MINUTES OF THE MEETING OF THE

INTERIM FINANCE COMMITTEE

LEGISLATIVE COUNSEL BUREAU

Carson City, Nevada

A regular meeting of the Interim Finance Committee was called to order by Chairman William J. Raggio, on Wednesday, January 14, 1998, at 8 a.m., in Room 1214 of the Legislative Building, in Carson City, Nevada.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chairman

Assemblyman Morse Arberry, Jr., Vice Chairman

Senator Ernest E. Adler, sitting as an alternate for Senator Bob Coffin

Senator Mike McGinness, sitting as an alternate for Senator Lawrence E. Jacobsen

Senator Bernice Mathews

Senator Jon C. Porter, sitting as an alternate for Senator William R. O'Donnell

Senator Raymond D. Rawson

Senator Jack B. Regan

Assemblywoman Barbara K. Cegavske

Assemblywoman Vonne Chowning

Assemblyman Jack D. Close

Assemblyman Joseph E. Dini, Jr.

Assemblywoman Jan Evans

Assemblywoman Christina R. Giunchigliani

Assemblyman David E. Goldwater

Assemblyman Lynn Hettrick

Assemblyman David E. Humke

Assemblywoman Saundra Krenzer

Assemblyman John Marvel

Assemblyman Richard D. Perkins

Assemblyman Bob Price

Assemblywoman Kathy A. Von Tobel

COMMITTEE MEMBERS ABSENT:

Senator Bob Coffin, Excused

Senator Lawrence E. Jacobsen, Excused

Senator William R. O'Donnell, Excused

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne J. Malkiewich, Director

Scott G. Wasserman, Chief Deputy 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

Yhvona Martin, Secretary

A. ROLL CALL.

After Mr. Malkiewich called the roll, Chairman Raggio announced that a quorum of each committee was present. Sitting as alternates were: Senator Adler for Senator Coffin, Senator McGinness for Senator Jacobsen, and Senator Porter for Senator O'Donnell. Chairman Raggio also indicated that Senator Jacobsen was doing extremely well following his surgery and had asked to be remembered to Committee members.

B. APPROVAL OF NOVEMBER 24, 1997, MEETING MINUTES.

After directing the Committee's attention to Item G. - Division of State Parks - on page 46 of Volume I of the meeting packet, Chairman Raggio said he had been advised by Fiscal Analysis Division staff that Ms. Giunchigliani had not voted no on the request and wished to have the motion corrected accordingly.

MR. CLOSE MOVED TO APPROVE THE NOVEMBER 24, 1997, MEETING MINUTES, AS AMENDED. SECONDED BY SENATOR RAWSON AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Mrs. Von Tobel requested a reconsideration of the September 18, 1997, meeting minutes, regarding Item E.1 - Public Service Commission (Public Utilities Commission) Reorganization. Mrs. Von Tobel said she, as well as Mrs. Cegavske, Mr. Close and Mr. Hettrick, had voted no on the motion to approve the work program revisions listed as items 1 through 10 on pages 1 and 2 in Volume 3 of the meeting packets, which correspond with items 1, 2, 3 and 4 on the meeting agenda. Although the motion reflected that the motion carried in both committees by a show of hands, Mrs. Von Tobel said she and the other three members of the Committee were requesting to have their names recorded in the motion as voting no on the request.

To respond to an inquiry from Chairman Raggio, Mr. Scott Wasserman, Chief Deputy Legislative Counsel, expressed his opinion that since the minutes had been approved previously, the best method in which to correct the September 18, 1997, meeting minutes, was to direct legislative staff to make the necessary corrections rather than taking a motion to amend the minutes at this time. Chairman Raggio announced that on advice of counsel a motion to reconsider was not required and he instructed the legislative Fiscal Analysis Division staff to correct the meeting minutes of September 18, 1997, to reflect that the four previously identified Committee members had voted no on Item E.1.

Since he would not have a quorum after 1 p.m., Chairman Raggio asked for the Committee's indulgence in completing all action items posted on the agenda by 1 p.m. Chairman Raggio said he would need to place time limits on each agenda item because of time constraints. Chairman Raggio also asked Committee members to consolidate their questions and issues, as much as possible, so as not to extend debate beyond the time necessary. In addition, Chairman Raggio indicated that several of the agenda items, which had been highlighted by the Fiscal Analysis Division, but were more informational than substantive, would not be called by the chair unless specifically requested by a Committee member.

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

Chairman Raggio announced that it was his intention to invite testimony on the following work programs included under item C in Volume 3: 1, 2, 3, 5 and 7 on page 1; 13 and 14 on page 2; 19, 20 and 24 on page 3; 29 on page 4; 39, 41 and 43 on page 5; no requests on pages 6, 7 and 8; and 52 (a supplemental request).

SENATOR RAWSON MOVED TO APPROVE ALL ITEMS NOT PREVIOUSLY ENUMERATED ABOVE AND TO SPECIFICALLY APPROVE ITEM 11, GRANTING AUTHORITY TO CHANGE THE BUDGET ACCOUNT NUMBER TO THE APPROPRIATE GIFT FUND. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

In order to accommodate the schedules of several of the presenters, Chairman Raggio said it was his intention to take Informational Items M.11 and M.2 out of order at this time.

Chairman Raggio announced a 10-minute limit on each request under C.

1. Secretary of State - (FY 98) - Addition of $104,401 in Transfer from Secretary of State Expedite Account to provide for staffing for commercial recording, records retention, retrieval and reproduction workload requirements.

Ms. Andie Engleman, Education Information Officer, Secretary of State's office, introduced the new Chief Deputy, Mr. Donald J. Reis, who is based in Las Vegas, and Mr. Scott W. Anderson, Deputy, Commercial Recordings. Ms. Engleman provided two supplemental handouts: Filing Statistics - All New Filings for FY 1994-95 through FY 1997-98 and a newspaper clipping from the "Las Vegas Review-Journal" dated Saturday, January 10, 1998. The two handouts are included in the meeting minutes as Exhibit A and Exhibit B.

Representing the Secretary of State who had a prior commitment, Mr. Reis explained that the request includes: five new positions and computer work stations to assist in new filings and records retention, retrieval and reproduction and also a $12,000 increase in the in-state travel category to cover additional travel. The new positions will be funded by expedite fee revenue.

It was Chairman Raggio's recollection that when the Expedite Fund was initially created at the request of the former Secretary of State, there was no expectation the fund would rise to $2 million.

Mr. Reis apprised the Committee that the number of filings in the Secretary of State's office had increased dramatically over the last few years. The statistical information provided in Exhibit A reflects that filings increased 23.20 percent in FY 1995-96 and 16.95 percent in FY 1996-97, for example. In order to maintain turnaround times and give appropriate service to taxpayers, as well as clients who file documents in the Secretary of State's office, Mr. Reis said additional personnel were needed in two areas; namely: commercial recordings and records retention and reproduction section. Approval of this request will add three new positions in commercial recordings and two new positions in the reproduction (copy) section.

Chairman Raggio recalled that five new positions had been approved by the 1997 Legislature. Mr. Reis acknowledged that five new positions were added last year. He said, however, when the budget was being prepared in late-1996 for the 1997 Legislature, the Secretary of State's office was in the preliminary stage of a business process re-engineering (BPR) study. The Secretary of State had high hopes that efficiencies would be realized when the BPR study was completed. While the Secretary of State still expects efficiencies will be realized eventually, Mr. Reis said he did not believe they were going to occur quite as quickly as was originally envisioned. In addition, the budget was predicated on filings leveling off, but that has not proven to be the case with filings increasing approximately 25 percent over the first five months of this year and continuing to grow.

As a consumer using the services of the Secretary of State's office, Mr. Humke said he had not noticed much improvement with the addition of five employees. Mr. Humke noted that he had called the Secretary of State's 900 number recently regarding a delinquent entity. When asked what the fee was for the delinquent entity, the employee answering the phone replied that this type of information was not his job and referred him to another number, where he had to wait his turn for assistance. Mr. Humke said he regretted to say that he would rather deal with a California state agency because of the lack of responsiveness from the Secretary of State's office. Mr. Humke said he would appreciate having an explanation to his complaint provided. Although he thought it was difficult to respond to the type of feedback previously noted by Mr. Humke, Mr. Reis indicated that since his appointment as Deputy six months ago, training had been upgraded in an effort to reduce staff turnover, which had been a problem for a number of years. Mr. Reis also said the Secretary of State's office recognizes that the 900 number is a problem. For those people not familiar with the 900 number, Mr. Reis noted that the Secretary of State's office had contracted with SPRINT for the provision of the 900 number services. In an attempt to alleviate the 900 number problem, Mr. Reis said the Secretary of State's office anticipates having corporate record data available on the Internet on February 15, 1998.

After apologizing to Mr. Humke on behalf of the Secretary of State for the less-than-satisfactory service he had received, Ms. Engleman said she thought the Committee would remember her as a person who has always been an advocate of the public having access to information. One of the primary functions of her new position in the Secretary of State's office, according to Ms. Engleman, was to ensure that the public does have appropriate access to the information it needs. Ms. Engleman expressed optimism that the Internet would help provide the necessary access to information the public demands and she added that Secretary of State Dean Heller considers all taxpayers to be his clients.

Although he had observed an improvement in service in the Secretary of State's office over the last six months, Senator Adler said he would share Mr. Humke's concern about the service during the previous six months. For example, Senator Adler said he had sent a secretary from his law firm to the Secretary of State's office to pick up a form for a trademark and she was told the employee responsible for those forms was on break and she would have to return later to get the form. Given the surge in corporate filings, which appear to follow a straight line, Senator Adler said he would question why the Secretary of State had not addressed the increased workload during the 1997 Legislature.

Mr. Reis apprised the Committee that the BPR study, which was approved by the legislature and conducted by Peat-Marwick, did not anticipate in its report the continuation of growth at the level experienced by the Secretary of State's office. When the Secretary of State's office started implementing the recommendations made by the BPR study last January, Mr. Reis said he thought it was common knowledge that the office had experienced a number of operating inefficiencies during the first six months after implementation, causing employee unrest and other related difficulties within the office. During late-summer of 1997, the Secretary of State's office re-evaluated the recommendations made by the BPR study and decided to defer several of the recommendations until they could be phased into the operation in a less disruptive manner. It was Mr. Reis' belief that the customers visiting the Secretary of State's office over the last six months were seeing a more measured approach to some of those changes and to the introduction of technology within the office. According to Mr. Reis, the Secretary of State's office has several goals, one of which is to improve its presence in southern Nevada. Staff will be trained so that a copy service will be available in the Las Vegas office, eliminating the time and effort required to mail forms from Carson City to Las Vegas. Although the Secretary of State's office is gradually implementing the recommendations of the BPR study, Mr. Reis said the implementation was going a little slower than anticipated.

Mr. Price said it was his understanding that customers using the 900 number had to pay a fee to get information from the Secretary of State's office. According to Mr. Reis, the 900 number was implemented as a temporary solution to a problem the Secretary of State's office was experiencing in receiving about 1,500 telephone calls on a daily basis and being able to respond to only about 500 of those calls. As a way of alleviating this problem on an interim basis, the Secretary of State's office opted to contract with SPRINT to out source the answering of routine questions using a 900 number. Mr. Reis acknowledged that there was a charge of $3.50 for this service.

After referring to page 1.3 of a memorandum from the Secretary of State, dated December 23, 1997, which is provided on pages 1.2 through 1.4 in Volume 3 of the meeting packets, Chairman Raggio quoted from the memorandum which states:

> The division is able to handle only expedited requests daily which means that regular service requests are done at night or on the weekends in an overtime status. The R4 division has been 4 to 8 weeks behind on regular service requests since 1985 and we consider this to be unacceptable service.

Chairman Raggio said he was unfamiliar with the function of the R4 division. Mr. Reis explained that the R4 division was the records retention, retrieval and reproduction section.

Chairman Raggio wanted to know what the time frame was for regular corporate filings or renewing articles of incorporation. In responding to Chairman Raggio's question, Mr. Anderson indicated that there was a backlog on regular corporate filings and articles of incorporation of approximately three to four weeks when he came on board at the end of September of 1997. He said, however, this backlog had been reduced to under two weeks as a result of the tremendous effort put forth by the staff in the Commercial Recordings Division, on an overtime basis. Mr. Anderson also noted that the expedited filings had increased over the past year, with approximately $200,000 in fees having been collected.

Chairman Raggio wanted to know what effect the addition of five new positions was expected to have on corporate filings, for example. Since the Commercial Recordings Division handles all types of new filings, amendments, and updated annual lists, Mr. Anderson said three of the five new positions would be cross-trained in all areas within the division, as well as in the Universal Commercial Code (UCC) Division, so staff could take care of areas in which there was a backlog, typically at the end of a calendar year and at the end of a fiscal year.

If the five new positions were to be added, Chairman Raggio questioned Mr. Anderson as to what kind of a backlog would he expect to have between now and June 30, 1998. It was Mr. Anderson's opinion that the addition of five new positions would allow the Secretary of State's office to offer two- to three-day turnaround time for all filings, including UCC, amendments, status, and new filings.

In responding to a question from Chairman Raggio, Mr. Anderson indicated that the Secretary of State's office should be able to maintain a two- to three-day turnaround time for all filings without having a backlog after June 30, 1998.

Chairman Raggio expressed his chagrin that the members of the legislature were constantly hearing criticism about the backlog in the Secretary of State's office and he agreed with Secretary of State Heller that a four- to eight-weeks backlog on service requests was unacceptable. Furthermore, it was Chairman Raggio's belief that the public should not have to pay an expedite fee for service that should only require two to three days. Since he thought this service was too important to the public and the industry in Nevada, Chairman Raggio said the Committee needs to have reasonable assurance that the backlog can be eliminated if the request for five additional positions were to be approved.

According to Mr. Reis, Mr. Anderson had brought into the Commercial Recordings Division a level of managerial skills that he had not seen before in the four and one-half years he had been associated with the Secretary of State's office. Since he was confident that Mr. Anderson had carefully analyzed and prepared the request and he could rely on his recommendations, Mr. Reis said he was prepared to state for the record that he was reasonably certain that the turnaround time would be reduced to two to three days during this fiscal year, if the demand continues at the current level.

Senator Porter expressed an interest in learning about the status of the Money Back Guarantee Program. Mr. Reis apprised the Committee that the Secretary of State anticipates implementing the Money Back Guarantee Program as a pilot program, but not until the backlog in filings has been addressed.

Chairman Raggio asked Mr. Anderson when he would expect to have the five new positions on board if the Committee approves the request today. Although the hiring process would be started immediately, Mr. Anderson estimated that it would take approximately six weeks before the new staff would be on board due to office reorganization and having to obtain the necessary equipment for them.

To respond to Senator Adler's concern, Mr. Anderson said he would expect to report immediately to the Interim Finance Committee should another surge in filings occur.

Since both the standard and expedite fees are currently available to customers in the Secretary of State's office, Mr. Humke said he would question whether anyone would want to pay the standard fee and wait four to eight weeks for corporation documents to be processed. Mr. Anderson explained that the turnaround time for processing corporation documents had been reduced to about 10 working days; however, certified copies of articles of incorporation, which are produced in the reproduction or copying section, still require four to eight weeks. It was Mr. Anderson's belief that as the turnaround time for filings decreases to less than a week, expedite fees would decrease as well.

Mr. Humke wondered whether the Secretary of State's office would be able to meet its payroll if the revenue from expedite fees were to significantly decline. Mr. Reis said he had heard that argument before; i.e., no one will pay the expedite fee when the Secretary of State's office becomes more efficient. It was Mr. Reis' belief, however, that no matter how efficient the Secretary of State's office becomes, a significant portion of the clients would pay the expedite fee simply because they want expeditious service.

Since there were no further comments or questions from the Committee, Chairman Raggio said he would accept a motion to approve the request with the proviso that the Secretary of State provide a report to the Interim Finance Committee not later than 60 days regarding the status of the five new employees and the procedures that have been implemented to meet the two- to three-day turnaround goal for all filings.

SENATOR REGAN MOVED TO APPROVE ITEM C1 AND ITEM C2 WITH THE PROVISO THAT THE SECRETARY OF STATE REPORT TO THE INTERIM FINANCE COMMITTEE WITHIN 60 DAYS REGARDING THE STATUS OF THE FIVE NEW EMPLOYEES AND THE PROCEDURES THAT HAVE BEEN IMPLEMENTED TO MEET THE TWO- TO THREE-DAY TURNAROUND GOAL FOR ALL FILINGS. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

2. Secretary of State - (FY 99) - Addition of $150,675 in Transfer from Secretary of State Expedite account to provide for the continuation of staffing for commercial recording, records retention, retrieval and reproduction workload.

Refer to testimony and motion for approval under item 1.

3. Department of Information Technology - Director's Office - (FY 98) - Transfer of $20,000 from Reserve category to Operating category to perform a department-wide funding study.

Ms. Marlene Lockard, Director, Department of Information Technology (DoIT), apprised the Committee that during the 1997 Legislature, DoIT had requested $20,000 to fund a study which would develop a more efficient, equitable and easier to understand billing system to fund DoIT. According to Ms. Lockard, the study is of paramount importance to the future operation of DoIT because it would address the billing discrepancies which had occurred in various state agencies throughout the year. The 1997 Legislature instructed DoIT to return to the Interim Finance Committee to request the $20,000 for the study at the completion of the performance audit. Ms. Lockard said she had recently learned that the results of the performance audit would not be available for several months. Since she was concerned the study recommendations would not be completed in time to be implemented within budget planning purposes for the next biennium, Ms. Lockard said she was requesting that $20,000 be transferred from the Director's Office reserve category to the operating category to hire a consultant to do the study.

Mr. Marvel wanted to know whether $20,000 would be sufficient to complete the study. Ms. Lockard said the funding request was based on other similar studies and that she was hopeful the $20,000 would be adequate.

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

4. Department of Administration - Purchasing - Commodity Food Program - (FY 98) - Addition of $67,445 in Federal - Emergency Family Assistance Program to cover operating costs associated with the administration of the Emergency Food Assistance Program in state fiscal year 1998.

Refer to motion for approval under item C.

5. Department of Administration - Risk Management - Benefit Services - (FY 98) - <u>Addition</u> [Transfer] of $290,756 <u>in Vendor Reimbursements</u> [from Reserve category to Operating category] to allow for additional contract costs related to the Benefit Directors binder and temporary employment services to expedite processing of open enrollment forms and implementation of comprehensive filing system.

A supplemental handout was provided to the Committee and a copy of which is included in the meeting minutes as Exhibit C.

Mr. Dave Thomas, State Risk Manager, explained that the work program provides an augmentation to the Division's budget expenditure and revenue categories to authorize additional costs related to the Benefit Directors binder. The State of Nevada's Employee Health Benefit Program is not unlike any other employee benefit program in that a summary plan description is published. The summary plan description, which consists of a three-ring binder, describes in understandable form the entire range of benefits enjoyed by state employees and retirees. The binder is supplied to every participant in the plan and is updated annually. Since the Division cannot anticipate the types of changes that will be necessary from year to year, Mr. Thomas said he had made similar requests before to ensure there was sufficient spending authority in the budget to publish the changes and sufficient revenue authority to receive payment for those changes. When the various vendors that the plan utilizes routinely make changes throughout the year that need to be distributed to the participants of the plan, the costs for the changes are charged directly back to those vendors. In this particular instance, Mr. Thomas indicated that the total cost for the updates this year was $595,000.

Mr. Miles pointed out that the original work program that was submitted to the Interim Finance Committee requested a funding transfer from the reserve category to the operating category. Since the cost for the updates will be reimbursed by the vendors, the memorandum from Perry Comeaux, dated January 9, 1998, indicates the work program has been revised to reflect the addition of $290,756 in Vendor Reimbursements (Exhibit C).

As acting chairman, Senator Rawson said he would accept a motion to approve the revised request.

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

6. Department of Education – Discretionary Federal Programs – (FY 98) – Addition of $20,000 in Transfer from Health to provide additional aid-to-schools for community HIV prevention programs.

Refer to motion for approval under item C.

7. Department of Education - Federal Discretionary Grants - (FY 98) - Addition of $2,008,305 in Federal Technology Literacy Grant and transfer of $909,195 from Technology Literacy category to Technology Literacy ATS (Aid-to-Schools) category to add clerical and operating support, to provide additional aid-to-schools and to separate administrative costs from aid-to-schools.

Mr. Douglas Thunder, Deputy Superintendent for Administrative and Fiscal Services, Department of Education, said this request would increase the authority in budget account 2709 for the Technology Literacy Challenge Grant (TLCG), a federal program, which provides a second-year of funding to assist school districts in meeting their ever-expanding technology needs. Mr. Thunder said he had prepared a five-page handout entitled "Notes on the Technology Literacy Challenge Grant" for the Committee's information and a copy of the handout is included in the meeting minutes as Exhibit D. It was Mr. Thunder's understanding that some of the Committee members were concerned about how the expenditure of these federal funds would be coordinated with other funding available for education technology, in particular, the one-shot appropriation of $27.5 million provided in Senate Bill 482 (1997 Legislature) for computer hardware, software, wiring, and other technological equipment and also the $8.6 million appropriation in S.B. 482 (1997 Legislature), which he referred to as implementation money, for repair, maintenance and replacement of outdated computers, software upgrades, training, and contracting for technical support. Mr. Thunder said he had listed in his handout several different sources of revenue that were available to school districts for educational technology. Mr. Thunder said it was the intent of the Department of Education, as well as the Commission on Educational Technology, that state and federal resources be combined to make the most complete use of all available funding.

