

**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 June 14, 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 Joseph M. Neal, Jr.  
Senator William R. O'Donnell  
Senator Raymond D. Rawson  
Assemblyman Bob Beers  
Assemblywoman Barbara K. Cegavske  
Assemblywoman Vonne Chowning  
Assemblywoman Marcia de Braga  
Assemblyman Joseph E. Dini, Jr.  
Assemblyman David E. Goldwater  
Assemblyman Lynn Hettrick  
Assemblywoman Sheila Leslie  
Assemblyman John Marvel  
Assemblyman David R. Parks  
Assemblyman Richard D. Perkins  
Assemblyman Bob Price

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Christina R. Giunchigliani, Excused

**LEGISLATIVE COUNSEL BUREAU STAFF:**

Lorne J. Malkiewich, Director  
Brenda J. Erdoes, Legislative Counsel  
Gary Crews, Legislative Auditor  
Daniel G. Miles, Fiscal Analyst, Senate  
Mark W. Stevens, Fiscal Analyst, Assembly  
Gary Ghiggeri, Principal Deputy Fiscal Analyst  
Robert Guernsey, Principal Deputy Fiscal Analyst  
Yhvana Martin, Secretary

**A. ROLL CALL.**

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

Chairman Arberry recognized Senator Raggio who announced that today's meeting was being held on Flag Day, a national day of recognition. Senator Raggio also pointed out that the United States Army was born on June 14, 1775;

thus, today marks its 225<sup>th</sup> birthday. Senator Raggio thought it would be appropriate to recognize the selfless service of all of those men and women who have served in the U.S. Army over the 225 years of its history, as well as the other armed services. It was Senator Raggio's understanding that Flag Day first originated in 1885, when a school teacher in Wisconsin suggested it. He said, however, June 14 was not officially designated as a day of national observance until during President Harry S Truman's term in office. Senator Raggio suggested that the committee stand in recognition of Flag Day and the 225<sup>th</sup> birthday of the U.S. Army and recite the Pledge of Allegiance.

**B. APPROVAL OF MINUTES FROM APRIL 13, 2000, MEETING.**

**MR. MARVEL MOVED TO APPROVE THE APRIL 13, 2000, MEETING MINUTES. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

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

Chairman Arberry requested testimony on the following work programs included in Volume I of the meeting packets: items 1, 2, 6, 7, 13, 14, 16, 17, 20, 21, 24, 25, and 26. Volume II: items 35, 37, 38, 39, 40, 43, 44, 45, 47, 48, 53, 54, 58, 59, 61, 62, 63, 64, 66, 67, and 70. Volume III: items 72, 76, 78, 79, 80, 81, 82, 93, 94, 95, 96, 97, 98, 104, 109, 111, 112, 113, and 114. Volume IV: items 126, 129, 131, 132, 134, 135, 143, 146 and 152.

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

**1. Office of the Attorney General – Attorney General Administration – FY 00 – Transfer of \$106,000 from the Reserve for Reversion category to the Yucca Mountain Litigation category to permit completion of critical activities in preparation of the evidentiary and factual case regarding disposal of nuclear waste at Yucca Mountain.**

Chairman Arberry recognized Mr. Tom Patton, Assistant Attorney General. Appearing on behalf of Attorney General Frankie Sue Del Papa, Mr. Patton introduced Marta Adams, Senior Deputy Attorney General, whose principal assignment was the Yucca Mountain litigation, and Harry Swainston, Senior Deputy Attorney General, now retired, who previously handled the Yucca Mountain litigation, and who continues as a contract consultant in this regard. He also introduced John Hansen, Tort Claims Administrator, Chief Financial Officer, Chester Burton, Assistant Chief Financial Officer, Ana Andrews, and Anne Cathcart, Special Assistant to the Attorney General.

In speaking to this request, Mr. Patton said the committee would recall that a bill that would have provided additional funding for nuclear waste litigation was tabled at the end of the 1999 Legislative Session. He said, however, the Office of the Attorney General was advised by Senator Raggio, Chairman of the Senate Committee on Finance, to submit a request to the Interim Finance Committee when additional funding in budget account 1031 was needed. In providing background information, Mr. Patton noted that the Office of the Attorney General had received a payment of \$375,070 from the National Association of Attorneys General (NAAG) as reimbursement for the state's expenditures associated with the National Tobacco Settlement. Pursuant to a request from the Office of the Attorney General, the 1999 Legislature authorized \$256,979 of those funds for expenditures relating to the creation of an Office of the Executive Director of Technological Crime and various computer forensic lab expenditures (Section 53 of S.B. 495). The remaining \$118,091 has been placed in a Reserve for Reversion category to be reverted to the General Fund at the end of FY 2000.

Since the funding in budget account 1031 was expected to be depleted by the end of the current fiscal year, Mr. Patton requested committee approval to transfer \$106,000 from a Reserve account to a new expenditure category for expenditures related to litigation activities resulting from the proposed permanent nuclear waste storage

facility at Yucca Mountain. The funding would be used to continue two existing contracts for Jerry Szymanski and Harry Swainston. Mr. Patton explained that Mr. Swainston formerly worked at the Nuclear Test Site at Yucca Mountain as an engineer and later was employed by the Office of the Attorney General as a Senior Deputy Attorney General for approximately 24 years. Since Mr. Swainston had been involved in nuclear waste matters for many, many years, Mr. Patton thought the cost of Mr. Swainston's \$16,000-per year contract was minimal.

In addition, \$30,000 was being requested for contract services for Jerry Szymanski, a geologist, who formerly worked with the U.S. Geological Service. In 1987, Mr. Szymanski developed a hydrothermal upwelling theory that has now been largely accepted by the scientific community. For many years, it was asserted by the U.S. Department of Energy (DOE) that crystal deposits at Yucca Mountain were the result of rainwater. He said, however, that assertion was in the process of being refuted by Mr. Szymanski, who contends that crystal deposits were the result of hydrothermal water that had up-welled into Yucca Mountain, historically going back 8 million years, and continues to do so at the present time. According to Mr. Patton, the next key to the puzzle was to do age dating so that it could be shown how frequently and recently Yucca Mountain had been subject to such upwelling. Mr. Patton said he wished to point out that the U.S. Congress had recently appropriated \$16.5 million to DOE's legal assistance fund, which represents only a fraction of the total amount that had been appropriated by the federal government so that DOE could pursue its litigation strategy to get the Nuclear Regulatory Commission (NRC) to approve the licensing of Yucca Mountain as a repository for nuclear waste. Mr. Patton indicated that the committee's approval of the request for \$106,000 would enable the Office of the Attorney General to continue its efforts for the next year.

Senator Raggio requested that Mr. Swainston approach the speaker's podium. Senator Raggio said that Mr. Swainston had written a letter at the end of the 1999 Legislative Session, castigating him about the funding for the Yucca Mountain Project, and he would like to know the basis for that attack.

Chairman Arberry recognized Harry Swainston, who apprised the committee that he was currently in private practice and resides at 4040 Hobart Road, Carson City. Mr. Swainston said he thought the committee would recall that the feasibility of using Yucca Mountain as a repository for nuclear waste had been a very contentious issue for a number of years. Mr. Swainston indicated that the Office of the Attorney General's staff had worked very diligently to secure funding to continue its efforts in proving the upwelling of water theory at Yucca Mountain and that, without additional funding, it would be impossible to prevail in court. Mr. Swainston said he had lobbied Senator Raggio, as well as a number of other legislators, about additional funding for the Yucca Mountain Project. Mr. Swainston also acknowledged that he had written a letter to the public expressing his frustration that the funding request had not received a vote. Mr. Swainston said he wished to publicly apologize to Senator Raggio if he had offended him. Mr. Swainston urged the committee to approve the modest funding request so Jerry Szymanski could continue to develop a monograph for presentation before the NRC that would memorialize the huge database currently available. Without that, Mr. Swainston maintained that the Office of the Attorney General would be hard pressed to prevail in preventing this very dangerous location from being selected for development as a nuclear waste repository.

Senator Raggio pointed out that the 1999 Legislature had approved the Governor's request for expenditures in this area and that Mr. Swainston was referring to a funding proposal for Mr. Szymanski's theory that had not yet been very well proved. Mr. Swainston noted that a total of \$36,000 was approved for the biennium; however, \$18,000 had to be moved forward to the current fiscal year because the funding was depleted.

Senator Raggio said he personally did not appreciate Mr. Swainston's attitude because the 1999 Legislature had been faced with the onerous task of considering numerous other important funding requests and establishing priorities for those requests. Senator Raggio said he did not believe Mr. Swainston was the appropriate individual to represent the Office of the Attorney General in this particular funding request.

Mr. Patton said he could appreciate Senator Raggio's displeasure with Mr. Swainston's letter, but it was his belief that Mr. Swainston, who retired as a Senior Deputy Attorney General in May of 1998, had been emotionally tied to this issue for many years. Although he told Mr. Swainston that he did not believe his letter

was appropriate, Mr. Patton said he did not try to prevent him from writing the letter because of his First Amendment rights.

Senator Raggio said he did not believe that the committee should be funding Mr. Swainston's contract because of his attitude toward the Legislature. Mr. Patton said he would hope that personalities could be removed from the Office of the Attorney General's request since Mr. Swainston's services were a very high utility to the Office of the Attorney General based on his technical and legal knowledge and expertise related to the litigation issue at Yucca Mountain. In addition, Mr. Patton said it was important for the Office of the Attorney General to have someone with the combined knowledge of nuclear waste science and the Nuclear Waste Policy Act to serve as a conduit of information so that the Office of the Attorney General could better understand the difficult and technical language provided by a scientific expert, Jerry Szymanski. In addition, Mr. Patton said he would have to strongly disagree with Senator Raggio that the hydrothermal upwelling theory was at this point an ephemeral, unproven theory. Rather, he thought the entire scientific community would soon be in agreement with this theory.

It was Senator Raggio's belief that the Office of the Attorney General already has available funding to pursue Mr. Szymanski's theory. Mr. Patton suggested that it was important to differentiate between the duties being performed by the Office of the Attorney General and the Office of Nuclear Waste Projects. Mr. Patton said he was aware that the Office of Nuclear Waste Projects has significant funds and that its staff was working on a number of issues; i.e., transportation, ground water contamination, and other issues. Mr. Patton stressed that this request was for the particular purpose of bringing the hydrothermal upwelling theory to a scientific conclusion that could be used by the Office of the Attorney General in litigation.

Senator Raggio interjected that the 1999 Legislature, through enactment of Senate Bill 485, had made an exception to provide the opportunity for the Office of the Attorney General to expend a portion of the funds that would have otherwise been reverted to the General Fund for expenditures relating to the Yucca Mountain project. Senator Raggio said he was finding it difficult to understand why the committee was being asked to provide additional funding, unless it was to continue Mr. Swainston's contract.

Mr. Patton denied Senator Raggio's assertion that the purpose of the additional funding was solely to continue Mr. Swainston's contract since his annual contract of \$16,000 was the smallest portion of the total request. Mr. Patton pointed out that \$30,000 was being requested to continue the expert services of Jerry Szymanski and \$60,000 for the publication of a monograph that would be produced by Mr. Szymanski and three other renowned scientists. The publication would then be peer reviewed by three other scientists to validate the publication. (A breakdown of the cost of the production and publication of the monograph is provided on page 1.4 in Volume I of the meeting packets.)

Mr. Patton stressed that the Office of the Attorney General was not allowed to use federal funds to finance the publication of the monograph, because it was a document that would specifically assist the Office of the Attorney General in litigation, challenging a licensing proceeding before the NRC. Since the federal government has spent billions of dollars in pursuit of placing a repository for nuclear waste at Yucca Mountain, the Office of the Attorney General anticipates facing a recommendation from a president at some future date to approve the Yucca Mountain site. Mr. Patton stated that the Office of the Attorney General needs to have its litigation strategy and evidentiary documents in place in order to challenge the DOE. To respond to a question from Senator Raggio, Mr. Patton indicated that a licensing proceeding before the NRC could occur as early as July of 2002.

Senator Raggio said it was his intention to move to defer this request until the next regularly scheduled meeting.

**SENATOR RAGGIO MOVED TO DEFER THE REQUEST UNTIL THE NEXT  
REGULARLY SCHEDULED MEETING. SECONDED BY SENATOR  
JACOBSEN.**

Chairman Arberry recognized Mr. Dini who wanted to know what impact the deferment would have on the

scientific work that was being done at Yucca Mountain.

It was Senator Raggio's belief that deferring the request at this time would provide the opportunity for additional discussion rather than having the request defeated today.

After echoing Mr. Dini's previous concern, Ms. Leslie recalled that when the National Academy of Sciences approved a site for a nuclear waste repository in Kansas in 1973, Kansas hired its own scientists who discovered the salt in the site was as porous as "Swiss cheese" and the site was subsequently disqualified. Ms. Leslie said she would not want to see Nevada lose an opportunity for a significant scientific theory to be proven because it might be Nevada's best and only opportunity to defeat the DOE's strategy to place a nuclear waste repository at Yucca Mountain.

Mr. Patton apprised the committee that the work on the scientific theory would stop because the funding for this request would be reverted to the General Fund at the end of the current fiscal year. In order to continue this scientific work, Mr. Patton said that a request for an allocation from the Contingency Fund would need to be submitted to the Interim Finance Committee and it was his understanding the Contingency Fund was in dire straits at the present time. While he was not familiar with the experience in Kansas that was previously described by Ms. Leslie, Mr. Patton said he would strongly urge that science and not politics or personalities be allowed to determine this issue. According to Mr. Patton, the work on the age dating of the hydrothermal upwelling deposits was critical. He also pointed out that no one had yet been able to develop a canister that would be able to contain nuclear waste material for the duration of its life, which was estimated to be hundreds of thousands of years. Mr. Patton suggested that the age-frequency of hydrothermal events at Yucca Mountain would provide a matrix for weeping nuclear waste coming into contact with heated water with potentially catastrophic results. Mr. Patton also pointed out that several of the experts assisting Mr. Szymanski were Russian geologists. It was Mr. Patton's belief that Russia has had a great deal of experience with nuclear power production and the difficulties and catastrophic events associated therewith.

Senator Coffin said that he could not recall receiving a copy of Mr. Swainston's letter that inflamed Senator Raggio, but he could remember speaking out on subjects for which he had a passion and later regretting having done so. Senator Coffin said he did not believe it would be beneficial to the residents of Nevada to stop progress on this project because of one individual's intemperate remarks. While he would not attempt to change Senator Raggio's vote, Senator Coffin urged the rest of the committee to consider the long-term consequences of supporting a motion to defer action on this request.

Senator Neal wanted to know if litigation related to the scientific investigation of Yucca Mountain was ongoing at the present time. Mr. Patton introduced Marta Adams, Senior Deputy Attorney General, who he said could respond to Senator Neal's question. Ms. Adams explained that there were currently two active cases addressing DOE's application for water rights from Nevada's State Engineer. According to Ms. Adams, DOE had filed a case in Nye County and one in U.S. District Court in Las Vegas.

Senator Neal said he did not believe that contesting water rights filed by DOE was related to the scientific investigation at Yucca Mountain. While she would agree with Senator Neal's assertion, Ms. Adams told the committee that the Office of the Attorney General was mindful that the litigation it would be facing was going to be very complex and it needed to garner all of the evidence possible in order to go forward in a credible manner. Ms. Adams pointed out that DOE had spent millions of dollars trying to prove its contention that Yucca Mountain was a suitable site for a nuclear waste repository.

Senator Neal said he had asked the question because Mr. Patton had indicated earlier that he thought the project should be determined on the basis of scientific evidence rather than politics or personalities. Mr. Patton said he wished to clarify that there were two water law cases involving DOE's application for the water rights that would be necessary to operate a nuclear waste facility. Mr. Patton indicated that the two cases were currently being litigated because Nevada's State Engineer had disapproved of DOE's application for water rights and DOE was appealing in court. As he previously pointed out, Mr. Patton stressed that the Office of the Attorney General was trying to be prepared for what it perceives as a very likely eventuality of a regulatory licensing

proceeding before the NRC. It was Mr. Patton's belief that one of the Office of the Attorney General's principal arguments would be the unsuitability of Yucca Mountain based on its seismic history, the existence of hundreds of thousands of fissures, and the hydrothermal upwelling that had occurred periodically over the history of Yucca Mountain's existence. In addition, Mr. Patton pointed out that the hydrothermal origin of the deposits at Yucca Mountain had been determined by heating the crystals, which refuted the rainwater theory that was advanced by DOE.

Senator Neal said he did not believe that deferring the funding request until the next meeting would be detrimental to the project because it was his understanding that the scientific study would continue. Mr. Patton told the committee that Nevada had the option of relying on the DOE to do the scientific work, but he did not believe that was a very intelligent litigation strategy. Rather, Mr. Patton thought that Nevada needs to be doing its own research since the erroneous rainwater theory had already been disproved. Mr. Patton stated further:

We cannot wait until the licensing proceeding commences and then complete the scientific study and marshal our evidence. If we are not prepared, it will take approximately one year to prepare this monograph, prior to the commencement of the licensing proceeding, we can forget ever proving it.

Senator Neal asked Mr. Patton to explain the purpose of DOE's oversight funding. Mr. Patton indicated that the \$2.5 million that was described in Governor Guinn's press release was going to Nevada's Office of Emergency Management for project monitoring and oversight of DOE's activities. According to Mr. Patton, Nevada was particularly prohibited in the Nuclear Waste Policy Act from using those funds to create an evidentiary document in anticipation of litigation. In concluding his remarks, Mr. Patton stated:

I come here as a public servant, as your first assistant Attorney General, seeking to do something on behalf of the citizens of the State of Nevada. I am not here trying to tether Mr. Swainston to a \$16,000 a year contract, if that is totally unacceptable to this committee. What is critical to me is that we be prepared for an eventual licensing proceeding so that the people of the State of Nevada can be secure and be adequately represented in this litigation. If it is necessary, because of the hurt feelings that Mr. Swainston's intemperate remarks have caused, if it is necessary that he be eliminated from the picture in order for us to press forward, I do not like to see it happen, because as I have said he has a high utility for us in working with our scientific expert and in preparing this and I think his utility far outweighs his intemperate remarks. And I would hope that he would assure you that he will avoid such remarks in the future and I can only hope the committee will be willing to accept that apology and focus on what is important; being prepared for the federal government that is trying to move nuclear waste into our backyard.

It was Senator Raggio's position that the committee has the responsibility to ensure that the funding would be utilized in a responsible manner and he did not believe that Mr. Swainston had demonstrated his responsibility because of his attitude. With the approval of Chairman Arberry, Senator Raggio said he would be willing to rescind his motion to defer the request and move to approve the request, excluding the \$16,000 for Mr. Swainston's contract.

**SENATOR RAGGIO MOVED TO RESCIND HIS MOTION TO DEFER THE REQUEST UNTIL THE NEXT REGULARLY SCHEDULED MEETING. SECONDED BY SENATOR JACOBSEN.**

**SENATOR RAGGIO MOVED TO APPROVE THE REQUEST IN THE AMENDED AMOUNT OF \$90,000, WHICH WOULD INCLUDE \$30,000 FOR THE COST OF MR. SZYMANSKI'S CONTRACT AND \$60,000 FOR THE PRODUCTION AND PUBLICATION OF THE MONOGRAPH, WITH THE UNDERSTANDING THAT \$16,000 FOR THE COST OF MR. SWAINSTON'S**

**CONTRACT BE EXCLUDED. SECONDED BY SENATOR JACOBSEN AND  
MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

2. **Office of the Attorney General – Tort Claim Fund – FY 00** – Transfer of \$630 from the Operating category to the Special Projects category, and \$720,073 from the Reserve category to the Tort Claims category to facilitate the payment of contract fees to Kafoury Armstrong and to cover known and projected tort claim and contract expenses.

Mr. Jon Hansen, Tort Claims Manager, explained that the committee's approval of this request would facilitate payment of tort claims that have been incurred by the state for FY 2000. Mr. Hansen indicated that a list of individual tort claims filed against the state had been provided to the State Budget Division on May 15, 2000. Although there have been several changes to some of the claims since the list was first prepared, Mr. Hansen said he would be happy to respond to questions on any of those tort claims that have been paid.

Since it was his understanding that there was a \$50,000 limit on the state's liability, Senator Raggio wondered why the Office of the Attorney General had been paying in excess of the \$50,000 limit on many of the tort claims. Mr. Hansen noted that the tort claim cap provided for by NRS 41 applies to an individual cause of action. According to Mr. Hansen, some cases have multiple actions; i.e. pain and suffering of the person injured, pain and suffering of their family, or other people involved in the accident. Also, if a claim were to occur outside of Nevada, for example, in California, NRS 41 would not be applicable. Mr. Hansen noted that NRS 41 does not apply to situations that are brought under federal statutes, such as Title 7 of the Civil Rights Act of 1964, or if a claim occurs in the Nevada Prison System relative to a violation of 42USC1983; i.e., violation of an individual's civil rights under the color of law.

To respond to an inquiry from Senator Raggio, Mr. Hansen indicated that the Office of the Attorney General had not settled in excess of the cap any tort claim that had occurred in Nevada that was subject to the cap.

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

3. **Office of the Attorney General – Attorney General Insurance Fraud Unit – FY 01** – Deletion of \$69,367 in Balance Forward from the Previous Year and \$742,004 in Insurance Assessments to consolidate budget accounts 1033 and 3806 and form a consolidated Insurance Fraud Unit (Note: account will be renamed "Insurance Fraud").

This item was deferred.

4. **Office of the Attorney General – Attorney General Workers Compensation Fraud Unit – FY 01** – Addition of \$69,367 in Balance Forward from the Previous Year and \$742,004 in Insurance Assessments to consolidate budget accounts 1033 and 3806 and form a consolidated Insurance Fraud Unit. (Note: account will be renamed "Insurance Fraud.")

This item was deferred.

5. **Office of the Treasurer – Higher Education Tuition Administration – FY 01** – Addition of \$35,500 in Application Fees and \$110,000 in Gifts and Donations to convert records management from a private contractor to a state activity (including the approval of gifts in excess of \$10,000).

Refer to motion for approval under item C.

6. **University and Community College System of Nevada – UNLV Law School – FY 00** – Addition of \$125,000 in Student Fees to provide additional instruction, academic support and institutional support.

Mr. Rick Bennett, Director of Government Relations, University of Nevada, Las Vegas (UNLV), explained the purpose of the request.

