

**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 April 13, 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.
Assemblywoman Vivian Freeman, sitting as an alternate for
Assemblywoman Jan Evans
Assemblywoman Christina R. Giunchigliani
Assemblyman David E. Goldwater
Assemblyman Lynn Hettrick
Assemblyman John Marvel
Assemblyman David R. Parks
Assemblyman Richard D. Perkins
Assemblywoman Genie Ohrenschall, sitting as an alternate for
Assemblyman Bob Price

COMMITTEE MEMBERS ABSENT:

Assemblywoman Jan Evans, Excused
Assemblyman Bob Price, 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.

B. APPROVAL OF MINUTES FROM FEBRUARY 2, 2000, MEETING.

MR. PERKINS MOVED TO APPROVE THE FEBRUARY 2, 2000, MEETING MINUTES. SECONDED BY SENATOR MATHEWS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

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

Chairman Arberry requested testimony on the following work programs included in Volume I of the meeting packets: items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14. Volume II: items 28, 29, 32, 33, 34, 35, 40,

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

1. Secretary of State – FY 00 – Addition of \$29,000 in a Transfer from Special Fund to establish a Web-based Election Night Reporting System.

Dean Heller, Secretary of State, introduced Donald Reis, Assistant Secretary of State. Mr. Heller said the work programs in items 1 and 2 were directly in response to concerns previously expressed by members of this committee, as well as other legislators and political candidates, regarding the ability of candidates to file their Contributions and Expenses (C&E's) via the Internet. Mr. Heller said he was proposing a pilot project during the 2000 Election cycle, which would encompass 17 candidates who intend to file with the Office of the Secretary of State. Since no constitutional officers were up for election during 2000, Mr. Heller said he thought this would be an opportune time to put the C&E's on the Internet with a Web Site so people who choose to do so could electronically file their C&E's with the Office of the Secretary of State. Item 1 would provide funding for an Election Night 2000 Reporting System similar to the system that was used 2 years ago and Item 2 would provide funding for Web-based filing of C&E's by the candidates.

Mr. Beers wondered why the work done for the previous election cycle could not be used for the 2000 Election cycle. Mr. Heller explained that the Office of the Secretary of State had an Election Night Reporting System in place last election cycle, but only one T-1 line was available, which was also used to transfer reporting data back and forth from the 17 counties. Because of the difficulties encountered with using one T-1 line, Mr. Heller said the size of that line had been tripled to three T-1 lines so that the data could be transferred from the 17 counties. Also, as a result of Nevada having the closest U.S. Senate race in the country last election cycle, Mr. Heller said the number of "hits" had overwhelmed the system because they were coming in on the same line as the data that was being reported by the 17 counties.

Mr. Beers wanted to know whether the three T-1 lines would be available on a full-time basis. Mr. Heller indicated that the same system would be used during each election cycle. Mr. Heller said it was his understanding the state would continue to use the extra T-1 lines when they were not being used for election reporting.

It was Mr. Beers' understanding that the \$29,000 being requested in item 1 would provide for two additional T-1 lines for election night reporting. Mr. Heller noted that the \$29,000 would also include the software. According to Mr. Heller, the Office of the Secretary of State has a contract with Gover Net to change the software for each election cycle because of having different people in different races.

Relative to item 2, Mr. Beers asked Mr. Heller to describe the type of electronic reporting system he envisions for the Office of the Secretary of State. Mr. Heller said that his goal was to allow any candidate who files with the Office of the Secretary of State, which would be 17 statewide candidates during Election 2000, to electronically file their C&E reports using a code number or a base number assigned to the candidate in order to transfer their data to the Office of the Secretary of State.

As the volunteer Treasurer for a statewide campaign, Mr. Beers expressed concern about having to retype his information onto the Office of the Secretary of State's Web Site. Mr. Heller said he would agree with Mr. Beers that the process should not be duplicated and he would ask his technical staff to meet with Mr. Beers to address his concerns.

Since it was her understanding that Special Services funding was going to be utilized for the computer enhancements, Mrs. de Braga wondered whether other programs would be affected. Mr. Heller said the Special Services funding was being used to provide service to legislators and other elected officials in an election year, which he considered a priority of the Office of the Secretary of State. Mr. Heller also pointed out that he had requested funding for this purpose during the last budget cycle, but the request was removed during the budget process. Mr. Heller said he was requesting funding once again because of his belief that election night reporting over the Internet was important during an election year.

Chairman Arberry questioned whether the use of Special Services funding for election duties would comply with the statutory requirement that was initially contemplated primarily for corporate and business records under the purview of the Office of the Secretary of State. Mr. Heller pointed out that the Special Services funds were capped at \$2 million and if the money was not used, it would revert to the General Fund to be used for multiple purposes. In addition, Mr. Heller contended that there was no designated purpose for the Special Services funds other than to be used for enhancements in the office and he thought the Web-based election night reporting system was such an enhancement as well as a special need.

Senator Neal suggested that Mr. Heller consider having a scanning mechanism in the new election reporting system so that candidates would not need to retype their information on the Office of the Secretary of State's Web Site. Mr. Heller thanked Senator Neal for his suggestion and he said he would have his technical staff contact Senator Neal to ensure the process was not duplicated. Mr. Heller said that it was not his intention for the system to be onerous, but rather he wanted to have as many people as possible file on line. Mr. Heller thought it would behoove his staff to work with all of the legislators in developing the software program.

Ms. Giunchigliani said she had reviewed NRS 225.140(3), which states in part that the Special Services funds "must only be used to create and maintain the capability of the Office of the Secretary of State to provide special services including, but not limited to, providing service on the date it is requested or within 24 hours; or necessary to increase or maintain the efficiency of the office." Ms. Giunchigliani said that she thought the provisions of NRS 225.140(3) were directed towards the public and although legislators were public officials or servants of the public, it was her belief that the Office of the Secretary of State was proposing to offer an expedite service for candidates filing for office. Mr. Heller said he was requesting funds to implement a computer system that would allow for public access to Web-based filing of C&E reports (numbers 1, 2 and 3) as well as election night reporting.

To respond to a question from Ms. Giunchigliani, Mr. Heller indicated that the Office of the Secretary of State would be working with the clerks and the registrars in all 17 counties. Since some of the counties have neither the software nor the hardware necessary to report to the Office of the Secretary of State, Mr. Heller said his office would provide the necessary equipment so those counties could link up with the Office of the Secretary of State and download their reports. According to Mr. Heller, several of the counties refused the equipment and had to Fax their reports to the Office of the Secretary of State on the last election night, requiring the Office of the Secretary of State to manually input the data into the system.

While she liked the idea of the availability of electronic filing for public officials, Ms. Giunchigliani questioned whether it would be more appropriate to have the 2001 Legislature review this proposal. Mr. Heller pointed out that the ability to file on line was currently available at the federal level and he was trying to follow some of the federal statutes in that regard.

Ms. Giunchigliani inquired about the cost to candidates to file on line. Since electronic filing would be a pilot project for Election 2000, Mr. Heller said he had not anticipated charging for the service initially because he thought it would take time to correct any "bugs" that might occur in the system.

Ms. Giunchigliani wondered whether the statutes would allow candidates with multiple districts to file electronically. Mr. Heller pointed out that Ms. Giunchigliani, as an example, would not have access to the system because she was required to file directly with the registrar's office in Clark County. Since only 17 candidates would be filing with the Office of the Secretary of State during Election 2000, Mr. Heller said he thought that was a small enough number on which to run a pilot project.

While most of his concerns had been addressed, Senator Raggio said he wished to point out that NRS 225.140(3) limits the use of the Special Services funds to providing one-day service and increasing or maintaining the efficiency of the office. It was Senator Raggio's opinion that the requests in items 1 and 2 would allow for a process that would maintain the efficiency of the office, particularly, since the Office of Secretary of State was primarily charged with the dissemination of election information. He also thought that the electronic filing process would not only be beneficial to the candidates, but to the public as well. In addition, Senator Raggio said he wished to emphasize that electronic filing would be an alternative to the actual physical filing by the candidates; thus, it was not a mandate. Also, since the 1997 Legislature decided to sweep in all of the money in excess of \$2 million, Senator Raggio suggested that the Special Services funds had become a source of considerable funding for the General Fund as well.

Speaking to item 2, Mr. Beers said he would envision that the Office of the Secretary of State would first need a database from which citizens could extract reports through a Web-based mechanism and, secondly, it would need to have a mechanism to get the data from the candidates into the database. Since he did not believe the Office of the Secretary of State currently has such a database, Mr. Beers asked Mr. Heller if his staff was in the process of developing a database. Mr. Heller indicated that the last C&E's reporting \$10,000 or more in contributions were scanned and posted on the Web Site; however, the reports are not available electronically.

Mr. Beers said he was confused about the expenditure of \$69,000. Mr. Beers wanted to know whether the \$69,000 would pay for an on line filing mechanism or would it also include a database. Mr. Heller said his goal was for the public to be able to extract the information from the Web Site. Mr. Heller said he envisions the Web-based reporting system running parallel to the current system, which scans the information. Mr. Heller said he would hope that the database could be manipulated to provide the public with information on a particular contributor.

Mr. Beers asked Mr. Heller if the \$69,000 includes such a database and Mr. Heller responded affirmatively.

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

MR. MARVEL MOVED TO APPROVE ITEMS 1 AND 2. SECONDED BY MR. HETTRICK AND MOTION CARRIED BY VOICE VOTE WITH MS. GIUNCHIGLIANI VOTING NO.

2. **Secretary of State – FY 01** – Addition of \$69,000 in a Transfer from Special Funds to establish a Web-based filing of contributions and expenses by candidates and committees for Election 2000.

Refer to testimony and motion for approval under item 1.

3. **Office of the Secretary of State – FY 00** – Addition of \$609,383 in a Transfer from Special Funds to relocate offices and pay additional rent.

Mr. Heller reminded the committee that items 3 and 4 were deferred at the last Interim Finance Committee meeting and, since that time, a significant amount of discussion had ensued as to which direction the Office of the Secretary of State should take. With interest rates and gas prices on the increase, Mr. Heller said the future direction of the market was questionable at this time. Also, as a result of the current "Bear Market," Mr. Heller pointed out that a number of states, including several mid-western states, have experienced a decrease in the number of corporate filings.

After providing the committee with a handout, which includes three charts entitled "Analysis of Combined Revenues and Expenditures," "Revenue Vs. Expenditures," and "Revenue per FTE," a copy of which is included in the meeting minutes as Exhibit A, Mr. Heller apprised the committee that corporate filings in Nevada had increased 30 percent since the first quarter of 1999 and the first quarter of 2000. Since he had not seen any indication that business would slow down in the near future, Mr. Heller said he anticipates presenting a very aggressive budget to the 2001 Legislature to provide funding for expanded services to the businesses and corporations in Nevada. In particular, Mr. Heller said he wants to change the current 24-hour service to 2-hour service for those who want to file corporations in Nevada or amend current corporations.

Mr. Heller said there were two questions asked at the last Interim Finance Committee meeting; namely: (1) What is going to be done with the space that is left in the Capitol Building when the Secretary of State staff moves across the street; and (2) The cost of the move. Speaking to the cost of the move, Mr. Heller indicated that the amounts provided in items 3 and 4 were estimates. While the majority of the relocation process would go out to bid, Mr. Heller said there were some fixed costs, for example, Lucent Technologies, has indicated that moving the telephone service from the Capitol Building into the old Myers Hardware building would cost \$60,000. Mr. Heller said it was his intention to revert any savings back to the General Fund.

In speaking to the vacant space that would be left in the Capitol Building after the move, Mr. Heller explained that he and his staff had continued the dialogue with the Buildings and Grounds Division and also with the Governor's Office relative to the continuing growth in the Office of the Secretary of State, adding that the Office of the Secretary of State was about \$4 to \$5 million ahead of the estimated revenue for 2000. Based on the activities in the office at the present time, Mr. Heller said he had come to the conclusion that it would not be prudent to give up any of the space in the basement of the Capitol Building to allow for growth.

Chairman Arberry said he had the same question as he had before; i.e., does the use of Special Services funds to pay for the relocation costs comply with the statutory criteria. Mr. Heller told the committee that his predecessors had used Special Services funds for the same purpose before to ensure the efficiency of the Corporations Division.

As a member of the legislative subcommittee entitled Encouraging Businesses to Organize and Conduct Business in Nevada ([Senate Concurrent Resolution 19, 1999 Legislature](#)), Mrs. Cegavske noted that the Office of the Secretary of State had brought the same request before the subcommittee for review and consideration and two of the subcommittee members voted against it because they thought it did not fall under the purview of the S.C.R. 19 subcommittee. For clarification purposes, Mrs. Cegavske wanted to know whether leases and agreements had already been executed prior to bringing the requests to the Interim Finance Committee. Mr. Heller recalled that this same question was posed during the last Interim Finance Committee meeting. Mr. Heller acknowledged that leases and agreements had been executed subject to the approval of the Interim Finance Committee. Mr. Heller pointed out that Assemblyman Parks, Vice Chairman of the S.C.R. 19 subcommittee, had the opportunity to tour the Office of the Secretary of State to view the existing crowded conditions. Mr. Heller noted that the Office of the Secretary of State had doubled its revenues within the last 5 years and he anticipated that it would double its revenues over the next 5 years. Mr. Heller said it was becoming increasingly difficult for staff to work in such a crowded environment and he was not only concerned about the efficiency of the office, but about employee morale as well.

Senator Raggio recalled previous discussion that indicated the space in the basement of the Capitol Building to be vacated by the Office of the Secretary was needed by the Governor's Office and he wondered if the

Governor was in agreement with the Office of the Secretary of State remaining in that space. Mr. Heller said he had discussed his proposal with Scott Scherer, Chief of Staff, Governor's Office, and he said Mr. Scherer planned to talk to the Governor about the availability of the space in the basement of the Capitol Building. Mr. Heller said he had made the same argument to Mr. Scherer that he was making to the committee; that is, it does not make much sense to move some of the Governor's staff into the basement now when the Office of the Secretary of State may need that space later on. Mr. Heller said Mr. Scherer did not want to be in the position of having to move their staff twice either.

While he thought Mr. Heller had made a case for the need for additional space, Senator Raggio expressed concern about involving the committee in the decision-making process since the space in the Capitol Building was very limited. It was Senator Raggio's belief that a decision needs to be worked out between the Governor's Office and the Office of the Secretary of State and he wanted to be assured by Mr. Heller that if the Governor's Office needs the space the Office of the Secretary of State would accommodate that request. Mr. Heller said that if a decision were to be made that the Governor's Office needs the space, he would abide by that decision.

MR. MARVEL MOVED TO APPROVE ITEMS 3 AND 4. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

4. **Office of the Secretary of State – FY 01** – Addition of \$152,994 in Transfer of Special Fund to pay additional rent for relocated offices.

Refer to testimony and motion for approval under item 3.

5. **Office of the Treasurer – Millennium Scholarship Trust Fund – FY 00** – Addition of \$17,199,990 in Tobacco Settlement Income and \$375,000 in Treasurer's Interest Distribution to provide operating resources for the Administration of the program.

Brian Krolicki, State Treasurer, introduced John Atkins, Chief Deputy Treasurer and Susan Moore, Director, new Millennium Scholarship Program. With the committee's indulgence, Mr. Krolicki said he would address items 5 through 8. Mr. Krolicki pointed out that approximately 6,500 Nevada high school students anticipate requesting a grant from the Millennium Scholarship Trust Fund. The Millennium Scholarship Program, Mr. Krolicki explained, were the result of the \$1.2 billion tobacco settlement anticipated to be received by Nevada over the next 25 years. Based on the latest estimates on tobacco settlement revenues, Nevada expects to receive approximately \$49.4 million by the close of FY 1999-2000 and an additional \$37.8 million in FY 2000-2001. The Millennium items being requested today are twofold: a request for authority to receive these funds and a request for committee approval to expend these funds for purposes essential to implementing the Millennium Scholarship Program. Mr. Krolicki said the Office of the Treasurer had been involved with a number of people around the state, from the Department of Education, University and Community Colleges System of Nevada (UCCSN), and the administrators of the high schools to determine exactly what was needed to implement the Millennium Scholarship Program. Mr. Krolicki said he would be happy to respond to questions from the committee.

Chairman Arberry wanted to know how many high school seniors had applied for the Millennium Scholarship funds so far. Mr. Krolicki told the committee that rather than using an application process, a decision had been made for the Office of the State Treasurer's staff to obtain lists from the 17 school districts that certify those graduating seniors who are eligible for the Millennium Scholarship. According to Mr. Krolicki, funding was being requested to establish a database to ensure the funding reaches the appropriate schools.

Once the Millennium Scholarship Program has reached its full operating capacity after 4 years, Chairman Arberry wanted to know whether there would be sufficient funds to provide scholarships to all high school graduates projected to take advantage of this program. Mr. Krolicki indicated that there were a number of "moving parts" in the Millennium Scholarship Program not only in the administration side, but in the financial side as well. Since Nevada is a rapidly growing state, Mr. Krolicki said it was difficult to envision how many high school seniors would qualify. Mr. Krolicki indicated that the Office of the State Treasurer's staff had been working with staff from the Western Interstate Commission for Higher Education (WICHE), UCCSN, and the school districts and the consensus was that the Millennium Scholarship Program is very well funded for at least the next decade, depending upon the consumption of the scholarships, and the investment performance of the Millennium Scholarship Fund. Mr. Krolicki said the Office of the State Treasurer was considering corporate participation in terms of sponsoring in order to boost the Millennium Scholarship Trust Fund. According to Mr. Krolicki, all of these things, including the ability to securitize the funding, would act to extend the life of the Millennium Scholarship Program.

In order to qualify to receive a Millennium Scholarship, it was Ms. Giunchigliani's understanding that the graduating high school seniors would be required to have a B grade average and take a proficiency examination. Ms. Giunchigliani said she had inquired as to whether or not a special education student's Individual Education Plan (IEP) would exempt them from taking a proficiency examination in the State of Nevada. This would effectively disqualify them from receiving a Millennium Scholarship, which she thought would be discriminatory. Ms. Giunchigliani said she had not yet received a satisfactory answer to this question.

Chairman Arberry recognized Susan Moore, Director, Millennium Scholarship Program, who told Ms. Giunchigliani that students with certain disabilities receive an adjusted diploma in lieu of the regular high school diploma. When the Millennium Scholarship Committee originally met with the Board of Regents, it was recommended that those students also be required to pass the proficiency examination. Since that time, Ms. Moore indicated that a number of questions had been raised that would be considered once again by the Millennium Scholarship Committee and the Board of Regents. Ms. Moore said the meeting was in process at this time. Ms. Giunchigliani said she would be happy to participate in the process because she thought there had been some inherent discrimination.

Since there was a significant amount of tobacco settlement money being distributed to Nevada, Senator O'Donnell said he was concerned about the proper distribution of that money as well as whether the money was being spent wisely. Senator O'Donnell asked Mr. Krolicki to clarify whether there were 6,500 eligible high school graduates in Nevada or whether 6,500 high school graduates were going to be participate in the Millennium Scholarship Program. Although more than 6,500 high school graduates would qualify for the Millennium Scholarships, Mr. Krolicki said he anticipates having 6,500 high school graduates actually utilize the Millennium Scholarship Program.

Senator O'Donnell asked Mr. Krolicki if the funding being requested today would be used to provide Millennium Scholarships to the 6,500 high school graduates who qualify or whether more funding was being requested than was needed for the 6,500 high school graduates. Mr. Krolicki apprised the committee that all of the tobacco settlement money had been deposited into the Millennium Scholarship Trust Fund. He indicated that the Trust Fund would be overfunded in the first year because only one senior class was participating. Mr. Krolicki said he hoped to grow the Trust Fund as much as possible in the first year.

Senator O'Donnell wanted to know how the estimate of 6,500 had been calculated. Ms. Moore noted that the UCCSN had conducted a study last August to determine the number of students who would be graduating from the public high schools in Nevada. The study also included an estimate of the number of eligible students who would participate in the Millennium Scholarship Program.

Senator O'Donnell wanted to know if Ms. Moore had any information that would show how many graduating high school seniors in Nevada would attend one of Nevada's institutions of higher education. Ms. Moore estimated that there were approximately 17,500 students attending public high schools in Nevada, of which approximately 14,500 would graduate with a diploma. Ms. Moore said it was her understanding that

approximately 40 percent of the 14,500 high school graduates would attend a Nevada public institution of higher education. Mr. Krolicki added that he thought the estimate of 6,500 was a good solid number.

Since Nevada has historically had a low percentage of graduating high school seniors who attend an institution of higher education in Nevada, Mr. Marvel thought the Millennium Scholarship Program might be one way to retain those students in Nevada. Mr. Krolicki noted that the State of Georgia offers a similar scholarship program to graduating high school seniors that it funds through a state lottery. Georgia has approximately a 60 percent participation rate in the scholarship program. In addition to offering an incentive to graduating high school seniors to attend college in Nevada, Mr. Krolicki thought the Millennium Scholarship Program could also accomplish one of the main goals of Governor Giunni's; that being, economic diversification and having a skilled workforce available 10 to 15 years from now to companies who wish to relocate in Nevada.

MR. MARVEL MOVED TO APPROVE ITEMS 5 AND 6. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 6. Office of the State Treasurer – Millennium Scholarship Trust Fund – FY 01** Addition of \$15,111,074 in Tobacco Settlement Income to establish work program for fiscal year.

Refer to testimony and motion for approval under item 5.

- 7. Office of the State Treasurer – Millennium Scholarship Administration – FY 00** – Addition of \$123,478 in Transfer From Other BA Same Fund to adjust expenditures for projected costs for the fiscal year.

Mr. Krolicki noted that items 7 and 8 were similar to items 5 and 6 that he had previously discussed.

Chairman Arberry wanted to know whether any of the 3.5 positions being requested in items 7 and 8 could be shared with the Prepaid Tuition Program, which currently has 3 full-time positions; thereby, reducing the total number of positions required. Mr. Krolicki said he had tried to be as conservative as possible with the 2 percent ability the Office of the State Treasurer has been allotted for the administration of the programs. Mr. Krolicki told the committee that the 2.5 positions being requested; namely: a Program Officer I, a .5 FTE Data Base Management Specialist, and an Account Clerk, were critical to the implementation of the Millennium Scholarship Program because by June of 2000, the Office of the State Treasurer needs to have a list of all of the high school students who are eligible for the Millennium Scholarships, distribute the list to the students to notify them of their eligibility, and distribute money to the correct locations of the community colleges or universities by next fall. Mr. Krolicki said, however, he hopes to be able to merge the Prepaid Tuition Program with the Millennium Scholarship Program to effect economies.

MR. DINI MOVED TO APPROVE ITEMS 7 AND 8. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 8. Office of the State Treasurer – Millennium Scholarship Administration – FY 01** – Addition of \$299,652 in Transfer From Other BA Same Fund to establish work program for the fiscal year.

Refer to testimony and motion for approval under item 7.

Chairman Arberry announced a 10-minute break for a meeting in Senator Raggio's office.

Chairman Arberry reconvened the meeting and directed Mr. Krolicki to continue his testimony on items 9, 10 and 11.

- 9. Office of the State Treasurer – Trust Fund for Healthy Nevada – FY 00** – Addition of \$21,399,900 in Tobacco Settlement Income and \$475,000 in Treasurer's Interest to adjust expenditures on the basis of projected income.

Continuing his testimony, Mr. Krolicki explained that items 9 and 10 were related to the Trust Fund for a Healthy Nevada and item 11 was related to the Trust Fund for Public Health. Mr. Krolicki said he wished to respectfully remind the committee that the tobacco settlement monies had been split up as follows: 40 percent of the proceeds go to the Millennium Scholarship Program, 50 percent to the Trust Fund for a Healthy Nevada and, since it is a perpetual fund, only the interest could be expended from the 10 percent allotted to the Trust Fund for Public Health. Mr. Krolicki said he was requesting authorization from the committee to fund the various programs and to set aside appropriate reserves.

Senator Raggio thought it would be appropriate for the record to reflect the testimony of Charlotte Crawford, Director, Department of Human Resources, regarding the positions being requested to implement the various programs.

Chairman Arberry recognized Ms. Crawford and asked her to speak in particular to the positions being requested in items 61, 62, 72 and 73.

Ms. Crawford apprised the committee that the work program in item 61 requests 2.25 positions in the current fiscal year. According to Ms. Crawford, a Management Analyst IV position, a Management Analyst II position, and a .25 Management Assistant II position were essential and need to be hired immediately in order to bring on line the Senior Prescription Program. She pointed out that the Request for Proposals (RFP) for the Senior Prescription Program had been published and at least four letters of intent to bid had been received. The time frame for receipt of the bids is next week. Although she realized the schedule was ambitious, Ms. Crawford said she hoped to have senior prescription benefits available in October of 2000 to seniors in Nevada who were eligible for the program. The 2.25 positions also would provide the fundamental support to the Healthy Nevada Task Force for the issuing, tracking and monitoring of the remaining program areas of the Task Force (reduce tobacco use and disability programs) for which the Department would be doing grants in order to support and move those programs along. Ms. Crawford indicated that the work program in item 62 contains a request for an Auditor position to come on line in January of 2001; however, she planned to defer this request until a time more closely aligned to January of 2001. In addition, items 72 and 73 contain a request for two positions--an Auditor and a Grants Planner--for the Division for Aging Services to support the 30 percent in funds allotted to Aging Services for the purpose of providing grants for independent living. Ms. Crawford said it was her intention to defer the positions in items 72 and 73 until a later time.

