at the June Interim Finance Committee meeting.

Pursuant to *A.B. 697, Section 31, 1997 Session*, Mr. Baumann explained that sums appropriated to Youth Community Services were available for both fiscal years and could be transferred from one fiscal year to the other with approval of the Interim Finance Committee, upon recommendation of the Governor. Mr. Baumann recalled that the Interim Finance Committee, at its June 14, 2000, meeting, had approved the transfer of \$2,800,000 in General Fund from FY 2001 to FY 2000, to cover anticipated expenditures estimated by DCFS' encumbrance system. Since only \$600,000 of that money was needed, Mr. Baumann said this work program would balance forward \$2,214,559 of the original \$2,800,000 to FY 2001 to cover anticipated expenditures in FY 2001.

Vice Chairman Raggio questioned the reliability of DCFS' projection methodology and he wondered whether DCFS could provide more meaningful projections in the future. Since the Unified Nevada Information Technology for You (UNITY) system is in the final stages of implementation, Mr. Baumann thought that the system would assist DCFS in providing much more accurate projections in the future because the system would generate expenditures on a monthly basis, shortly after the first of the month; whereas, DCFS currently uses paper documents to record expenditures that must be sent to an encumbrance control unit in Las Vegas.

It was Vice Chairman Raggio's understanding that the request had been revised from \$2,214,559 to \$2,235,502. Mr. Baumann said that Vice Chairman Raggio's understanding was correct.

**SENATOR RAWSON MOVED TO REVISE THE REQUEST AND APPROVE THE REVISED REQUEST IN THE AMOUNT OF \$2,235,502. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 40. Department of Human Resources – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 00** – Addition of \$296,332 in Title XX, \$225,775 in a Transfer from Other Budget and Deletion of \$522,107 in Medicaid Charges to meet projected revenue shortfall at the Desert Willow Treatment Center.

Mr. Baumann pointed out that this item was related to item 21 that was addressed previously by Ms. Rose. Mr. Baumann indicated that this work program proposes to deaugment the budget by \$522,107 in Medicaid revenue and replace it with a combination of Title XX Purchase of Social Services Block Grant revenue in the amount of \$296,332 and a transfer of \$225,774 from DCFS' Administration budget account (101-3145). Since DCFS was unable to meet projected collections for inpatient services provided to children in the state-operated Desert Willow Treatment Center, Mr. Baumann apprised the committee that funding was transferred from the Administration budget account (101-3145) and split between NNCAS budget account (101-3281) and SNCAS budget account (101-3646). Although SNCAS was able to generate the Title XX revenue that was transferred into the budget, Mr. Baumann indicated that NNCAS was unable to generate the Title XX revenue and the shortfall was addressed with Medicaid funds and a Maximus transfer that was approved by the Interim Finance Committee at its last meeting.

Ms. Leslie asked Mr. Baumann to explain why NNCAS had not been able to generate Title XX revenue. Prior to the 1999 Legislative Session, Mr. Baumann said that NNCAS had approximately \$600,000 in Title XX money in its budget. He said, however, during the last budget process, the amount of Title XX money was increased significantly and NNCAS was not able to provide enough client services to generate the amount of Title XX money that was in the budget.

It was Ms. Leslie's understanding that NNCAS had a long waiting list. Mr. Baumann acknowledged that there was a long waiting list, but clients were required to meet certain eligibility criteria. He also pointed out that NNCAS was generating a considerable amount of Medicaid revenue and the Medicaid revenue was increased to cover the majority of the Title XX revenue that NNCAS was unable to collect.

Ms. Leslie thought the Medicaid requirements were more restrictive than the requirements for Title XX. Mr. Baumann indicated that because of the high percentage of Medicaid-eligible individuals, there was no money remaining after the Medicaid charges had been paid.

Knowing the needs of child and adolescent services in northern Nevada, Ms. Leslie suggested that this funding issue be reviewed in depth. Ms. Leslie wondered whether the Block Grant Commission was aware of the present situation. Ms. Rose stated that this issue was presented to the Block Grant Commission as a discussion item rather than an action item because the interpretation was that moving the Title XX funds between NNCAS and SNCAS did not change the overall purpose of the funding.

Since she thought there was a great need for child and adolescent services in northern Nevada, Ms. Leslie said she did think it was appropriate to shift the Title XX money to SNCAS and she wondered whether DCFS was being as diligent as it could be in collecting the proper sources of funds for the clients.

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

Chairman Arberry wanted to know what could be done to avoid another shortfall of this nature in the future. Mr. Baumann noted that when the budget was built for SNCAS it was based on the assumption that there would be a 91 per cent occupancy rate at the Desert Willow Treatment Center; whereas, an 82 per cent occupancy rate was experienced in FY 2000. In addition, the initial presumption was that \$435 per bed/day would be earned for acute care. He said, however, a skilled rate, or \$225 per bed/day, was allowed when clients were determined to be no longer eligible for acute care. Also, DCFS did not take into consideration the percentage of Medicaid-eligible clients. According to Mr. Baumann, those items have been rectified in DCFS' biennial budget request that has been submitted to the Budget Division and the Legislative Fiscal Analysis Division for review.

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

- 41. Department of Human Resources – Health Care Financing and Policy – Nevada Check-up – FY 01** – Addition of \$2,626,097 in the Federal Title XXI Receipts and \$1,398,572 in a Transfer from Intergovernmental Transfer Account to fund projected increase in medical payments due to higher-than-budgeted increase in program enrollee growth; adds 5.5 positions and associated travel, operating, and equipment costs needed to continue essential services; also positions scheduled to start January 1, 2001, include one Eligibility Certification Supervisor position, one Program Assistant II position and 3.5 Program Assistant I positions.

Ms. Charlotte Crawford, Director, Department of Human Resources, said she wished to introduce two new staff members, who are Mr. Randal Munn, Deputy, Division of Health Care Financing and Policy, and Mr. Charles Duarte, Administrator, Division of Health Care Financing and Policy.

Vice Chairman Raggio welcomed Mr. Munn and Mr. Duarte and wished them well in their new positions.

Speaking to items 41 and 44, which are related, Mr. John Yacenda, Managing Chief, Nevada Check-Up Program, Division of Health Care Financing and Policy, told the committee that the two work programs would address a tremendous increase in enrollment in the Nevada Check-Up Program. The work program in item 41 requests an additional \$2,626,097 in federal Title XXI receipts and \$1,398,572 in intergovernmental transfer funds. Dr. Yacenda directed the committee's attention to a handout, entitled "Nevada Check-Up, A Children's Insurance Program for Nevada's Kids," a copy of which is included in the meeting minutes as Exhibit C. Dr. Yacenda said it was his intention to briefly review the information contained in the handout because the program had changed significantly since its inception. He indicated that the enrollment on which the budget for the Nevada Check-Up Program was built was approximately one-third smaller than it is now.

Dr. Yacenda directed attention to the new colored logo on the front page of the handout (Exhibit C), which indicates that Nevada Check-Up is a program for Nevada's kids, and an 800 number is displayed to make the program more accessible. The logo will be appearing throughout the state on different kinds of materials.

After reciting the Mission Statement on page 2 (Exhibit C), Dr. Yacenda suggested that the message was that the Division was working with the broadest range of people to make the Nevada Check-up Program available to those uninsured children ages birth to 18 years who were eligible to participate in the program.

Referring to the chart on page 3 (Exhibit C) entitled “Number of Children Receiving Coverage by County and Age,” Dr. Yacenda said it was interesting to note that approximately 56 per cent of the total number of children enrolled in the Nevada Check-Up Program were from Clark County, 20 per cent were from Washoe County, with the remaining 24 per cent being from the rural counties. According to Dr. Yacenda, the demographics have been changing, with the percentage in Clark County increasing, which he thought was indicative of the population growth in Clark County.

To address the chart on page 5 (Exhibit C) entitled “Number of Children Receiving Coverage by County and Ethnic Status,” Dr. Yacenda explained that 38 per cent of the children enrolled in the Nevada Check-Up Program were Hispanic; 42 per cent were Caucasian; 3 per cent Native American; and 3 per cent Asian. Although the percentages reflect the demographics in Nevada to some degree, Dr. Yacenda thought the 7 per cent for African American was low. Dr. Yacenda suggested that this information would be valuable in helping the Division target populations that need to be better served.

He directed attention to the chart on page 6 (Exhibit C) entitled “Nevada Check-Up Disenrollments. Dr. Yacenda indicated that the increase in staff included in the work program request was important because about 36 per cent of the children who apply for the Nevada Check-Up Program were disenrolled from the Nevada Check-Up Program because they were eligible for Medicaid. Dr. Yacenda said he wished to clarify that it was a federal requirement to screen all children who apply for the Nevada Check-Up Program for Medicaid. Dr. Yacenda said he wished to explain that the re-determination process was a process by which the Division contacts the families to re-determine their eligibility on an annual basis. Dr. Yacenda indicated that the Division was experiencing difficulty in effectively managing the re-determination of almost 13,000 children enrolled today with limited staff. In addition, the Division considers loss of contact with families and those families that did not respond to the re-determination process more of a customer service issue than a compliance issue.

After directing attention to the chart entitled “Nevada Check-Up Applicant Denials” on page 7 (Exhibit C), Dr. Yacenda pointed out that approximately 30 per cent of the applicants do not respond to requests for information. Although the Division makes every attempt to contact the families, this process requires time and staff; thus, this area needs improvement.

In referring to the chart on page 8 (Exhibit C) entitled “Total Number of applicants by County and Ethnic Status,” Dr. Yacenda indicated that only about 43 per cent of those applicants who apply for the Nevada Check-Up Program in Clark County actually become enrolled in the program and only 41 per cent in Washoe County.

Dr. Yacenda noted that on page 9 (Exhibit C) the chart entitled “Nevada Check-Up Enrollment Growth” shows that there was a growth rate of 87 per cent in SFY 2000, or an increase from 6,341 in July of 1999 to 11,112 in June 2000.

Mr. Goldwater wanted to know how many new positions were being requested. Dr. Yacenda stated that 5.5 new positions were being requested.

In an effort to be consistent, Mr. Goldwater said he had originally opposed the method that was proposed to provide a health insurance program to the uninsured children in Nevada. Mr. Goldwater maintained that the uninsured children in Nevada would have been better served if the reimbursement rates to providers would have been increased. Since the Medicaid Program already had a system in place, Mr. Goldwater also thought it would be possible to restructure Medicaid for this purpose. While he did not intend to support this request, Mr. Goldwater said he would like to hear why additional staff and more administration were necessary.

Although he did not intend to speak to the Medicaid issue because that decision was made long ago, Dr. Yacenda said he would speak to why additional staff was needed. When he was first employed by the Department of Human Resources, Dr. Yacenda recalled that he was asked by Director Crawford to examine the Nevada Check-Up Program to determine whether it should be changed or modified to address some of the issues. Dr. Yacenda said he found that the management of the covered population takes far more staff intensive time than was ever imagined. As an example, each of the three eligibility certification specialists has a caseload of 4,000 cases. In addition, 24 per cent of the children who are enrolled in the Nevada Check-Up Program live in rural areas and the families must look to the Division staff to answer questions and respond to concerns and interface issues with providers. Dr. Yacenda viewed the Nevada Check-Up Program not as a government program, but rather a government funded insurance program that was focused on kids and families.

In providing a brief story of one of his clients, Dr. Yacenda recounted that a young Hispanic man, whose wife had abandoned him with two young children, came into the office desperately seeking help for his children who needed medical attention. A week later, the young man’s 3-year old daughter was seen by a doctor for the first time. She was diagnosed with a severe heart problem and, within a week’s time, she was operated on and her life was saved. Dr. Yacenda emphasized that the Nevada Check-Up Program was not about a bureaucracy getting larger, but rather it was about a program serving families and children better.

It was Mr. Goldwater’s belief that it would have been possible to provide insurance for similar families if the program had been structured in a different way by building on an existing system so that the administrative costs could have been kept lower.

Chairman Arberry recognized Mr. Charles Duarte, Administrator, Division of Health Care Financing and Policy, who said he would like to respond to Mr. Goldwater’s concerns about administrative costs and maximizing efficiency in terms of supporting the Nevada Check-Up Program. Mr. Duarte said that he and Dr. Yacenda were not only concerned about providing services to the families, but they were also concerned about maximizing the use of existing resources. Mr. Duarte said he was aware of the significant synergies between the Nevada Check-Up Program and the Title XXI Program; thus, the quality assurance activities would be done jointly. Also, the accounting activities, system development activities, and actuarial activities would be provided through Medicaid contracts; thus, the Division was maximizing the use of resources to the extent possible. He said, however, the two programs would need to be kept separately accounting-wise because federal accounting standards require that separate records be maintained for Title XXI and Title XIX (Medicaid) programs.

Dr. Yacenda pointed out that the Division expects to have some ongoing activities where it would be working with existing Social Services agencies as well as the University Medical Center (UMC) to increase efficiencies in dealing with the eligible population.

Ms. Leslie thanked Dr. Yacenda for providing statistics that reflect the great need for health insurance for children in Nevada. Ms. Leslie said that since the complaint she hears the most about the Nevada Check-Up Program deals with the processing time for applications, she wanted to know whether the 5.5 new positions that were being requested would reduce the processing time. Dr. Yacenda indicated that the current processing time for a “clean” application was averaging between 30 to 45 days. He said, however, if additional information is required, an application could take up to 90 days to process if the family takes 60 days to return the requested information. During the last few weeks, Dr. Yacenda pointed out that the Division was averaging around 74 applications per day. He said it was almost an impossible task to manage such a heavy workload with three eligibility certification workers, two of which were still in training. Since the application processing time had been studied several times, Dr. Yacenda thought the turnaround time to process an application could be reduced to 9 to 13 working days if the additional staff were approved.

If the committee were to approve the request, Senator Rawson wanted to know how long it would take before the new positions could be on board. Dr. Yacenda noted that the new positions were scheduled to be hired

January 1, 2001.

Senator Rawson wondered if it would be possible to phase in several of the new positions prior to January 1, 2001, because he thought the caseloads were high at the present time and the Nevada Check-Up Program might not meet its goals without additional staff. Dr. Yacenda said that when the work program was originally prepared, the Division was averaging approximately 42 applications per day and the dramatic increase that had occurred since that time was a concern. Dr. Yacenda said it was his understanding that the cost of the new positions would average about \$17,500 per month; thus, if the positions were to be hired on November 1, 2000, for example, the work program would need to be revised to reflect a cost of approximately \$35,000 per month.

Senator Rawson said he would advocate an earlier hire date if the resources were available.

Dr. Yacenda pointed out that the matching requirements commencing October 1, 2000, would be 34.75 per cent state and 65.25 per cent federal. Senator Rawson opined that it would be advantageous to Nevada to hire the positions earlier and he was prepared to make a motion accordingly. When the Nevada Check-Up Program was being discussed during the 1999 Legislative Session, Senator Rawson recalled that the money committees were promised enrollments would reach 14,000 by the end of 2000, and he wanted to ensure that that goal was reached.