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

**Disclaimer: Senator Rawson said he was an employee of the University and Community College System of Nevada (UCCSN), but he intended to vote on the motion because he had no conflict of interest.**

7. **University and Community College System of Nevada – Southern Nevada Community College – FY 00 –** Addition of \$211,013 in Student Fees to provide additional instruction, academic support, student services, institutional support, operation and maintenance of plant and scholarships.

Chairman Arberry recognized Mr. Alan Ruter, Vice President for Finance and Administration, Community College of Southern Nevada (CCSN), who indicated that the amount of the request needs to be amended from \$211,013 to \$242,254, to reflect collections that were higher than originally anticipated.

**MR. PARKS MOVED TO APPROVE THE REQUEST IN THE AMENDED AMOUNT OF \$242,254. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

**Disclaimer: Senator Rawson said he was an employee of the University and Community College System of Nevada (UCCSN), but he intended to vote on the motion because he had no conflict of interest.**

8. **Department of Education – Education State Programs – FY 00 –** Transfer of \$100,000 from the Personnel Services category to the Indirect Cost category to provide sufficient funds for indirect costs for general-funded accounts.

Refer to motion for approval under item C.

9. **Department of Museums, Library and Arts – Nevada State Library and Archives – FY 00 –** Addition of \$300,000 in Federal LSTA funds to provide funds for reimbursement grants made to statewide public libraries.

Refer to motion for approval under item C.

10. **Department of Museums, Library and Arts – Nevada Arts Council – FY 00 –** Addition of \$7,290 in Gifts and Donations to support the Arts in Education track at the Arts All Ways III Conference.

Refer to motion for approval under item C.

11. **Department of Administration – Board of Examiners – Victims of Crime – FY 00 –** Addition of \$23,589 in Civil Penalties, \$319,925 in Fines/Forfeitures/Penalties, \$28,780 in Restitution Collection, \$112,904 in Wage Assessment, and transfer of \$97,802 from the Reserve category to the Victims Payments category to allow for projected victims payments expenditures through June 30, 2000.

Refer to motion for approval under item C.

12. **Department of Administration – Board of Examiners – Victims of Crime – FY 01 –** Acceptance of \$847,000 in the U.S. Crime Victims Grant to pay for Victims Payments, travel and operating costs to administer the program. The VOCA grant allows 5% for administrative expenditures the residual of which is reserved.

Refer to motion for approval under item C.

- 13. Department of Administration – Risk Management Division – Insurance and Loss Prevention – FY 01** – Addition of \$4,974,129 in Balance Forward from Previous Year and \$8,500,000 in Insurance Premiums to transfer State Employees Workers Compensation function from budget account 1329.

Speaking to items 13 and 14, Ms. Susan Dunt, Risk Manager, Risk Management Division, requested committee approval to consolidate two budget accounts, 1329 (Risk Management – State Employees Workers' Compensation) and 1352 (Risk Management Insurance and Loss Prevention), as a result of organizational changes implemented since the separation of the Risk Management Division from the Public Employees' Benefits Program (PEBP) in July 1999, to improve efficiency within Risk Management and avoid duplication of effort in the administration of the two budget accounts. Ms. Dunt said she would welcome questions from the committee on the two requests.

**MR. HETTRICK MOVED TO APPROVE ITEMS 13 AND 14. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 14. Department of Administration – Risk Management Division – State Employees Workers Compensation – FY 01** – Deletion of \$4,974,129 in Balance Forward from Previous Year and \$8,500,000 in Insurance Premiums to transfer function to Insurance and Loss Prevention budget account 1352.

Refer to testimony and motion for approval under item 13.

- 15. Department of Administration – Purchasing Division – Commodity Food Program – FY 00** – Transfer of \$30,000 from the Reserve category to the Operating category to cover costs for purchasing assessments applied to this account in fiscal year 2000.

Refer to motion for approval under item C.

- 16. Department of Administration – Purchasing Division – Surplus Property – FY 01** – Deletion of \$63,867 in Balance Forward from the Previous Year, \$83,578 in the Sale of Surplus Property, \$3,891 in the Treasurer's Interest, and \$47,011 in Intra-Agency A/C to transfer the Surplus Property function to budget account 1358.

Mr. William Moell, Administrator, Purchasing Division, requested that items 16 and 17 be withdrawn. Since it had been brought to his attention that several legal issues need to be dealt with during the 2001 Legislative Session, Mr. Moell thought it would be more appropriate to include the consolidation proposal as part of the Purchasing Division's budget presentation rather than bringing the request forward to the Interim Finance Committee at this time.

- 17. Department of Administration – Purchasing Division – Purchasing – FY 01** – Addition of \$63,867 in the Balance Forward from the Previous Year, \$83,578 in the Sale of Surplus Property, and \$3,891 in the Treasurer's Interest to transfer the Surplus Property function from budget account 1367.

This request was withdrawn. Refer to Mr. Moell's testimony under item 16.

- 18. Department of Administration – Purchasing Division – Commodity Food Program – FY 01** – Transfer of \$95,000 from the Reserve category to the Equipment category to allow for the purchase of a replacement delivery truck with a refrigeration box to enhance the Purchasing Division's ability to make deliveries to state agencies, cities, counties and non-profit entities.

Refer to motion for approval under item C.

- 19. Department of Administration – Motor Pool Division – Motor Pool – FY 00** – Transfer of \$35,000 from the Reserve category to the Rental Vehicle category to increase authority in outside vehicle rentals to allow for

projected expenses through 6/30/2000.

Refer to motion for approval under item C.

- 20. Department of Personnel – FY 01 –** Transfer of \$162,569 from the Reserve category to the Salaries category, \$2,370 from the Reserve category to the Equipment category, \$9,468 from the Reserve category to the IFS Program category and \$73,105 from the Reserve category to the Information Services category to provide three new positions, support costs, and additional technical support from the Department of Information Technology.

In speaking to items 20, 24, and 25, Mr. Perry Comeaux, Director, Department of Administration, explained that since the three items were related to the Integrated Financial System (IFS) project, he thought it might be helpful to the committee if a brief overview were to be provided by the Project Manager of IFS, Mr. Ed Perry. Mr. Perry told that the committee the existing state staff had been unable to accomplish some of the tasks originally expected of them in light of the workload imposed on them by IFS. Mr. Perry pointed out that the original IFS schedule had been changed to encompass the implementation of a new payroll/personnel system, plus the new accounting systems for the Office of the Controller and the Nevada Department of Transportation (NDOT) by December 31, 1999. Since the original project was supposed to be spread out over a 4-year period, Mr. Perry said that compressing the project into essentially 13 months had placed a huge workload on the existing state staff. Although it had always been the plan for the existing state staff to assume a great deal of the responsibility for the roll out and support to user agencies when the IFS went live, Mr. Perry thought that the plan had probably been overly optimistic. Also, a number of circumstances had made it very difficult for state staff to complete their work, which had slowed down the roll out of the system.

Since implementation of the IFS, Mr. Perry noted that the Office of the Controller had experienced a turnover in staff and several new employees were currently learning the system. In addition, he indicated that the Department of Personnel's payroll and central records, which handles the brunt of the work, was a fairly small unit and their ability to absorb additional work was overestimated. Mr. Perry also pointed out that the Oracle software, operating system from IBM, and COBAL compilers had to be upgraded, which required additional testing and training. As a consequence, Mr. Perry indicated that state staff had not been able to absorb as much work as was originally envisioned in playing an active role in going forward with the roll out of IFS.

Mr. Perry pointed out that the positions being requested today were related to the roll out of the system to the state agencies. At the present time, Mr. Perry explained that IFS was operated as a centralized system, with a central data processing unit performing the payroll time sheet entry function. According to Mr. Perry, a number of the agencies were still processing paper documents and not entering payment vouchers and purchase orders directly into the system. Mr. Perry said it had always been the intention of IFS to deploy that functionality to the agencies so they would have a better management tool. He said, however, while attempting to achieve that goal, a resource problem had been encountered. He pointed out that the first piece of the requests was related to the functional experts from Personnel's payroll and central records unit and the Office of the Controller that were needed to help state agencies bring the new system on line so it could be used to address their specific business needs. The second piece of the requests was related to the additional positions needed to provide the ability to respond to state agencies in a timely manner when they have problems.

It was Chairman Arberry's recollection that the 1999 Legislative Session had approved 10 new positions for IFS and an additional position was recently approved by the Interim Finance Committee. Since he thought the Legislature had been very generous in approving the positions requested for IFS, it was Chairman Arberry's opinion that IFS was trying to take advantage of the committee by requesting additional positions at this time. Mr. Comeaux said he would agree with Mr. Perry's earlier statement that the original assumptions were probably overly optimistic. Mr. Comeaux maintained that severe problems would be encountered during the roll out of the system to the state agencies if additional staff were not added.

To respond to a question from Chairman Arberry, Mr. Comeaux said that additional positions were not requested during the 1999 Legislative Session because he had not been convinced they were needed. Mr. Comeaux told

the committee that he was now convinced the additional positions were needed.

Chairman Arberry asked Mr. Comeaux if he intended to ask for additional positions at a later date. When information was being put together for submittal to the Interim Finance Committee, Mr. Comeaux acknowledged that the original position requests from some of the state agencies involved in the roll out were larger than the requests that were finally submitted. Mr. Comeaux stated further:

If things go the way we think they will go, we will not need any more for this purpose, but I am certainly not in a position to give you any iron-clad guarantee that we will not discover a further need as we get into this. I hope not. Do not think we will, but I do not know for sure.

Since he did not believe it was fair for Mr. Comeaux to continue requesting additional positions for IFS at each Interim Finance Committee meeting, Chairman Arberry asked for Mr. Comeaux's cooperation in putting a halt to the requests.

Mr. Beers pointed out that his "day job" was assisting companies and organizations much smaller than the State of Nevada with system implementation. Mr. Beers suggested that it was almost universal when organizations embark on a system similar to IFS to underestimate the amount of resources that are going to be needed to get people trained and their systems operating during the first year or two of the system's life. Mr. Beers suggested that failure to approve the additional positions would result in widespread frustration across all aspects of the state and employees in the state agencies would think that IFS was not working the way it should when, in reality, all they need is training. Mr. Beers said that it was his intention to support the requests despite the fact that they represent the third increment in adding new positions to IFS.

Mr. Marvel wondered whether the additional positions would be needed once the system was rolled out. Mr. Comeaux indicated that Personnel's payroll positions were going to be permanent. Mr. Comeaux also thought that there would need to be some type of ongoing Help Desk function even after roll out because of turnover in the state agencies and system problems.

To respond to several inquiries from Mr. Marvel, Mr. Comeaux said that he did not believe it would be possible to sunset any of the positions because the roll out process was expected to take several years. Mr. Comeaux also indicated that he did not expect to know absolutely by the 2001 Legislative Session whether any of the positions could be sunset, but he hoped it would not be necessary to include an enhancement feature for additional positions in the next budget requests.

Senator O'Donnell wanted to know whether Mr. Comeaux felt comfortable about the quality of employees that would be hired. Mr. Comeaux said he was unable to respond to Senator O'Donnell's question, but he suggested that representatives from the Department of Information Technology (DoIT) and the Department of Personnel were available to respond.

Chairman Arberry recognized Mr. Mark Blomstrom, Chief of Communications, DoIT, who explained that DoIT presently employs a number of personal computer (PC) technicians and approval of the request in item 24 would add one additional PC Technician. According to Mr. Blomstrom, DoIT plans to use the same recruiting process as it used previously and the new employee would be trained and placed in the same support pool.

Speaking to the request in item 25, Mr. Blomstrom pointed out that there were currently three (3) Computer System Technician IV positions manning the IFS Help Desk and the employees were both operational and competent. Approval of item 25 would provide two (2) additional positions for the IFS Help Desk and Mr. Blomstrom said that DoIT has every reason to believe the incremental increase in capacity would be competent. Mr. Blomstrom acknowledged, however, that DoIT had experienced a reasonable level of turnover in some job specifications and support, especially in terms of training, was an ongoing effort.

**SENATOR O'DONNELL MOVED TO APPROVE ITEMS 20, 24, AND 25.**

**SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

21. **Department of Personnel – Unemployment Compensation – FY 00** – Transfer of \$239,995 from the Reserve category to the Unemployment Benefits category to cover projected costs for Unemployment Benefits paid to ESD in Fiscal Year 2000.

Chairman Arberry reconvened the meeting after a 10-minute break.

Chairman Arberry recognized Ms. Jeanne Greene, Director, Department of Personnel, who introduced Ms. Kim Foster, Administrative Services Officer. In conjunction with the Employment Security Division (ESD), Ms. Greene indicated that the Department of Personnel had identified three major reasons for the cost increases, which are: (1) more former employees are applying for and receiving Unemployment Benefits; (2) benefits are being collected for a longer period of time; and (3) weekly payable benefits have increased 8 percent over the last 2 years. Ms. Greene said she would be happy to respond to questions from the committee.

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

22. **Department of Information Technology – Department of Information Technology Telecommunications – FY 00** – Addition of \$123,000 in Telephone WATS and Tolls from the state agencies to provide additional Revenue and Expenditure Authority for telephone WATS and Tolls charges since long distance usage by state agencies has exceeded the budgeted amount for fiscal year 2000.

Refer to motion for approval under item C.

23. **Department of Information Technology – Department of Information Technology Applications Design and Development – FY 00** – Addition of \$3,000,000 in Agency Services to provide for additional authority for payment of MSA contracts for programming services provided to state agencies.

Refer to motion for approval under item C.

24. **Department of Information Technology – DoIT Data Communication and Technology – FY 01** – Addition of \$72,467 in the Data Communication Charges to provide technical services to the Department of Personnel for the Integrated Financial System rollout.

Refer to testimony and motion for approval under item 20.

25. **Department of Information Technology – DoIT Data Communication and Technology – FY 01** – Addition of \$122,412 in Data Communication Charges to provide for the help desk services requested by the Integrated Financial System.

Refer to testimony and motion for approval under item 20.

26. **Department of Information Technology – DoIT Planning and Research Division – FY 01** – Addition of \$83,718 in Data Processing Services to provide project management services to meet the needs of the Medicaid Management Information System (MMIS). This work program is contingent upon the approval of Health Care Financing and Policy work program 11808.

Ms. Janice Wright, Administrator, Health Care Financing and Policy Division, Department of Human Resources, introduced Ms. Kathy Ryan, Deputy Chief, Planning and Programming Division, DoIT. In addressing items 26, 70, and 72, Ms. Wright pointed out that the 1997 Legislature approved a Business Process Reengineering (BPR) study for the Health Care Financing and Policy Division. That study was conducted by a private vendor, BDMTRW, in 1998 and the findings of the study were presented to the 1999 Legislative

Session. The study indicated that the current system for processing Medicaid claims was outdated, since it was over 25 years old, and it could not meet the current and future federal mandates, the reporting requirements, or the state's needs. Ms. Wright pointed out that Nevada was the only state in the nation that does not have a certified Medicaid Management Information System (MMIS). The study also indicated that if the division were to move toward a certified MMIS, it would be able to receive 90 percent federal funding, which would require a 10 percent contribution from the state.

Ms. Wright pointed out that the 1999 Legislative Session had approved a fully outsourced MMIS since the study indicated that components of a certified MMIS could be transferred to Nevada from another state because 49 other states already have a certified MMIS. A vendor would actually operate the MMIS. The total cost that was provided to the 1999 Legislative Session was \$25.6 million, of which the state's share would be 10 percent, or \$2.5 million. A Request for Proposal (RFP) was prepared so that bids could be received for the functional requirements phase of the MMIS. The bids that were received ranged from \$1.2 million to \$1.9 million, which was higher than the original estimate provided by the vendor in 1998. Based on the consensus of the RFP review committee that included representatives of DoIT, Ms. Wright indicated that the best bid was for \$1.6 million.

Ms. Wright apprised the committee that the functional requirements step was probably one of the most important steps in this project. It was Ms. Wright's belief that it was critical to the success of the MMIS for the division to accurately determine: what the division needs to do, how the division is supposed to do it, and who is supposed to do it. Ms. Wright pointed out that in 1998 the vendor, BDMTRW, had originally estimated a cost of \$500,000 for the functional requirements piece. Ms. Wright thought it was important for the division to understand why the bids ranged from \$1.2 million to \$1.9 million and an analysis revealed that the difference in the original estimate and the actual bids was the result of a variety of factors.

When the division appeared before the legislative money committees in 1999, Ms. Wright noted that four different options were provided and option three was selected. Option three called for a multi-component system, which would allow the division to move forward with the Pharmacy Point of Sale (POS) piece, a Managed Care piece, and an MMIS. Since the study and the original estimate were done in 1998, Ms. Wright said that the vendor had no way of knowing the 1999 Legislative Session would approve option 3, which was a multi-phase project that would be more expensive in the planning stage.

Ms. Wright thought it was also important to point out that when BDMTRW prepared the estimate of \$500,000 in 1998, the vendor was looking at other states that had bid on the functional requirements analysis piece. Since all of the other 49 states already have a certified MMIS, Ms. Wright suggested that it would be less expensive for them to do a functional requirements piece on an MMIS because many of the states were working on their second and third generation of an MMIS and by comparison the division was starting from ground zero.

In addition, Ms. Wright pointed out that DoIT had expanded the state's standard for scope of work requirements for vendors to complete the functional requirements documentation. It was Ms. Wright's understanding that the state's standard had been expanded as a result of lessons learned by DoIT during the implementation of a number of technology projects in the State of Nevada.

Ms. Wright indicated that the final reason for the cost difference was that BDMTRW had moved some of the costs for scope of work items such as design, development, and implementation, into the next phase of the project, and that those costs need to be included in the beginning phase, or the functional requirements piece. She said, however, the overall cost of the project was not expected to change.

It was Chairman Arberry's understanding that the functional requirements study was not expected to be completed until January 2001, and he wondered how the division would be able to incorporate the findings of the functional requirements study in the Governor's budget-building process for the 2001-03 biennium if the findings were to indicate the potential of significant cost differences in the development for the MMIS or POS systems compared to the development costs projected by the BPR consultant in the Cost Benefit Analysis. Ms. Wright told the committee that the likelihood of the division being able to incorporate the findings of the

functional requirements study into its budget submission by August 15, 2000, was not very good at this point in time because the division would need to have the vendor on board to start the first component, which was the POS system. She said, however, since none of the other components of this project have been funded by the legislature, the division would need to provide information to the 2001 Legislature so that a decision could be made whether or not to proceed. Ms. Wright noted that the funding authorized by the 1999 Legislative Session was placed in a reserve category and the division was requesting approval to move the funding out of the reserve category so the division could proceed with the study phase. Ms. Wright maintained that the functional requirements analysis would determine the scope of the project, the cost of the project, the staffing needs, and other pertinent information.

Chairman Arberry said he would prefer that the division prepare a cost estimate for the MMIS for inclusion in the Governor's budget. Ms. Wright emphasized that she had never deviated from the overall cost estimate of \$25.6 million that she had provided to the 1999 Legislature.

Chairman Arberry recognized Mark Stevens, Assembly Fiscal Analyst, who told the committee that if funding for the MMIS was not included in the Governor's budget, the legislative money committees would have no way of funding it.

Since the Budget Director was sitting in the audience, Senator Raggio thought he was well aware of the situation and would act accordingly.

**SENATOR RAGGIO MOVED TO APPROVE ITEMS 26, 70, AND 72.  
SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY  
BY VOICE VOTE.**

27. **Department of Business and Industry – Taxicab Authority – FY 00** – Transfer of \$130,000 from the Reserve category to the Personnel Services category to cover projected requirements for the fiscal year.

Refer to motion for approval under item C.

28. **Department of Business and Industry – Low-Income Housing Trust Fund – FY 00** – Addition of \$621,000 in Real Property Transfer Tax to distribute additional collection of taxes to governmental and non-governmental entities for development of affordable housing and to cover FY 00 salary shortfall due to terminal annual leave payoff.

Refer to motion for approval under item C.

29. **Department of Business and Industry – Manufactured Housing Division – FY 00** – Addition of \$40,000 in Recovery Fees and \$50,000 from the Reserve category to the Court Ordered Payments category to accept additional anticipated revenues due to increased licensing activity and to cover unanticipated court ordered payments.

Refer to motion for approval under item C.

30. **Department of Business and Industry – Manufactured Housing Division - FY 00** – Transfer of \$6,000 from the Reserve category to the Factory Built Housing category and \$29,025 from the Reserve category to the Information Services category to meet unanticipated out-of-state travel expenses for manufactured housing factory inspections and DoIT programming costs through fiscal year end.

Refer to motion for approval under item C.

31. **Department of Business and Industry – Education & Research – FY 01** – Transfer of \$190,277 from the Reserve category to the Information Technology category to complete the acquisition and implementation of the COSMOS software for the integrated licensing database.

Refer to motion for approval under item C.

- 32. Department of Business and Industry – Cost Stabilization – FY 01** – Transfer of \$50,000 from the Reserve category to the Special Projects – COSMOS category to provide funding authority in the Education & Research budget for the acquisition and implementation of the COSMOS integrated database.

Refer to motion for approval under item C.

- 33. Department of Agriculture – Nevada Beef Council – FY 00** – Addition of \$60,691 in Assessments to reconcile and adjust check-off funds to the increased assessments of the Beef Council is required to return 50% of assessment to NCA as distribution of assessments.

Refer to motion for approval under item C.

- 34. Commission on Mineral Resources – Minerals – FY 01** – Transfer of \$14,674 from the Reserve category to the Personnel category and \$15,326 from the Reserve category to the AML Support category to allow for the continued employment of two temporary summer interns to secure abandoned mines as approved at the April 13, 2000 Interim Finance Committee meeting.

Refer to motion for approval under item C.

- 35. Department of Tourism and Economic Development – Commission on Tourism – FY 01** – Transfer of \$42,000 from the Reserve category to the Buildings and Land Improvements category, \$56,000 from the Reserve category to the Information Services category, \$700,000 from the Reserve category to the Promotion/Marketing/Advertising category, and \$1,798,000 from the Reserve category to the V&T Railroad category to improve Nevada's competition position in Tourism by strengthening the state's travel and tourism industry in both domestic and international markets.

Chairman Arberry said he would take agenda item 35 out of order to accommodate Lieutenant Governor Lorraine Hunt's presentation. To summarize her remarks, Lieutenant Governor Hunt told the committee that the importance of diversifying Nevada's tourism economy on a large scale to address the stiffest competition for casino gaming dollars that Nevada has ever experienced since gaming was legalized in 1931 could not be overstated. It was her belief that the items for which the Nevada Commission on Tourism (NCOT) was seeking approval today were investments in Nevada's economic future. A copy of Lieutenant Governor Hunt's prepared statement is included in the meeting minutes as Exhibit A.