Chairman Arberry recognized Mrs. de Braga who asked Ms. Crawford if all of the positions being requested today had been recommended by the Task Force. Ms. Crawford indicated that although the Task Force had not commented specifically as to the number of positions that would be needed, it had supported the Department's request to have sufficient staff to administer the Senior Prescription Program and recommended that the Interim Finance Committee determine the appropriate level of staff support and review options that were available to finance the needed positions and related costs.

Mrs. de Braga suggested that it might be more appropriate for the Department to start with fewer positions and report back to the Interim Finance Committee at a later time if additional positions were needed. Ms.

Crawford said she had deferred all of the positions at this time, except 2.25 positions, adding that it was her belief those 2.25 positions were minimally necessary in order to bring the Senior Prescription Program forward in the time frame to have benefits available in October of 2000.

Senator Raggio pointed out that one of the reasons the committee had taken a recess this morning was to review and discuss the two legal opinions concerning the utilization of the administrative costs that were provided for in Assembly Bill 474 (1999 Legislative Session). According to Senator Raggio, there was a difference of opinion as to the limitations on the utilization of the administrative cost portion, which was not to exceed 2 percent under A.B. 474. Senator Raggio thought the discussion was helpful because Ms. Crawford had indicated that at least two positions could be deferred to a later date and the Auditor position that had been requested for the Director's office for the Senior Prescription Program would not be hired until January 2001.

Senator Raggio said that although he thought every one on the committee was in agreement that the programs delineated in A.B. 474, i.e., Millennium Scholarships and a Healthy Nevada, should be funded as fully as possible, the concern was how to limit administrative costs. It was Senator Raggio's recollection that there was very little debate on administrative costs during the 1999 Legislative Session. Also, he said he would not want to utilize General Fund money to the extent possible. With Chairman Arberry's consent, Senator Raggio said he was prepared to make a motion to approve the work programs relative to the 2.25 positions that are necessary to come on line as soon as possible and the Auditor position that would come on line in January 2001. He added that the other two requests would be deferred for a later meeting. The committee's approval of the work programs would be conditioned upon the approval of the Task Force for a Healthy Nevada, which has the authority to allocate the funding, to do so out of the administrative cost portion contained in A.B. 474. Senator Raggio suggested that utilizing the administrative funds insofar as possible to implement the programs would be the most expeditious approach to take and then the two money committees could clarify the procedures to everyone's satisfaction during the 2001 Legislative Session. Senator Raggio also thought this approach would preserve everybody's immediate concerns while not setting a precedent that would be very violative of either of the legal opinions.

Before accepting Senator Raggio's motion, Chairman Arberry wanted to know whether there were any additional questions or comments from the committee and he recognized Mrs. Freeman who wanted to know whether Senator Raggio's motion would include any existing agreements with the State Treasurer's Office regarding the use of the tobacco settlement funds. Chairman Arberry said the motion would not include those agreements.

SENATOR RAGGIO MOVED TO APPROVE THE WORK PROGRAMS IN ITEMS 9, 10, 11, 61, 62, 72 AND 73 INsofar AS THE 2.25 POSITIONS REQUESTED FOR THE SENIOR PRESCRIPTION PROGRAM TO COME ON LINE AS SOON AS PRACTICABLE. ONE AUDITOR POSITION WILL BE DEFERRED UNTIL JANUARY OF 2001, AND THE OTHER TWO POSITIONS IN ITEMS 72 AND 73 ARE TO BE DEFERRED FOR A LATER TIME. THE COMMITTEE'S APPROVAL WILL BE CONDITIONED UPON THE ALLOCATION OF THE FUNDING BY THE TASK FORCE FOR A HEALTHY NEVADA TO COVER THE COST OF THOSE PROGRAMS AS PREVIOUSLY OUTLINED FROM THE AMOUNT OF THE TOBACCO SETTLEMENT MONEY THAT WAS SET ASIDE FOR ADMINISTRATIVE COSTS. SECONDED BY MR. HETTRICK.

Chairman Arberry indicated that he had received a memorandum, dated April 8, 2000, from Ms. Crawford stating that she wished to defer items 72 and 73 in their entirety. A copy of Ms. Crawford's memorandum is included in the meeting minutes as Exhibit B. Senator Raggio said his motion would defer the two positions in items 72 and 73 and that the two work programs would need to be amended to accommodate the deferral of the two positions.

Before calling for a vote on the motion, Chairman Arberry inquired as to whether there were additional comments or questions from the committee and he recognized Ms. Giunchigliani who had a question.

After the discussion this morning, it was Ms. Giunchigliani's understanding that the requests would go back to the Task Force for an allocation and that the funding would not have to be taken from the 2 percent administrative costs. Ms. Giunchigliani contended that the dilemma for some of the committee members was the two conflicting legal opinions. While one of the legal opinions was nebulous, the other legal opinion contends that the approach being recommended would be precedent-setting. Ms. Giunchigliani thought it was important to make a correct policy decision now so the state agencies would not be adversely affected later on. Although she would agree with Senator Raggio that everyone wants to ensure that as much as possible of the tobacco settlement money goes to the recipients; i.e., the seniors, the students, and others, Ms. Giunchigliani said the committee had not yet reached agreement on the utilization of the funding. Ms. Giunchigliani said she could not support the motion if the administrative funding was going to be utilized at this time to fund the requests.

Chairman Arberry said he was under the impression that Senator Raggio's motion directs the requests back to the Task Force.

Senator Raggio said his motion does direct the requests back to the Task Force because it has the authority to allocate the tobacco settlement money. Senator Raggio indicated that the requests would have to be financed from the 2 percent available for administration or from other money within the tobacco settlement proceeds. Senator Raggio said he realizes that the 2001 Legislature would need to deal with the mechanics of this procedure. Senator Raggio also reminded the committee that the 1999 Legislature had promised to have the Senior Prescription Program on line during the interim and he thought his motion was the most expeditious way to accomplish that.

If the committee approves the requests today, Chairman Arberry asked Ms. Crawford when the Senior Prescription Program would be operational. Ms. Crawford said the funding would have to first be allocated by the Task Force. If the Task Force were able to convene at the earliest possible time so staff could be hired, Ms. Crawford said she would hope benefits could be delivered in October of 1999.

Chairman Arberry recognized Mr. Hettrick who said he wished to clarify that the funding needed for the positions would, in fact, be much less than the 2 percent limit on administration costs. According to Mr. Hettrick, it was not the intent of Senator Raggio's motion to limit anybody's ability to receive services from the tobacco settlement monies. He said, however, since a significant amount of the Trust Fund money would not be spent this year, Senator Raggio's motion would allow a small portion of the administrative dollars to be utilized for startup costs. Mr. Hettrick stressed that this would not limit a benefit to a single person in the current year. It was Mr. Hettrick's belief that the 2001 Legislature could change the procedure if necessary, but in the meantime no one would be denied benefits. In addition, Mr. Hettrick reminded the committee that Ms. Crawford had testified today that she needs the positions quickly so the benefits of the Senior Prescription Program could be delivered in October of 1999. Mr. Hettrick also noted that Senator Raggio's motion directs the requests back to the Task Force for a vote on the allocation of the money.

Chairman Arberry thanked Mr. Hettrick for his comments. Chairman Arberry told the committee that this would be the last time he would vote for designating another committee to deal with the finances when implementing a new program because it had created a dilemma for the Interim Finance Committee. Chairman Arberry said he did not mean to imply that other committees were not capable of such a task, but rather that such an arrangement places the Interim Finance Committee in a "box" because of having to second guess what the other committee wants to do.

Chairman Arberry recognized Mrs. Freeman. As Co-Chair of the Task Force, and the one who questioned the use of the tobacco settlement monies for administration, Mrs. Freeman said she would be supporting the

motion only because she realizes that the committee was between “a rock and a hard place” on this issue. She said it would be her hope, however, that if the Legislature ever passes a bill of this magnitude in the future it would make sure the legislative intent was clarified before sine die. Mrs. Freeman also told the committee that this process had been very uncomfortable for all concerned, but particularly the members of the Task Force, because no one wanted to limit services. Although she realizes that this type of arrangement had posed a problem for the Interim Finance Committee, Mrs. Freeman said she personally thought the discussion had been very helpful.

Chairman Arberry recognized Ms. Giunchigliani who said she wished to point out that the 2 percent administrative costs contained in A.B. 474 were not needed. It was Ms. Giunchigliani’s contention that because the 2 percent administrative costs would normally have been diverted to programs to serve more people, it had created the current debate and the debate comes down to the issue of setting a precedent. Ms. Giunchigliani said she was pleased that the motion would send the requests back to the Task Force for an allocation, but she questioned whether the motion directs that the funds must be taken out of the 2 percent limit on administrative costs.

Senator Raggio said he had clarified in his motion that the funding for the requests was to be financed with proceeds from the tobacco settlement. He said, however, since this was just a matter of accounting, it would seem logical to him to utilize a portion of the 2 percent administrative costs for this purpose. Also, since he thought the Senior Prescription Program was important to the seniors, Senator Raggio urged the committee to work together so this program could get started.

Chairman Arberry called for a vote on the motion, indicating that items 72 and 73 were deferred until the committee’s next meeting.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

10. **Office of the State Treasurer – Trust Fund for Healthy Nevada – FY 01** – Addition of \$18,888,841 in Tobacco Settlement Income and \$755,249 in Treasurer’s Interest to establish work program for the fiscal year.

Refer to testimony and motion for approval under item 9.

11. **Office of the State Treasurer – Trust Fund for Public Health – FY 01** – Addition of \$3,777,769 in Tobacco Settlement Income and \$289,741 in Treasurer’s Interest to establish work program for fiscal year.

Refer to testimony and motion for approval under item 9.

12. **Office of the Attorney General – Attorney General Special Fund – Consumer Advocate Regulatory – FY 00** – Addition of \$80,000 in Fines and Forfeitures to facilitate purchases of equipment for use by the Consumer Fraud Unit for enforcement activities utilizing forfeiture monies.

Mr. Timothy Hay, Consumer Advocate, explained the purpose of the request in item 12. Mr. Hay introduced Marilyn Skibinski, and Gene Etcheverry, Central Office, Office of the Attorney General, who he said would be happy to respond to questions from the committee.

If the committee approves the request in item 12, Mark Stevens, Assembly Fiscal Analyst, recommended that the work program be amended to place the funds requested to be expended in a special expenditure category and to include the funds that are to be reserved in a special reserve category as well.

To address Mr. Stevens’ comments, Mr. Etcheverry noted that although the Office of the Attorney General had not previously placed the forfeiture funds in a separate category, a separate category had been established this week for that purpose.

MR. HETTRICK MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

13. **Office of the Attorney General – Bureau of Consumer Protection – FY 00** – Addition of \$129,692 in Regulation Assessment to provide for legislatively approved Expert Witness requirements.

Ms. Skibinski explained that the committee’s approval of item 13 would provide authority for the Bureau of Consumer Protection to transfer \$129,692 in regulation assessment revenue based on the latest projections the Bureau received in February 2000, from the Public Utilities Commission (PUC). In addition, a portion of this money would be transferred to the Expert Witness category, to restore the expenditure authority in that category back to the legislatively approved amount for FY 2000.

Mr. Stevens pointed out that the PUC had submitted a corresponding work program (item 28) that requests authority to increase its transfer to the Bureau of Consumer Protection by \$140,000 above the legislatively approved amount. Since this work program only requests authority to accept an additional \$129,692 in revenue from the PUC, Mr. Stevens recommended that the work program be amended as follows:

Revenue G/L 3315 should be augmented by \$140,000.
Category 86 (Reserve) should be augmented by \$86,315.

MR. HETTRICK MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED. SECONDED BY SENATOR NEAL.

Chairman Arberry recognized Senator Raggio who wanted to know whether the motion was predicated on the PUC increasing the mil assessment to support this request. It was Senator Raggio’s understanding that PUC’s request (item 28) proposes a mil increase to the maximum amount that could be levied.

Chairman Arberry recognized Don Soderberg, Chairman, PUC, who explained that the mil assessment that generated the additional funds reflected in both this work program (item 13) and the PUC’s work program (item 28) was raised to the maximum by the PUC last May. As a result of that mil assessment and an underprojection of the revenues against which the mil assessment was applied, Mr. Soderberg indicated that more revenue was generated than was anticipated.

Senator Raggio asked Mr. Soderberg if it had been necessary to raise the mil assessment to the maximum level. Although he was a member of the PUC and voted to support the former Chairman's proposal to increase the mil assessment, Mr. Soderberg said he was not the Chairman of the PUC at that time. It was Mr. Soderberg's recollection that there were two significant issues that led the PUC to believe more money would be needed than was budgeted. One of the issues was a legal challenge, the nature of which he was not at liberty to discuss at this time.

Senator Raggio said he was trying to understand whether the additional authority was needed or whether the agency wanted to spend the extra money because the mil assessment was increased. Ms. Skibinski pointed out that the Bureau of Consumer Protection needs the additional authority to bring the money into the budget because the money would be collected through the PUC based on the current .75 mil assessment.

To respond to a question from Senator Raggio, Ms. Skibinski explained that the amount being requested for the Expert Witness category was needed this year, but it would not exceed the amount that was legislatively approved in the original budget request.

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.

14. **Office of the Attorney General – Victims of Domestic Violence – FY 00** – Addition of \$3,720 in Revenue General Ledger Account 4669 – Transfer Other B/A to Acceptance of STOP Grant funding to increase the position of Domestic Violence Ombudsman to 1.00 FTE from .75 FTE and to transfer \$33,000 from Category 86 – Reserve into Committee Expenses to facilitate funding of statutory responsibilities of the Batterer's Treatment Certification Committee (to include site visits, contractual services, etc.).

After introducing Ms. Dorene Whitworth, Grants and Projects Manager, Office of the Attorney General, Mr. Etcheverry explained the purpose of this request. Mr. Etcheverry also pointed out that the original budget submitted to the 1999 Legislature was not adequate in order for the Office of the Attorney General to accept the revenue from Domestic Violence fees charged throughout the state, or to provide for adequate committee expenses or a full-time Ombudsman. He said, however, he was able to balance forward sufficient funds from last fiscal year to accommodate those activities for the remainder of this fiscal year.

Chairman Arberry wanted to know how the Office of the Attorney General plans to pay the full-time salary of the Ombudsman in FY 2001. Mr. Etcheverry said he anticipates that the salary of the Ombudsman would be paid for from the Violence Against Women grant funding. The reason he did not prepare a work program for FY 2001, he explained, was because that grant had not yet been awarded. Mr. Etcheverry said he plans to come back to the committee when the grant award has been received.

Chairman Arberry asked Mr. Etcheverry if he planned to reduce the Ombudsman position back to .75 FTE if the grant award does not materialize. Mr. Etcheverry indicated that the Ombudsman position was supposed to be funded from Domestic Violence fees collected, but the fees had not been sufficient to this point in time to fund the Ombudsman position; therefore, he had applied for the grant to make up for the deficiency.

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

15. **Department of Education – ECIA Chapter 2 – State Programs – FY 00** – Transfer of \$35,000 from the Reserve Title II, Admin. Category to the Math/Science Demo Admin. Category to establish sufficient authority in Aid to Schools to cover remaining FY 2000 subgrants and move administrative funds to subgrants for demonstration of math and science projects.

Refer to motion for approval under item C.

16. **Department of Education – Child Nutrition – FY 00** – Acceptance of \$500,000 in Federal Summer Food, \$48,091 in Federal Admin. Cost Allowance, deletion of \$500,000 in Federal School Breakfast Program, \$54,057 in Federal Nutrition Ed Program, Transfer \$4,000 from the Operating category to the In-State Travel category, \$36,444 from the Aid to Schools category to the Information Services category, \$17,613 from the School Lunch category to the Indirect Cost category and \$500,000 from the School Breakfast category to the Summer Food category to move revenue and expenditure authority from the School Breakfast Program to the Summer Food Program and between operating categories to meet current projections of need.

Refer to motion for approval under item C.

17. **Department of Education – ECIA - Chapter 2 – State Programs – FY 00** – Addition of \$2,597,621 in School to Work (CFDA 84.278E) to increase authority for In-State Travel, Indirect Cost, Aid to Schools and Reserve.

Refer to motion for approval under item C.

18. **Department of Museums, Library and Arts – Library and Archives – FY 00** – Addition of \$38,800 in Institute of Museums and Library Services National Leadership Grant to implement the second phase of a five state collaborative project designed to increase library and curatorial services to American Indian tribal communities.

Refer to motion for approval under item C.

19. **Department of Administration – Budget & Planning – FY 00** – Transfer of \$26,500 from Information Services category to Special Studies category to meet total requirement of the Executive Branch share of the Single Audit.

Refer to motion for approval under item C.

20. **Department of Administration – Motor Pool Division – FY 00** – Addition of \$71,000 in Outside Vehicle Rentals and the transfer of \$71,000 from Reserve category to Vehicle Operating category to allow for additional revenue and costs associated with outside vehicle rentals through the State Motor Pool due to the level of rental requests being greater than availability of state vehicles; for higher maintenance costs due to the age of many vehicles in the Motor Pool fleet and for higher-than-anticipated fuel costs that have increased dramatically since the approval of the agency's budget.

Refer to motion for approval under item C.

21. **Department of Administration – Buildings and Grounds – Marlette Lake – FY 00** – Addition of \$46,506 in Budgetary Transfer, \$197,344 in Treated Water Sales and \$7,813 in Raw Water Sales to transfer appropriate authority for revenue and expenditures in FY 2000 from Carson Water Treatment Plant budget to Marlette Lake Water System fund as the former budget account is recommended for elimination.

Refer to motion for approval under item C.

22. **Department of Administration – Buildings and Grounds – Carson Water Treatment Plant – FY 00** – Deletion of \$46,506 in Balance Forward from Previous Year and \$187,076 in Treated Water Sales to eliminate the Carson Water Treatment Plant as it has ceased treating water effective 7/1/99 from the Marlette Lake Water System and now pays Carson City for total number of gallons of treated water used by state agencies through a cooperative agreement.

Refer to motion for approval under item C.

23. **Department of Administration – Buildings and Grounds – Marlette Lake – FY 01** – Addition of \$34,886 in Balance Forward from Previous Year, \$197,344 in Treated Water Sales and \$47,233 in Raw Water Sales to transfer appropriate authority for revenue and expenditures in FY 2001 from the Carson Water Treatment Plant budget to Marlette Lake Water System fund as the former budget account is recommended for elimination.

Refer to motion for approval under item C.

24. **Department of Administration – Buildings and Grounds – Carson Water Treatment Plant – FY 01** – Deletion of \$16,869 in Balance Forward from Previous Year and \$187,076 in Treated Water Sales to eliminate the Carson Water Treatment Plant as it has ceased treating water effective 7/1/99 from the Marlette Lake Water System and now pays Carson City for total number of gallons of treated water used by state agencies through a cooperative agreement.

Refer to motion for approval under item C.

25. **Department of Administration – Risk Management Division – State Employees Workers’ Compensation – FY 00** – Transfer of \$1,314,691 from Reserve category to EICON Premiums category to allow for the annual premium adjustment for the plan policy years of 1996, 1997 and 1998 as part of the Modified Retrospective Rating Plan.

Refer to motion for approval under item C.

26. **Department of Administration – Board of Examiners – Victims of Crime – FY 00** – Addition of \$188,443 in Federal Grant to allow for the receipt of federal grant revenue through June 30, 2000.

Refer to motion for approval under item C.

27. **Department of Taxation – FY 01** – Transfer of \$9,679 from the Operating category to the Personnel category to allow for the addition of one intermittent position in fiscal year 2000. As a result of S.B. 485, passed by the 1999 Legislature, the inmate work program from the Department was eliminated in July 1999. The Department was given an appropriation during each fiscal year for Stipends/Client Services (inmate payroll) in the Operating category. For fiscal year 2000, the Department has achieved enough salary savings to pay for this position out of current personnel authorizations. For fiscal year 2001, the Department would like to transfer the appropriation from the Operating category to Personnel.

Refer to motion for approval under item C.

28. **Public Utilities Commission – Regulatory Fund – FY 00** – Addition of \$1,650,000 in Regulatory Assessments and \$140,000 in Assessments for Consumer Protection to align projected revenues to reflect the mil assessment rate of 3.5 mils for regulatory assessments and .75 mils for consumer protection.

Don Soderberg, Chairman, Public Utilities Commission of Nevada (PUCN), introduced Crystal Jackson, Commission Secretary and Chief Budget Officer. Mr. Soderberg said the purpose of this work program was to transfer overcollections in regulatory assessments into the reserve category and to effectuate a transfer to the Bureau of Consumer Protection, which the committee approved in item 13 earlier today. Mr. Soderberg said he would be happy to respond to questions from the committee.

It was Senator Raggio’s understanding that approval of this work program would increase PUCN’s year-end reserve to approximately \$3.9 million and he questioned the need for transferring additional revenue into the reserve category when historically the agency had maintained a reserve balance in the \$700,000 to \$900,000 range, which approximates three to six months of payroll expense. It was Senator Raggio’s belief that having such a high reserve would beg to question whether the mil assessment could be reduced. Mr. Soderberg said the money was collected based on several assumptions that were brought before the PUCN last fiscal year when the mil assessment was set. Although those assumptions appeared to be realistic at the time, Mr. Soderberg said those assumptions had not materialized and the end of the fiscal year was fast approaching. Mr. Soderberg told the committee that he had no intention of bringing a subsequent work program to transfer the additional funds into an expense account. Mr. Soderberg agreed with Senator Raggio that PUCN’s reserve was dramatically high and that the money in the reserve category represents ratepayers’ money. Mr. Soderberg said he has directed his budget staff to meet with PUCN’s financial analyst in the Budget Division to try to find a more appropriate reserve target as well as develop a proposed mil assessment that would help PUCN reach that target. Mr. Soderberg said he planned to bring a proposal to the PUCN in May and it would be his hope that a lower mil assessment would be set for next fiscal year that would cover PUCN’s needs, while maintaining an appropriate reserve.

While he did not believe the committee wants to micromanage PUCN, Senator Raggio said he thought it would be helpful if PUCN could advise the committee at the next meeting as to the amount it had determined for reserve.

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

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

29. **Department of Business and Industry – Unclaimed Property – FY 00** – Addition of \$27,529 in Unclaimed Property Receipts to purchase the computer hardware and software necessary to allow the agency to link to the Treasurer’s Office network.

Steven McDonald, Administrator, Unclaimed Property Division, introduced Jack Christopher, Program Officer. Mr. McDonald requested committee approval to transfer \$27,529 to replace several components to update the computer system in the Unclaimed Property Division. Mr. McDonald indicated that he had left the Administrator position in the Unclaimed Property Division several years ago and had only recently returned to this position. In the meantime, his predecessor had not requested any computer enhancements during the 1999 Legislature. Since the Unclaimed Property Division was created in 1980, Mr. McDonald said that the Division had collected over \$100 million in unclaimed property through its regulatory enforcement efforts. The Division is responsible for maintaining an inventory of unclaimed property and making a concerted effort to locate the lawful owners or heirs so their assets can be returned to them. The state maintains custody of these assets in perpetuity. With the current computer system configuration, which is below the standard established by the Department of Information and Technology (DoIT), Mr. McDonald said it was impossible for the Division to stay abreast of the workload. He also noted that the Division’s computer system had “stalled,” requiring staff to reboot the system after advertising statewide and in several other states to locate lawful owners or their heirs. Mr. McDonald said he would be happy to respond to questions from the committee.

Chairman Arberry wanted to know whether the Unclaimed Property Division plans to purchase the computer equipment through DoIT or on its own. Mr. McDonald said he had worked with the information specialist in the Office of the State Treasurer along with DoIT staff before selecting the standard packages established by DoIT.

It was Ms. Giunchigliani’s understanding that an interlocal contract between the Department of Business and Industry and the Office of the State Treasurer relating to the Division of Unclaimed Property was approved in October 1999, and she wanted to know who the signatories were on that contract. It was Mr. McDonald’s understanding that the interlocal contract had been approved by the Governor and the State Treasurer to allow the Unclaimed Property Division to work closely with the Office of the State Treasurer in the administration of unclaimed property.

Ms. Giunchigliani wanted to know whether the provisions in the interlocal contract were similar to the provisions in Senate Bill 125 that was introduced during the 1999 Legislative Session, but was not enacted. Ms. Giunchigliani recalled that similar bills were introduced, but were not passed during the 1997 and 1995 Legislative Sessions as well. In addressing Ms. Giunchigliani’s question, Brian Krolicki, State Treasurer, said he had met with several members of this committee and others to discuss the feasibility of moving unclaimed property to the Office of the State Treasurer. Although he said he was aware that similar proposals had been turned down by the legislature a number of times, Mr. Krolicki said it was his belief that there were several compelling reasons why such a proposal should go forward. The National State Treasurers’ Organization, for example, has a dedicated network for unclaimed property. In addition, many of the resources currently available in the Office of the State Treasurer and many of the activities in the Office of the State Treasurer relate to unclaimed property.

While she did not want to debate the issue, Ms. Giunchigliani expressed concern that legislation had been brought forth to a number of legislative sessions that was not approved and she viewed Mr. Krolicki’s proposal as a total circumvention of the legislature. Ms. Giunchigliani suggested that if Mr. Krolicki wants to make his case, the proposal should be brought back to the 2001 Legislature rather than having an interlocal contract; otherwise, there was no need to have 63 members of the legislature. Mr. Krolicki indicated that the interlocal contract simply states that the Office of the State Treasurer shall assist unclaimed property. Mr. Krolicki said he hoped to show the added value of unclaimed property being associated with the Office of the State Treasurer while legally being under the Director’s Office in the Department of Business and Industry. Since the interlocal contract expires June 30, 2001, Mr. Krolicki said it was his intent to propose legislation to the 2001 Legislature that would effectuate a transfer of Unclaimed Property to the Office of the State Treasurer.