Ms. Giunchigliani recalled an earlier discussion about the amount of time required to process an application and the volume of work assigned to each of the three eligibility workers. While she thought all of the legislators were in favor of the program when it was first proposed, Ms. Giunchigliani wondered whether consideration should be given to doing some things differently rather than adding more paperwork. Ms. Giunchigliani wanted to know exactly what type of information was required on an application in order for the application to be processed in a timely fashion. Since her students who wish to participate in the free lunch program were required to complete a one-page form, which is processed within about 1-1/2 weeks, Ms. Giunchigliani thought a similar type form should be created for health insurance.

Dr. Yacenda said he was glad Ms. Giunchigliani had inquired about the information required on the application form because a comprehensive review of the application process was made prior to submitting this work program request and the Division determined that the application, as well as the re-determination process, should be redesigned. In addition, an amendment to the State Plan has been submitted, which will require the Division to do a re-determination 12 months from the date of enrollment, rather than at the end of the federal fiscal year.

While she could appreciate that the Division was currently reviewing the different aspects of the Nevada Check-Up Program, Ms. Giunchigliani questioned why more than four major questions were needed to enroll in the Nevada Check-Up Program since the additional information required on the application was not needed for other programs. Dr. Yacenda pointed out that the State Plan requires the Division to have a system that would qualify the total income of the family and their legal status in this country. Dr. Yacenda reminded the committee that an entire family was being covered for the price of one premium.

In the interest of time, Senator Raggio wanted to know if it would be possible to verify that the Division has the resources available to hire several of the new positions in November and in December, and the remainder in January of 2001.

Chairman Arberry recognized Ms. Debra King, Administrative Services Officer, Director's Office, Department of Human Resources, who apprised the committee that the Division has the resources within the existing work program authority to phase in one new position on November 1, 2000, one new position on December 1, 2000, one new position on January 1, 2001, and the remaining positions on February 1, 2001. It was Ms. King's belief that adding all 5.5 new positions immediately would be a waste of authority because it would not be feasible for the Division to hire all of the new positions between now and November 1, 2000.

Mr. Goldwater said he wished to state for the record that his no vote was not against a health care program for children in Nevada, but a vote against increased administrative costs. In addition, Mr. Goldwater thought it was not the intention of the original program to ask questions relating to the family's income and citizenship.

Senator Rawson said he was prepared to make a motion to approve the requests in items 41 and 44 since it was his understanding that the Division would have the authority to start phasing in the new positions starting on November 1, 2000.

**SENATOR RAWSON MOVED TO APPROVE THE REQUESTS IN ITEMS 41 AND 44. SECONDED BY MS. LESLIE AND MOTION CARRIED BY VOICE VOTE WITH SENATOR COFFIN, MS. GIUNCHIGLIANI, MRS. CEGAVSKE, AND MR. GOLDWATER VOTING NO.**

- 42. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Account – FY 01** – Transfer of \$6,497,445 from the Reserve category to the Medicaid category to provide additional funding in the Medicaid budget to meet projected expenditures through the end of the fiscal year.

After explaining the purpose of the work programs in items 42 and 43, which are related, Mr. Duarte introduced Mr. Steve Kepp, Administrative Services Officer, who he said would explain the details of the transactions. Mr. Kepp requested that the two work programs be revised and reduced to \$645,406. This augmentation would provide additional expenditure authority for a new contract to study hospital and nursing facility rates and to pay for higher-than-anticipated contract costs for the Division's External Quality Review Organization and for the contractor that provides drug-pricing information. This augmentation also includes \$118,000 to pay for higher-than-projected billings from DoIT.

**SENATOR RAGGIO MOVED TO REVISE THE REQUESTS IN ITEMS 42 AND 43 AND APPROVE THE REVISED REQUESTS. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 43. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 01** – Addition of \$6,591,691 in Federal Title XIX Receipts and \$6,497,445 in a Transfer from IGT Account to meet projected medical expenditures through the end of the fiscal year; fund existing contractual obligations with First Data Bank and the External Quality Review Organization; fund a comprehensive rate study of hospital and nursing facility rates; and to fund Department of Information Technology facility and programmer charges budgeted in FY 00 but not billed until FY 01.

Refer to testimony and motion for approval under item 42.

- 44. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Program – FY 01** – Transfer of \$1,398,572 from the Reserve category to the Nevada Check-Up category to provide additional funding to the Nevada Check-Up budget to meet projected expenditures through the end of the fiscal year.

Refer to testimony and motion for approval under item 41.

45. **Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 00** – Transfer of \$775,471 from the Current Year Medical Payments category to the Cost Allocation category to cover expenditures to meet the requirement of the Welfare Division cost allocation for the quarter ending June 30, 2000.

Refer to motion for approval under item E.

46. **Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 00** – Transfer of \$2,368,747 from the Current Year Medical Payments category to the 1<sup>st</sup> Prior Year Medical Payments category and \$169,020 from the Current Year Medical Payments category to the 2<sup>nd</sup> Prior Year Medical Payments category to allocate medical expenditures to the appropriate expense categories.

Refer to motion for approval under item E.

47. **Department of Motor Vehicles and Public Safety – Public Safety Technology Division – FY 00** – Transfer of \$55,000 from the Telephone Circuit Charges category to the Salaries category to meet projected salary requirements for the fiscal year.

Mr. Alan Rogers, Chief, Public Safety Technology Division, DMV&PS, indicated that the amount of the request should be reduced from \$55,000 to \$10,000. According to Mr. Rogers, the original work program request included retroactive payments for 12 positions that have been moved from FY 2000, because it was too late to process them before the year closed. The retroactive payments will be paid from FY 2001 and reimbursed from the divisions with stale claims for FY 1999. The overrun in the salary category was due to the reclassifications of 12 positions that were in process, but had not been approved through the Department of Personnel's appeal process prior to closing of the budgets during the 1999 Legislative Session; thus, the upgrades were not included in the biennial approved budget. Mr. Rogers recalled that the Public Safety Technology Division had received a Letter of Intent from the joint money committees during the 1999 Legislature limiting the use of category 17 to circuit costs only. He said, however, since the telephone companies were unable to fill installation requests as soon as was projected, savings have accrued in that category and he was requesting permission to use those savings to fund the shortage in the salary category. Mr. Rogers added that both the salary shortage and the circuit savings were beyond the Public Safety Technology Division's control.

Chairman Arberry recognized Mr. Richard Kirkland, Director, DMV&PS, who apprised the committee that DMV&PS was experiencing similar problems on a regular basis since the Nevada Administrative Code (NAC) allows a request for a position reclassification to be sent directly to the Department of Personnel; therefore, DMV&PS does not have the opportunity to prepare a Fiscal Note. It was Mr. Kirkland's belief that the problem could be avoided if the NAC could be changed to allow a Fiscal Note to be added before the reclassification request was submitted to the Department of Personnel.

Chairman Arberry asked Mr. Kirkland if he had taken steps to prevent this particular problem from recurring in the future. Mr. Kirkland said he was making every effort to address the problem.

**MR. DINI MOVED TO REVISE THE REQUEST AND APPROVE THE REVISED REQUEST IN THE AMOUNT OF \$10,000. SECONDED BY SENATOR RAGGIO AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

48. **Department of Motor Vehicles and Public Safety – Motorcycle Safety Division – FY 01** – Addition of \$28,950 in Motorcycle Rider Training Fees to fund costs related to riding and street skill training classes including contract and professional services and miscellaneous operating expenses.

Refer to motion for approval under item E.

49. **Department of Motor Vehicles and Public Safety – Pollution Control – FY 01** – Transfer of \$577,450 from the Reserve category to the City/County Air Quality category to fund the Advisory Committee on Control of Emissions fiscal year 2001 grants to local governments for programs related to the improvement of the quality of air.

Refer to motion for approval under item E.

50. **Department of Motor Vehicles and Public Safety – State Emergency Response Commission (SERC) – FY 01** – Transfer of \$23,000 from the Reserves category to the Information Services category to fund additional programming costs which will complete software conversion for Internet access to the public, data entry and retrieval access, and automates the SERC fees billing process.

Refer to motion for approval under item E.

51. **Department of Motor Vehicles and Public Safety – State Emergency Response Commission – FY 01** – Transfer of \$22,237 from the Reserve category to the Personnel Services category to fund a new Program Assistant II position to support local SERC committee work and to support a new Access Chemical Information Repository as mandated by the Federal Environmental Protection Agency.

Refer to motion for approval under item E.

52. **Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 01** – Addition of \$340,000 in Federal Department of Energy Grant to provide assistance to counties in proximity to the Nevada Test Site or located along the low-level waste transportation routes in Nevada for the development of an operational level emergency response plan.

Mr. Patrick Cameron, Fiscal Manager, Emergency Management Division, explained that the work program was requesting an additional \$340,000 in federal DOE funding to be passed through to a grant program for emergency response assistance to the counties of Nye, Esmeralda, Lincoln, White Pine, Elko, and Clark. Mr. Cameron pointed out that DOE would provide the division a minimum of \$250,000 per year, based upon 500,000 cubic feet per year, at \$.50 per cubic foot of low-level waste deposited at the Nevada Test Site (NTS). Mr. Cameron said the money would be used to hire county emergency employees such as an Emergency Management Director, Emergency Response Trainer, and Emergency Management Responder, as well as to prepare emergency plans, plan and conduct emergency response training, purchase emergency response equipment, conduct and participate in emergency response drills and exercises, and to reimburse travel expenses and per diem associated with the previously described activities for county employees, volunteers, and consultants.

Chairman Arberry expressed concern that approval of this request might be perceived as allowing additional amounts of low-level waste material to be disposed of at the NTS. It was Mr. Cameron's understanding that Nevada had been accepting low-level nuclear waste for several years and that the \$340,000 was based on Nevada accepting 680,000 cubic feet of low-level waste at the NTS during FY 2001.

Senator Rawson asked Mr. Cameron if approving this request would increase the amount of low-level waste coming into the NTS. Although he was unable to provide a definitive response to Senator Rawson's question, Mr. Cameron pointed out that the projected funding for FY 2002 was \$513,000, which would represent over 100,000,000 cubic feet of low-level waste, and the projected funding for FY 2003 was \$1,311,000. He said, however, the projected funding for FY 2004 decreases to \$794,000. Mr. Cameron indicated that the funding was based on a \$250,000 per year minimum, or \$.50 per cubic foot; whichever, is greater.

Mr. Marvel wanted to know exactly where the low-level waste was being stored. It was Mr. Cameron's understanding that the waste material was being stored at the NTS.

Chairman Arberry told Mr. Cameron that the committee needs to know exactly where the low-level waste material was being stored. To respond to Chairman Arberry's question, Mr. Kirkland said he had only heard about this issue over the past several weeks, but it was his understanding that Nevada had been accepting the low-level waste for a period of time. To respond to Senator Rawson's previous question, Mr. Kirkland said it would appear to him that the amount of low-level waste being delivered and disposed of at the NTS was increasing. In addition, Mr. Kirkland said his research had revealed that a significant amount of the low-level waste material was being moved from the NTS to the State of New Mexico. Since New Mexico had recently been fined \$20 million for not engaging in this activity, Mr. Kirkland said it was apparent the federal government could impose stiff fines for non-participation. Mr. Kirkland told the committee that he would prepare a detailed report on this issue and return to the committee at a later meeting. He said, however, in the meantime he would urge the committee to approve the request.

Mr. Marvel wanted to know the manner in which the low-level waste material was being stored. Mr. Kirkland said he had been advised by the Emergency Management Division and the Nevada Highway Patrol (NHP) that the material was being stored in accordance with a myriad of federal regulations.

In addressing Mr. Marvel's previous question, Senator Rawson explained that a number of legislators had toured the NTS where the low-level waste was being stored. According to Senator Rawson, a hole had been dug about 14 to 20 feet deep within a large area at the NTS and the material was being stored in large metal containers that have been sealed. The containers are then covered with type 2 fill; thus, they are retrievable. Senator Rawson said that the low-level waste program had been ongoing for several years and it should not be confused with the Yucca Mountain high-level waste issue. He said, however, an investigation should be made in an expeditious manner as to the amount of low-level waste that was coming into the NTS, as well as the eventuality of the program. Senator Rawson suggested that the committee approve this request under the existing authority, but that a complete report be submitted to the committee to ensure that this program does not get out of hand.

Mrs. de Braga wondered which primary transportation routes the trucks would follow when carrying the low-level waste material to the NTS and also which counties would be considered in proximity to the NTS. Mr. Cameron indicated that since the primary transportation routes pass through the counties of Clark, Elko, Esmeralda, Lincoln, Nye and White Pine, those six counties would receive the federal funding. Mr. Kirkland interjected that he would include a map with his report that shows the transportation routes the trucks follow coming into and leaving Nevada. According to Mr. Kirkland, the truckers are required to use specific prescribed routes.

Since he recalled that there had been problems in the past with counties trying to negotiate on their own with the federal government and bypassing the state's authority, Senator Coffin asked Mr. Kirkland if he thought the money being distributed to the counties would be adequately monitored to ensure that problems do not occur. Mr. Kirkland apprised the committee that there were specific requirements relative to federal grant distributions and it was DMV&PS' responsibility to monitor federal funds to ensure those requirements were followed.

For the committee's information, Senator Jacobsen noted that the Legislative Committee on High-Level Radioactive Waste had toured the Waste Isolation Pilot Program (WIPP) site at Carlsbad, New Mexico several months ago and observed three loads of low-level waste coming into the site from the NTS. Senator Jacobsen said that many of the questions that had arisen when the committee first toured the WIPP site at Carlsbad had since been answered. Senator Jacobsen said it was an ideal storage site for low-level waste and that the program was well received by the community.

Since there were no additional comments or questions from the committee, Chairman Arberry entertained a motion.

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

53. **Department of Motor Vehicles and Public Safety – FEMA – FY 00** – Addition of \$312,705 in Prior Year Refunds and \$6,040 in Interest Income to reflect greater than anticipated prior year refund collections and increased interest income to fund additional public assistance grant projects and state matching.

Refer to motion for approval under item E.

54. **Department of Motor Vehicles and Public Safety – Field Services – FY 00** – Addition of \$1,500,000 in Motor Vehicle Privilege Tax to augment authority by higher than anticipated motor vehicle privilege tax revenues to fund year-end operating expenses and reserve remainder for reversion.

Refer to motion for approval under item E.

55. **Department of Motor Vehicles and Public Safety – Motor Vehicle Technology Division – FY 01** – Addition of \$256,489 in Motor Vehicle Tax Penalties to fund software and memory to upgrade computers to windows 2000 and related training and travel costs for installation to improve computer response times at the counters.