After reading the narrative for NCOT's request, Mrs. de Braga said it would appear to her that the majority of the funding being transferred from the reserve category would be used for the benefit of the V&T Railroad reconstruction project. Lieutenant Governor Hunt introduced Mr. Thomas Tait, Executive Director, NCOT, who she said would explain specifically how the funding would be expended. Mr. Tait told the committee that it was the intention of NCOT to expend a total of \$1,798,000 on six proposals, several of which were statewide. Mr. Tait pointed out that NCOT was proposing to expend a total of \$400,000 each year on the Nevada RV Contest, a new type of incentive-based marketing campaign to encourage tourists to visit sites in Nevada other than Las Vegas. Mr. Tait noted that Commissioner Ray Pearson from Winnemucca developed the Nevada RV Contest and brought it to NCOT's attention in November of 1999, and a number of modifications have been made since that time. According to Mr. Tait, the Nevada RV Contest involves all of the recreational vehicle parks throughout the state, including Laughlin, the eastern part of the state, and the Lake Tahoe area as well.

Mrs. de Braga expressed concern about the railroad project in the eastern part of the state where the mining industry had suffered a decline and people in the area were working hard to upgrade tourism. It was Mrs. de Braga's understanding that East Ely had the only intact railroad in the state. Mr. Tait agreed with Mrs. de Braga's assertion and he pointed out that NCOT had provided approximately \$300,000 each year for the past 9 years to the Department of Museums, Library and Arts specifically for the East Ely Railroad Depot Museum.

It was Mr. Goldwater's recollection that NCOT had usually provided a presentation on funding requests for various projects during the legislative process and he questioned whether it would be possible for NCOT to wait until the 2001 Legislative Session convenes in February. Lieutenant Governor Hunt apprised the committee that NCOT was trying to be very proactive because of the significant threat posed to Nevada by Proposition 1A that was passed by California voters on March 7, 2000.

As policy makers, Mr. Goldwater suggested that it was important to listen to the people in the gaming and tourism industry because he thought some do not believe passage of Proposition 1A by the California voters would severely impact Nevada tourism. Since he thought that Nevada's economy could be shaped in such a manner so as not to be reactionary, Mr. Goldwater suggested that NCOT's request be deferred until the 2001 Legislative Session, which would allow time to determine Proposition 1A's effect on Nevada's economy. While she would agree with Mr. Goldwater's and the hospitality industry's position that the possibility exists that Proposition 1A would not pose a big threat to businesses in the urban areas, Lieutenant Governor Hunt maintained that NCOT needs to be proactive in the rural areas and she reminded the committee that NCOT was mandated by the Legislature and the NRS to promote rural tourism.

To respond to a question from Mr. Goldwater, Mr. Tait indicated that the first large gaming property in California became operational in Palm Springs about 3 months ago. Mr. Goldwater wanted to know whether there had been a decrease in the share of the gaming market enjoyed by Nevada. Mr. Tait pointed out that there had been a tremendous amount of visitors traveling on the highways into Palm Springs and Barengo Springs, and that the casinos were extremely busy. Mr. Tait said that he intended to keep a watchful eye on the activities, but he thought it was too early to determine the impact on the Laughlin, Las Vegas, and Mesquite areas. With the exception of the south Las Vegas strip, Mr. Tait said he did not believe there was one person that does not believe that all of the areas in Nevada were going to be impacted as a result of passage of Proposition 1A.

When addressing the growth in gaming operators in California, Senator Neal wanted to know whether a distinction was being made between new gaming operators or Nevada operators that were expanding into California. Mr. Tait thought the growth in the California gaming industry was a combination of new operators and Nevada operators building in California. Since the nature of business is to go where business can be profitable, Mr. Tait said he would expect experienced gaming operators in Nevada to expand their businesses into California, as they have in Mississippi and in New Jersey, and other areas, but he did not believe those operators would agree to a non-competition clause with their other casinos in Nevada.

Continuing his presentation, Mr. Tait said it was NCOT's intention to stop the trend in rural Nevada that has seen an increase in the age of the gamers or tourists exceeding the chronological passage of years. Mr. Tait pointed out, for example, that the average age of the person attracted to Reno was 49 approximately 4 years ago; whereas, today that person is 56. By diversifying the tourism economy and providing additional recreational activities that are conducive to a younger and more affluent customer, NCOT hopes to attract people between the ages of 35 and 55 into the area so that age bracket would become the mainstay of future customers. In order to attract the 35 to 55 age group, Mr. Tait indicated that NCOT had decided to provide funding for the Truckee River Recreational Plan, the V&T Railroad Reconstruction Project, and the younger RV traveler.

To respond to a question from Senator Neal, Mr. Tait said he had never understood why the Nevada Commission on Tourism (NCOT) and the Nevada Commission on Economic Development (NCOED) were referred to as the Department of Tourism and Economic Development because the two commissions had been separate entities since 1983. Mr. Tait told the committee that NCOT's mission was to further the tourism economy of Nevada, which was clearly the life blood of the state, and NCOED's mission was to assist in the economic development and diversification of Nevada.

Senator Neal wondered whether the mission of NCOT and NCOED was somewhat skewed. It was Senator Neal's position that NCOED was trying to diversify economically by bringing new industries into the state to offset the movement of gaming operations from Nevada to California, while NCOT was trying to diversify the economy by bringing in additional people, which he thought would be an added expense to the smaller

communities because tourism brings in a temporary population base that requires many of the services that are required by the permanent population. In addressing Senator Neal's concerns, Lieutenant Governor Hunt thought it was important to keep in mind that NCOT focuses on the rural areas. She said, however, she would agree with Senator Neal that in many cases tourism in the rural areas was synonymous with economic development. As an example, the opening of a new motel or RV park creates business for the restaurants, gas stations, and other businesses. As Chairman of both commissions, Lieutenant Governor Hunt said she was cognizant of the mission statement of each commission when working on projects.

Lieutenant Governor Hunt urged the committee to consider the diversification of the tourism element, which includes the natural resources available in Nevada such as the wonderful fishing and hunting, boating, golfing, and all of the other amenities. Since the population base in California was huge, Lieutenant Governor Hunt said it was NCOT's proposal to start a new program in the rural areas that emphasizes the outdoor recreational areas available in Nevada such as the Truckee River, V&T Railroad, Great Basin National Park, East Ely Railroad Depot Museum, and others. In concluding her testimony, Lieutenant Governor Hunt emphasized that the primary component of NCOT's request was directed at its motto and theme; which is, "Discover the Other Side of Nevada."

It was Senator Neal's belief that the economic development aspect was being deemphasized, while the tourism base was being emphasized, which he maintained was an added expense to the local governments. Lieutenant Governor Hunt suggested that tourism and economic development were equally necessary to Nevada's revenue stream.

Since the people in rural Nevada sometimes consider tourism and economic development to be synonymous, Mr. Marvel recalled that some of the smaller counties had been allowed to use available funding for both tourism and economic development. With the decline in the number of available mining jobs, Mr. Marvel thought it was important to do everything possible to attract people into the rural communities.

**MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. DE BRAGA.**

Chairman Arberry expressed interest in understanding why NCOT was proposing to purchase a motor home. According to Manufacturer's Coupon Control Center, in Clinton, Iowa, Mr. Tait pointed out that 68 percent of American consumers have acknowledged entering some type of sweepstakes in the past. Mr. Tait indicated that NCOT plans to purchase several motor homes from the Fleetwood-Bounder Company at cost. The premise of this program is very basic: simply come to Nevada and enter to win a Fleetwood-Bounder RV, retailing at about \$90,000. One Bounder RV would be given away the first year, two the second year, and three the third year. According to Mr. Tait, the Nevada RV Contest would be launched in January of 2001, at a show in Quartzside, Arizona, where 1.1 million people were expected to attend. The contest is expected to run for the next three years. Mr. Tait stated further:

It has been determined by all of the scientific evidence that we have been able to collect and the marketing research that this is the most elemental way to drive people into rural Nevada for an additional stay.

To respond to a question from Chairman Arberry, Mr. Tait indicated that the people could only participate in the sweepstake through a rural Nevada stay.

While she would agree with NCOT's proactive approach, Mrs. Chowning suggested that much of the information provided today should have been provided during the 1999 Legislative Session. It was Mrs. Chowning's understanding that NCOT plans to open a visitors' center in downtown Salt Lake City, Utah and she wondered how much of the \$150,000 that was being proposed for the Olympic Regional Marketing Program would be expended for that purpose. Also, how long would the visitors' center be open. Mr. Tait pointed out that six states would be participating in the visitors' center, as well as many other facets of the Olympic Regional Marketing Program, and it would be active until the close of the Olympic games.

Speaking in support of the request, Mr. Dini thought NCOT should be commended for its efforts in putting together an excellent program because he thought Nevada's natural resources had been overlooked in the past. Mr. Dini pointed out that there were three state parks located in his Assembly district and that 50,000 people had visited the Lahontan State Park last Memorial Day. Mr. Dini thought it was important to promote Nevada's natural resources so people would want to visit the rural areas. Since many people in his Assembly District depend on tourism for their livelihood, Mr. Dini said he was concerned about the impact on various markets as a result of Indian gaming in California. Mr. Dini suggested that Virginia City, as an example, would be seriously affected by new gaming facilities located directly across the border in California. In addition, Mr. Dini thought that it was important to promote a market in Salt Lake City now because it would provide the Elko and Ely areas with the opportunity to garner some of the business generated by the Olympics.

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

**MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

Chairman Arberry announced a 5-minute break before hearing testimony on agenda item 21.

- 36. Gaming Control Board – FY 00** – Transfer of \$190,000 from the Reserve category to the Law Enforcement category to purchase upgraded law enforcement radio system and 12 computer workstations connected to the automated fingerprinting system.

Refer to motion for approval under item C.

- 37. Department of Human Resources – DHR Administration – FY 00** – Transfer of \$370,000 from the Maximus Reserve category to a Transfer to Department of Child and Family Services category, \$47,000 from the Maximus Reserve category to the Gaming Study category to fund projected shortfalls in the Division of Child and Family Services' budgets and to fund the additional cost of the statewide gaming impact study.

Ms. Debbra King, Administrative Services Officer, Director's Office, Department of Human Resources, explained that the DHR was requesting to transfer a total amount of \$417,000 from the Maximus Reserve category to cover three different areas. Ms. King said that the DHR was requesting \$47,000 for the Problem Gaming Study because the bid from the recommended contractor for the study was \$197,000; whereas, the amount previously authorized for the study was \$150,000. According to Mr. King, the bid had been awarded, the contract should be signed in July, and the DHR expects the study to be completed late in FY 2001.

Continuing, Ms. King indicated that the DHR also wishes to transfer \$125,000 to the Northern Nevada Child and Adolescent Services budget (item 59) and \$245,000 to the Southern Nevada Child and Adolescent Services budget (item 58) to cover projected shortfalls. According to Ms. King, the Division of Child and Family Services (DCFS) had identified the projected shortfalls in the two budgets and she thought her covering memorandum on pages 37.2 – 37.3 in Volume II of the meeting packets addresses the reasons for the shortfalls. It was Ms. King's belief that the two agencies had worked diligently to eliminate the shortfalls to the extent possible and the requests before the committee today were significantly less than the shortfalls that were previously identified.

Mr. Dini wanted to know why it was going to take so long to complete the Problem Gaming Study. Ms. King indicated that the contract would be presented to the Board of Examiners at its July 14, 2000, meeting. Ms. King said that the contractor had requested to extend the time line to June of 2001, because the contractor did not want to conduct the study during the summer or holidays when people travel. The contractor also wanted to allow adequate time to do an analysis after the surveys were done. When the RFP was initially drafted, Ms. King pointed out that it was estimated to take 12 to 18 months to complete the Problem Gaming Study; however, the new time line was under the 12-month estimate.

Refer to motion for approval under item 39.

- 38. Department of Human Resources – DHR Administration – FY 01 –** Addition of \$2,575,000 in the Federal Receipts to record projected additional federal funds to be received in FY 01 through the Maximus revenue maximization contract; includes 9% of total recoveries to be paid to the contractor.

Ms. King stated that item 38 requests approval to establish budget authority for FY 2001 for DHR Director's Office to bring in Maximus funding. According to Ms. King, all of the funding would be placed into reserve, except 9 percent of the projected receipts. This amount may change depending on the mix of the revenue recovery because Maximus receives an additional 15 percent for revenue received through third-party liability recovery. Ms. King directed the committee's attention to page 38.3 in Volume II of the meeting packets, which provides a projection of Maximus recoveries expected to be received in FY 2001. Ms. King added that those amounts were significantly less than had been projected previously.

Refer to motion for approval under item 39.

- 39. Department of Human Resources – DHR Administration – FY 01 –** Addition of \$697,000 in the Balance Forward from Previous Year (Maximus Revenue) to fund BADA grants authorized in A.B. 181, Chapter 394, 1999 Statutes, utilizing FY 00 Maximus revenues; and to balance forward Maximus revenue to implement the statewide gaming impact study.

Ms. King explained that this work program would balance forward \$697,000 from current Maximus receipts in FY 2001. Ms. King stated that \$500,000 of the \$697,000 would be paid to the Bureau of Alcohol and Drug Abuse (BADA) for grants in accordance with A.B. 181 of the 1999 Legislature. The remaining \$197,000 would fund the Problem Gaming Study (\$150,000 that was already authorized, plus \$47,000 being requested in item 37).

Chairman Arberry wanted to know how much Maximus funding would be reverted to the General Fund on June 30, 2000, if the three work program requests were to be approved today. Ms. King estimated that approximately \$1 million in Maximus funding would be reverted to the General Fund on June 30, 2000.

To respond to a question from Ms. Leslie, Ms. King explained that the \$500,000 was being transferred to BADA because the funding was available now. Although projections have been made, Ms. King said she did not know when the revenue would actually come in next year.

**MR. DINI MOVED TO APPROVE ITEMS 37, 38, AND 39. SECONDED BY SENATOR MATHEWS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 40. Department of Human Resources – Child and Family Services – Child and Family Administration – FY 01 –** Addition of \$282,561 in Community Mental Health Services Grant to design, implement and maintain a data and program evaluation unit and enhance the family preservation program for severely emotionally disturbed children. Adds three new FTE positions and increases two existing half-time positions to full time.

Mr. Steven Shaw, Administrator, Division of Child and Family Services (DCFS), introduced Mr. Jim Baumann, Chief Fiscal Officer. Mr. Shaw explained that DCFS was requesting to augment the budget with additional Community Mental Health Services block grant funding to develop a program evaluation and data (PED) collection unit and to stimulate recovery of a portion of the Family Preservation Program services for severely emotionally disturbed (SED) children. Contrary to the narrative, Mr. Shaw said that DCFS was not hiring three new full-time equivalent (FTE) positions. Rather, DCFS wishes to privately contract the PED unit. It was Mr. Shaw's belief that DCFS would be able to adjust the contracts if the federal funding were to disappear.

Ms. Leslie wanted to know whether positions had been lost in the Family Preservation Program over the last biennium. Mr. Shaw indicated that there had been some funding changes, but he intended to restore direct

service staff.

To respond to a question from Ms. Leslie, Mr. Shaw said he was considering hiring a national firm who could bring the expertise that DCFS lacks.

Chairman Arberry opened the meeting to a public hearing on items 40, 44, 45, 76, 78, and 79. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Arberry closed the public hearing. Chairman Arberry said he would entertain a motion to approve the requests.

**SENATOR RAGGIO MOVED TO APPROVE ITEMS 40, 44, 45, 76, 78 AND 79.  
SECONDED BY SENATOR RAWSON AND MOTION CARRIED  
UNANIMOUSLY BY VOICE VOTE.**

- 41. Department of Human Resources – Child and Family Services – U.N.I.T.Y. – FY 00 –** Deletion of \$1,796,931 in General Fund Appropriation and \$1,796,932 in Title IV-E Funds to provide for implementation deliverable of the U.N.I.T.Y. system originally scheduled and budgeted in fiscal year 00 that will not be completed or paid until fiscal year 01.

Refer to motion for approval under item C.

- 42. Department of Human Resources – Child and Family Services – U.N.I.T.Y. – FY 01 –** Addition \$1,796,931 in General Fund Appropriation and \$1,796,932 in Title IV-E Funds to provide for implementation deliverable of the U.N.I.T.Y. system originally scheduled and budgeted in fiscal year 00 that will not be completed or paid until FY 01.

Refer to motion for approval under item C.

- 43. Department of Human Resources – Child and Family Services – FY 00 –** Addition of \$1,189,281 in Title IV-E funds to enhance training of current employees in the area of child welfare, facilitate graduation of additional social workers to be employed in the child welfare fields, develop a new curriculum based on applied research and best practice through contracts with the UNR and UNLV, and to reserve a portion of these funds for reversion and to carry forward for future use.

Mr. Shaw introduced Dr. Tom Riley, Associate Professor of Social Work, University of Nevada, Las Vegas (UNLV). Mr. Shaw said he would also like to acknowledge Dr. Esther Langston in the audience, who was the Chair of the Department of Social Work, UNLV. Mr. Shaw said the work program in this request would increase authority to bring in \$1,189,281 in Title IV-E funds to provide funding for a major partnership with UNLV that had taken over a year to develop. In a cooperative effort with UNLV, DCFS plans on enhancing its training program significantly without the use of General Fund dollars. Mr. Shaw apprised the committee that since there was a 26 percent vacancy rate for social workers in the rural areas, the program would provide additional stipends for social workers in the rural areas. Mr. Shaw said that Dr. Riley was available to respond to questions from the committee regarding this program.

Chairman Arberry wanted to know whether UNLV would provide the matching funds for this program. Mr. Shaw responded that UNLV would provide the matching funds, particularly the indirect costs. Mr. Shaw said he had met with the federal regional representative in his office yesterday and he had received a letter approving this plan contingent upon the Interim Finance Committee's approval today.

Chairman Arberry asked Mr. Shaw if he intended to hire additional staff and, if so, would the positions be funded out of the enhanced federal Title IV-E funding. Mr. Shaw explained that the additional federal Title IV-E funding was being placed in the reserve category. Mr. Shaw said, however, it was his intention to request an increase in DCFS' infrastructure in the training and fiscal areas, but he would return to the Interim Finance Committee at a later date with a specific plan.

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

- 44. Department of Human Resources – Child and Family Services – Juvenile Accountability Block Grant – FY 00** – Addition of \$72,866 in the Treasurer’s Interest, a transfer of \$8,576 from the Administration Reserve FFY 98 category to the Administration Reserve FFY 99 category to properly allocate interest earned.

Refer to public hearing and motion for approval under item 40.

- 45. Department of Human Resources – Child and Family Services – Juvenile Accountability Block Grant – FY 01** – Addition of \$58,351 in the Balance Forward from the Previous Year and \$833,175 in the Federal Funds from the Previous Year to purchase printers, provide for distribution of grant funds to local governments to address the problem of juvenile crime through accountability-based reforms, and to reserve a portion of the administrative funds for future use.

Refer to public hearing and motion for approval under item 40.

- 46. Department of Human Resources – Child and Family Services–Youth Community Services – FY 00** – Addition of \$240,000 in Federal Title IV-E Funds to pass through federal title IV-E funds to Washoe County for the temporary care of children in county custody.

Refer to motion for approval under item C.

- 47. Department of Human Resources– Child and Family Services–Youth Community Services – FY 00** – Addition of \$2,830,696 in Appropriation Control, \$870,103 in the Title IV-E Funds, \$853,665 in a Transfer from Medicaid, \$20,000 in a Transfer from Stale Claims, a deletion of \$332,415 in Medicaid Rehabilitation Charges, a transfer of \$8,110 from the Foster Care Liability Protection category to the Foster Home Insurance category, and \$14,331 from the Emergency Foster Care category to the Non-Title XIX Medical category to cover projected requirements in subsidized adoptions, foster care, child welfare, youth parole, mental health placements, medical costs, drug testing and to provide for shared costs of the Washoe County pilot project.

In addressing items 47 and 48, Mr. Shaw said the purpose of the two requests was to augment budget account 3229 (Child Welfare). Mr. Shaw pointed out that several sessions ago the Legislature decided to fund Child Welfare for a two-year period because it was a volatile budget that was difficult to control and project.

It was Chairman Arberry’s understanding that DCFS had obligated expenditures without sufficient expenditure authority or Interim Finance Committee approval to augment the budget, which had resulted in the Budget Division being required to authorize a budgetary “override” to keep adoption subsidy payments flowing to adoptive parents of special needs children and to meet payment to service providers. Mr. Baumann pointed out that a detailed analysis report of the expenditures prepared by DCFS’ encumbrance control unit was available prior to the April 13, 2000, Interim Finance Committee meeting, indicating that several categories within budget account 3229 were expected to experience a shortfall. Since DCFS staff was unable to validate the information in time for the Interim Finance Committee’s meeting on April 13, 2000, Mr. Baumann said he had expected to have the necessary documentation available for presentation to the Interim Finance Committee’s meeting today, but he was wrong. Mr. Baumann acknowledged that DCFS had received a letter from the Office of the Controller and the Budget Division on this issue requesting a corrective action plan. Mr. Baumann indicated that the corrective action plan submitted by DCFS proposes to continue the encumbrance reporting process and to submit work programs in a timely manner, even though numbers cannot be validated, since revised work programs could be submitted later on in the fiscal year if it should become necessary.

Chairman Arberry also expressed concern that DCFS was expected to begin FY 2001 with a General Fund shortfall of \$2,830,696, which he thought would more than likely require a supplemental appropriation by the 2001 Legislative Session. Mr. Baumann pointed out that overspending had occurred in only two categories within budget account 3229, and that there had been no shortfalls in the other categories, including category 17,

the medical line item over which DCFS has no control. Mr. Baumann indicated that the funding that was being moved back (item 48) would continue expenditures that were highly volatile. Although DCFS does not anticipate expending all of that funding, Mr. Baumann said he feared that if the funding was not moved back at this time some of the categories would experience shortfalls and DCFS would find itself back in the same predicament as it was before. Mr. Shaw told the committee that the last biennium was the first biennium that budget account 3229 had come in under budget and that DCFS had reverted \$225,000 out of a \$42-million budget. Mr. Shaw assured the committee that DCFS would do everything possible to reduce the shortfall. He said, however, since DCFS has no control over medical costs, actual expenditures could differ 400 to 500 percent per month over projections.