Senator Raggio said it was his understanding that the amount of the request needs to be reduced by \$180.

SENATOR RAGGIO MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED. SECONDED BY SENATOR NEAL AND MOTION CARRIED BY VOICE VOTE WITH MS. GIUNCHIGLIANI AND MRS. DE BRAGA VOTING NO.

30. **Department of Business and Industry – Manufactured Housing – Lot Rent Trust Subsidy – FY 00** – Transfer of \$70,000 from the Reserve category to the Lot Rent Subsidy Payments category to provide funds for the subsidy payments for the months of May and June, 2000.

Refer to motion for approval under item C.

31. **Department of Business & Industry – Housing Division – FY 00** – Addition of \$1,120,000 in Cost of Issuance to cover costs of issuance for an increased amount of mortgage revenue bonds for single and multi-family loans to meet increasing demands throughout the state.

Refer to motion for approval under item C.

32. **Department of Business and Industry – Common Interest Communities – FY 00** – Transfer of \$12,324 from Reserve category to Personnel Services category, \$4,364 from Reserve category to Operating category, \$4,956 from Reserve category to Equipment category, \$37,329 from Reserve category to Information Technology category to provide funding for two new positions and associated costs to support the Ombudsman Office in the Common Interest Communities Program.

Speaking to items 32 and 33, Sydney Wickliffe, Director, Department of Business and Industry, introduced Shirley Petro, Deputy Administrator, Real Estate Division. Ms. Wickliffe explained that the Ombudsman Office in the Common Interest Communities Program became operational approximately 1-1/2 years ago. Since that time, the 1999 Legislature shifted the collection of the annual \$3 door fee from the Office of the Secretary of State to the Real Estate Division, effective July 1, 2000. According to Ms. Wickliffe, the function of the Ombudsman Office was to create a database, maintain the registration of homeowners’ associations, bill and collect for the \$3 fee, mediate disputes between common interest community homeowners, homeowners associations, or boards. The Ombudsman Office also provides education about NRS 116, Roberts Rules of Order, or anything that would be pertinent. Ms. Wickliffe noted that there were approximately 1,200 homeowners associations at the present time and about 250,000 homeowners.

Continuing her remarks, Ms. Wickliffe noted that the two requests include funding for a Program Assistant I position to perform the clerical duties relating to the fee collection and database and a Program Officer I position to assist the Ombudsman in initially screening disputes and mediating disputes through resolution. The Real Estate Division originally thought that the two positions would have to be located separately from the Bradley Building. She said, however, State Treasurer Krolicki had recently confirmed that the Unclaimed Property Division would be relocated from the Bradley Building, providing space for the two positions. As a result, Ms. Wickliffe said the request for computer equipment would need to be deleted. Ms. Wickliffe provided a revised estimate of approximately \$29,000 for the remainder of FY 2000 and \$88,000 for FY 2001 and she added that amended work programs would be provided showing the detailed amounts. For the committee’s information, Ms. Wickliffe stated that the current reserve amount was approximately

\$400,000. Ms. Wickliffe said she would be happy to respond to questions from the committee.

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

SENATOR O'DONNELL MOVED TO AMEND ITEMS 32 AND 33 AND APPROVE AS AMENDED. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

33. **Department of Business and Industry – Common Interest Communities – FY 01** – Transfer of \$73,652 from Reserve category to Personnel Services category, \$16,468 from Reserve category to Operating category, \$11,805 from Reserve category to Information Technology category to provide funding for two new positions and associated costs to support the Ombudsman Office in the Common Interest Communities Program.

Refer to testimony and motion for approval under item 32.

34. **Department of Agriculture – Registration & Enforcement – FY 00** – Addition of \$147,360 in Pesticide Registration and \$28,080 in Fertilizer Registration to cover new Chemist III position and attendant operating, equipment, information services and training expenses associated with the position and provide funding for department's Cost Allocation Plan.

Speaking to items 34 and 35, Rick Gimlin, Administrative Services Officer, Department of Agriculture, introduced Paul Iverson, Director, Department of Agriculture. Mr. Gimlin requested additional revenue authority for FY 2000 and FY 2001 for the Registration and Enforcement budget, which is charged with the responsibility to ensure that the contents of fertilizers and pesticides match the contents on the label. In addition, the funds would be used to hire a Chemist III, primarily to deal with growth and workload issues. Although registration of fertilizers and pesticides has increased 5 to 7 percent over the last several years, the Department does not currently test fertilizers due to the lack of staff. Data from other states indicate that fertilizers approach a 40 percent failure rate in contents matching label requirements. The Chemist III position was originally requested during the 1999 Legislature. He said, however, the position was withdrawn because the Department had insufficient funds in reserve at that time to fund the position. These funds would also be used to offset the Department's Cost Allocation Plan, which becomes active in FY 2002.

Rather than circumventing the legislature, Mrs. Chowning said she wished to commend the Department of Agriculture for doing exactly what the 1999 Legislature told it to do; i.e., raise the funds necessary to fund the Chemist III position and return to the Interim Finance committee to obtain approval to hire the position. Mrs. Chowning wanted to know whether the pesticide and fertilizer industries had supported the increase in fees and whether the fee increase adopted by the Board of Agriculture would produce sufficient revenues to ensure that the Registration and Enforcement Program would be able to pay its portion of the administrative costs of the Department. Mr. Gimlin acknowledged that the Department had gone through the hearing process before increasing the fees and that the fertilizer and pesticide industries as well as the Governor supports the increase. Mr. Gimlin indicated that the revenue from the increased fees would be used to offset the Department's Cost Allocation Plan as well as the cost of the Chemist III position and equipment.

MRS. CHOWNING MOVED TO APPROVE ITEMS 34 AND 35. SECONDED BY MR. MARVEL.

Since the lady that was attacked by Africanized bees in Las Vegas was her constituent, Ms. Giunchigliani wanted to know whether anything was being done regarding the Africanized bee problem in Clark County. Mr. Iverson apprised the committee that the Department was doing everything possible to address the Africanized honey bee problem in Las Vegas. Mr. Iverson emphasized that the Africanized honey bee problem was not going to go away, but rather it would continue to increase in scope. Mr. Iverson thought it was very fortunate that the lady who was stung over 500 times by the Africanized bees did not die. Since this type of incident could occur again, Mr. Iverson noted that a major meeting was going to be held in a couple of weeks with all of the decision makers within Clark County to discuss long-term goals and long-term funding to address this problem. Although the Department's present role was to sample, identify, collect data, and monitor the movement of the Africanized honey bees, it was Mr. Iverson's belief that it was imperative that the Department start addressing control. As an example, Mr. Iverson said he had recently seen a bill from a local pest exterminator company that indicated the company had controlled 78 beehives and swarms. Since the Africanized honey bees are in Mesquite now, Mr. Iverson indicated that the Department plans to expand its monitoring zone to assess the movement of the bees and it would be working hard in conjunction with the pesticide companies and with Clark County to try to get a handle on control.

It was Senator Coffin's belief that the Africanized bee problem had become a public safety issue. Instead of people having to look up the telephone number of a pest control company when an emergency occurs relating to the Africanized bee problem, Senator Coffin suggested that the Department instruct people to dial 911 because he thought police agencies, which were funded by local governments, should be responding to those types of emergencies. The police agencies could contract with licensed pest control companies to actually handle the eradication problem.

Mr. Iverson agreed with Senator Coffin that the time had come to address the Africanized bee problem as a public health issue. Mr. Iverson said the counties and the cities need to get involved in the bee problem because no matter how many bees were killed, the remaining bees would expand their habitat to fill up the void.

Although he was sad to see honey bees having to be eradicated, Senator Coffin said he had noticed a change in other pollinators filling the void in the Las Vegas Valley. Mr. Iverson pointed out that it would never be possible to destroy all of the Africanized honey bees. South America, as an example, tried to destroy the Africanized honey bees in a very small area and failed. He said, however, the Las Vegas Valley by comparison was a very large area. Senator Coffin thought the Africanized honey bees would migrate to western Nevada within 2 years.

Mr. Perkins said he first wished to echo Mrs. Chowning's prior comments. Mr. Perkins said, however, he was trying to understand why the fee increase was approved now, but was not approved during the 1999 Legislature.

It was Mrs. Chowning's recollection that the Department of Agriculture did not have sufficient funds during the 1999 Legislative Session to hire the Chemist III position without depleting its reserve and subsequently the pest control and fertilizer industries partnered with the Department by agreeing to raise their own fees to support the position.

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.

35. **Department of Agriculture – Registration & Enforcement – FY 01** – Addition of \$147,360 in Pesticide Registration and \$28,080 in Fertilizer Registration to cover new Chemist III position and attendant operating, equipment, information services and training expenses associated with the position and provide funding for department's Cost Allocation Plan.

Refer to testimony and motion for approval under item 34.

36. **Department of Agriculture – Grade and Certification – FY 00** – Addition of \$35,900 in Pest Survey Grant to provide salaries for seasonal and intermittent staff for the Pest Survey Cooperative Agriculture Program.

Refer to motion for approval under item C.

37. **Commission on Mineral Resources – Minerals – FY 00** – Addition of \$55,000 in AML Securing Fee to allow for the acceptance of unexpected AML Securing Fees to pay for the additional cost of hiring two temporary summer interns to secure abandoned mines.

Refer to motion for approval under item C.

38. **Commission on Mineral Resources – Minerals Division – Bond Reclamation Pool – FY 00** – Addition of \$350,000 in Sale of Equipment to allow the Division of Minerals to recover the full costs incurred by the bond pool as a result of the bond pool participant forfeiture. This work program will also grant the Division the authority to transfer \$50,000 to the operating budget to cover administrative costs incurred as a result of this forfeiture.

Refer to motion for approval under item C.

39. **Department of Business and Industry – Taxicab Authority – FY 00** – Transfer of \$42,196 from Reserve category to Equipment category to purchase two (2) replacement vehicles.

Refer to motion for approval under item C.

40. **Department of Human Resources – Purchase of Social Services – FY 00** – Addition of \$356,576 in Federal TANF Block Grant and a deletion of \$561,008 in Federal Social Services Block Grant to reduce Social Services Block Grant allocations to state programs as a result of federal reductions and to provide for TANF Block Grant funding to partially offset the reductions.

Blaine Rose, Administrative Services Officer, Department of Human Resources, requested to address companion items 40, 48, 49, 65 and 87, which are component parts of a Title XX state funding reduction. For Federal Fiscal Year (FFY) 2000, Ms. Rose explained that the State of Nevada's Title XX Social Services Block Grant was cut at the federal level by \$500,000. The Department attempted to address that revenue shortfall by asking the various divisions to assess their Title XX funds internally to determine which areas could be cut voluntarily. The result of this action was that the Department was able to absorb approximately \$204,000 of the \$561,008 shortfall. Ms. Rose apprised the committee that the Department was requesting that the TANF Block Grant funding from the Welfare Division be used to finance the balance of the shortfall. Ms. Rose said that the Administrative Services Officers from the specific divisions whose budgets were affected by those reductions are available to respond to questions from the committee.

Since items 40, 48, 49, 65 and 87 require a public hearing, Chairman Arberry opened the meeting to a public hearing. After inquiring as to whether anyone in the audience wished to testify and hearing no response, Chairman Arberry closed the public hearing and entertained a motion to approve the five requests.

MR. MARVEL MOVED TO APPROVE ITEMS 40, 48, 49, 65 AND 87. SECONDED BY SENATOR O'DONNELL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

41. **Department of Human Resources – Community Services Block Grant – FY 00** – Addition of \$194,655 in Federal Community Services Block Grant to allocate increase of block grant award to sub-recipients and to provide for additional salary, travel, operating and equipment costs through the remainder of the fiscal year.

Ms. Rose explained that the federal Community Services Block Grant was increased this fiscal year to provide for an additional \$194,655 in state authority to match the amount of the federal grant.

Chairman Arberry opened the meeting to a public hearing. After inquiring as to whether anyone in the audience wished to testify, and hearing no response, Chairman Arberry entertained a motion to approve the request.

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

42. **Department of Human Resources – State and Community Collaborations – FY 00** – Addition of \$188,875 in Even Start Literacy Grant to implement a two-year process to evaluate and make recommendations regarding the effectiveness of family literacy programs throughout the state; includes the addition of 1.51 FTE and associated operating, travel and equipment costs as well as contractual services for training, technical assistance and conference support associated with literacy activities.

Speaking to items 42 and 43, Ms. Rose noted that the two work programs, one for FY 2000 and the other for FY 2001, would bring in new federal funding into the Department of Human Resources for the 2-year Even Start Literacy Grant.

Mrs. Chowning questioned why the federal grant had been received by the Department of Human Resources rather than the Department of Education. As the prime sponsor of the legislation, Mrs. Chowning recalled that two different Legislative Sessions had provided appropriations for family literacy programs. Since there were already successful programs available at least in Clark County, Mrs. Chowning said she could see no reason to start all over again. Mrs. Chowning also pointed out that the family literacy programs were portable and could be taken from school to school.

In responding to Mrs. Chowning's question, Janelle Mulvenon, Administrator, Community Connections, Department of Human Resources, told the committee that when this grant was developed it involved 20 consortium members and those consortium members included the Department of Education, the Department of Human Resources, the Department of Museums, Library and Arts, the Cooperative Extension Service, and non-profit agencies. The group met six times and developed this grant. It was their consensus that Community Connections would submit this grant. Ms. Mulvenon pointed out that the grant application contained a letter from Mary Peterson, Superintendent of Public Instruction, Department of Education, indicating that the Department of Education supported the group's decision because it was a coordination systems

change development grant that would expand the capacities of local literacy services from infancy to adulthood.

Mrs. Chowning wanted to know whether Community Connections was going to be involved with the Family to Family Program as opposed to the classrooms and the teachers. Ms. Mulvenon indicated that Community Connections would be working with Even Start literacy programs coordinated by the Department of Education, Family to Family, Family Resource Centers, and the Department of Museums, Library and Arts initiatives. Ms. Mulvenon reiterated that the purpose of the federal grant was to expand literacy services across the lifespan so that there would be a common vision across the different initiatives in the State of Nevada.

Since there were no additional comments or questions from the committee, Vice Chairman Raggio entertained a motion to approve the requests.

MR. DINI MOVED TO APPROVE ITEMS 42 AND 43. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 43. Department of Human Resources – State and Community Collaborations – FY 01** – Addition of \$53,495 in Even Start Literacy Grant to continue implementation of a two-year process to evaluate and make recommendations regarding the effectiveness of family literacy programs throughout the state.

Refer to testimony and motion for approval under item 42.

- 44. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 00** – A transfer of \$2,050,000 from Current Year Medical Payments category to the Fiscal Agent category, \$14,500,000 from Current Year Medical Payments category to 1st Prior Year Medical Payments category, and \$980,000 from Current Year Medical Payments category to 2nd Prior Year Medical Payments category to cover projected fiscal agent billings through the remainder of FY 2000 and to provide for the increase in FY 98 and FY 99 medical payments to meet projected obligations through the remainder of FY 2000.

Refer to motion for approval under item C.

- 45. Department of Human Resources – Health Care Financing and Policy – Nevada Check-Up Program – FY 00** – Addition of \$13,373 in Federal Title XXI and \$7,200 transferred from Stale Claims Account to cover payment of a FY 99 printing claim from the State Printing Office.

Vice Chairman Raggio asked Mark Stevens, Assembly Fiscal Analyst, to explain the purpose of the requests in items 45 and 46. Mr. Stevens apprised the committee that the work programs in items 45 and 46 would provide for stale claim payments within the Health Care Financing and Policy budget. The legislative Fiscal Analysis Division staff has discussed the two requests with state Budget Division staff. According to Mr. Stevens, the Budget Division has developed a new procedure for payment of stale claims and these two requests represent the first payments to be processed under the new arrangement. Mr. Stevens said he would have no objections to the approval of the requests except that he would recommend the payments be isolated in a separate category rather than reflecting that the stale claim payments were being made out of the operating category.

MR. DINI MOVED TO AMEND ITEMS 45 AND 46 AS RECOMMENDED AND APPROVE AS AMENDED. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 46. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 00** – Addition of \$45,334 in Federal Title XIX and \$45,334 in Transfer from Stale Claims to pay for the Cost Benefit Report provided by the BDM/TRW contract as part of the division's Business Process Reengineering Study completed in FY 99.

Refer to testimony and motion for approval under item 45.

- 47. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 00** – Addition of \$103,553 in Reimbursement of Expenses to provide for the projected increase of birthing cost recoveries through the remainder of FY 2000.

Refer to motion for approval under item C.

- 48. Department of Human Resources – Division of Mental Health and Developmental Services – Sierra Regional Center – FY 00** – Addition of \$80,000 in Federal Title XIX and a deletion of \$80,000 in Social Services Block Grant to reflect reduction in the Social Services Block Grant at the Federal level.

Refer to testimony and motion for approval under item 40.

- 49. Department of Human Resources – Division of Mental Health and Developmental Services – Desert Regional Center – FY 00** – Addition of \$35,000 in Federal Title XIX and a deletion of \$35,000 in Social Services Block Grant to reflect reduction in the Social Services Block Grant at the Federal level.

Refer to testimony and motion for approval under item 40.

- 50. Department of Human Resources –Mental Health – Southern Nevada Adult Mental Health – FY 00** – Addition of \$135,000 in Transfer from Children Services to reimburse for pharmacy services supplied to the Division of Child and Family Services in Las Vegas.

Refer to motion for approval under item C.

- 51. Department of Human Resources – Mental Health – Southern Nevada Adult Mental Health – FY 00** – Transfer of \$650,000 from the Residential Treatment category to the Medications category and \$100,000 from the Professional Services category to the Medications category to fund medication costs for the remainder of the fiscal year.

Dr. James Northrop, Director, Southern Nevada Adult Mental Health Services (SNAMHS), introduced Ms. Gwen Bush, Administrative Services Officer. Dr. Northrop requested approval to transfer \$750,000 from

two categories in the SNAMHS' budget to cover an anticipated overexpenditure in the medication budget.

It was Vice Chairman Raggio's understanding that the medication budget had been built on an average cost per prescription of \$44.81 in FY 2000, but the actual cost per prescription was anticipated to be \$64.17 for FY 2000. To respond to Vice Chairman Raggio's comments, Dr. Northrop indicated that SNAMHS' caseload projections were just about where they were predicted to be, but the cost of medications had exceeded projections. Dr. Northrop noted that the original projections were based on the assumption that about 47 percent of the clients would receive newer and more modern medications; whereas, approximately 70 percent of the clients were receiving those medications. Dr. Northrop apprised the committee that the newer antipsychotic medications were high priced and that some of the medications that were third and fourth choice when the medication budget was originally projected were now first-line medications.

Vice Chairman Raggio wanted to know whether the transfer of funds from the Residential Treatment category would impact that program. Dr. Northrop indicated that the Residential Treatment Program had opened late. It was originally projected to have 16 beds. He said, however, due to some licensing issues and the cost to remodel the kitchen, the Residential Treatment Program had been restricted to 10 beds; thus, funding was available in the Residential Treatment category.

It was Senator Coffin's belief that SNAMHS was buying the antipsychotic drugs cheaper than State of Nevada employees since they were paying a negotiated cost of \$136, or almost 50 percent more, for antipsychotic medications. Dr. Northrop apprised the committee that SNAMHS buys the medications from a national consortium, which reduces the cost of the drugs significantly.

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

52. **Department of Human Resources – Health Division – Immunization Programs – FY 00** – Addition of \$4,421 in Federal Immunization Grants and a transfer of \$120,000 from County Vaccines category to Vaccines for Children category to revise funding source and expenditure category for Clark and Washoe immunization programs.

Refer to motion for approval under item C.

53. **Department of Human Resources – Health Division – Immunization Program – FY 00** – Deletion of \$4,822 in Robert Wood Johnson Private Grant and transfer of \$20,374 from Salary category to Kids Count category to fund data processing and training costs in the Immunization Registry Programs.

Refer to motion for approval under item C.

54. **Department of Human Resources – Health Division - Immunization Program – FY 00** – Addition of \$54,462 in Public Health Information Grant and a transfer of \$1,945 from Salary category to Nevada Wonder category to replace network file server and purchase software development for Immunization Registry.

Refer to motion for approval under item C.

55. **Department of Human Resources – Health Division – Health Facilities – FY 00** – Addition of \$114,728 in Clinical Laboratory Federal Grant, \$214,737 in Medicare Funds, \$103,920 in Lab Charge Fees and \$113,903 in Medicaid Charges to allow four and one-half new Health Facility Surveyor positions with associated support costs for operating, travel, furniture, and data processing.

Phil Weyrick, Acting Administrative Services Officer, Health Division, introduced Richard Panelli, Chief, Bureau of Licensure and Certification, and Becky Abba, Administrative Services Officer, Bureau of Licensure and Certification. Mr. Weyrick stated that this work program would augment revenue and expenditure authority to utilize the current federally approved budgets for Title XVIII and Title XIX for the federal year commencing October 1, 1999. In addition, the FY 2000 federal award approved the addition of 4.50 FTE Health Facility Surveyor positions to support the federal nursing home initiative and 1.0 FTE Health Facility Surveyor position to support the federal Outcome and Assessment Information Set (OASIS) mandates. No additional salary funding was requested in this work program due to vacancy savings. The work program also increases state authority for the Clinical Laboratory Improvement Amendment Program based upon a recent award and also increases budget authority for the environmental laboratory certification fees (general ledger 3804) based on actual revenues that were experienced in FY 1999.

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

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

56. **Department of Human Resources – Health Division – Alcohol and Drug Rehabilitation – FY 00** – Transfer of \$61,228 from the Reserve category to the Equipment category, \$72,721 from the Salary category to the Data Processing category, \$126,141 from the Salary category to the Block Grant category, \$23,345 from the Salary category to the Training category and \$60,000 from the Salary category to the Strategic Planning category to provide maintenance of effort matching expenditures for staff furniture, personal computers, training and respond to Legislative Counsel Bureau's audit findings.

Mr. Weyrick stated that this work program revises the expenditure authority in budget account 3170 (Bureau of Alcohol and Drug Abuse). According to Mr. Weyrick, the Division was requesting to use available authority in the salary and reserve categories to begin addressing fundamental infrastructure, service provider issues, as well as statutory requirements in NRS 458.025.

Vice Chairman Raggio opened the meeting to a public hearing. Vice Chairman Raggio inquired as to whether anyone in the audience wished to testify.

Vice Chairman Raggio recognized Kevin Quint, a treatment and prevention provider for the last 15 years in Nevada, and Chairman of the BADA Advisory Committee. Mr. Quint indicated that there were several people sitting in the audience who support BADA's request, but who do not wish to testify. It was Mr. Quint's belief that BADA was getting a new start with passage of Assembly Bill 181 (1999 Legislature). According to Mr. Quint, A.B. 181 was strongly supported by the treatment community and the Treatment Provider Association since it provided for BADA to be moved to the Health Division effective July 1, 1999. It was Mr. Quint's belief that BADA was currently under the capable leadership of the Health Division that had a proven track record. Mr. Quint said he was confident that this new relationship would result in BADA becoming more accountable and able to fulfill its mission. In concluding his testimony, Mr. Quint stated that approval of this request would enhance BADA's ability to be efficient in transacting daily business, equip BADA so that it could respond effectively to the Legislative Counsel Bureau's audit findings, and strategically infuse needed money into the treatment system.

Vice Chairman Raggio inquired as to whether anyone else wished to speak on this request. Hearing no response, Vice Chairman Raggio closed the public hearing.

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

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

57. **Department of Human Resources – Health Division – Communicable Disease Control – FY 00** – Addition of \$33,325 in Communicable Disease Grant to fund existing salaries and tuberculosis medical treatment in Clark and Washoe Counties.
- Refer to motion for approval under item C.
58. **Department of Human Resources – Health Division – Family Planning – FY 00** – Addition of \$148,285 in Family Planning Federal Grant to fund existing salaries, operating, medical, and support costs in the Teen Pregnancy Prevention Program.
- Refer to motion for approval under item C.
59. **Department of Human Resources – Health Division – Sexually Transmitted Disease Control – FY 00** – Addition of \$473,090 in Ryan White Federal Grant and a transfer of \$1,538 from Salary category to Comprehensive Care category to fund medications, counseling and grant services for persons who are HIV or AIDS positive.
- Refer to motion for approval under item C.
60. **Department of Human Resources – Health Division – Sexually Transmitted Disease Control – FY 00** – Addition of \$33,421 in Sexually Transmitted Disease Federal Grant to fund travel, training, testing equipment, and medical testing in Clark County for sexually transmitted diseases.
- Refer to motion for approval under item C.
61. **Department of Human Resources – Healthy Nevada Fund Administration –FY 00** – Addition of \$35,840 in Transfer from Special Revenue Account to implement the requirements of A.B. 474, 1999 Statutes, relating to the tobacco settlement funds; includes the addition of two full-time positions and their associated operating, travel, and equipment costs; reclassifies one existing position from a Management Assistant I to a Management Assistant II and increases that position from .75 FTE to 1.0 FTE to provide approximately 500 hours of clerical support annually for the task force and new staff.
- Refer to testimony and motion for approval under item 9.
62. **Department of Human Resources – Healthy Nevada Fund Administration – FY 01** – Addition of \$1,645,555 in Transfer from Special Revenue Account to implement the requirements of A.B. 474, 1999 Statutes, relating to the tobacco settlement funds; continues staff positions implemented in FY 2000; adds one full-time Auditor II position, effective January 1, 2001, to conduct annual evaluations of the Senior Prescription Drug Program, the Program to Prevent/Reduce Tobacco Use, and the Program to Improve Health Services for Children.
- Refer to testimony and motion for approval under item 9.
63. **Department of Human Resources – Welfare Division – Child Support Federal Reimbursement - Collection and Distribution Account – FY 00** – Addition of \$6,342,536 in IRS Collections to provide for payment of projected IRS Collections through the remainder of FY 00.
- Refer to motion for approval under item C.
64. **Department of Human Resources – Welfare Division – Child Support Federal Reimbursement - Collection and Distribution Account – FY 00** – Addition of \$1,500,000 in ESD Collections to provide for the payment of projected increases in ESD Collections through the remainder of FY 00 based on the Division’s collections experience as child support cases are converted to NOMADS.
- Refer to motion for approval under item C.
65. **Department of Human Resources – Welfare Division – Temporary Assistance to Needy Families – FY 00** – Addition of \$356,578 in Federal TANF Block Grant to provide TANF Block Grant funding to the purchase of Social Services budget to offset reduction in Federal Title XX revenue.
- Refer to testimony and motion for approval under item 40.
66. **Department of Human Resources – Welfare Division – Temporary Assistance to Needy Families – FY 00** – Transfer of \$400,000 from Job Retention Incentive category to Cash Assistance Payments category and \$400,000 from Emergency Diversion category to Cash Assistance Payments category to cover projected FY 00 shortfall in cash assistance payments due to an unanticipated increase in the percentage of Non-Needy Caretaker cases and the delay in implementing the Emergency Diversion Program.