Mr. Tom Tatro, Fiscal Manager, Motor Vehicle Branch, DMV&PS, recalled that this request was heard yesterday at the Subcommittee on Project Genesis/DoIT meeting and received a unanimous recommendation for approval. Mr. Tatro indicated that the request seeks approval of \$256,489 to upgrade 596 PC's that were used throughout the Motor Vehicle Branch to process transactions. Mr. Tatro explained that this request was the result of two software products that were causing memory failures on the PC's and requiring transactions to be performed for customers more than once. According to Mr. Tatro, DMV&PS converted a small number of PC's with the aforementioned upgrades to test in a live environment. The results of that test indicate a reduction in the number of Windows memory management errors ("Dr. Watsons), which stop a transaction completely, from as many as 50 occurrences per week to no occurrences, and also showed an improvement in the number of customers served over a week by 39 per cent for registration renewals and up to 92 per cent for new registration and driver's license transactions. The upgrades consist of increasing the memory capacity of each PC from 64 megabytes to 128 megabytes, installing Windows 2000, and upgrading Norton anti-virus to work with the new Windows version.

Chairman Arberry wanted to know when would the upgrades be completed. Mr. Tatro indicated that the work would be started immediately on approximately two-thirds of the total PC's in the Motor Vehicle Branch,

or 596 PC's, and it would be his intention to return to the Interim Finance Committee with an additional funding request to complete the upgrades on the remaining 268 PC's when more revenue has been realized from Privilege Tax Penalty revenue. Mr. Tatro estimated that the upgrades on the 596 PC's would be completed by Christmas 2000.

As Chairman of the Subcommittee on Project Genesis/DoIT, Mr. Beers said he wished to note for the record that the subcommittee had discussed this request yesterday and voted unanimously to recommend approval to the Interim Finance Committee.

Chairman Arberry said he would entertain a motion to approve the request.

**MR. BEERS MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PERKINS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 56. Department of Motor Vehicles and Public Safety – Project Genesis – FY 01** – Addition of \$100,000 in Motor Vehicle Tax Penalties to fund additional contract hours to extend the Master Services agreement for an IBM consultant to continue to improve the efficiency of Genesis.

Refer to motion for approval under item E.

- 57. Department of Motor Vehicles and Public Safety – Fire Marshal – FY 01** – Addition of \$200,000 in Balance Forward to balance forward additional fee revenues into fiscal year 2001 to fund two new vehicles and their equipment and employee training in uniform building codes.

Refer to motion for approval under item E.

- 58. Commission on Peace Officers Standards – FY 01** – Transfer of \$25,112 from the Reserve category to the Salary category, and \$80,221 from the Reserve category to the Police Corps Program category to continue the Police Corps Training Program begun last fiscal year.

Mr. Dick Clark, Executive Director, Peace Officers Standards and Training (POST) Commission, said he wished to apologize to the committee on behalf of the Director of the Police Corps Training Program who was unable to attend the meeting today. Mr. Clark introduced Mr. Dennis Kollar, Deputy Director, POST, who oversees the Police Corps Training Program, and Ms. Lora Domenici-Reese, Fiscal Manager. Mr. Clark apprised the committee that the POST Commission was assigned the responsibility to oversee the Police Corps Training Program by the Governor's Office in September of 1999, and it was officially approved in November of 1999. Mr. Clark pointed out that the Police Corps Training Program was a federally funded program that brings approximately \$800,000 per year to the State of Nevada at no cost to the citizens. The purpose of the program is to infuse communities with well trained, college educated men and women of diverse ethnic backgrounds who will serve as peace officers in community patrol throughout the state for a minimum tour of 4 years. Mr. Clark said that Mr. Kollar would speak to the specifics of the request after which he and Mr. Kollar would respond to questions from the committee.

Mr. Kollar explained that this work program requests authority to transfer funds from the reserve category to the salary category and Police Corps Program category to cover the salaries of existing staff through December 31, 2000, and for operational expenses necessary to continue with implementation of the Nevada Police Corps Program. Mr. Kollar requested to revise the request by reducing the total amount of the transfer by \$4,110 because it been determined that it would be more appropriate to defer the purchase of several equipment items until actual approval of the new staff. Mr. Kollar also said it was his intention to submit another work program for this purpose at the next Interim Finance Committee meeting.

**SENATOR RAGGIO MOVED TO REVISE THE REQUEST AND APPROVE THE REVISED REQUEST IN THE AMOUNT OF \$101,223. SECONDED BY MR. PERKINS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 59. Department of Prisons – Southern Nevada Correctional Center – FY 01** – Addition of \$1,735,000 in a Budgetary Transfer to provide funding for a 2-month transition from Southern Nevada Correctional Center to High Desert State Prison. This will also accommodate completion of construction activity. Upon full occupation of High Desert, unused funds will be transferred back to High Desert State Prison from Southern Nevada Correctional Center.

Mr. Darrel Rexwinkel, Chief/Fiscal Services, Nevada Department of Prisons (NDOP), indicated that items 59 and 60 relate to the shutdown of SNCC and the transfer of staff and inmates to HDSP when it has been completed. NDOP had originally projected that SNCC would close on August 31, 2000, and HDSP would open on September 1, 2000, affording a "midnight transfer" of inmates. Since this arrangement was not feasible, Mr. Rexwinkel said that NDOP was now requesting to move 2 months operating costs from HDSP back to SNCC to provide for a smooth transition of inmates and staff to HDSP, completion of construction activities at HDSP, and an orderly startup of operating systems at HDSP. According to Mr. Rexwinkel, the 2 months operating costs represent a contingency since NDOP has every intention of being able to open HDSP to accommodate all of the inmates from SNCC no later than September 30, 2000; therefore, any unused funds would be transferred back to HDSP at a later date.

Mr. Marvel inquired as to the number of inmates being housed at HDSP at the present time.

Chairman Arberry recognized Mr. Glen Whorton, Chief, Classification and Planning, NDOP, who stated that there were approximately 115 inmates present at HDSP as of midnight and that another 120 inmates were expected to be moved today, leaving approximately 453 inmates at SNCC. He also noted that there were 69 inmates currently at the Jean Conservation Camp (JCC).

Mr. Marvel inquired as to the number of beds that were available at HDSP at the present time. Mr. Whorton responded that Units 1 and 2 were currently available. Since Unit 3 was expected to be available in a week or so and Unit 4 by the end of September 2000, Mr. Whorton said this would represent all of Phase 1, which, at 150 per cent occupancy for design, would provide 1,008 beds by the end of September 2000.

It was Senator Coffin's recollection that when funding for HDSP was approved by the 1995 Legislature, HDSP was supposed to be designed as a medium security prison. Senator Coffin said he had toured HDSP and in his opinion HDSP had been built as a maximum security prison. Mr. Whorton said he would agree that HDSP was a solidly built institution. At the current time, Mr. Whorton apprised the committee that the lock-up inmates from SDCC had been moved into HDSP. In addition, NDOP plans to place its intake unit at HDSP, which consists of a lock-up population, although the inmates were unassigned in terms of custody level. Mr. Whorton acknowledged that it was NDOP's intention to place the more recalcitrant type of medium security inmates at HDSP. He said, however, because of the way HDSP was designed, it might be possible at some time in the future to redesignate some of the beds as close custody. It was Mr. Whorton's belief that the state might realize the benefit of building close custody beds now at a lower cost than having to build them at some time in the future.



Senator Coffin said that when he toured HDSP he observed a design flaw that he thought had been addressed when prisons were being designed in the 1980's; i.e., areas that were not visible to guards from catwalks or guard posts. Senator Coffin found it alarming to see blind spots where inmates could congregate to deal drugs and assault each other. He also noted that some of the catwalks around the perimeters were not yet completed. Senator Coffin said he was concerned about this, but he realized there was a shortage of money to complete the facility and no money was available to build the gymnasium. Senator Coffin wanted to know whether a Capital Improvement Project (CIP) would be presented to the 2001 Legislature to correct this deficiency.

Chairman Arberry recognized Mr. John Slansky, Assistant Director, Operations, NDOP, who apprised the committee that NDOP had not submitted a CIP to bridge the back walkway; however, he estimated that it would require less than \$20,000 to create four bridges across the back areas of the housing units. While he thought it might be possible to correct this deficiency by using funding from Phase 2, or the remaining funding from Phase 1, Mr. Slansky said he would prepare an estimate for submittal to the committee at a later date.

Since he thought the area was quite large, Senator Coffin said that NDOP might want to consider revisiting the staffing patterns since the current budget contemplates one guard on the catwalk at any one time. Mr. Slansky agreed with Senator Coffin that covering the roofs of two housing units would be a formidable task for one officer and that the staffing patterns might need to be revisited.

Senator Coffin suggested that the staffing patterns be revisited as soon as possible with a report provided to the committee prior to the 2001 Legislative Session convening since many of the inmates being moved from SNCC to HDSP were close custody inmates and pose a security risk. Mr. Slansky said that a report would be available very quickly.

Once SNCC has been vacated, it was Ms. Giunchigliani's understanding that NDOP plans to lease SNCC and she questioned whether it would be legal to do so since a portion of SNCC was located on land that had been withdrawn from the federal government as R&PP property. Mr. Whorton apprised the committee that NDOP intends to work with the Office of the Attorney General, Division of State Lands, and the federal Bureau of Land Management (BLM), to develop a formal identification of that property since no formal survey was available at the present time. Ms. Giunchigliani thought it would be helpful if the committee were to receive a status report on this issue.

Ms. Giunchigliani wondered where would inmates with mental health needs be housed and treated since Unit 8 would not be occupied. Mr. Whorton indicated that the mental health unit would be placed in Unit 1 at SDCC and that several relatively minor modifications were being made to make Unit 1 suitable for that type of population. According to Mr. Whorton, Unit 1 at SDCC was chosen because it was ideally isolated from the general population, yet accessible to those individuals who would be treated as outpatients. Since NDOP is actively engaged in crafting a softer population at SDCC, it was NDOP's belief that Unit 1 would be a more appropriate location for the mental health unit.

To respond to a question from Ms. Giunchigliani, Mr. Whorton said that Unit 5 would be completed by October of 2000, followed by Units 6 and 7 in November 2000.

Since it was her understanding that it was more costly to house minimum security inmates at Southern Nevada Women's Correctional Center (SNWCC) than at JCC, Ms. Giunchigliani inquired as to whether NDOP anticipates a budgetary impact as the result of the delay of transferring female inmates to JCC. Mr. Whorton thought there would be a budgetary impact by virtue of the fact that NDOP would be paying more to house women at SNWCC than at JCC. Ms. Giunchigliani suggested that it would be helpful if the committee were to be provided with an estimate of the budgetary impact and Mr. Whorton said he would be happy to provide one.

It was Ms. Giunchigliani's understanding that the actual average inmate population for FY 2000 was approximately 636 inmates under projection; i.e., 9,879 budgeted versus 9,243 actual. Mr. Whorton explained that the current population for male inmates was 614 under the projection that was made in April of 1998, because NDOP's population was flat during 1999. According to Mr. Whorton, new growth had occurred in the population since January 2000, or approximately 400 new inmates, which represents an approximate 4 per cent increase. As a comparison, Mr. Whorton noted that the female population at the present time was 3 inmates over projection. Although the female population in 1999 was flat as well, Mr. Whorton indicated that the female population had grown tremendously over the last 12 months, representing a 14 per cent increase, and NDOP intends to keep a close watch over the female population because it was the most difficult population to project and the state does not have many resources for women.

As a result of the under-projection in the male population, Ms. Giunchigliani asked Mr. Whorton if the additional wing would need to be constructed. Mr. Whorton responded that NDOP intends to take the under-projection into account when the next projections are made for the Master Plan.

It was Chairman Arberry's recollection that it had been a little over a year since NDOP told the two money committees during the 1999 Legislative Session about its plan to close SNCC to save money. A key component of the plan to provide for the opening of HDSP by September 1, 2000, was the sole-sourcing of Phase II, which was approved by the 1999 Legislature. Chairman Arberry said he thought the committee was entitled to answers to the following questions:

- Why has SNCC not been closed?
- Why was no savings accrued as a result of sole-sourcing since a number of the money committee members wanted the project to go out to bid?
- Why has HDSP not yet been completed?
- Why is this project over budget?
- Why is there no funding available to build the gymnasium?

Chairman Arberry said he could find no justification to approve this request when NDOP had not lived up to its promise. Chairman Arberry also wondered what would happen if the committee does not approve the transfer of \$1,735,000 from HDSP to SNCC.

To respond to Chairman Arberry's concerns, Mr. Rexwinkel told the committee that the transfer of \$1,735,000 was an inmate-driven issue since the inmates were currently being housed at SNCC and JCC instead of at HDSP. It was Mr. Rexwinkel's belief that the costs would be incurred regardless of whether the inmates were housed at HDSP or SNCC and JCC. While he acknowledged that there would be an additional cost involved because NDOP was starting to ramp up HDSP while SNCC was still open; thus, it was not a "midnight switch," Mr. Rexwinkel said it was NDOP's plan to manage this additional cost through the reduction in the projected inmate population.

In responding to a question from Chairman Arberry, Mr. Whorton apprised the committee that NDOP plans to close JCC and SNCC by the end of September 2000. It was Mr. Whorton's belief that this entire issue had arisen as a result of different philosophies in terms of the actual closing of the facilities. Since there were security issues and training goals that had to be met, Mr. Whorton maintained that it was more practical for NDOP to move the inmates from SNCC and JCC to HDSP over the course of the month, rather than in a single day.

Chairman Arberry said he could not understand why NDOP had recommended moving the inmates over a single day in the first place when no one thought it was possible. Chairman Arberry also recalled that NDOP had indicated that a portion of SNCC, once vacated, could be leased, but now NDOP was indicating that it might not be possible to do so. Chairman Arberry also recalled that he was adamant about keeping SNCC open.

Mr. Marvel agreed with Mr. Rexwinkel's rationale that inmate housing costs would need to be met regardless of whether the inmates were in SNCC or HDSP.

Since there were no additional comments or questions from the committee, Chairman Arberry said he would entertain a motion.

**MR. MARVEL MOVED TO APPROVE THE REQUESTS IN ITEMS 59 AND 60. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 60. Department of Prisons – High Desert State Prison – FY 01** – Deletion of \$1,735,000 in a Budgetary Transfer to provide funding for a 2-month transition from Southern Nevada Correctional Center to High Desert State Prison. This will accommodate completion of construction activity. Upon full occupation of High Desert, unused funds will be transferred back to High Desert State Prison from Southern Nevada Correctional Center.

Refer to testimony and motion to approve the request under item 59.

- 61. Conservation and Natural Resources – Waste Management, Corrective Actions and Federal Facilities – FY 00** – Transfer of \$59,112 from the Reserve category to Transfers to State Agencies category to cover additional transfer of fees to Local and State Agencies Statutory Formula.

Refer to motion for approval under item E.

- 62. Department of Conservation and Natural Resources – 97/99 Park Improvements – FY 01** – Addition of \$520,153 in the Transfer from Wildlife to cover boat replacement ramps at Lahontan and Wildhorse State Recreation areas during low water to improve boating access.

Refer to motion for approval under item E.