In continuing his testimony, Mr. Thunder pointed out that the TLCG program is a discretionary and competitive program, and school districts are required to complete an educational technology plan prior to applying for grant funding. The four national educational technology goals are listed on page one of the handout (Exhibit D). In order to ensure that the TLCG grant funding and state funding are coordinated, Mr. Thunder apprised the Committee that applications from school districts for TLCG funding would be reviewed by a two-member panel who are also members of the Commission on Educational Technology and that the panel would submit activity reports to the Commission on Educational Technology for its review.

Since this work program revision will add $2,008,305 in TLCG funding, which is twice the $1 million amount received by the Department of Education last year, Chairman Raggio thought it was imperative that this funding fit into the scheme that was developed by the 1997 Legislature in the Education Reform Act. He also thought it was important for the Department of Education to work closely with the Commission on Educational Technology that was created by the legislature for these purposes.

As a public school teacher, Ms. Giunchigliani said she wished to disclose that her school might be a recipient of TLCG funds at some point in time. Ms. Giunchigliani thought Chairman Raggio had articulated her first concern very well; that is, that the Department of Education work closely with the Commission on Educational Technology. Since it was Ms. Giunchigliani's understanding that most of the school districts had been able to place a computer in each classroom with the $29 million that was appropriated by the 1995 Legislature, she was curious as to why there were no computers in the classrooms at the school where she was currently working. Ms. Giunchigliani said she would be interested in learning how the $29 million was actually expended and whether there was a prioritization for placing computers in newer schools. It was Ms. Giunchigliani's belief that TLCG funds should first be awarded to schools without computers before adding computers to schools who already have computers.

Chairman Raggio said it was his recollection that the committees who worked on the educational technology plan during the 1997 Legislature were not pleased with the manner in which the funding from the 1995 Legislature had been utilized and that is why definitive guidelines were placed into effect by the 1997 Legislature on the appropriations for technology and related purposes.

Ms. Giunchigliani said she wanted to be assured by the Department of Education that each school district was going to be treated equally. Mr. Thunder said he thought there could be a misunderstanding about how $33.7 million that was appropriated during the 1995 Legislative Session was supposed to be utilized. It was Mr. Thunder's recollection that a percentage of the funding could be used for one-time bonuses, with the balance (about $25 million) to be utilized for locally-defined needs, of which technology was one of those needs. Although the school districts utilized the funding in a variety of ways, including technology, Mr. Thunder said the Department of Education now realizes that the 1995 Legislature intended for the school districts to utilize a greater amount of that funding for technology needs.

Mrs. Cegavske said she was disappointed information was not provided that would address the implementation of wiring for computers in the classrooms, especially in the older schools. After observing duct tape holding wiring in place on the computers installed in her son's high school, Mrs. Cegavske said she was concerned about existing hazards and suggested that some of the schools would be closed if an inspection were to be conducted by the Fire Marshal. Mrs. Cegavske said she also shared the concerns previously expressed by Ms. Giunchigliani about the fairness of the awards because she thought some of the school districts were unaware of the availability of the TLCG funding for technology needs. Mr. Thunder pointed out that the Commission on Educational Technology had been charged with the responsibility of developing standards for computers and wiring. He indicated that a subcommittee meeting was scheduled to be held on

Friday, January 16, 1998, and he hoped some of the wiring concerns would be addressed at that time. Mr. Thunder said it was his understanding that the 1997 one-shot money could be used to address the wiring issue. He noted that a number of the older schools were considering alternative wiring methods, such as wireless systems and other newer technology, for connecting the classroom computers, and the Commission on Educational Technology would be exploring those possibilities.

Chairman Raggio said the Legislative Committee on Education (S.B. 482, 1997 Legislature) had met yesterday and heard a report from the Commission on Educational Technology; therefore, he thought it was timely for the legislative Fiscal Analysis Division staff to place on the next meeting agenda for the Interim Finance Committee a report from the Commission on Educational Technology on the progress being made on the preparation of educational technology plans by the various school districts and other pertinent information.

As a member of the State Planning Commission for the New Construction, Design, Maintenance and Repair of School Facilities (A.B. 353, 1997 Legislature), Mrs. Cegavske said she had been reminded by legislative staff that she had requested at the Commission's last meeting that computer wiring be added to the Commission's next meeting agenda. Since she expected wiring to be a continuing issue, Mrs. Cegavske said she would appreciate having the Department of Education address wiring each time classroom technology is discussed at Interim Finance Committee meetings.

Senator McGinness said he wanted to make sure that the TLCG funds were awarded on a broad basis and he asked Mr. Thunder whether the applications received from the school districts were more specific and Mr. Thunder responded affirmatively.

Chairman Raggio requested that Mr. Thunder alert each and every school district to the availability of the TLCG funding for technology purposes.

Since there were no further comments or questions from the Committee, Chairman Raggio said he would accept a motion for approval of the request.

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

8. Department of Education – CPE Student Indemnification Account – (FY 98) – Transfer of $10,000 from Reserve category to Operating Expense category and $130,808 from Reserve category to Claims Payment category to cover operating costs and claims related to closure of private post secondary schools.

Refer to motion for approval under item C.

9. Department of Education - Drug Abuse Education - (FY 98) - Transfer of $8,000 from Aid-to-Schools category to Salaries category and $23,397 from Aid-to-Schools category to Operating category and $4,766 from Drug Free Programs category to Operating category to initiate dropout prevention program within the scope of drug abuse education.

Refer to motion for approval under item C.

10. Department of Education – Education Gift Fund – (FY 98) – Transfer of $3,440 from Equipment category to Indirect Costs category and $500 from Equipment category to Special Projects category to isolate indirect costs related to equipment acquisitions and provide for 1998 Teacher of the Year Award.

Refer to motion for approval under item C.

11. Department of Human Resources – Aging Services – (FY 98) – Addition of $70,000 in Donations to implement the Nevada Silver Haired Forum per Senate Bill 489, 1997 Session.

Refer to motion for approval under item C.

12. Department of Human Resources – Division of Health Care Financing and Policy – (FY 99) – Deaugmentation of $7,000 in Gifts and Donations and Transfer of $7,001 from Operating category to Baby-Your-Baby category to correct FY 99 Baby-Your-Baby amounts transferred to the Health Division.

Refer to motion for approval under item C.

13. Department of Human Resources - Health Care Financing and Policy Division - Nevada Check-Up Program - (FY 98) - Addition of $110,203 in Transfer from the Intergovernmental Transfer Account to continue administrative costs for the Nevada Check-Up Program through the remainder of FY 98; includes cost of a toll-free telephone line to provide assistance to applicants statewide.

A supplemental handout entitled "News from Governor Bob Miller," was provided to the Committee and a copy of which is included in the meeting minutes as Exhibit E.

In the interest of time, Chairman Raggio called upon Senator Rawson, whose interim Committee on Health Care (NRS 439.200) had been involved with the Nevada Check-Up Program from the beginning, to provide the report. Senator Rawson said he had expanded his committee to include all of the interest groups, particularly those who would be receiving the care, and everyone had been very helpful in lending their expertise on this issue. From the first presentation of the Governor's plan for a Check-Up Program, Senator Rawson said there had been a consensus of the Committee on Health Care to accept the plan. Since the Committee on Health Care now wants to offer more services than was originally proposed by the Governor, the committee has provided a number of recommendations to the Governor, including expanding the program and looking for Medicaid surpluses. In addition, Senator Rawson indicated that the Committee on Health Care wants to cover all of the children to a certain level of poverty and the program will provide such services as dental, hearing, vision, pharmacy, and other services. According to Senator Rawson, the Governor and his staff have worked very closely with the Committee on Health Care and the Governor has accepted the committee's proposals and is recommending a modified Check-Up Program that accomplishes all of the goals the Committee on Health Care was concerned about. The Committee on Health Care, at its January 12, 1998, meeting, approved the Governor's approach. Since the Committee on Health Care has expressed a desire to fine tune several of the issues, Senator Rawson said his committee intends to continue working with the Governor and his staff and he hopes to have a written budget available by the next Interim Finance Committee meeting. It was Senator Rawson's belief that implementation of the Check-Up Program would be a major milestone for the children in Nevada.

It was Chairman Raggio's understanding that the augmentation being requested by the Health Care Financing and Policy Division would utilize $16.4 million in state funding to match $30.4 million in federal funding (the maximum federal funding available to Nevada) for a program total of $46.8 million, compared to the Governor's original proposal which committed $7 million in state funds to match $13 million in federal funds for a total program of $20 million. Mr. Christopher Thompson, Administrator, Health Care Financing and Policy Division, said the numbers quoted by Chairman Raggio were accurate on an annual basis.

Chairman Raggio said it was also his understanding that the modified Check-Up Program would cover 48,000 uninsured children rather than approximately 20,000 uninsured children originally anticipated. After he acknowledged that Chairman Raggio's understanding was correct, Senator Rawson suggested that it would be possible to cover the full 60,000 uninsured children in Nevada with outreach programs for Medicaid.

While he thought the modified Check-Up Program was essentially a desirable program, Chairman Raggio said he thought the Interim Finance Committee needs to receive assurances that the Medicaid budget for FY 1998 and FY 1999 will be able to accommodate the additional medical costs for these uninsured children, as well as generate the $9.4 million in savings to be used as state match for the federal block grant. Senator Rawson said the Committee on Health Care believes the Medicaid budget can support the additional medical costs because of the decrease in Medicaid recipients as a result of the Welfare Reform Act and also because certain economic indicators reflect a stable economy at the present time. At the request of the Committee on Health Care, the Health Care Financing and Policy Division has re-examined its original estimates and is currently projecting a continuing trend through at least the next five months. Based upon these new estimates, Senator Rawson said he was confident the Medicaid budget would accrue a significant surplus.

It was Chairman Raggio's opinion that once the program was started, there would be a commitment to continue the Check-Up Program into the next biennium. Senator Rawson pointed out that the Check-Up Program, as envisioned by the Governor and the Committee on Health Care, would not be an entitlement program. Conversely, if the Medicaid Program were to be expanded, the state would be locked into it and the Committee on Health Care was reluctant to expand the Medicaid Program during the interim without having input from the entire legislature. Senator Rawson said he believes Medicaid rolls would continue to decrease, as a result of the Welfare Reform Act, and also that there were other potential funding sources which the 1999 Legislature could explore such as tobacco settlement money.

Chairman Raggio said it was his understanding that Nevada would receive a very small allocation of the tobacco settlement money compared to some of the other states. Although he acknowledged that Nevada would be receiving a smaller allocation than some of the other states, Senator Rawson suggested that the allocation of approximately $24 million per year would be enough to pay for the Check-Up Program, as well as other programs. Since Nevada has a federal commitment to provide a Check-Up Program for five years, Senator Rawson said he believes the federal government will have found a permanent federal solution to the funding problem within the five-year time period.

Chairman Raggio recognized Mr. Vince Juaristi, Executive Assistant to Governor Miller, who said he first wished to concur with Senator Rawson's previous statements. Speaking on behalf of the Governor, Mr. Juaristi said he wished to thank Senator Rawson and members of the Committee on Health Care who had been working very diligently to craft a program to meet the needs of everyone involved. Since the Governor's Office shares some of the same concerns that Chairman Raggio expressed previously, Mr. Juaristi said the Governor wanted the projections to be as accurate and prudent as possible; therefore, staff from the legislative Fiscal Analysis Division and the Health Care Financing and Policy Division had been asked to carefully re-examine the Medicaid caseload, the Welfare caseload, as well as future projections, to ensure that the savings being realized currently were savings which could be relied upon to fund the Check-Up Program in the future. Mr. Juaristi also pointed out that the request today includes a transfer of $110,203 from the Intergovernmental Transfer Account to fund three things; namely: an extension of four months for the administration and startup costs for the Check-Up Program, to hire contract employees to do enrollment and outreach for the Check-Up Program, and to setup a toll-free 800 number to assist the hundreds of parents who have called for information since the Governor made his announcement that a Check-Up Program was being implemented in Nevada.

Ms. Giunchigliani thought it was important for some of the outreach to include bilingual access. Mr. Juaristi said he could not agree more and he assured the Committee that the Check-Up Program would provide for bilingual information exchange. As an integral part of the Committee on Health Care's mission to determine the number of uninsured people residing in Nevada, Senator Rawson noted that bilingual survey instruments were currently being developed.

Chairman Raggio recognized Mr. Goldwater who said he had always believed that every citizen living in Nevada deserves to have health insurance. It was also his belief that children deserve to have health insurance just as much as they deserve to have electric power or food or any other sustaining services. While he did not wish to diminish the work performed by Senator Rawson's Committee on Health Care, Mr. Goldwater said he had been critical in the past of setting up an entirely new health system. Mr. Goldwater said he would appreciate having a clear explanation provided as to why a decision had been made not to expand the Medicaid Program because he was not willing to accept the answers which had been given thus far; i.e., Medicaid is an entitlement and Medicaid is too expensive. Regarding the entitlement issue, Mr. Goldwater wondered whether the Committee on Health Care was proposing to offer a Check-Up Program for five years and then eliminate it should it become overly burdensome on the budget. It was Mr. Goldwater's opinion that Nevada already has a three-tiered system between public health programs and private employee/employer delivered health systems. Mr. Goldwater wanted to know why the Medicaid Program was not being expanded and why a new program was needed instead of improving those services that were already in place.

In responding to Mr. Goldwater's questions, Mr. Juaristi said the questions posed by Mr. Goldwater had been asked by every state in the Union. According to Mr. Juaristi**,** at the present time three states have chosen, on a very limited basis, to expand their Medicaid Program because they were not prepared to create a new program, while 18 states have crafted their own programs and have done a significant amount of outreach in order to include those children who presently qualify for Medicaid in the existing Medicaid Program. One of the primary reasons cited by the states for not expanding Medicaid is because it is more expensive. Mr. Juaristi stated that it was Governor Miller's belief that it was better to cover 60,000 children with a very solid package of health benefits and health insurance rather than covering far fewer children in a program in which the children and the state would be locked into for a long period of time. Mr. Juaristi said it would be his hope that health insurance for the children proposed to be covered under the Check-Up Program would continue after five years, when the federal funding has been exhausted. He said, however, this particular question would need to be addressed by future legislatures. Mr. Juaristi said he wished to point out that if the state were to choose to expand the existing Medicaid Program, it would be bound by 30 years of rules and regulations. By contrast, the new health program will have the flexibility to utilize other existing programs or health systems should the legislature make such a decision. In a real sense, Mr. Juaristi said the coverage of the Medicaid Program was being expanded since it is anticipated that of the 60,000 children presently without health insurance, approximately 12,000 children who are presently eligible for Medicaid, but do not receive the medical benefits, will be enrolled in the Medicaid Program through outreach.

After listening to Mr. Juaristi's testimony, it was Mr. Goldwater's opinion that the Medicaid Program was being abandoned for a new health program, which he thought would make an already complex health system that much more complex.

Since time does not permit discussing all of the different aspects of the newly proposed Check-Up Program, Senator Rawson said he wished to state that, in his opinion, the creation of the Medicaid Program had been a wonderful concept to provide health services to people in need for many years. He said, however, he thought the federal program had become inflexible because a waiver was necessary whenever a state wants to provide any new or innovative feature to the Medicaid Program. It currently costs Nevada $2,400 per child per year to provide health care through the Medicaid Program; whereas, several of the nearby western states are providing health care for approximately $1,000 per child per year and several of the self-funded groups are providing complete health care coverage for approximately $600 per child per year. Since Nevada has approached the federal government with waivers numerous times over the years and found it to be a very slow and cumbersome process, Senator Rawson thought the new health care system was a wonderful opportunity for

Nevada to achieve a natural evolution from Medicaid. As an example, Medicaid covers dentistry for children, but the children have no access. The Check-Up Program, on the other hand, will provide full dental coverage for children and, if it works, Senator Rawson said he would predict that the legislature would be asked to submit waivers to the federal government to revamp the dental services and other aspects of the Medicaid Program. Furthermore, Senator Rawson said he wished to emphasize that it was not the goal of the Committee on Health Care to diminish, degrade or eliminate the Medicaid Program, but rather to make the process better.

Since discussion on this agenda item had exceeded the time limit he set at the beginning of the meeting, Chairman Raggio said he would defer this item until the end of the meeting if more discussion was needed or, if the Committee wishes to vote on the item at this time, he would reserve time at the end of the meeting for further comment.

MRS. EVANS MOVED TO APPROVE ITEMS 13 AND 14. SECONDED BY MR. DINI.

Chairman Raggio recognized Mr. Hettrick and Mr. Close for limited discussion.

Mr. Hettrick said he had no questions on the motion to approve continuation of administrative costs, but he would like the opportunity to discuss several issues before the meeting adjourns.

Mr. Close said he wished to note for the record that following the Committee on Health Care's meeting on Monday, January 12, 1998, Chairman Rawson had suggested certain areas for discussion at the next meeting. It was Mr. Close's belief that many of those areas were the same areas about which members of the Interim Finance Committee had expressed concerns today. After its next meeting on February 2, 1998, Mr. Close said he thought the Committee on Health Care would be able to provide detailed information on the Check-Up Program to the Interim Finance Committee at its next meeting.

Chairman Raggio recognized Mr. Goldwater who said he would be voting no on the motion because he did not believe the administrative costs were warranted nor did he believe the Check-Up Program should be moved forward at this point in time because it had not been considered by the entire legislature.

Chairman Raggio recognized Ms. Giunchigliani who requested the opportunity to discuss several issues at the end of the meeting agenda. Ms. Giunchigliani said she thought this discussion would be helpful to Senator Rawson in the preparation of an agenda for the next Committee on Health Care meeting scheduled for February 2, 1998.

As a member of the Committee on Health Care, Senator Mathews suggested that members of the Interim Finance Committee could either submit their concerns in writing or attend the next meeting of the Committee on Health Care if they would rather not wait until the next Interim Finance Committee meeting.

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

MOTION CARRIED ON A ROLL CALL VOTE.

AYES: FINANCE--ADLER, MATHEWS, PORTER, RAWSON, REGAN AND RAGGIO

NAYS: FINANCE--NONE

AYES: WAYS AND MEANS--ARBERRY, CEGAVSKE, CLOSE, DINI, EVANS, GIUNCHIGLIANI, HETTRICK, HUMKE, KRENZER, PERKINS, PRICE AND VON TOBEL.

NAYS: WAYS AND MEANS--GOLDWATER

ABSENT DURING VOTE:

MRS. CHOWNING, MR. MARVEL AND SENATOR MCGINNESS.

14. Department of Human Resources - Health Care Financing and Policy Division - Intergovernmental Transfer Account - (FY 98) - Transfer of $110,203 from Reserve category to Nevada Check-Up Program category to allow for the continuation of administrative costs needed for the Nevada Check-Up Program through the remainder of FY 98.

Refer to testimony and motion for approval under item 13.

15. Department of Human Resources - Health Division - State Health Administration - (FY 98) - Addition of $35,327 in Federal Tobacco Grant to increase travel and various operating costs in the existing tobacco prevention programs.

Refer to motion for approval under item C.

16. Department of Human Resources – Health Division – Maternal Child Health – (FY 98) – Addition of $118,151 in Maternal Child Federal Grant to implement a sexual abstinence education program to prevent teen pregnancy.

Refer to motion for approval under item C.

17. Department of Human Resources – Health Division – Maternal Child Health – (FY 99) – Addition of $39,383 in Maternal Child Federal Grant to implement a sexual abstinence education program to prevent teen pregnancy.

Refer to motion for approval under item C.

18. Department of Human Resources – Mental Health – Mental Retardation – (FY 98) – Transfer of $26,000 from Salary category to Professional Services category to provide for two medical coordinators contracted through University Medical School.

Refer to motion for approval under item C.

19. Department of Human Resources - Child and Family Services - Child and Family Administration - (FY 98) - Addition of $213,829 in Federal Title IV-B Allotment to provide for overtime of existing staff to work on the backlog of the Interstate Compact for the Placement of Children (ICPC) cases, replace phone system at administrative offices in Carson City, purchase Fax machines, connect new offices to agency network system and add Internet access.

Mr. Stephen Shaw, Administrator, Division of Child and Family Services (DCFS), introduced Mr. Darrel Rexwinkel, Administrative Services Officer, DCFS, who explained that DCFS was requesting authority to receive $213,829 in federal Title IV-B, Part 1 revenues to align the grant award with the amount available for expenditures. Title IV-B has two parts: Part 1 is for the administration of Child Welfare Programs, which is basically DCFS' administrative function, and Part 2 is used for Family Preservation Services and Community Based Family Support Services. DCFS proposes to use $40,167 of the Part 1 increase to address the ICPC backlog. Although the 1997 Legislature approved four new ICPC staff during the biennial budget process and DCFS believes those four new positions will be sufficient to keep current with the new cases, Mr. Rexwinkel said DCFS wishes to address the ICPC backlog. Since there are currently 219 children requiring home studies in 130 homes, Mr. Rexwinkel said DCFS believes the amount being requested for overtime should accomplish 89 of the home studies, with the remainder to be accomplished with existing staff during normal working hours.