Robert Anderson, Administrative Services Officer, Welfare Division, explained the purpose of the request. He also said he had prepared a supplemental handout, a copy of which is included in the meeting minutes as Exhibit C, which includes a graph on Temporary Assistance to Needy Families (TANF) projections that provides information on March actuals and April, May and June estimates at the new cost per recipient rate. According to Mr. Anderson, the transfer of \$800,000 should be sufficient to cover cash assistance payments through the end of the fiscal year.

Vice Chairman Raggio opened the meeting to a public hearing. After inquiring as to whether anyone in the audience wished to testify and hearing no response, Vice Chairman Raggio closed the public hearing and entertained a motion for approval.

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

67. **Department of Human Resources – Welfare Division – Welfare-to-Work Program – FY 01** – Addition of \$162,546 in Balance Forward from Previous Year and \$4,557,795 in Federal Welfare-to-Work Grant to continue Welfare-to-Work grant activities in FY 2001.

Refer to motion for approval under item C.

68. **Department of Human Resources – Welfare Division - Welfare to Work – FY 00** – Transfer of \$1,103,190 from the Reserve for Data System category to the SUPERSystem category to develop and implement a common intake, referral, tracking and payment system to provide functionality for the Welfare-to-Work, Self-sufficiency Grant and Employment and Training programs.

Mr. Anderson requested committee approval to transfer reserve funds to develop and implement the Welfare-to-Work SUPERSystem. Mr. Anderson said that the SUPERSystem project was instituted in 1998 and that Welfare Division staff had been developing the project plans since that time in conjunction with the Division's download extract information that it receives from the Integrated Financial System (IFS). Upon completion of the project, the Division would be able to access all service providers through the Internet. When the 1999 Legislature approved funding for the SUPERSystem, the Division had not yet developed the planning for the project nor did it have cost estimates; thus, this work program would transfer reserve money into the proper category to accommodate the costs associated with implementation of the SUPERSystem.

It was Vice Chairman Raggio's understanding that the Welfare Division plans to use approximately \$698,000 of a \$1-million TANF Block Grant allocation that was authorized by the 1999 Legislature for change orders to the Nevada Operations Multi Automated Data Systems (NOMADS) and other purposes. Mr. Anderson said \$1 million was approved by the 1999 Legislature to accommodate an allocation for the SUPERSystem, which he noted would combine a number of program activities. Mr. Anderson stated that the Division would be allocating costs to both the Welfare-to-Work federal grant and the TANF Block Grant since the clients were the same.

Vice Chairman Raggio expressed concern about using the funding for the SUPERSystem when NOMADS might need additional funding in the future. Mr. Anderson stated:

We have already built the bridge. There is a minor modification that needs to occur, but the download or the extract information is already being used in another project that we developed with the University of Nevada to track our clients. So, the infrastructure to download the required data elements and the client profile is already implemented and already programmed.

It was Senator O'Donnell's opinion that \$1,103,190 was a significant amount of money to be spending on data systems. To respond to Mr. Anderson's previous statement "we have already built the bridge," Senator O'Donnell wanted to know whether the individuals entering data into NOMADS would be the same individuals entering data into the SUPERSystem. Mr. Anderson indicated that a combination of information derived from case management on TANF clients would be used so that the same data does not have to be replicated again through entry into the WEB-enabled SUPERSystem. Mr. Anderson said that by using the bridge extract the Division hopes to eliminate duplicate entry work. This would enable the Division to have the profiles of all TANF clients that need to take advantage of the work activities, the counseling, the personal responsibility plans, the assessment activity, and all the things required in the Welfare Reform Act.

Senator O'Donnell said he wanted assurances from Mr. Anderson that the Division would not be returning to the Interim Finance Committee for additional funding for NOMADS at a later date. Mr. Anderson said he wished to assure Senator O'Donnell that he would not request additional funding for NOMADS at a later date.

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

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

69. **Department of Human Resources – Welfare Division – Child Support Federal Reimbursement – FY 00** – Addition of \$1,208,026 in Federal Child Support Program to cover payment of FY 99 claims from Esmeralda County for district attorney expenses incurred in June 1999 and from Washoe County for district attorney expenses incurred during the period of January 1999 through June 1999.

Refer to motion for approval under item C.

70. **Department of Human Resources – Welfare Division – Employment and Training Program – FY 00** – Addition of \$349,116 in Child Care Apprenticeship Grant to provide funding to the Washoe County School District, in association with Nevada's Association for the Education of Young Children, to initiate a Child Care Apprenticeship Program.

Refer to motion for approval under item C.

71. **Department of Aging Services – Older Americans Act - FY 00** – Addition of \$2,244 in Elder Abuse Federal Grant and \$44,924 in Ombudsman Federal Grant to provide for additional elder abuse travel, training, printing and grants in the Ombudsman Program for the elderly.

Refer to motion for approval under item C.

72. **Department of Human Resources – Aging Services – Tobacco Settlement - Fund for a Healthy Nevada – FY 00** – Acceptance of \$13,034 in transfer from Other B/A Same Fund to implement A.B. 474 (Tobacco Settlement funds) for a new Grants Analyst position and support costs to assist seniors with independent living.

Refer to item 9 for testimony and motion to defer this item until the next meeting.

73. **Department of Human Resources - Aging Services – Tobacco Settlement, - Fund for a Healthy Nevada – FY 01** – Acceptance of \$1,522,429 in Transfer from Other Budget Account Same Fund to implement A.B. 474 (Tobacco Settlement funds) for an existing Grants Analyst position and a new Auditor position and support costs to develop distribution of grant awards for support of senior citizens.

Refer to item 9 for testimony and motion to defer this item until the next meeting.

74. **Department of Human Resources – Child and Family Services – Children, Youth, & Family Administration – FY 00** – Addition of \$136,538 in Family Violence Grant to continue the program to provide shelter and related services for victims of family violence.
- Refer to motion for approval under item C.
75. **Department of Human Resources – Child and Family Services – Children Youth and Family Administration – FY00** – Addition of \$417,490 in Title IV-B Subpart 2 and a transfer of \$65,966 from the Salaries category to the Title IV-B Subpart 2 category to continue program to provide community-based family support services and family preservation services that serve families at risk or in crisis.
- Refer to motion for approval under item C.
76. **Department of Human Resources – Child and Family Services – Children, Youth and Family Administration – FY 00** – Addition of \$52,953 in Independent Living Grant to continue program to assist youth who have attained the age of 16 in making the transition from foster care to living independently.
- Refer to motion for approval under item C.
77. **Department of Human Resources – Child and Family Services – FY 00** – Addition of \$2,052,654 in Victims of Crime Act Grant and transfer of \$45,862 from the Salaries category to the Family Preservation category to continue program to enhance the development and expansion to victims of crime in three priority categories: domestic violence, sexual assault and child abuse.
- Refer to motion for approval under item C.
78. **Department of Human Resources – Child and Family Services – Child Abuse and Neglect – FY 00** – Addition of \$50,256 in Child Abuse and Neglect Grant, \$40,836 in Children Justice Grant and a deletion of \$105 in Title IV-B Subpart II Grant to continue programs to improve the child protective system and the handling and prosecution of child abuse and neglect cases; adds .49 FTE Program Assistant II.
- Refer to motion for approval under item C.
79. **Department of Human Resources – Child and Family Services - Youth Correction Services – FY 00** – Transfer of \$50,000 from Challenge Grant A category to Challenge Female Delinquents category and \$10,000 from Challenge Grant A Category to Challenge Grant B category, to continue program to provide aftercare services to paroled youth and to pass through funds to counties and non-profits to address the needs of female delinquent offenders.
- Refer to motion for approval under item C.
80. **Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 00** – Addition of \$63,727 in Federal Challenge Grant to continue the program to provide funds to counties for innovative programs dealing with juvenile offenders and to provide treatment services to paroled youth and their families.
- Refer to motion for approval under item C.
81. **Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 00** – Addition of \$260,000 in Title V Incentive Grants for Local Delinquency Prevention Programs to continue programs for local governments to develop more effective prevention programs to improve the juvenile justice system through risk and protective factor focused programming.
- Refer to motion for approval under item C.
82. **Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 00** – Addition of \$86,285 in Office of Juvenile Justice Delinquency Prevention Program to continue programs that design, test and demonstrate effective approaches, techniques and methods for preventing and controlling juvenile delinquency.
- Refer to motion for approval under item C.
83. **Department of Human Resources – Child and Family Services – Community Juvenile Justice Programs – FY 00** – Addition of \$36,942 in Office of Juvenile Justice Delinquency Prevention Programs to continue juvenile delinquency programs at the local level.
- Refer to motion for approval under item C.
84. **Department of Human Resources – Child and Family Services – Youth Community Services - FY 00** - Addition of \$44,395 in Independent Living Grant to continue the program to assist youth, who have attained the age of 16 in making the transition from foster care to living independently.

Stephen Shaw, Administrator, Division of Child and Family Services (DCFS), introduced James Baumann, Administrative Services Officer, and Terri Sulli, Management Analyst.

Vice Chairman Raggio expressed concern as to whether an augmentation would be necessary in FY 2000 to meet projected foster care, child placement, and adoption subsidy expenses in budget account 3229. Mr. Shaw indicated that the last encumbrance report projected a deficit of \$2.7 million. Mr. Shaw said that budget account 3229 was very difficult to predict because it fluctuates up and down. The Foster Care category, as an example, has been overspent and the Adoption Subsidies category has increased 48 percent in 12 months. Although DCFS has been striving to reduce the shortfall, Mr. Shaw said that it was a delicate balance placing siblings together and that DCFS does not control the “front door” in terms of the number of children coming in. Mr. Shaw said he was not prepared to state at this time that \$2.7 million was an accurate projection because he hoped to be able to reduce the shortfall.

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

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

85. **Department of Human Resources – Child and Family Services – Northern Nevada Child and Adolescent Services – FY 00** – Addition of \$35,936 in Community Mental Health Services Block Grant to provide contract in-home and out-of-home respite care services to severely emotionally disturbed children and their families in northern and rural Nevada.

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

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

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

86. **Department of Human Resources – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 00** – Addition of \$53,903 in Community Mental Health Services Block Grant to provide contract in-home and out-home respite care services to severely emotionally disturbed children and their families in southern Nevada.

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

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

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

87. **Department of Human Resources – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 00** – Deletion of \$60,545 in Medicaid Rehab and \$89,430 in Title XX to reflect reduction in the Social Services Block Grant at the Federal level.

Refer to testimony and motion for approval under item 40.

88. **Department of Employment Training and Rehabilitation – Technical Assistance and Monitoring – FY 00** – Addition of \$34,305 in Balance Forward, \$12,288,634 in Technical Assistance and Monitoring, and \$339,355 in filing fees is to create a new budget to account for the Workforce Investment Act funds and continuation of the Displaced Homemaker Program. Incumbents in State Job Training are being transferred to this budget pursuant to the letter of intent.

Carole Jackson, Director, Department of Employment, Training and Rehabilitation (DETR), said the purpose of this work program was to create a new budget account, 101-1007 (Technical Assistance and Monitoring), to receive \$12,288,634 in federal funds to administer the Workforce Investment Act, which was passed August 1, 1998, effective July 1, 2000, and to transfer staff from budget account 101-1006 (State Job Training Office) in accordance with the Letter of Intent issued by the Senate Committee on Finance and the Assembly Committee on Ways and Means during the 1999 Legislative Session. This work program also continues the Displaced Homemaker Program in the newly created budget account 101-1007.

In addition, Ms. Jackson told the committee that several significant changes would occur with the implementation of the Workforce Investment Act. Under a user-friendly One-Stop Service Delivery System, 19 required one-stop partners and 5 optional partners would collaborate to provide job seekers and employers with enhanced and seamless access to numerous workforce investments, educational and other human resource services, activities, and programs at the “street level.” The federal law requires that participants be tracked for approximately 18 months and it also requires universal access. She estimated that approximately 124 databases would need to be tracked to comply with the federal law. In addition, the federal law requires the development of youth councils so that they could decide the type of training programs in which they would like to get involved and it also sets aside 5 percent of the grant for administration to assist not only the local providers as they submit Request for Proposals (RFP) but to move forward with making sure that this program was implemented as it should be. She also noted that 10 percent of the grant would be set aside to allow for statewide activities. In concluding her testimony, Ms. Jackson noted that the Unified State Plan was submitted to the U.S. Department of Labor a few days ago in compliance with the federal law and that she would be happy to respond to questions from the committee.

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

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

89. **Department of Employment, Training and Rehabilitation – Technical Assistance and Monitoring – FY 01** – Addition of \$73,646 in Transfer from Other B/A Same Fund to continue Welfare-to-Work funding and activities.

Refer to motion for approval under item C.

90. **Department of Employment, Training and Rehabilitation – State Job Training Office – FY 00** – Acceptance of \$723,000 in 1999 Mining Grant Project Federal Grant to continue the Mining Project for dislocated workers affected by the closures and mass layoffs in the mining industry.

Refer to motion for approval under item C.

91. **Department of Employment, Training and Rehabilitation – Employment Security Division – FY 00** – Addition of \$667,512 in Federal Administration Cost Allowance to provide additional support for the NAFTA Trade Adjustment Assistance Program.

Refer to motion for approval under item C.

92. **Department of Employment, Training and Rehabilitation – Vocational Rehabilitation – FY 00** – Acceptance of \$837,973 in Federal Section 110 funds to assure the availability of vocational assessment services

and assist Department of Transportation in establishing a rural public transportation system that links persons with disabilities to medical services, vocational training programs and employers.

Refer to motion for approval under item C.

- 93. Department of Employment, Training and Rehabilitation – Community Based Services – FY 00** – Addition of \$5,000,000 in G/L 4861 Transfer From Tobacco to pay for the costs of consultant, site, and developers fees, construction, site work, development (e.g., title, recording, tax, insurance, and various building and utilities fees), and a contingency of 15 percent of construction and site work costs. Land is expected to be acquired at no cost; therefore, land cost is excluded from the project budget.

Ms. Jackson explained that this work program was the result of passage of Assembly Bill 474 (1999 Legislative Session), which granted \$5 million to DETR out of the tobacco settlement monies for a life transitional program to be established through Accessible Space, Incorporated (ASI), the developer of the project, including the costs of a consultant, site, and developer's fees, construction, site work, development, and a 15 percent contingency fee. The money will be allocated to the Office of Community Based Services, budget account 3266, and passed through to ASI to continue building affordable and accessible housing. According to Ms. Jackson, it was DETR's intent for ASI to design a Life Transition Center, which was included in A.B. 474, to provide integrated housing, physical, cognitive, and social rehabilitation, life skills training, and independent living support services for people with disabilities in southern Nevada. DETR also hopes to bring in a number of community based-programs, both non-profit and for profit. In concluding her testimony, Ms. Jackson apprised the committee that DETR anticipates the Life Transition Center to be completed by April of 2002.

Mrs. Freeman questioned why DETR needs to hire a consultant. Ms. Jackson said she did not believe there was another program like this one in Nevada since it would create a one-stop system for services for disabled individuals. The Life Transition Center was originally envisioned as a 50,000 square foot building rather than a 40,000 square foot building. It was Ms. Jackson's belief that a consultant was needed because of the number of programs that were going to be housed in one building.

Mrs. Freeman thought there was a similar facility in Reno. Ms. Jackson acknowledged that the William J. Raggio Center in Reno and the Delbert Frost Center in Carson City do provide affordable and accessible housing, but she did not believe they were the same concept as the Life Transition Center, which proposes to bring together a huge group of different disciplines in one location to help disabled individuals.

While she did not want to take up any more of the committee's time, Mrs. Freeman asked Ms. Jackson to provide additional written information to her so she could better understand this proposal.

As a member of a very large family, Ms. Jackson said she wished to state for the record that one of her brothers who experienced a traumatic brain injury about 2-1/2 years ago while at work does access services through Workers Compensation Insurance and ASI's Nevada Community Enrichment Center.

Mrs. Chowning wanted to know whether a site had been chosen. Ms. Jackson said a site had not been selected; however, site location was one of the components of the business plan.

Mr. Goldwater said he hoped to clarify this proposal. According to Mr. Goldwater, A.B. 474 allocated the funding to ASI to design-build the Life Transition Center in Clark County. Mr. Goldwater noted that ASI was based out of Minnesota and was an excellent company with a proven track record. Although a number of sites have been considered, Mr. Goldwater thought the sites had been narrowed down to about three or four; namely: a parcel of Clark County land located on Warm Springs and the Express Way, a parcel of land belonging to Community College of Southern Nevada (CCSN), and a parcel of land owned by Las Vegas. He thought a decision would be made on the site within the next several weeks. It was Mr. Goldwater's belief that an approximate 8 to 9 acres of Clark County land located on Warm Springs and the Express Way was the preferable site and he was hopeful that Clark County would offer favorable lease terms. Mr. Goldwater told the committee that he thought this was a very exciting project and he hoped the Life Transition Center would be operational in a short period of time because there was a tremendous need for such a facility. Mr. Goldwater urged the committee to support this request.

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

- 94. Department of Employment, Training and Rehabilitation – Community Based Services - FY 00** – Transfer of \$109,203 from Reserve category to Hearings Devices category to fund increases in billable minutes for telecommunications relay services that are expected to continue through the end of the fiscal year.

Refer to motion for approval under item C.

- 95. Department of Prisons – Director's Office – FY 01** – Addition of \$288,646 in Budgetary Transfer to transfer funds from LCC and Medical Division to provide the required matching funds for the federal grant for the Prisoner Release Drug Court Program and Parole and Probation Requirements of S.B. 184.

Speaking to items 95, 97 and 103, Judge Jack Lehman, Eighth Judicial District Court, Clark County, recalled that the 1999 Legislature had passed Senate Bill 184, authorizing the early release of eligible prisoners into a Drug Court Program in an effort to reduce the recidivism rate of drug addicts by as much as 80 percent who are serving time in Nevada state prisons. At the present time, Judge Lehman noted that the Drug Court Program in Clark County had graduated 1,340 people over the past 7-1/2 years that it has been operating. Since only 260 have been rearrested over the 7-1/2 year period, Judge Lehman said that the recidivism rate was 19 percent. Judge Lehman said he had discussed S.B. 184 during the National Association of Drug Court Professionals, which met in Washington, D.C. last year, and the U.S. Justice Department had recently indicated that it would provide a grant in the amount of \$416,250, which would require a 25 percent state match of \$138,750 over a 2-year period, for a total of \$555,000.

Judge Lehman said he was proposing to include 100 prisoners from Clark County and 50 prisoners from Washoe County in the pilot program. The Governor's Office and Bob Bayer, Director, Nevada Department of Prisons (NDOP) have advised him that \$138,750 was available within existing NDOP budgets to provide for the state match for the Drug Court Program. With the committee's approval of the funding, Judge Lehman said he would anticipate implementing the program within 90 days and he would hope to have some significant results by the time the legislature meets in 2001. Judge Lehman said he would be happy to respond to questions from the committee. A copy of Judge Lehman's letter dated April 3, 2000, supporting the implementation of a Drug Court Program, is included in the meeting minutes as Exhibit D.

Chairman Arberry recognized Judge Peter Breen, Second Judicial District Court, Washoe County. Judge Breen said he presides over the Drug Court Program in Washoe County and he wished to echo Judge Lehman's previous comments.

Chairman Arberry wanted to know if notification of the grant award from the U.S. Justice Department had been received. Judge Lehman apprised the committee that Judge McGee had verified that the funds were available when he was in Washington, D.C. last October.

To respond to several questions from Ms. Giunchigliani, Mr. Bob Bayer, Director, NDOP, directed the committee's attention to a proposed NDOP Information Bulletin, dated March 6, 2000, included on pages 95.9 through 95.29 of Volume IV of the meeting packets. Mr. Bayer said he would anticipate finalizing the Information Bulletin prior to the startup date of the Drug Court Program on July 1, 2000. Mr. Bayer said a decision had been made to combine all of the residential confinement regulations into one. Mr. Bayer indicated that the Prison Board had granted him the authority to put into place an institutional bulletin, which has the same force as a formal administrative regulation. Mr. Bayer said he hoped to have the finalized version of the Information Bulletin available for the Prison Board meeting in May and he would provide a copy of the bulletin to the legislative Fiscal Analysis Division staff at that time.

Ms. Giunchigliani wanted to know whether Mr. Bayer had been granted the authority by the Prison Board to use institutional bulletins for new programs as well as existing programs. It was Mr. Bayer's understanding that the Director could promulgate institutional bulletins, which have the same authority as administrative regulations, pending formal approval by the Prison Board. Mr. Bayer also indicated that institutional bulletins were never put into place until after having considerable discussions and routing them to the Office of the Attorney General for review and approval. Mr. Bayer contended that his authority, insofar as the regulations required to enact the new program, was derived from S.B. 184. Also, he did not consider the regulations required to enact the new program to be any different than those that were promulgated to enact the House Arrest Program.

Ms. Giunchigliani expressed concern that if the regulations for the new Drug Court Program were loosely constructed and not clear, the program would be underutilized. As far as the Drug Court Program and the House Arrest Program being similar, she pointed out that there was no housing component in the House Arrest Program. Ms. Giunchigliani said she would like assurances from Mr. Bayer that the necessary regulations would be in place prior to the July 1, 2000, startup date for the Drug Court Program. Mr. Bayer said he wished to assure Ms. Giunchigliani that the finalized version of the Information Bulletin would not be loosely constructed in any respect and it would be in place prior to the July 1, 2000, startup date for the Drug Court Program. Mr. Bayer also stated:

The regulations that I promulgate are those regulations that lead up to the point where they (inmates) leave the door. Once they (inmates) leave the door, they (inmates) leave our supervision. I cannot regulate that piece in our regulation except for how we bring them (inmates) back if they start slipping away.

To respond to a question from Ms. Giunchigliani regarding the role Parole and Probation would be assuming in the new program, Mr. Bayer pointed out that although Parole and Probation would be monitoring the offenders, which would add a certain number of units to its caseload, the Drug Court Program would be providing intensive supervision as well. According to Mr. Bayer, for every inmate that NDOP transfers to the Drug Court Program, Parole and Probation would receive a portion of that funding and, thereafter, NDOP would transmit the prorated amount on a monthly basis for the rest of that year for those particular offenders.

Ms. Giunchigliani wanted to know whether there would be a counseling component within the prison system to ensure inmates have been properly prepared before being sent to the Drug Court Program. Mr. Bayer noted that the inmates would be screened to ensure they are appropriate to be recommended to the Drug Court Program. It was Mr. Bayer's belief that the intense counseling would come through the interaction with the Drug Court. He also indicated that some of the inmates he anticipates going to Drug Court were currently in drug therapy. In addition, he thought some of the inmates in the WINGS program who are not yet ready for release and some of the inmates in the Reentry Program in Las Vegas would qualify for the Drug Court Program.

Ms. Giunchigliani asked Mr. Bayer how many inmates were expected to qualify for the Drug Court Program. Mr. Bayer said the original target number was 150 inmates. He said, however, if the grant funding were to be prorated, it would provide funding for approximately 135 inmates. Mr. Bayer added that it was an exciting program unique in this country.

Chairman Arberry asked Gary Ghiggeri, Principal Deputy Fiscal Analyst, to provide a breakdown of the work programs that need to be adjusted based on updated information provided by NDOP.

Mr. Ghiggeri indicated that the work programs in items 95, 97 and 103 need to be adjusted as follows:

The transfer from Lovelock Correctional Center (item 103) should be reduced from \$152,724 to \$72,837.

The transfer from Prison Medical (item 97) should be reduced from \$135,922 to \$64,824.

The transfer from Inmate Transportation (Director's Office, item 95) should be reduced from \$2,049 to \$977.

The transfer from Inmate Drug Testing (Director's Office, item 95) should be reduced from \$235 to \$112.

The transfer of \$138,750 for payments to the District Court (item 95) should be eliminated.

The transfer of \$152,180 for payments to the Division of Parole and Probation (item 95) should be reduced to \$138,750.

Chairman Arberry said he would entertain a motion.

MR. MARVEL MOVED TO AMEND ITEMS 95, 97 AND 103, AND TO APPROVE AS AMENDED. SECONDED BY SENATOR RAGGIO.