Chairman Arberry said he wished to emphasize the gravity of the situation since he and the committee do not look favorably upon any agency that overspends its budget and then expects the next legislative session to bail them out. Mr. Shaw thought Chairman Arberry's point was well taken.

To respond to several questions from Mr. Marvel, Mr. Shaw said he was unable to provide a realistic estimate at this time of the amount of a supplemental appropriation that might be needed to address the shortfall; however, the worst-case scenario was \$2,830,696. Mr. Shaw said he had not yet apprised the Budget Director that a supplemental appropriation might be needed. Mr. Shaw reminded the committee that DCFS had projected a shortfall of \$1.8 million during the last biennium, but it managed to reduce the shortfall. Mr. Shaw emphasized that DCFS intends to do everything possible to reduce the current shortfall without hurting the services provided to children.

**MR. HETTRICK MOVED TO APPROVE ITEMS 47 AND 48. SECONDED BY  
MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 48. Department of Human Resources– Child and Family Services–Youth Community Services – FY 01 –**  
Deletion of \$2,830,696 in Appropriation Control to fund projected requirements in fiscal year 2000.

Refer to testimony and motion for approval under item 47.

- 49. Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 00 –**  
Transfer of \$28,000 from the Juvenile Justice Program category to the Salaries category to meet projected requirements for the O.J.J.D.P. positions.

Refer to motion for approval under item C.

- 50. Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 00 –**  
Transfer of \$31,962 from the Operating category to the Equipment category to purchase a different type of two-way radio and base units than what was legislatively approved for the youth parole staff.

Refer to motion for approval under item C.

- 51. Department of Human Resources – Child and Family Services – Youth Corrections Services FY 01 –**  
Transfer of \$9,238 from the Operating category to the Equipment category to purchase four two-way radios for youth parole staff.

Refer to motion for approval under item C.

- 52. Human Resources – Child and Family Services – Community Juvenile Justice Program – FY 01 –**  
Addition of \$398,140 in Enforcing the Underage Drinking Law Discretionary Grant to limit the availability and reduce the use of alcohol by minors in six targeted communities in Clark County.

Refer to motion for approval under item C.

**53. Department of Human Resources – Child and Family Services – Youth Alternative Placement – FY 00**  
– Deletion of \$296,135 in Appropriation Control to move funds from FY 00 to FY 01 to pay for costs of youth in out-of-state contract correctional facilities.

Speaking to items 53 and 54, Mr. Baumann indicated that DCFS was given authority during the last budget cycle to have a two-year budget. The funding was used for placement of children both in out-of-state and in-state facilities prior to completion of the new Summit View Youth Correctional Facility in Clark County, scheduled to accept 30 male youth on June 1, 2000.

Ms. Leslie wanted to know how many children were currently in out-of-state facilities. Mr. Shaw said that DCFS has a total of 24 children in out-of-state facilities at this time, of which 10 were in special programs for the mentally retarded. Mr. Shaw added that there were no children presently in out-of-state facilities as a result of correction issues.

Mrs. Cegavske wanted to know at what point in time were the children evaluated. Mr. Shaw apprised the committee that when juveniles were committed to DCFS, a full assessment was done by clinical staff prior to placement and that the juveniles were placed based on the assessment.

Chairman Arberry thought it would be helpful to the committee if staff would speak to the projected deficit of \$43,470 for out-of-state placements and \$74,414 for contract correctional placements.

Mr. Shaw indicated that the projections provided on page 53.6 in Volume II in the meeting packet that show an anticipated shortage of \$74,414 in contract correctional placements were done when DCFS was under court order that established indeterminate sentencing for juveniles. Since that time, Mr. Shaw said that the court order was determined to be invalid and had been withdrawn; thus, DCFS does not anticipate a shortfall in contract correctional placements.

Chairman Arberry wanted to know whether this was the same court order that was placed by Judge Gaston for the safe placement of youth and Mr. Shaw responded affirmatively.

It was Chairman Arberry's understanding that Judge Gaston had ordered youth to stay in a state-operated or contracted facility for at least 12 months; whereas, the stay was normally 8 to 10 months. Mr. Shaw recalled two requests: one for a stay of 24 months and one for 12 months. Mr. Shaw told the committee that youth were kept in state institutions for as long as it was deemed necessary. As an example, Mr. Shaw said that the average length of stay at two of the state institutions was about 7 months; whereas, the average length of stay in the privatized facility was about a year. It was Mr. Shaw's understanding that the normal length of stay at Rite of Passage was 1 to 2 years. Mr. Shaw said he was confident that there would be no deficit spending in this area.

Ms. Leslie requested a breakdown on where the youth had been placed. Mr. Shaw said that 8 male children had been placed at Rite of Passage, 1 child had been placed at Youth Track in another state, and 6 female children had been placed in a program in Utah.

It was Ms. Leslie's recollection that Mr. Shaw had indicated earlier that there were no children in out-of-state placements as a result of corrections issues. Mr. Shaw said it had been the practice of the correctional facility at Elko (Nevada Youth Training Center) to send inappropriate youth to a correctional facility in Liberty, Texas. He said, however, all of the correctional placements in Liberty, Texas have been returned to Nevada for placement in the new Summit View Youth Correctional Facility in Clark County.

In an attempt to clarify the issue, Mr. Stevens directed the committee's attention to the information provided by DCFS on page 53.6 in Volume II of the meeting packets, which indicates that 8 youth have been placed at Rite of Passage. Since 2 of the youth are projected to stay at Rite of Passage for 123 days in FY 2001 and 6 of the youth for 365 days in FY 2001, it was Mr. Stevens' belief that there would be a deficit in the contract correctional placements category in budget account 3147. Mr. Shaw emphasized that the projections were done prior to the court orders being withdrawn and they depict maximum sentencing under the court orders. He said,

however, since the court orders have been withdrawn, DCFS was under no obligation to keep the youth for the previously prescribed length of stay and DCFS had already notified the Rite of Passage that shorter stays were going to be expected.

**SENATOR RAWSON MOVED TO APPROVE ITEMS 53 AND 54. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 54. Department of Human Resources – Child and Family Services – Youth Alternative Placement – FY 01** – Addition of \$296,135 in Appropriation Control to move funds from FY 00 to FY 01 to pay for costs of youth in out-of-state or contract correctional facilities.

Refer to testimony and motion for approval under item 53.

- 55. Department of Human Resources – Child and Family Services – Nevada Youth Training Center – FY 00** – Addition of \$146,000 in Forest Fire Reimbursements to provide for overtime costs of fire crew supervisors related to fighting forest fires and to reserve the balance for reversion to the General Fund.

Refer to motion for approval under item C.

- 56. Department of Human Resources – Child and Family Services – Caliente Youth Center – FY 00** – Addition of \$78,318 in Forest Fire Reimbursement, \$1,000 from the In-State Travel category to the Operating category and \$8,000 from the Utilities category to the Operating category to provide for overtime for fire crew supervisors as a result of fighting forest fires, to cover increased medical and dental costs and to reserve the balance for reversion to the General Fund.

Refer to motion for approval under item C.

- 57. Department of Human Resources – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 00** – Transfer of \$25,000 from the Utilities category to the Maintenance of Buildings and Grounds category and \$55,000 from the Salaries category to the Operating category to cover increased pharmacy costs at Desert Willow and repairs to the heating and air conditioning system and the underground water pipes.

Refer to motion for approval under item C.

- 58. Department of Human Resources – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 00** – Addition of \$245,000 in a transfer from other Budget Account Same Fund, a deletion of \$245,000 in the Medicaid Outpatient Revenue to cover projected revenue shortfall due to the referral of less acute children with other financial resources to community providers.

Mr. Shaw explained that item 58 was related to a projected \$245,000 shortfall in Medicaid outpatient revenue at Southern Nevada Child and Adolescent Services and item 59 was related to a projected \$125,000 shortfall in Title XX revenue at Northern Nevada Child and Adolescent Services. When a significant amount of Title XX funding was “pumped” into this budget during the 1999 Legislative Session, Mr. Shaw recalled expressing reservations about whether DCFS would be able to earn enough revenue.

Ms. Leslie recalled that Assemblywoman Jan Evans had been very interested in this issue and she wondered whether there was still a waiting list in southern Nevada for placement in one of the homes on the campus at Southern Nevada Child and Adolescent Services. According to Mr. Shaw, the project was late getting started because of the unexpected improvements made by State Public Works Board (SPWB). Mr. Shaw said he would provide definitive information on the outpatient waiting list at a later date; however, he stated that there was a waiting list at this time and that there had always been a waiting list.

To respond to several questions from Ms. Leslie, Mr. Baumann indicated that there was originally supposed to be a total of eight homes on the campus at Southern Nevada Child and Adolescent Services, but one had been converted into office space, and one home was not opened due to a reduction in Title XX funds.

While she realized there had been reductions in Title XX funding and that additional reductions would probably occur in the future because there did not appear to be support in Washington, D.C. for the programs funded by Title XX, Ms. Leslie wondered who was responsible for making funding cuts to budgets. Mr. Shaw pointed out that each of the divisions that receive Title XX funding were requested by the Director of DHR to develop a plan that would accommodate a Title XX reduction in their respective budgets; thus, the Director of DHR makes the ultimate decision on budget reductions that would have the least impact on the General Fund.

Ms. Leslie said she disliked seeing reductions being made in programs for children.

Chairman Arberry opened the meeting to a public hearing on item 59. 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 two requests.

**MRS. CHOWNING MOVED TO APPROVE ITEMS 58 AND 59. SECONDED BY MRS. DE BRAGA AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 59. Department of Human Resources – Child and Family Services – Northern Nevada Child and Adolescent Services – FY 00** – Addition of \$125,000 in a Transfer from Department of Human Resources, Director’s Office, a deletion of \$125,000 in Title XX to cover projected shortfall in Title XX revenue.

Refer to public hearing and motion to approve the request under item 58.

- 60. Department of Human Resources – Welfare Division–Employment and Training Program – FY 00** – Transfer of \$53,519 from the Food Stamps – E&T category to the Salaries category to cover projected FY 00 requirements in salaries caused by state staff taking over the operations of the Food Stamp Employment and Training program from previously contracted services with Job Opportunities in Nevada (JOIN).

Refer to motion for approval under item C.

- 61. Department of Human Resources – Welfare Division – Temporary Assistance to Needy Families (TANF) – FY 00** – Addition of \$400,000 in Federal TANF Program to cover projected FY 00 requirements in cash assistance payments based on an unanticipated increase in caseload.

Mr. Bob Anderson, Administrative Services Officer, Nevada State Welfare Division (NSWD), stated that this work program request would augment the Temporary Assistance to Needy Families (TANF) Program in the amount of \$400,000 to provide additional revenue authority. According to Mr. Anderson, the offsetting expenditure item forcing this request was related to an unexpected increase in the cash assistance caseload. For the past 5 years, Mr. Anderson pointed out that the recipient count had been dropping at an average monthly rate of 1 percent. He said, however, in April 2000, the month-over-month change in the number of cash assistance recipients had increased 6 percent, or 943 families, bringing the total number of recipients to 16,421. Additionally, the average cash grant per recipient has been fluctuating at about 4 percent per month over the last 3 months. Mr. Anderson told the committee that these negative variances combined had caused a shortfall in the FY 2000 projection authority levels. In addition, Mr. Anderson said he wished to disclose that this category was over obligated for a net amount of \$240,000 as of last Friday, June 9, 2000. Mr. Anderson told the committee that in the 6 years he had been responsible for the caseload projections, the projection models he had utilized had never been less than 95 percent accurate. It was Mr. Anderson’s belief that the projections made in March could not have anticipated the increase in the caseload and that the projections for the remainder of the fiscal year had been done on an off-line basis. Mr. Anderson said the committee’s approval of this work program would cover the additional expenditure authority needed to meet the increase in the payment levels.

Vice Chairman Raggio opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Vice Chairman Raggio 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 MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 62. Department of Human Resources – Welfare Division – Temporary Assistance to Needy Families (TANF) – FY 01** – Addition of \$747,480 in the Federal TANF Program to continue in FY 01 the action taken for FY 00 by the Interim Finance Committee on 4/13/00 to transfer disregard payments from the Child Support Federal Reimbursement budget and replace funding for disregard payments with TANF Maintenance of Effort dollars.

Speaking to items 62 and 63, Mr. Anderson indicated that the two requests would transfer the liability for disregard payments through custodial parents from the reimbursement account to the TANF budget account. He added that a similar work program requested at the last Interim Finance Committee meeting was approved. The reason for transferring the liability from the disregard payments was necessary as a result of the decline in caseload. Mr. Anderson pointed out that NSWDC was seeing a collection of arrearages that provide for the state's share of collections that are used to match this expenditure; thus, the purpose of this request was to move this liability into the TANF budget account. Mr. Anderson said he wished to advise the committee that NSWDC intends to record this transfer as maintenance of effort dollars so that the TANF money could be used for other expenditure obligations.

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

**MRS. CEGAVSKE MOVED TO APPROVE ITEMS 62 AND 63. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 63. Department of Human Resources – Welfare Division – Child Support Federal Reimbursement – FY 01** – Deletion of \$747,480 in the State Share of Collections to continue in FY 01 by the action taken for FY 00 by the Interim Finance Committee on 4/13/00 to transfer disregard payments to the TANF budget and replace funding for disregard payments with TANF Maintenance of Effort dollars.

Refer to public hearing and motion for approval under item 62.

- 64. Department of Human Resources – Welfare Division – Child Support Federal Reimbursement – FY 01** – Deletion of \$80,336 in the State Share of Collections to transfer FY 01 spending authority for five paternity investigator positions to the Welfare Field Services budget as these positions were transferred to the Field Services budget in FY 00 by action of the Interim Finance Committee on 4/13/00.

Mr. Anderson pointed out that the combination of the three work programs included in items 64, 66, and 67 would shift the liability for salaries and benefits of five paternity investigator positions from the Child Support budget to the Field Services budget. NSWDC intends to utilize TANF funds to cover the costs. According to Mr. Anderson, it was acceptable under TANF regulations for NSWDC to make such a shift. As he previously stated, Mr. Anderson said that the state's share of collections had been declining because of the decline in caseloads in the public assistance arena.

Vice Chairman Raggio opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Vice Chairman Raggio closed the public hearing and said

he would entertain a motion for approval of the three requests.

**MR. MARVEL MOVED TO APPROVE ITEMS 64, 66, AND 67. SECONDED BY SENATOR RAWSON AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 65. Department of Human Resources – Welfare Division – Child Support Federal Reimbursement – FY 01** – Addition of \$874,635 in State Share of Collections, a deletion of \$79,448,007 in Child Support from Cities and Counties, \$1,061,907 in Other Child Support Collections, \$2,831,564 in IRS Collections, and \$1,068,516 in ESD Collections to Implement Nevada’s State Collection and Distribution Unit projected to start in August 2000 and to utilize an agency fund (budget account 6028, fund 609) as specified in S.B. 398, Chapter 155, 1999 Statutes, to record all receipts and subsequent disbursements to custodial parents.

Refer to motion for approval under item C.

- 66. Department of Human Resources – Welfare Division – Child Support Enforcement Program – FY 01** – Deletion of \$155,947 in the Federal Child Support Program and \$80,336 in the Transfer from the Child Support Federal Reimbursement Budget to transfer FY 01 salary costs of five paternity investigator positions to the Welfare Field Services budget as these positions were transferred to the Field Services budget in FY 00 by action of the Interim Finance Committee on 4/13/00.

Refer to public testimony and motion for approval under item 64.

- 67. Department of Human Resources – Welfare Division – Welfare Field Services – FY 01** – Addition of \$236,283 in the Federal TANF Program to transfer FY 01 spending authority for five paternity investigator positions from the Child Support Enforcement budget as these positions were transferred from the Child Support Enforcement budget in FY 00 by action of the Interim Finance Committee on 4/13/00.

Refer to public testimony and motion for approval under item 64.

- 68. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 00** – Addition of \$1,768,649 in Federal Title XIX Receipts to meet the requirements of the Welfare Division cost allocation for the remainder of FY 00.

Refer to motion for approval under item C.

- 69. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 00** – Transfer of \$764,766 from the Current Year Medical Payments category to the Fiscal Agent category, \$1,844,353 from the Current Year Medical Payments category to the 1<sup>st</sup> Prior Year Medical Payments category, \$279,222 from the Current Year Medical Payment category to the 2<sup>nd</sup> Prior Year Medical Payments category, and \$279,246 from the Current Year Medical Payments category to the Information Technology category to cover projected fiscal agent billings, provide for the increase in FY 98 and FY 99 medical payments, and cover estimated information technology programming, facility and network support costs through the remainder of FY 00.

Refer to motion for approval under item C.

- 70. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 01** – Addition of \$27,030 in the Balance Forward from the Previous Year, \$1,260,314 in the Federal Title XIX Receipts and \$113,004 in a transfer from IGT Account to provide funding to cover the cost of the functional requirements contract for the Medicaid Management Information System (MMIS); to cover Department of Information Technology (DoIT) billings for the salary, training and operating costs of an Information System Specialist position to be dedicated 100% to the MMIS Project; and to purchase computer hardware and software

for the DoIT position.

Refer to testimony and motion for approval under item 26.

- 71. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Account – FY 00** – Transfer of \$341,950 from the Reserve category to the Nevada Check-Up category to fund higher-than-projected cost per eligible person, fiscal agent line item processing charges and database requirements in the Nevada Check-Up budget.

This item was withdrawn.

- 72. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Account – FY 01** – Transfer of \$113,004 from the Reserve category to Transfer to Medicaid category to fund the additional state share needed for the functional requirements phase of the Medicaid Management Information System (MMIS).

Refer to testimony and motion for approval under item 26.

- 73. Department of Human Resources – Health Care Financing and Policy – Nevada Check-Up Program – FY 00** – Addition of \$635,050 in the Federal Title XXI and \$341,950 in the transfer from IGT Account to cover higher-than-projected cost per eligible person, fiscal agent line item processing charge and database requirements for the Nevada Check-Up program.

This item was withdrawn.

- 74. Department of Human Resources – Mental Health Services – Developmental Disabilities – Sierra Regional Center – FY 00** – Transfer of \$70,000 from the Community Training Center category to the Day Training category to fund added clients in the Day Training Program.

Refer to motion for approval under item C.

- 75. Department of Human Resources – Mental Health Services – Rural Clinics – FY 00** – Transfer of \$2,000 from the In-State Travel category to the Medications category, \$29,000 from Operating category to the Medications category, and \$4,000 from the Information Systems category to the Medications category.

Refer to motion for approval under item C.

- 76. Department of Human Resources – Mental Health Services – Rural Clinics – FY 01** – Addition of \$63,174 in Federal Mental Health Block Grant to fund a new Peer Counselor position, support costs and Transitional Housing for clients.

Refer to public hearing and motion for approval under item 40.

- 77. Department of Human Resources – Mental Health Services – Lake's Crossing – FY 00** – Transfer of \$35,000 from the Salary category to the Medications category and \$40,000 from the Salary category to the Utilities category to fund projected requirements in medications and utilities for remainder of the fiscal year.

Refer to motion for approval under item C.

- 78. Department of Human Resources – Mental Health Services – Southern Nevada Adult Mental Health – FY 01** – Addition of \$66,450 in the Federal Mental Health Grant to fund two and one-half new positions, support costs, and caregiver training to teach independent living skills to clients.

Refer to public hearing and motion for approval under item 40.

79. **Department of Human Resources – Mental Health Services – Mental Health Institute – FY 01 –** Addition of \$58,750 in the Federal Mental Health Grant to fund one and one-half new positions, support costs, and client community residential placements.

Refer to public hearing and motion for approval under item 40.

80. **Department of Human Resources – Aging Services – Older Americans Act – FY 00 -** Transfer of \$2,466 from the Adult Services category to the Home Services category, \$7 from the Adult Services category to the Training category and \$110,000 from the Adult Services category to the Nutrition category to increase funding for homemaker training and meals for the elderly.

Ms. Mary Liveratti, Administrator, Division for Aging Services, introduced Ms. Deborah Dimit, Administrative Services Officer. Ms. Liveratti indicated that this work program would revise revenue and expenditure authority in budget account 3151 by reducing authority in category 09 (Social Services) and increasing authority in category 10 (In-home Services), category 12 (Training), and category 13 (Nutrition Programs). As a result of updated projections, Ms. Liveratti indicated that the work program needs to be revised as follows:

Category 09 (Social Services) – Reduced from \$112,473 to \$62,473.  
Category 10 (In-Home Services) – Remains the same at \$2,466.  
Category 12 (Training) – Remains the same at \$7.  
Category 13 (Nutrition Programs) – Reduced from \$110,000 to \$60,000.

Since there were no comments or questions from the committee, Vice Chairman Raggio said he would entertain a motion to approve the request as amended.

**MR. DINI MOVED TO APPROVE THE REQUEST AS AMENDED. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

81. **Department of Human Resources – Aging Services – Tobacco Settlement – FY 01 –** Addition of \$1,527,983 in Trust Fund Transfer to provide two new positions (Grants Analyst and Auditor) plus support costs and funding to provide independent living for senior citizens.

Ms. Liveratti explained that this work program would transfer Tobacco Settlement funds from the Trust Fund for a Healthy Nevada to support the Independent Living grants, which would assist seniors with services that would maintain their independence. As agreed upon with the Task Force for a Healthy Nevada, Ms. Liveratti indicated that Aging Services was requesting to revise this work program to remove the Auditor position at this time. After the grants have been awarded, Aging Services intends to reevaluate whether that position would be needed. Ms. Liveratti provided a breakdown on the revised work program as follows:

Category 01 (Personnel) \$ 41,604.31  
Category 03 (In-State Travel) \$ 5,736.66  
Category 04 (Operating) \$ 4,618.45  
Category 05 (Equipment) \$ 2,370.00  
Category 26 (Info Technology) \$ 2,154.49  
Category 14 (Independent Living Grants) \$ 1,454,095.00  
Revised total amount \$1,510,578.90

Ms. Liveratti pointed out that this request also includes hiring a Grants Analyst position on July 1, 2000, to assist with the planning, development, and monitoring of the grants. Vice Chairman Raggio wanted to know whether the cost of the new position was included in the revised amounts and Ms. Liveratti said it was. In addition, Ms. Liveratti explained that this work program includes \$1,454,095 that would be granted to service agencies and community organizations to assist seniors with independent living.

To respond to a question from Vice Chairman Raggio, Ms. Liveratti apprised the committee that the Auditor position was being deferred at this time and that Aging Services did not plan on hiring the Auditor position until April of 2001.