Chairman Raggio wanted to know how DCFS plans to address the backlog in ICPC cases. Mr. Rexwinkel apprised the Committee that DCFS had explored several different ways in which to address the backlog, including using contract employees. He said, however, since several employees who were experienced in the ICPC program had expressed their desire to work overtime, a decision was made to have them work on the backlog because it would be more cost-effective.

In addition, Mr. Rexwinkel noted that DCFS was requesting to use $71,434 to remodel its administrative office located at the former Northern Nevada Children's Home site, $36,412 for a functional telephone system, and $2,400 for two Fax machines, one in each of the two cottages that are being converted to office space.

Since it was his recollection that the 1997 Legislature had approved funding to remodel one cottage, Chairman Raggio wanted to know why DCFS was remodeling two cottages. Mr. Rexwinkel acknowledged that the 1997 Legislature had approved funding in the amount of $30,000 to remodel one cottage in lieu of the cost of additional lease space for approximately six new staff who were going to be housed in the cottage. It was Mr. Rexwinkel's belief that at $1 per square foot for leased space, DCFS would be able to avoid the cost of two years worth of lease space by utilizing the second cottage.

In providing additional information on the second cottage, Mr. Rexwinkel noted that during the 1997 Legislature, DCFS had been considering the centralization of specialized staff functions in the central office in Carson City because a number of the positions had become decentralized over the years. He also pointed out that the Volunteers of America (VOA), who were occupying two of the cottages, had vacated one of the cottages, referred to as cottage 4, because VOA had no further need due to the decreased number of children that DCFS was referring to shelter care. Mr. Rexwinkel said that with the vacating of cottage 4, DCFS had been given an opportunity to accomplish its centralization goal.

It was Mrs. Evans' understanding that part of DCFS' request involves the establishment of a Family Programs' office and she wanted to know whether this new program was discussed during budgetary deliberations before the money committees during the 1997 Legislative Session. Mr. Shaw said he had researched the record and found that DCFS had explained the regionalization plan in a major submittal in February of 1997, in response to initial budget questions from the legislative money committees, and DCFS' response had included a major section regarding a proposed Family Programs' office. According to Mr. Shaw, the positions in question, which are not caseload carrying positions, were originally assigned to individual divisions; such as, Welfare, Youth Services and Mental Health and Mental Retardation, before DCFS was formed; however, some time during the initial two or three years after DCFS was formed, these staff positions were allowed to move to Elko and to Las Vegas. Mr. Shaw said he had planned to submit DCFS' entire regionalization package to the Interim Finance Committee as an informational item, but was unable to do so because the package was not approved until about 1-1/2 weeks ago. Mr. Shaw said he would be happy to submit the regionalization package to the legislative Fiscal Analysis Division staff as well as appear at the next Interim Finance Committee meeting to provide a status report on regionalization and to discuss the Family Programs' office. Mr. Shaw reiterated that the positions were not caseload-carrying positions; however, it was difficult to supervise staff located in Las Vegas and in Elko. Mr. Shaw said he intended to centralize all of DCFS staff as they retire or through attrition.

Since she had numerous questions which had not been addressed, Mrs. Evans suggested that Mr. Shaw be asked to provide the regionalization package to the legislative Fiscal Analysis Division for review, as well as to appear at the next Interim Finance Committee meeting to provide a status report and to discuss the Family Programs' office.

In responding to Mrs. Evans' suggestion, Chairman Raggio said he would defer that portion of DCFS' request that deals with the establishment of a new Family Programs' office until the next meeting of the Interim Finance Committee. In the meantime, Chairman Raggio requested that DCFS provide information to the legislative Fiscal Analysis Division for review. Chairman Raggio wanted to know whether DCFS staff had understood his directions.

If the Committee were to defer this request, Mr. Rexwinkel indicated that it would adversely impact DCFS because the remodeling work on the two cottages was almost completed. Chairman Raggio asked Mr. Rexwinkel if DCFS was expending funding before it was approved by the Interim Finance Committee. According to Mr. Rexwinkel, DCFS has existing budget authority to do the remodeling work, but funding was being requested to update the existing telephone system, which was designed for two cottages, but was later expanded to accommodate a third cottage that was added later. Mr. Rexwinkel said he would take full responsibility for not being as familiar with the design of the existing telephone system as he should have been; however, the existing telephone system was currently at maximum capacity and staff was unable to respond to incoming calls in a business-like manner.

Since he thought Mr. Rexwinkel's explanation of the request was different than the information that was included in the meeting packet, Chairman Raggio asked Mr. Shaw and Mr. Rexwinkel to recuse themselves to meet with a member of the legislative Fiscal Analysis Division staff in order for the Committee to have a clear understanding of the request. Chairman Raggio said he would return to this item later on in the meeting.

Mr. Shaw said he wished to clarify for the record that DCFS had not expended funding on the remodeling project without the approval of the Interim Finance Committee.

After staff had revisited the request, Chairman Raggio recognized Mr. Shaw who acknowledged that the 1997 Legislature had appropriated funding to remodel one cottage. He said, however, through innovative cost-savings efforts; i.e., utilizing prison labor at a cost of $46 per day, savings accrued from the Henderson office, and other savings, Mr. Shaw said DCFS was able to remodel two cottages instead of one. In addition, two employees had retired during the 1997 Legislature which allowed DCFS to move a previously centralized position back to Las Vegas. According to Mr. Shaw, the Family Programs' Office had always been a centralized function of DCFS and no new positions had been added to that office. The Family Programs' Office consists of staff which had formerly been assigned to the divisions of Welfare, Youth Services, and Mental Health and Mental Retardation.

After determining that the legislative Fiscal Analysis Division staff was satisfied with DCFS' explanation, Chairman Raggio said he would entertain a motion to approve the request.

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

20. Department of Human Resources – Child and Family Services – Southern Nevada Children's Home – (FY 98) – Transfer of $20,000 from Equipment category to Utilities category to meet projected shortfall in utilities.

Speaking for Senator Porter who had to leave the meeting for a previous commitment, Senator Regan indicated that Senator Porter had requested an explanation on this request item because of his concern about appropriate security being provided at the Southern Nevada Children's Home in Boulder City.

Mr. Shaw apprised the Committee that negotiations for the security of the building and grounds were currently underway and that he and Ms. Pamela Wilcox, Administrator, Division of State Lands, were meeting with the Boulder City Manager next week. In addition, Mr. Shaw noted that DCFS maintenance staff check the facility three times each week and respond immediately to reports of vandalism such as broken windows. Mr. Shaw also indicated that the lighting had been improved at the facility for security purposes.

Chairman Raggio asked Mr. Shaw to keep the Interim Finance Committee informed on the progress of the security contract.

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

21. Department of Human Resources – Child and Family Services – Youth Corrections – (FY 98) – Addition of $87,500 in Federal Challenge Grant to continue program to provide after care services to paroled youth and to pass-through funds to judicial districts to provide early mental health screening and family and child counseling.

Refer to motion for approval under item C.

22. Department of Human Resources - Child and Family Services - Youth Corrections - (FY 98) - Addition of $52,229 in Office of Juvenile Justice and Delinquency Prevention Grant to continue program to remove juvenile offenders from adult jails and lockups, to separate juveniles from incarcerated adults and to monitor county agencies to improve services for pre-delinquent offenders.

Refer to motion for approval under item C.

23. Department of Human Resources - Child and Family Services - Child Abuse and Neglect - (FY 98) - Addition of $148,134 in Child Abuse and Neglect Grant, $6,381 in Children's Justice Act Grant and (Deaugmentation of) $26,648 in Child Abuse and Neglect Part II Grant to continue programs to enhance the child protective services delivery system and to improve the investigation, prosecution, judicial and administrative handling of child abuse and neglect cases.

Refer to motion for approval under item C.

24. Department of Human Resources - Child and Family Services - Chapter I - Special Education - (FY 98) - Addition of $119,429 in Federal Education of the Handicapped to continue program to provide services to children ages birth through two years with developmental delays and their families, and to provide administration costs to implement and maintain a statewide early intervention system; adds one Administrative Services Officer III.

Mr. Mark Roberts, Administrative Services Officer, Director's Office, Department of Human Resources (DHR), explained that the Committee's approval of this work program would align the state authority with the federal Education of the Handicapped, Part H, grant and add one new position. The new position, an Administrative Services Officer III, will provide support for Early Intervention Services for children ages birth through 2 years with developmental delays and their families. According to Mr. Roberts, the Early Intervention Services System is currently a high priority on the federal level. By taking advantage of the federal IDEA, Part H funds, Mr. Roberts said DHR would be able to maximize its funding resources and create a seamless system of partnerships between the state and locally-administered programs.

The current Administrative Services Officer IV position assigned to the Director's office is responsible for fiscal management across DHR. Mr. Roberts explained that the new Administrative Services Officer III position would focus strictly on providing fiscal management and oversight for the Early Intervention Services. In addition, the new position will be responsible for coordination and funding sources, as well as identification of new resources. Mr. Roberts said it was critical that this new position be identified to assist in the process of facilitating access to the Early Intervention Services System and to ensure integration and coordination across all divisions of DHR. At this point in time, DHR has identified 16 funding streams on the statewide, the department wide, and the local level that will have an opportunity to work with the Early Intervention Services System. Since there is currently no position available within the Director's office to assume these duties in support of this vital program, Mr. Roberts said the new position was critical to the success of the development of the Early Intervention Services System.

Chairman Raggio wanted to know whether the Early Intervention Services System was part of the Family-to-Family Program. Mr. Roberts pointed out that during its volunteer recognition, the Family-to-Family Program would identify children from birth to 2 years who were developmentally delayed.

Ms. Giunchigliani thought the state already had an Early Intervention Program. Mr. Roberts acknowledged that DHR currently has an Early Intervention Program; however, the program was growing and currently encompasses five of the seven divisions within DHR. DHR is proposing to consolidate the administration of the Early Intervention Program into a centralized unit within the Director's office. The Administrative Services Officer will assume fiscal responsibilities and the Chief, Early Childhood Services, will assume program responsibilities under the direction of DHR's Director.

After listening to Mr. Roberts' testimony, Ms. Giunchigliani suggested that the principal duties of the new Administrative Services Officer would be writing grants. Since the Early Intervention Program is currently spread throughout the divisions of DHR, Mr. Roberts said the new Administrative Services Officer III would be facilitating these services provided by each of the five divisions. In addition, this position will be responsible for assisting in both the identification of additional revenue sources and the integration of that funding across the divisions of DHR.

Ms. Giunchigliani expressed concern about the possible overlapping of responsibilities within the divisions of DHR and she asked Mr. Roberts whether interagency agreements were in place with the agencies that would be affected. Mr. Roberts noted that the Early Intervention Program was currently housed in DCFS in budget account 3276. According to Mr. Roberts, the IDEA, Part H funding would allow the new Administrative Services Officer to work with the divisions of Welfare, Health and Mental Health and Mental Retardation, in addition to DCFS, to access their child care programs, early youth programs, and other Early Intervention Programs. Mr. Roberts also indicated that DHR currently has interlocal agreements with all of the agencies receiving IDEA, Part H funding. He said, however, he was not certain whether DHR has interlocal agreements with agencies who were receiving services or administration.

Since it was her understanding that the Family-to-Family Program was going to coordinate the Early Intervention Programs, Ms. Giunchigliani expressed concern about placing a new position in the Director's office to coordinate the efforts of five divisions. Ms. Giunchigliani wanted to know whether the Family-to-Family Program was referring children with developmental delays only to DCFS. Mr. Roberts stated that the Family-to-Family Program has a spectrum of resources and services to which it could refer children. Ms. Giunchigliani said it was unclear to her why it was necessary to create a new position in the Director's office to tell the Family-to-Family Program where to refer children when it already knows where to refer children.

It was Ms. Giunchigliani's recollection that DHR had requested a new Administrative Services Officer II position during the 1997 legislative budget process, but it was neither recommended by the Governor nor approved by the 1997 Legislature. Mr. Roberts stated that DHR had requested a Management Analyst IV and an Administrative Services Officer II in the Director's office, but the two positions were denied by the Budget Division. Since DHR did not appeal the Budget Division's decision, the two positions were not included in the Governor's recommendation. According to Mr. Roberts, the two positions were requested well before the Family-to-Family initiative was approved. A further examination revealed that although the Early Intervention Services were housed in DCFS, those services were being provided by five other divisions within DHR. It is DHR's belief that the acceptance of the IDEA, Part H funding would provide an opportunity for the Director's Office to oversee the entire program, as well as access and facilitate the program statewide.

Ms. Giunchigliani wanted to know whether anyone was currently in charge of coordinating the Early Intervention Services within DHR. Mr. Roberts indicated that there was no specific individual in charge of coordinating the Early Intervention Services department-wide; however, an Administrative Services Officer II within DCFS currently provides the fiscal management for the Early Intervention Services Program.

Mrs. Evans said she had the same questions about adding a new position to the Director's office that were previously articulated by Ms. Giunchigliani. Mrs. Evans also questioned why DHR had not presented a proposal to the money committees during the 1997 Legislative Session to add an Administrative Services Officer III for the Early Intervention Services Program. After the Family-to-Family Program had been implemented to address children from birth to 2 years, Mr. Roberts said DHR realized that some of those children would have developmental delays which would also need to be addressed. Since the Early Intervention Program was housed in DCSF, Mr. Roberts indicated that DHR had been given a unique opportunity to access the resources of the other divisions who were providing a wide spectrum of child care and related issues by centralizing those services so that they could be accessed and facilitated statewide.

Chairman Raggio said he would entertain a motion from the Committee.

MR. DINI MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR REGAN.

Chairman Raggio recognized Ms. Giunchigliani on the motion. While she agreed with a centralized position to coordinate the Early Intervention Services conceptually, Ms. Giunchigliani said did not agree with creating an entirely new unit rather than utilizing a member of the staff to coordinate the services from one of the five divisions already providing Early Intervention Services.

Chairman Raggio called for a vote on the motion.

MOTION CARRIED AFTER A SHOW OF HANDS, WITH THE FOLLOWING MEMBERS OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS VOTING NO: MR. ARBERRY, MRS. CEGAVSKE, MR. CLOSE, MRS. EVANS, MS. GIUNCHIGLIANI, MR. HETTRICK, AND MRS. VON TOBEL. SENATOR PORTER WAS ABSENT FOR THE VOTE.

25. Department of Employment, Training and Rehabilitation - Developmental Disabilities - (FY 98) - Addition of $191,393 in Federal Developmental Disability Grant and Transfer of $3,361 from Operating category to Reserve category to provide additional respite care, housing and supportive services for people with disabilities and to reserve for salary adjustment.

Refer to motion for approval under item C.

26. Department of Employment, Training and Rehabilitation - Employment Security Division (FY 98) - Addition of $1,000,000 in Federal Admin. Cost Allowance to pay back the ESD Special Fund for a portion of the cost of converting the Unemployment Insurance Benefits and Tax Systems to become Year 2000 Compliant.

Refer to motion for approval under item C.

27. Department of Employment, Training and Rehabilitation - Employment Security Special Fund - (FY 98) - Addition of $1,000,000 in Transfer from ESD to convert the Unemployment Insurance Tax System to be Year 2000 Complaint.

Refer to motion for approval under item C.

28. Department of Employment, Training and Rehabilitation - Rehabilitation Operations - (FY 98) - Addition of $71,692 in Federal Section 110 Grant and Transfer of $12,377 from Training category to Strategic Planning category to provide grant funding to nine community organizations to assist the Vocational Rehabilitation Advisory Council and to assist the agency with the Strategic Planning function.

Refer to motion for approval under item C.

29. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - (FY 98) - Addition of $765,985 in Federal Section 110 Grant to provide direct services to clients to assist them in returning to employment, to purchase equipment and to provide staff training.

For the Committee's information, Chairman Raggio noted that the 1997 Legislature's money committees had requested the Rehabilitation Division to submit quarterly reports to the Interim Finance Committee regarding performance indicators in response to concerns raised by the Joint Subcommittee on General Government regarding successful employment outcomes.

Mr. Maynard Yasmer, Chief, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), indicated that Committee approval of this work program revision would provide for an increase in client services, training, minor equipment items, and reserves as a result of the Division's acceptance of additional federal Section 110 Grant funding. Mr. Yasmer said he would be happy to respond to questions from the Committee.

To respond to a request from Chairman Raggio, Mr. Yasmer explained that the government's definition of successful employment is found in 34 CFR, part 361.56, A through E, which states:

> The state plan must assure that an individual is deserving and determined to have achieved an employment outcome only if the following requirements are met:

A. The provision of services under the individual's written rehabilitation plan has contributed to the achievement of the employment outcome.

B. The employment outcome is consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

C. The employment outcome is in the most integrated setting possible, consistent with the individual's informed choice.

D. The individual has maintained the employment outcome for a period of at least 90 days.

E. At the end of the appropriate period under paragraph D of this section the individual and the rehabilitation counselor or coordinator consider the employment outcome to be satisfactory and agree that the individual is performing well on the job.

It was Chairman Raggio's understanding that the majority of the funding would be expended on client services. Since there were no further comments on questions from the Committee, Chairman Raggio said he would entertain a motion to approve the request.

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

30. Department of Employment, Training and Rehabilitation - Bureau of Services to the Blind and Visually Impaired - (FY 98) - Addition of $244,125 in Federal Section 110 Grant, $21,000 in Medicaid Charges and $19,000 in Federal Older American Independent Living Grant to provide client services to the Older Blind Independent Living Program, provide outside agency services for Medicaid eligible individuals, provide surgical intervention procedures, acquire office furniture for new Bureau Chief and to provide training to staff.

Refer to motion for approval under item C.

31. Department of Employment, Training and Rehabilitation - Blind Business Enterprise - (FY 98) - Transfer of $26,111 from Reserve category to Equipment Repair category, $5,918 from Reserve category to In-State Travel category and $2,742 from Reserve category to Training category to allow staff to meet with various Federal agencies and participate in blind vendor training; to provide for repair of blind vendor equipment and to provide training for vendor committee chair and agency staff.

Refer to motion for approval under item C.

32. Department of Employment, Training and Rehabilitation - Bureau of Alcohol and Drug Abuse - (FY 98) - Addition of $90,179 in Federal Contract Service charge (needs assessment) to evaluate the levels of substance abuse in Nevada.

Refer to motion for approval under item C.

33. Department of Employment, Training and Rehabilitation - Claimant Employment Program - (FY 98) - Transfer of $319,368 from Reserve category to ESD/CEP Cost Share category to facilitate payment to Employment Security Division for benefits received from ESD tax collection activities per Federal mandate.

Refer to motion for approval under item C.

34. Department of Business and Industry - Consumer Affairs - Restitution - (FY 98) - Addition of $333,051 in Receipts for Restitution to cover payment obligations based on increases in actual and projected restitution receipts.

Refer to motion for approval under item C.

35. Department of Business and Industry - Manufactured Housing - (FY 98) - Transfer of $31,988 from Reserve category to Statewide Cost Allocation category and Transfer of $2,251 from Reserve category to Attorney General Cost Allocation category to reallocate the Statewide Cost Allocation and Attorney General Cost Allocation shares amount four budget accounts.

Refer to motion for approval under item C.

36. Department of Business and Industry (Agriculture) - Livestock Inspection - (FY 98) - Addition of $31,755 in County Participation to cover expenses associated with construction of estray horse holding facility and for management of estray horses in the Virginia range.

Refer to motion for approval under item C.

37. Department of Business and Industry (Agriculture) - Registration and Enforcement - (FY 98) - Addition of $35,284 in EPA Grant - FY 97 and $21,909 in EPA Grant - FY 98 to cover grant activities associated with the Ground Water Program Core (General Enforcement Actions), worker protection and endangered species.

Refer to motion for approval under item C.

38. Department of Business and Industry (Agriculture) - Registration and Enforcement - (FY 98) - Addition of $21,400 in Pesticide Registration, $3,895 in Fertilizer Tonnage and transfer of $30,610 from Reserve category to Pesticide Disposal Fund category to cover associated costs for pesticide disposal and bring the Pesticide Disposal Fund in compliance with NRS.

Refer to motion for approval under item C.

39. Department of Conservation and Natural Resources – CNR Directors Office – (FY 98) – Transfer of $58,000 from Salaries category to Biologist Operation category to use independent contractor for preparation of a statewide plan for the preservation of wild horses.

Representing Mr. Peter Morros, Director, Department of Conservation and Natural Resources (C/NR), who was unable to attend the meeting due to illness, Mr. Freeman Johnson, Assistant Director, said he had recently been delegated the authority for the Commission for the Preservation of Wild Horses by Director Morros. After introducing Ms. Katherine Barcomb, Administrator, Commission for the Preservation of Wild Horses, Mr. Johnson said he and Ms. Barcomb would be pleased to respond to any questions the Committee might have on this budget item.