Chairman Arberry recognized Ms. Giunchigliani who had a question. Ms. Giunchigliani asked Mr. Bayer to clarify whether some of the inmates targeted for the Drug Court Program would come from Warm Springs Correctional Center and the Driving Under the Influence (DUI) treatment program at the Indian Springs Conservation Camp. Ms. Giunchigliani said she would appreciate Mr. Bayer providing a written report describing which institutions the inmates would be coming from and if there would be an impact on existing drug treatment programs as well as performance indicators. Since it was his belief that the substance abuser, not the alcohol abuser, would be targeted for the Drug Court Program, Mr. Bayer said he did not expect the DUI programs at Warm Springs and Indian Springs to be affected. While he would agree with Ms. Giunchigliani that the House Arrest Program had not been as effective as the DUI programs, Mr. Bayer said he thought the reason was the lack of a programming component. Mr. Bayer said, however, this would not be the case with the Drug Court Program.

Chairman Arberry called for a vote on the motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

new custody staff at High Desert State Prison. The new staff are scheduled to begin July 1, 2000 and this will allow for pre-employment criteria to be completed prior to P.O.S.T. certification.

Speaking to items 96 and 98, Janet Johnson, Administrative Services Officer, NDOP, explained that the two work programs propose to transfer funds from savings in the medical budget to the Director's Office to allow for pre-hire physical examinations, drug testing, and an aggressive recruitment effort to hire staff for High Desert State Prison (HDSP). NDOP proposes to hire approximately one-half of the new Correctional Officer staff that was approved by the 1999 Legislative Session. Ms. Johnson pointed out a change in the two requests. Rather than the \$55,720 noted in the narratives for the two work programs, Ms. Johnson said NDOP was reducing that amount to \$53,693.

SENATOR RAGGIO MOVED TO AMEND ITEMS 96 AND 98 AND APPROVE AS AMENDED. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

97. **Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$135,922 in Budgetary Transfer to transfer funds from LCC and Medical Division to provide the required matching funds for the federal grant for the Prisoner Release Drug Court Program and Parole and Probation Requirements of S.B. 184.

Refer to testimony and motion for approval under item 95.

98. **Department of Prisons – Prison Medical Care – FY 00** – Deletion of \$55,720 in Budgetary Transfer to augment the Director's Office account allowing for pre-hire physical exams and drug testing for one-half of the new custody staff at High Desert State Prison. The new staff are scheduled to begin July 1, 2000 and this will allow for pre-employment criteria to be completed prior to POST certification.

Refer to testimony and motion for approval under item 96.

99. **Department of Prisons – Prison Medical Care – FY 00** – Addition of \$5,174 in Cremation Transfer to increase funding and expenditure authority in Inmate Cremation to adequately cover inmate cremations through the remainder of the current fiscal year.

Refer to motion for approval under item C.

100. **Department of Prisons – Prison Medical Care – FY 00** – Transfer of \$25,950 from the Operating category to the Information Services category to implement a regional pharmacy system within the Medical Division of the Nevada Department of Prisons. Only two regional systems are required, one at the central pharmacy at Northern Nevada Correctional Center (NNCC) and another at Southern Desert Correctional Center (SDCC).

Ms. Johnson explained the purpose of the request.

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

101. **Department of Prisons – Prison Medical Care – FY 00** – Deletion of \$300,300 in Budgetary Transfer to provide for anticipated contractor payments projected for the fiscal year to Corrections Corporation of America for custodial care of inmates housed at Southern Nevada Women's Correctional Center. This is a result of an increase in inmate population over that which was budgeted.

Speaking to items 101 and 107, Ms. Johnson said the two work programs would transfer savings from the Medical Division budget to the Southern Nevada Women's Correctional Center (SNWC) budget to cover shortfalls in payments to SNWC as a result of increased population. She also requested that a portion of the \$300,300 to be transferred be reserved so that money could be accessed if the population at SNWC increases in the future.

SENATOR RAGGIO MOVED TO AMEND ITEMS 101 AND 107 AND APPROVE AS AMENDED. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

102. **Department of Prisons – Lovelock Correctional Center – FY 00** – Deletion of \$40,157 in Budgetary Transfer to transfer funds from Lovelock Correctional Center to High Desert State Prison to fund early hiring of five Correctional Officers to provide physical security for the new facility and new equipment as it is delivered and installed prior to the opening of High Desert State Prison.

Refer to motion for approval under item C.

103. **Department of Prisons – Lovelock Correctional Center – FY 01** – Deletion of \$152,724 in Budgetary Transfer to transfer funds from LCC and Medical Division to provide the required matching funds for the federal grant for the Prisoner Release Drug Court Program and Parole and Probation Requirements of SB184.

Refer to testimony and motion for approval under item 95.

104. **Department of Prisons – Lovelock Correctional Center – FY 00** – Deletion of \$34,300 in Budgetary Transfer to transfer funds to Southern Desert Correctional Center in order to augment maintenance of Building and Grounds to fund unforeseen repairs to infrastructure due to the age of the facility and corresponding equipment such as generators, security systems, lighting systems, water, transport systems, and HVAC.

Ms. Johnson noted that the work programs in items 104 and 106 would transfer funds from savings at the Lovelock Correctional Center (LCC) to the Southern Desert Correctional Center (SDCC). Ms. Johnson said she wished to amend the work programs, reducing the amount of the transfers from \$34,300 to \$14,000, to cover shortfalls in the Maintenance of Buildings and Grounds category at SDCC as a result of extraordinary expenses at that facility during the current fiscal year.

SENATOR RAGGIO MOVED TO AMEND ITEMS 104 AND 106 AND APPROVE AS AMENDED. SECONDED BY MRS. DE BRAGA AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

105. **Department of Prisons – High Desert State Prison – FY 00** – Addition of \$40,157 in Budgetary Transfer to transfer funds from Lovelock Correctional Center to High Desert State Prison to fund early hiring of five Correctional Officers to provide physical security for the new facility and new equipment as it is delivered and installed prior to the opening of High Desert State Prison.
- Refer to motion for approval under item C.
106. **Department of Prisons – Southern Desert Correctional Center – FY 00** – Addition of \$34,300 in Budgetary Transfer and Transfer of \$8,000 from the Special Project (category 28) to the Maintenance of Building and Grounds category to augment Maintenance of Buildings and Grounds to fund unforeseen repairs to infrastructure due to the age of the facility and corresponding equipment such as generators, security systems, lighting systems, water, transport systems and HVAC.
- Refer to testimony and motion for approval under item 104.
107. **Department of Prisons – Southern Nevada Women’s Correctional Center – FY 00** – Addition of \$300,300 in Budgetary Transfer to provide for anticipated contractor payments projected for the fiscal year to Correction Corporation of America for custodial care of inmates housed at Southern Nevada Women’s Correctional Center.
- Refer to testimony and motion for approval under item 101.
108. **Department of Prisons – Inmate Welfare Account – FY 00** – Transfer of \$5,174 from the Retained Earnings category to the Medical Cremations category to increase funding and expenditure authority in Inmate Cremation for Prison Medical to adequately cover inmate cremations through the remainder of the current fiscal year.
- Refer to motion for approval under item C.
109. **Department of Motor Vehicles and Public Safety – Motor Vehicle Pollution Control – FY 00** – Transfer of \$247,051 from the Reserve category to the Air Pollution category to transfer funding to the Division of Environmental Protection to support air quality programs.
- Refer to motion for approval under item C.
110. **Department of Motor Vehicles and Public Safety – Management Services – FY 00** – Addition of \$95,100 in Reimbursements from Dealers to fund the actual printing costs of temporary placards for the sale of new and used vehicles.
- Refer to motion for approval under item C.
111. **Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 00** – Addition of \$1,290,749 in Federal Emergency Management Performance Grant to provide pass-through funds to the state and local government entities for non-terrorism emergency training programs.
- Refer to motion for approval under item C.
112. **Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 00** – Deletion of \$262,172 in State and Local Assistance, \$59,856 in Mitigation Assistance Program, \$11,038 in Planning, Training and Exercise and \$21,292 in Disaster Preparedness Improvement to deaugment federal grant programs that were consolidated into one federal grant effective October 1, 1999 titled Emergency Management Performance Grant.

Mr. Frank Siracusa, Chief, Emergency Management Division, DMV&PS, introduced Ms. Kamala Carmazzi, Deputy Chief, who he said would explain the purpose of the work program in item 112. Ms. Carmazzi apprised the committee that approval of the work program in item 112 would allow for the deaugmentation of excess authority within the Emergency Management Division’s budget as a result of a consolidation of four federal programs at the federal level into a new grant, entitled Emergency Management Performance Grant. Ms. Carmazzi said she would be happy to respond to questions from the committee.

Chairman Arberry asked Ms. Carmazzi to explain why the federal government had all of a sudden decided to consolidate the federal programs into a single grant. Ms. Carmazzi said she was unable to explain specifically why the Federal Emergency Management Agency (FEMA) had consolidated the federal programs into a single grant; however, the Emergency Management Division was aware several months prior to the 1999 Legislative Session that the federal programs were going to be consolidated into a single grant, requiring a 50-50 match. At that time, Ms. Carmazzi indicated that the Emergency Management Division did not have a clear direction on whether or not these federal programs were going to continue to be “stove piped” into individual grants and require individual accountability or whether the programs would be treated as a single grant. On October 1, 1999, the beginning of the federal fiscal year, the Emergency Management Division was advised that the new program was before the Congress and approval was imminent. Since the new program could not be implemented until Congress passed it, it was suggested it be handled as a 5th quarter. Although the Emergency Management Division received information by mid-November of 1999, that the new program was going to be approved retroactive to October 1, 1999, Ms. Carmazzi said the Emergency Management Division was not officially advised by FEMA until January of 2000 that the new program would be handled as a single-grant program.

After listening to Ms. Carmazzi’s testimony, Mr. Beers said that what he thought he was hearing was that FEMA did not care about accountability, but that it was his opinion that consolidating all of the federal programs into one expense line would be problematical from a management standpoint for both the Emergency Management Division as well as the Legislature. In responding to Mr. Beers’ comments, Ms. Carmazzi explained that the Emergency Management Division would be required to provide FEMA with a breakout budget during the budget application process and although the new program would be reported on the Financial Status Report as a single-grant program, the Emergency Management Division would still be accountable for the criteria of the program.

Mr. Beers wanted to know if it would be possible for the Emergency Management Division to breakout the state budget expenditures and then report the consolidated expenditures for FEMA. Ms. Carmazzi indicated that the Emergency Management Division currently uses 10 budget categories to manage the federal program and it wishes to simplify that process. According to Ms. Carmazzi, the majority of the funding was distributed to local governments, with the remainder of the funding used for planning, training, and exercise activities of the State of Nevada.

To respond to a question from Mr. Perkins, Ms. Carmazzi noted that budget categories 01, 02, 03, 04, 10, 13, 15, 26, 32 and 88 were currently being used for administration. In explaining the different budget

categories, Ms. Carmazzi said that category (01) accounts for Payroll; category (02) Out-of-State Travel; category (03) In-State Travel; category (04) Operating; category (10) rent payments to the Department of the Military; category (13) Planning, Training and Exercise; category (15) Hazard Mitigation; category (26) Information Technology; category (32) Disaster Preparedness Program, and category (88) State Cost Recovery.

It was Mr. Perkins' understanding that the Emergency Management Division was requesting to consolidate all of the state budget categories into one expenditure line in one budget account. To clarify the proposed change, Ms. Carmazzi pointed out that budget categories 02, 03 and 04 were previously used to manage one portion of this program and that budget categories 13, 15 and 32 have their own travel and operating expenses. Ms. Carmazzi indicated that the work program in item 111 would consolidate budget categories 02, 03, 04, 13, 15 and 32. Budget categories 01, 26 and 88 would remain separate as would category 10 (Department of the Military grant).

Mr. Perkins expressed his concern that the Legislature approves funding in particular budget categories within agency budgets for a specific reason; that being, to track the funding. Since he thought the Emergency Management Division was the first agency to request a change in the state budget format, Mr. Perkins said he feared other agencies would make similar requests if the committee were to approve this request. In addition, Mr. Perkins suggested that it would be more appropriate to discuss the pros and cons of such a change during the 2001 Legislative Session.

Ms. Giunchigliani agreed with Mr. Perkins' suggestion. It was also Ms. Giunchigliani's belief that the Emergency Management Division was receiving several new grants and that it might be premature as far as making a determination on whether consolidation or de-consolidation might be the more appropriate way to deal with the budgetary matters. She told Ms. Carmazzi that she may be able to make a good case for consolidation, but at this point there was not enough information available on why this was necessary other than flexibility. Ms. Giunchigliani indicated she did not think flexibility was a justifiable reason for only the committee to make a decision rather than the full money committees during the Legislative Session. Ms. Giunchigliani also reminded the committee that the Legislature had over the past several years attempted to encourage the state agencies to be more accountable; therefore, consolidating the expenditures would make it more difficult to track where those dollars are coming and going. Ms. Giunchigliani stated: "as we ponder flexibility, we have not really defined what we want that to mean within the legislative process."

Senator Rawson wondered about the possibility of the Emergency Management Division staff discussing the proposed change with the legislative Fiscal Analysis Division staff to try to satisfy their concerns about the Legislature's ability to track the expenditures and allowing the Emergency Management Division to return to the committee at a later date.

While he thought Senator Rawson's concept had merit, Chairman Arberry said he feared that other state agencies would want to follow suit if the committee were to allow the Emergency Management Division to consolidate the state budget categories.

In addressing Ms. Giunchigliani's previous concerns, Ms. Carmazzi apprised the committee that the program referred to as the SLA-50 grant was the only program in the Emergency Management Division's legislatively approved budget that was managed under a "traditional state budget format." Since all of the other programs were categorically managed, Ms. Carmazzi stressed that the Emergency Management Division does have financial control by disclosure under the general ledger numbers.

Since it was his understanding that the purpose of this request was to consolidate the budget categories, Mr. Perkins said he was prepared to make a motion to deny the request.

Chairman Arberry recognized Mr. Perkins who wished to make a motion.

MR. PERKINS MOVED TO DENY THE REQUEST. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED WITH SENATOR JACOBSEN AND SENATOR RAWSON VOTING NO.

- 113. Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 00** – Acceptance of \$250,000 in Federal Department of Energy Aid to Locals Grant to fund local government programs developed to increase accident or nuclear disaster preparedness for Nye, Esmeralda, Lincoln, White Pine, Elko and Clark Counties.

Refer to motion for approval under item C.

- 114. Department of Motor Vehicles and Public Safety – Criminal History Repository – FY 00** – Transfer of \$97,000 from the Reserve category to the Operating category, \$3,000 from the Reserve category to the In-State Travel category and \$77,636 from the Reserve category to the Salary category to fund position reclassifications, in-state travel for the Electronic Warrant Project and Stars Seminar, and operating costs.

Refer to motion for approval under item C.

- 115. Department of Motor Vehicles and Public Safety – Office of Traffic Safety – FY 00** – Addition of \$290,675 in Federal Innovative Traffic Safety Grant to fund state and local government programs developed to increase seatbelt usages.

Refer to motion for approval under item C.

- 116. Department of Motor Vehicles and Public Safety – Fire Marshal – FY 00** – Transfer of \$76,142 from the Salaries category to the Reserve category, \$1,112 from the In-State-Travel category to the Reserve category and \$192 from the Operating category to the Reserve category to reduce Fire Marshal expenditures to align to increased costs in Hazardous Materials budget for a half-time Fire Marshal and Assistant Fire Marshal.

In addressing items 116 and 117, Marvin Carr, State Fire Marshal, apprised the committee that it was not his intent to hire additional staff, but rather to transfer 50 percent of FY 2000 costs, or \$76,142, for the Fire Marshal and Assistant Fire Marshal from budget account 3816 to budget account 3834 (Haz Mat Training Center). Mr. Carr estimated that approximately 50 percent of his and the Assistant Fire Marshal's time was spent administering Haz Mat training functions and that budget account 3834 should properly be paying 50 percent of their salaries and travel.

MR. MARVEL MOVED TO APPROVE ITEMS 116 AND 117. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

It was Mr. Dini's understanding that this would be Mr. Carr's last appearance before the Interim Finance Committee prior to his retirement. Mr. Dini said he thought Mr. Carr had done a tremendous job as Fire Marshal and he was entitled to recognition by a big round of applause from the committee.

Mr. Carr said the cooperation and support of the committee had been exemplary and that serving as Fire Marshal had been a very rewarding experience.

Senator Jacobsen said he wished to add to Mr. Dini's previous comments. Senator Jacobsen said he did not think many people realize the importance of the Office of the Fire Marshal to the rural communities, especially the volunteers. Through Mr. Carr's expertise, Senator Jacobsen thought he had elevated the Office of the Fire Marshal to a respectable level once again. Senator Jacobsen recalled that over the years the Governor had wanted to abolish the Office of the Fire Marshal. He said, however, the rural areas would be unable to live without the Office of the Fire Marshal. Senator Jacobsen thanked Mr. Carr for doing an excellent job.

Mr. Marvel said the people in his area in rural northern Nevada were going to miss Mr. Carr. Mr. Marvel also said he wished to thank Mr. Carr in particular for his efforts in straightening out the problems at the juvenile detention center in Winnemucca. Mr. Marvel wished Mr. Carr good luck in his retirement and he wished Assistant Fire Marshal Byron Slobe good luck as Mr. Carr's successor.

As a point of clarification, Mr. Stevens pointed out that the work programs in items 116 and 117 request that one-half of the Fire Marshal's position be transferred to budget account 3834 (Haz Mat). It was Mr. Stevens' understanding that although one-half of the cost would be transferred to the Haz Mat budget, the position would actually reside in budget account 3816 (Fire Marshal).

- 117. Department of Motor Vehicles and Public Safety – Hazardous Materials Training Center – FY 00** – Transfer of \$76,142 from the Reserve category to the Salaries category, \$1,112 from the Reserve category to the In-State category and \$142 from the Reserve category to the Operating category to add a new half-time Fire Marshal and a half-time Assistant Fire Marshal including salaries, in-state travel and insurance expenses to reflect effort spent in managing the Hazardous Materials Training Program.

Refer to testimony and motion for approval under item 116.

- 118. Department of Conservation and Natural Resources – Director's Office – FY 00** – Addition of \$4,936 in Budgetary Transfer to cover budgeted vacancy savings in the Director's office which was not realized this fiscal year.

Refer to motion for approval under item C.

- 119. Department of Conservation and Natural Resources – Air Quality – FY 00** – Addition of \$247,051 in Transfer from Department of Motor Vehicles and deletion of \$445,269 in Transfer Air Quality Fund to provide for contracts for Emission Inventory and Air Quality Modeling for Truckee River Corridor and Fernley, purchase 4-wheel drive vehicle and air quality equipment for Pahrump, a back-up air quality monitor and upgrade a Dasibi calibrator. Adjust the various expenditure categories for the revenue shortfall.

Refer to motion for approval under item C.

- 120. Department of Conservation and Natural Resources – Bureau of Water Quality – FY 00** – Addition of \$150,000 in Transfer from Hazardous Waste Fund and deletion of \$150,000 in Water Permit Fees to replace shortfall in Water Permit Fees with a like amount transfer from the Hazardous Waste Fund which was not utilized in FY 98. Hazardous Waste Fund transfer will offset operating costs originally envisioned to be covered by Water Fee Permits until shortfall in fees materialized.

Refer to motion for approval under item C.

- 121. Department of Conservation and Natural Resources – Water Quality Pollution – FY 00** – Addition of \$130,738 in Federal Receipts SRF 66.458 and \$26,147 in Transfer Municipal Bond Bank to cover increased out-of-state and in-state travel resulting from an unanticipated increase in loan demand from the State Revolving Fund. Additionally, it provides for contract with UNR to study and determine the number of WBE/MBE firms in Nevada and to facilitate an agreement with EPA on the correct percentage of MBE/WBE to be under contract per federal requirements.

Refer to motion for approval under item C.

- 122. Department of Conservation and Natural Resources – Bureau of Waste Management, Corrective Actions, Federal Facilities – FY 00** – Transfer of \$48,000 from the Operating category to the Information Services category to facilitate contract monitoring of the UNR data submittal contract which is currently split between operating and information services.

Refer to motion for approval under item C.

- 123. Department of Conservation and Natural Resources – Bureau of Waste Management, Corrective Actions, Federal Facilities – FY 01** – Transfer of \$48,000 from the Operating category to the Information Services category to facilitate contract monitoring of the UNR data submittal contract which is currently split between operating and information services.

Refer to motion for approval under item C.

- 124. Department of Conservation and Natural Resources – Conservation Camps – FY 00** – Transfer of \$59,240 from the Vehicle Reserve category to the Fire Reimbursement Vehicle Repair category to provide for NDF fire vehicle repairs and maintenance from fire reimbursement revenues pursuant to S.B. 551, Section 17, 1999 Session.

Refer to motion for approval under item C.

- 125. Department of Conservation and Natural Resources – Nevada Division of Forestry – FY 00** – Transfer of \$51,000 from the BLM/IPA Reimbursement category to the Cost Allocation Assessment category to use BLM/IPA reimbursement funds to contract for the development of a cost allocation methodology for the county (BA 4227) contribution to the main forestry budget (BA 4195).

Refer to motion for approval under item C.

126. **Department of Conservation and Natural Resources – Forestry – FY 00** – Transfer of \$165,850 from the Vehicle Reserve category to the Fire Reimbursement Vehicle Repair category to provide for NDF fire vehicle repairs and maintenance from fire reimbursement revenues pursuant to S.B. 551, Section 17, 1999 Session.
- Refer to motion for approval under item C.
127. **Department of Conservation and Natural Resources – Forestry – FY 00** – Transfer of \$4,936 from the IPA Reserve category to the Director’s Office category to cover budgeted vacancy savings in the Director’s office which was not realized this fiscal year.
- Refer to motion for approval under item C.
128. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Transfer of \$355,804 from the Operating category to the Hunt Application SCI category and \$194,196 from the Reserve category to the Hunt Application SCI category to cover estimated increased hunt application contract adjustment costs with provision for small contingency amounts.
- Refer to motion for approval under item C.
129. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Addition of \$19,970 in Sport Fish Restoration, transfer of \$1,627 from the Reserve category to the Operating category and \$5,030 from the Reserve category to the Building and Grounds category to provide buildings and grounds funds for operation of the Tracy Pond as an urban fishery if donation from Sierra Pacific Power is approved by Interim Finance Committee. (Includes acceptance of gift in excess of \$10,000.)
- Refer to testimony and motion for approval under item J.3.
130. **Department of Conservation and Natural Resources – Wildlife – FY 00** – Addition of \$5,125 in Transfer from Other Budget Account and \$7,689 in Pittman Robertson Federal Aid to provide salary and operating, equipment and information services for two part-time positions at the Winnemucca and Ely Wildlife offices to sell licenses, handle boat registrations and provide clerical support for field staff.
- Refer to motion for approval under item C.
131. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Addition of \$14,689 in Transfer from Other Budget Account, \$22,035 in Pittman Robertson Federal Aid, and a transfer of \$14,689 from the Reserve category to the Wildlife category to provide salary and operating, and information services for two part-time positions at the Winnemucca and Ely Wildlife offices to sell licenses, handle boat registrations and provide clerical support for field staff.
- Refer to motion for approval under item C.
132. **Department of Conservation and Natural Resources – Wildlife Obligated Reserve – FY 00** – Transfer of \$29,078 from Reserve category to Bio-Diversity category to adjust for costs of reimbursing Wildlife budget mainly salary costs for Bio-Diversity position which were overlooked when Bio-Diversity was transferred into BA 4458 from BA 4452 in 1999 Legislature.
- This item was withdrawn.
133. **Department of Conservation and Natural Resources – Boating Program – FY 00** – Transfer of \$5,125 from the Reserve category to the Wildlife category to provide salary and operating, equipment and information services for two part-time positions at the Winnemucca and Ely Wildlife offices to sell licenses, handle boat registrations and provide clerical support for field staff.
- Refer to motion for approval under item C.
134. **Department of Conservation and Natural Resources – Boating Program – FY 01** – Transfer of \$14,689 from the Reserve category to the Wildlife category to provide salary, operating, and information services for two part-time positions at the Winnemucca and Ely Wildlife offices to sell licenses, handle boat registrations and provide clerical support for field staff.
- Refer to motion for approval under item C.
135. **Department of Conservation and Natural Resources – Parks – FY 00** – Addition of \$600,598 in Trails Grant – FFY 00 to distribution of Trails Grant funds to applicants for construction of trails throughout the State.
- Refer to motion for approval under item C.
136. **Department of Conservation and Natural Resources – Parks – FY 00** – Addition of \$45,206 in Federal Trails Grant Reimbursement to cover administrative expense associated with FY 2000 Trails Grant, funds positions and operating.
- Refer to motion for approval under item C.
137. **Department of Conservation and Natural Resources – Parks Bond Issue – FY 00** – Transfer of \$4,286 from Cathedral Gorge category to Kershaw-Ryan category, \$64,559 from Washoe Lake category to Kershaw-Ryan category and \$22,660 from Acquisition category to Kershaw-Ryan category to cover costs associated with construction of an interim campground at Kershaw-Ryan State Park replacing the one that was destroyed in the 1984 flood.

Mr. Stevens suggested that item 137 be reviewed in conjunction with item J.1.

Steve Weaver, Chief of Planning and Development, Division of State Parks, recounted that the original scope of work for the Kershaw-Ryan State Park Reconstruction Project (Question 5) included reconstruction of the campground that was destroyed in the 1984 flood. He said, however, due to a lack of funding, a day use facility was installed instead. There are no campground facilities at Kershaw-Ryan State Park at the present time. The funding to be transferred was derived from funds remaining in several other projects. This funding would be matched with Federal Land and Water Conservation funds to allow for construction of a restroom and showers at the proposed campground, which Mr. Weaver added would allow camping at that particular site for the first time in 16 years.