- 63. Department of Conservation and Natural Resources – Fire Suppression/Emergency Response – FY 01** – Addition of \$670,590 in Prior Year Refunds and \$557,702 in Balance Forward to cover fire suppression expenses incurred to date for Fiscal Year 2001 and balance forward of funds and billable reimbursements (prior year refunds) requires Interim Finance Committee approval per Authorizations Act and the fact that those funds are advanced from the Interim Finance Committee Contingency Fund and the resolution specifies a reversion date of June 30, 2000, which needs to be changed to June 30, 2001.

Speaking to item 63 and item H, Mr. Roy Trenoweth, State Forester, Nevada Division of Forestry (NDF), noted that the work program that was originally submitted to the committee needs to be revised as follows: addition in Prior-Year Refunds revised from \$670,590 to \$994,686 and the Balance Forward revised from \$557,702 to \$608,046. Mr. Trenoweth indicated that the purpose of the two requests was to cover fire suppression expenses incurred to date for FY 01.

Ms. Giunchigliani thought a status report on fire suppression billing reimbursements from other agencies would be helpful to the committee's deliberations. Mr. Trenoweth noted that the reimbursements were coming in on a daily basis and, in order to provide for a cash flow, about \$1.5 million had been built into the budget for Air Operations for the current fiscal year. In addition, as a result of passage of Section 46 of Assembly Bill 660, 1997 Legislative Session, Mr. Trenoweth noted that NDF could receive temporary advances from the Office of the State Treasurer.

Ms. Giunchigliani asked Mr. Trenoweth if he thought fire suppression costs would exceed the original \$1-million appropriation for FY 2000, plus the two amounts being requested today and, if so, was there a contingency plan in place to deal with the 2001 fire season. Although the last two fire seasons had been severe, Mr. Trenoweth apprised the committee that NDF's accounting staff was currently concentrating on processing the large billings during a lull in the current fire season. Mr. Trenoweth also said that he had talked with representatives from the two federal agencies that would be reimbursing the largest fire suppression billings, the U.S. Forest Service (USFS) and the Bureau of Land Management (BLM), and he was assured that the claims would be processed as quickly as they were received. In addition, Mr. Trenoweth pointed out that Item H on today's agenda would address the expiration date for the allocation of \$3 million approved by the Interim Finance Committee on September 21, 1999, changing the expiration date for reverting the money from June 30, 2000 to June 30, 2001.

**MS. GIUNCHIGLIANI MOVED TO REVISE THE REQUEST AND APPROVE THE REVISED REQUEST IN THE AMOUNT OF \$608,046 IN BALANCE FORWARD AND \$994,686 IN PRIOR-YEAR REFUNDS. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

Chairman Arberry announced a lunch break and he asked the committee to return at 1 p.m.

After reconvening the meeting, Chairman Arberry said he would take Item J out of order.

- 64. Department of Conservation and Natural Resources – State Parks – FY 01** – Addition of \$192,610 in a Transfer from Conservation to the renovation of Spooner Lake parking area to include erosion control features in accordance with the Tahoe EIP Initiative.

Refer to motion for approval under item E.

- 65. Department of Conservation and Natural Resources – Wildlife Division – FY 01** – Transfer of \$2,000 from the Reserve category to the NDOW Host Fund to establish a host fund for the Governor's Sage Grouse Conservation Team meetings and various Wildlife Commission, Committee, and Subcommittee meetings.

Mr. Terry Cawforth, Administrator, Nevada Division of Wildlife (NDOW), introduced Mr. Steven Bremer, Chief, Administrative Services. Mr. Cawforth requested establishment of a host fund for NDOW with a transfer of \$2,000 from the reserve category.

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

66. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Transfer of \$300,000 from the Reserve category to the CIP Projects category to cover greater than anticipated operating expenses for the Elko office per SPWB estimate.

Refer to motion for approval under item E.

67. **Department of Transportation – Bond Construction – FY 01** – Addition of \$100,000,000 in Bond Proceeds to allow for the collection and expenditure of revenue from the issuance of Special Obligation Bonds for the funding of projects to widen US 95 in Las Vegas and to begin work on the US 395/I 580 freeway between Reno and Carson City.

Refer to motion for approval under item E.

68. **Department of Transportation – Transportation Administration – FY 01** – Addition of \$117,811,829 in Highway Fund Authorization to allow for increased construction activity in conjunction with issuance of Special Obligation Bonds for the funding of projects to widen US 95 in Las Vegas and to begin work on the US 395/I 580 freeway between Reno and Carson City.

Refer to motion for approval under item E.

69. **Department of Transportation – Transportation Administration – FY 01** – Addition of \$903,648 in Highway Fund Authorization to allow for the purchase of equipment authorized and encumbered in fiscal year 2000 but not received before the close of the fiscal year.

Refer to motion for approval under item E.

70. **Office of Veterans Services – Veterans Affairs – FY 01** – Transfer of \$72,101 from the Boulder City Cemetery category to the Personnel category to address the projected 20% increase in burials at the Southern Nevada Veterans Memorial Cemetery in Boulder City and the eight acres of must-maintain property and adds two Grounds Equipment Operator II positions and a Management Assistant I position, effective October 1, 2000.

Mr. Ray Alcorn, Executive Director, Nevada Office of Veterans Services, apprised the committee that since its inception in 1991, the Southern Nevada Veterans Memorial Cemetery in Boulder City had grown from bare desert land to a very impressive setting for the burial of Nevada's veterans. The cemetery has been expanded several times and the latest expansion was completed recently. On the national level, there are approximately 480,000 veterans who die each year and, since the average age of World War II veterans would soon reach 80 years, Mr. Alcorn said that approximately 560,000 veterans were expected to die each year within the next several years. The burial rates at Boulder City have been averaging about 1,300 each year and, according to Mr. Alcorn, Southern Nevada Veterans' Memorial Cemetery was the second busiest state veterans' cemetery in the country. When the last 100 per cent federally funded expansion was completed, which added 8 acres of property to the cemetery that must be maintained, Mr. Alcorn said there was no provision in the budget to take care of the extra workload. In addition, a chapel has recently been completed at the cemetery that requires a receptionist on site. Mr. Alcorn said he was requesting funding to add three additional positions; namely: one Management Assistant I and two Grounds Equipment Operator II, starting October 1, 2000 through the end of the fiscal year. Mr. Alcorn indicated that he would address funding to continue the positions in the biennial budget requests.

Mrs. de Braga said she was not sure everyone on the committee was aware that Mr. Alcorn was resigning his position at the end of September 2000, and she wanted to personally thank him for the wonderful job he has done and she wished Mr. Alcorn well in the coming years.

Senator Raggio directed attention to the letter from the Office of the Governor on page 70.3 in Volume III of the meeting packets which supports this request for additional personnel and also indicates that the new positions would be re-evaluated as part of the budget process for the next biennium. In addition, Senator Raggio said he wished to clarify that the three new positions would not be included in the base budget.

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

71. **Office of Veterans Services – Veterans Home Account – FY 01** – Addition of \$250,098 in a Balance Forward to purchase equipment for the Veterans Home.

Refer to motion for approval under item E.

72. **Board of Pharmacy – FY 01** – Transfer of \$68,658 from the Reserve category to the Salaries category and \$31,300 from the Attorney General Cost Allocation category to the Salaries category to create a staff Attorney position.

Refer to motion for approval under item E.

73. **Board of Veterinary Medicine – FY 01** – Transfer of \$30,560 from the Reserve category to the Salaries category and \$9,000 from the Reserve category to the Operating category to meet projected expenditure requirements for the fiscal year.

Refer to motion for approval under item E.

74. **Department of Conservation and Natural Resources – State Parks – FY 01** – Addition of \$198,210 in Balance Forward to park maintenance funds in category 07 to continue park maintenance activities as approved in the biennial budget.

Refer to motion for approval under item E.

75. **Department of Human Resources – Healthy Nevada Fund Administration – FY 01** – Addition of \$9,417,752 in a transfer from Special Revenue Fund to continue implementation of services provided under the Tobacco Settlement Agreement based on the State Treasurer’s most recent estimate to Tobacco Settlement funds available for distribution.

A work program was provided to the committee as a handout, and a copy of which is included in the meeting minutes as Exhibit D.

Ms. Debba King, Chief Financial Officer, Director’s Office, Department of Human Resources, told the committee that the work program (Exhibit D) would establish authority in three categories in the FY 01 Healthy Nevada Fund Administration budget so that the proceeds of the Tobacco Settlement money could be spent. Ms. King directed the committee’s attention to a schedule included in Exhibit D that shows how the amounts were calculated, how much has been received, projected interest earnings, and projected funds available. As the schedule shows, 30 per cent of the funding will be used for the Senior Rx Program; 30 per cent for Independent Living; 20 percent for Reduce Tobacco Use Program; and 20 percent for Children and Individuals with Disabilities Program. Since the Task Force for a Health Nevada hopes to award the grants at its September 27 and September 28, 2000, meetings so the grants could become effective October 1, 2000, Ms. King said that the work program (Exhibit D) had been brought forth at this time as it was her understanding the Interim Finance Committee would not be meeting until some time in November.

It was Mr. Perkins’ understanding that the bids closed on the Senior Rx Program on August 29, 2000. Ms. King said that Mr. Perkins’ understanding was correct and that five bids had been received. Ms. King said she had asked Chairman Arberry to take her testimony out of order because she would be attending a bid evaluation meeting at 1:30 p.m. this afternoon.

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

76. **REQUESTS FOR POSITION RECLASSIFICATIONS:**

- (1) Department of Museums, Library and Arts, reclassification of position number 0010, from Museum Attendant I, grade 21-3, \$17,639, to Program Assistant II, grade 25-1, \$19,075.
- (2) Department of Information Technology (DoIT), reclassification of position number 0001 (budget account 1388), from Coordinator of Communications/Communication Board, grade 40-6, \$57,044, to Information Systems Manager I, grade 41-6, \$59,675.
- (3) DoIT, reclassification of position number 0001 (budget account 13872), from Telecommunications Director, grade 40-8, \$62,472, to Information Systems Manager I, grade 41-8, \$65,375.
- (4) Department of Employment, Training and Rehabilitation (DETR), reclassification of position number 0034, from Program Assistant II, grade 25-1, \$22,237, to Rehabilitation Supervisor I, grade 35-1, \$33,554.
- (5) DETR, reclassification of position number 0057, from Disability Adjudicator III, grade 32-1, \$29,545, to Senior Physician (Range C), \$109,354.
- (6) DETR, reclassification of position number 0095, from Program Assistant II, grade 25-1, \$22,237, to Licensed Psychologist I, grade 42-1, \$45,601.
- (7) DETR, reclassification of position number 0205, from Psychologist I, grade 35-1, \$33,554, to Vocational Evaluator II, grade 33-1, \$30,860.
- (8) Department of Human Resources, Division of Child and Family Services, reclassification of position number 0200, from Librarian II, grade 33-8, \$41,739, to Academic Teacher II, grade 35-8, \$45,601.
- (9) Department of Human Resources, Health Division, reclassification of position number 0052, from Grants and Projects Analyst II, grade 35-1, \$33,554, to Health Program Specialist I, grade 35-1, \$33,554.
- (10) Department of Human Resources, Health Division, reclassification of position number 0207, from Rehabilitation Program Supervisor, grade 37-1, \$36,602, to Health Program Specialist II, grade 37-1, \$36,602.
- (11) Department of Prisons, Investigations Division, reclassification of position number 0572, from Field Investigator, grade 32-8, \$37,270, to Criminal Investigator III, grade 38-4, \$40,736.
- (12) Department of Prisons, Investigations Division, reclassification of position number 0571, from Field Investigator, grade 32-8, \$37,270, to Criminal Investigator III, grade 38-4, \$40,736.
- (13) Department of Transportation, reclassification of position number 301-008, from Management Assistant IV, grade 29-7, \$36,707, to Program Officer I, grade 31-7, \$40,026.
- (14) Department of Conservation and Natural Resources, Nevada Division of Wildlife, reclassification of position number 0008, from Program Assistant III, grade 27-8, \$35,182, to Program Officer I, grade 31-6, \$38,335.
- (15) Department of Conservation and Natural Resources, Nevada Division of Wildlife, reclassification of position number 0211, from Program Assistant III, grade 27-8, \$32,176, to Program Officer I, grade 31-6, \$35,057.

Refer to motion for approval under item E for the above 15 reclassification requests.

- (16) Office of the Veterans’ Services, reclassification of position number 031000, from Director, Nursing Services, grade 40-1, \$41,739, to Personnel Analyst II, grade 34-1, \$32,176.

Mr. Alcorn introduced Mr. Jon Sias, Director, Nevada Veterans’ Nursing Home, who provided the committee with a handout entitled “Nevada Veterans’ Nursing Home Chronological Changes to Category 01,” a copy of which is included in the meeting minutes as Exhibit E. Mr. Sias requested committee approval to reclassify the Director, Nursing Services position (category 10), to a Personnel Analyst II position (category 7). Mr. Sias highlighted the information contained in the handout (Exhibit E).

Chairman Arberry thought it was important that Mr. Sias assure the committee that the decision to eliminate the Director of Nursing Services position would not jeopardize the licensing of the facility or the standard of care that would be provided at the facility. Mr. Sias said he wished to assure the committee that it would not.

Senator Mathews countered that eliminating the Director of Nursing Services, who must be a Registered Nurse (RN), would jeopardize the licensing of the facility. Mr. Sias indicated that the individual who had been hired as the Director of Clinical Services was an RN.

Senator Mathews maintained that it would be illegal to use one person in two positions. Mr. Sias said he did not intend to use one person in two positions. When the personnel structure was evaluated late last fall, Mr. Sias recalled that there was concern the position of Deputy Director might be redundant. Mr. Sias said he had decided that a strong Administrative Services Officer and a strong Director of Nurses would function as a de facto Deputy Director. Since the Director of Nurses needs to be compensated at a level beyond the legislatively approved salary structure allowed, Mr. Sias said he had filled the Deputy Director position with a Director of Nurses. Mr. Sias said he had been told that the title of a position was not terribly important as long as the function was there; thus, the Director of Nurses, who was a licensed RN, would function as the Director of Clinical Services and the Director of Nursing Services.

Since many of his colleagues had worked hard to secure the funding for this project, Mr. Manendo wanted to know when the Nevada Veterans' Home would be officially opened. Mr. Manendo suggested that notices be mailed to the legislators announcing the grand opening date because several of his colleagues were not informed of the ground-breaking ceremony. Mr. Sias advised that the current building completion date was December 20, 2000. Mr. Sias said he intended to use the period between December 20, 2000 and March 1, 2000, to complete the licensing processes, adding that the facility would need to be surveyed several different times. In addition, Mr. Sias said he planned to open the Nevada Veterans' Home for general residents on March 1, 2000, assuming the construction schedule does not slip. Mr. Sias also apprised the committee that invitations to the grand opening would be mailed out and that it would be a pleasure to host the members of the Interim Finance Committee and others in the legislative branch who want to attend the grand opening ceremony.