To respond to Mr. Arberry who requested an explanation of this request, Ms. Barcomb noted that Section 9 of S.B. 211 (1997 Legislature) directed the Commission for the Preservation of Wild Horses to prepare a statewide plan for the management of wild horses and burros in the State of Nevada and to submit a copy of the statewide plan to the Director of the Legislative Counsel Bureau (LCB) no later than March 1, 1999, for transmittal to the Seventieth Session of the Nevada Legislature. Pursuant to S.B. 211, funding was provided for the hiring of a full-time wildlife biologist. The Commission has utilized the services of a staff biologist, on a part-time basis, who was employed by the Division of Wildlife (NDOW) and he has been attending public meetings all over the state, as well as working with the Commission on the development of a statewide plan. Due to the retirement of NDOW's staff biologist early in calendar year 1998, after 30 years with the State of Nevada, the Commission wishes to utilize his expertise, on a contract basis, to assist the Commission in the preparation of the statewide plan. Due to the short time frame in which to develop the statewide plan by December of 1998, Ms. Barcomb said the Commission believes that the continuance of the NDOW employee on a contract basis would facilitate the completion of the statewide plan. Ms. Barcomb also said she was not aware of anyone else in the area who could provide this type of professional service to the Commission.

It was Mr. Arberry's understanding that the Commission had employed a staff biologist from NDOW to work on the statewide plan on a part-time basis for the last seven months and that when the biologist retires, the Commission wishes to hire him full-time on a contract basis. In order to facilitate the development of the statewide plan pursuant to S.B. 211, Mr. Johnson pointed out that it was C/NR's original plan to capitalize on the former NDOW employee's availability post-retirement by entering into a sole-source contract. He said, however, C/NR was prepared to issue a Request for Proposal (RFP) if it was the desire of the Committee.

Mr. Arberry expressed concern that by utilizing the NDOW employee on a part-time basis for over seven months, instead of hiring a full-time biologist, the Commission could have jeopardized the preparation and completion of the statewide plan by March 1, 1999. In addition, Mr. Arberry pointed out that the budget had been predicated on the need of a full-time wildlife biologist to assist the Commission with the preparation and completion of the statewide plan. Ms. Barcomb indicated that the Commission would have preferred to have hired NDOW's staff biologist on a full-time basis, but the employee felt compelled to finish his commitments with NDOW before his retirement. In the meantime, Ms. Barcomb said NDOW had agreed to share the employee with the Commission until after his retirement in order to facilitate completion of the statewide plan.

Chairman Raggio thought it made sense for the Commission to utilize the services of NDOW's staff biologist once he retires because of his experience and expertise in wildlife management, but he wanted to know who was going to be performing his work for NDOW once he retires. Although he did not wish to speak for the Administrator of NDOW regarding future staffing plans, Mr. Johnson said he would presume a request would be made to fill the vacancy created by the retirement of NDOW's staff biologist. In responding to a question from Chairman Raggio, Mr. Johnson said the proposed retirement date for NDOW's staff biologist was February 6, 1998.

Mr. Marvel wanted to know how long it would take for the Commission to complete the statewide plan. Ms. Barcomb said the Commission plans to meet in Tonopah at the end of this month, then meet in Las Vegas and Elko. In addition, the Commission plans to hold two public forums during April and May to discuss the issues and hopefully reach a consensus prior to producing a draft of the statewide plan. A final statewide plan will be submitted to the Director of C/NR by December of 1998, in order for it to be available for the members of the legislature prior to the convening of the 1999 Legislature.

Mr. Marvel asked Ms. Barcomb if she thought there would be a further need for the contract biologist once the statewide plan has been completed. Since the contract biologist will have been instrumental in the development of the statewide plan, Ms. Barcomb said the Commission anticipates utilizing his services through the 1999 Legislative Session.

Mr. Marvel said he would assume the Commission would have no further need for the services of the contract biologist once the 1999 Legislature approves the statewide plan and Mr. Johnson said Mr. Marvel's assumption was correct. Mr. Johnson also pointed out that the staff biologist had been involved in conducting four meetings in Reno, Carson City, Eureka and Winnemucca and, as Ms. Barcomb previously stated, the Commission plans to hold public hearings in Tonopah, Caliente and Las Vegas in order to gather public input.

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

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

Mr. Arberry suggested that the motion include the provision of an RFP to fill the biologist position rather than sole-source. Although C/NR is prepared to publicize the position through the RFP process, Mr. Johnson said C/NR believes strongly that no other person in the State of Nevada is qualified and sufficiently conversant with wild horses, range management and public land issues associated with the grazing rights for ranchers and farmers. Mr. Johnson also indicated that a significant amount of training would be necessary to orient a new employee.

While he had always been a supporter of the wild horse preservation program, Mr. Price expressed concern about the manner in which the Commission proposes to hire the biologist because he could recall that a great deal of controversy had been created about a year ago when an employee of the Nevada Department of Transportation (NDOT) retired and returned to NDOT on a contract basis to perform the same duties. Since he thought it was important for the Committee to deal with public perception and policy, Mr. Price said he would agree with Mr. Arberry that the position should be filled through the RFP process.

MR. PRICE MOVED TO AMEND THE MOTION BY INCLUDING THE PROVISO THAT C/NR UTILIZE THE RFP PROCESS IN HIRING THE WILDLIFE BIOLOGIST POSITION FOR THE COMMISSION FOR THE PRESERVATION OF WILD HORSES. SECONDED BY MRS. CEGAVSKE.

Mr. Humke expressed concern that the RFP would more than likely be written in such a manner that only one person would qualify.

While recognizing the fact that several state agencies had followed less-than-honest hiring practices in the past, Mr. Price said he had faith that C/NR would do the right thing.

Ms. Giunchigiliani wondered if NDOW's employee would agree to stay on to finish the statewide plan if he were offered some type of incentive to do so. Since NDOW's employee had already deferred retirement once before in order to assist the Commission with the statewide plan, Mr. Johnson said this particular avenue had not been explored.

In responding to a question from Chairman Raggio, Mr. Johnson said he would anticipate that the issuance of an RFP would delay the completion and submission of the statewide plan to the Director of C/NR by as much as three months. In addition, Mr. Johnson noted that C/NR was not aware of the availability of any person in Nevada, or within the 13 western states that have wild horse issues, who could "hit the ground running."

Chairman Raggio called for a vote on the motion to amend.

AFTER A SHOW OF HANDS, MOTION TO AMEND FAILED ON THE SENATE SIDE.

Chairman Raggio called for a vote on the original motion.

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

40. Department of Conservation and Natural Resources - Bureaus of Waste Management, Federal Facilities and Corrective Action - (FY 98) - Addition of $138,290 in Federal Superfund Grant to increase contractual services for the protection of the Truckee River watershed area from hazardous substance spills and support existing staff through the voluntary cleanup program.

Refer to motion for approval under item C.

41. Department of Conservation and Natural Resources - Bureaus of Waste Management, Corrective Action and Federal Facilities - (FY 98) - Addition of $45,253 in Federal Clean Air Section 112 (R) to support the Chemical Accident Prevention Program.

Mr. Lew Dodgion, Administrator, Division of Environmental Protection (DEP), introduced Mr. Verne Rosse, Deputy Administrator, who he said oversees the Bureau of Waste Management. Mr. Dodgion requested the Committee's approval to accept a federal Clean Air Act grant to implement the requirements of Section 112(R), which is a Chemical Accident Prevention Program (CAPP) required by the Clean Air Act, and to integrate that program with the existing state-operated CAPP that was authorized by the 1991 Legislative Session. According to Mr. Dodgion, a new engineer position will be needed because the inclusion of the facilities regulated under Section 112(R) will more than double, and perhaps triple the number of facilities that will be subject to CAPP. The federal grant funding will be available for two years and could possibly stretch into the year 2000. During the next legislative session, Mr. Dodgion said he would propose to fund the new position with fees.

Chairman Raggio wanted to know how the new position would be funded if the fees were not forthcoming. Mr. Dodgion said that if the fees were not forthcoming the new position would be terminated.

To respond to a question from Chairman Raggio, Mr. Dodgion said the federal grant in the amount of $45,253 would be utilized to support CAPP during FY 1998 and that additional federal grant funding was available to support CAPP during FY 1999.

It was Ms. Giunchigliani's recollection that there was discussion during the 1997 Legislature about transporting hazardous chemicals on the railroads and she wanted to know if the expansion of facilities would include monitoring railroads. Mr. Dodgion said that railroads would not be monitored.

To respond to an inquiry from Ms. Giunchigliani, Mr. Dodgion said the CAPP would not provide for the monitoring of facilities using dynamite, TNT, and other similar explosives.

It was Senator McGinness' understanding that the new engineering position would be establishing a list of hazardous substances and the quantities of hazardous substances that will be regulated through the new CAPP and he wanted to know whether DEP would be able to restrict the amount of hazardous substances that a business might have. Mr. Dodgion indicated that under the provisions of Nevada Revisions Statutes (NRS), Chapter 459, DEP is required to maintain a list of hazardous substances. He said, however, since Section 112(R) of the Clean Air Act requires the federal Environmental Protection Agency (EPA) to develop a list of hazardous substances, he did not intend to generate a totally new list.

MR. HUMKE MOVED TO APPROVE THE REQUEST. SECONDED BY MR. CLOSE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

42. Department of Conservation and Natural Resources - Water Planning - (FY 98) - Transfer of $50,300 from Walker River category to Salaries category to employ staff to assist in completion of Walker River ecosystem study.

Refer to motion for approval under item C.

43. Department of Motor Vehicles and Public Safety – Justice Assistance – (FY 98) – Addition of $52,853 in Local Law Enforcement Block Grant to pass through to local law enforcement agencies for enhancement of security in and around schools and to establish crime prevention programs.

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, Chairman Raggio entertained a motion for approval of the request.

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

44. Department of Motor Vehicles and Public Safety – Emergency Management – (FY 98) – Deaugmentation of $27,465 in Earthquake Preparedness Federal Grant to eliminate the grants analyst position and related operating budget since the earthquake preparedness grant was transferred to the University of Nevada, Reno.

Refer to motion for approval under item C.

45. Department of Motor Vehicles and Public Safety - Highway Patrol - (FY 98) - Addition of $45,707 in Transfer from Risk Management - Crash Fund to purchase replacement vehicles.

Refer to motion for approval under item C.

46. Department of Motor Vehicles and Public Safety - Bicycle Safety Program - (FY 98) - Transfer of $40,000 from Reserve category to Bicycle/Pedestrian Safety Program category to promote public awareness through education, media campaigns, printed materials and billboard advertisements.

Refer to motion for approval under item C.

47. Department of Motor Vehicles and Public Safety - Highway Safety Grants - (FY 98) - Addition of $292,296 in Federal Highway Administration - Motor Carrier Safety Grant to continue the Motor Carrier Safety Assistance Program to insure an effective statewide commercial vehicle safety program.

Refer to motion for approval under item C.

48. Department of Prisons - Store Fund - (FY 98) - Transfer of $9,400 from Reserve category to Equipment category to acquire a utility trailer, typewriter, microwave and security alarm system at Southern Desert Correctional Center, microwave at Stewart Conservation Camp, and an ice machine at Carlin Conservation Camp.

Refer to motion for approval under item C.

49. Office of the Military – Veteran's Gifts and Donations – (FY 98) – Addition of $27,676 in Gifts and Donations to assist in construction of a new chapel at the Southern Nevada Veterans Memorial Cemetery.

Refer to motion for approval under item C.

50. Office of the Military – (FY 98) – Addition of $55,300 in Department of Defense funds and $19,606 in State Property Insurance Program Funds to repair damage to property at the Henderson Armory caused by a flash flood on August 10,1997.

Refer to motion for approval under item C.

51. Reclassification Changes Requiring Interim Finance Committee Review:

1. Department of Motor Vehicles and Public Safety (DMV&PS), a reclassification request of position number 0005 from Assistant Chief, DMV&PS, Driver's License Division, grade 40-15, $59,440, to Management Analyst III, grade 37-15, $59,440.

2. DMV&PS, a reclassification request of position number 0010 from Driver/Motor Vehicle Technician, grade 25-1, $21,161, to Management Analyst II, grade 35-15, $43,390.

3. DMV&PS, a reclassification request of position number 0015 from Auditor II, grade 34-5, $33,346, to Management Analyst II, grade 35-15, $43,390.

4. DMV&PS, a reclassification request of position number 0020 from Assistant Chief, Vehicle Enforcement, grade 42-15, $59,558, to Management Analyst II, grade 35-15, $43,390.

5. DMV&PS, a reclassification request of position number 0030 from Supervisory Compliance Enforcement Investigator, grade 38-15, $54,273, to Management Analyst III, grade 35-15, $47,458.

6. DMV&PS, a reclassification request of position number 0450 from Driver/Motor Vehicle Technician II, grade 25-1, $21,161, to Management Analyst III, grade 37-15, $47,437.

7. DMV&PS, a reclassification request of position number 0025 from Driver/Motor Vehicle Regional Manager, grade 36-15, $45,361, to Management Analyst III, grade 37-15, $47,437.

8. DMV&PS, a reclassification request of position number 0075 from Vehicle Occupational Licensing Supervisor, grade 34-15, $41,504, to Management Analyst II, grade 35-15, $43,390.

9. Secretary of State, a reclassification request of position number 0071 from Accounting Specialist, grade 27-13, $32,092, to Management Analyst I, grade 33-5, $34,941.

The nine reclassification requests referred to above were approved in the blanket motion under item C.

52. Department of Business and Industry - Transportation Services Authority - (FY 98) - Transfer of $19,710 from Equipment category to Operating category and $13,491 from Equipment category to Information Services category to cover a shortfall in state-owned office rent in Las Vegas and to provide for a local area network (LAN) for the Las Vegas office.

The supplemental information provided by the Department of Administration on this request is included in the meeting minutes as Exhibit F.

Chairman Raggio recognized, Mr. John Mendoza, Chairman, Transportation Services Authority (TSA), Department of Business and Industry. Mr. Mendoza introduced TSA Commissioner Paul Christensen, and Mr. Dennis Collings, Transportation Manager. Mr. Mendoza also introduced Mr. Clayton Holstine, Deputy Commissioner, TSA, and former Commission Secretary for the Public Service Commission (PSC), who he said would be addressing the two expenditure items. Mr. Holstein pointed out that TSA was requesting approval to transfer $13,491 from the equipment category to fund a Local Area Network (LAN) in TSA's Las Vegas office. At the time Taxicab Authority and PSC were reorganized, Mr. Holstein said it was not exactly clear how the computer systems were going to be arranged. TSA requested the assistance of DoIT to devise the least costliest plan for implementing a LAN system in the Las Vegas office. DoIt is proposing to put the server and LAN system together which would allow each of the computers to have access to a printer and to re-establish an E-Mail system in the Las Vegas office. This would also allow certain employees to access the state's mainframe for the docket tracking system, which is TSA's record-keeping system for cases and files that come before the TSA.

Continuing his testimony, Mr. Holstein said the second item included in the request involves a transfer of $19,710 from the equipment category to pay for nine months of state-owned building rent in the Las Vegas office (Grant Sawyer Office Building) that had originally been paid out of the PSC's budget in July of 1997, prior to the separation of transportation functions that created the TSA. Since the Budget Division has requested that TSA pay state-owned building rent for the months of October 1997 through June 1998, Mr. Holstein said he wished to point out that a decision had been made to defer the purchase of a third vehicle since other funding was not available to pay for the expense. Mr. Holstein said, however, that TSA intends to return to the next Interim Finance Committee if a way can be found to reinstate the purchase of a third vehicle.

It was Chairman Raggio's recollection that when TSA appeared before the Interim Finance Committee on September 18, 1997, it had a very short time frame in which to prepare a budget since the decision to create the TSA was one of the last acts of the 1997 Legislature. Chairman Raggio suggested that the obvious question which needs to be addressed is whether the transfer of $33,201 from the equipment category originally budgeted for the purchase of replacment patrol vehicles was going to impede TSA's responsibilities in the foreseeable future. Mr. Mendoza said he had been advised by the Transportation Manager that TSA would be able to handle its responsibilities with the existing equipment (vehicles) for the remainder of this fiscal year.

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

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

D. STATEMENT OF CONTINGENCY FUND BALANCE.

After directing the Committee's attention to Tab D in Volume I of the meeting packet, Mr. Miles noted that the schedule for the Contingency Fund shows the current available spending authority at December 30, 1997, was $8,621,002.21. If the request from the Commission on Economic Development in the amount of $500,000 were to be approved today, Mr. Miles said it would leave a balance in the Contingency Fund of $8,121,002.21.

E. REQUESTS FOR ALLOCATION FROM THE CONTINGENCY FUND.

1. Department of Tourism and Economic Development..$500,000.

Chairman Raggio recognized Mr. Robert Shriver, Executive Director, Nevada Commission on Economic Development. Chairman Raggio told Mr. Shriver that he should be prepared to tell the Committee why a supplemental funding request in the amount of $500,000 was necessary at this time in view of the enhanced funding that was included in the legislatively approved budget and to also explain why a supplemental funding request of this magnitude had never been requested in previous years.

Mr. Shriver said he welcomed the opportunity to address the Interim Finance Committee concerning the Commission on Economic Development's request for a Contingency Fund allocation of $500,000 for the Train Employees Now (TEN) Program (formerly called the Quick Start Program), which is an incentive program offered to relocating or expanding companies in Nevada. Mr. Shriver told the Committee that the Nevada Commission on Economic Development had allocated to date over $419,000 of the $500,000 that was appropriated during the 1997 Legislature for FY 1998 to companies relocating or expanding in Nevada. According to Mr. Shriver, the TEN Program was directed through the community college program in the State of Nevada to provide the opportunity for citizens of Nevada to expand their skills and training and improve their employment by being given the opportunity to work with some of the new companies. The $419,000 that has been allocated to date will train approximately 819 Nevadans. The average wage for the majority of the new employment opportunities exceeds $14.30 per hour. Mr. Shriver pointed out that because of the limited funding available for the TEN Program, the new companies were challenged by the Department to offer a minimum entry level wage which exceeds 80 percent of the statewide or county average hourly wage. He said, however, the Nevada Commission on Economic Development had, in some instances, required a higher wage before approving funding because of the demand on the TEN Program.

To respond to an inquiry from Chairman Raggio, Mr. Shriver said the majority of the requests for training funds had not come from Economic Development Authority of Western Nevada (EDAWN) or Nevada Development Authority (NDA), but rather from such companies as Michelin North America, Craftsman Press West, Quebecor (Lyon County), and other new companies.

Chairman Raggio directed the Committee's attention to the information listed on page 83 of Volume 1 of the meeting packets which indicates that the total amount of requests from EDAWN and NDA was $562,500. Mr. Shriver explained that the total of $562,500 from EDAWN and NDA represents prospective allocations. He also indicated that contingent upon approval by the Interim Finance Committee today, the Nevada Commission on Economic Development had already approved, at its November 1997 meeting, an allocation for Sweetheart Cups Company in North Las Vegas for an expansion. Sweetheart Cups' average wage is $14.88 per hour for employees who they will train. In addition, an allocation of $105,000 was also approved by the Nevada Commission on Economic Development for Craftsman Press and its average wage is $15.37 per hour. The two companies will train 150 employees and 120 employees, respectively. It was Mr. Shriver's belief that because $419,000 had been allocated from July through November of 1997, the demand would certainly exceed the budgeted amount.

It was Mr. Arberry's understanding that the legislature had over the last five years approved the following appropriations for the TEN Program: $150,000 for FY 1994, $142,000 for FY 1995, $150,000 for FY 1996, $150,000 for FY 1997, and $500,000 for FY 1998. It was also Mr. Arberry's understanding that the Commission on Economic Development had reverted $261,380 in FY 1997; therefore, he questioned why an additional $500,000 was being requested at this time. Mr. Shriver told the Committee that in FY 1996, the Commission on Economic Development took over the administration of the training program, at which time the name of the program was changed from Quick Start to TEN. Because the TEN Program had been used much more aggressively in marketing through the development authorities than the Quick Start Program, Mr. Shriver said the demand from new companies for training funding had increased significantly.

Mr. Arberry wanted to know what type of training was being provided. Mr. Shriver indicated that the companies were required to provide skill-specific training; i.e., mechanical, electrical, production machinery operation, conveyor equipment operation, computer enhanced equipment and design, to name several training skills. He also noted that publishing companies had received some of the larger allocations of funding for training because of the need for skilled employees to operate expensive printing press equipment. In addition, allocations have been made to community colleges statewide so that instructors can gain the necessary expertise to provide specialized training in mechanical and electrical production equipment that was not previously available.