MR. MARVEL MOVED TO APPROVE ITEMS C137 AND J.1. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 138. Department of Conservation and Natural Resources – 97-99 Park Improvements – FY 00** – Addition of \$453,192 in Land Water Conservation Fund Grant to provide Cathedral Gorge restroom ADA compliance, Kershaw-Ryan Campground restroom, and Ward Charcoal Ovens restroom and remaining 50 percent is for local jurisdiction pass through.

Refer to motion for approval under item C.

- 139. Department of Conservation and Natural Resources – Protect Lake Tahoe – FY 00** – Transfer of \$80,000 from the Sand Harbor Erosion Control category to the Van Sickle Property category to reallocate funds from Sand Harbor Erosion Control to the Master Plan process for the Van Sickle property.

Pamela Wilcox, Administrator, Division of State Lands, and Coordinator of the state's program To Protect Lake Tahoe, apprised the committee that Assembly Bill 285 (1999 Legislative Session) allocated \$3.2 million in bonding authority for the Tahoe Environmental Improvement Program (EIP). A.B. 285 also included a list of nine specific projects for the Nevada Tahoe State Park and authorized the Division of State Lands to come before the Interim Finance Committee for approval if it wanted to use the funding for another project. Ms. Wilcox noted that the Division of State Lands was requesting to use \$80,000 of \$100,000 allocated for the Sand Harbor Erosion Control Project to begin the master plan process on the Van Sickle property, located in Douglas County, near the Stateline casino core, and managed by the Nevada Division of State Parks. The EIP originally scheduled the master plan and recreation improvements for 2007. Ms. Wilcox said that Mr. Weaver was available to respond to questions from the committee.

Senator Raggio questioned whether funding would ultimately be needed for the Sand Harbor Erosion Control Project and Ms. Wilcox responded affirmatively. Senator Raggio wanted to know how the Division of State Lands intends to replace those funds. Ms. Wilcox pointed out that A.B. 285 authorized the remainder of the \$82-million Nevada commitment, but directed the Division of State Lands to come back to the Legislature each biennium through the Executive Budget process with a list of projects, as well as a request for an appropriation of funds for the next biennium. Ms. Wilcox said that the Division of State Lands anticipates coming to the 2001 Legislative Session with a new list of projects and the Sand Harbor Erosion Control Project would be included in that list.

Mr. Weaver provided a handout to the committee entitled "Lake Tahoe Nevada State Park Henry Van Sickle Unit," a copy of which is included in the meeting minutes as Exhibit E. Mr. Weaver told the committee that both projects would be accomplished, but it was just a matter of timing. Mr. Weaver also said he anticipates in the next 2 years being able to match the funds for the Sand Harbor Erosion Control Project with Federal Land and Water Conservation fund monies since he thought the scope of the project would exceed the original allocation of \$100,000.

Senator Raggio said he did not have a very good understanding of the Henry Van Sickle Unit. Mr. Weaver said he had prepared the handout (Exhibit E) to provide additional information to the committee on the donated property. Mr. Weaver directed the committee's attention to a map on the last page of the handout (Exhibit E). Mr. Weaver explained that over 500 acres were donated by Jack Van Sickle to the State of Nevada in 1989, adding that no work had been done on the property to date. As a part of the EIP, Mr. Weaver said he anticipated developing a master plan and a Phase I facility in the 2006 - 2007 biennium. Recently, Mr. Van Sickle had offered to donate two historic structures, a barn and a small log cabin. Mr. Weaver directed the committee's attention to a photograph of the Van Sickle Barn circa 1901 on the second to last page of the handout (Exhibit E). Both structures are located over the stateline in California. Mr. Van Sickle fears the structures will be destroyed by fire since a companion barn was destroyed by fire several years ago. According to Mr. Weaver, the barn dates back to the 1860's and has historical significance to the local area since it was originally known as the Lakeside Stables. Although the Division of State Parks wants to move both of the structures onto the property to preserve them, Mr. Weaver said it was necessary to first do the master plan to determine on which part of the property the structures would be best suited. The Division of State Parks also wishes to determine the ultimate use for the structures, for an example, placing an Interpretative Center in the barn, so that the Division of State Parks could engineer the proper foundation to meet current codes since code requirements vary depending on the use.

Senator Raggio observed that the topography on the map (Exhibit E) appears to be quite steep. Mr. Weaver indicated that approximately 90 percent of the property was not developable as far as traditional state park facilities; thus, the property would be used primarily for trails.

Senator Raggio inquired about the small 14.5-acre parcel on the map (Exhibit E). Mr. Weaver said the 14.5-acre parcel was a small part of two larger parcels that were acquired by the Division of State Lands as part of the Tahoe Bond Program. Mr. Weaver indicated that the Division of State Parks had been asked to consider including those parcels as part of the Lake Tahoe State Park. Mr. Weaver said however, that this would be a function of the master plan to determine.

To respond to a question from Senator Raggio, Mr. Weaver noted that the main part of the Henry Van Sickle Unit, or 542 acres, was donated fee simple to the State of Nevada for use as a state park about 11 or 12 years ago.

It was Senator Raggio's understanding that a feasibility study had been done in 1988. Mr. Weaver noted that a preliminary feasibility study had been done in 1988; however, the master plan would provide further definition.

Senator Raggio wanted to know what the long-range plan was for the Van Sickle property. Although the Division of State Parks has a number of ideas for the property, Mr. Weaver said the master plan would address that question. Mr. Weaver said he thought it would be necessary to have a considerable amount of public input to determine the best use for the property because of the property's location immediately adjacent to the casino corridor. In addition, the California-Tahoe Conservancy has a 12-mile long corridor, which was originally purchased as a bypass for Highway 50 around south Lake Tahoe, that has been abandoned and it would become a multiple-use trail that would dead end at the Van Sickle property, creating a major opportunity for a trailhead.

Senator Raggio wanted to know whether the barn was located on the Van Sickle property. Mr. Weaver said the barn was located about 300 yards on the other side of the stateline so it would have to be moved to the property.

Senator Raggio wanted to know whether the \$80,000 would be used to move the barn. Mr. Weaver apprised the committee that Mr. Van Sickle had offered to contribute up to approximately \$30,000 towards moving the barn. Although the Division of State Parks had received a quote of \$31,000 from a professional building mover, Mr. Weaver thought the barn in all likelihood would need to be cut into sections because of

environmental concerns of the Tahoe Regional Planning Agency (TRPA); thus, the cost to move the barn would be more than \$31,000. Once he has a firm estimate of the cost to move the barn, Mr. Weaver said he planned to request EIP funds to augment Mr. Van Sickle's contribution.

To respond to a question from Senator Neal, Mr. Weaver said he anticipates transferring \$80,000 out of the Van Sickle project to restore the funding in the Sand Harbor Erosion Control Project.

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

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

- 140. Department of Conservation and Natural Resources – USGS COOP – FY 00** Addition of \$223,800 in Reimbursements and \$103,800 in Federal Grants USFWS to cover costs of projects completed cooperatively between USGS and CNR such as Ruby Valley refinement of existing water budget, Upper Maggie Creek and Carlin trend Hydrologic Monitoring Programs.

Refer to motion for approval under item C.

- 141. Department of Conservation and Natural Resources – USGS COOP – FY 00** – Addition of \$30,000 in Federal Grants to cover project costs for studies completed by USGS in cooperation with DWR of CNR.

Refer to motion for approval under item C.

- 142. Department of Conservation and Natural Resources – USGS COOP – FY 00** – Addition of \$81,700 in Reimbursements and \$137,800 in Transfer from Other BA (4211) to cover project costs for studies completed by USGS in cooperation with CNR.

Refer to motion for approval under item C.

- 143. Department of Transportation – Transportation Administration – FY 00** – Addition of \$586,408 in Highway Fund authorization to allow for an increase in the in-state travel, honor camp payments and airplane operations. The increase in in-state travel authority is necessary due to an increase in construction activity. The increase in honor camp payment authority is necessary due to an increased availability of inmate crews and the increase in airplane operations will pay for unforeseen maintenance costs and increased fuel costs.

Refer to motion for approval under item C.

- 144. Department of Human Resources – Welfare Division – Child Support Federal Reimbursement – FY 00** – Deletion of \$78,281 in State Share of Collections to alleviate FY 00 revenue shortfall in the Child Support Enforcement budget by transferring five paternity investigators to the Division's Field Services budget and replacing funding for those positions with allowable TANF dollars.

In addressing items 144, 145, 146, 147 and 148, Mr. Robert Anderson, Administrative Services Officer, Welfare Division, apprised the committee that the five work programs were designed to transfer the responsibility for meeting certain category expenditures in the Child Support Enforcement budget account to the TANF Block Grant Program. Relief from generating the needed state share of collections in the Child Support Enforcement budget account to cover these expenditures would enable the program to keep the same level of client services without interruption. It was Mr. Anderson's belief that the revenue shortfall was negatively affected by the lower TANF caseload. By not having as many TANF recipients receiving cash grants had required less state share collections; thus, the state share collections amount in the Child Support Enforcement budget account has been lower.

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

MS. GIUNCHIGLIANI MOVED TO APPROVE ITEMS 144, 145, 146, 147 AND 148. SECONDED BY MRS. CEGAVSKE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 145. Department of Human Resources – Welfare Division – Child Support Enforcement Program – FY 00** – Deletion of \$78,281 in Transfer from Child Support Federal Reimbursement Budget and \$151,958 in Federal Child Support Program to alleviate FY 00 revenue shortfall by transferring five paternity investigators to the Division's Field Services budget and replacing funding for those positions with allowable TANF dollars.

Refer to testimony and motion for approval under item 144.

- 146. Department of Human Resources – Welfare Division – Welfare Field Services – FY 00** – Addition of \$230,239 in Federal TANF Program to alleviate FY 00 revenue shortfall in the Child Support Enforcement budget by transferring five paternity investigators to the Welfare Field Services budget and replacing funding for those positions with allowable TANF dollars.

Refer to testimony and motion for approval under item 144.

- 147. Department of Human Resources – Welfare Division – Child Support Federal Reimbursement – FY 00** – Deletion of \$747,480 in State Share of Collections to alleviate FY 00 revenue shortfall within the Child Support Enforcement program by transferring disregard payments to the TANF budget and replacing funding for disregard payments with TANF Maintenance of Effort dollars.

Refer to testimony and motion for approval under item 144.

- 148. Department of Human Resources – Welfare Division – Temporary Assistance to Needy Families (TANF) – FY 00** – Addition of \$747,480 in Federal TANF Program to alleviate FY 00 revenue shortfall within the Child Support Enforcement program by transferring disregard payments from the Child Support Federal Reimbursement budget to the TANF budget and replacing funding for disregard payments with TANF Maintenance of Effort dollars.

Refer to testimony and motion for approval under item 144.

149. RECLASSIFICATION CHANGES REQUIRING INTERIM FINANCE COMMITTEE APPROVAL:

- (1) Department of Human Resources, Mental Health and Developmental Services Division (MHDSD), reclassification of position number 0396, from Word Processing Operator I, grade 23-2, \$5,737*, to Personnel Technician I, grade 25-2, \$6,201.*
*cost differential between .9 FTE grade 23-2 and 1.0 FTE grade 25-2.
- (2) MHDSD, reclassification of position 0401, from Program Assistant II, grade 25-2, \$6,201*, to Personnel Technician I, grade 25-2, \$6,201*.
*part-time salary
- (3) Department of Agriculture, reclassification of position number 0034, from Management Assistant IV, grade 29-8, \$37,584, to Personnel Technician III, grade 29-8, \$37,584.
- (4) Department of Employment, Training and Rehabilitation (DETR), Employment Security Division (ESD), reclassification of position number 1158, from Program Officer II, grade 33-8, \$40,903, to Unemployment Insurance Officer I, grade 35-8, \$44,704.
- (5) DETR, Administration Division, reclassification of position number 0065, from Accountant Technician II, grade 32-8, \$39,129, to Accounting Specialist, grade 27-8, \$31,549.
- (6) Department of Conservation and Natural Resources, Division of Environmental Protection, reclassification of position number 0429, from Environmental Scientist III, grade 36-1, \$34,368, to Staff III, Registered Professional Engineer, grade 38-1, \$37,458.
- (7) Department of Human Resources, Health Division, reclassification of position number 0013, from Storekeeper II, grade 23-1, \$20,170, to Health Program Specialist I, grade 35-1, \$32,906.
- (8) DHR, Welfare Division, reclassification of position number 0107, from Support Enforcement Assistant I, grade 25-1, \$21,798, to Accounting Specialist, grade 27-1, \$23,594.
- (9) DHR, Welfare Division, reclassification of position number 0142, from Support Enforcement Specialist I, grade 32-1, \$28,981, to Accountant Technician I, grade 30-1, \$26,684.
- (10) DHR, Welfare Division, reclassification of position number 0042, from Quality Control Specialist I, grade 34-5, \$37,458, to Administrative Services Officer III, grade 41-1, \$42,762.
- (11) DHR, Welfare Division, reclassification of position number 0139, from Support Enforcement Specialist I, grade 32-1, \$28,981, to Accountant Technician II, grade 32-1, \$28,981.

Refer to motion for approval under item C for the 11 reclassifications requests listed above.

D. STATEMENT OF CONTINGENCY FUND BALANCE.

Mr. Stevens told the committee that the current balance in the Contingency Fund was \$2,600,040 at March 21, 2000. Although he expects to have a request for approximately \$1.2 million for the Senior Citizens Property Tax Assistance Program at the June 2000, Interim Finance Committee meeting, Mr. Stevens said he was hopeful that forest fire reimbursements would offset that amount.

E. REQUESTS FOR ALLOCATION FROM THE CONTINGENCY FUND:

1. Office of the Controller.....\$136,867.79

Ms. Kathy Augustine, State Controller, told the committee that she was requesting a Contingency Fund allocation for two positions that have been approved by the Board of Examiners. The first position is an Accountant III position for the new Government Accounting Standards Board (GASB) Statement 34 reporting requirements and the second position is a Data Base Administrator to internalize the Integrated Financial System (IFS) data warehouse within the Office of the State Controller. Although the original amount requested was \$136,867.79, Ms. Augustine said that amount had been reduced to \$105,789 because the Office of the Controller would be able to absorb the payroll costs during this fiscal year due to accrued cost savings, plus the elimination of equipment costs for the two positions.

The two positions were not requested during the 1999 Legislative Session, Ms. Augustine explained, because the Statement 34 reporting requirements had not yet been approved by GASB, even though discussions had been ongoing and GASB had requested the Office of the State Controller to provide input. According to Ms. Augustine, all governmental entities, including city and state, would be mandated nationwide to use a new reporting model for financial reporting. She also pointed out that on May 3, 2000, the Office of the State Controller would be hosting a one-day conference to provide GASB 34 training for all of the financial people who wish to participate in three locations: Las Vegas, Reno and Elko.

In addition, IFS has recently requested that the Office of the State Controller internalize the data warehouse in order to expedite the process. According to Ms. Augustine, the data warehouse would provide historical accounting records and reports to all of the state agencies. Ms. Augustine introduced Brenda Laird, Chief Accountant for Financial Reporting, Office of the Controller, who she said would discuss the ramifications of the new reporting mandate, Barry Morgan, Data Processing Manager, Office of the Controller, and Jim Wells, Chief Accountant for IFS, who she said would discuss the data warehouse and the need for a Data Base Administrator. She also introduced from the audience Ed Parry, Administrator of IFS, who she said would be able to answer questions regarding IFS. Although the IFS is currently operational, Ms. Augustine indicated that it would take 3 to 5 years to roll out the system to the state agencies.

It was Chairman Arberry's recollection that the 1999 Legislature had granted the Office of the Controller seven (7) new positions for IFS deployment, including a System Administrator, Information Systems Specialist, and a Computer Systems Technician.

Ms. Augustine countered that only five (5) positions were approved by the 1999 Legislature for IFS; namely: Program Assistant I, Management Analyst III, Account Technician I, Information Specialist II, and a

Computer Systems Technician III, and that none of those positions meet the minimum qualifications for a Data Base Management Specialist. Also, the Office of the Controller did not anticipate that the data warehouse would be internalized into the Office of the Controller.

Chairman Arberry questioned why this issue was not discussed during the 1999 Legislative Session. Ms. Augustine said the Office of the Controller had only received the request from IFS within the last 3 months.

During the meeting yesterday of the Legislative Commission's Audit Subcommittee (NRS 218.6823), Mr. Marvel said he had discussed the ramifications of GASB 34 with representatives of Kafoury, Armstrong and Company, Certified Public Accountants (CPA), the accounting firm with which the state has contracted to do the Single Audit. Mr. Marvel said he was told there would be a considerable impact on the Office of the Controller as a result of the new reporting requirements and that the new position was necessary. It was also Mr. Marvel's understanding that the Office of the Controller would be required to inventory every capital asset of the State of Nevada within a certain timeframe.

Ms. Augustine said she wished to clarify that Chairman Arberry's question was directed at the Data Base Administrator position and Mr. Marvel was commenting on the Accountant III position. Ms. Augustine emphasized that the GASB 34 mandate had not been passed during the 1999 Legislative Session and that the request to internalize the data warehouse had not been requested until several months ago.

Chairman Arberry wanted to know whether any of the additional work could be absorbed by the existing staff. Ms. Augustine suggested that Ms. Brenda Laird respond to Chairman Arberry's question.

Chairman Arberry recognized Ms. Laird who told the committee that the accountants in the Office of the Controller had worked a significant amount of overtime between September of 1999 and January of 2000, resulting in a cost of approximately \$35,000. Because of this shortage in accounting staff, Ms. Laird stated that the Office of the Controller was requesting an Accountant III position to implement the GASB 34 mandate. In providing background information, Ms. Laird explained that GASB 34 mandates a new model of financial reporting, which would require financial statements integrated with government-wide reporting and enhanced funding reporting. It also requires management's discussion and analysis (MD&A) and seeks to clarify a number of previously troublesome generally accepted accounting principles (GAAP) issues. Also, for the first time, it would require an inventory of the State of Nevada's infrastructure assets. Since NRS 353.293 and NRS 353.3245 requires that the State of Nevada comply with GAAP, the Office of the Controller would be in violation of the NRS if it did not establish GAAP for state agencies. Also, unless the Office of the Controller follows GAAP, there would be no way to compare the financial condition and health of the State of Nevada with that of other states. In addition, if the Office of the Controller does not comply with GAAP, it would receive an adverse opinion on the audited financial statements, which could negatively impact the State of Nevada's bond rating, eventually resulting in increased interest costs to the State of Nevada. It could also negatively impact the federal funding to the State of Nevada. Since the State of Nevada received in excess of \$1 billion in federal funds during FY 1999, or 25 percent of the state's total revenue and other funding sources, federal funds are a significant portion of the state's revenues.

Speaking to the possibility of the Office of the Controller continuing to report under the old model, Ms. Laird pointed out that the American Institute of Certified Public Accountants (AICPA) had established Ethic Rule 203 that indicates that auditors would be required to issue adverse opinions if a government entity were to continue reporting under the old model. The January 2000 edition of the Journal of Accountancy published a timeline for implementing GASB 34. It recommended that implementation begin at least 18 months prior to the beginning of the implementation date, which for a government the size of Nevada's would be July 1, 2001; thus, according to this timeline, the Office of the Controller should have begun this process in January of 2000. Ms. Laird also noted that the analysis required for the retroactive reporting for the infrastructure would continue for up to 4 years after the implementation date.

Ms. Laird apprised the committee that the Office of the Controller, at this point in time, was actually behind several other states in implementing GASB 34 procedures. The State of Wisconsin, for example, had already expended over 2,000 hours analyzing the requirements of GASB 34 in FY 1999, and anticipates expending another 2,000 hours in FY 2000, and the State of Oklahoma plans to implement GASB 34 in FY 2000.

Ms. Laird also pointed out that the new IFS had demanded more of the accountants' time even though there was already a shortage of accounting staff in the Office of the Controller. Ms. Laird said it was simply not possible for the existing accountants to generate more work and maintain any level of quality. Ms. Laird directed the committee's attention to a handout provided to the committee entitled "Nevada State Controller, Presentation to the Interim Finance Committee, April 13, 2000, Request for Allocation from the Contingency Fund, Accountant III and Data Base Administrator," a copy of which is included in the meeting minutes as Exhibit F. Included in this handout was a letter to the State Controller from Kafoury, Armstrong and Company, dated April 11, 2000, concerning the importance of GASB 34 and the urgency of getting started on this process. If the Office of the Controller delays this process due to lack of staff, Ms. Laird said the consequences would be similar to not implementing GASB 34, resulting in a negative effect on bond ratings and federal funding. In addition, the Office of the State Controller's current system that allows it to generate its Comprehensive Annual Financial Report (CAFR) would not be available for use after FY 2001, at which time a new system would need to be developed for compiling CAFR. It was Ms. Laird's belief that to develop such a system under the pre-GASB 34 model would not be cost-effective since the Office of the Controller would have to turn around and replace it with yet another reporting mechanism in order to be GASB 34 compliant.

To respond to several questions from Senator Raggio, Ms. Augustine noted that the Office of the Controller was hosting a one-day conference in conjunction with NASACT on May 3, 2000, so that all city and county governments could begin some initial training. Ms. Augustine indicated that GASB 34 requires the Office of the Controller to inventory the state's infrastructure; i.e., roads, highways, buildings, dams, everything on which government money has been expended. Although it was her understanding that most of the local governmental entities would have an outside accounting firm do some of the work required to implement GASB 34, Ms. Augustine said that there was no capability at the state level to do that.

Senator Raggio wondered if it would be more cost-effective for the Office of the Controller to contract the work, rather than hiring additional state staff. Ms. Augustine said it would not be more cost-effective to contract the work because the Office of the Controller would still have to include GASB 34 in its CAFR.

It was Senator Raggio's understanding that the management function of the data warehouse created through the new IFS was currently being provided by the Department of Information Technology (DoIT).

Chairman Arberry recognized Barry Morgan, Data Processing Manager, Office of the Controller, who told Senator Raggio that DoIT had reassigned the person who was handling the Data Base Administrator duties for the financial data warehouse to design a data warehouse for the Department of Human Resources, leaving the Data Base Administrator position for the financial data warehouse vacant.

Chairman Arberry said it was his understanding that the vacant position report dated March 26, 2000, indicated that the Office of the Controller had two vacant positions, including an Accountant III position. Chairman Arberry wanted to know whether it would be possible for that position to be filled and assigned the new responsibility. Ms. Augustine contended that the Office of the Controller currently has one vacant position, an Accountant III position, as a result of an employee transferring to the Budget Division. Ms. Augustine said it was necessary to go through the entire Department of Personnel hiring process, but a job offer would go out tomorrow to fill the vacant position.

Since the GASB 34 mandate would affect a number of state agencies; i.e., Taxation, Transportation, Public Works, Prisons, and others, Chairman Arberry wondered whether the Office of the Controller had considered

forming a committee to address the different issues, possibly spreading the workload out among many people rather than increasing the Office of the Controller's staff. Ms. Augustine apprised the committee that those state agencies would have to do their own accounting and report to the Office of the Controller and then it would up to the Office of the Controller's accountant to compile all of the information. She said she had discussed with the Director of the Department of Administration the additional duties that were going to be required of the accountants within each agency as well the Office of the Controller.

Since the new requirements are slated to begin for financial statements prepared for FY 2002, Chairman Arberry questioned why it was necessary to start gearing up for GASB 34 now. Ms. Augustine countered that the financial reporting was supposed to start by July 1, 2001; however, it was recommended that the Office of the Controller start getting its procedures together by January of 2000. Ms. Augustine indicated that the Office of the Controller had only "scratched the surface" at this time due to the lack of personnel to do the necessary work.

During the Legislative Commission's Audit Subcommittee meeting yesterday, Mrs. Chowning recalled that the accounting firm of Kafoury, Armstrong and Company had indicated that they would be available to assist the Office of the Controller with the new accounting requirements. Mrs. Chowning also read into the record from Kafoury, Armstrong and Company's letter that was included in the handout (Exhibit F) as follows: "We will provide hands-on assistance, oversee your government's efforts, or be a sounding board as you go through the GASB 34 implementation process." Mrs. Chowning also wondered whether some of the new positions would go away once the new model had been implemented. Ms. Augustine said the position was needed to do additional reporting work that was not currently being done by the Office of the Controller in order to comply with the GASB 34 mandate and that the accounting firm of Kafoury, Armstrong and Company would not be in her office until the end of the year when their staff would be involved in doing audits for about 6 weeks.

In also addressing Mrs. Chowning's prior comments, Ms. Laird pointed out that there would be additional ongoing work every year in compiling the financial statements once the new reporting model has been implemented; thus, the workload of the Office of the Controller would never return to the pre-GASB 34 model, but rather would be at a higher level. In addition, Ms. Laird stressed that the Office of the Controller would be required to retroactively report infrastructure within 4 years after implementation of GASB 34.

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

SENATOR O'DONNELL MOVED TO AMEND THE REQUEST TO \$105,789 AND APPROVE AS AMENDED. SECONDED BY SENATOR RAGGIO.

To respond to a question for clarification from Senator Raggio, Ms. Augustine said the request was for a Contingency Fund allocation of \$105,789 for FY 2001 and the balance of the funding would be derived from the Office of the Controller's existing budget.

After reviewing the requirements for GASB 34, Mr. Beers said it would appear to him that there was a great deal of flexibility in how it should be implemented and he wondered whether the Office of the Controller had considered forming a Task Force that could make some of the strategic decisions necessary to navigate this project. Ms. Augustine said she did not have the staff to make inquiries about the feasibility of creating a Task Force; however, the Office of the Controller was considering using a modified approach as it relates to the Department of Museums because the state does not sell art collections for revenue, but rather uses monies collected for future acquisitions.