**MS. GIUNCHIGLIANI MOVED TO APPROVE THE REQUEST. SECONDED BY MR. MANENDO AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

**F. STATEMENT OF CONTINGENCY FUND BALANCE.**

Mr. Stevens told the committee that the balance in the Contingency Fund was \$921,160, and the requests under consideration today total \$848,000. In order to arrive at a balance in the Contingency Fund, Mr. Stevens indicated that several factors would need to be considered; namely: \$300,000 estimated to be reverted at the end of the fiscal year; \$200,000 needed to replenish the Stale Claims Fund before the start of the 2001 Legislative Session; and the committee approved a reduced allocation of \$83,000 instead of \$247,051 for the Office of the Attorney General. Mr. Stevens estimated that the balance in the Contingency Fund would be approximately \$300,000.

**G. REQUESTS FOR ALLOCATION FROM THE CONTINGENCY FUND:**

1. Office of the Attorney General.....\$247,051

After thanking Chairman Arberry for the courtesy of taking her testimony early, Attorney General Frankie Sue Del Papa introduced Mr. Paul Hewen, Chief Financial Officer. Attorney General Del Papa indicated that her staff had met with the staff of the legislative Fiscal Analysis Division and the Budget Division to reconcile the amount required from the Contingency Fund, which was approximately \$10,116 for FY 2000 and approximately \$73,655 for FY 2001, for a total revised request of \$83,771. In providing background information, Attorney General Del Papa explained that one of the principal funding sources in the Office of the Attorney General's budget was District Court fees, which ordinarily generates approximately \$75,000 to \$78,000 in revenue each year. Although \$75,000 was requested in the Office of the Attorney General's FY 2000 budget, the 1999 Legislature approved \$223,487. Attorney General Frankie Sue Del Papa said it was unfortunate the 1999 Legislature approved triple the amount that had been requested because it was not realistically possible for the Office of the Attorney General to collect that much revenue from District Court fees.

Chairman Arberry wondered how the Office of the Attorney General intended to meet the shortfall in FY 2001. Attorney General Frankie Sue Del Papa indicated that she was requesting \$73,655 from the Contingency Fund to address the shortfall in FY 2001.

**MR. PARKS MOVED TO REVISE THE REQUEST AND APPROVE THE REVISED REQUEST IN THE TOTAL AMOUNT OF \$83,771. SECONDED BY MRS. DE BRAGA AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

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

2. Department of Business and Industry – Athletic Commission.....\$ 2,100

Chairman Arberry announced that this request had been withdrawn.

3. Department of Administration – Reserve for Statutory  
Contingency Fund.....\$200,000

Mr. Perry Comeaux, Director, Department of Administration, directed the committee's attention to a multi-fiscal year schedule on page 151 in Volume III of the meeting packets, which depicts the historical expenditures from the Statutory Contingency Fund. Mr. Comeaux suggested that the schedule clearly shows why the additional amount of \$200,000 was necessary. As an example, the expenditures for Post-Conviction relief and Terminal Annual Leave had increased significantly. As of this date, Mr. Comeaux indicated that the balance remaining in the Statutory Contingency Fund was \$28,294 and, based on historical averages, he estimated that the Statutory Contingency Fund would be in a deficit position of approximately \$186,000 by March 31, 2001. In addition, Mr. Comeaux said that if his projections prove to be correct, the Statutory Contingency Fund would require another appropriation during the 2001 Legislative Session to complete the fiscal year.

It was Senator Raggio's observation that the amount in Post-Conviction payments for FY 2000 had more than doubled any preceding fiscal year and he wondered whether there was a reason for that occurring. Mr. Comeaux noted that he had discussed this increase with the Public Defender several months ago and there did not appear to be an apparent reason for this increase because all of the payments were court ordered. Mr. Comeaux pointed out, however, that the judges have some latitude to approve higher amounts, and they always do, because the limits that were set pursuant to the Nevada Revised Statutes (NRS) were very low.

Since he realized that 1999 was probably one of the worst fire seasons in the history of Nevada, Senator Raggio wanted to know whether that fact was reflected in Forestry Reimbursement for FY 1999. Mr. Comeaux pointed out that the Nevada Division of Forestry (NDF) had received an emergency advance from the Statutory Contingency Fund in 1999 because the fire season started very early and NDF needed funds immediately and the Interim Finance Committee was not scheduled to meet.

Senator Raggio expressed concern about the cost to the state for fire suppression and he asked Mr. Comeaux if he could provide a status report on the reimbursements. Mr. Comeaux explained that the reimbursements that would be received for the 2000 fire season had not yet been sorted out. He said, however, one large fire that occurred in the Reno area was mainly on state land.

Senator Raggio thought it would be helpful to the committee if Mr. Comeaux were to provide a report on the total costs for fire suppression for 2000 at the committee's next meeting.

Since there were no additional comments or questions from the committee, Chairman Arberry said he would entertain a motion.

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

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

4. University and Community College System of Nevada –  
Desert Research Institute.....\$399,488

Mr. Stephen Wells, President, DRI, introduced Dr. Arlen Huggins, Director, Cloud Seeding Program, and Mr. Alan Austin, Vice President for Finance Administration. Mr. Wells noted that this request was about 18 per cent below the average budget for the past decade. As a result of legislative support, Mr. Wells indicated that DRI had provided about 16 years of continuous support in terms of Cloud Seeding operations. It was Mr. Wells' belief that DRI's research conducted in the 1980's and 1990's had added considerably to DRI's knowledge of seeding materials, best periods of time to seed clouds, methods for evaluating the seeding process, and quantitative estimates of snowfall augmentation. Mr. Wells said he would encourage the committee to checkout DRI's home page for further details.

In providing statistical information, Mr. Wells apprised the committee that DRI's Cloud Seeding Program had increased the availability of water to five separate watersheds in the northern half of the state. In addition, from 1989 to 1999, DRI believes it has augmented through natural processes approximately 500,000 additional acre/feet of water. During this same time period, the estimated average cost for this additional water was about \$12.27 per acre/feet. With the cost of selling back agricultural water averaging approximately \$200 per acre/feet and the cost of processing municipal water averaging approximately \$1,000 per acre/feet, Mr. Wells suggested that DRI's water augmentation program has had dramatic results, resulting in a net savings of approximately \$200 million over the past decade.

According to Mr. Wells, this past year was the first year out of the past six years when below normal snowfall had occurred in most areas; thus, suspension criteria were rarely invoked. Also, since the driest regions were in more southerly portions of the state, DRI moved its emphasis from the Walker and Carson Basins to other areas with less water storage capability. DRI's proposed Cloud Seeding Program for FY 2001 would emphasize cloud seeding outside the Lake Tahoe Basin due to sufficient water stored in the reservoirs in the Truckee River System. In addition, Mr. Wells pointed out that DRI's contract aircraft that supplements ground-seeding efforts had crashed on April 17, 2000, at Stead Airport, killing Mr. Al Reddick and his three crew members; however, no DRI employees were involved in the accident. Although DRI is currently evaluating options for future aircraft seeding, Mr. Wells indicated that no aircraft seeding was planned for FY 2001. Since the Interim Finance Committee, at its last meeting, expressed interest in independent funding to augment the Cloud Seeding Program, Mr. Wells asked Dr. Huggins to speak to DRI's efforts in this regard.

Dr. Huggins told the committee that DRI's main effort in securing additional funding was through a program with the U.S. Army Corps of Engineers, which would have benefited primarily the Walker River Basin. This program, which had a number of facets only one of which was cloud seeding, would have brought in an additional \$150,000 to the Cloud Seeding Program. According to Dr. Huggins, this program was on hold at the present time because DRI was working on it in conjunction with the Division of Water Planning, which was eliminated during the past several weeks. Dr. Huggins indicated that DRI would continue to pursue that proposal as well as others in order to find funding with which to augment the Cloud Seeding Program.

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

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

**H. REQUESTS TO MODIFY THE REVERSION DATE FOR CONTINGENCY FUND ALLOCATIONS PREVIOUSLY APPROVED BY THE INTERIM FINANCE COMMITTEE.**

1. Division of Forestry – Fire Suppression – September 21, 1999.

Refer to testimony and motion for approval under item E-63.

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

**I. STATE PUBLIC WORKS BOARD:**

1. Expand the Scope of CIP 1999-C38L – Southern Nevada Science Center.

Mr. Ward Patrick, Interim Manager, SPWB, introduced Ms. Kathy Dow, Deputy Manager, Administrative and Fiscal Services, SPWB. Mr. Patrick requested authority to expand the scope of CIP No. 99-C38L, Southern Nevada Science Center, a project for the Desert Research Institute (DRI), to add an additional 10,000 square feet of "shelled" space to the project. Mr. Patrick indicated that the additional space would be accomplished without augmenting the current budget for this project. In addition, Mr. Patrick pointed out that the University and Community College System of Nevada (UCCSN) had requested that SPWB give a high priority to fund interior improvements as well as furnishings and equipment for this project in the 2001 Capital Improvement Program (CIP). Mr. Patrick added that representatives from DRI were available to respond to questions from the committee.

Chairman Arberry questioned why SPWB had not indicated during the 1999 Legislative Session that an additional 10,000 square feet would be needed. Mr. Patrick explained that this project was a joint collaboration with the federal General Services Administration (GSA) and GSA had contributed a large sum of money to this project. He said, however, during the schematic work with the architects, GSA apprised the design team that more square footage would be needed than was previously allocated.

Chairman Arberry wanted to know if it was critical to approve this request now or whether it could be deferred until the 2001 Legislative Session convenes.

Chairman Arberry recognized President Steve Wells, DRI, who recalled that the original building design called for about 12,000 square feet for four floors. He said, however, it became clear early on that GSA wanted to reduce the number of floors from four to three floors, which would allow GSA to have more space both on the first and second floors. Since the opportunity currently exists for DRI to have an affiliation with the Smithsonian Institute for the exhibit area and museum on the first floor, this required GSA to have space on the first floor for traveling exhibits instead of the third floor; thus, a redesign of the building was required, opening it up to approximately 20,000 square feet per floor for two floors, with DRI having 10,000 square feet on the third floor. President Wells said he was asking approval to shell out the third floor with the money that was previously provided because once the building has been built and the highly restricted Cold War documents housed in the museum area on the first floor, it would not be possible to add the additional footage to the third floor at a later time. President Wells said he viewed this request as an efficiency and savings that would allow DRI to use the original amount of money allocated to shell out the third floor, then it would be DRI's intention to return to the 2001 Legislature to request additional funds for the furnishings and equipment for the third floor.

To respond to a question from Chairman Arberry, President Wells explained that the federal Department of Energy (DOE) would pay for its portion of the building, or 38,800 square feet, through the issuance of up to \$8.6 million in revenue bonds. DOE's portion of the building would house about 350,000 documents pertaining to the Cold War that would be made available to the public. It would also involve the artifacts from the Nevada Test Site (NTS) and an exhibit museum area on the first floor that would highlight the history of southern Nevada, including the future use of the NTS.

Chairman Arberry wanted to know whether the revenue bonds would have to be increased to pay for the 10,000 square feet of shelled-out space. President Wells indicated that the revenue bonds would not have to be increased because the shelled-out space was for DRI's use only. According to President Wells, the shelled-out space would allow DRI to put in its new Center for Air, Lands and Environmental Management that has already generated since its inception 9 months ago about \$2 million worth of research activities.

It was Chairman Arberry's understanding that the increased size of the building would obligate the 2001 Legislature to fund an additional \$1.2 million to complete the project. President Wells countered that the additional \$1.2 million was not an obligation of the 2001 Legislature, but rather the 2001 Legislature would have an option to provide funding for the furnishings and equipment for the third floor. President Wells said that if the 2001 Legislature does not provide the funding, DRI would still have the shelled-out space available for future development.

Chairman Arberry expressed concern about obligating a future legislature.

**SENATOR RAWSON MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PERKINS.**

Chairman Arberry recognized Senator Raggio, who asked President Wells to clarify how much space would be available to DRI. President Wells indicated that DRI would use approximately 17,000 square feet of the third floor of which 10,000 square feet would be shelled out.

Senator Raggio said he wanted to be sure that President Wells understood that the committee's approval of this request was not a commitment for the 2001 Legislature to provide additional funding to complete this project. It was Senator Raggio's understanding that because of the Cold War documents and other artifacts to be housed on the first floor of the building, it would be more costly and impractical to add the additional 10,000 square feet to the third floor later on. President Wells told the committee that he thought it would be impossible to add the additional 10,000 square feet to the third floor later on because the Cold War documents and artifacts would first have to be removed before construction could commence.

Since there were no additional comments or questions from the committee, Chairman Arberry called for a vote on the motion.

**MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

2. Accept \$340,000 from Department of Conservation and Natural Resources for CIP 99-C18 and increase the spending authority of the project to \$2,494,586.

Due to an oversight in the 1999 CIP planning process, Mr. Patrick indicated that SPWB had inadvertently missed several line items related to the shop and the storage area for CIP No. 99-C18. Since \$40,000 is available from Wildlife Boat funding and \$300,000 was approved today in item E.66 of the consent agenda, Mr. Patrick requested the committee's approval to increase the spending authority to \$2,494,586 for CIP No. 99-C18 (Region II, Office and Shop/Storage Complex for Wildlife and State Parks).

It was Chairman Arberry's understanding that the project cost estimate did not include sufficient funds for the completion of a 1,500 square foot shop and a 3,000 square foot warehouse and the 1999 Legislature was never informed that additional funds were needed to complete the project. Mr. Patrick indicated that there was a listing for 8,600 square feet of new construction for the Nevada Division of Wildlife (NDOW) in SPWB's CIP book that was presented to the 1999 Legislature. He said, however, a 1,500 square foot shop and a 3,000 square foot warehouse were listed under "Furnishings and Equipment," rather than new construction for NDOW; thus, the two items were not included in the original funding request that was submitted to the 1999 Legislature.

To respond to a question from Mr. Marvel, Mr. Patrick noted that the office complex would be located at the Nevada Youth Training Center (NYTC) in Elko.

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

3. Reduce the University of Nevada, Reno funding for the design and construction of the Redfield Campus, Building I, CIP 99-C13, by \$2,712,957.

Since SPWB has received notification from the University of Nevada, Reno (UNR) that it plans on withdrawing approximately \$2,712,957 from this project, due to UNR's inability to raise the funds that were anticipated when this project was approved by the 1999 Legislature, Mr. Patrick requested committee approval to reduce the scope of CIP No. 99-C13 (UNR Redfield Campus, Phase I) from 75,000 square feet to approximately 57,000 square feet.

In responding to a question from Senator Raggio, Mr. Patrick noted that the original funding request was \$9.9 million of which amount \$7,440,000 was an obligation of UNR's.

Chairman Arberry wanted to know if additional state funds would be needed if the non-state funds do not materialize. Since the scope of the project is being reduced, Mr. Patrick indicated that SPWB anticipates that the 57,000-square feet project would be completed without additional state funds.

It was Mr. Perkins' observation that the amount of private money that UNR was going to raise had been reduced by approximately \$3 million, but the amount provided by the state had not been reduced proportionately. Mr. Patrick said that Mr. Perkins' observation was correct.