Mr. Arberry wanted to know whether the TEN Program currently interfaces with Welfare-to-Work programs sponsored by the Department of Human Resources. Mr. Shriver said the Commission on Economic Development would welcome the opportunity of working with the Department of Human Resources in the future. The Commission is currently considering providing Community Development Block Grant (CDBG) funds to assist in the development of child care centers. It was Mr. Shriver's belief, however, that the goals of the two programs were somewhat different in that the majority of the TEN Program allocations were tied to wage-based incentives requiring a higher level of skills; whereas, the Welfare-to-Work Program deals with providing entry level skills to people who need to be integrated into the workforce.

Mr. Arberry asked Mr. Shriver if there was any type of follow-up on the employees and the companies which had been awarded training funds. Mr. Shriver noted that the Commission on Economic Development receives reports regarding the success of the training. After a company receives an allocation from the Commission on Economic Development, the company, in conjunction with the community college, prepares a work sheet from which a budget is constructed. If the budget is lower than the funding allocated, the surplus funding is returned to the General Fund.

Since he thought the Committee would be reluctant to support the $500,000 funding request, Chairman Raggio wanted to know whether the Commission on Economic Development would consider a reduced allocation of $250,000 from the Contingency Fund at this time, with the understanding that it could return to the Interim Finance Committee at a later date if additional funding were needed. Since training awards totaling $410,466 had already been committed for FY 1998, Mr. Shriver said the current balance in the TEN Program budget was $89,534. In addition, the Commission on Economic Development had already approved approximately $230,000 in training awards contingent upon approval by the Interim Finance Committee.

Mrs. Evans thought it would be helpful if the Commission on Economic Development were to provide the Committee with a short summary outlining its plans for having the TEN Program interface with the Welfare-to-Work program, as well as the Department of Employment, Training and Rehabilitation (DETR) programs.

Chairman Raggio requested that Mr. Shriver provide the information requested previously by Mrs. Evans to the legislative Fiscal Analysis Division staff so that the information could be placed on the next Interim Finance Committee agenda as an informational item.

It was Mr. Close's recollection that there had been a great deal of support for the TEN Program when it was discussed during the 1997 Legislative Session. Mr. Close said, however, he was concerned about the availability of trackable data regarding the number of companies awarded training funds in the current fiscal year and the number of companies who had received training awards in previous fiscal years that have remained in Nevada, and other similar types of information. In reviewing the statistics provided on page 86 of Volume I of the meeting packets regarding Michelin North America, for example, Mr. Close noted a major disparity between the number of trainees and current employment. According to Mr. Shriver, Michelin North America had appeared before the Commission on Economic Development to request training funds on three different occasions, the latest request being an allocation of $40,000 for FY 1998.

Mr. Close said he would appreciate the Commission on Economic Development providing information to the legislative Fiscal Analysis Division staff regarding specific performance indicators for the TEN Program which would indicate how many individuals overall have been funded, how many are still employed, and how many still reside in Nevada.

Mrs. Cegavske expressed an interest in finding out how a business would learn about the TEN Program. Mrs. Cegavske also wondered whether a company located in her district that leases employees to businesses would qualify for training funding. Mr. Shriver indicated that the TEN Program was advertised through the Employment Security Division (ESD), Job Training Office (JTO), and through the 12 development authorities throughout Nevada who work directly with new companies moving or relocating to the state. The TEN Program is presented as an incentive to upgrade the skills of Nevada citizens. It is the Commission on Economic Development's current position that the training incentive should not be provided to employees who are leased to businesses, but rather to employees who receive direct benefits and 80 percent of the statewide or county average hourly wage. Mr. Shriver said, however, the Commission on Economic Development had considered an application from Softbank, an employee-leasing company located in Las Vegas, after the company proved it was providing wages to employees that exceeded the amount of the charge off.

Mrs. Von Tobel said it was her understanding that in order to maximize TEN funding, the ceiling expenditure per employee was $1,000. To help her better understand the TEN Program, Mrs. Von Tobel requested additional information that would explain why a three-credit CIT-101 course costing $114 at the community college, for example, costs $1,000 through the TEN Program. Mrs. Von Tobel also wanted to know whether the instructors handling the training courses were faculty members at the community colleges or whether the instruction was provided on contract; in other words, were the TEN Program courses any different than other courses being offered at the community colleges. Mr. Shriver indicated that although the maximum allowed per employee for training in the TEN Program was $1,000, the average actual cost was $540. He also pointed out that the classroom training was limited to 30 days and must be completed within a 90-day period.

Mr. Hettrick thought Mrs. Von Tobel had a valid concern because even at $540, the cost of a three-credit course provided through the TEN Program was three times higher than a similar course at the community college.

Chairman Raggio agreed with Mr. Hettrick that Mrs. Von Tobel's request was appropriate and he asked Mr. Shriver to direct a response to the legislative Fiscal Analysis Division staff.

Since there was no further comments or questions from the Committee on this item, Chairman Raggio said he would entertain a motion to approve the request at the reduced level of $250,000.

SENATOR ADLER MOVED TO APPROVE THE REQUEST AT THE REDUCED LEVEL OF $250,000, WITH THE PROVISO THAT THE COMMISSION ON ECONOMIC DEVELOPMENT BE ALLOWED TO RETURN TO THE INTERIM FINANCE COMMITTEE AT A LATER DATE SHOULD AN ADDITIONAL ALLOCATION BE NEEDED. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Disclaimer: Senator Rawson said that although he was an employee of the University and Community College System of Nevada (UCCSN), it was his intention to vote on the request because he had no conflict of interest.

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

A letter dated January 9, 1998, from Lynn S. Atcheson, Vice President, Marketing Communications, Washoe Health System, urging the Interim Finance Committee to support the Commission on Economic Development's request for $500,000 for the TEN Program was provided to the Committee as a supplemental handout and a copy of which is included in the meeting minutes as Exhibit H.

F. REQUESTS FOR ALLOCATION FROM THE DISASTER RELIEF FUND (S.B. 218, 1997) AND REPORT OF SUBCOMMITTEE ON DISASTER RELIEF.

The Committee was provided with a supplemental handout of a report (light green cover) dated January 14, 1998, from the Interim Finance Committee's Subcommittee on the Disaster Relief Fund, and a copy of which is included in the meeting minutes as Exhibit I.

Chairman Raggio recognized Senator Rawson, Chairman, Interim Finance Committee's Subcommittee on the Disaster Relief Fund. Since the subcommittee was charged with considering four pending claims, Senator Rawson said the subcommittee had met for this purpose on December 17, 1997. According to Senator Rawson, all of the members of the subcommittee were very familiar with the Disaster Relief Fund as they had been involved either in the writing or the passage of Senate Bill 218 during the 1997 Legislative Session. Senator Rawson explained that the purpose of the Disaster Relief Fund was to provide grants or loans to state agencies or local governments for unanticipated expenses that were incurred because of a disaster. It was not the legislature's intention for the Disaster Relief Fund to be an insurance fund, but rather a source of funding to help governmental entities who were financially overwhelmed by an unexpected disaster.

Pursuant to Section 12 of S.B. 218, Senator Rawson noted that a local government may submit a request for funding if the entity finds that it is unable to pay for an expense or grant match because of the disaster. Senator Rawson said, however, it was neither the intent of S.B. 218 nor the subcommittee to force local governments to spend down ending fund balances in order to qualify for assistance from the Disaster Relief Fund. While the subcommittee has no desire to punish local governments that have built healthy reserves through careful fiscal management or good fortune, Senator Rawson said the subcommittee decided it was reasonable to consider a local government's ability to pay for expenses resulting from a disaster.

Because a different procedure was used by each of the four entities requesting funding from the Disaster Relief Fund, Senator Rawson said the subcommittee had determined that it was reasonable to establish procedures similar to those followed by the Federal Emergency Management Agency (FEMA) so projects would be reviewed on a uniform basis, regardless of whether the occurrence has been declared a state or a federal disaster. The subcommittee directed the legislative Fiscal Analysis Division staff to review the four pending requests using criteria similar to FEMA and to separate out all mitigation projects and projects located on private property. In addition, the local governments were asked to "pare back" their requests as much as possible in order to preserve a balance in the Disaster Relief Fund in the event of future needs. The Fiscal Analysis Division staff was also asked to look at reaching some level of parity between the percentage coming from local budgets and the percentage paid by the Disaster Relief Fund. Before suggesting possible motions, Senator Rawson suggested it would be appropriate to ask Ms. Jeanne Botts, Ms. Debbra King, and Ms. Mary Matheus from the Fiscal Analysis Division to highlight their findings.

Before commencing with her report, Ms. Botts said she wanted to make sure each Committee member had received a pink insert to replace page 9 of the report (light green cover). In providing background information, Ms. Botts noted that a subcommittee was appointed by the Interim Finance Committee, at its November 24, 1997, meeting, to deal with the issue of the Disaster Relief Fund. The subcommittee met on December 17, 1997, and directed the legislative Fiscal Analysis Division staff to prepare a report detailing the process to be followed by local governments requesting grants or loans from the Disaster Relief Fund. Due to time constraints, Ms. Botts said it was her intention to highlight the contents of the report (Exhibit I) as follows: specific findings and recommendations of the Fiscal Analysis Division staff are enumerated on pages 1 and 2; suggested guidelines for future applicants for grants or loans from the Disaster Relief Fund are provided on pages 2 and 3 under the caption General Application; Financial Information for Local Governments is provided on pages 3, 4 and 5; Project Information is provided on pages 5 and 6; and pages 6, 7, and 8 pertain to the Process for Authorizing Funding from the Disaster Relief Fund. Ms. Botts said she had concluded her presentation and she asked Ms. Debbra King to provide examples of duplicate or overlapping projects that she had found during project review which, she thought, would exemplify the need for payment on a reimbursement basis.

During a review of the projects, Ms. King indicated that a comparison had been made between the Damage Survey Reports (DSR's) provided by Natural Resources Conservation Service (NRCS) and those provided by the disaster field offices for grants authorized by FEMA. In citing an example of a duplicated project in northern Nevada, Ms. King noted that NRCS had provided a DSR with an estimated cost of $350,000 and FEMA had provided a DSR for the same site and the same work with an estimated cost of $332,000; therefore, the state has been asked to provide 12-1/2 percent matching funds based on a total project cost of $682,000, or $85,000. Since NRCS and FEMA now recognize that the project was duplicated, Ms. King said NRCS has indicated that it would be taking the lead and contracting for the project. NRCS' share of the project will be $52,000 and FEMA's share of the project will be $165,000, for a total project cost of $217,000. The 12-1/2 percent match being requested from the state will be $27,000 versus the $85,000 that was previously requested. As a result of finding project duplications, Ms. King apprised the Committee that engineers from the Department of Conservation and Natural Resources (C/NR) and FEMA's disaster field office had reviewed additional DSR's, and 11 DSR's were identified as potential overlapping projects. The engineers subsequently determined that four of the eleven projects needed further review and would be overlapping if the full amount of eligible costs were to be funded under both DSR's.

Ms. Botts introduced Ms. Mary Matheus, who she said would provide details on the revised amounts requested from the Disaster Relief Fund by the four local government entities. Ms. Matheus noted that at its November 24, 1997, meeting, the Interim Finance Committee had asked the four local government entities to revise their project lists. Ms. Matheus said she had subsequently written a memorandum, dated December 31, 1997, to each of the local entities asking them to revise their project lists and to provide additional information. The specific information requested is detailed on pages 89 and 90 of Volume 1 of the meeting packets. Ms. Matheus pointed out that responses from each of the four entities, Douglas County, Lyon County, Boulder City and Henderson, were included on pages 13 through 41 of the report (Exhibit I). Ms. Matheus directed the Committee's attention to page 9 of the report which provides a schedule of the amounts of the Original Request, Amended Request, Recommended by Board of Examiners, Approved by IFC on 11/24/97, and Newest Revised Requests. The schedule reflects that the total of the Amended Request was $3,749,377 and the Newest Revised Requests, which are being considered today, total $2,219,926, for a reduction of $1,521,451.

Chairman Raggio asked Ms. Matheus to explain the change in the Newest Revised Request for Lyon County in the amount of $196,588 that was provided originally on page 9 of the report and the revised page 9 (pink) in the amount of $322,213. According to Ms. Matheus, there were several additional Walker River projects that had not been included in the original page 9 Newest Revised Requests of $196,588.

Continuing her testimony, Ms. Matheus apprised the Committee that Douglas County's Amended Request was in the amount of $571,795, which represents 50 percent of the county's 25 percent match based upon damage estimates. Although Douglas County did not revise its request, the $571,795 will be reduced by the $120,000 emergency allocation that was approved by the Interim Finance Committee at its November 24, 1997, meeting.

With the elimination of FEMA and Army Corps of Engineers funded projects, Lyon County's Amended Request in the amount of $1,045,827 has been reduced to $322,213. This figure represents 50 percent of Lyon County's 25 percent match for NRCS-eligible projects. The $322,213 will also be reduced by $60,000 that was previously approved as an emergency allocation by the Interim Finance Committee at its November 24, 1997, meeting.

Boulder City's Amended Request in the amount of $1,621,528 represents 75 percent of the total eligible costs of $2,162,037. Upon review, Boulder City indicated that $93,825 in U.S. Department of Agriculture (USDA) funding had been received; thus, the eligible costs were reduced to $2,068,212. Boulder City's Newest Revised Request in the amount of $1,034,106 represents 50 percent of eligible project costs. Ms. Matheus directed the Committee's attention to Boulder City's response to her memorandum on pages 25 through 37 of the report (Exhibit I). Ms. Matheus also thought it would be informative if the Committee were to review a Detailed Summary of Requested Assistance for Boulder City on page 37 of the report.

Henderson's Amended Request in the amount of $510,227 represents 100 percent of the estimated eligible project costs determined by the Division of Emergency Management, using criteria similar to FEMA's. The Newest Revised Request in the amount of $291,812 represents 63 percent of the original estimated eligible project costs. Ms. Matheus directed the Committee's attention to Henderson's response to her memorandum on pages 39 through 41 of the report (Exhibit I).

Chairman Raggio suggested that it was time for Senator Rawson to state his motions.

SENATOR RAWSON MOVED THAT THE INTERIM FINANCE COMMITTEE AUTHORIZE REIMBURSEMENTS FROM THE DISASTER RELIEF FUND IN THE TOTAL AMOUNT OF $2,219,926, BUT NOT TO EXCEED THE FOLLOWING AMOUNTS:

DOUGLAS COUNTY $ 571,795*

LYON COUNTY $ 322,313**

BOULDER CITY $1,034,106

HENDERSON <u>$ 291,812</u>

$2,219,926

***Less $120,000 from IFC**

****Less $60,000 from IFC**

FURTHERMORE, PAYMENTS FROM THE DISASTER RELIEF FUND SHALL BE MADE ON A REIMBURSEMENT BASIS (ON FORMS DEVISED BY THE FISCAL ANALYSIS DIVISION) AFTER THE PROJECTS ARE COMPLETED, THE ACTUAL COSTS ARE DOCUMENTED, AND ALL SOURCES OF FUNDING OR IN-KIND MATCH ARE KNOWN. PAYMENTS MAY NOT COVER MORE THAN 50 PERCENT OF ANY MATCH REQUIRED FOR A FEDERAL DISASTER ASSISTANCE GRANT NOR MORE THAN 75 PERCENT OF THE COST OF ELIGIBLE PROJECTS, AS SPECIFIED IN S.B. 218. PROJECTS TO MITIGATE FUTURE DAMAGE AND PROJECTS ON PRIVATE PROPERTY MUST BE SEPARATELY IDENTIFIED. A DETAILED ACCOUNTING SHALL BE MADE UPON COMPLETION OF PROJECTS AND ANY EXCESS FUNDING RECEIVED BY THE LOCAL GOVERNMENT SHALL BE REFUNDED TO THE DISASTER RELIEF FUND. EACH OF THE GRANT RECIPIENTS SHALL SUBMIT QUARTERLY REPORTS DETAILING ALL PROJECT EXPENDITURES, IDENTIFYING ALL SOURCES OF REIMBURSEMENTS AND IN-KIND SERVICES, AND DESCRIBING THE PROGRESS AND COMPLETION OF THE WORK. SECONDED BY MR. ARBERRY.

For purposes of the motion, Chairman Raggio said it was his intention to ask each of the four local government entities to designate an appropriate spokesperson to come forward and to indicate for the record the fiscal need. Chairman Raggio asked each representative to restrict their comments to 5 minutes.

1. Douglas County.

Mr. Richard Mirgon, Director, 9-1-1 Communications Emergency Management, Douglas County, thanked the subcommittee and state staff for their assistance. Mr. Mirgon said that Douglas County had clearly extended its budget as a result of the 1997 New Year's flood damage. Mr. Mirgon pointed out that Douglas County's Emergency Management's budget was typically $45,000 per year and even though services were scaled back in a number of departments to offset the cost of flood damage repairs, a recent audit showed that Douglas County had expended approximately $875,000 from its Contingency Fund. Mr. Mirgon told the Committee that the amount of work needed to repair flood damage on the Carson River was clearly beyond Douglas County's ability to pay. Documentation has been provided to the state Budget Office and the legislative Fiscal Analysis Division on the expenditures. Mr. Mirgon said that if any additional money were to be expended in dealing with the flood damage, it would result in a reduction of services. In concluding his remarks, Mr. Mirgon said Douglas County concurs with the subcommittee's recommendation.

For the record, Chairman Raggio referenced a January 8, 1998, letter from Mr. Mirgon included in the report (Exhibit I) on pages 13 and 14 together with a memorandum from Katherine Bradshaw, Accountant, Administrative Services, included on page 15.

Mr. Mirgon said he was surprised that Douglas County auditors had not discovered the duplication of NRCS projects and he wished to assure the Committee that the auditors would be re-examining those projects in the future.

Chairman Raggio said he had regretted to hear the unsolicited commentary from all over the state about the manner in which the Interim Finance Committee was dealing with this issue. Because the local government entities had come forward on a necesssary, but rather hasty basis, it was Chairman Raggio's belief that there was a real need to review analytically and critically all of the claims. Chairman Raggio said he wished to commend the staff, the consultants, and all other participants who were involved in this process, for a well-documented report. Without further review, Chairman Raggio said he was convinced the Interim Finance Committee would have blindly and inappropriately authorized $9.5 million of taxpayers' money. For those individuals who felt the Interim Finance Committee had been dilatory in the manner in which it had approached this issue, Chairman Raggio suggested their viewpoint was unfortunate.

Mr. Mirgon said he wished to state for the record that he was not aware of anyone working in the emergency management profession who believes the Interim Finance Committee has not done the right thing morally.

Chairman Raggio questioned Mr. Mirgon as to whether Douglas County had utilized the previously approved emergency allocation in the amount of $120,000 from the Disaster Relief Fund. Mr. Mirgon said the funds had not yet been expended, but the funds have been committed to a project which is currently in the design phase.

Chairman Raggio reminded Mr. Mirgon that the funding was authorized on an emergency basis with the understanding that if another disaster should occur in the interim while a decision was being made on the requests, that funding would be available for critical need if it had not been expended

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2. Lyon County.

Chairman Raggio recognized Mr. David Fulstone, Chairman of the Board, Lyon County Commissioners. Mr. Fulstone said he wished to thank the Interim Finance Committee for its consideration of Lyon County's request for an allocation from the Disaster Relief Fund. Mr. Fulstone noted that the Newest Revised Request in the amount of $332,213 far exceeds the ability of Lyon County to pay. Mr. Fulstone also pointed out that all of flood damage which had occurred in Lyon County was located on the Walker River and the Carson River. Since the State of Nevada is the largest water right holder on those two rivers, Mr. Fulstone thought it was appropriate for the state to share in the costs of the repairs to the two rivers.

Chairman Raggio questioned Mr. Fulstone as to whether Lyon County had utilized the previously approved emergency allocation in the amount of $60,000 from the Disaster Relief Fund. Mr. Fulstone indicated that the funding had been allocated to two projects and that it was his understanding the two projects were either in process or have been completed.

Mr. Marvel wanted to know how much private money had been spent on flood damage repairs. Mr. Fulstone estimated that approximately $3 million in private money had been spent on repairs to agriculture lands and private homes.

3. Boulder City.

Chairman Raggio recognized Mr. Robert Ferraro, Mayor, Boulder City. Mr. Ferraro said it was a pleasure to be able to provide the requested information to the Interim Finance Committee. It was Mr. Ferraro's belief that Boulder City had acted with due diligence in supplying the information requested by the Fiscal Analysis Division staff to support the conditions which exist in Boulder City as a result of the August 1997 flooding.

For the record, Chairman Raggio referenced a letter dated January 6, 1998, from John Sullard, City Manager, Boulder City, plus attachments, which are provided on pages 25 through 37 of the report (Exhibit I).

Mr. Ferraro said he wished to reiterate that Boulder City was totally supportive of the motion on the floor that was presented by Senator Rawson because Boulder City believes the amount being recommended represents a fair decision to its original request for funding from the Disaster Relief Fund.

4. Henderson.

Chairman Raggio recognized Mr. Curt Chandler, Public Works Department, City of Henderson. Mr. Chandler said he wished to express the City of Henderson's appreciation to the Interim Finance Committee for its consideration of the City of Henderson's request for funding from the Disaster Relief Fund.