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

82. Department of Human Resources – Health Division – Tobacco Fund – FY 01 – Addition of \$300,813 in the Trust Fund Transfer to allow one new Health Program Specialist plus support costs and fund grants for public health promotion and research (per A.B. 474, 1999 Legislative Session).

Mr. Alex Haartz, Deputy Administrator, Health Division, introduced Mr. Phil Weyrick, Administrative Services Officer. Mr. Haartz explained that this work program establishes the Trust Fund for Public Health, one of the components in Assembly Bill 474 that was approved by the 1999 Legislature, which sets aside 10 percent of all Tobacco Settlement proceeds for a public health focused Trust Fund. According to Mr. Haartz, this work program mirrors the Office of the State Treasurer's work program that was approved at the April 13, 2000, Interim Finance Committee meeting. The Office of the State Treasurer's expenditure authority would principally transfer interest and income earned to a newly created budget account within the Health Division. Mr. Haartz noted that the Health Division was requesting one full-time equivalent (FTE) position to provide staffing as required under Section 18 of A.B. 474, as well as to provide for an administrative program in terms of releasing RFP's and working with the Board of Trustees.

Vice Chairman Raggio wanted to know the manner in which grants would be awarded under this program. Mr. Haartz noted that the 11-member Board of Trustees would be responsible for awarding the grants. It was Mr. Haartz's understanding that the Board of Trustees would be undertaking a strategic planning process and meeting with various members of the community non-profit organizations to determine what the most pressing health needs are.

Vice Chairman Raggio thought the Interim Finance Committee would be interested in hearing about how the Tobacco Settlement money was being utilized and he asked Mr. Haartz to provide progress reports to the Interim Finance Committee on a continuing basis.

Ms. Leslie questioned whether there would be sufficient work to keep a full-time position occupied and whether the Health Division had considered contracting staff. Although he acknowledged that the workload might be light in the beginning in terms of the number of grants released, Mr. Haartz thought one FTE position could be kept busy establishing the entire RFP process, working with the Board of Trustees, and in overseeing the strategic planning process. In addition, Mr. Haartz pointed out that the position would not be hired until October. He said, however, the amount of Tobacco Settlement money available for grants would increase dramatically each year.

Vice Chairman Raggio wanted to know whether the Health Division had an existing position that could handle these functions for the time being. Although existing positions within the Health Division were currently performing the functions, Mr. Haartz maintained that once the program got rolling it would require the services of a full-time position.

In responding to a question from Mr. Marvel, Mr. Stevens estimated that Nevada would receive approximately \$60 million in Tobacco Settlement money.

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

83. Department of Human Resources – Health Division – Community Health – FY 01 – Addition of \$66,060

in County Fees to add two new clerical positions with reimbursement from Carson City to assist in the operation of the Public Health Nursing Services program in Carson City.

Refer to motion for approval under item C.

84. **Department of Human Resources – Health Division – Health Administration – FY 00** – Transfer of \$15,000 from the Salaries category to the Operating category to meet fiscal year expenses for printing, temporary employee services and rent.

Refer to motion for approval under item C.

85. **Department of Human Resources – Health Division – Special Children’s Clinic – FY 00** – Addition of \$27,201 in Federal Income, and \$1,271 in Photo charges to provide children’s special needs training for State Welfare Division clients.

Refer to motion for approval under item C.

86. **Department of Human Resources – Health Division – Communicable Disease Control – FY 00** – Addition of \$108,449 in the Federal Diabetes Grant to flow through funding to the University of Nevada to support three diabetes programs.

Refer to motion for approval under item C.

87. **Department of Human Resources – Health Division – Sexually Transmitted Disease Control 0– FY 01** – Addition of \$803,705 in Ryan White AIDS Grant to support a new Health Resource Analyst to do HIV/AIDS analyses and fund the statewide AIDS Drug Assistance program.

Refer to motion for approval under item C.

88. **Department of Human Resources – Health Division – Health Alert – FY 01** – Addition of \$193,342 in the Federal Bioterrorism Grant to continue the three existing positions, associated support costs, and expanded data processing network in fiscal year 2001.

Refer to motion for approval under item C.

89. **Department of Human Resources – Health Division – Maternal Child Health – FY 01** – Addition of \$45,000 in the Birth Defects Federal Grant to fund new positions and travel costs to conduct a review of hospital data concerning birth defects.

Refer to motion for approval under item C.

90. **Department of Human Resources – Health Division – Women, Infant, and Children Food Program – FY 00** – Addition of \$2,655,069 in the Federal Grant WIC and \$340,000 in Food Rebates to fund projected year-end food supplement costs for women and children.

Refer to motion for approval under item C.

91. **Department of Human Resources – Health Division – Health Facilities – FY 01** – Addition of \$206,231 in Medicare federal funds and \$116,768 in Medicaid federal funds to continue funding for existing positions, furniture and associated support costs for nursing home surveys.

Refer to motion for approval under item C.

92. **Department of Employment, Training and Rehabilitation – Blind Gift Fund – FY 00** – Acceptance of

\$28,458 in Gifts and Donations to accept a bequest from the estate of Alphonse De Christopher.

Refer to motion for approval under item C.

- 93. Department of Motor Vehicles and Public Safety – Director’s Office – FY 00** – Addition of \$751 in Budgetary Transfer to reallocate public safety information systems funding between Public Safety budget accounts based on actual usage including transactions, queries, number of computers and programming hours.

Vice Chairman Raggio announced that the eight work programs submitted by the Department of Motor Vehicles and Public Safety (DMV&PS), which are included in items 93, 95, 96, 104, 111, 112, 113, and 114, would be taken together.

Vice Chairman Raggio welcomed Mr. Richard Kirkland, the new Director of DMV&PS. Vice Chairman Raggio noted that Mr. Kirkland had a distinguished record while serving as Chief of Police in Reno, Washoe County Sheriff, and other law enforcement positions over the years, and he had appeared before the Nevada Legislature on numerous occasions.

Vice Chairman Raggio recognized Ms. Carol English, Administrative Services Officer, DMV&PS. Ms. English introduced Mr. Alan Rogers, Chief of Public Safety Technology Division. Ms. English said she was responsible for the oversight and review of all budget activities within DMV&PS. Ms. English apprised the committee that Section 42 of the 1999 Appropriations Act (A.B. 697) requires that the spending authority of DMV&PS’ budgets be reallocated each year to enable payments of the users of the Public Safety Technology Division’s services to be made based upon actual usage levels. Through budgetary transfers, authority may be moved within budgets funded by the same funding source to reflect actual usage during the year. Section 42 acknowledges that while DMV&PS does the best it can to build the budgets during the legislative session based upon expected usage, actual usage may vary from expectations.

According to Ms. English, the Public Safety Technology Division budget was comprised of three support areas: (1) system switch, which handles the statewide law enforcement access to the criminal history data base that is maintained by the Criminal History Repository; (2) network, which is the creation and maintenance of the department-wide local and wide-area network for communication and data sharing among the Public Safety divisions of the Department; and (3) programming, which is the creation and maintenance of program applications for the divisions of the Department. Each area is separately analyzed and allocated based upon relevant criteria to produce a combined budget for making payments in each of the Public Safety division budgets.

In order to comply with this statutory requirement, Ms. English indicated that the actual amounts were compared with the budgeted amounts for each area separately to identify exactly where the shortages and overages were occurring. Actual usage was analyzed through April and projections were made for the months of May and June to estimate the cost for the year in each of the three areas. To eliminate unnecessary work programs, if the paying budgets had sufficient aggregate authority in their Information Services category to cover the total amount to be paid to the Public Safety Technology Division, even though the authority may have been intended for another service area, expected surpluses were applied to areas that were projected to be short. In addition, Ms. English pointed out that budgetary shortfalls were matched against budgetary surpluses within budgets having the same funding source to produce the group of work programs that are before the committee today.

Ms. English said she wished to briefly recap the adjustments from budgeted to actual that were being proposed in the eight work programs. During the 1999 Legislative Session, Ms. English indicated that the switch usage was estimated based upon a small sample of actual switch transactions. The sample proved to be too small and some usage was either underestimated or not seen at all. Although DMV&PS has a system that tracks actual input and output transaction usage, the system did not become operational until mid-point during FY 1999; thus, staff did not have a complete year’s activities to look at. Although staff attempted to make a year-long projection, the attempt was not successful. Ms. English pointed out that the tracking system was in place for the upcoming biennium projections and that staff would be able to look at the transactions over an entire year so that

usage could be determined in each area.

Speaking to item 111, Ms. English indicated that this work program would transfer salary savings from the Highway Patrol budget to category 26 (Information Services) to fund a small increase in the Highway Patrol's payments to the Public Safety Technology Division. The bulk of the funding in this work program, \$80,000, would be transferred out of the Highway Patrol budget into the Director's Office (item 93) and into Project Genesis (item 95) for programming support. According to Ms. English, this programming support was necessary because when Project Genesis became operational most of the data that the law enforcement network needed to access had been changed, requiring revision of the interface programs.

Speaking to item 96, Ms. English explained that this work program would transfer funding for programming work performed in the bad checks area, a legislative tracking program for the next legislative session, and also for background checks performed by Administrative Services.

In addressing item 104, Ms. English indicated that funding was being transferred to the Training Division. According to Ms. English, funding for the Training Division would appear twice because it was funded by both Highway Fund appropriation and General Fund appropriation. Ms. English noted that the items she had previously discussed were the budgets funded by the Highway Fund.

Speaking to item 112, Ms. English explained that the Parole and Probation budget was expected to have excess authority so a request was being made to transfer a small amount of that excess authority into Internal Affairs (item 113) and Criminal Justice Assistance (item 114).

Ms. English stated that the costs of the Training Division had been prorated between the Highway and General Fund based upon the proportion of Highway Fund to General Fund cadets that are expected to be trained this fiscal year.

Since there were no comments or questions from the committee on the eight work programs, Vice Chairman said he would entertain a motion for approval.

**MR. DINI MOVED TO APPROVE ITEMS 93, 95, 96, 104, 111, 112, 113, AND 114.  
SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY  
BY VOICE VOTE.**

Vice Chairman Raggio thought it would be helpful if Ms. English were to address the issue of the need for additional Administrative Court Assessments during the 2001-2003 biennium.

Ms. English told the committee that DMV&PS had experienced a shortfall in Administrative Court Assessments to fund criminal activities incurred by the Criminal History Repository and Highway Patrol. Ms. English indicated that no work programs had been submitted to the Interim Finance Committee at this time because the Court Assessments that had been budgeted have been fully used in the budgets. The small sample of switch transactions that was used during the 1999 Legislative Session did not reveal actual usage of the Criminal History Repository against the switch. In fact, there are two areas in which the Criminal History Repository uses switch activities: (1) to input new criminal activity; and (2) to maintain existing records. She also noted that some of the fee-supported areas have access to the switch; i.e., fingerprint activity and Brady gun activity. Ms. English said that these activities were not recognized when the budgets were built so Court Assessments were not included in DMV&PS budgets to fund switcher use activities. She indicated that the fee-supported area was projected to be a little over \$47,000, which would be paid from projected savings from areas that were funded by the fees in that budget, but would not be used for those activities.

In the interest of time, Vice Chairman Raggio said it was his understanding that the legislative staff was recommending that consideration be given to authorizing additional Administrative Court Assessments during the 2001-2003 biennium to repay the Criminal History Repository Reserve \$149,720 and the Highway Fund \$97,106, for a total of \$246,826. This action would restore funding for activities that would have otherwise been

covered by Administrative Court Assessments. So that it would be reflected in the minutes, Vice Chairman Raggio noted that Mr. Comeaux had nodded his assent and Director Kirkland did not verbally express disagreement to this proposal.

Mr. Marvel wondered if consideration had been given to making the Administrative Court Assessments more uniform. It was Mr. Marvel's recollection that the Administrative Office of the Courts (AOC) was going to conduct an audit of the assessments in each district court so any inequities could be corrected. Mr. Marvel pointed out that budgeting was difficult when each court was assessing differently. Director Kirkland said he did not know whether AOC had completed the audit, but he was aware that AOC had sent questionnaires to the district courts in Washoe County. Director Kirkland said he would research the situation and provide a written response outlining his findings.

- 94. Department of Motor Vehicles and Public Safety – Project Genesis – FY 00 – Addition of \$45,000 in a Budgetary Transfer to fund Project Genesis salary and fringe expenses. Transfer of funds from Nevada Highway Patrol.**

Speaking to items 94 and 109, Ms. English requested committee approval to amend the budgetary transfers from the Nevada Highway Patrol (NHP) to fund Project Genesis salary and fringe expenses in both of the work programs from \$45,000 to \$65,000. According to Ms. English, DMV&PS had intended to transfer approximately \$20,000 to another category to help fund the overtime costs in the Project Genesis' budget, but realized after the work programs had been submitted it would not be able to do so.

To respond to a question from Vice Chairman Raggio, Ms. English explained that seven positions were authorized for the Project Genesis budget at the beginning of the fiscal year. She said, however, two of the seven positions had sunset, leaving only five positions. Since the Project Genesis budget would sunset at the end of this biennium, Ms. English said it had nothing to do with the additional positions that were approved by the Interim Finance Committee in February 2000.

**SENATOR NEAL MOVED TO APPROVE ITEMS 94 AND 109 AS AMENDED.  
SECONDED BY SENATOR RAWSON AND MOTION CARRIED  
UNANIMOUSLY BY VOICE VOTE.**

- 95. Department of Motor Vehicles and Public Safety – Project Genesis – FY 00 – Addition of \$80,000 in Budgetary Transfer to reallocate public safety information systems funding between Public Safety budget accounts based on actual usage including transactions, queries, number of computers and programming hours.**

Refer to testimony and motion for approval under item 93.

- 96. Department of Motor Vehicles and Public Safety – Administrative Services – FY 00 – Addition of \$3,500 in Budgetary Transfer to reallocate public safety information systems funding between Public Safety budget accounts based on actual usage including transactions, queries, number of computers and programming hours.**

Refer to testimony and motion for approval under item 93.

- 97. Department of Motor Vehicles and Public Safety – Administrative Services – FY 00 – Addition of \$145,000 in Privilege Tax Penalties to fund additional charges for customers paying with credit cards, increased contract costs such as the change from unarmed to armed guards in the field offices, and increases in armored car services costs.**

Ms. English requested approval to add excess Privilege Tax penalties projected to be received above budgeted levels to the Administrative Services Division's budget and to add a new budgeted revenue source to DMV&PS' budgets, to fund contract shortfalls and credit card costs that are running over budget. The contract overages are primarily in two areas. The monthly costs for armored car pickups have increased slightly from budgeted

levels. In addition, DMV&PS' Sparks express location was added for Loomis armored car pickups as called for by the Office of the State Treasurer's armored car pickup contract. Also, armored car pickups were now required at DMV&PS' branch office in Henderson as a result of the office being open on Saturdays. These contract increases were not included in the approved budget. She also pointed out that there had been a contract shortfall in the cost for armed guards. DMV&PS branch offices in southern Nevada were converted to armed guards in January of 1998, which almost doubled the hourly rate. She said, however, during the 1999 Legislative Session, DMV&PS overlooked increasing their base budget to reflect the cost of higher rates for the remaining half of the year. Ms. English also pointed out that DMV&PS' Reno branch office was converted to armed guards in July of 1999, but DMV&PS was budgeted at the unarmed level.

Vice Chairman Raggio questioned why DMV&PS had waited to convert from unarmed guards to armed guards at DMV&PS' branch office in Reno if it had been mandated. Ms. English said she had spoken with the contractor about the cause of the delay and she was told that it had taken longer to negotiate a new contract than was anticipated.

To respond to a question from Vice Chairman Raggio, Ms. English indicated that adding excess Privilege Tax to the Administrative Services Division budget represents a new revenue source to all of DMV&PS' budgets. Since NRS 371.140 indicates that DMV&PS may retain any penalty for delinquencies collected, DMV&PS requested an opinion from the Office of the Attorney General. The opinion confirmed that DMV&PS could request that this revenue source be placed in the budgets. Although the penalties are not a new revenue source to the Highway Fund, Ms. English indicated that because of the new Genesis application, the ability to separate the penalties on the Privilege Tax fee and the Bad Debt activities from the penalty on registration fees was now possible.

Vice Chairman Raggio asked Ms. Brenda Erdoes, Legislative Counsel, if she thought there was a legal issue related to the committee approving the two work program requests. It was Ms. Erdoes' belief that since DMV&PS could retain the penalties collected pursuant to NRS, those penalties could be placed into DMV&PS' budgets, if it chose to do so. Although the penalties were not budgeted currently, Ms. Erdoes said that because of the work program authority rested with the Interim Finance Committee, the committee could choose to approve the placement of the collected penalties into the budget. Since this had not been done before, Ms. Erdoes pointed out that approval of the two items would represent a policy choice, but she could find no legal reason that would preclude the committee from approving the two work program requests today.

**MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY MR. DINI AND MOTION CARRIED BY VOICE VOTE WITH SENATOR NEAL VOTING NO.**

- 98. Department of Motor Vehicles and Public Safety – Automation – FY 00 –** Addition of \$1,275,084 in Privilege Tax Commissions and \$1,387,160 in Penalties to fund projected computer charges from the Department of Information Technology for the fiscal year and reserve the balance for reversion to the Highway Fund.

Ms. English requested committee approval to increase the amount of Privilege Tax Commissions by \$1,275,084 to fund the DoIT Computer Facility usage charges for the Project Genesis application that were projected to be over budget in category 26. Additionally, DMV&PS proposes to place the balance of the Privilege Tax Penalties into the Motor Vehicles Information Technology budget for reserve and subsequent reversion to the Highway Fund.

**MR. HETTRICK MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. CHOWNING AND MOTION CARRIED BY VOICE VOTE WITH SENATOR NEAL VOTING NO.**

- 99. Department of Motor Vehicles and Public Safety – Central Services – FY 00 –** Addition of \$198,802 in Privilege Tax Commissions to repay the loan from the Interim Finance Contingency Fund.

Refer to motion for approval under item C.

- 100. Department of Motor Vehicles and Public Safety – Field Services – FY 00** – Addition of \$257,958 in Privilege Tax Commissions to fund projected salaries on the basis of position reclassifications and repay the loan from the Interim Finance Contingency Fund.

Refer to motion for approval under item C.

- 101. Department of Motor Vehicles and Public Safety – Forfeitures – FY 01** – Transfer of \$95,177 from the Reserve category to the Nevada Highway Patrol category to fund training expenses including travel and registrations, legal and court fees, vehicle maintenance, dues, leases, and canine care for the Nevada Highway Patrol's forfeiture program.

Refer to motion for approval under item C.

- 102. Department of Motor Vehicles and Public Safety – Training Division – FY 00** – Transfer of \$265,000 from the NDI Field Training Program category to the Operating category. When the division budget was established funds were transferred in from Parole and Probation and Nevada Highway Patrol based on their categories. This work program reflects regular operating expense.

Refer to motion for approval under item C.

- 103. Department of Motor Vehicles and Public Safety – Training Division – FY 00** – Transfer of \$11,026 from the New Staff Training category to the Operating category. When the division budget was established, funds were transferred in from Parole and Probation based on their categories. This work program reflects regular operating expenses.

Refer to motion for approval under item C.

- 104. Department of Motor Vehicles and Public Safety – Training Division – FY 00** – Addition of \$2,500 in Budgetary Transfer (HWY) and 2,300 in Budgetary Transfer (General) to reallocate public safety information systems funding between Public Safety budget accounts based on actual usage including transactions, queries, number of computers and programming hours.

Refer to testimony and motion for approval under item 93.

- 105. Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 00** – Addition of \$203,110 in Emergency Management Terrorism Grant to support the state's Weapons of Mass Destruction program and provide support to local entities.

Refer to motion for approval under item C.

- 106. Department of Motor Vehicles and Public Safety – State Emergency Response Commission (SERC) – FY 00** – Transfer of \$263,315 from the Reserves category to the Emergency Response Commission Grants category to fund the Local Emergency Planning Committee's expenses for hazardous training, equipment, and planning purposes.

Refer to motion for approval under item C.

- 107. Department of Motor Vehicles and Public Safety – Highway Safety Plan and Administration – FY 00** – Addition of \$60,176 in Occupant Protection Federal Grant, deletion of \$34,513 in Community Traffic Safety Grant and \$2,157 in Impaired Driving Grant to augment Occupant Protection grant for federal fiscal year 2000 authority and to deaugment Community Traffic Safety and Impaired Driving grants to reduce unexpected federal

fiscal year 1999 authority.

Refer to motion for approval under item C.

- 108. Department of Motor Vehicles and Public Safety – Highway Safety Plan and Administration – FY 01** – Addition of \$173,600 in a transfer from Traffic Safety to fund the Traffic Records Manager and the planning, development, administration and coordination of an integrated framework for highway safety planning.

Refer to motion for approval under item C.

- 109. Department of Motor Vehicles and Public Safety – Nevada Highway Patrol – FY 00** – Deletion of \$45,000 in a Budgetary Transfer to transfer funds to Project Genesis to fund salary and fringe expenses.

Refer to testimony and motion for approval under item 94.

- 110. Department of Motor Vehicles and Public Safety – Nevada Highway Patrol – FY 00** – Transfer of \$23,000 from the Equipment category to the Operating category, \$88,457 from Highway Patrol Vehicles category to the Operating category, \$15,000 from Staff Physicals category to the Operating category, and \$14,758 from the Information category to the Operating category to fund higher-than-anticipated operating expenses including contract services, vehicle maintenance, and small equipment expenses.

Refer to motion for approval under item C.

- 111. Department of Motor Vehicles and Public Safety – Nevada Highway Patrol – FY 00** – Deletion of \$86,751 in Budgetary Transfer and transfer of \$7,249 from the Salaries category to the Information Systems category to reallocate public safety information systems funding between Public Safety budget accounts on actual usage including transactions, queries, number of computers and programming hours. Transfer of funds to Project Genesis, Training Division, Director's Office and Administrative Services.

Refer to testimony and motion for approval under item 93.

- 112. Department of Motor Vehicles and Public Safety – Parole and Probation – FY 00** – Deletion of \$2,810 in Budgetary Transfer to cover the projected shortfall in the Public Safety Technology Division.

Refer to testimony and motion for approval under item 93.

- 113. Department of Motor Vehicles and Public Safety – Internal Affairs – FY 00** – Addition of \$385 in Budgetary Transfer to reallocate public safety information systems funding between Public Safety budget accounts based on actual usage including transactions, queries, number of computers and programming hours.