It was Senator Neal's understanding that the GASB 34 project would culminate in the development of some type of form that would be classified as a financial statement which would be sent to the federal government. Senator Neal suggested that an expenditure of \$105,789 was a significant amount of money to create one form. Ms. Laird contended that the financial statement was only the end result and she stressed that the Office of the Controller would be administering a method of accounting.

Chairman Arberry called for a vote on the motion.

MOTION CARRIED BY VOICE VOTE WITH SENATOR NEAL VOTING NO.

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

2. Department of Conservation and Natural Resources:
 - (a) Director's Office.....\$ 3,497.00

Freeman Johnson, Assistant Director, Department of Conservation and Natural Resources, requested an allocation from the Contingency Fund to cover a shortfall in salaries in the Director's Office that had occurred for several reasons. Mr. Johnson said he wished to point out that the request had been reduced by \$1,500; thus, the total amount of the request was \$1,997. Mr. Johnson said he would be happy to respond to questions from the committee.

Chairman Arberry wanted to know whether the request could be deferred until the June, 2000 Interim Finance Committee meeting. Although he thought the request could be deferred until the June, 2000 Interim Finance Committee meeting, Mr. Johnson said the Department was trying to prevent experiencing a salary shortfall prior to the end of this fiscal year.

To respond to a question from Senator Coffin, Mr. Johnson indicated that a part-time Student had been working in the Director's Office until her graduation from high school, at which time she decided to enroll in college. The Director's Office subsequently requested that the part-time position be reclassified to a full-time position. He said, however, the Department of Personnel reclassified the position into two part-time Student positions. Since it was not possible to hire two part-time Students in the afternoon because of class attendance requirements, the position was ultimately reclassified to an Administrative Aide, which is a full-time position, resulting in an increase in salary.

Since it was his belief that the Department had no choice; either increase the salary amount or not fill the position, Senator Coffin said he was prepared to make a motion to approve the request.

SENATOR COFFIN MOVED TO AMEND THE REQUEST TO \$1,997 AND APPROVE AS AMENDED. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

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

(b) Channel Clearance Fund.....\$250,000.00

Michael Turnipseed, Nevada State Engineer, Water Resources Division, introduced Jason King, Manager, Engineering Branch. Mr. Turnipseed recalled that Assembly Bill 190 was approved by the 1995 Legislature, enhancing the Stream Channel Clearance Fund from \$50,000 to \$250,000. Since that time, the Division has funded in part by providing matching funds for about 10 different projects for 6 different entities. Those projects were on the Upper Carson River, Middle Carson River, Lahontan Conservation District, three different projects on the Walker River, and in Douglas County. Mr. Turnipseed said he was compelled by statute to bring a request to the Interim Finance Committee to reimburse the Stream Channel Clearance Fund when the balance in the Fund drops below \$250,000.

Mr. Marvel asked Mr. Turnipseed if he needed the entire \$250,000 at this time. Mr. Turnipseed said he did not need the entire \$250,000 at this time since he had only one request for \$50,000 pending. Although several other local jurisdictions have expressed an interest in obtaining additional funding, Mr. Turnipseed said he did not believe their need was imminent. Mr. Turnipseed indicated that all of the \$250,000 had been committed, but not all of the \$250,000 had been spent.

Senator Raggio wanted to know what the amount was of the known requests at this time and Mr. Turnipseed responded \$50,000.

It was Mr. Hettrick's understanding that there was a total commitment balance remaining of \$174,009 and that Mr. Turnipseed was requesting an allocation that would restore the balance to \$250,000. According to Mr. Turnipseed there was a balance in the old Fund of approximately \$15,000 when the 1995 Legislature enhanced the Fund by \$250,000. In addition, \$59,959 in FEMA funds that were not committed to any particular project was transferred into the Fund, resulting in a total of \$334,959. Mr. Turnipseed noted that the Division had actually cut checks for \$160,000 and was committed to projects totaling \$174,009. The projects totaling \$174,009 are in the process of being built and checks would need to be cut as soon as the Division receives invoices from the various projects on those expenditures.

Since he thought everyone in both houses had worked very hard getting A.B. 190 passed during the 1995 Legislature, Mr. Hettrick asked Mr. Turnipseed what was the minimum amount of money would it take for him to cover the existing commitments. When forest fire reimbursements and other items have been deposited into the Contingency Fund, Mr. Hettrick said the Interim Finance Committee would be able to allocate additional funds to the Stream Channel Clearance Fund at that time. Mr. Hettrick asked Mr. Turnipseed how much money was currently in the Stream Channel Clearance Fund and Mr. Turnipseed responded \$174,009. Mr. Turnipseed apprised the committee that \$50,000 was needed at this time.

SENATOR JACOBSEN MOVED TO AMEND THE REQUEST TO \$50,000 AND APPROVE AS AMENDED. SECONDED BY MR. DINI.

Before the committee votes, Mr. Hettrick said he wanted to clarify that the committee's approval of the \$50,000 allocation would have no bearing on the committee approving additional funds to restore the Stream Channel Clearance Fund to \$250,000 at a later date. Mr. Hettrick said the legislative intent was clear; i.e., the channels must be kept clear because of their importance to river maintenance in the State of Nevada. He said, however, given the situation with the current balance in the Contingency Fund, he would prefer approving only the amount that was needed at this time.

Mr. Dini thought the work on the rivers could be done very inexpensively this year because of low water flow on the rivers due to lower-than-normal snow packs, especially on the Carson River and the Walker River.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

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

3. Employee Management Relations Board.....\$ 5,767.00

This item was withdrawn.

F. STATE PUBLIC WORKS BOARD:

1. Project Status Report (Informational item only).

Eric Raecke, Manager, SPWB, introduced Kathy Dow, Deputy Manager. Mr. Raecke said he would provide an update on school district projects in White Pine County and in Lincoln County as follows:

SPWB is moving ahead on a modular design system for Pleasant Valley (White Pine County).

SPWB has been reviewing life safety items at the Ely Middle School.

SPWB met with the school board this week in Lund and the board has decided on a particular model for a school. Town meetings have been held and an Advisory Board has been created. The project should move forward.

SPWB met with the Lincoln County School Board and School Superintendent. A decision has been made to use a high-tech prototype for the Panaca High School (similar to those SPWB has built in Las Vegas) and convert that into a high school. It would provide about a 33,000-square foot building.

SPWB has looked at the Pioche Elementary School for which the Legislature appropriated \$1 million.

Project No. 99-C1--Mr. Raecke said he anticipates being able to turn over the High Desert State Prison (HDSP) on schedule and the facility will be available for occupancy in September of 2000. Mr. Raecke noted that the November 13, 2000, date displayed in the Project Status Report, included in Volume V of the meeting packets, was the completion date for the last couple of housing units. Mr. Raecke added that he expects six housing units to be open for prisoners to occupy in September of 2000.

Project No. 99-C11--Mr. Raecke said the Lied Library was supposed to be substantially completed by Sunday evening (April 16, 2000); however, he did not believe that schedule was realistic because 30 days of testing and balancing were needed before the University of Nevada, Las Vegas (UNLV) would be able to take over the facility. The original schedule called for Lied Library to move into the new facility starting late in May and open June 15, 2000. SPWB has discussed this schedule with UNLV and UNLV has indicated that the Lied Library could open as late as August 20, 2000. SPWB intends to review the alternate schedule with the contractor and all interested parties next week. If this alternate schedule were to be agreed upon, Mr. Raecke said it would give the contractor a couple of more weeks, plus it would give UNLV an extra month to move about 800,000 volumes of books between the two libraries.

Since the progress has been slow on the Lied Library, Mr. Raecke said the news media had accused the contractor and SPWB of allowing mold or fungus to grow in the Lied Library. Mr. Raecke pointed out that after a flood occurred in July of 1999, some of the areas that had been sheet rocked were badly soaked, which had resulted in a fungus growing on the sheet rock. According to Mr. Raecke, the contractor had hired an environmental group to remove the fungus and most of the fungus had been removed. It was Mr. Raecke's opinion, however, that fungus in state buildings would continue to be a problem that would plague SPWB from now on because the fungus survives very well in a high humidity area.

Senator Coffin wanted to know about the status of the Law School since it was supposed to move into the space vacated by the Lied Library. Mr. Raecke said the plans for the Law School were almost ready for bidding. He said he wanted to get everything moved out of the Dickenson Library by late June because of a 45-day asbestos removal project. Although he estimated that the Law School would need approximately 14 months total construction time, Mr. Raecke said he did not believe there would be a problem in reducing the construction time from 14 months to 12 months because the project involved remodeling the existing Dickenson Library. The original completion date for the Law School was scheduled for October 12, 2001, and Mr. Raecke said he was optimistic that schedule would be met.

Since there are two segments to the Dickenson Library, the old and the new, Senator Coffin wanted to know whether UNLV administration plans to install its offices in the Dickenson Library. Mr. Raecke indicated that UNLV administration plans to move into a portion of the rectangular building, or about 40 percent of Dickenson 2, and the remodeling would be paid for out of UNLV funds. The remaining 60 percent of Dickenson 2 and all of Dickenson 1 would be committed to the Law School.

Senator Coffin said he wanted to keep track of UNLV administration's expansion in the old Dickenson Library. Mr. Raecke said he would make sure that Senator Coffin was kept informed.

Mrs. Chowning said she had asked for a status report at the last meeting on Project No. 97-M34, Replace Carpet, Vinyl and Epoxy Flooring at the Nevada Mental Health Institute (NMHI) in Reno. It was Mrs. Chowning's understanding that the work was supposed to start in mid-March, but had not done so and she was concerned about the loss of funding. Mr. Raecke said he thought Mrs. Chowning's question had acted as a "wake up call" to NMHI. Mr. Raecke apologized for not having brought information with him on this project, but it was his understanding that the Project Manager was satisfied with the progress on the project. Mrs. Chowning asked Mr. Raecke to provide her with a status report on this project at his earliest convenience and he said he would.

When a prime contractor has completed work on a school construction project, Mrs. Cegavske wanted to know what type of procedure was followed before the contractor was paid by the school district. Mr. Raecke said he would assume the Clark County School District follows the same procedure as SPWB; i.e., when a project has been brought to a point called "substantial completion," a "punch list" is prepared which includes all items that need to be completed or corrected after construction has stopped. A date or time limit is set for completion of the "punch list" and if all items on the "punch list" have not been done within 45 days, liquidated damages can be charged from the date of "substantial completion" until the items have been taken care of. Once the "punch list" has been completed, a "Certificate of Occupancy" is issued by the Fire Marshal and the school district, followed by the issuance of a final completion notice that is recorded with the county. Mr. Raecke said he would be happy to check with the Clark County School District about its procedure and report his findings to Mrs. Cegavske.

Project No. 97-C16, Mr. Raecke noted that the Southern Nevada Veteran's Home project was running about 60 days late, but should be completed by about July 1, 2000. According to Mr. Raecke, the federal fund portion, which was about \$1.8 million, for a roadway that would have served Boulder City and the Veteran's Home was withdrawn by the federal government and the Nevada Department of Transportation (NDOT) has indicated it would pick up that cost with state funds.

Senator Jacobsen pointed out that several weeks ago the Veterans' Commission had done an on-site inspection of the Southern Nevada Veteran's Home and the Commission was pleased with the progress. The Commission also toured the Chapel at the Southern Nevada Veteran's Cemetery and thought the Chapel was going to be beautiful.

Project No. 99-C03--Mr. Raecke reported that the Nevada National Guard State Command Complex project in Carson City was supposed to be bid in May. He said it would be about a 14-month project. Mr. Raecke indicated that this project would trigger a debate over what to do with the old Nevada National Guard Armory property on Carson Street. SPWB has been working with the Governor regarding the future plans for the property and Mr. Raecke said he expects to have a plan that would comply with the Governor's wishes within the next several weeks. Mr. Raecke said he would assume the plan would be presented to the 2001 Legislature.

Project No. 99-C15--Mr. Raecke said the High Tech Center project at Great Basin College in Elko would be bid in May.

Secure Juvenile Facility in Las Vegas (S.B. 495, 1997 Legislative Session)--Mr. Raecke indicated that a "punch list" had recently been compiled for this project. He said a sun cover had been built for the exercise area to comply with the requirements for certification by the American Correctional Association (ACA). He said, however, there was enough money remaining in the project to enclose the gymnasium, install air conditioning, and provide several other features.

Mr. Raecke noted that there were currently 128 active projects. In addition to the projects listed in the Project Status Report, Mr. Raecke pointed out that there were 75 projects listed in the section entitled "CIP Projects Completed but Not Closed Out." Mr. Raecke also directed attention to the report entitled "CIP Project Summary" that shows the amount of the original commitment and the balance of funds unobligated. In addition, he referred to a report entitled "Change Order Summary/Board Report," and a "Project Bidding" schedule dated March 23, 2000.

It was Chairman Arberry's understanding that Project No. 99-C10, Museums FIB Interior Renovations had been delayed. Mr. Raecke said he thought the committee would recall that the building had formerly housed an operating bank. Mr. Raecke apprised the committee that this project had experienced a shortfall of several hundred thousand dollars due to some of the mechanical units not being in good working order and having to install an Americans with Disabilities Act (ADA) approved elevator in order to access the Mezzanine. Mr. Raecke thought SPWB had been fairly creative by coordinating an energy savings package with adjacent building owners and he said he was optimistic that SPWB would be able to makeup the shortfall so that the project could move forward.

2. Expand Scope of Work for Project No. 97-S1 – Statewide Roofing Program.

After a structural analysis had been completed on the old Court House in Carson City, Mr. Raecke said SPWB discovered that the original roof system had been "skip sheeted." In order to strengthen the roof system, a solid diaphragm roof needs to be installed. Mr. Raecke requested approval to expand the scope of Project No. 97-S1 to include the new roofing system at an estimated cost of \$100,000. If the committee were to approve the request, Mr. Raecke said Project No. 97-S1 would have an unencumbered balance of \$438,000. There were originally 21 projects in the Statewide Roofing Program; 17 have been completed and money has been encumbered for the remaining 4 projects.

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

3. Change Scope of Work for Project No. 99-C16 – Student Development Center, TMCC.

Mr. Raecke said he wished to clarify that SPWB would be building a \$5-million project rather than an \$8-million project. When he appeared before the money committees on Project No. 99-C16 during the 1999 Legislature, Mr. Raecke recalled that the state was going to provide a little over \$5 million for this project and Truckee Meadows Community College (TMCC) was going to provide about \$3 million in funds donated by the Reynolds' Foundation. Since the Reynolds' Foundation money did not materialize, Mr. Raecke said the scope of work for this project had to be changed and he was requesting permission to construct 55,000 square feet of shell space and then return to the Interim Finance Committee at a later time to request money to do the inside improvements. Mr. Raecke said it was his understanding that the Board of Regents plan to request funding for the TMCC project at its next meeting. Mr. Raecke told the committee that this was the first project during his employment with the State of Nevada where donated money had been promised and the project was designed on that assumption, but the funding did not materialize. Mr. Raecke thought the joint money committees might want to consider some type of mechanism that would provide protection to the state when donated funding was used to fund projects.

Chairman Arberry recalled that during the hearings of the Joint Subcommittee on Capital Improvements during the 1999 Legislature the subcommittee had asked for assurances that the cost of the TMCC project would not increase if the donated funding did not materialize. Mr. Raecke indicated that he had been requested by the legislature on a number of different projects not to move forward until the funding was in the bank and he had no problem with that.

It was Senator Raggio's recollection that the money committees were struggling to get as many projects funded as possible during a difficult period. Senator Raggio also recalled that representatives of the University Community College System of Nevada (UCCSN) were highly expectant of getting the donated funds from the Reynolds Foundation; thus, the state funds that were provided for the TMCC project might be available for other uses. At the request of UCCSN, the 1999 Legislature approved three additional UCCSN CIP projects that could be completed with the state funding from CIP No. 99-C16 if those funds were not needed to complete CIP No. 99-C16. Mr. Raecke said Senator Raggio's recollection was correct, adding that CIP No. 99-C16 was on the Board of Regents' priority list.

Chairman Arberry wondered what had happened to the donated money. Mr. Raecke said he was not privy to that information, but he had been told that UCCSN did not receive the grant.

Ms. Giunchigliani inquired about the actual cost of Project No. 99-C16. Mr. Raecke indicated that the state had provided \$5,003,022 for Project No. 99-C16. Ms. Giunchigliani wanted to know whether Mr. Raecke expected to spend beyond that amount and Mr. Raecke responded that he would not spend beyond that amount.

Senator Raggio said he wished to clarify that Project No. 99-C16 would be reinstated to the original scope if the funding were to become available at a later time and Mr. Raecke responded affirmatively.

SENATOR RAGGIO MOVED TO APPROVE THE REQUEST WITH THE UNDERSTANDING THAT PROJECT NO. 99-C16 WOULD BE REINSTATED TO THE ORIGINAL SCOPE IF THE FUNDING WERE TO BECOME AVAILABLE AT A LATER TIME. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

4. Increase Spending Authority for Project No. 99-C29L – Medical Resource Center, UNR.

To clarify this request, Mr. Raecke said he was requesting to increase the spending authority for this project by \$250,000 rather than \$500,000, which would increase the total spending authority to \$10,250,000. He noted that a letter dated April 5, 2000, from Marcella Yates, UNR, commits the additional \$250,000.

Chairman Arberry wanted to know whether a revised project cost estimate worksheet had been submitted to the legislative Fiscal Analysis Division. Mr. Raecke said he would make sure the legislative Fiscal Analysis Division staff receives the revised cost estimate by tomorrow.

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

5. Increase Spending Authority for Project No. 99-S4E – Mormon Fort Visitors Center.

Mr. Raecke explained that this request would increase the spending authority for this project by \$33,850. According to Mr. Raecke, the Division of State Parks wishes to hire a consultant to do the Exhibit design. Rather than entering into a separate contract, the Division of State Parks will provide the funding under its existing contract with SPWB so that the work would be accomplished in cooperation with the architect on this project.

Senator Coffin said he had viewed an initial rendering of the proposed Visitors Center and he asked Mr. Raecke to convey his comments to the architect. Senator Coffin said he was unsettled when he viewed the rendering because he did not believe it contained a flavor for fitting in with the Mormon Fort. While he realized that architects get upset when people criticize their creative work, Senator Coffin said he wished to indicate that he would prefer having the architecture look like it was designed in the 1850's rather than the 1950's. Mr. Raecke said he would be glad to have Senator Coffin serve on the review committee. Senator Coffin said either he or Senator Rawson would be happy to serve on the review committee.

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

6. Alter Scope and Increase Spending Authority for Project No. 99-C6.

According to Mr. Raecke, this request includes two parts. The first part of this request would increase the spending authority for Project No. 99-C6 by an amended amount of \$22,870, to add one bay in the Industrial Park in Ely (White Pine County) so that a paint stall could be installed. This funding would come from the Department of Conservation and Natural Resources. In providing background information on the second part of this request, which he admitted was rather convoluted, Mr. Raecke indicated that a shop building was supposed to be built in Tonopah for the Nevada Division of Forestry (NDF). He said, however, the town of Pioche decided to build a new elementary school on a parcel of land that was donated by the Nevada Department of Transportation (NDOT) a number of years ago that directly adjoins the existing NDF conservation camp building. Since inmates work in and around the building, the Lincoln County School District has indicated to NDF that it does not want inmates working next to the new school. According to Mr. Raecke, NDF wishes to delay building a shop at Tonopah so that a new building can be built in Pioche.

Chairman Arberry asked Brenda Erdoes, Legislative Counsel, if the committee has the authority to authorize SPWB to alter the scope of Project No. 99-C6 to construct a building in Pioche. Ms. Erdoes said she did not believe the committee has the authority to change the scope of a project to a different location. Although Section 28 of the CIP bill gives the Interim Finance Committee the authority to approve a change of scope and transfer funding from one project to another, Ms. Erdoes said she could not make a logical leap to a different location as well. According to Subsection 2 of Section 18 of the CIP bill, the scope of Project No. 99-C6 is to expand shops and warehouses at Tonopah, Ely, and Indian Springs conservation camps. Since Pioche was not specifically mentioned in the CIP bill, Ms. Erdoes expressed concern that the committee does not have the authority to approve the change in scope to construct a building in Pioche.

Mr. Raecke said he had spoken with Roy Trenoweth, State Forester, NDF, about this project several times and it was Mr. Raecke's belief that Mr. Trenoweth's intent was for SPWB to go ahead and build the Tonopah building and, when the elementary school in Pioche opens, he would close NDF's building in Pioche until funding could be secured to build another building. If the committee decides not to approve the second portion of this request, Mr. Raecke said it would delay the completion of this project and would be a major inconvenience to NDF as well.

In responding to a question from Chairman Arberry, Mr. Raecke requested that the committee approve the transfer of funds into Project No. 99-C6 to construct one bay in the Industrial Park in Ely (White Pine County) so that a paint stall could be installed.

Chairman Arberry asked Gary Ghiggeri, Principal Deputy Fiscal Analyst, legislative Fiscal Analysis Division, to clarify the request. Mr. Ghiggeri noted that Mr. Raecke had requested that the amount to be transferred be revised from \$24,000 to \$22,870.

MRS. CHOWNING MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED. SECONDED BY SENATOR COFFIN.

Senator O'Donnell said it was his understanding that the committee was precluded by law to transfer funds to a new project because the project was in a location not specifically mentioned in the CIP bill and that the committee intends to take no action even though Lincoln County School District has asked NDF to move its conservation camp located next to a new elementary school under construction. Mr. Raecke pointed out that Mr. Trenoweth had told him that when the new elementary school opens, he would close NDF's conservation camp building and operate out of the Pioche Conservation Camp; however, it would severely limit the operation.

Chairman Arberry thought it would be helpful for the committee to hear from Roy Trenoweth, State Forester, NDF. Mr. Trenoweth said he wished to clarify that NDF's conservation camp was operating out of the building that was formerly the old Highway Maintenance Station located in the town of Pioche and the new elementary school was going to be built south of the building. When the elementary school has been completed, Mr. Trenoweth said he would have no choice other than to close NDF's operations at that location and move the operation approximately 5 miles away to the Pioche Conservation Camp, which is on the east side of the highway. Mr. Trenoweth said it was not feasible for NDF conservation camp crews to work in proximity to an elementary school.

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

MOTION PASSED UNANIMOUSLY BY VOICE VOTE.

7. Gymnasium at High Desert State Prison (Informational item only).

Mr. Raecke recalled that when the 1999 Legislature approved CIP No. 99-C1 (Phase II of High Desert State Prison (HDSP), which included \$2,342,700, plus inflation costs, for the construction of a gymnasium and four housing units, he thought the funds would be adequate to complete this project. He said, however, the original gymnasium design was flawed and very expensive and SPWB opted not to build it. In addition, Mr. Raecke thought it might be possible to change some of the expensive rack-and-pinion door locks and use instead a door locking system similar to those in use at Lovelock Correctional Center (LCC). NDOP was not in agreement with the proposed change because the issue of security was paramount to the administration. In retrospect, Mr. Raecke said that he might have underestimated the project.

In the meantime, Mr. Raecke said he had discussed the possibility of constructing a large sun cover with concrete floors and a metal roof for an exercise area at an estimated cost of \$360,000. According to Mr. Raecke, there was \$1 million-plus in the contingency budget, which was more than enough money for the sun cover. In addition, Mr. Raecke said he had reviewed with the contractor the possibility of constructing "a very simplistic, scaled-down version of an enclosed gym" for an estimated cost of \$650,000. Mr. Raecke indicated that a hard commitment would need to be made sometime in June either to install the sun cover or construct "a very simplified gym" in order to have it ready for opening day of HDSP in September of 2000.

It was Chairman Arberry's understanding that SPWB had indicated that the decision to eliminate the gymnasium from the project was made in mid-June 1999. Although the solicitation that was sent to the contractor for the negotiation of a sole-source contract indicates that the gymnasium was still included in the project scope in late June, the gymnasium was not included in the construction contract that was finalized in September 1999. Since he had stated earlier in the meeting that he wanted to keep the committee abreast on changes, Chairman Arberry asked Mr. Raecke why he had not brought the decision to remove the gymnasium from the project to the attention of the Interim Finance Committee at an earlier date since the committee had met a number of times since June 1999. It was Chairman Arberry's belief that the elimination of the gymnasium represents a major change to the project. While it was not the committee's intent to micromanage SPWB, Chairman Arberry said he thought that Mr. Raecke should have notified the Interim Finance Committee at an earlier date that he was considering a change of this magnitude, adding that "now we are faced with no gym and some fancy locks."

To respond to Chairman Arberry's comments, Mr. Raecke said he had not been talking about "fancy locks," but rather good, high-security locks. As far as keeping the committee abreast, Mr. Raecke countered that a decision was made during meetings held between SPWB and the NDOP Director and NDOP staff between June and August of 1999, when prison costs were discussed. Although he had kept a fairly large contingency in the project's budget in the hope that the gymnasium could be constructed, Mr. Raecke acknowledged that the cost of constructing the gym was more than he had anticipated and he had been unable to generate savings to offset that cost. During hearings before the money committees, it was Mr. Raecke's recollection that an agreement had been reached; whereby, SPWB would be allowed to remove any inflationary numbers in the sole-source construction project. He indicated that the deduction of inflation costs alone on a \$50-million project was approximately \$3.8 million. Mr. Raecke told the committee that he was optimistic that a gym could be constructed, but it would not be the "over-designed" gym that was originally proposed.