Senator Raggio recalled that UNR had testified during the 1999 Legislative Session it would raise \$7,440,000 in private funds, but it had been able to raise \$4,727,043. It was Senator Raggio's understanding that the project would be redesigned to eliminate that portion of the building that UNR was unable to fund. Mr. Patrick apprised the committee that the space dedicated for Student Services and Library would be incorporated into a multi-purpose area.

Senator Raggio wanted to know whether the project would be redesigned so that Student Services and Library could be added to the building at a later time. Since it was his understanding that the legal provisions connected to the donation of land requires 500,000 square feet in active construction by 2008, Mr. Patrick thought there would be an opportunity to add those two items to the UNR campus at a later date.

Since there were no further comments or questions from the committee, Chairman Arberry said he would entertain a motion.

**SENATOR RAGGIO MOVED TO APPROVE THE REQUEST. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

4. Addition of American Disabilities Act (ADA)-related construction items from the Attorney General's office remodel, CIP 99-C3, to the Statewide ADA 99-S02.

Since an arbitrary decision had been made to reduce the funding in a number of Americans with Disabilities Act (ADA) projects in the CIP planning process, Mr. Patrick said it was not possible to complete the renovation of the Carson City Courthouse for the Office of the Attorney General (CIP No. 99-C3) within available funding. Since he estimated that it would cost approximately \$300,000 to \$400,000 for ADA-related items to renovate part of the old Carson City Courthouse building to accommodate the Office of the Attorney General, Mr. Patrick said that SPWB was proposing to use funds from Statewide ADA CIP No. 99-S02 to incorporate ADA items into this remodel project for the Office of the Attorney General.

Chairman Arberry wondered if other projects might be impacted if ADA funds were to be used to remodel the old Carson City Courthouse building. Mr. Patrick indicated that Project No. 99-S02-E (Campos Building and Campos Annex), located in Las Vegas, might be sold due to its degraded condition. Since the Department of Administration has recommended that the Division of Parole and Probation be relocated as soon as possible, it was SPWB's belief that \$350,000 to \$400,000 would be better utilized in remodeling the historic Carson City Courthouse building instead of a building that has no useful life expectancy.

Mr. Perkins wanted to know whether the ADA Program had been successfully completed statewide. It was Mr. Patrick's recollection that the 1991 Legislature had appropriated \$50,000 so SPWB could review the ADA issues and, at that time, the cost was estimated to be between \$12 to \$14 million to complete the required ADA projects statewide. Since SPWB has received approximately \$4 million for ADA projects to date, Mr. Patrick indicated that there were a number of state buildings that have not yet been brought into ADA compliance.

Mr. Perkins expressed concern that the money being transferred to remodel the old Carson City Courthouse building was money that could have been used for other ADA projects statewide. Since he thought the ADA-related projects should have been built into the CIP for the remodel of the Office of the Attorney General, rather than taking money from the Statewide ADA projects, Mr. Perkins said he did not believe he could support this request.

Chairman Arberry wanted to know if the committee would establish a precedent if it were to approve this request, allowing SPWB to use Statewide ADA funds in the future to address shortfalls in construction and maintenance projects. Although she was unable to advise the committee whether SPWB was circumventing the law, because of the way that particular statute was written, Ms. Brenda Erdoes, Legislative Counsel, indicated that the committee might be circumventing the law by allowing a change of scope to include the use of Statewide ADA funds. Ms. Erdoes suggested that it was a question of fact for the committee.

Mr. Marvel wanted to know whether the additional funding was needed now or whether the request could wait until the 2001 Legislative Session. Mr. Patrick indicated that SPWB was planning to open bids on this project in October and, since there were a number of alternates listed on the Request for Proposals (RFP), the additional funding would allow SPWB to incorporate more alternates, some of which were major components of this project.

Mr. Marvel agreed with Mr. Perkins that SPWB already had an inventory of ADA projects and he thought SPWB would have to sacrifice some of those projects in order to accomplish this one.

In responding to several questions from Mr. Dini, Mr. Patrick maintained that remodeling the old Carson City Courthouse building was a priority to the Office of the Attorney General because staff had indicated to SPWB that the old Carson City Courthouse building would be completely filled upon completion of the remodel project. Although he did not know whether the Office of the Attorney General was currently experiencing space problems, he was aware that space was being leased in the Reno area for the Office of the Attorney General.

It was Senator Raggio's understanding that an elevator and restrooms were included in the original ADA renovation project for the old Carson City Courthouse building. Also, even if the committee were to approve this request, it was Senator Raggio's understanding that the Office of the Attorney General had requested SPWB to include an additional \$703,000 in the 2001-03 Capital Improvement Program to complete this renovation project. Senator Raggio wanted to know if the cost of this project includes tearing down the firehouse and Mr. Patrick said it does not. Since he was not in favor of the state acquiring the property in the first place, Senator Raggio cautioned SPWB about getting too involved in this project because the legislature had not yet made a decision regarding future development of the property.

As a result of the concerns expressed about this project, Chairman Arberry announced that action on this item was deferred.

5. Transfer \$300,000 from the Southern Nevada Veterans Nursing Home Project, CIP 97-C16, and increase the spending authority accordingly.

Mr. Patrick indicated that the Southern Nevada Veterans' Nursing Home (CIP No. 97-C16) had been discussed numerous times in the Project Status Report because SPWB has had difficulty meeting the schedule on this project. As a result of excessive change orders, Mr. Patrick requested authority to transfer \$300,000 from the Southern Nevada Veterans' Memorial Cemetery Expansion (CIP No. 97-C20L) to the Southern Nevada Veterans' Nursing Home (CIP No. 97-C16). Mr. Patrick pointed out that the federal government no longer requires a state match for projects to expand state veterans' cemeteries and the \$300,000 in state funds appropriated by the 1997 Legislature for CIP No. 97-C20L would no longer be needed to complete that project.

Chairman Arberry inquired as to whether the contractor had been required to pay liquidated damages for the delay on this project. Mr. Patrick said that the contractor had not been assessed liquidated damages since the new contract deadline was October 24, 2000. Although he acknowledged that the original contract deadline was May of 2000, Mr. Patrick indicated that a determination had been made that both SPWB and its



consultants were responsible for some of the delay. Since the Southern Nevada Veterans' Nursing Home is currently scheduled to open December 24, 2000, Mr. Patrick apprised the committee that SPWB intends to sue the contractor for liquidated damages for two months, from October 24, 2000, to December 24, 2000.

Chairman Arberry asked Mr. Patrick if he had provided a revised project cost estimate to the legislative Fiscal Analysis Division. Mr. Patrick said a revised project cost estimate was available, but it had not yet been provided to the legislative Fiscal Analysis Division.

Senator Jacobsen requested a listing of the items that were needed to complete the Southern Nevada Veterans' Nursing Home as it was originally envisioned. Mr. Patrick said that SPWB's goal on every project was to maximize the functionality of that project so that it could be licensed, certified, and opened. Mr. Patrick indicated that SPWB was holding open a bid for approximately \$450,000 for Phase I, which would provide for some of the landscaping, including the front approach to the building, the parking lot, and the courtyard areas. He indicated that the Veterans' Services had identified several items of furnishings and equipment in the \$50,000 range, but SPWB expects to be able to cover those items within the existing budget.

Senator Jacobsen expressed concern that another "glitch" might occur between now and December 24, 2000. Senator Jacobsen recalled that the 1997 Legislature had promised the veterans and veteran organizations of Nevada that they would deliver a nursing home that was the best money could buy. Senator Jacobsen said he did not believe it was appropriate to raid one project to provide funds for another project. Senator Jacobsen also thought it might be helpful to hear from Mr. Ray Alcorn, Executive Director, Nevada Office of Veteran Services.

Chairman Arberry recognized Mr. Alcorn, who said he was concerned that Nevada would end up with a facility that would not meet the standard that was promised to the veterans. Mr. Alcorn recalled that the facility was originally supposed to be 112,000 square feet; however, due to budgetary constraints, the size of the facility was reduced to 88,000 square feet, which he characterized as a major change in scope. As Senator Jacobsen previously indicated, Mr. Alcorn said that the Nevada Legislature had promised the veterans and the veteran organizations a first-class facility. As the Executive Director of Nevada Office of Veteran Services, Mr. Alcorn said he wanted to be able to stand face to face with Nevada's veterans and say "Look this is what we promised you and this is what we are giving you." He said, however, he feared there were going to be some cost overruns. As an example, it was Mr. Alcorn's understanding that only part of the landscaping could be done with the funds available. Also, approximately \$100,000 in interior furnishings and equipment issues had been identified. In addition, none of the storerooms have shelving installed on which to store items and bedpan washers were needed. While he would agree that transferring the \$300,000 from the Southern Nevada Veterans' Memorial Cemetery project would not jeopardize the federally funded project, Mr. Alcorn said that he did not believe \$300,000 would be the final request for funds to complete the nursing home.

Since he was concerned about the revised project costs, Chairman Arberry asked Mr. Patrick when would the revised project cost estimate be available. Mr. Patrick said he could provide the revised project cost estimate now. Chairman Arberry suggested that in the future Mr. Patrick provide revised project cost estimates to the legislative Fiscal Analysis Division on a timely basis so the information could be assimilated prior to the Interim Finance Committee meeting.

Chairman Arberry wondered if the federal Veteran Services would allow SPWB to transfer \$300,000 from the Southern Nevada Veterans' Memorial Cemetery project to the Southern Nevada Veterans' Nursing Home project. Mr. Alcorn apprised the committee that the state had provided \$300,000 as seed money for the cemetery project; however, since the federal government no longer requires seed money for cemetery projects, the money would be returned to the state.

Senator Jacobsen thought that the Nevada Office of Veteran Services had monitored the project very well and he recalled having visited several states to observe their veterans' nursing home facilities. Senator Jacobsen also recalled that the state had originally considered privatizing the facility, but had decided not to do so. He pointed out that volunteers could be utilized inside the facility and inmate crews could be utilized to maintain the grounds. Senator Jacobsen maintained that it was the legislature's responsibility to ensure that the veterans' nursing home was a first-class facility.

**SENATOR JACOBSEN MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. DE BRAGA AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

6. Transfer funds from certain 1997 CIP Prison maintenance and construction projects to the High Desert State Prison Project, CIP 97-C01, and increase the spending authority.

Mr. Patrick pointed out that the amount of the transfer shown on page 169 of Volume III of the meeting packets was being reduced from \$1,307,157 to \$1,202,357. According to Mr. Patrick, SPWB intends to incorporate \$100,000 worth of spending authority for modifications to Project No. 97-C11 (Jean CC Expansion). The Prison Master Plan includes converting Jean Conservation Camp (JCC) from a men's facility to a women's facility and \$100,000 would be used for removing urinals, providing privacy screens, and other miscellaneous items that would provide more privacy to the female population. In addition, the funds listed for Project No. 97-M25 (SDCC Water Systems), would be reduced from \$27,000 to \$22,200.

Mr. Patrick said he wished to extend SPWB's apology for not building the gymnasium at HDSP. Although the gymnasium might be considered a minor item in a \$130-million project, Mr. Patrick thought that SPWB should have returned to the committee to request a change in scope when it was unable to build the gymnasium.

Senator O'Donnell said he appreciated the fact that SPWB wishes to extend its apology to the committee for not requesting a change of scope so that the gymnasium could be built at HDSP.

Mr. Dini expressed disappointment that the Interim Finance Committee continues to face the dilemma of uncompleted projects each interim. Mr. Dini also expressed concern that SPWB was requesting a transfer of \$1,202,357, when additional funding might be needed to complete HDSP. Mr. Dini suggested that the committee defer this request until an accurate estimate of the cost to complete HDSP was provided. Mr. Dini said the legislature had approved funding for specific prison projects and he did not believe it was appropriate for SPWB to transfer funds from some of those projects to complete HDSP.

To address Mr. Dini's concern about uncompleted projects, Mr. Patrick directed the committee's attention to the prison projects listed on page 169 of Volume III of the meeting packets that were still in progress and he provided the following comments:

Project No. 97-C04 (WSSC Housing Unit 4B, Culinary and Program Building), \$37,073--Housing Units 4A and 4B have been completed, but a small amount of work is in progress on the culinary unit.

Project No. 97-C11 (Jean CC Expansion), \$427,212--Since JCC has been occupied for approximately one year, this project has been completed except for the conversion.

Project No. 97-C17 (NSP, WSSC, NNCC Sewage bar screens), \$27,071--This project is 80 to 90 per cent completed.

Project No. 97-M27 (NNCC Doors and Locks), \$15,000--This project is substantially completed.

Project No. 97-M6L (SDCC Unit Fencing), \$234,743--SPWB intends to submit another request to the 2001 Legislative Session to complete this project.

Mr. Patrick maintained that SPWB does have a handle on HDSP since testimony provided earlier today by Glen Whorton indicated that approximately 100 inmates have been moved into the facility. He also indicated that SPWB had been receiving buildings from the contractor on a regular basis during the months of July and August of 2000.

It was Mr. Dini's understanding that SPWB has indicated that it anticipates additional change orders that will increase the cost of HDSP further, but it has not provided specific information that would enable the legislative Fiscal Analysis Division staff to fully analyze the project need. Before approving this request, Mr. Dini thought SPWB should provide complete information; specifically: a revised project cost estimate, the amount and reasons for any additional change orders that are anticipated, a detailed description of the manner in which SPWB plans to fund any additional change orders, and a detailed description of any costs that will result from altering two of the dining rooms for use as a temporary gymnasium.

Chairman Arberry asked Mr. Patrick whether it would impact the project if the request were to be deferred. Mr. Patrick told the committee that since SPWB had issued directives to the contractor to complete the project, the contractor would probably sue SPWB for interest.

Chairman Arberry reminded Mr. Patrick that the state had given the contractor a break when it decided to sole-source HDSP and the contractor should cooperate with SPWB to get the project completed.

Senator O'Donnell said he did not view the cost overruns as unusual because the state incurs cost overruns on practically every project it builds. While he realized that SPWB had admitted making some poor decisions and errors for which it had apologized to the committee today, Senator O'Donnell reminded the committee that HDSP needs to be completed because the judges were relying on HDSP to be open to accept prisoners. It was Senator O'Donnell's belief that if HDSP were not opened in the near future, the state would be facing additional problems. Senator O'Donnell said he did not believe shutting off the funding authority to complete HDSP was the answer, rather he suggested that the legislature scrutinize more closely all future SPWB projects.

Chairman Arberry told Mr. Patrick to expect to receive a letter from him in the very near future because it was his intention to put a stop to this type of activity.

Mr. Marvel wanted to know the manner in which the scope of the project had been changed since it was approved by the 1997 Legislature to necessitate additional funding at this time. Mr. Patrick explained that the gymnasium, which he characterized as a major item, had been removed from the project. About three or four months ago, Mr. Patrick indicated that SPWB fully intended to build the gymnasium; however, during the same time period, the contractor was asked to provide a forecast of the change orders that were being anticipated to complete the project and the contractor provided an estimate of \$2.8 million. Since that time, SPWB has discounted various applications and has been able to reduce that estimate to the \$2-million range.