For the record, Chairman Raggio referenced a letter dated January 6, 1998, from Philip Speight, City Manger, Henderson, on pages 39, 40 and 41 of the report (Exhibit I).

In accordance with instructions provided by the Fiscal Analysis Division, Mr. Chandler indicated that the City of Henderson had reduced its request for funding based on projects that were funded from other sources and that the City of Henderson believes the revised request accurately reflects its funding needs. Mr. Chandler also said he had prepared a list of projects that would have to be either deferred or canceled if the funding from the Disaster Relief Fund were denied.

Chairman Raggio asked Mr. Chandler to provide the information for the record. Mr. Chandler noted that the following items would have to be eliminated if the Disaster Relief Funds were denied: approximately $300,000 for new equipment; $3,000 for computers; $300,000 from the Parks and Recreation Department's budget for capital items; $28,000 from the Economic Development Department's budget; $230,000 from the Engineering Service Fund; $150,000 from the Land Fund; and several miscellaneous items.

Chairman Raggio asked Mr. Scott Wasserman, Chief Deputy Legislative Counsel, if he thought the testimony provided by local government representatives and the inclusion of exhibits would be sufficient to support any action the Interim Finance Committee may take and Mr. Wasserman responded affirmatively.

Ms. Giunchigliani said it was her interpretation of Section 11 of S.B. 218 that loans must be repaid within a 10-year period. Ms. Botts advised that local government entities may request either grants or loans; however, the four requests under consideration today were for grants.

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

SENATOR RAWSON MOVED THAT THE INTERIM FINANCE COMMITTEE AUTHORIZE REIMBURSEMENTS FROM THE DISASTER RELIEF FUND IN THE TOTAL AMOUNT OF $2,219,926, BUT NOT TO EXCEED THE FOLLOWING AMOUNTS:

DOUGLAS COUNTY $ 571,795*

LYON COUNTY $ 322,313**

BOULDER CITY $1,034,106

HENDERSON <u>$ 291,812</u>

$2,219,926

***Less $120,000 from IFC**

****Less $60,000 from IFC**

FURTHERMORE, PAYMENTS FROM THE DISASTER RELIEF FUND SHALL BE MADE ON A REIMBURSEMENT BASIS (ON FORMS DEVISED BY THE FISCAL ANALYSIS DIVISION) AFTER THE PROJECTS ARE COMPLETED, THE ACTUAL COSTS ARE DOCUMENTED, AND ALL SOURCES OF FUNDING OR IN-KIND

MATCH ARE KNOWN. PAYMENTS MAY NOT COVER MORE THAN 50 PERCENT OF ANY MATCH REQUIRED FOR A FEDERAL DISASTER ASSISTANCE GRANT NOR MORE THAN 75 PERCENT OF THE COST OF ELIGIBLE PROJECTS, AS SPECIFIED IN S.B. 218. PROJECTS TO MITIGATE FUTURE DAMAGE AND PROJECTS ON PRIVATE PROPERTY MUST BE SEPARATELY IDENTIFIED. A DETAILED ACCOUNTING SHALL BE MADE UPON COMPLETION OF PROJECTS AND ANY EXCESS FUNDING RECEIVED BY THE LOCAL GOVERNMENT SHALL BE REFUNDED TO THE DISASTER RELIEF FUND. EACH OF THE GRANT RECIPIENTS SHALL SUBMIT QUARTERLY REPORTS DETAILING ALL PROJECT EXPENDITURES, IDENTIFYING ALL SOURCES OF REIMBURSEMENTS AND IN-KIND SERVICES, AND DESCRIBING THE PROGRESS AND COMPLETION OF THE WORK. SECONDED BY MR. ARBERRY. MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Copies of the four resolutions adopted by the Committee are included in the meeting minutes as: Exhibit J (Douglas County), Exhibit K (Lyon County), Exhibit L (Boulder City), and Exhibit M (City of Henderson).

Chairman Raggio asked Senator Rawson to state his second motion.

SENATOR RAWSON MOVED THAT THE REQUESTS APPROVED TODAY SHOULD NOT BE VIEWED AS SETTING A PRECEDENT AND THAT THE COMMITTEE ADOPT THE RECOMMENDED PROCESS FOR APPLYING FOR GRANTS AND LOANS AND RECEIVING REIMBURSEMENTS FROM THE DISASTER RELIEF FUND AS SET FORTH IN EXHIBIT I TO PROVIDE GUIDELINES FOR FUTURE APPLICANTS. SECONDED BY MR. MARVEL. MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Chairman Raggio interjected that Senator Rawson's second motion is understood to be included in the motion already approved by the Committee, which adopted the subcommittee's report (Exhibit I). Chairman Raggio directed legislative staff to include the subcommittee's report (Exhibit I) in its entirety as part of the record.

Although she had not had the opportunity to thoroughly review the report, Ms. Giunchigliani wondered whether the subcommittee had considered the possibility of the next legislature revisiting the entire issue of disaster relief. Ms. Giunchigliani said she viewed the Disaster Relief Fund as a good idea conceptually, but thought the current procedure had become very cumbersome. Senator Rawson said he had no doubt that the current procedure would need further modification should another disaster occur in the future.

Chairman Raggio said that if the Committee adopts the guidelines today, they would remain in effect for the remainder of the biennium.

Chairman Raggio asked Senator Rawson to state his next motion.

SENATOR RAWSON MOVED THAT THE COMMITTEE DIRECT THE DEPARTMENT OF TAXATION TO PREPARE A CHECK LIST OF FINANCIAL INFORMATION REQUIRED FROM LOCAL GOVERNMENTS AND THAT THE DIVISION OF EMERGENCY MANAGEMENT COMPLETE ITS DISASTER RESPONSE RECOVERY MANUAL PRIOR TO FEBRUARY 15, 1998. SECONDED BY MR. DINI.

Speaking to the topic of disaster relief and not to the motion, Senator Jon Porter said he would recommend that the next legislature consider allowing local governments to establish an emergency fund for disasters. The legislature, pursuant to the Financial Stability Fund Act, currently allows local governments to establish emergency monies for certain ongoing operating expenses, but he thought the legislature should provide local governments with the ability to establish an emergency fund. Chairman Raggio said he would hope the appropriate committees would consider Senator Porter's recommendation; however, the legislature had been reluctant in the past to allow local entities to set up funds for disaster purposes because they feared the money would be used for salaries or other operating costs. Because he thought this was a good example of the kind of fund that should be immune from the political process, Chairman Raggio told Senator Porter that he endorsed his recommendation.

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

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Speaking on behalf of the Interim Finance Committee, Chairman Raggio said he wished to commend the members of the subcommittee, the legislative staff who spent an inordinate amount of time compiling the information, the consultants, staff from the executive agencies who were involved in the process, and each of the local government entities**.** Chairman Raggio suggested that this entire process was an example of achieving a responsible result by "staying the course" and not allowing outside influences or political bickering to get in the way. Chairman Raggio said he was also proud of the Interim Finance Committee for being able to withstand a great deal of outside pressures in order to reach a successful decision.

Mr. Arberry said he wished to take this opportunity to commend Assemblywoman Gene Segerblom for her perseverance in this matter.

G. REQUEST FOR APPROVAL TO REPAY (FROM THE OFFENDERS' STORE FUND) THE INMATE NEGATIVE BALANCES IN THE PERSONAL PROPERTY FUND (NRS 209.221) IN THE AMOUNT OF $391.96.

Mr. John Neill, Assistant Director, Support Services, Nevada Department of Prisons (NDOP), introduced Mr. Albert Peralta, Chief of Inmate Services. Through the establishment of NRS 209.221 several years ago, NDOP was given the authority to transfer money from the Offenders' Store Fund (OSF) to the Personal Property Fund (PPF) to repay inmate negative balances in the PPF.

To respond to a question from Chairman Raggio, Mr. Neill indicated that the errors were generally made by NDOP accounting staff and were itemized on pages 119 and 120 of Volume 1 of the meeting packets.

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

SENATOR RAWSON MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR MATHEWS.

Chairman Raggio recognized Mr. Arberry who had a question. It was Mr. Arberry's understanding that an audit of the Inmate Services Fund was being conducted. Mr. Neill said that he had requested an audit of Inmate Services by NDOP's internal auditor when he first assumed his new job duties and that he expected the audit to commence during the month of January of 1998**.** Mr. Arberry requested that Mr. Neill provide the legislative Fiscal Analysis Division staff with a copy of the completed audit for distribution to the members of the Interim Finance Committee. Mr. Neill said he would be happy to provide a copy of the audit and he would also keep legislative Fiscal Analysis Division staff informed of the audit's progress.

It was Chairman Raggio's understanding that NDOP has a new accounting system. Mr. Neill said the new accounting system went on line July 1, 1997, and that the accounting staff was currently working on improvements to the new system. Mr. Neill added that he hoped the new accounting system would facilitate the provision of accounting reports.

Chairman Raggio called for a vote on the motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

H. DIVISION OF STATE PARKS - Pursuant to NRS 407.0762, approval is requested to allocate funds from the Maintenance of State Parks Budget Account 4605 for necessary repairs to:

1. Morman Station Park - Partial Replacement of Stockade.................................$ 2,000

2. Ward Charcoal Ovens State Park - Well/Water System

Replacement and Repair...$15,000

3. Spring Mountain Ranch - Maintenance Shop and Horse Barn Roof Repairs......$18,000

4. Big Bend of the Colorado State Recreation Area - Termite Extermination...........$ 1,200

Speaking to the four maintenance requests listed above, Mr. Wayne Perock, Administrator, Division of State Parks, said the Division of State Parks was requesting $2,000 for replacement logs at Morman Station Park. According to Mr. Perock, the majority of the work will be done by inmate labor. Mr. Perock also noted that a spring-fed water system was being used at the Ward Charcoal Ovens State Park. Since revised federal water system regulations require more stringent treatment standards for surface water supply systems, Mr. Perock stated that the Division is proposing to replace the spring system with a well, storage tank, and replacement of the waterline from the well to the ranger residence at a cost of $15,000. Mr. Perock said the Division was requesting funds in the amount of $18,000 to contract for roof replacement on several buildings at the Spring Mountain Ranch State Park. In addition, Mr. Perock said $1,200 was being requested to repair termite damage to the ranger residence at the Big Bend of the Colorado State Recreation Area.

Since there were no comments or questions from the Committee on this item, Chairman Raggio said he would entertain a motion to approve the four maintenance requests.

MR. CLOSE MOVED TO APPROVE THE FOUR MAINTENANCE REQUESTS. SECONDED BY MR. HUMKE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

I. DEPARTMENT OF INFORMATION TECHNOLOGY - Report on state mainframe capacity and approval to release funding for system enhancements.

Ms. Lockard suggested the Committee would recall that DoIT had experienced an alarming increase in mainframe capacity utilization at the Computer Facility during the spring of 1997. At that time, DoIT presented several scenarios to address the capacity issue to the 1997 Legislature's money committees for their consideration. In providing background information, Ms. Lockard noted that the 1997 Legislature had approved funding authority in budget account 721-1385, decision modules M-204, E-133 and E-135, for DoIT's mainframe computer for network, memory and DASD upgrades and software. These decision modules totaled $3,184,391 over the biennium. Additional state funding was approved in Senate Bill 201 (1997 Legislature) for upgrades to the Capitol Complex PBX System. In a letter of intent, dated June 30, 1997, a copy of which is included on page 8 of Volume 2 of the meeting packets, the money committees directed DoIT not to spend the authority for these modules, or the appropriation for the Capitol Complex PBX System, until a comprehensive mainframe capacity plan was presented and approved by the Interim Finance Committee.

Primarily as a result of the reduced usage of the mainframe by the Nevada Operations Multi Automated Data Systems (NOMADS) project, DoIT has been able to postpone implementation of the proposed capacity upgrades until July 1, 1998. The delay will enable DoIT to have access to newer technology and to add a 9672-R25 CMOS processor to the mainframe's existing configuration, as well as utilize the current hardware to its best efficiency. The estimated cost of this addition is approximately $1,807,720 over the biennium. The total funding authority for Decision Modules M-204 and E-135 is $1,965,560 over the biennium, which is sufficient to cover the projected capacity upgrades. Ms. Lockard requested that she be allowed to balance forward the unexpended FY 1998 authority in Decision Module-204 and Decision Module E-135 to FY 1999 in order to implement the proposed capacity upgrades.

Ms. Lockard said she was also requesting the release of the legislatively authorized funding in the amount of approximately $1.2 million in the Computer Facility budget to upgrade and expand the statewide communications network and the one-time appropriation in the amount of $2.5 million approved with passage of S.B. 201 (1997 Legislature) to replace the Capitol Complex PBX System. In addition, Ms. Lockard explained that Decision Module E-133 funding for the statewide network enhancements was critical to every major application development project that is currently on the drawing board and that any future delay in releasing this funding would impact all of those various projects.

Senator Rawson said the legislature's original intent was to be comfortable that sufficient mainframe capacity existed. Senator Rawson wondered if Ms. Lockard was aware that some of the user agencies were being billed for mainframe usage at a higher rate than they had been budgeted for. Ms. Lockard said she was very much aware of the higher billing rate. According to Ms. Lockard, the charges to state agencies were based on the activity of other agencies. For example, if NOMADS activity goes up, other state agency charges decrease. Conversely, if NOMADS activity goes down, other state agency charges increase. Ms. Lockard added that she did not believe this was the appropriate way to conduct business and she was hopeful the funding study would provide recommendations for an alternative billing procedure.

While he could appreciate DoIT's problem, Senator Rawson said he was concerned that the higher charges might cause budgetary problems in some of the state agencies later on during the biennium and he would look forward to DoIT submitting a proposal for a new billing procedure in the near future.

As acting Chairman, Senator Rawson advised the Committee that this request requires a motion to comply with the Letter of Intent, dated June 30, 1997, and he would entertain a motion to approve the request.

MR. HETTRICK MOVED TO APPROVE THE REQUEST, SPECIFICALLY, DECISION MODULE E-133, BASED UPON THE LETTER OF INTENT FROM THE 1997 LEGISLATIVE MONEY COMMITTEES DATED JUNE 30, 1997. SECONDED BY MR. CLOSE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

J. LEGISLATIVE COUNSEL BUREAU - Director's Report, Senate Bill 72 and Senate Bill 196 (1997) Appropriations.

A supplemental handout entitled "J. Legislative Counsel Bureau - Director's Report - S.B. 72 and 196 (1997)" was provided to the Committee and a copy of which is included in the meeting minutes as Exhibit N.

In providing background information, Mr. Malkiewich noted that S.B. 72 appropriated $1.2 million for various projects concerning the computer hardware and software for the Legislative Counsel Bureau (LCB) and S.B. 196 provided for high-speed communication between Carson City and Las Vegas. Although the Director of LCB has historically reported to the Legislative Commission on various expenditure items affecting LCB's budget, Mr. Malkiewich said it was his intention to keep the Interim Finance Committee apprised of budgetary matters as well. The information provided in the supplemental handout (Exhibit N) was prepared for the Committee's benefit to report the actions taken last week by the Legislative Commission's Subcommittee on Computer Application to the Legislative Process (SCALP), which is chaired by Assemblyman Close.

In explaining the information provided in Exhibit N, Mr. Malkiewich noted that the activity chart reflects the subcommittee's initial action on how to implement S.B. 196. The subcommittee initially proposed to do a transmission to the Grant Sawyer Office Building in Las Vegas and then microwave from there to the news stations. Using a slightly different approach will provide for high-speed video conferences between the Legislative Building in Carson City and the Grant Sawyer Office Building in Las Vegas. PBS Channel 5 satellite in Reno will be accessed if live broadcasts are needed. Since a satellite uplink will not need to be purchased, this action will minimize the amount of hardware that will need to be purchased. According to Mr. Malkiewich, LCB will have the capability to broadcast any hearing anywhere in the new building, Room 1214 (meeting room for Interim Finance Committee), and Assembly and Senate Chambers, to anywhere in the state or, theoretically, in the world, as well as having a much improved video conference system. Mr. Malkiewich said he wished to point out that approximately $51,000 of the total costs would be related to the legislative session. Since nine or ten meeting rooms would be used simultaneously during the legislative session, Mr. Malkiewich said a broadcast engineer would be hired, for the session only, to manage this function. In summary, Mr. Malkiewich stated that the subcommittee is proposing to expend $203,915 from the original appropriation of $234,980 provided in S.B. 196 and that the expenditure of $160,000 represents the exact amount allocated in S.B. 72 for the purpose of automating the chambers and the committee rooms. At this point in time, Mr. Malkiewich said the subcommittee was not proposing anything that would move money around, but rather was proposing to implement S.B. 196 in a different way than was originally envisioned.

To respond to a request from Mr. Close, Mr. Malkiewich noted that approximately $180,000 was included in S.B. 72 to purchase a source code for the system that was used during the 1997 Legislature. Funding was also provided in S.B. 72 to conduct an audit of the source code. The audit, which was conducted by an independent auditor, recommended that the source code not be purchased because it was not very well documented. Since new programmer positions for the Information Systems Unit were added to LCB's budget during the 1997 Legislative Session to facilitate developing the system in-house, Mr. Malkiewich said the $180,000 provided for this purpose in S.B. 72 was currently unallocated. Before either allocating or expending the $180,000, Mr. Malkiewich said he would first seek the approval of the subcommittee and that a request would be taken to the Legislative Commission and the Interim Finance Committee.

Ms. Giunchigliani wanted to know whether the new system would allow both houses to have joint sponsorship of bills. Mr. Malkiewich said this issue was discussed briefly at the last subcommittee meeting, but no decision had been made. If it is the intention of the legislature to have joint sponsorship of bills next session, Mr. Malkiewich said this function would be programmed into the system.

K. DEPARTMENT OF HUMAN RESOURCES - HEALTH CARE FINANCING AND POLICY DIVISION - Transfer of Homemaker Services and Elder Protective Services to Division of Aging (Senate Bill 427, 1997).

A copy of a letter dated January 13, 1998, from Senator Raymond Rawson, Chairman Legislative Committee on Health Care, endorsing the transfer of elder protective and homemaker services to the Division of Aging Services, was provided to the Committee and a copy of which is included in the meeting minutes as Exhibit O.

Mr. Christopher Thompson, Administrator, Division of Health Care Financing and Policy, introduced Ms. Carla Sloan, Administrator, Division of Aging Services. Mr. Thompson noted that S.B. 427 (1997 Legislature), which created the Division of Health Care Financing and Policy, requires the Director of Department of Human Resources (DHR) to report with recommendations to the Interim Finance Committee on the appropriate organizational location of the Homemaking Services and Elder Protective Services programs. S.B. 427 also provides for the transition of Homemaking Services and Elder Protective Services programs, which have historically been in the Welfare Division, under the responsibility of the Deputy Administrator for Medicaid, to the Division of Aging Services where the programs could be commingled with similar responsibilities.

Several meetings have been held between the two divisions over the course of the last six months to appropriately allocate staff, Mr. Thompson explained. Although this was a simple task in the urban areas, he indicated that resources had to be allocated in the rural areas, where some of the staff were working on Medicaid issues as well as Homemaking Services and Elder Protective Services issues. DHR's proposal will provide for the transfer of 15 positions that were included in this program area, plus one additional administrative support position that will be transferred from another area where services were combined in order to free up this position. The 15 positions can be compared to the 13 full-time equivalent (FTE) positions that were approved by the 1997 Legislature out of a total of 18 positions that were identified in this transfer. It was Mr. Thompson's belief that the transfer of Elder Protective and Homemaker Services to the Division of Aging Services was appropriate and accurately reflects the work that is currently being performed. According to Mr. Thompson, the transition will result in a small funding shortfall related to money that was allocated for matching federal funding. It was Mr. Thompson's belief that the ability for these positions to match federal funds was overstated regardless of which division the positions are housed in because the two program areas were not Medicaid-allowable costs. He said the anticipated shortfall of $173,000 in the state General Fund as a result of this transition would be absorbed by the Division of Health Care Financing and Policy through lower-than-expected Medicaid caseloads and identifying additional Title XIX matching funds.

Chairman Raggio suggested that the Committee could approve the transfer on a conditional basis pending the submission of appropriate work programs by Mr. Thompson at the next meeting. Since a complete analysis of the budgetary implications of the transfer has not yet been completed, especially with regard to the staff transfers, Chairman Raggio requested that Mr. Thompson submit the appropriate work programs to the legislative Fiscal Analysis Division staff, in ample time for their evaluation, prior to the next meeting of the Interim Finance Committee.

It was Ms. Giunchigliani's opinion that the proposed program merger of Elder Abuse and Homemaker Services to the Division of Aging Services was long overdue. Ms. Giunchigliani expressed concern, however, that the individuals working in the Homemaking Services program may not have been properly monitored or screened to protect the elderly.

Chairman Raggio recognized Ms. Carla Sloan, Administrator, Division of Aging Services, who told the Committee that the state Homemaking Services program primarily employs state employees; however, the Division contracts for Homemaking Services through its Community Home-Based Initiatives Program (CHIP) and individuals hired under those contracts were required to meet strict protection standards.