Refer to testimony and motion for approval under item 93.

- 114. Department of Motor Vehicles and Public Safety – Criminal Justice Assistance – FY 00** – Addition of \$375 in transfer from the DMV – Justice and \$125 in Budgetary Transfer to reallocate public safety systems funding between Public Safety budget accounts based on actual usage including transactions, queries, number of computers and programming hours.

Refer to testimony and motion for approval under item 93.

- 115. Department of Prisons – Prison Industry – FY 00** – Transfer of \$65,100 from the NNCC Furniture Upholstery category to the SDCC Auto Upholstery category to allow for the purchase of materials needed for the production of 1,378 chairs for High Desert State Prison which were originally to be manufactured at Northern Nevada Correctional Center and will now be produced at Southern Desert Correctional Center. Additional transfer authority was requested on work program C15300 in the amount of \$24,900. This transfer will save

shipping charges from NNCC to HDSP.

Refer to motion for approval under item C.

- 116. Department of Prisons – Prisoners’ Personal Property – FY 00** – Transfer of \$23,016 from the Retained Earnings category to the SNWCF category and \$16,600 from the Retained Earnings category to the Property Damage category to transfer authority from Retained Earnings to SNWCF for reimbursement of A.B. 389/553 charges. Additionally, to authorize payments for property damage done by inmates including escape costs.

Refer to motion for approval under item C.

- 117. Department of Prisons – Jean Conservation Camp – FY 00** – Transfer of \$16,000 from the Operating category to the Utilities category to request transfer of authority from the Operating category to the Utilities category to cover projected shortfall.

Refer to motion for approval under item C.

- 118. Department of Prisons – Prison Medical Care – FY 00** – Deletion of \$9,000 in the Budgetary Transfer to request budgetary transfer authority from Prison Medical to cover the unexpected shortfall in maintenance of Buildings and Grounds at SDCC due to pumping out the grease trap polluted by motor/diesel oil.

This item was withdrawn.

- 119. Department of Prisons – Prison Medical Care – FY 00** – Deletion of \$30,000 in a Budgetary Transfer to request a budgetary transfer from the Prison Medical’s Operating to SNCC’s Utilities category to cover projected shortfall.

Refer to motion for approval under item C.

- 120. Department of Prisons – Prison Medical Care – FY 00** – Deletion of \$12,000 in a Budgetary Transfer to request budgetary transfer from Medical to NNRC to offset a revenue shortfall in client income received from inmates residing in the restitution center.

Refer to motion for approval under item C.

- 121. Department of Prisons – Prison Medical Care – FY 00** – Deletion of \$106,000 in a Budgetary Transfer to request a transfer to Southern Desert Correctional Center, B/A 3738, from savings in category 04, Operating, B/A 3706 to offset shortfalls in the Utilities category, CAT 59, due to increased utility costs and an inmate population which has consistently been over budgeted this fiscal year.

Refer to motion for approval under item C.

- 122. Department of Prisons – Southern Desert Correctional Center – FY 00** – Addition of \$106,000 in the Budgetary Transfer to request a transfer to Southern Desert Correctional Center, B/A 3738, from savings in category 04, Operating, to B/A 3706 to offset shortfalls in the Utilities category, category 59, due to increased utility costs and an inmate population which has consistently been over budgeted this fiscal year.

Refer to motion for approval under item C.

- 123. Department of Prisons – Southern Desert Correctional Center – FY 00** – Addition of \$9,000 in Budgetary Transfer to request budgetary transfer authority from Prison Medical to cover the unexpected shortfall in maintenance of Buildings and Grounds due to pumping out the grease trap polluted by motor/diesel oil.

This item was withdrawn.

- 124. Department of Prisons – Northern Nevada Restitution Center – FY 00** – Addition of \$12,000 in a Budgetary Transfer and a transfer of \$2,000 from the Inmate Store category to a transfer from the Inmate Welfare category to request budgetary transfer to offset a revenue shortfall in client income received from inmates residing in the restitution center. Additionally, room and board payments from indigent inmates who are returned to an institution are no longer paid by the Store Fund, but by the Inmate Welfare Fund.

Refer to motion for approval under item C.

- 125. Department of Prisons – Lovelock Correctional Center – FY 00** – Deletion of \$3,000 in a Budgetary Transfer to request budgetary transfer from Lovelock Correctional Center Utilities category to offset SCC projected shortfall in Utilities expenditure authority.

Refer to testimony and motion for approval under item 126.

- 126. Department of Prisons – Stewart Conservation Camp – FY 00** – Addition of \$53,000 in a Budgetary Transfer to request budgetary transfer from Ely State Prison's salary savings to offset SCC projected shortfall in Personnel category. Additionally, to request a Budgetary Transfer from LCC to offset a projected shortfall in SCC's Utilities category.

Vice Chairman Raggio said he wished to take this opportunity to welcome Ms. Jackie Crawford, the new Director of the Nevada Department of Prisons (NDOP). Since she had done an excellent job in the correctional field for a number of years, Vice Chairman Raggio thought that Ms. Crawford had come to the job with great credentials and he wished her well.

Ms. Crawford said she was pleased to be addressing the committee today and she hoped her 32 years of experience in the criminal justice field would serve her well in her new position as Director of NDOP. Ms. Crawford also said it was not only her desire to serve Governor Guinn and his staff, but also the Interim Finance Committee and the Legislature, in working collectively toward achieving a quality prison system.

Chairman Arberry recognized Ms. Janet Johnson, Assistant Director/Support Services, NDOP, who explained that items 126 and 129 were budgetary transfers from the Ely State Prison (ESP) budget to the Stewart Conservation Camp (SCC) budget to cover salary shortfalls. Ms. Johnson apprised the committee that she was requesting the budgetary transfer of \$53,000 in item 126 (ESP) be revised to \$24,000 and that the budgetary transfer of \$50,000 in item 129 (SCC) be revised to \$21,000. Ms. Johnson also noted that item 125 was related to items 126 and 129, but there were no changes to that work program.

**MR. MARVEL MOVED TO APPROVE ITEMS 126 AND 129 AS AMENDED AND ITEM 125 AS SUBMITTED. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 127. Department of Prisons – Silver Springs Conservation Camp – FY 00** – Addition of \$14,000 in a Budgetary Transfer to request budgetary transfer from Ely State Prison salary savings to offset Silver Springs Conservation Camp projected shortfall in Personnel expenditure category.

Refer to motion for approval under item C.

- 128. Department of Prisons – Southern Nevada Correctional Center – FY 00** – Addition of \$30,000 in a Budgetary Transfer, \$5,000 from the Operating category to Buildings and Grounds Maintenance category and \$15,000 from the Operating category to the Utilities category to request budgetary transfer from Prison Medical's Operating to SNCC's Utilities category to cover projected shortfall, and to request transfer of authority from Operating to Buildings and Grounds and Utilities to cover projected shortfall in FY 2000.

Refer to motion for approval under item C.

- 129. Department of Prisons – Ely State Prison – FY 00** – Deletion of \$50,000 in a Budgetary Transfer to request budgetary transfer from Ely State Prison’s salary savings to offset SCC projected shortfall in Personnel category.

Refer to testimony and motion for approval under item 126.

- 130. Department of Prisons – Ely State Prison – FY 00** – Deletion of \$14,000 in a Budgetary Transfer to request budgetary transfer from Ely State Prison salary savings to offset Silver Springs Conservation Camp projected shortfall in Personnel expenditure category.

Refer to motion for approval under item C.

- 131. Department of Prisons – Ely State Prison – FY 00** – Deletion of \$47,000 in a Budgetary Transfer to request a budgetary transfer from Ely State Prison salary savings to offset Ely Conservation Camp projected shortfall in Personnel expenditure category.

Speaking to items 131 and 132, Ms. Johnson requested committee approval for budgetary transfers from ESP budget to Ely Conservation Camp (ECC) to accommodate a salary shortfall. Ms. Johnson also requested to amend the budgetary transfers of \$47,000 in items 131 and 132 to \$29,000 in both work programs.

Mrs. de Braga wanted to know whether the salary savings being transferred from ESP to ECC was the result of ESP being under staffed. Ms. Johnson pointed out that it was NDOP’s intent to keep ECC at full staff and positions had been transferred from ESP to ECC when a vacancy occurred. As a result, ECC has had full staffing for almost the entire year. Ms. Johnson acknowledged that there were a number of vacancies at ESP at the present time.

Mrs. de Braga asked Ms. Johnson if money was available to pay for new hires at ESP if they were to become available and Ms. Johnson responded affirmatively.

**SENATOR JACOBSEN MOVED TO APPROVE ITEMS 131 AND 132 AS AMENDED. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

- 132. Department of Prisons – Ely Conservation Camp – FY 00** – Addition of \$47,000 in a Budgetary Transfer to request a budgetary transfer from Ely State Prison Salaries to offset Ely Conservation Camp projected shortfall in Personnel expenditure category.

Refer to testimony and motion for approval under item 131.

Ms. Johnson said she would like to take this opportunity to introduce Mr. Darrel Rexwinkel, the new Chief of Fiscal Services, NDOP.

- 133. Department of Conservation and Natural Resources – Forestry – FY 00** – Addition of \$12,000 in Forest Resource Management, \$12,620 in State Fire Assistance, \$29,970 in Urban Forestry, \$2,000 in Conservation Education, and a deletion of \$6,000 in Stewardship Incentive Program to reconcile the Federal FY 99 grant to State FY 99 for the continued support of various grant programs such as Forest Resource Management, State Fire Assistance, Urban Forestry, Conservation Education and deauments the SIP program.

Refer to motion for approval under item C.

- 134. Department of Conservation and Natural Resources – Forestry – FY 00** – Addition of \$29,228 in Balance Fund from the Prior Year and \$40,000 in Humboldt National Forest to transfer non-county firefighting revenues and expenditures from budget account 4227.

In addressing items 134 and 135, Mr. Robert Ruffridge, Regional Manager, Nevada Division of Forestry (NDF), Las Vegas office, explained that the two work programs propose to transfer funding for salaries for seasonal firefighters from budget account 4227 into budget account 4195. According to Mr. Ruffridge, the Governor's Office had recommended that budget account 4227 be removed from the Executive Budget.

To respond to a question from Chairman Arberry, Mr. Ruffridge indicated that the total of \$69,228 in federal funds being moved from budget account 4227 into budget account 4195 would remain in the Executive Budget to hire seasonal firefighters. According to Mr. Ruffridge, budget account 4227 would then contain funding from the various fire protection districts that are basically county funds budgeted on an annual basis. Mr. Ruffridge apprised the committee that NDF was in agreement with the Governor's recommendation to remove budget account 4227 from the Executive Budget.

Chairman Arberry suggested that the Interim Finance Committee send the Governor a letter stating that the Interim Finance Committee would prefer the federal funding be included in the Executive Budget.

Mr. Dini wondered whether Storey County would have difficulties with its fire fighting activities if the federal funds were to be transferred into another budget account. Mr. Ruffridge said this work program request involves federal funds and should not have any bearing on the fire district in Storey County.

Mr. Marvel wanted to know how much money the federal Bureau of Land Management (BLM) and the United States Forest Service (USFS) still owes to the State of Nevada in firefighting reimbursements from the 1999 fire season. Mr. Ruffridge indicated that a summary of the federal reimbursements had been prepared by NDF's Administrative Services Officer and forwarded to the legislative Fiscal Analysis Division staff. Mr. Ruffridge said it would appear that NDF would be able to repay the Contingency Fund about \$1.1 million before the end of this fiscal year in reimbursements received from BLM and USFS.

Mr. Marvel inquired about the balance due NDF from the federal agencies. Chairman Arberry recognized Ms. Jennifer Kizer, Administrative Services Officer, NDF, who stated that NDF currently has an accounts receivable balance of \$1.4 million due from the USFS and BLM. In addition, Ms. Kizer noted that billings had not yet been prepared for NDF firefighters who were sent to assist on the Los Alamos fire in New Mexico.

To respond to an inquiry from Mr. Hettrick, Ms. Kizer apprised the committee that although a balance of \$1.4 million was due from the federal agencies, she had projected that NDF would only be able to repay the Contingency Fund \$1.1 million because of outstanding expenditures.

Chairman Arberry asked Ms. Kizer if NDF's budget would be impacted if the committee were to decide to defer the two requests to another meeting so that additional information could be provided. Ms. Kizer said she did not believe postponing approval of the two requests would have an impact on budget accounts 4195 and 4227.

Chairman Arberry announced that items 134 and 135 were deferred until the next meeting.

- 135. Department of Conservation and Natural Resources – Intergovernmental Forestry – FY 00 –** Deletion of \$40,000 in the Humboldt Toiyabe National Forest and \$29,228 in Balance Forward from the Prior Year to transfer non-county firefighting revenue and expenditures to budget account 4195.

Refer to testimony under item 134. This request item was deferred until the next meeting.

- 136. Department of Conservation and Natural Resources – Wildlife Division – FY 00 –** Transfer of \$78,706 from the Reserve category to the Operating category to cover projected operating expenses including vehicle and aircraft costs, a sign for the 3C Ranch (Steptoe WMA), printing for Hatchery refurbishment brochure, postage, and divider panels for the Las Vegas office.

Refer to motion for approval under item C.

- 137. Department of Conservation and Natural Resources – Wildlife Obligated Reserve – FY 01** – Transfer of \$23,741 from the Big Horn Sheep category to the Upland Water Development category and \$323,476 from the Reserve category to the Upland Water Development category to consolidate water development programs for improved management, accountability, coordination, cost savings and to add additional projects resulting from the large volume of habitat burned in the last fire season.

Refer to motion for approval under item C.

- 138. Department of Conservation and Natural Resources – Water Quality Pollution – FY 01** – Addition of \$750,649 in a transfer from the Health Division to continue ongoing costs of the Wellhead Inventory and Protection Program; which include out-of-state and in-state travel, operating contracts, equipment, information services and training.

Refer to motion for approval under item C.

- 139. Department of Conservation and Natural Resources – Waste Management Corrective Actions and Federal Facilities – FY 00** – Transfer of \$64,291 from the Reserve category to the Operating category to cover projected operating requirements (Note: Funding was placed in Reserve during the closing of this budget due to limited detailed justification).

Refer to motion for approval under item C.

- 140. Colorado River Commission – Colorado River Commission Fund – FY 01** – Addition of \$106,709 in Receipts from Local Government (Water Admin. Charge) and \$204,723 in Transfer from Other Funds to continue two positions approved at the 11/17/99 Interim Finance Committee and add one new full-time position to provide support to the Water Division on technical matters for the U.S. Bureau of Reclamation, other Basin states, Mexico and other departments of the U.S. government; includes in-state travel, office and computer equipment needs associated with the three positions.

Refer to motion for approval under item C.

- 141. Department of Transportation – Transportation Administration – FY 00** – Addition of \$30,000,000 in the Highway Fund Authorization to allow for increased construction activity.

Refer to motion for approval under item C.

- 142. Department of Transportation – Transportation Administration – FY 00** – Addition of \$195,046 in the Sale of Oil and Gas to allow for an increase in authority for fuel sales to other agencies. This augmentation is necessary to cover the recent increases in fuel process.

Refer to motion for approval under item C.

- 143. Department of Transportation – Transportation Administration – FY 01** – Addition of \$298,525 in the Highway Fund Authorization to allow the Department of Transportation to hire and equip seven new positions. Five positions are being requested in the Right-of-Way Division to help with the increase in workload due to the U.S. 95 widening in Las Vegas and other projects. One position is requested for the Construction Division to help manage the increase in construction contracts and reduce overtime. One position is requested for the Structural Division to help operate the under bridge inspection vehicle.

Mr. Jeff Fontaine, Deputy Director, Nevada Department of Transportation (NDOT), introduced Mr. Jerry Ross, Budget Analyst. Mr. Fontaine requested authority to hire and equip seven new positions, five of which are being requested for the Right-of-Way Division to assist with the increased workload, which includes primarily the U.S. 95 widening project in Las Vegas, as well as other capacity projects. The U.S. 95 widening project, according to

Mr. Fontaine, was the largest project ever undertaken by NDOT. Mr. Fontaine pointed out that the Right-of-Way Division was expected to acquire 200 single-family units, 22 commercial businesses, and 140 apartments, as well as relocate over 500 rental units. In addition, utilities would need to be relocated. According to Mr. Fontaine, total right-of-way costs were expected to be approximately \$100 million. The two remaining positions are being requested to help manage increased activities in the Construction Division and the Structural Division. The new position in the Construction Division would primarily perform administrative duties such as processing change orders and private close outs and the new position in the Structural Division would help operate the under-bridge inspection program.

Mr. Goldwater wondered whether it was critical to fill the positions immediately or whether they could be filled during the 2001 Legislative Session. Mr. Fontaine apprised the committee that the positions being requested were necessary to meet the demands of an increased highway construction program. According to Mr. Fontaine, this fiscal year NDOT had experienced a record year in terms of the amount of highway construction activity. He also pointed out that NDOT had paid contractors approximately \$253 million this fiscal year, which was a record year, and highway construction activity continues to grow.

Mr. Goldwater wanted to know whether the new positions would be located in southern Nevada. Mr. Fontaine responded that two of the positions would be located in southern Nevada; i.e., Reviewing Appraiser and Right-of-Way Agent for the Right-of-Way Division, and three of the positions would be related to the Utility Engineering Section located in Carson City.

Mr. Marvel asked Mr. Fontaine if NDOT had encountered any problems with its condemnations and acquisitions of property. While he acknowledged that NDOT has had its share of problems with respect to acquisitions, Mr. Fontaine said it was NDOT's desire to try to make this process go as smoothly as possible and that the additional staff would help in this regard. Mr. Fontaine noted that NDOT had prepared a brochure to assist the public in better understanding the acquisition process.

It was Mr. Marvel's recollection that the acquisition of property had been discussed during the last Legislative Session. Mr. Marvel suggested that some property owners delay the process to allow the value of their property to appreciate, and he wanted to know what was being done by NDOT to address this issue. Since the State Transportation Board has the authority to address condemnation issues, Mr. Fontaine said that the Board had been very successful in getting the property acquired. He said, however, if an agreement could not be successfully reached with the property owner, litigation was required and, in some cases, it had become problematical.

Mr. Parks wanted to know whether NDOT had considered contracting services instead of hiring additional state positions. Mr. Fontaine noted that NDOT intends to augment the Right-of-Way Agent positions with contract positions because the number of properties that need to be acquired was significant, especially for the U.S. 95 widening project. NDOT believes, however, the Right-of-Way Division needs to have additional in-house staff. Mr. Fontaine indicated that the equipment operator for the bridge inspection program was an in-house function as well because bridges some times require daily inspection. Although a contractor was hired previously to serve in the capacity of a Construction Engineer in the Administrative Division, Mr. Fontaine said the contractor had left. Since it would require a significant amount of time to recruit and train someone to fill this position, Mr. Fontaine contended that a full-time employee was required for this function.

**MR. PARKS MOVED TO APPROVE THE REQUEST. SECONDED BY MR. BEERS AND MOTION CARRIED BY VOICE VOTE, WITH SENATOR RAWSON AND MR. HETTRICK ABSTAINING FROM THE VOTE.**

**Disclosures: Mr. Hettrick stated that he intended to abstain from voting because he could be involved in real estate dealings that might require right-of-way decisions from NDOT and also his son-in-law was employed by NDOT. Senator Rawson stated that he intended to abstain from voting because his home was bordered by U.S. 95.**

- 144. Public Employees' Benefits Fund – Public Employees' Benefits Program – FY 00** – Transfer of \$2,000,000 from the Self-Insured Medical Costs category to the Self-Insured Program Costs category to cover the increased costs for life insurance, AD&A, long-term disability and the HMO's as a result of increase in contract amount and extended coverage from January 1, 2000 through December 31, 2000.

Refer to motion for approval under item C.

- 145. Public Employees' Benefits Program (PEBP) – Retired Employees' Group Insurance (REGI) – FY 00** – Addition of \$550,000 in Receipts of REGIA to provide for projected group insurance premiums to be collected and transferred to the Public Employees' Benefits Program through end of this fiscal year.

Refer to motion for approval under item C.

- 146. Public Employees' Benefits Program (PEBP) – Public Employees' Health Program – FY 01** – Transfer of \$176,221 from the Reserve category to the Information Services category to establish funds for the purchase of an imaging system and related hardware and software to enable staff to get accurate eligibility information, immediate access and timely processing of paperwork and information as well as complete file information.

Ms. Jan Marie Reed, Executive Officer, Public Employees' Benefits Program (PEBP), requested committee approval to establish authority in the amount of \$176,221 in category 26 (Information Services) of PEBP's budget for the purchase of an imaging system and related hardware and software. When she came on board in late October of 1999, Ms. Reed told the committee that she and PEBP staff found many challenges and discrepancies in the existing system. A core issue was PEBP currently does not have a disaster recovery system in place as required by NAC 239.699(3). Specifically, PEBP staff identified the following problem areas: (1) inaccurate eligibility and pay center information; (2) untimely processing or distribution of paperwork; (3) lack of immediate access to needed information; and (4) incomplete file information.

Ms. Reed indicated that this request was the first of several steps that need to be taken in order for PEBP to be able to serve the participants and maintain an efficient workflow, correct data, and manage well over 5,000 pieces of documentation daily. The proposed imaging system would allow PEBP to take this year's open enrollment process to a new level so that an accurate database could be built and some interfacing done on PEBP's Web Site. The second step would be to look at a billing and eligibility system to replace the current Benefit Information System of Nevada (BISON). According to Ms. Reed, PEBP staff has worked closely with DoIT staff, the Document Imaging Review Committee, and the Archives and Micrographic Division on this proposal.

Continuing her testimony, Ms. Reed noted that PEBP's budget for the current fiscal year was built to break even, with \$10 million in the Incurred But Not Reported (IBNR) reserve. PEBP anticipates ending this fiscal year with \$10 million plus an approximate additional \$2.5 million in the IBNR reserve. In addition to an approximate \$12.5 million in the IBNR reserve, Ms. Reed pointed out that PEBP had covered the cost of approximately \$4 million for Health Maintenance Organization (HMO) increases and "Carve Out" Medicare improvements that were made in January of 2000. PEBP expects to end next fiscal year with approximately \$15 to \$16 million, including the IBNR reserve. While she thought the reserve needs to be \$25 million, Ms. Reed said that she was pleased PEBP was moving closer to becoming financially sound. In concluding her remarks, Ms. Reed said she and the members of her staff would be happy to respond to any questions the committee might have.