Mr. Marvel wondered whether SPWB would be experiencing cost overruns at HDSP if it had followed the design of the Lovelock and Ely State Prisons. Mr. Patrick pointed out that a major cost overrun was incurred when HDSP had to be relocated from the original site three-quarters of a mile up the hill, which resulted in having to build higher guard towers in order to get line of sight. Another cost overrun was the rack-and-pinion locks on the doors. Also the lethal fencing for which the 1999 Legislature provided \$915,000, cost almost \$1.9 million. In June, Mr. Patrick noted that SPWB staff had met with the legislative Fiscal Analysis Division staff and SPWB provided an estimate for the cost of converting the dining halls to a gymnasium.

Since he thought Mr. Dini's suggestion had merit and should be followed,

**SENATOR RAGGIO MOVED TO APPROVE THE REQUEST WITH THE PROVISIO THAT SPWB BE DIRECTED TO SUBMIT TO THE LEGISLATIVE FISCAL ANALYSIS DIVISION WITHIN 10 DAYS THE INFORMATION PREVIOUSLY OUTLINED BY MR. DINI. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

7. Project Status Report.  
There were no comments or questions on this item.

#### **J. DEPARTMENT OF EDUCATION – SECOND ALLOCATION OF REMEDIATION FUNDS (S.B. 555 – 1999) - \$3,300,000.**

Mr. William Arensdorf, Finance and Accountability, Department of Education, introduced Ms. Mindy Braun, Education Program Analyst, legislative Fiscal Analysis Division, and a member of the Legislative Bureau of Education Accountability and Program Evaluation. Mr. Arensdorf requested approval of \$334,187 as supplemental funding for FY 2001 from the original appropriation of \$3.3 million that was approved by the 1999 Legislature for schools identified as low achieving under the Nevada Education Reform Act. At the June 14, 2000, meeting, Mr. Arensdorf recalled that the Interim Finance Committee had approved \$2.6 million for remedial programs for 29 schools, which had left a balance of \$683,000. The schools were identified as needing improvement because of the significant numbers of children who were low performing in the four basic skill areas of reading, mathematics, language/arts, and science.

At the Interim Finance Committee's direction, Mr. Arensdorf indicated that the 29 schools were invited to reapply for additional materials that were related to the 26 programs that were approved in June 2000. Seventeen of the 29 schools responded that they needed additional books and materials such as software. Application requests were reviewed by the Department of Education, the state Budget Division, and the Legislative Bureau of Education Accountability and Program Evaluation and all three agencies agreed that the applications should be approved. The Board of Examiners also reviewed the applications and approved the requests. With the Interim Finance Committee's approval, Mr. Arensdorf said the Department of Education would notify the schools that they could order the supplemental materials for use in the current school year. If the Interim Finance Committee approves this request for \$334,187, Mr. Arensdorf said it would leave a balance of \$349,552 from the original appropriation of \$3.3 million, which would be reverted to the General Fund at the end of the fiscal year if it has not been spent on the 29 eligible schools.

If the committee approves this request, Ms. Braun provided a breakout of how the funding would be spent as follows: 44 per cent for the purchase of additional books; 19 per cent for additional supplies and materials for programs; 15 per cent for additional software for the computer remediation program; 9 per cent for training, an additional 9 per cent for a reading program, and 4 per cent for additional computer stations for programs such as NovaNet.

**MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY MR. DINI.**

Chairman Arberry recognized Ms. Giunchigliani, who said she wished to disclose that she was a public school teacher at a school deemed in need of improvement, but the school was not seeking supplemental funding for remedial purposes at this time. Ms. Giunchigliani also noted that she was not present at the Interim Finance Committee's June meeting. Ms. Giunchigliani said she wanted to offer for discussion and consideration how future requests should be handled. Ms. Giunchigliani expressed concern about the accountability of the remedial funding, the types of programs being offered, and the type of input that had been obtained. Ms. Giunchigliani suggested that any plan that was developed for schools in need of improvement in the future should have involved at least 80 per cent of the faculty in the development of that plan and in the programs selected. It was Ms. Giunchigliani's belief that if the faculty was going to be responsible for implementing the remedial programs, they should be aware of the programs included in the plan that was submitted. She also suggested that the Department of Education, along with the Legislative Bureau of Education Accountability and Program Evaluation, do a random audit of the at-risk schools to ensure that the funding was expended for the purpose for which it was intended.

Senator Raggio said he was not willing to adopt a resolution that would provide for veto power if 80 per cent of the faculty did not agree with the plan. Senator Raggio agreed with Ms. Giunchigliani that it would be helpful to get input from the faculty, superintendents, and others who have an interest, of the various school districts before placing new conditions on the process. It was Senator Raggio's belief that everyone was after the same goal; i.e., to make sure the funding for remediation was used appropriately and that there was oversight.

Ms. Giunchigliani said it was not her intention to provide for veto power. Since the intent of the school remediation statute was that input be gathered from the faculty, and she did not believe this was occurring in every instance, Ms. Giunchigliani said she wanted to ensure that the faculty was involved when the plan was being crafted.

Rather than placing a condition to have 80 per cent of the faculty approve the plan, Senator Raggio suggested that the Department of Education could be told that the Interim Finance Committee would prefer to see some involvement from faculty when the plan was being developed.

Chairman Arberry asked Ms. Braun if the faculty was involved in the remediation process in other school districts across the nation. Ms. Braun indicated that some programs; i.e., Success For All, require 80 per cent faculty approval or buy in. Since this particular funding is directed toward population, Ms. Braun said that buy in would be expected from the teachers who would be implementing the programs. Mr. Arensdorf interjected that since the statute requires the schools to develop a school improvement plan, the Department of Education encourages the principals to involve the teachers in the development of that plan. Mr. Arensdorf added that he was not sure that a blanket 80 per cent would be the best approach as it would depend upon the type of programs to be implemented. As an example, reading recovery only impacts first grade children; thus, fifth grade teachers would have a less vested interest than first grade teachers. Although he thought the faculty buy in was a good concept, Mr. Arensdorf pointed out that teachers sometimes transfer out of a school after they have voted on the programs.

Mrs. Cegavske wanted to know whether the parents were being made aware of the programs and whether the programs were available before or after school. Also, would children be taken out of regular classes. In addition, Mrs. Cegavske said she had not seen any information relative to teachers' salaries. It was Mrs. Cegavske's understanding that the University of Nevada, Reno (UNR) has a program where students can apply to be a tutor in the schools that have been deemed to need improvement. Mr. Arensdorf indicated that funding for tutoring was provided under Senate Bill 555.

Mrs. Cegavske inquired about the accountability of the funding. Mr. Arensdorf explained that when the schools submit applications for remedial funding, they also submit a budget that specifically details the materials, equipment, additional teachers, and teacher aides being requested.

Ms. Giunchigliani emphasized that there ought to be input from faculty and students and then verification that the money was spent for the purpose for which it was intended. Mr. Arensdorf pointed out that the Department of Education requires the school districts to file financial reports within 90 days after the end of the fiscal year. Ms. Braun also pointed out that a review was made of every school that receives state remediation funds and that staff meets with the teachers, principals, and the children to determine whether the funding has been used appropriately.

Since there were no additional comments or questions from the committee, Chairman Arberry called for a vote on the motion.

**MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

**Disclaimer: Ms. Giunchigliani said she was a school teacher at a school deemed in need of improvement, but the school was not seeking supplemental funding for remedial purposes; thus, she had no conflict of interest and would be voting to support the request.**

**K. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE PARKS – USE OF FUNDS FOR SAND HARBOR RESTROOM REPAIRS AND RENOVATION (NRS 407.0762).**

In providing background information, Mr. Steven Weaver, Chief of Planning and Development, Division of State Parks, told the committee that there were eight restrooms at Sand Harbor, Lake Tahoe State Park, five of which have already been converted to ADA accessibility. After an architect had been hired, Mr. Weaver said the Division discovered additional problems with the remaining three, 30-year old restrooms. According to Mr. Weaver, approximately one-half of the work was ADA-related. Since the cost to complete this project was higher than the original estimate, Mr. Weaver requested approval to utilize \$36,000 of Overage Fees in addition to \$164,000 in FY 2001 tourism funds to facilitate the work proposed on two of the three restrooms that need to be rehabilitated and retrofitted for ADA accessibility.

Senator Jacobsen wondered if inmate labor could be used at Sand Harbor for some of the incidental work. Although he thought it would be possible to use inmate labor for incidental work at Sand Harbor, Mr. Weaver said it would complicate matters since this particular project had been put out to bid. While inmate labor could be used on several projects such as replacing the floorboards on the porches and replacing lavatory fixtures and other incidental work, Mr. Weaver said he would be uncomfortable using inmate labor on certain projects because of the expertise needed.

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

**L. HEALTH DIVISION – STATUS REPORT AND PROPOSED MODIFICATION OF THE CURRENT IMMUNIZATION PROGRAM.**

Mr. Phil Weyrick, Administrative Services Officer, Health Division, requested the committee's permission to add the recently approved vaccine, Prevnar, to the Immunization Program Schedule for Vaccines For Children (VFC). Pursuant to a Letter of Intent issued by the 1999 Legislature, Mr. Weyrick said that the Health Division was required to report to the Interim Finance Committee all proposed modifications to the

current immunization program prior to the formal implementation of a new regimen. The Health Division proposes to use VFC federal dollars for vaccines to inoculate only VFC-eligible children. The Health Division has received increased VFC funding from the federal Centers for Disease Control (CDC) during calendar year 2000 and CDC has encouraged the states to begin implementing the pneumococcal conjugate vaccine (Prevnar) with the understanding that it is not feasible to vaccinate all eligible children immediately. Mr. Weyrick indicated that the Health Division expects to have sufficient VFC funds available in calendar year 2000. In addition, Mr. Weyrick pointed out that the federal Omnibus Budget Reconciliation Act of 1993 does mandate that state immunization projects provide all recommended childhood vaccines to all VFC-eligible children.

**SENATOR RAGGIO MOVED TO APPROVE THE REQUEST. SECONDED BY MS. LESLIE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

**M. INFORMATIONAL ITEMS:**

1. Status Report on Issues Related to Assembly Bill 380 Passed by the 1999 Legislature.

Speaking as a representative of the Carson Water Subconservancy District (CWSD), Mr. Ed James said he wished to provide a brief update of the Newlands Water Purchase Program pursuant to passage of Assembly Bill 380 by the 1999 Legislature. During FY 1999-2000, Mr. James indicated that CWSD had conducted several test cases to ensure that the proposed procedures would work. Several meetings were held that were attended by as many as 25 involved people. An appraiser was hired who estimated the fair market value for the water rights at \$3,200 per acre in the Truckee division and \$1,600 per acre in the Carson division. Also, representatives from Senator Reid's office met with the Truckee/Carson Irrigation District (TCID) to negotiate the cost to offset lost revenue from the water rights that were purchased, but would be retired. Based on those numbers, Mr. James said the total cost estimate for this project would be between \$15 million and \$16.7 million. The difference between the two amounts would depend on how much water was purchased from the Truckee division versus the Carson division. Since \$13.5 million was authorized for water rights pursuant to A.B. 380, Mr. James indicated that the CWSD was anticipating a shortfall ranging between \$1.5 million to \$3.2 million.

Continuing his testimony, Mr. James noted that A.B. 380 requires CWSD to look for additional funding and CWSD was able to obtain \$100,000 from the Carson/Truckee Water Conservancy District (CTWCD). In addition, CWSD has been negotiating a contract with the federal Bureau of Reclamation (BOR) for an additional \$2 million over and above the \$13.5 million that was authorized in A.B. 380. CWSD is also encouraging people to donate water rights. He said those people donating water rights would benefit from having done so. He also pointed out that CWSD had been advised that federal BOR funds would not be available to purchase water rights until an Environmental Assessment (EA) was completed. At that time, CWSD's board directed him not to purchase any water rights, except those in test cases, because it did not believe it was prudent to spend the state's and the Sierra Pacific Power Company's funds without assurance that the federal BOR's funds would be available. Mr. James apprised the committee that the EA was completed by the federal government last Friday, September 8, 2000, and CWSD had signed an agreement with BOR.

Mr. James apprised the committee that CWSD anticipates spending between \$4 million and \$6 million for water rights this fiscal year. Although \$4 million was originally approved for water rights this fiscal year, Mr. James indicated that A.B. 380 was amended to provide \$3.3 million, with the understanding that the funds would be invested and the interest earned at the end of 5 years would provide \$4 million. He said the problem with this logic was that it assumes CWSD would hold onto the money until the end of the project, but the goal of the project was to expend funds as soon as possible. According to Mr. James, A.B. 380 prohibits CWSD from expending more than \$1.6 million of the state's funds until the 2001 Legislative Session and CWSD had spent only \$55,000. Mr. James told the committee that CWSD anticipates incurring a shortfall of approximately \$280,000 from the state's obligation. Mr. James provided a handout for the committee's information entitled "Newlands Water Purchase Program, Assembly Bill 380, Financial Report for Fiscal Year 1999/2000," a copy of which is included in the meeting minutes as Exhibit J.

Chairman Arberry recognized Mrs. de Braga, who asked Mr. James to clarify how much of the state's funding could be expended during the first year. Mr. James explained that more interest had been earned on the state's funds because CWSD had not spent all of the \$1.6 million that had been allocated for the first year. He indicated that CWSD does not intend to spend any of this \$1.6 million for the next six months because the federal funds would be spent first. He said, however, once the program is underway, CWSD anticipates spending as much money as possible to buy water rights. Mr. James said that even with the \$1.6 million, his calculations indicate that there would be a shortfall at the end of the program.

Mrs. de Braga wanted to know whether the federal BOR funds were available at this time. Mr. James indicated that CWSD had a signed contract with BOR and the first water right purchases would be made in October of 2000.

Mr. Dini asked Mr. James if he intended to invest the federal BOR funds. Mr. James apprised the committee that the federal government requires any interest earned on federal funds be returned to the federal government. Mr. James indicated that the agreement with BOR calls for an advance reimbursement each month so no interest could be accrued. Mr. James pointed out that the federal BOR funds would be spent first so the state's funds, which are invested, would continue to earn interest.

2. Department of Education
  - a) Evaluation of the Department of Education's Written System of Internal Control pursuant to 1999 Letter of Intent.
  - b) Semiannual Report on the Training Offered to School Business Officials pursuant to a 1999 Letter of Intent.  
There were no comments or questions on the above items.
3. Department of Administration – State Public Works Board (SPWB)
  - a) Facility Condition Analysis – Nevada Highway Patrol (NHP) Building on E. Sahara in Las Vegas.
  - b) Facility Condition Analysis – Buildings and Grounds Maintenance and NHP Garage on E. Sahara in Las Vegas.  
There were no comments or questions on the above items.
4. Public Utilities Commission of Nevada (PUCN) – Modification of Organizational Structure.