Ms. Giunchigliani wondered whether local police officers were following up on elder abuse investigations conducted by the Division of Aging Services. Ms. Sloan noted that the Division of Aging Services had recently signed agreements with law enforcement agencies across the state that address specific protocols for investigations for elder abuse.

Chairman Raggio said he would entertain a motion to approve the transfer concept on a conditional basis pending the submission of appropriate work programs by Mr. Thompson at the next meeting of the Interim Finance Committee.

MS. GIUNCHIGLIANI MOVED TO APPROVE DHR'S TRANSFER CONCEPT ON A CONDITIONAL BASIS PENDING THE SUBMISSION OF APPROPRIATE WORK PROGRAMS AT THE NEXT MEETING OF THE INTERIM FINANCE COMMITTEE. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

L. PUBLIC WORKS BOARD - Project Status Report.

After introducing Ms. Yvonne Benson, Deputy Manager, Mr. Eric Raecke, Manager, State Public Works Board (SPWB), said he was pleased to report to the Committee that there were 147 projects listed on the 12/23/97 Project Status Report compared to 246 projects two years ago. After directing the Committee's attention to the top of page 1 of the Project Status Report (page 81 in Volume 2 of the meeting packets), Mr. Raecke said he would address three 1991 projects and three 1993 projects, which were in the process of being completed, as follows:

<u>Project No. 91-L05D, Musser Landscape Design</u>--Mr. Raecke said this project was 95 percent complete.

<u>Project No. 91-M38, Replace Outside Cameras & PA System</u>--Mr. Raecke indicated that this project was already 4-1/2 to 5 years old when he came on board two years ago. Mr. Raecke indicated that NDOP had vacillated on its priorities over the years and he had only recently received a strong commitment from Warden Hatcher and the Director of NDOP to pursue the PA System portion of this project. Mr. Raecke added that any balance of funds in the project would either be reverted or reallocated and that the portion of the project dealing with security cameras would be placed in a future Capitol Improvement Project (CIP).

Project No. 91-M42, Fire & Lighting Retrofit--Mr. Raecke noted that this project was placed on hold so that it could be bid with the balance of some work being done for DMV&PS in Carson City. This project was bid successfully in December of 1997.

Project No. 93-L05, Metal Storage Building for Locomotive--Mr. Raecke said this project had been on hold for almost four years waiting for the completion of a land transaction in Virginia City. It was Mr. Raecke's understanding that the land transaction was expected to be completed momentarily.

Project No. 93-M05, Waterproof Underground Elect. System--Mr. Raecke said this project involves an underground electrical system at Jean Prison. A portion of this project was bid on January 15, 1998.

Project No. 93-M08, HVAC Renovation--Mr. Raecke said this project had been bid and work was scheduled to start in the spring.

In concluding his report, Mr. Raecke said it was his hope that future Project Status Reports would include projects from 1995 forward. Mr. Raecke said he would be happy to respond to questions from the Committee.

Chairman Raggio recognized Mr. Arberry who had a question on Project No. 91-M38, Replace Outside Cameras and PA System. Mr. Arberry wanted to know if Mr. Raecke could provide an estimate for completing this project. Mr. Raecke indicated that SPWB had already designed the PA System, but had been waiting for the project to be prioritized by NDOP. Mr. Raecke estimated that this project would go out to bid no later than about the first of February and would be completed within approximately six months.

Regarding Project No. 95-G01 and Project No. 97-C01, Prison #7, (pages 82 and 84 of Volume 2 of the meeting packets), Mr. Arberry said it was his understanding that a contract amendment in the amount of $485,000 for the design of this project was approved by the Board of Examiners on November 5, 1997. Mr. Raecke noted that Project No. 95-G01 was the original design phase for Prison No. 7. According to Mr. Raecke, the $485,000 amendment recently approved by the Board of Examiners was made to the original $3-1/2 million design contract for a $90-million prison facility. Mr. Raecke reminded the Committee that the original design concept was to build a 2,000-bed prison facility and SPWB negotiated a fee accordingly. He said, however, because the 1997 Legislature had subsequently provided funding for a 3,000-bed prison facility, $187,500 of the designer's fee was required to design a larger facility. When the original fee was negotiated, Mr. Raecke pointed out that the voice data was not included in the cost of the project because DoIT normally covers that portion of the project. After consultation with DoIT, Mr. Raecke said a decision was made to add the $15,500 fee for the voice data to the consultant's contract. In addition, the culinary was completely redesigned when the project was at about 75 percent of design document phase. SPWB had originally pursued the project envisioning a cook-chill facility consisting of a kitchen and two large dining rooms. As the project came to fruition, Mr. Raecke indicated that NDOP had chosen to go back to a conventional kitchen because it was more comfortable with that configuration. According to Mr. Raecke, it takes about 20 minutes to feed a prisoner. In order to turn the dining rooms over within an hour's time, NDOP decided to have six dining rooms, which would accommodate the full build out of the prison facility; thus, 75 percent of the drawings were scrapped on an approximate $6 million portion of the entire project. Mr. Raecke added that this redesign cost $240,000.

Mr. Arberry said he was concerned that the redesign would affect the completion date. Mr. Raecke told the Committee that the completion date was currently scheduled for September of 1999; however, he fully expects the completion date to be in October of 1999, which would allow for 18 months of construction. Mr. Raecke said he thought the completion date was "doable" because SPWB was working with a very sophisticated contractor.

After directing attention to Project No. 95-C02, Juvenile Treatment Facility, Mrs. Evans asked Mr. Raecke to provide a status report on this project because she had heard there were several problem areas. Mr. Raecke noted that this project was currently in the punch list phase and that the building was scheduled to be occupied in February. Mr. Raecke said several concerns had arisen; one being, whether the sprinkler heads were appropriate to prevent a suicide from occurring. Pursuant to NRS, the fire sprinkler plans are required to be submitted to the state Fire Marshal's office. An inspection revealed that the contractor had not submitted the plans to the state Fire Marshal's office and the type of sprinkler heads installed by the contractor would not have been recommended by the state Fire Marshal's office. SPWB has requested the contractor to replace the sprinkler heads. In addition, there was concern about patients being able to hang themselves from the grab bars that are required by the Americans with Disabilities Act (ADA). Since the grab bars are the same height as door knobs, door knobs would need to be removed as well in order to address this complaint. SPWB will also be testing the breakaway shower rods that were installed in the showers to ensure their safety. There was concern about whether safety glass had been installed in the patient's rooms and corridors. An inspection determined that all of the glass was safety glass. Mr. Raecke also noted that a door closer into restrooms needs to be repositioned.

After directing attention to Project No. 95-SO3, Fire Sprinklers, Mrs. Von Tobel said she was curious as to why this project had not yet been completed. Mr. Raecke indicated that this project was a statewide fire sprinkling project where sprinklers in buildings were periodically updated. Currently, SPWB is waiting for a window of opportunity to update fire sprinklers within the prison system. Mrs. Von Tobel wanted to know whether the state was in a non-compliance status until those fire sprinkler systems were updated and Mr. Raecke responded affirmatively. Mr. Raecke indicated that the state Fire Marshal's office had been very cooperative because it is aware of the shortage of inmate beds in the prison system.

Mrs. Krenzer wanted to know whether all of the projects were meeting ADA requirements and whether a list of non-compliant projects was available. Mr. Raecke indicated that all of the new projects meet ADA requirements. In addition, A.B. 353 (1997 Legislature) requires SPWB to do a complete plans check for ADA requirements in all of the public schools. Mr. Raecke said he would be happy to generate a list for Mrs. Krenzer of those projects which were currently in non-compliance with ADA requirements.

According to the Project Status Report (page 84 of Volume 2 of the meeting packets), Chairman Raggio noted that Project No. 95-S04J2, Update Capitol Complex Master Plan was supposed to be completed some time in February of 1998 and he wondered whether this project was on schedule. Mr. Raecke said he had hired a firm from Sacramento, California, Harland Bartholomew and Associates, to review the preliminary drafts. Mr. Raecke indicated that the project was on schedule and he thought the Committee would be pleased when the final draft was presented some time in February of 1998. Chairman Raggio wanted to know whether the Master Plan would be available for the Committee to review at the next meeting of the Interim Finance Committee. Mr. Raecke said he would provide a copy of the Master Plan for the Committee's information.

Regarding Project No. 97-C11 (page 85 in Volume 2 of the meeting packets), Expand/Upgrade Conservation Camp, Chairman Raggio recalled that this project was supposed to be designed in-house so the plans would become the property of the state to use as a model in the future and he wondered whether this project was on target. Although he acknowledged that he had testified during the 1997 Legislative Session the Jean Conservation Camp would be done in-house, Mr. Raecke said that SPWB had opted not to do the project in-house because of NDOP's extreme need for beds. The cost of the project has not been increased, although $117,000 in the construction budget was used to pay for the architectural and engineering (A/E) fee. The original design for the Jean Conservation Camp was based on the Stewart Conservation Camp. It was Mr. Raecke's opinion that some of the costs at Jean would be offset because the utilities are already in and the site is graded. In addition, Mr. Raecke said he expected the costs to be lower for heating, ventilation and air conditioning (HVAC) and the boiler. As to whether the design plan can be reused when a similar facility is designed, Mr. Raecke said the A/E fee negotiated for this project includes a site redesign fee of slightly over 2 percent of the original A/E fee.

It was Mr. Arberry's recollection that the SPWB intended to own the plans in order to eliminate the cost of future site design fees. Mr. Raecke told the Committee that because he thought the 1999 Legislature was going to be faced with providing $45 to $50 million in additional medium-bed facilities, SPWB had decided to design in-house the two housing units costing $7-1/2 million each at the Men's Prison. It was Mr. Raecke's belief that the state's ownership of the plans for the two housing units would create greater savings.

Chairman Raggio said he would entertain a motion to accept Mr. Raecke's report.

MR. HETTRICK MOVED TO ACCEPT THE PROJECT STATUS REPORT. SECONDED BY SENATOR REGAN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

M. INFORMATIONAL ITEMS:

1. Report from the Interim Finance Committee Oversight Subcommittee on Project Genesis.

A supplemental handout entitled "Interim Finance Committee Oversight Subcommittee on Project Genesis, Report on January 13, 1998, Meeting" was provided to the Committee and a copy of which is included in the meeting minutes as Exhibit P.

Chairman Raggio recognized Mr. Close and asked him to provide the report. Mr. Close said the supplemental handout (Exhibit P) was a summary of the January 13, 1998, meeting activities of the Oversight Subcommittee on Project Genesis. In briefing the Committee on those activities, Mr. Close said he wished to advise the Committee that contract negotiations were continuing with the proposed technology vendor, Deloitte and Touche (D&T), and he hoped to have an approved contract for the Interim Finance Committee's review by the next meeting. Although these contract negotiations have placed Project Genesis slightly behind schedule, Mr. Close said he was optimistic Project Genesis would get back on schedule, if the contract is successfully negotiated, because of the innovative plan proposed by D&T. In addition, Mr. Close noted that the five reclassifications, which was a major component of Project Genesis, had been approved today by the Committee and DMV&PS was projecting a salary savings of approximately $2,000 from those reclassifications. Mr. Close also noted that the reclassified positions would now be assigned to one budget account rather than being spread in the budgets of several divisions within DMV&PS. The Subcommittee was surprised to learn that DMV&PS does not have a statewide network for the computer system; therefore, DMV&PS was requested to provide additional information on the statewide network prior to the Subcommittee's next meeting so that a recommendation can be provided to the next Interim Finance Committee. In summary, Mr. Close said he was pleased to report that Project Genesis was close to meeting its time table and that the Subcommittee was carefully monitoring the progress.

Chairman Raggio said he appreciated the work being done by the Oversight Subcommittee on Project Genesis.

2. Department of Administration - Report on the status of the Privatized Juvenile Facility approved by the 1997 Legislature (Senate Bill 495).

Mr. Perry Comeaux, Director, Department of Administration, apprised the Committee that the Department of Administration was given the responsibility for the Privatized Juvenile Facility under the provisions of Senate Bill 495 (1997 Legislature) and a Task Force was created consisting of representatives from the Department of Administration, including the Purchasing Division and State Public Works Board (SPWB), the Division of Child and Family Services (DCFS), the Department of Motor Vehicles and Public Safety (DMV&PS), and the Office of the Attorney General. Several planning meetings have been held to determine who will be responsible for the various steps that are necessary in this process. A decision was made during the last meeting to acquire expertise to assist the Task Force in developing program requirements as well as a Request for Proposal (RFP) for a juvenile facility in Nevada. The juvenile facility will be different than any other existing facilities within Nevada in that it will be designed to be facility-secure rather than staff-secure. The Task Force has formally requested technical assistance from the U.S. Department of Justice, Office of Justice Programs, and the Office of Juvenile Justice and Delinquency Prevention and both offices have expressed a willingness to provide specialized and technical assistance at no cost. It was Mr. Comeaux's understanding that the Department of Administration would receive a commitment by the end of this week and he hoped to have a consultant on board by the end of January.

In addition, Mr. Comeaux said he had made arrangements through the State Treasurer's Office to take advantage of its Bond Counsel to help draft the financing options for a facility that would be advantageous and acceptable to the state. The financial options will be included in the RFP and the respondents will be required to use one of those options. According to Mr. Comeaux, obtaining the technical assistance has affected the time frame for the facility by approximately two months. The Task Force had originally anticipated having the Juvenile Facility available by April 1, 1999; however, the new schedule anticipates availability by May 31, 1999, which represents a 60-day delay. After directing attention to the legal-size page included in the supplemental handout provided to the Committee (Exhibit Q), Mr. Comeaux said that although the time frame was fairly tight, he thought it was reasonable. Mr. Comeaux said that he and Mr. Steven Shaw, Deputy Director, Department of Human Resources, were available to respond to questions from the Committee.

After having reviewed the supplemental handout (Exhibit Q), Chairman Raggio said it was his understanding that the RFP would be advertised between March and April 1998, and Mr. Comeaux acknowledged that Chairman Raggio's understanding was correct.

To respond to an inquiry from Chairman Raggio, Mr. Comeaux noted that the Purchasing Division had already requested information needed to complete the RFP from the State of Virginia, where a similar facility had been built. Requests for information have also been sent to the states of Idaho and New Mexico, who were currently in the process of building a similar facility.

When the Legislative Commission's interim study committee on the Juvenile Justice System (Assembly Concurrent Resolution 57, 1997 Legislature) met in early-December of 1997, it was Mrs. Evans' recollection that a status report on this project was requested due to the committee's concerns regarding the financing problems that were encountered by the NDOP, who had a similar arrangement with Corrections Corporation of America (CCA) when a facility was being built for adult female inmates in southern Nevada, and the provision of management services. Although the language in A.C.R. 57 is permissive; i.e., it allows the state either to build or to build and operate a juvenile facility, Mrs. Evans said the committee felt it was inappropriate for the state to go out to bid on January 1, 1998, without having the benefit of expertise or consulting services. Since the facility will do more than just warehouse juveniles, Mrs. Evans indicated that the committee was also concerned management services were not being looked at with the level of understanding and expertise that was necessary and the committee urged the legislative Fiscal Analysis Division staff to work with DMV&PS staff regarding the possibility of using federal Byrne Grant money, for example, for this purpose. It was Mrs. Evans' belief that the committee would prefer having the two-month delay rather than publishing the RFP too quickly and having problems surface later on.

It was Chairman Raggio's understanding that the Department of Administration was moving forward at this point in time with an RFP that would include options for construction or management services and Mr. Comeaux acknowledged that Chairman Raggio's understanding was correct.

After reading the first page of a letter from Senior Deputy Attorney General Randal Munn, dated January 9, 1998, which was attached to the supplemental handout (Exhibit Q), Ms. Giunchigliani wondered whether a decision may have already been made by the state not to operate the juvenile facility. Mr. Comeaux indicated that since the 1997 Legislature did not appropriate funding for the juvenile facility, the 1999 Legislature would have the opportunity to make the final decision on whether to provide funding. Although he acknowledged that DCFS had indicated it would prefer not to operate the facility, Mr. Comeaux said a decision had not yet been made. Since a vendor would have two opportunities to make a profit if he were to bid to construct and operate the facility, Mr. Comeaux said the Task Force had decided to give the vendors the opportunity to make two proposals to ensure the vendor makes a reasonable profit if the state decides to construct, but not to operate the facility.

To respond to a request from Mrs. Evans, Chairman Raggio asked Mr. Comeaux to provide a copy of the RFP, in its final form, to the legislative Fiscal Analysis Division staff for review.

3. Report of the Board of Trustees of the Fund for the Institutional Care of the Medically Indigent (Assembly Bill 183, 1997 Legislature).

There were no comments or questions from the Committee on this report.

4. Agency for Nuclear Projects - Report on the agency's federal funding status, detailed expenditures to date, anticipated revenues and a detailed proposal recommending an alternative source of funding for the agency and how those funds would be utilized.

After directing the Committee's attention to page 108 of Volume 2 of the meeting minutes, Chairman Raggio asked Mr. Robert Loux, Executive Director, Agency for Nuclear Projects, to respond to the July 18, 1997, letter of intent from the two money committees.

In response to the letter of intent, dated July 18, 1997, Mr. Loux noted that he had prepared two reports. The first report, which was submitted on November 19, 1997, deals with agency expenditures to date and projections of future expenditures. The second report, which was submitted December 19, 1997, was in response to whether anticipated federal funding was expected to materialize by December 1997.

Chairman Raggio wanted to know the status of the litigation concerning federal U.S. Department of Energy (DOE) funds. Mr. Loux indicated that oral arguments had been heard in the Ninth U.S. Circuit Court of Appeals, in San Francisco, on December 11, 1997, and that he anticipated a decision from the court around March or April of 1998. Mr. Loux said he would contact the Budget Division, as well as the legislative Fiscal Analysis Division, as soon as the ruling is received.

Chairman Raggio questioned Mr. Loux as to whether a phase-out plan had been considered. Mr. Loux apprised the Committee that the Agency would likely expire on December 31, 1998, if no additional federal funding materializes. According to Mr. Loux, the Agency will attempt to stretch its resources, however, by "paring down" the number of existing contracts to one or two and curtailing additional work both in the clerical area and in other administrative staff. If the Agency is able to operate until the end of the calendar year, Mr. Loux estimated that it would be operating with a staff of two to four for the last six months of the calendar year.

It was Chairman Raggio's understanding that if federal funding from DOE does not materialize, approximately $1.7 million in additional state funds would be required to maintain the Agency. Mr. Loux said the $1, 712,573 figure to which he referred in his letter of December 19, 1997, reflects the amount that was submitted and approved by the Governor and the 1997 Legislature for the second year of the biennium. He said, however, the Committee had placed a hold on expenditures in 1999 pending the outcome of this issue. It was Mr. Loux's opinion that the $1,712,573 would provide a minimal-level of funding in order for the Agency to oversee the federal nuclear waste program.

Since there were no additional comments or questions from the Committee, Chairman Raggio said he would accept Mr. Loux's report.

5. Administrative Office of the Courts - to present the Nevada Trail Courts Technology Assessment Report (transmitted under separate cover).

After Chairman Raggio recognized Ms. Karen Kavanau, she introduced herself as the newly appointed Director of the Administrative Office of the Courts (AOC), replacing Donald J. Mello. Since she had only been on the job a few days, Ms. Kavanau said she would rely on Ms. Georgia Rohrs, Deputy Director, AOC, to provide the report.

In addressing the Committee, Ms. Rohrs said she would provide an update on the status of the statewide Court Automation Assessment that was funded by an appropriation by the 1997 Legislature pursuant to A.B. 235. At the September 18, 1997, Interim Finance Committee meeting, Ms. Rohrs said she had reported that a vendor had been selected to conduct an assessment; i.e., an inventory of present court automation, as well as a needs assessment of the 91 Nevada trial courts. The Committee approved that plan and AOC subsequently contracted with Teamworks Consulting, Incorporated. Ms. Rohrs said she was pleased to report that the Nevada Trial Courts Technology Assessment has been completed in a timely fashion and that a copy of the report had been provided for the Committee's review. Ms. Rohrs apprised the Committee that the members of Nevada's Trial Courts appreciate the appropriation from the 1997 Legislature which made the study possible. According to Ms. Rohrs, AOC has, for the very first time, an inventory of the physical infrastructure of each court, which will provide a blueprint for the future. Ms. Rohrs introduced Mr. Martin Overstreet, President, Teamworks Consulting, Incorporated, who she said would provide a progress report on the technology assessment.

Mr. Overstreet thanked the Committee for the opportunity to provide an update on the status of the Nevada Trial Courts Technology Assessment and Planning Project. As previously reported by Ms. Rohrs, Mr. Overstreet said the initial assessment had been completed and the results compiled into a detailed report, a copy of which has been provided to the Committee. According to Mr. Overstreet, the Teamworks staff delivered the report on schedule and expects to deliver the technology strategic plan on schedule (in March) as well. In concluding his testimony, Mr. Overstreet said he wished to point out that the Teamworks staff had been met with tremendous enthusiasm by judges, administrators, and staff in 90 of the 91 Nevada Trial Courts and that the courts were eager to improve the judicial process and provide better public service through the prudent use of technology. Mr. Overstreet said he would be happy to respond to questions from the Committee.