Chairman Arberry wanted to know whether a formal needs assessment had been done to determine if the proposed imaging solution for PEBP was an appropriate application to pursue at this time based on the possibility of replacing the BISON in the future. Ms. Reed indicated that DoIT had directed PEBP to work with the Document Imaging Review Committee and that the Document Imaging Review Committee had made an evaluation and was currently working with PEBP on the next phases.

Chairman Arberry wanted to know who specifically had done the needs assessment. Ms. Reed suggested that

Mr. Rupert White, DoIT, could respond to Chairman Arberry's question. Chairman Arberry recognized Mr. White, who explained that he was a staff member of DoIT's Planning and Programming Division and that he was also a member of the Document Imaging Review Committee, which was established to assist agencies within the State of Nevada in determining implementation of document management systems. Since expertise in the records management area was needed, Mr. White indicated that the Document Imaging Review Committee was formed to bring experts together from the Nevada State Library and Archives, Micrographic and Imaging Section of Archives and Records, and DoIT, to help facilitate the planning. According to Mr. White, there were currently approximately six pre-approved vendors for software. To respond specifically to Chairman Arberry's question, Mr. White stated that the needs assessment was a joint effort on the part of the Document Imaging Review Committee and PEBP.

Mr. Beers asked Ms. Reed if an analysis had been done to determine whether the BISON was adequate for PEBP's future needs. Ms. Reed apprised the committee that the BISON was not adequate for PEBP's future needs and it would have to be replaced. Ms. Reed noted that the BISON was a separate issue. She said, however, PEBP intends to ensure that all of the technologies are current so that any replacement system that PEBP considers in the future would be able to work together with the new scanning technology so that PEBP would be able to build a database now that would later be able to work with the BISON replacement.

It was Mr. Beers' opinion that the technologies were interrelated and should be planned together. Ms. Reed disagreed with Mr. Beers' opinion, maintaining instead that all of the experts with whom she had conferred, as well as the Document Imaging Review Committee, had recommended that the technologies be implemented incrementally. Also, with today's technology, Ms. Reed contended that PEBP would have many opportunities available for BISON replacement by having implemented the scanning technology. Mr. White added that when the needs assessment was being done, the Document Imaging Review Committee understood from the beginning that there was a potential to replace the BISON. Typically, document management systems are implemented as sub-systems to supplement information systems similar to the BISON or even the Integrated Financial System (IFS). According to Mr. White, the focus of a document management system was to manage documents, records, and to work in concert with micrographics and other similar functions. Mr. White noted that document management systems were typically implemented separately so that if one system needs to be replaced, it could be replaced without having to replace the other and vice versa. Mr. White maintained that implementing a document management system would provide flexibility and hold down the cost.

It was Senator Neal's understanding that PEBP plans to build its technology needs starting with the imaging system as a foundation and Ms. Reed said Senator Neal's understanding was correct.

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

**MR. DINI MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR O'DONNELL AND MOTION CARRIED UNANIMOUSLY.**

Chairman Arberry announced a 10-minute break. After reconvening the meeting, Chairman Arberry directed the committee's attention to item 152 (position reclassifications).

- 147. Office of the Military – Adjutant General – FY 00 –** Addition of \$49,000 in Department of Defense funds to meet projected costs for the Physical Security Guard Activity including pay, allowances for new uniforms, paid overtime to provide two-man shift coverage and training.

Refer to motion for approval under item C.

- 148. Office of the Military – Adjutant General – FY 00 –** Transfer of \$51,255 from the Building Maintenance category to the Operating category to properly record contractual obligations for rent and lease payments as operating expenses.

Refer to motion for approval under item C.

- 149. Office of the Military – Adjutant General – FY 00** – Addition of \$50,000 in the Department of Defense funds to fund the Nevada National Guard Environmental Program for hazardous waste removal, analytical lab testing, phase one of a hazardous waste report for Clark County, and fencing in Henderson.

Refer to motion for approval under item C.

- 150. Office of the Military – Adjutant General – FY 01** – Addition of \$139,000 in the Department of Defense funds to fund the Nevada National Guard Environmental Program for hazardous waste removal, analytical lab testing, phase two of a hazardous waste report for Clark County, a fuel containment system, a monitoring well in Yerington, and tank removal at the Stead facility.

Refer to motion for approval under item C.

- 151. Board of Examiners for Substance Abuse Counselors – FY 01** – Addition of \$12,492 in Certification Fees, \$15,000 in Application Fees, \$9,400 in Miscellaneous Fees and \$38,300 in Recertification Fees to establish the initial work program per Chapter 574, 1999 Statutes, that heretofore has been administered by the Bureau of Alcohol and Drug Abuse.

Refer to motion for approval under item C.

**152. REQUESTS FOR POSITION RECLASSIFICATIONS:**

- (1) Department of Human Resources, Health Division, reclassification of position number 0040, from Rehabilitation Program Specialist, grade 36-1, \$34,368, to Education and Information Officer, grade 35-1, \$32,906.
- (2) DHR, Health Division, reclassification of position number 0201, from Rehabilitation Program Specialist II, grade 36-1, \$34,368, to Grants and Projects Analyst II, grade 35-1, \$32,906.
- (3) DHR, Bureau of Alcohol and Drug Abuse (BADA), reclassification of position number 0019, from Administrative Aide, grade 21, to Management Assistant III, grade 27.

Refer to motion for approval under item C for the three (3) positions listed above.

- (4) DHR, Division of Mental Health and Developmental Services, reclassification of position number 0043, from Academic Teacher, grade 35-1, \$32,906, to Clinical Social Worker II, grade 35-1, \$32,906.

Mr. Harry Dudley, Director, Lake's Crossing Center, introduced Mr. David Hanson, Administrative Services Officer, who he said was responsible for the agency's budget. Mr. Dudley requested the committee's approval of a reclassification of an Academic Teacher position to a Clinical Social Worker II. The position would be assigned to the Clark County Detention Center to do mental health screening. The position would also be responsible for monitoring juveniles who are detained at the Clark County Detention Center. According to Mr. Dudley, the U.S. Department of Justice has requested monitoring to address the special needs of juveniles that are housed in the Clark County Detention Center. There are currently 30 juvenile offenders in the Clark County Detention Center being tried in adult court. The medical provider at the Clark County Detention Center has agreed to reimburse Lake's Crossing in the amount of \$43,000 for the Clinical Social Worker II position, which would be reserved for reversion to the General Fund in the form of revenue to Lake's Crossing Center.

Ms. Leslie asked Mr. Dudley if any juveniles were being held at Lake's Crossing Center in Sparks at the present time. Although juveniles have been held at Lake's Crossing Center in the past, Mr. Dudley said there were no juveniles being held at Lake's Crossing Center at the present time.

**SENATOR RAGGIO MOVED TO APPROVE THE RECLASSIFICATION REQUEST. SECONDED BY SENATOR RAWSON AND MOTION CARRIED**

**UNANIMOUSLY BY VOICE VOTE.**

- (5) Department of Motor Vehicles & Public Safety (DMV&PS), Central Services, reclassification of position number CC7046, from Files/Record Specialist, grade 21-4, \$20,984, to DMV Services Technician II, grade 25-1, \$21,798.
- (6) DMV&PS, Central Services, reclassification of position number CC7077, from Management Assistant I, grade 23-1, \$22,049, to DMV Services Technician II, grade 25-1, \$23,844.
- (7) DMV&PS, Central Services, reclassification of position number CC7049, from Administrative Aide, grade 21-1, \$20,441, to DMV Services Technician II, grade 25-1, \$23,844.
- (8) DMV&PS, Central Services, reclassification of position number CC7052, from Communications System Operator, grade 21-1, \$20,441, to DMV Services Technician II, grade 25-1, \$23,844.
- (9) DMV&PS, Central Services, reclassification of position number SA7058, from Communications System Operator I, grade 21-1, \$20,441, to DMV Services Technician II, grade 25-1, \$23,844.
- (10) DMV&PS, Central Services, reclassification of position number RE7054, from Communications System Operator I, grade 21-1, \$18,687, to DMV Services Technician II, grade 25-1, \$21,798.
- (11) DMV&PS, Central Services, reclassification of position number RE7053, from Communications System Operator I, grade 21-1, \$18,687, to DMV Services Technician II, grade 25-1, \$21,798.
- (12) DMV&PS, Central Services, reclassification of position number SA7057, from Communications System Operator I, grade 21-1, \$18,687, to DMV Services Technician II, grade 25-1, \$21,798.
- (13) DMV&PS, Central Services, reclassification of position number SA7056, from Communications System Operator I, grade 21-1, \$9,343 (half-time), to DMV Services Technician II, grade 25-1, \$10,899 (half-time).
- (14) DMV&PS, Central Services, reclassification of position number WF7055, from Communications System Operator I, grade 21-1, \$9,343 (half-time), to DVM Services Technician II, grade 25-1, \$10,899 (half-time).
- (15) DMV&PS, Central Services, reclassification of position number WF7060, from Communications System Operator I, grade 21-1, \$20,441, to DMV Services Technician II, grade 25-1, \$23,844.
- (16) DMV&PS reclassification of position number 0060, from Property Inventory Clerk, grade 25-7, \$30,422, to Telecommunications Coordinator I, grade 35-1, \$35,997.
- (17) DMV&PS reclassification of position number 0086, from Public Safety Dispatcher V, grade 32-8, \$39,129, to Program Officer III, grade 35-7, \$42,762.

Ms. Ginny Lewis, Deputy Director, DMV&PS, introduced Mr. Tom Tatro, Fiscal Manager, Motor Vehicle Branch, and Mr. Dennis Colling, Chief of Administrative Services. Ms. Lewis told the committee that DMV&PS was proposing to reclassify 13 positions within the Central Services Division, in an attempt to improve customer service through the centralized telephone room. Currently, these positions are a grade 21 and their principal responsibility was to transfer telephone calls from customers who call in from around the state for information. Since DMV&PS does not believe the centralized telephone room was a good approach to customer service, Ms. Lewis indicated that the reclassifications would allow DMV&PS to: (1) control the consistency of the information supplied to customers; (2) allow employees to be problem solvers for customer complaints at the first point of contact; and (3) improve overall customer service. According to Ms. Lewis, the centralized telephone room was a critical component in that hundreds of telephone calls were handled from customers throughout the state on a daily basis. In order to provide customers with good information, Ms. Lewis said that knowledgeable employees were needed. Ms. Lewis said she would be happy to respond to questions from the committee.

It was Chairman Arberry's recollection that the Interim Finance Committee, at its February 2, 2000, meeting, approved seven new positions within existing salary levels for this budget account and he wanted to know how DMV&PS intends to pay for the cost of the proposed upgrades of the 13 positions given the impact of the seven new positions added in February. Mr. Tatro stated that the cost of the upgrades was estimated to be \$35,000, and the funding in category 01 (salaries) for the Central Services' budget was \$4,550,000 for this fiscal year. According to Mr. Tatro, the full-time equivalency (FTE) count was currently 164 employees and DMV&PS believes the Central Services' budget could absorb the cost of the upgrades for the 13 positions.

Chairman Arberry wanted to know if DMV&PS plans to pay for the upgrades with salary savings and Mr. Tatro responded affirmatively.

**SENATOR RAGGIO MOVED TO APPROVE 13 RECLASSIFICATION REQUESTS (5) THROUGH (17) FOR DMV&PS. SECONDED BY SENATOR RAWSON AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

**D. STATEMENT OF CONTINGENCY FUND BALANCE.**

After directing the committee's attention to tab D in Volume IV of the meeting packets, Mr. Stevens noted that the current balance in the Contingency Fund was \$2,497,927. Mr. Stevens indicated that the requests under consideration by the committee today total approximately \$1.75 million. In addition, NDF has indicated that it intends to repay the Contingency Fund an estimated amount of \$1.1 million from recovered federal reimbursements from last summer's fire season prior to the end of this fiscal year. Also, DMV&PS was expected to repay the Contingency Fund allocation that it received earlier this fiscal year. After taking all of the factors he previously described into consideration, Mr. Stevens estimated that the Contingency Fund balance would be approximately \$2 million at the end of this fiscal year.

In responding to a request from Senator Raggio, Mr. Stevens opined that the 2000 fire season was the immediate and major concern since more than \$2 million was utilized from the Contingency Fund for the fire season in 1999.

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

1. Department of Taxation.....\$1,155,000

Chairman Arberry recognized Mr. David Pursell, Executive Director, Department of Taxation, who introduced Ms. Lynne Knack, Administrative Services Officer. Mr. Pursell requested an allocation of \$1,155,000 from the Contingency Fund for the Senior Citizens' Property Tax Rebate Program. Pursuant to NRS 361.874, Mr. Pursell recalled that the Department of Taxation had previously requested to transfer funds from FY 2001 to FY 2000 so the refunds could be distributed at 100 percent to senior citizens and the Interim Finance Committee approved that request. At that time, the Department of Taxation was reasonably certain that the reason why the funds had to be transferred from FY 2001 to FY 2000 was because Clark County had implemented a new program as a result of legislation passed by the 1997 Legislature that allowed counties to move from a 5-year reappraisal cycle to a yearly reappraisal. According to Mr. Pursell, this change in the reappraisal cycle was not taken into consideration when the budget for the Senior Citizens' Property Tax Rebate Program was built in 1998.

Since the Department of Taxation submitted information to the Interim Finance Committee, Mr. Pursell indicated that additional information had been received from Clark County and the Department of Taxation now has a better handle on the number of applicants for rebates for FY 2001. If the committee chooses to supplement the funding for the FY 2001 rebates at 100 percent, Mr. Pursell said the request for an allocation of \$1,155,000 from the Contingency Fund could be reduced to \$975,000. Mr. Pursell directed the committee's attention to worksheets on pages 844 and 845 in Volume IV of the meeting packets that provide a reconciliation of the program funding and expenditures for FY 2000 and the estimated funding available and projected expenditures for FY 2001. In particular, the worksheets indicate that if the Department of Taxation were to distribute the rebates based on what is in the budget at this time it would need to reduce the rebates and refund the payments at 73 percent. The worksheets also indicate the amount of funding needed to distribute rebates at 75 percent, up to 95 percent. The performance indicators at the bottom of page 845 show the actual figures for FY 1997, FY 1998 and FY 1999. In FY1999, for example, the average refund was \$227. When the budget was built for FY 2000, the Department of Taxation estimated that the average refund would be \$229; whereas, the actual refund was \$269. The average refund was projected to be \$229 for FY 2001; whereas, the actual refund has been averaging \$282. Mr. Pursell told the committee that he was now confident that the reason for the refund increase was specifically tied to an increase in assessed valuation.

**SENATOR RAGGIO MOVED TO APPROVE THE REQUEST IN THE AMENDED AMOUNT OF \$975,000. SECONDED BY SENATOR RAWSON AND**

**MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

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

2. Statutory Contingency Fund.....\$ 300,000

Mr. Perry Comeaux, Director, Department of Administration, and Clerk of the State Board of Examiners, explained that at the Board of Examiners' meeting on June 13, 2000, the Board approved the submittal of a request to the Interim Finance Committee for an allocation of \$300,000 from the Contingency Fund for the Statutory Contingency Fund and \$300,000 for the Stale Claims Fund. Based on historical data of the demand on both the Statutory Contingency Fund and the Stale Claims Fund, Mr. Comeaux estimated that the additional funding would be adequate to meet expenditures through September 2000. The Board of Examiners decided to request a partial restoration of the two funds at this time so that the Board would have the summer to get a handle on fire season expenditures. Mr. Comeaux pointed out that steps had been taken to try to keep stale claims to an absolute minimum since they had been higher the last couple of years than they were the two previous years. Mr. Comeaux apprised the committee that he had sent a memorandum to all state agencies May 1, 2000, asking them to take particular care in closing their books before the last Friday in August and to contact vendors so that invoices could be submitted in a timely manner.

Contingent upon approval by the Interim Finance Committee today, Mr. Comeaux said that the Board of Examiners, at its meeting on June 13, 2000, approved claims against the Statutory Contingency Fund in the amount of \$88,406. He said, however, if all of those claims were to be paid today, the Statutory Contingency Fund would experience a shortfall of \$53,000. The Board of Examiners also approved \$80,580 in claims against the Stale Claims Fund and if all of those claims were to be paid today, the Stale Claims Fund would experience a shortfall of \$2,541.

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

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

3. Stale Claims Account.....\$ 300,000

Refer to testimony and motion for approval under item 2.

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

**F. STATE PUBLIC WORKS BOARD:**

1. Facility Condition Analysis – Governor's Mansion and Related Buildings.

Mr. Ward Patrick, Deputy Manager, Professional Services, State Public Works Board (SPWB), apprised the committee that the Facility Condition Analysis Program was funded by the 1995 Legislature, with three full-time positions. The estimated cost of the recommended improvements to the Governor's Mansion and associated buildings is \$385,569, and a detailed breakdown of the improvements can be found on page 851 in Volume V of the meeting packets. Mr. Patrick pointed out that the purpose of the program was to review the condition of all state facilities, utilizing a 10-year planning cycle. According to Mr. Patrick, higher priority projects were recommended in the earlier years of the 10-year planning cycle, while lower priority projects tend to be deferred until later in the 10-year planning cycle. SPWB staff has identified a number of life safety issues that need to be addressed immediately such as propane leaks and regulatory issues relating to underground storage tanks, as well as deferred maintenance items and program changes.

2. Project Status Report.

Mr. Patrick directed the committee's attention to the first page of the Status Report on page 855 in Volume V of the meeting packets, which contains a number of 1995 projects, most of which have a sunset clause ending June 30, 2000. He said, however, Project No. 95-M27, Utilities Renovation Cellblocks A & B, Nevada State Prison, would sunset June 30, 2001. He also pointed out that SPWB had been working 5 years to complete Project No. 95-M25, Replace Windows, Units 1-4, Northern Nevada Correctional Center (NNCC). According to Mr. Patrick, the scope of the project was changed and the project was redefined and rebid multiple times. Mr. Patrick indicated that it was anticipated that Project No. 95-M25 would not be completed in the allotted time frame, including the time extension, and the remaining funds would be reverted.

In addressing Project No. 97-C01, High Desert State Prison, Phase I, Mr. Patrick apprised the committee that SPWB had accepted four of the buildings from the contractor, or "easy buildings" as some staff members like to refer to the administration and visitors buildings. Mr. Patrick indicated that SPWB anticipates accepting two additional buildings from the contractor within the next two weeks and that the remaining housing units would be accepted in the September and November timeframe.

### 3. Approval to hire a temporary building inspector for White Pine County School District projects.

Mr. Patrick noted that A.B. 597, commonly referred to as the "hardship" bill, was approved by the 1999 Legislature and allocated approximately \$16 million for improvements to the White Pine County School District projects. Mr. Patrick requested committee approval for funding to hire a temporary building inspector, who would be based out of Ely, for the White Pine County School District projects that include: K-12 building in Lund, K-12 modular facility at Pleasant Valley, and life safety upgrades as well as planning funds for Ely middle school. Mr. Patrick apprised the committee that the amount of the request needs to be revised from \$53,160 to \$55,178, to cover anticipated travel expenditures for this new position.

Chairman Arberry wanted to know whether the new position would be assigned solely to the White Pine County School District projects and whether the position would be funded entirely with funds from those projects. Mr. Patrick responded affirmatively, adding that SPWB had budgeted approximately \$115,000 in the three projects for project management and inspection fees.

Chairman Arberry wanted to know whether the position would be eliminated when the three projects were completed. Mr. Patrick responded that the position would be terminated upon completion of the three projects.

Mr. Hettrick questioned whether the new building inspector position would be hired as a state employee or contract employee. Mr. Patrick stated that it was SPWB's intention to hire a temporary building inspector. Although the construction schedule for Lund, the largest of the three projects, was one year, Mr. Patrick said that it might be necessary for SPWB to return to the Interim Finance Committee for supplemental funds if delays should occur in order to complete the three projects.

Mrs. de Braga wondered if an assessment had been made to determine the feasibility of repairing the Ely middle school or building a new middle school. It was Mr. Patrick's understanding that under the provisions of A.B. 597, the Ely middle school could either have received major upgrades or been replaced. According to Mr. Patrick, half of the funding for the Ely middle school would be used to improve life safety issues and the other half would be used to assess whether to continue making repairs to the existing facility or build a new facility.

**MR. HETTRICK MOVED TO APPROVE THE REQUEST AS AMENDED.  
SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED  
UNANIMOUSLY BY VOICE VOTE, WITH SENATOR COFFIN, MR. DINI, AND  
MR. PERKINS ABSENT FOR THE VOTE.**

### 4. Expand scope of Project No. 99-C8, Capitol Complex Conduit, Phase II.

Mr. Patrick indicated that Phase I had been completed relatively successfully with very few change orders due to the technologies that were used. According to Mr. Patrick, SPWB attributes some of the cost savings on Phase

II to the success of Phase I. Mr. Patrick apprised the committee that SPWB had asked the contractors to hold their bids until the Interim Finance Committee had the opportunity to consider SPWB's request to expand the scope of Project No. 99-C8, to include the Museum, Library and Arts "Mint" building on Carson Street and the Secretary of State's office space located in the Meyer's building on Carson Street.

To respond to a question from Senator Raggio, Mr. Patrick indicated that approval of this request would accommodate all of the 10 alternate items.

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

5. Increase in spending authority for Project No. 97-C14, UNR Student Services Building.

Mr. Patrick noted that UNR had committed funding for certain upgrades and SPWB was requesting an increase in spending authority to complete the project.

**SENATOR RAGGIO MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. DE BRAGA AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE, WITH MR. GOLDWATER ABSENT FOR THE VOTE.**

6. Authorization to continue providing construction administrative services for Projects No. 97-C1 and No. 99-C1, High Desert State Prison.

Mr. Patrick recalled that the Interim Finance Committee had previously approved requests for temporary positions and related expenditures to provide construction administration services for HDSP in FY 1999 and FY 2000. Mr. Patrick requested the committee's approval for funding authority in FY 2001 to retain the services of one temporary architect and one temporary project coordinator for a 6-month period. Mr. Patrick pointed out that the original request for FY 1999 was for a 3-month period; however, the contract was awarded 6 months later than SPWB had anticipated. Mr. Patrick said that the expenditure authority needs to be revised from \$64,423 to \$67,244. According to Mr. Patrick, the increase was primarily due to a new wage scale.