In light of the electric rate increases facing consumers today, Senator Coffin questioned whether it was appropriate for the reorganization of PUCN to be on today's agenda as an informational item rather than as an action item.

While he did not have a recommendation one way or the other, Senator Raggio said he did not believe that Nevada had experienced the level of concern about increases in utility rates that other states, especially California, had been experiencing recently. Since the committee would be hearing testimony today on the Modification of Organizational Structure of the PUCN as information only, Senator Raggio suggested that

Senator Coffin ask Chairman Arberry to place an item on the agenda for a future meeting of the Interim Finance Committee so his concerns could be addressed.

Senator Coffin pointed out that the people living in southern Nevada were receiving electric rate increases monthly. While he would concede that it might be inappropriate legally to make the reorganization of PUCN an action item today, Senator Coffin suggested that it would be appropriate for PUCN to withdraw the reorganization item from today's meeting agenda so that it could be brought forward as an action item at the Interim Finance Committee's next meeting.

After echoing Senator Coffin's concerns, Ms. Giunchigliani maintained that the Modification of Organizational Structure for PUCN needs to be discussed in depth. Ms. Giunchigliani also agreed with Senator Coffin that it would be appropriate for PUCN to withdraw the item from today's agenda so that it could be posted as an action item for the Interim Finance Committee's next meeting.

Since he thought Senator Coffin and Ms. Giunchigliani were concerned that PUCN was making major adjustments to its organizational structure without benefit of input from the Interim Finance Committee, Chairman Arberry asked Ms. Brenda Erdoes, Legislative Counsel, to speak to the legality of the reorganization of PUCN being on today's agenda as an informational item rather than as an action item. Since the NRS requires PUCN to report any reorganization to the Interim Finance Committee, Ms. Erdoes opined that it was up to the Interim Finance Committee to decide whether the reorganization of PUCN should be an informational or action item. She said, however, even if the Interim Finance Committee were to decide to make the reorganization an action item for the next meeting agenda, it could not legally stop the reorganization of PUCN.

Since the NRS directs PUCN to "present to" the Interim Finance Committee any reorganization, it was Senator Coffin's belief that "report to" and "present to" were a matter of semantics, but his interpretation was PUCN must seek Interim Finance Committee approval. Senator Coffin also recalled that during the 1997 Legislative Session, when the Legislature decided to authorize retail competition in the first place, the Assembly and the Senate had two separate bills and the Senate version was passed after a major amendment had been made shortly before the legislature adjourned. Senator Coffin suggested that the result of the 1997 Legislature's closing day actions was the unintended consequences of giving too much power to PUCN. In addition, Senator Coffin questioned how PUCN could reduce the number of auditors, when it had not yet met with the Governor. While he thought there was enough ambiguity in the NRS to allow the reorganization of PUCN to be placed on the Interim Finance Committee's meeting agenda today as an informational item instead of an action item, Senator Coffin thought the proper thing for PUCN to do was to withdraw the reorganization from the agenda so that it could be placed on the committee's next meeting agenda for discussion.

Because of time constraints, Chairman Arberry told Senator Coffin that he needed to finish the action items posted on today's agenda and then he would return to this discussion later on in the meeting.

Chairman Arberry opened the meeting to discussion on the PUCN's Modification of Organization Structure and he recognized Mr. Don Soderberg, Chairman, PUCN, who introduced Ms. Crystal Jackson, Commission Secretary and Chief Administrative Officer. In providing background information, Mr. Soderberg told the committee that he was appointed as Executive Director of PUCN a little over a year ago at which time he asked several of the new managers to study the operations because he did not believe that management should be undertaken according to prior history only. The study revealed: (1) a number of chronically vacant positions; (2) a number of staff positions had been given very few assignments; and (3) too many divisions within the regulatory operation staff were preventing routine filings from being processed in a timely manner. After analyzing the results of the study, Mr. Soderberg said he decided a complete review of the organizational structure of PUCN was needed. Although he acknowledged that a review of the organizational structure of PUCN had been done on a more formal basis pursuant to the 1997 Legislative Session, Mr. Soderberg said he saw a need to have another review.

Continuing his testimony, Mr. Soderberg pointed out that over the course of last year and into the beginning of this year he had first worked with Commissioner MacIntyre, Director, Regulatory Operations, and then Neill Dimmick, who replaced Dr. MacIntyre when the Governor appointed him to the PUCN, as well as Ms. Jackson and others, to try to find a better way to operate PUCN. Mr. Soderberg said he realized that by functionalizing the regulatory operations staff, the number of divisions could be reduced from seven to five. Although some of the staff positions that had very little work to do were given assignments and moved into vacant positions, Mr. Soderberg said the end result was that PUCN was at least six positions too heavy. The plan proposes to reduce the number of staff from 86 to 80 in order to better utilize staff's talent so that they would be working together as opposed to autonomous divisions that some times get in each other's way. The plan also proposes to reduce the number of managers. It was Mr. Soderberg's belief that the plan would make PUCN staff do their job better as well as save the rate payers some money.

Since it was her recollection that the 1999 legislation called for a comprehensive management study regarding the reorganization and the plan was supposed to be good until 2003, Ms. Giunchigliani questioned why Mr. Soderberg was seeking to modify the organizational structure at this time when she was not sure it would actually improve the structure of PUCN or provide a rate reduction for the consumers. It was also Ms. Giunchigliani's recollection that the strategic plan that Synergy Consulting, Incorporated had recommended (pursuant to *Assembly Bill 366, 1997 Legislative Session*) called for elevating the Consumer Complaint Division to the same level as Audit and other divisions, but the new plan proposes to merge it with Public Affairs and Consumer Education and reduce the number of staff positions.

In responding to Ms. Giunchigliani's concerns, Mr. Soderberg pointed out that the Consumer Complaint Division (currently called the Consumer Complaint Resolution Division) had always been on par with other staff division managers reporting to the Director of Regulatory Operations and that has not been changed in the reorganization. Mr. Soderberg indicated that he had transferred a staff position from consumer outreach, which has more or less been dormant, and reassigned that individual in Elko to primarily handle consumer complaints in the rural areas as well as the overflow from the Las Vegas area; thus, the consumer complaint function had been beefed up by one staff position.

Ms. Giunchigliani asked Mr. Soderberg to clarify the current staffing structure of the Consumer Complaint Division. Mr. Soderberg indicated that the current organizational chart shows the Division Manager of the Consumer Complaint Division as the Division Manager of Rates and Tariffs. Since that position has always been in charge of the Consumer Complaint Division, Mr. Soderberg said he intended to cleanup that title during the biennial budget process. He also noted that the Assistant Manager runs PUCN's Las Vegas office. In addition, there are four Compliance Investigator II positions and one Management Assistant II position. When he was first reappointed to PUCN, Mr. Soderberg explained that the position currently listed as Manager of Consumer Complaints was filled by a part-time employee doing some graduate work, but when that person left, the position was reassigned by his predecessor to a different program. Since the individual in Elko was not doing consumer complaints at that time, but rather was working with the consumer outreach program, Mr. Soderberg said he made a management decision to move that position back to the Consumer Complaint Division to help with the overflow problem in Las Vegas.

Ms. Giunchigliani wanted to know about the structure of consumer outreach under the proposed organizational plan. Mr. Soderberg indicated that there were two positions in the consumer outreach program. Pursuant to the 1997 reorganization, there was a feeling that an education program with regard to electric restructuring was needed. He said, however, because electric restructuring has been delayed, it was his opinion that PUCN did not need three people in the consumer outreach program; thus, one position was located in Las Vegas and one position in Carson City.

Ms. Giunchigliani said she would be interested in hearing how Mr. Soderberg would envision educating the public about electric deregulation. Mr. Soderberg recalled that the 1997 Legislature had approved \$500,000 for a consumer education program and that the 1999 Legislature had approved an additional \$160,000 for this purpose. Mr. Soderberg indicated that PUCN had attempted to be frugal with the money and he did not want to spend the money until later on when a decision had been reached about electric deregulation.

Ms. Giunchigliani wondered whether it might be more appropriate to let consumers know what to expect and what to prepare for rather than reacting to the media reports about what is happening to electric customers in California. Mr. Soderberg indicated that some low-level advertising had been done via PUCN's Web site. Mr. Soderberg recalled that within several weeks of his appointment a very expensive mailer was sent to every electric customer in Nevada. The ad was very generic since the rules had not yet been finalized. The feedback that was received from the consumer outreach staff, as well the state's two electric utility companies, was that people were upset because of the lack of information.

Since it was her understanding that the Governor had placed deregulation on hold until he makes a determination whether to fully implement deregulation, Ms. Giunchigliani questioned why it was necessary to reorganize now because the Governor may decide to take no action at this juncture. Mr. Soderberg indicated that the reorganization has nothing to do with electric restructuring, but rather it deals with eliminating inefficiencies. Mr. Soderberg said it was his intention to go ahead with the reorganization even if the Governor were to decide tomorrow that he was canceling the entire project.

Ms. Giunchigliani wanted to know whether the reorganization would provide for salary increases for the commissioners and other staff. Mr. Soderberg pointed out that as part of the biennial budget process, PUCN had been asked to do an unclassified salary survey comparing salaries within PUCN among other agencies within Nevada and other similar agencies outside of Nevada. As a result, Mr. Soderberg said he had proposed enhancements to a number of positions to the Budget Division, but no decision had yet been made. According to Mr. Soderberg, any enhancements to positions would be brought forward to the 2001 Legislative Session for consideration.

Since she thought the 2001 Legislature should be the one to address this issue, Ms. Giunchigliani expressed concern about the impact of the stipulated agreement on consumers and the fact that there could be a rate increase of approximately 64 per cent by 2003. Ms. Giunchigliani also wanted to know what was PUCN's position on deregulation at this time. Mr. Soderberg indicated that PUCN, as a whole, had not taken a position on this issue. While he expects to have some discussions with the Governor at some future date, Mr. Soderberg said that he was not privy at this point in time to reveal the topics to be discussed.

Although she could not speak for her colleagues, Ms. Giunchigliani maintained that since the Legislature had passed the deregulation legislation, which included a rate cap, that rate cap should stay in place regardless of any negotiated agreements. Ms. Giunchigliani also expressed concern that the one section of the legislation had been allowed to go forward in the negotiated agreement because she thought it could be unconstitutional.

Mr. Goldwater said he found it encouraging that Mr. Soderberg had come forward to propose a staff reduction and he would encourage other state agency administrators to do the same. Also, it was Mr. Goldwater's belief that regardless of whether or not deregulation moves forward, it should have no bearing on PUCN's reorganization efforts.

Senator Coffin wanted to know when the Governor would be making his decision. Mr. Soderberg said that the Governor had not shared with him when he would make a decision.

Since he thought Mr. Soderberg had been privy to all of the stipulated agreements, Senator Coffin wanted to know whether the so-called global agreement would fall apart if the Governor disapproves. Mr. Soderberg said he was unable to speak for any of the parties involved in the process, including the regulatory operations' staff that had approved different portions of the so-called global settlement, because as a decision-maker he was not privy to their thought processes and he did not have discussions with them on the substance of the agreements until they were presented to PUCN. Mr. Soderberg said he could only speculate that some people might think that they did not get what they thought they should, while others might think it was a good deal in light of the circumstances throughout the west.

Senator Coffin asked Mr. Soderberg if it was conceivable that there would be as much as a 64 per cent rate increase to the consumers, with concomitant savings passed on to the large users. Mr. Soderberg said he was prepared to respond to Senator Coffin's question if it would meet with Chairman Arberry's approval.

Chairman Arberry said he did not believe it was appropriate for the committee to revisit deregulation.

Senator Coffin said he would rephrase his question and ask Mr. Soderberg what would be his recommendation to the Governor. Mr. Soderberg said he would be having discussions with the Governor to share his knowledge with him and, based on that knowledge, the Governor would either ask him for a formal recommendation, an informal recommendation, or no recommendation. Mr. Soderberg added that he would not be able to share his recommendation with the committee.

Chairman Arberry thanked Mr. Soderberg for responding to the questions from the committee.

5. Department of Agriculture

a) Cost Allocation Plan - Progress Report.

There were no comments or questions from the committee on this item.

6. Department of Human Resources

a) Disproportionate Share Study Required by Chapter 516, Statutes of Nevada 1999.

b) Health Division Quarterly Status Report on Maternal Child Health (MCH) Dental Health Initiative.

c) Welfare Division Status Report on Electronic Benefits Transfer for Food Stamp Program.

There were no comments or questions from the committee on the above items.

7. Department of Prisons

a) Vending Machine Operation – July 1999 through June 2000 and Comparison of July 1999 and July 2000.

b) Inmate Store Profits – NDOP.

c) Response from NDOP to Questions from April 13, 2000, IFC Meeting.

d) Telephone Commissions – NDOP.

e) A.B. 389 Reconciliation – FY 1996 and 1997.

f) High Desert State Prison Recruitment Statistics.

There were no comments or questions from the committee on the above items.

8. Department of Motor Vehicles and Public Safety (DMV&PS)

a) Project Genesis Subcommittee Report.

As Chairman of the Project Genesis/DoIT Subcommittee, Mr. Beers said he had prepared a progress report for the committee, a copy of which is included in the meeting minutes as Exhibit K. To summarize his report, Mr. Beers apprised the committee that Project Genesis was coming along nicely and that the combined total for August for Web renewals and 1-800 telephone number renewals was almost 10,000, which represents 4 per cent of the total transactions that DMV&PS processes each month. The Insurance Verification Program (IVP) continues to be a problem, but DMV&PS is working to correct that problem. Mr. Beers said the computer upgrades were covered earlier today.

b) Report of Proposed Use of Funds Appropriated for Purchase of Modular Furniture (A.B. 280) pursuant to 1999 Letter of Intent.

c) Division of Parole and Probation – Response from DMV&PS on Two Program Officer Positions.

There were no comments or questions from the committee on the above items.

9. Department of Personnel

a) Progress Report on Personnel/Payroll System.

There were no comments or questions from the committee on this item.

10. Department of Conservation and Natural Resources

a) Status Report on Improvements to State Park at Lake Tahoe.

There were no comments or questions from the committee on this item.

**N. PUBLIC TESTIMONY.**

There was no public testimony.

Before adjourning the meeting, Chairman Arberry said he wished to schedule a meeting so that he, Mr. Comeaux, Mr. Dini, Mr. Perkins, Mr. Hettrick, Senator Raggio, Senator Rawson, and Senator Mathews could discuss today's Interim Finance Committee. It was Chairman Arberry's opinion that today's meeting was the worst Interim Finance Meeting he had chaired because the Budget Division staff and the executive agencies' staff had not provided the necessary information to the legislative Fiscal Analysis Division staff in a timely manner so that the Interim Finance Committee could ask appropriate questions in order to make an informed decision. Since a number of the committee members had complained to him about the proceedings today, Chairman Arberry thought it was necessary to discuss this issue so that corrective measures could be taken as quickly as possible.

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

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Assemblyman Morse Arberry, Jr., Chairman  
Interim Finance Committee

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