While he respects Mr. Raecke's opinion that he would be able to build the gym, Chairman Arberry emphasized that the money committees had accepted his word on this construction project and had funded the project accordingly. Since it is now apparent that SPWB made a major change to this project two or three months after the legislature had adjourned, Chairman Arberry said he thought it was important to get a message across to Mr. Raecke and to all state agencies that the legislature would not tolerate major changes being made to a project without first notifying the Interim Finance Committee about the proposed change.

Ms. Giunchigliani said she first wished to echo Chairman Arberry's concerns. It was Ms. Giunchigliani's understanding that there was insufficient funding for the electric fencing for HDSP and that the door locks at HDSP were supposed to be the same as those at LCC, but a decision was made to install more expensive rack-and-pinion locks at HDSP. Mr. Raecke said he wished to clarify that the NDOP Director did not make a decision to install more expensive rack-and-pinion locks at HDSP, but rather he had hoped to be able to convince the NDOP Director that a less secure lock, similar to those used at LCC, could be used at HDSP. He said, however, a decision was made to install the same type of locks in the four housing units that were installed in the other housing units at HDSP. Since each rack-and-pinion lock device costs \$3,000 more per door than the pop-open lock device installed at LCC and there are 672 doors in the four housing units at HDSP, Mr. Raecke said there would have been a substantial savings if he had been allowed to use the less expensive locks.

Since it was her recollection that NDOP's policy does not require the installation of rack-and-pinion locks at medium security prisons, Ms. Giunchigliani did not believe that the installation of rack-and-pinion locks at HDSP, also a medium security facility, was justified. Mr. Raecke said he was not aware of a policy that would have restricted the use of pop-open lock devices at HDSP; however, Director Bayer handles all matters of security. Although he acknowledged that the contract had not yet been let on the electric fencing, Mr. Raecke said the original design includes electric fencing for HDSP and it was not his intent to open HDSP without a fence.

Ms. Giunchigliani questioned how it had been possible for SPWB to go from a sole-source contract that included the gymnasium to a construction contract without the gymnasium. Mr. Raecke explained that the gymnasium was included in the original estimate, but was not included in the sole-source contract because funding was tight.

It was Ms. Giunchigliani's belief that this was a major change in the scope of the project. While he would agree that it was a scope change, Mr. Raecke said the money had been placed in contingency with the idea that the gymnasium would be constructed if funds were available.

While she thought the safety issue was important, Ms. Giunchigliani said she would argue that it was also important for a prison facility with 1,800 to 2,000 prisoners to have an activity area or prison industry program to reduce the likelihood of riots and fights. Although he acknowledged that it remains to be seen whether money would be available to construct the gymnasium, Mr. Raecke indicated that a prison industries building was included in the next phase of the project.

Since it was her understanding that a payment of \$320,000 for architect fees for Phase II and \$160,000 for architect fees for Phase I had been made and those fees were not included in the legislatively approved budgets for the two projects, Ms. Giunchigliani wanted to know which architectural firm had received the fees. Mr. Raecke said the architectural firm of Lucchesi and Galetti, from Las Vegas, had done the original design for HDSP. When the construction was put out to bid, Mr. Raecke said he had concerns about Lucchesi and Galetti design/construct administration staff. He appeared before the Interim Finance Committee and indicated that the construction administration would be done by SPWB. SPWB subsequently entered into an agreement with an architectural firm from Phoenix, Arizona, who had designed a number of prisons, to do many of the shop drawings and clean up the design so it would be a very buildable structure.

Ms. Giunchigliani wondered why the architectural fees were not initially included in the project. Mr. Raecke said that when he appeared before the Interim Finance Committee about changing the construction administration from Lucchesi and Galetti to SPWB, he estimated that it would cost \$780,000 to do the construction administration throughout this project. Mr. Raecke suggested that if \$320,000 and \$160,000 were to be added to the amount that has been expended through SPWB, it would reveal that SPWB was staying within that budget.

Chairman Arberry asked Ms. Erdoes if the committee should treat this matter as a change of scope. Ms. Erdoes suggested that any time a certain number of buildings have been approved by the legislature in a particular project and a significant change to that project occurs, the Interim Finance Committee has traditionally considered such a departure as a change of scope, requiring Interim Finance Committee approval. Ms. Erdoes cautioned the committee, however, that item F7 had been placed on the meeting agenda as an informational item only; thus, this item would need to be placed on the agenda for a future meeting.

Mr. Marvel wanted to know how Mr. Raecke intends to reconcile this issue. Mr. Raecke said he would expect to have a very good handle on whether he would be able to build the gymnasium at HDSP by the next Interim Finance Committee meeting in June. Mr. Raecke said that if he were unable to build the gymnasium, he would return to the Interim Finance Committee and formally request a change of scope.

8. Response to Questions from the 02/02/00, IFC Meeting (Informational item only).
There were no comments on questions from the committee on this item.

G. TASK FORCE FOR THE ELIMINATION OF RACIAL, ECONOMIC AND GENDER BIAS IN THE JUSTICE SYSTEM.

Request for Remaining Amount Authorized by A.B. 703 (1999).....\$ 50,000.00

Elgin Simpson, Executive Director, Nevada Supreme Court Task Force for the Elimination of Racial, Economic, and Gender Bias in the Justice System, requested the release of the remaining \$50,000 of the \$100,000 allocated by Assembly Bill 703 ([1999 Legislative Session](#)).

Chairman Arberry said the committee would appreciate hearing a status report on how the initial \$50,000 was expended. Mr. Simpson directed the committee's attention to a breakdown of the expenditures on pages 61-64 in Volume VI of the meeting packets, which indicated that \$43,471 of the initial \$50,000 appropriation released by the Interim Finance Committee in September 1999, had been expended. Of that total, \$36,923 (85 percent) paid the salary of the Executive Director, and the remaining \$6,548 (15 percent) was used to support the operational costs of the Task Force, including the acquisition of a computer for \$2,500.

Chairman Arberry asked Mr. Simpson if he had been successful in locating additional funding to support the Task Force. Mr. Simpson indicated that \$14,000 had recently been received from the Nevada Appellate Project for ongoing expenses for the Task Force. Although the non-profit corporation is already in place, Mr. Simpson apprised the committee that the law firm of Lionel, Sawyer and Collins was in the process of completing Form 501-C3 that would qualify the non-profit corporation to file as a tax-exempt entity with the Internal Revenue Service (IRS). It was Mr. Simpson's understanding that this work would be completed within the next 2 weeks at which time the Task Force would be eligible to receive additional funding. In addition, Mr. Simpson said he had been invited to speak at the Indigent Defense 2000 Program sponsored by the U.S. Department of Justice to be held in Washington, D.C. during the month of June and he would be seeking additional resources for the Task Force from the U.S. Department of Justice at that time. Since Nevada was one of five states chosen for a study of indigent defense, Mr. Simpson pointed out that the federal government would be expending approximately \$100,000 through the Task Force to study indigent defense in Nevada. He said a special research group would be doing the study and he expected the study to be completed and turned over to the Task Force by the end of May.

It was Mr. Hettrick's understanding that the \$100,000 being expended by the federal government to study indigent defense in Nevada would result in the Task Force receiving a copy of that study, but not necessarily federal funding. Mr. Simpson said Mr. Hettrick's understanding was correct. He said, however, the research group would also provide the Task Force with recommendations as to how the Task Force should be funded.

To respond to a question from Mr. Hettrick, Mr. Simpson indicated that the non-profit corporation must have the 501-C3 designation (tax exempt) before private funds could be secured.

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

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

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

H. DEPARTMENT OF EDUCATION – Allocation of Remediation Funds (S.B. 555):

1. King’s River School (1999-00).....\$ 3,702.63

Mr. William Arensdorf, Director, Finance and Accountability, Department of Education, introduced Mindy Braun, Education Analyst, legislative Fiscal Analysis Division, and a member of the Legislative Bureau of Educational Accountability and Program Evaluation. Mr. Arensdorf requested committee approval for the Department of Education to expend \$3,702.63 from the 1999 appropriation of \$3.3 million authorized in section 18 of Senate Bill 555 for remedial education programs for designated schools under NRS 385.367. In September of 1999, Mr. Arensdorf recalled that the Department of Education had brought proposals to the Interim Finance Committee for funding the schools that were designated as in need of improvement. Although the King’s River School was not in that category, it was eligible for funding because the school had a number of children who were non-proficient as determined by the state Terra Nova test in three out of four core subject areas. As required by NRS 385.367, these schools must adopt for school improvement research-based programs that are proven to be effective. King’s River School, which is a small rural school in Humboldt County, adopted the Lightspan Achieve Now Program for children in grades kindergarten through 4. King’s River School has requested a small amount of additional funds to expand the program into the upper grades. To contribute toward this, Mr. Arensdorf noted that the King’s River School Parents’ and Teachers’ Association (PTA) had raised \$550 to purchase the license for the Lightspan Program.

MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR RAGGIO.

Since the school in which she teaches had recently been deemed as one that was at risk of needing improvement, Ms. Giunchigliani said she wished to disclose for the record that she was a public school teacher. Ms. Giunchigliani wanted to know if the Department of Education had published a list of schools that had been newly deemed to be at risk this year. Mr. Arensdorf indicated that the applications for funding for this cycle were due in May and that the Department of Education would be bringing a list of those approved schools to the Interim Finance Committee at its June meeting.

Ms. Giunchigliani said she had noticed that the funding recommended for remedial tutoring in Clark County was primarily for high school and elementary students rather than middle school students. It was Ms. Giunchigliani’s belief that the greatest impact would be on middle school students not moving forward. For future reference, Ms. Giunchigliani wanted to know what could be done to ensure that funding for remedial tutoring was more representative. Mr. Arensdorf indicated that the Department of Education could have recommended funding for additional middle school students, but only two middle schools had applied for funding. He also pointed that the remediation programs for non-proficient students could serve children in any of the schools; the school does not have to be a designated school.

Since the new law went into effect where students cannot be promoted from 6th to 7th grade or from 7th to 8th grade or from 8th grade to high school without passing a proficiency test, Ms. Giunchigliani said it made no sense to her that the schools would not recognize the importance of remedial tutoring. Although school districts can determine their level of priority, Mr. Arensdorf suggested that the Clark County School District was focusing first on the juniors and seniors who fail high school proficiency tests.

Ms. Giunchigliani wondered whether the Department of Education was simply reviewing the applications without questioning whether the dollars were being allocated appropriately. Mr. Arensdorf indicated that the Department of Education looks at whether the school has justified the children they are going to serve and whether the program seems realistic so the children can become proficient. Once the children have completed the program, the Department of Education performs an evaluation to ascertain whether the children had reached their goals.

Senator Neal wanted to know whether the funding was being applied to children attending Charter Schools who were at risk. Mr. Arensdorf indicated that three Charter Schools applied for funding under the second program and those three Charter Schools are being recommended for funding.

Mr. Hettrick thought it would be helpful if the committee were to hear whether there had been any feedback as to the effectiveness of the Lightspan Program at the King’s River School. Ms. Braun said she had visited the King’s River School twice this year and she found the community very supportive of the Lightspan Program. The Lightspan Program was implemented within the classrooms of the two-room school in grades kindergarten through 4. Students are asked to do additional work at home where they have a Sony Play Station. The additional funding would allow the school to fully expand the program to serve children in grades 6 and 7.

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

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

2. Distribution of Funding Among 12 School Districts
and 3 Charter Schools (2000-01).....\$1,000,000.00

Mr. Arensdorf requested approval of the \$1,000,000 that was appropriated under Senate Bill 555 by the 1999 Legislature for remedial education programs. The first \$1,000,000 was approved by the Interim Finance Committee in September of 1999. According to Mr. Arensdorf, the second \$1,000,000 would serve schools in the coming summer and next school year. The proposals are substantiated by numbers of non-proficient students in three categories, which he described earlier. The Department of Education has received proposals from 12 school districts and 3 charter schools, for a total of \$1,943,000, or \$943,000 more than the \$1,000,000 available. A review committee, which included representatives of the Department of Education, Budget Division, and Legislative Bureau of Educational Accountability and Program Evaluation, was convened to examine the requests and suggest cuts, as appropriate. Since the programs must be offered outside of the school day so they do not replace or supplant the programs the student would normally receive, the programs are offered in the summer, before and after school, on Saturday, and during the intersession periods. The teachers who tutor the students receive a salary of \$20 per hour. The review committee also deleted extra supplies that normally would be provided by the school and the request for transportation in order to reduce the amount of the requests to the \$1,000,000 that was available and to focus the resources on serving the children.

Ms. Bruan apprised the committee that an additional six applications for funds for 2000-2001 had been received than were received in 1999-2000. For purposes of reviewing the applications, Ms. Bruan explained that the review committee used criteria to prioritize the funding requested. In cases where a school district was awarded funding for a program under section 19 of S.B. 555 for 1999-2000, funding to continue the program was recommended first prior to reviewing new programs. In cases where a school district applied for elementary, middle, and high school programs, high school and middle school programs were funded first before the elementary school programs simply because elementary schools normally receive federal funding such as Title I and the majority of other state remediation funding. In cases where a school district applied for funding to implement programs at a variety of locations, at several different schools throughout a school district, funding was provided to those locations determined to have the most need of at-risk students. These deductions, when applied across all of applications, enabled the review committee to reduce the requested amount to \$1,000,000.

Continuing her testimony, Ms. Braun directed the committee's attention to a chart that outlines those recommended amounts on pages 72-77 in Volume VI of the meeting packets. If approved, Ms. Braun noted that 28 programs across the state would be implemented and would serve approximately 30,461 students, for a cost of about \$33 per pupil. In addition, there would be 13 high school programs, all of which are designed to remediate students who have failed the high school proficiency examinations. The funding for this type of remediation would be approximately \$429,000, or 33 percent of the \$1,000,000. In addition, there would be 9 middle school programs and 7 elementary school programs. She also noted that there would be 12 programs offered during the summer, 11 offered before or after school, 3 offered during intersession, and 2 offered on Saturday. In providing a breakdown of the funding, Ms. Braun pointed out that 75 percent of the funding would be used for salaries and benefits for teachers for tutoring, 15 percent for remedial programs, 6 percent to purchase books, 2 percent to purchase computers, and 2 percent for training of staff.

Ms. Giunchigliani suggested that next time the Department of Education direct its communications to individual school sites as well as the school superintendents to prevent the type of funding allocations that were recommended for remedial education programs for Clark County for 2000-2001.

SENATOR RAGGIO MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PERKINS AND MOTION CARRIED BY VOICE VOTE WITH MS. GIUNCHIGLIANI VOTING NO.

I. APPROVAL OF LEASE OF STATE LANDS (NRS 322.007).

Pamela Wilcox, Administrator, Division of State Lands, Department of Conservation and Natural Resources, requested the committee's approval of a fair market lease to a private party named Neal Coston, who wishes to lease one of the small, old cottages at the Stewart Indian School Complex. Ms. Wilcox noted that Mr. Coston was a state employee and that the building was about 2,222 square feet (including a full basement). Mr. Coston will be paying \$550 per month and the lease will run one year, but may be extended. If extended, the lease terms may be renegotiated.

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

J. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

1. Division of State Parks – Question 5 Bond Transfers (S.B. 189 – 1989 Legislature).
Refer to testimony and motion for approval under item C.137.

2. Division of State Parks – Funding for Spring Mountain Historic Ranch Bldg. Repairs.
Mr. Weaver explained that the 1999 Legislature had approved \$79,290 in room tax funds toward the structural stabilization and restoration of 10 historic ranch structures at Spring Mountain Ranch. Mr. Weaver said he was requesting an additional \$60,000 to augment those funds so that the Division of State Parks would be able to complete the restoration of six buildings. Mr. Weaver said it was his intention to bring a request to the 2001 Legislature for funding to restore the remaining four buildings.

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

3. Division of Wildlife – Proposed Gift by Sierra Pacific Power and Ducks Unlimited.
Terry Crawford, Administrator, Nevada Division of Wildlife (NDOW), Department of Conservation and Natural Resources, apprised the committee that Sierra Pacific Power Company (SSPC), has offered for donation to Ducks Unlimited, a parcel of land approximately 85 acres in size located approximately 17 miles east of Reno, along the Truckee River near the Tracy Power Plant. Mr. Crawford noted that the property was commonly known as "Tracy Pond." Mr. Crawford said that it was NDOW's intent to turn the property into an urban fishery. The property has been valued at approximately \$68,000.

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

K. INFORMATIONAL ITEMS:

1. Office of the Attorney General – Increase in position from .50 FTE to .51 FTE.
There were no comments or questions from the committee on this item.
2. Department of Education – Evaluation Report regarding accomplishments of the Cultural Diversity Consultant and Indian Education Consultant.
There were no comments or questions from the committee on this item.
3. Department of Business and Industry – Annual Report of Workers' Compensation Compliance Audits NRS 616B.003.
There were no comments or questions from the committee on this item.
4. Department of Human Resources:
 - a) Community Connections Unit – Change of budget account title.
 - b) Report on Community Corrections Partnership Block Grant.
 - c) Community Connections – Convert two .51 FTE positions into 1.0 FTE position.
 - d) Sierra Regional Center – Increase position from .9 FTE to 1.0 FTE.There were no comments or questions from the committee on the above items.
5. Department of Prisons:
 - a) Vending Machine Report – July to January – FY 2000.
 - b) Telephone Commissions – July to January – FY 2000.
 - c) Response from NDOP to questions from February 2, 2000, IFC Meeting.
 - d) Response from NDOP to pending questions regarding Drug Court.
 - e) Post Parole/Pre-Release Strategies.
 - f) Staffing Analysis – Lovelock Correctional Center.There were no comments or questions from the committee on the above items.

6. Department of Motor Vehicles and Public Safety:
- a) Status Report – New positions approved at February 2, 2000 IFC Meeting.
 - b) Project Genesis Subcommittee Report.

After providing a copy of his report to the committee, a copy of which is included in the meeting minutes as Exhibit K, Mr. Beers apprised the committee that Project Genesis was moving along. Although Deloitte and Touche has concluded its contract for the main part of Project Genesis, Mr. Beers said the contractor was still working on the implementation of the alternative technologies; i.e., the Web Site, telephone, and vehicle registrations at emission stations. DMV&PS staff discussed a long list of suggested enhancements and new efficiencies that have been suggested by the Field Division employees and it was Mr. Beers' belief that the list would be worked through by internal programming resources within DMV&PS within the next 1-1/2 to 2 years from now.

In continuing his report, Mr. Beers noted that the most important testimony heard by the subcommittee at the April 12, 2000, meeting was the fact that Genesis was running at least 2-1/2 times the consumption on the state's mainframe resources that had originally been anticipated and that NOMADS was running at least 3 times the original estimate of consumption of resources. Accordingly, the state's mainframe has 10 to 15 percent capacity remaining even though it was expanded to the full level that was approved by the 1999 Legislative Session. Mr. Beers cautioned the committee that it was quite possible the Department of Information Technology (DoIT) would be seeking an allocation from the Interim Finance Committee's Contingency Fund to expand the mainframe prior to the conclusion of this biennium. He said there was no indication from DoIT of a price tag for such expansion. Mr. Beers said he was pleased to hear that Genesis' consumption in March was lower than it was in February so perhaps its growth rate had stopped. He said, however, once the additional chip was installed in the mainframe on March 5, 2000, NOMADS had "exploded" in order to accommodate a latent demand.

Mrs. Chowning said she wished to point out that the average waiting time in the DMV&PS branch offices in southern Nevada was about 3 hours on Saturdays and between 1 and 2 hours during the week. Mrs. Chowning also noted that all of the new positions approved by the 1999 Legislative Session were expected to be on line soon; thus, she hoped most of the windows would be manned so that the waiting time could be reduced to less than 1 hour in the near future. In addition, Mrs. Chowning pointed out that the Best Consulting contract was terminated about 2 weeks ago, which should save the state some money.

Senator Jacobsen said he visits the DMV&PS office in Carson City several times a week and he had observed exceptionally long lines. Senator Jacobsen wanted to know whether DMV&PS staff had provided a time frame for when the branch offices would "be up to speed." Although DMV&PS staff did not discuss a time frame for reaching a certain level, Mr. Beers said it would appear to him after reviewing the statistics provided by DMV&PS for all of the branch offices that the overall trend had been toward improvement, although he acknowledged that the waiting times were highly variable from day to day.

Ms. Giunchigliani said she had reviewed the Project Genesis meeting minutes when Ginny Lewis, Deputy Director, DMV&PS, said she hoped to have the transaction times reduced to 1 hour by April of 2000. Mr. Beers contended that DMV&PS' statistics indicate the wait time was 1 hour or under in over half of the branch offices, but he said there were exceptions.

In responding to a question from Ms. Giunchigliani, Mr. Beers indicated that the transaction times were going down along with the waiting times, but much more slowly than when Project Genesis was first implemented. It was Mr. Beers' belief that improvements were continuing to occur not only in the familiarity of the field worker with the product, but also within the program itself.

As a member of the Project Genesis subcommittee, Senator O'Donnell recalled that he had brought up the fact at the meeting yesterday that in 1995, when the Legislature fixed this problem, 96 new positions were approved for DMV&PS, compared to zero positions during the 1999 Legislative Session despite approximately 6,000 people moving into the Las Vegas area each month, which places an extreme demand on the system. As a result of the salary increases and readjustments that were made during the reorganization of DMV&PS last time, Senator O'Donnell said that DMV&PS was unable to hire additional staff to support the windows because of the 22 percent cap limitation. Senator O'Donnell suggested that the 2001 Legislature needs to consider augmenting DMV&PS' staff to get the wait times down. It was also Senator O'Donnell's recollection that Ginny Lewis had stated that her goal was a 1-hour wait time by April. Senator O'Donnell said, however, he thought that anybody who has to wait longer than 15 minutes at a DMV&PS branch office for a routine transaction had been required to wait too long. Senator O'Donnell emphasized that the 2001 Legislature needs to fix DMV&PS like it did in 1995 by adding more staff.

Senator Coffin expressed concern about the possibility of DoIT having to ask the Interim Finance Committee for an allocation from the Contingency Fund to further upgrade the state's two mainframes with additional CPU capacity before the end of the current biennium. Senator Coffin asked Mr. Beers if his subcommittee were considering alternate steps to move some of the computing capacity to southern Nevada to alleviate some of the distance problems. It was Senator Coffin's belief that the shipment of data back and forth over a 1,000-mile round trip could create problems along with the extra 5 to 7 days required to send mail the same distance.

In addressing Senator Coffin's question, Mr. Beers said this was an issue he hopes the newly constituted Advisory Committee that meets next week would start to address. As a computer industry professional, Mr. Beers said he could poke some big holes in the strategy that the state has taken with its information systems over the last 20 years. The state has made a strategic decision that any difficulty created by moving data over long distances would be mitigated by the centralization of database and hardware management. The downside to decentralizing the data servers, according to Mr. Beers, would be that the state would need to decentralize the people who could manage the data servers.

Senator Coffin said he could see no problem with that concept and he thought it was time the state address this issue. Mr. Beers said he would agree with Senator Coffin because the greater expense would occur in the communication side of moving data from point to point and that it might make sense to decentralize to other areas the hardware that runs the system and the actual data servers. Mr. Beers said these were strategic issues he hopes the Advisory Committee considers during the next several months.

With approximately 70 percent of the population now living in southern Nevada, Senator Coffin thought some of the computing capacity should be moved to southern Nevada as well. Mr. Beers pointed out that DMV&PS plans to produce a post-implementation "Monday morning quarterback" document, which he thought would reveal that several of the initial serious problems that Genesis had were in fact due to the communications factor.

Senator Neal said he did not believe it was the subcommittee's intent to micromanage Project Genesis and he thought the record should be made clear that the management of Project Genesis was the responsibility of DMV&PS staff.

7. Department of Conservation and Natural Resources - Division of State Lands.
- a) Semiannual Report on 1996 Tahoe Bond Account.
 - b) Semiannual Report on the Lake Tahoe Environmental Improvement Program.
 - c) Quarterly Reports for Tahoe Basin Act.
- There were no comments or questions from the committee on the above items.

8. Public Employees Retirement System of Nevada – FY 2000 work program not subject to Executive Branch review.

Dana Bilyeu, Operations Officer, Public Employees Retirement System (PERS), apprised the committee that PERS, along with the Las Vegas Metropolitan (METRO) Police Department, were codefendants in a lawsuit in Las Vegas challenging the constitutional validity of changes to the Retirement Act made in 1975 and 1977 concerning the definition of compensation subject to contribution for PERS. According to Ms. Bilyeu, the lawsuit was the result of the removal of both overtime pay and terminal leave pay. Although the plaintiffs are currently 20 former METRO police officers, a request has been made for a class action law suit. In order for PERS to vigorously defend this action, Ms. Bilyeu indicated that the law firm of Jones and Vargas had been retained as outside counsel and that the Office of the Attorney General would be acting in a supportive role in this lawsuit.

To respond to a question from Senator Mathews, Ms. Bilyeu indicated that the projected legal fees of \$300,000 would be small compared to the potential liability under the lawsuit.

Senator Raggio requested that the record reflect that he was associated with the law firm of Jones and Vargas.

L. PUBLIC TESTIMONY.

There was no public testimony.

Ms. Giunchigliani suggested an agenda item for discussion at the next meeting regarding a situation that had recently occurred in Clark County. Ms. Giunchigliani said that both she and Mr. Perkins had received a number of calls from their constituents as a result of a decision that had been made to move a Peace Officers Standards and Training (P.O.S.T.) course for police cadets from the Community College of Southern Nevada (CCSN) to northern Nevada. Chairman Arberry asked the legislative Fiscal Analysis Division staff to check into this and report their findings at the next meeting.

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

Assembly Morse Arberry, Jr., Chairman
Interim Finance Committee

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