It was Chairman Arberry's understanding that there could be a shortfall in the federal funding budgeted for Phase II of Project No. 99-C1. Mr. Patrick pointed out that the federal government was supposed to provide approximately \$10,990,000 in funding from the Violent Offenders' Program for Phase II of this project. Although two of the three scheduled payments have been received, Mr. Patrick said that the federal government had advised SPWB that only a partial amount would be received in the third payment due to a cutback on the national level, which would represent a reduction of approximately \$1.7 million to Project No. 99-C1. Mr. Patrick said that SPWB had been discussing this issue with NDOP, as well as the Budget Office and the legislative Fiscal Analysis Division staff, and SPWB plans to address this issue at the September meeting of the Interim Finance Committee.

To respond to a question from Chairman Arberry, Mr. Patrick indicated that SPWB's current plan was to try to makeup the shortfall from funding that was planned for reversion from 1997 maintenance and construction projects. Also, funding could be transferred from several 1999 projects that have not yet been executed. It was SPWB's intention to cover the shortfall so the project could be completed and then seek a supplemental appropriation to refund that cost during the 2001 Legislative Session.

Chairman Arberry said he had been advised that funding from 1997 projects could not be used. Mr. Patrick indicated that SPWB had identified approximately \$1.7 million in 1997 projects and about \$3 million in 1999 projects.

Chairman Arberry asked for a status report on the gymnasium. It was Mr. Patrick's understanding that there was not sufficient funding in the current budget for the gymnasium.

Since the legislature provided funding for the gymnasium, Chairman Arberry said that SPWB needs to find the money for the gymnasium. Mr. Patrick said he would prepare a report indicating how funding could be generated for the gymnasium. Chairman Arberry said he did not want another report, but rather he wanted SPWB to tell the committee when the gymnasium would be completed. Chairman Arberry emphasized that it was the Legislature's responsibility to ensure that taxpayer dollars were spent wisely and he was not going to allow SPWB to squander the money.

It was Mr. Marvel's recollection that at the Interim Finance Committee's last meeting the former manager of SPWB had assured the committee that a gymnasium would be included in this project.

Senator O'Donnell suggested that there had been a breakdown in communication because he also recalled that the former manager of SPWB had been told emphatically at the Interim Finance Committee's last meeting that the gymnasium was needed.

Senator Jacobsen thought it might be helpful for the committee to tour some of the facilities that were under construction during the interim so that problem areas could be brought forward to the following legislature.

Senator Raggio maintained that the gymnasium was an ancillary issue. It was Senator Raggio's recollection that the former manager of SPWB had indicated at the last meeting that he would try to address the gymnasium issue with an alternate plan, such as a covered recreation area. Senator Raggio said his main concern was that HDSP be completed on schedule and that he did not want to see any items eliminated from this project to accommodate a gymnasium that could become a security issue.

Senator Rawson thought it might be helpful for the legislative Fiscal Analysis Division staff to work with the SPWB staff in identifying all of the projects that have been delayed or have not been completed for various reasons in an effort to determine whether funding could be legally transferred from any of those projects to the HDSP project so the gymnasium could be built.

Senator O'Donnell maintained that it would be inviting security problems if HDSP does not have a gymnasium. Senator O'Donnell also spoke in support of Senator Rawson's previous suggestion for SPWB staff to work with Mr. Ghiggeri and the Fiscal Analysis Division staff to resolve this issue.

Mr. Hettrick said it was his understanding that Chairman Arberry had asked SPWB to find the money for the gymnasium, not eliminate items from the budget. Since the legislature had provided funding specifically for HDSP, as well as the gymnasium, Mr. Hettrick said that it was SPWB's responsibility to find the money for the gymnasium.

Chairman Arberry said he resented SPWB's approach. Chairman Arberry maintained that SPWB had been treated with respect when funding requests were brought to the money committees during the legislative sessions. He said, however, it was becoming increasingly clear to him that once the legislature appropriates the funds, the projects were changed around, specific items for which funding was approved were eliminated, and SPWB then asks for additional funding to complete those projects. Chairman Arberry said he intended to do everything possible to stop this practice.

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

#### 7. Enhancement of scope of Project 99-C11, Furnishings for Lied Library.

Mr. Patrick stated that an enhancement of scope of Project No. 99-C11 was being requested to address cost overruns of approximately \$100,000.

Senator Raggio suggested that SPWB be asked for assurances that if the committee approves this request, there

would be sufficient funds remaining in Project No. 99-C11 to completely furnish and equip the library as approved by the 1999 Legislature and that the parking lot would be constructed to provide 224,000 square feet of parking area that was also approved by the 1999 Legislature. Mr. Patrick pointed out that the budget to furnish and equip the library was approximately \$9.4 million and the expenditure of \$100,000 was a relatively small amount that would be accommodated within the contingency account. Also, savings were accrued in several areas and current estimates for the parking lot construction and the actual costs of technological equipment were lower than anticipated.

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

8. Increase in spending authority and expansion of scope for Project No. 97-C20L, Southern Nevada Veterans Memorial Cemetery Expansion.

Mr. Patrick apprised the committee that SPWB was requesting an increase in spending authority in the amount of \$447,510, to expand the scope of Project No. 97-C20L to finish completely Phase III-B of the cemetery by installing an additional 780 double and 325 single pre-cast concrete burial vaults. According to Mr. Patrick, Veterans' Affairs has obtained additional federal funding to increase the capacity for the additional vaults. Mr. Patrick added that no matching funds were required by the state.

Chairman Raggio wanted to know whether the \$300,000 in state funds required for this project could be reverted since it appears that the federal government would pay 100 percent of the costs of the cemetery expansion. Mr. Patrick indicated that the \$300,000 in seed money that was originally provided by the state had been placed in reserve to be reverted.

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

9. Approval to create a new expenditure category for expenditures relating to HVAC maintenance agreements.

Mr. Patrick indicated that SPWB has two maintenance programs that are used to follow up on construction projects. He requested that SPWB be allowed to maintain an accounting database for HVAC maintenance agreements similar to the Roofing Maintenance Reserve.

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

Chairman Arberry inquired about the completion date of Project No. 97-C16, Southern Nevada Veteran's Home. Mr. Patrick indicated that since this project was approximately 60 percent complete, SPWB did not anticipate having the facility open by July 1, 2000. Mr. Patrick told the committee that SPWB was currently working on two parallel projects; i.e., the Veteran's Home project and a road project that was not in the original bid, and it anticipates having both projects completed by November of 2000.

Chairman Arberry asked Mr. Patrick to report on the status of Project No. 97-C15, Lied Library – Construction Admin., which was scheduled to be completed on January 25, 2000. Mr. Patrick apprised the committee that SPWB had anticipated having this project occupied by May 31, 2000; however, additional work was required. According to Mr. Patrick, Eric Raecke, Manager, SPWB, met with the contractor in Las Vegas yesterday and completion was expected by the end of June.

Chairman Arberry wanted to know whether SPWB intends to impose penalties against the contractor for the delays. Although SPWB intends to accept some of the responsibility for the delay, Mr. Patrick said that SPWB was not anticipating receiving liquidated damages from the contractor at this time because of concerns about the design, as well as clarifications that were needed as the project advanced.

Chairman Arberry expressed concern that SPWB does not intend to impose penalties against the contractor when the project was 6 months behind schedule. Since the contractor maintains that SPWB had caused the delay, Mr. Patrick indicated that the state was paying overhead costs to the contractor for a building superintendent, trailer, and fencing, because the contractor has to be mobilized on the site.

Chairman Arberry wanted to know how much it was costing the state to pay the contractor for the delay. Mr. Patrick estimated that the total cost of the change orders to date was approximately \$2 million, which includes such items as code requirements, additional enhancements to the project requested by the owner of the property, and \$200,000 for a time extension.

To respond to Chairman Arberry's comments, Mr. Patrick stated that the architect had designed projects of the magnitude of the Lied Library before, but he thought it might be stretching it to say the same thing about the contractor.

Since he thought it was absurd that the state was paying for their mistakes, Chairman Arberry wanted to know what type of action was necessary to ensure that the architect and the contractor of record on the Lied Library Project never get the opportunity to bid on another state project of this magnitude. It was Mr. Patrick's belief that the design of the Lied Library Project was adequate, but it was designed as a very complicated building. Mr. Patrick said it was also possible that the inexperience of the contractor may have contributed to the delay. Since the 1999 Legislature approved legislation that was incorporated into NRS 338, in paragraph 1389, Mr. Patrick suggested that it might be possible to protect SPWB from legal involvement during the selection process on large projects if "best bid" could be clearly defined in the statutes. He also suggested that SPWB use a low-bid scenario on smaller projects that were deemed simple.

Chairman Arberry asked Mr. Patrick if the Board was supportive of his proposal. Mr. Patrick indicated that he did not believe his proposal was on the agenda for the Board's meeting that was scheduled tomorrow.

Chairman Arberry asked Mr. Patrick when this project was going to be completed. Mr. Patrick stated:

A month ago I would have told you that May 31, 2000, we would be having the library staff moving their books into the building. There was a recent meeting yesterday to establish what day that would be and I would assume it is relatively soon or within the month.

Chairman Arberry wanted to know whether there was a time limit when the contractor and not the state would be responsible for delays. Mr. Patrick thought the details had been worked out at the Board's meeting yesterday, but he was not privy to that information.

Chairman Arberry requested Mr. Patrick to meet with the legislative Fiscal Analysis Division staff to resolve this issue.

Mr. Goldwater wanted to know whether this delay would affect the funding that was appropriated for the temporary placement of the Law School at the Paradise School. Mr. Stevens indicated that work could not be started on the Old Library renovation until the books were moved and he did not know what time frame SPWB was looking at for moving the books.

Mr. Goldwater pointed out that the Law School project also includes private funds and he thought those people who had donated money were concerned about where the responsibility for this delay lies. Mr. Goldwater also agreed with Chairman Arberry that a corrective action plan must be developed to prevent such a recurrence on future projects.

Mr. Patrick apprised the committee that the accreditation issues with the Law School that surfaced several months ago had been resolved.

Senator Mathews disagreed with Mr. Patrick's assertion. Senator Mathews pointed out that when the University of Nevada, Las Vegas (UNLV) received provisional accreditation for the Law School, it was predicated on UNLV having a building that would accommodate the Law School students. It was Senator Mathews' belief that the next phase of the accreditation process would require that the Law School building be available for occupancy.

Mr. Perkins wanted to know whether it would be possible to move into the new library this summer rather than waiting until the December break. Mr. Patrick stated that SPWB had met with UNLV administration and they indicated the move could be conducted within 6 weeks. Mr. Patrick said that SPWB was committed to getting the building ready so the library staff would have at least two months in which to move. According to Mr. Patrick, it would be the library's staff choice not to move in that time frame.

Mr. Perkins expressed concern that if the move did not occur until after the fall enrollment, there would be no space for 140 Law School students.

Mr. Parks noted that he had met with UNLV President Carol Harter last Monday and she expressed concern that the new library might not be open until the spring semester.

**G. REQUEST FOR ALLOCATION FROM THE DISASTER RELIEF FUND (NRS 353.2755).**

In addressing the committee, Mr. Allen Biaggi, Administrator, Division of Environmental Protection (DEP), Department of Conservation and Natural Resources, stated that DEP was requesting an allocation of \$300,000 from the Disaster Relief Fund so that DEP could provide assistance in cleaning up sites that the owners and operators of mining operations have abandoned and on which fluid management activities need to be undertaken. The funding would primarily be used to address critical emergency fluid management for the Yerington Mine, a copper heap leech facility that declared bankruptcy in January 1997 and abandoned the site in January 2000, leaving approximately 93 million gallons of processed fluids that were subject to leakage. According to Mr. Biaggi, there were approximately 35 other sites in Nevada in a similar condition, but not all of the sites would require fluid management.

**MR. MARVEL MOVED TO APPROVE THE REQUEST. 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 E.

**H. REQUEST FOR APPROVAL OF BILL DRAFT REQUESTS FOR THE TASK FORCE ON LONG-TERM FINANCIAL ANALYSIS AND PLANNING (A.B. 525 – 1999).**

Mr. Stevens said that approval of this request would allow the Interim Finance Committee to make bill draft requests (BDR) on behalf of the Task Force on Long-Term Financial Analysis and Planning, which was created pursuant to passage of Assembly Bill 525 (1999 Legislature). Although the Task Force has been meeting since the 1999 Legislature adjourned, Mr. Stevens said that it does not have the authority to request BDR's. He said, however, A.B. 525 recommends that the Interim Finance Committee be given the authority to make recommendations to the legislature on how long-term financial analysis and planning would be utilized in the future, for example, what type of committee should be formed and how should the committee be utilized. The Task Force has requested that two BDR's be authorized by the Interim Finance Committee; namely: (1) specify the organization, composition, and responsibilities of a long-term forecast process based on the recommendations of the Task Force; and (2) amend the Fiscal Note statutes, changing the period of time from 2 years to 4 years.

Since it was his understanding that approval by the committee would not necessarily mean an endorsement of the recommendations of the Task Force, Senator Raggio said he was prepared to make a motion to approve the request.

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

**I. DEPARTMENT OF EDUCATION – ALLOCATION OF REMEDIATION FUNDS (S.B. 555 – 1999).**

Ms. Mindy Braun, Education Program Analyst, legislative Fiscal Analysis Division, noted that Section 18, of Senate Bill 555, passed by the 1999 Legislature, appropriated the sum of \$3,300,000 to be distributed in FY 2000-2001, among the schools that have been designated as demonstrating need for improvement. These are schools that have more than 40 percent of the pupils enrolled in a school scoring in the bottom quarter in all four subject areas tested on the state-required norm reference tests, also known as the Terra Nova. In addition, S.B. 555 expanded state remediation funds to include certain schools that have been designated as demonstrating adequate achievement, but meet the criteria for low performance. These schools include: schools that did not receive a designation because they had too few pupils tested, but the test scores of the pupils indicate that the schools would have received a designation of demonstrating need for improvement; schools that have more than 40 percent of the pupils scoring in the lowest quarter on three of four subject areas tested; and schools that receive a designation of demonstrating adequate achievement, but were designated as demonstrating need for improvement in the immediately preceding school year.

Pursuant to NRS 385.389, Ms. Braun indicated that schools that were eligible to receive state remediation funds must select remedial programs from Nevada's list of effective remedial programs. This list was adopted by the Legislative Committee on Education on March 1, 2000, and the Department of Education adopted the same list. According to Ms. Braun, the list was comprised of 26 programs covering the subject areas of reading, writing, math, and science. Ms. Braun said she would be happy to provide a summary of the 26 programs to anyone requesting it.

On April 1, 2000, Ms. Braun noted that 30 schools were identified by the Department of Education as meeting the criteria for applying for state remediation funds. Applications for funding were reviewed by a team of representatives from the state Budget Division, the Department of Education, and the Legislative Bureau of Education Accountability and Program Evaluation. Ms. Braun said that there were 76 requests for programs received from the 30 schools that were eligible. Of these, 57 percent were for reading programs, 17 percent were for math programs, 16 percent were for programs dealing with all of the subject areas, and 10 percent were for science programs. These percentages were similar to last year's requests, with reading as the primary focus for schools, except for math, which increased 1 percent to 17 percent. Ms. Braun introduced Ms. Terry Owens, Education Consultant, Finance and Accountability Section, Department of Education, who she said would present the recommended amounts for the eligible schools. Ms. Braun indicated that Ms. Owens would be referring to information provided on pages 906 – 919 in Volume V of the meeting packets.

Ms. Owens apprised the committee that the Department of Education was requesting approval of remediation funding to the lowest performing schools in the state. Ms. Owens pointed out that 30 schools had been classified into three levels of priority and the Legislative Committee on Education recommends the following allocations:

Level One – \$989,224 for 10 schools classified as needing improvement.

Level Two – \$253,897 for 3 schools that were designated as adequate this year, but are continuation of programs that were started in the prior year as a designation needing improvement.

Level Three – \$1,384,530 for 17 schools that were designated as adequate, but showing low performance in three out of the four subject areas. These are also referred to as "bubble schools."

Total allocation being requested: \$2,627,651.

In addition to the \$2,627,651, Ms. Owens requested the committee's approval to allow the schools to reapply for the remaining \$672,349 from the \$3,300,000 that was allocated pursuant to S.B. 555 of the 1999 Legislative Session, with restrictions to those schools that the second-round funding be used to enhance currently approved

programs, or for books and software, or for programs that would address student achievement needs as identified by test performance data. In summary, Ms. Owens told the committee that without exception all schools funded in the prior two years (a total of 60 schools) had expressed their gratitude for the targeted assistance provided by the Nevada Education Reform Act. According to Ms. Owens, only three schools repeated in the second year, four Level One schools repeated in the current funding year, along with five schools that were borderline. It was Ms. Owens' belief that since the Department of Education was not seeing very many repeat schools, progress had been made in reducing the number of schools needing improvement.

Senator Raggio said he wished to commend the Department of Education, as well as the legislative Fiscal Analysis Division staff, for their work in monitoring the remediation programs. Senator Raggio thought the progress that had made was beyond expectation. It was Chairman Raggio's understanding that the additional funding would allow some of the schools to provide enhanced programs. Ms. Owens said that Senator Raggio's understanding was correct. Although some schools were opting to add enhancements to existing programs, Ms. Owens said the schools were being encouraged by the Department of Education to look at their data and expand in those subject areas needing improvement. Ms. Owens said it was the Department of Education's intention to transmit the requests for enhancements to the school districts immediately and then return to the Interim Finance Committee in September for approval.

Mrs. Chowning said she would also like to commend the Department of Education, the legislative Fiscal Analysis Division staff, as well as all of the schools for their hard work. Mrs. Chowning said she had recently visited Booker Elementary School in Clark County and she was approached by several of the teachers about continuing the remedial funding. It was Mrs. Chowning's observation that all of the teachers and students were very proud of their achievements and, especially, since Booker Elementary School had been upgraded to Level 2 (continuation funds for schools designated as needing improvement in prior school year and now designated adequate). Since it was her understanding that the deadline for applying for remedial funding was some time this summer, Mrs. Chowning questioned whether some of the schools would be able to meet the deadline because of being closed. Mrs. Chowning said she would also like to ask for a report on how the remediation funding was expended so a determination could be made whether the remediation tasks set forth by the legislature were met. Mrs. Chowning also wanted to know what was going to happen to those schools that were in their third consecutive year. It was Mrs. Chowning's recollection that the third year was the "drop dead" year.

In addressing the summer deadline, Ms. Owens acknowledged that applications were mailed out to the schools before the end of June last summer, but the Department of Education was successful in getting the applications back in time to make the allocations. Ms. Owens said she was aware that a number of schools close in July, but they reopen in August. Ms. Owens said that the Department of Education was confident that the schools were motivated to receive remedial funding; thus, they would put forth the extra effort to return the applications in a timely fashion. Also, since the allocations would be smaller and most of the schools were planning to enhance existing programs, Ms. Owens suggested that there would be a quick turnaround. Ms. Owens said that the Department of Education would be pleased to provide Mrs. Chowning with a financial report in the same format that had been provided previously.

Speaking to the third year schools, Ms. Owens indicated that the Department of Education was planning on meeting with the panels before the end of June. According to Ms. Owens, one of the decisions that would need to be made by the panels was the status of the school's administrator at each of the two schools continuing into their third year. The schools have already made recommendations and those recommendations have been addressed by the school district. The Department of Education provided each school with a questionnaire, asking for recommendations, what has been done to implement the recommendations, a time line, and some evidence of progress. The two third-year schools, Madison and Fitzgerald, have replied to the questionnaire, indicating specifically what they intend to do and what they are currently doing. Ms. Owens said that Mrs. Chowning was correct that the third year was the "drop dead" year and she also noted that the administrators, rather than the teachers, were being held accountable. Ms. Owens said she felt confident that the panels would make a wise and carefully considered decision.

Mrs. Chowning wanted to know when the results of the panels' meeting would be available. Ms. Owens said that she was currently scheduling the meeting date for the panels and she hoped it would be before June 30, 2000. Ms. Owens said the results would be available as soon as practicable.

Mrs. Cegavske wanted to know whether the students were going to be tracked through high school graduation in order to measure the effectiveness of the remedial training. It was also Mrs. Cegavske's recollection that funding was included in S.B. 555 specifically for summer school and intersessions, but no one had addressed those two issues today, especially in light of the fact that Clark County was having double sessions. Ms. Braun indicated that a detailed evaluation of school profiles was being done for each of the schools that were designated in need of improvement. The schools submit information by student and by grade. She said, however, since each program was setup differently, the evaluation component that was built into the program was different as well. Ms. Braun said the students were being tracked over the three years and that the results should be available by next fall. In addition, Ms. Braun pointed out that S.B. 555 had provided \$1 million each year for summer school. According to Ms. Braun, funding for before school, after school, and summer school programs in Clark County was approved by the Interim Finance Committee at the April 13, 2000, meeting. Ms. Braun said that staff would be monitoring those programs this summer and she would be happy to provide detailed information on the summer school programs.

**SENATOR RAGGIO MOVED TO APPROVE THE REQUEST, WITH THE PROVISIO THAT THE INTERIM FINANCE COMMITTEE BE PROVIDED WITH A REPORT ON THE EXPENDITURES OF THE REMEDIAL FUNDS AND THAT MONITORING OF THE PROGRAMS BE CONTINUED. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE, WITH MRS. DE BRAGA ABSENT FOR THE VOTE.**

**J. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS – LEASE OF STATE LANDS PER NRS 322.007.**

**1. School Trust Land to Pat Clark Pontiac on behalf of Las Vegas Metropolitan Police Department.**

Ms. Pamela Wilcox, Administrator, Division of State Lands, apprised the committee that the lease before the committee today was a lease of vacant land located adjacent to the Bradley Office Building Complex on South Sahara Boulevard in Las Vegas. Since this is School Trust land, Ms. Wilcox indicated that the proceeds from this lease, \$2,760 per year, would be placed in the State Permanent School Fund. According to Ms. Wilcox, the Bradley Office Building Complex was situated on about 32-1/2 acres, with about one-half of the land being vacant. The Division of State Lands has held a number of discussions with the Las Vegas Metropolitan Police Department for several years, about using some of this land for parking for personal vehicles of their officers while they were at work. She said, however, Metro was financially unable to pay the lease fees until Pat Clark Pontiac-GMC volunteered to pay the lease fees of \$2,720 per year to lease 25,500 square feet, which would accommodate approximately 60 to 70 vehicles. Ms. Wilcox noted that the term of the lease was 5 years and may be extended or terminated upon a 180-day notice.

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

**K. INFORMATIONAL ITEMS:**

**1. Legislative Auditor – Six-Month Audit Reports.**

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