Chairman Raggio said that although he had not had the opportunity to thoroughly review the report, he was interested in learning about the funding that was being projected for phasing in technology. Mr. Overstreet indicated that the Teamworks staff were proposing to develop a prioritized strategy for attacking the most critical items currently needed by the courts and that one of those items is case management software. Mr. Overstreet pointed out that the Teamworks staff had not found one court in which the existing case management software had met the needs of the court and that 21 of the courts currently have no case management software. The Teamworks staff will also be addressing connectivity, primarily to the Department of Motor Vehicles and Public Safety (DMV&PS) for electronic update of all existing repositories, as well as some type of connectivity with AOC for statistical reporting.

While he found the Teamworks proposal to be interesting, Mr. Arberry said he was more interested in learning how much money was going to be needed to fund the technology. Mr. Overstreet suggested that it was premature to provide a cost estimate at this point in time. He said, however, he recalled the concern that was expressed during the 1997 Legislative Session about having to fund IBM AS-400 installations in all of the courts. Mr. Overstreet told the Committee that the Teamworks staff had found no evidence which would support having to install IBM AS-400's in the courts and that, at the present time, Teamworks staff was considering personal computer (PC)-based solutions, which would drastically drive the costs down, as well as leveraging on the technology investments that some of the courts have already made. While he could not provide a firm cost estimate, Mr. Overstreet noted that the Teamworks staff were very sensitive to the fact that dollars would be driving many of the decisions.

Ms. Rohrs apprised the Committee that AOC plans on presenting the strategic plan to the Interim Finance Committee at its next meeting in March. Ms. Rohrs also advised the Committee that in light of the needs which have already been identified, the Director plans to hire a Project Manager, at a grade 40, to be responsible for the oversight of the statewide court automation project. This position would report directly to the Director and the salary for the new position would be charged to budget account 1486 (Uniform System of Judicial Records). Since none of the staff within AOC is currently available to assume the responsibilities for this project, Ms. Rohrs said the project would be shelved unless a Project Manager was hired. Ms. Rohrs added that the need for this new position had been discussed with the legislative Fiscal Analysis Division staff.

With a new Governor coming in, Chairman Raggio suggested that it was going to be important for AOC to alert the Budget Director early on regarding the funding necessary to accomplish the technology plan.

After directing the Committee's attention to the Executive Summary provided on page 136 of Volume 2 of the meeting packets, Mr. Hettrick said he had read in the Executive Summary that 75 percent of the courts either had no software or were dissatisfied with the existing software. Mr. Hettrick said, however, the statistics contained in Appendix D of the Nevada Trial Courts Technology Assessment report were contradictory because, according to his calculations, 38 out of 110 courts reported they were highly satisfied with the software; whereas, only 32 courts reported a low satisfaction level.

In responding to Mr. Hettrick's comments, Mr. Overstreet noted that the survey contained seven sections of questions. Appendix D summarizes the overall user satisfaction with the software and approximately 135 comprehensive questions were used to follow up on the survey. After the survey was analyzed detail by detail regarding different pieces and components of the software, Teamworks staff found that some of the courts were not satisfied with, say, the audit ability of the software.

Since there were no further comments or questions from the Committee, Chairman Raggio said he would accept the report.

6. Legislative Counsel Bureau - Six-month Audit Reports.

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

7. Department of Personnel - Payroll system second quarterly progress report.

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

8. Department of Administration - Committee on Benefits - Report on the status of claims payments for the state employees health insurance - Jeanne Adams.

Two supplemental handouts were provided to the Committee: a report from UICI Administrators entitled "Update for State of Nevada Interim Finance, January 14, 1998," and a copy of which is included in the meeting minutes as Exhibit R and a report from William M. Mercer, Incorporated, Los Angeles, California, entitled "Post-Implementation Review of UICI Administrators, November 1997," and a copy of which is included in the meeting minutes as Exhibit S.

. Chairman Raggio recognized Ms. Jeanne Adams, Chairman, Committee on Benefits (COB). Ms. Adams prefaced her remarks by stating "the good news we have today is that the derailment has been fixed and this train is back on the track and there is a light at the end of the tunnel." Ms. Adams introduced Ms. Jan Marie Reed, UICI, Mr. Glenn Meister, a consultant with William M. Mercer, Incorporated, the state's benefits consultants, and Mr. David Thomas, State Risk Manager. Ms. Adams called upon Mr. Meister to provide his report (Exhibit S).

When he last appeared before the Interim Finance Committee on November 24, 1997, Mr. Meister said the primary challenge was focused on loading provider network data from Sierra Health Care Options, the state's previous preferred provider organization (PPO), into the state's new Third Party Administrator (TPA), so UICI could begin paying claims. Due to close collaboration and real team effort on behalf of UICI and Sierra, Mr. Meister said he was pleased to report that UICI was able to pay claims at a full clip as of December 31, 1997. In concluding his remarks, Mr. Meister noted that Ms. Reed would provide specific details on claims inventory status and claims processing.

Chairman Raggio wanted to know in which other states UICI had served as a TPA. Ms. Reed indicated that UICI is currently serving as a TPA in the State of Arkansas. She also cited two other clients: the University of Southern California (USC) and Nestle, USA, a nationwide client.

Ms. Reed said she had prepared a rather comprehensive report for the Committee's information (Exhibit R) to respond to many rumors and many questions. Ms. Reed said she was pleased to report that UICI had fully loaded the PPO data, including the state's new 1998 PPO, and that both demographics and fee schedules for the 1998 dates of service were loaded as well. Since UICI is currently operating at a much fuller capacity than it was previously, UICI has processed over 40,000 claims in a period of seven working days beginning January 2, 1998. The actual paid claims are listed in the report (Exhibit R) on pages 1 through 8.

Ms. Reed reviewed the section of UICI's report entitled "Key Accomplishments." She then directed the Committee's attention to the two flow charts entitled "UICI Claim Adjudication Performance Report" and "UICI Performance Report" which follow "Key Accomplishments." She said the second chart entitled "UICI Performance Report" reflects that UICI has paid on average $4,261,965 in claims each month during the last four months. In addition, the second chart shows the L&H claims backlog and mail receipts. The shaded area identifies the time period, October through December, during which the claims backlog continued to grow while PPO discounts were being loaded into UICI's automated claims system. Ms. Reed said the strategy she spoke to at the Interim Finance Committee's meeting on November 24, 1997, is displayed under "Action Plan" at the bottom of the second chart. Ms. Reed also noted that at the last meeting UICI was about 13 days behind in implementing the Action Plan. In addition, Ms. Reed pointed out that instead of UICI having 14 claims processors on board, as was previously projected, UICI currently has 23 claims processors on board, plus 12 part-time examiners. Ms. Reed also apprised the Committee that as of January 13, 1997, or seven working days, UICI had reduced the backlog of in-house claims by one-third and had processed nearly half of the claims that need to be processed for the month of January. Ms. Reed added that UICI's staff were working overtime and Saturdays.

Because her constituents were complaining that their unpaid 1997 claims were being sent to collection agencies, Senator Mathews said she would appreciate learning about the status of the 1997 claims. On a personal note, Senator Mathews said she had found it difficult to get information from UICI via telephone on her September 1997 claim. In responding to Senator Mathews, Ms. Reed noted that UICI was processing claims on January 14, 1998, that were received in its office since August of 1997.

After referring to the "Key Accomplishments" section, Chairman Raggio wanted to know whether the L&H backlog of 75,000 claims had been resolved. Ms. Reed said the backlog of 75,000 claims had been resolved. Ms. Reed also noted that UICI has approximately 6 percent of claims in the system pending. These claims require additional, routine information; such as, operative reports, other insurance, or other similar types of information. When she last reported to the Committee on November 24, 1997, it was Ms. Reed's recollection that there were approximately 6,000 L&H claims pending. She said those 6,000 pending claims were now gone and UICI was currently processing mail received at its post office in August of 1997.

Senator Rawson said he had skipped ahead in the report to read the commendation letters to UICI. Ms. Reed noted that UICI staff had received numerous letters of appreciation, candy and flowers at Christmastime in response to not only the advance payments, but because people were beginning to receive Explanation of Benefits (EOB's) from UICI as well. Ms. Reed said she thought the progress made by UICI staff since November 24, 1997, in resolving the impasse with Sierra had been phenomenal. According to Ms. Reed, the lack of data was keeping UICI from being able to progress.

Since Sierra had taken exception to Ms. Reed's remarks when this issue was discussed at the November 24, 1997, meeting, Chairman Raggio said he wanted to clearly understand that UICI had not been able to progress because it did not have the necessary information from Sierra. Since there was a significant amount of PPO data that needed to be loaded, Ms. Reed said it was necessary for Sierra to fully cooperate with UICI in order to resolve the issue and Sierra had fully cooperated.

Chairman Raggio pointed out that his constituents were not comfortable when their claims were being processed, but not paid. Ms. Reed said she could appreciate the concerns of Chairman Raggio's constituents. While UICI was involved in loading the PPO data, Ms. Reed said UICI was able to load claims into its system, but it was not able to generate a check or EOB. The reason UICI could not generate checks or EOB's was because it did not have the confidence that the claims would be resolved correctly. Rather than release claims that could have been incorrectly paid, Ms. Reed said UICI opted to process the claims through its system. Ms. Reed pointed out that at one point, UICI had 37,000 claims processed in the system on hold. She said, however, UICI currently has less than 2,000 claims on hold that need to be released from last night's processing.

After directing attention to the chart entitled "UICI Performance Report," Mrs. Evans indicated that she was having difficulty understanding the chart because a number is listed under "Claims Processed" but a dollar amount is listed under "Total Claims Paid." Ms. Reed told the Committee that all of the claims listed under "Claims Processed" have been paid, except for about 6 percent that are pended awaiting information; such as, an EOB from another carrier, an itemized bill, an operative report, or other required information. Ms. Reed stressed that there were no longer any claims sitting in UICI's system waiting to be released simply because UICI was unsure how the claim should be paid. Although she acknowledged that pending claims were an issue in the past, Ms. Reed said that this issue had been resolved.

It was Mrs. Evans' understanding that the northern providers were required to be paid within a specific time frame and she wanted to know what that time frame was. Ms. Reed responded that the time frame on the contract with Sierra was 30 days.

Mrs. Evans said she would be interested in learning how many accounts had exceeded the 30-day time frame. Ms. Reed indicated that UICI expects to be operating within the 30-day time frame on March 1, 1998. Ms. Reed also noted that the chart entitled "UICI Performance Report" reflects that the total "Claim Inventory" as of December 1997, was 134,795. UICI expects the total "Claim Inventory" to be 95,000 as of the end of January of 1998. Since UICI normally receives approximately 42,000 claims within a 30-day period, Ms. Reed said that UICI would have about 42,000 claims that exceed the 30-day time frame by the end of January of 1998.

It was Mrs. Evans' understanding that when the 30-day deadline is exceeded, UICI has to pay the full fee rather than the discounted fee. Ms. Reed said that the 30-day time frame was included in the contract of some of the providers. She said, however, there were a number of providers, most generally the hospitals, who have told UICI they would not hold the state to those contracts. To respond to a question from Mrs. Evans, Ms. Reed indicated that many of the doctors were holding UICI to the 30-day deadline.

Mrs. Evans wondered whether an estimate had been made as to the cost to the state for the loss of the discounted fees. Mr. Meister said he would be unable to calculate the loss to the state until the claims flow through UICI's system. Mr. Meister added that he would hope to provide information on this issue at the next Interim Finance Committee meeting.

Mrs. Evans wanted to know whether UICI was able to track those individuals who have reached the $7,500 major medical threshold. Ms. Reed indicated that at this point in time UICI was not assuming that anyone had met the $7,500 major medical threshold. She noted, however, that several individuals had provided proof to UICI through their EOB's from L&H that they should receive benefits at the 100 percent level.

It was Mrs. Evans's belief that the onus had been placed on the participants rather than UICI having to keep track of whether the $7,500 major medical threshold had been reached. Without this information, Mrs. Evans also wondered how UICI plans to determine whether the EOB's have been properly paid. Ms. Reed said that ordinarily when a participant who is at 100 percent receives their first EOB that is not paid at 100 percent, UICI receives either a telephone call or letter. Ms. Reed said that UICI had not encountered an issue where an adjustment was required as much as it needed to load the dollar amount into that participant's history so that the future claims paid by UICI are at 100 percent.

Mrs. Evans expressed concern that the participants were having to keep track of their medical expenditures because UICI was either unable or unwilling to do so. Ms. Reed indicated that UICI has no problem keeping track of medical expenditures since it became the state's TPA forward, but UICI does not have information from L&H regarding those participants who had reached the major medical threshold when L&H was processing the claims.

Since a number of her constituents had contacted her with questions about their medical claims, Mrs. Evans said she intended to submit those questions to the legislative Fiscal Analysis Division staff so that they could work with UICI staff in order to get satisfactory answers to those questions.

Mrs. Krenzer wanted to know whether UICI was currently meeting the provisions of its contract. Ms. Reed said that as of January of 1998, UICI was not meeting the provisions of its contract. It was Mrs. Krenzer's understanding that UICI had not been in compliance with its contract since September 2, 1997. To clarify this issue, Mr. Meister noted that UICI's existing performance agreement has two components. The first component was an implementation performance which started in September of 1997 and was completed in December of 1997. The claims processing component was activated in January of 1998, to run through the term of UICI's contract. There were three provisions in the implementation component. The first provision dealt with the start date; i.e., UICI must be operational by September 2, 1997. This date was driven by the fact that COB had communicated to all of the providers and all of the members that UICI would pay claims starting on September 2, 1997. Although UICI was operational on September 2, 1997, providers and members alike started noticing that their claims were being paid incorrectly. According to Mr. Meister, the claims history load and the accumulators were contingent upon data received from L&H. He said, however, a tape received from L&H in July of 1997 was not useable and by that time all of L&H's staff had left and there was no one to respond to questions about the tape. In view of this situation, UICI was unable to load the claims history or the accumulators, which affected the deductibles and the lifetime maximums. Mr. Meister said he did not believe a penalty would apply to the implementation component of the performance agreement.

In addressing the second component of the performance agreement, or claims processing, Mr. Meister said the categories under claims processing are: claim accuracy, dollar accuracy, claim payment accuracy, claim processing accuracy, and turnaround time. Because so many of the old claims are going to be paid in 1998, particularly in January and February, UICI will be penalized, under the performance agreement, for at least the turnaround component of the claims processing piece. This penalty is 5 percent of the monthly administration fee, or approximately $12,500 per month. UICI's performance is being measured starting in January of 1998 and, if UICI is not operational by March of 1998, UICI will be penalized for not completing the action plan.

Mrs. Krenzer echoed Mrs. Evans' previous complaint that the material provided by UICI had been difficult to comprehend because the claim processing measurements had compared dollars to numbers or "apples to oranges." Mrs. Krenzer said she would like to see performance indicators provided that relate to UICI's compliance to its contract. Mrs. Krenzer said she would also like to know why COB had proposed an agreement that costs the state more per claim and had less penalty for non-compliance. According to Mr. Meister, the penalty under the previous L&H contract was 15 percent of the monthly administrative fee. The penalty which was negotiated for the UICI contract is a maximum of 9 percent of the administrative fee on a quarterly basis, which amounts to approximately $270,000. The contract was structured in a manner so that emphasis was placed on claim accuracy as well as turnaround time. It was Mr. Meister's opinion that UICI's contract was a better structured agreement than was the L&H contract because the dollars at risk were at a lesser percentage. In addition, Mr. Meister contended that the terms of UICI's contract would motivate its performance and that the contract was competitive with other contracts that the William Mercer consulting firm would negotiate in the marketplace for other clients with other TPA's.

Mrs. Krenzer said she wished for the record to reflect that UICI was currently not in compliance with the terms of its contract and that the state's current penalty was less than it was previously. Mr. Meister suggested that UICI was not out of compliance yet. Mrs. Krenzer asserted that UICI was out of compliance, but was not going to be penalized by the state for the reasons previously enumerated. Mr. Meister said he would agree that UICI will not meet the turnaround time when the results are measured at the end of January. Although UICI will have processed 85,000 claims, it will not have processed 85 percent of those claims within 10 working days of receipt. According to Mr. Meister, the necessary penalties will be applied at that time and a reduction in the TPA fee will apply on a quarterly basis.

Mrs. Krenzer asked Mr. Meister when he thought UICI would be in compliance. It was Mr. Meister's opinion that when the action plan was completed and the backlog of claims has been eliminated, UICI should be in position to be in full compliance by March of 1998.

If UICI does not meet the March target date, Mrs. Krenzer wanted to know how long UICI would be allowed to continue in the non-compliant mode before the Committee has the opportunity to "take another look." Ms. Adams said she was not exactly sure what Mrs. Krenzer meant by taking another look, but if UICI is not in compliance by March 1, 1998, UICI will start paying a penalty starting with the date of the non-compliance. Ms. Adams said she would not compare UICI's operation with L&H's because L&H was not only not doing its work properly, it was terribly understaffed as well. Ms. Adams also pointed out that UICI had expected a backlog of 35,000 to 45,000 claims, but had subsequently received boxes of L&H claims that had not yet been opened. It was Ms. Adams' opinion that no one could have foreseen such a thing happening. With UICI's current staff and double shifts, Ms. Adams said she was very confident that UICI would meet the March target date. Mr. Meister also told the Committee that the state has no contingency plan for "unplugging from this TPA and putting in another TPA mid-stream." Mr. Meister said, however, since the state's health plan will be going out to bid in the spring of 1998, he thought it would be reasonable to assume that UICI's contract would not be considered for renewal if it falls short of meeting the March target date.

Senator Rawson wondered whether it would lessen the penalties for UICI to pay the new claims first and then work on the backlog of claims as time permits. After listening to the dialogue, Senator Rawson thought UICI had made an impressive and significant effort towards resolving this particular issue.

Mr. Hettrick said he was in total agreement with the concerns expressed previously about not allowing a recurrence of the L&H debacle. On the other hand, Mr. Hettrick said he thought it was only fair for the Committee to recognize the significant efforts which had been put forth by UICI. Mr. Hettrick thought the performance indicators look quite good. Mr. Hettrick said he also appreciated the fact that UICI had assumed the TPA not realizing that there was a backlog of 75,000 claims. Mr. Hettrick suggested that if UICI continues performing well, UICI would be in the "driver's seat" in terms of the next contract.

Mr. Close said he had expressed concern at the last Interim Finance Committee meeting about providers of care in southern Nevada not receiving the same contract benefits relative to partial payments for outstanding claims as those in northern Nevada. Mr. Close said he wished to advise that the providers of care in southern Nevada had been taken care of and he appreciated UICI's responsiveness to them. Mr. Close said his overall concern had been that the providers would start refusing care to participants of the state's health plan because of the lack of payment and he was hopeful the partial payments would rekindle their desire to continue to provide services through the state's health plan. Conversely, Mr. Close thought it was going to take a significant amount of time for UICI to recalculate those claims to ensure proper payment. Ms. Reed noted that the partial payments (advances) were actually not made on a claim-by-claim basis. The providers of care have reported their total outstanding receivables to UICI and UICI has advanced 80 percent of those total outstanding receivables. UICI will then process each claim for that provider and issue an EOB to let the provider know, on that particular person, the amount UICI would have paid so that the provider can credit each individual account from the total outstanding receivables.

Mr. Close said he would not want to see an increase to the state's health plan premiums once UICI has audited each of the EOB's in each individual account. Ms. Reed said there would be no increase to premiums because UICI was keeping track of the advances and the amount UICI would have paid is being subtracted from that advance.

Chairman Raggio inquired as to whether anyone in the audience wished to testify. Chairman Raggio recognized Mrs. Virginia Cain who said she was a member of the newly created Silver Haired Legislative Panel, as well as a member of a national committee on senior issues. Mrs. Cain told the Committee that she had become alarmed with the administration of the state's health plan when she had a serious illness at the end of December of 1996 and when her husband, who had been in a hospital in Arlington, Virginia from January 10 to January 20, 1997, had to be flown to Reno, Nevada, and was immediately admitted to Washoe Medical Center, where he was hospitalized for another 10 days. Her husband had congestive heart failure again on June 1, 1997. During the 20 years that her husband, Edmund Cain, was Dean of the College of Education at the University of Nevada, Reno (UNR), Mrs. Cain said neither she nor her husband had encountered any difficulty with the state's health plan. Mrs. Cain noted that she had two folders of unpaid medical claims and that copies of those claims had been submitted to UICI in October of 1997. Although UICI has paid several of the claims, Mrs. Cain said the claims that were paid had been calculated incorrectly.

Chairman Raggio asked Mr. Dave Thomas, State Risk Manager, to assist Mrs. Cain with the unpaid medical claims.

In continuing her testimony, Mrs. Cain told the Committee that the issue of her and her husband's unpaid medical claims was merely the "tip of the iceberg" because, in her opinion, the state health plan was not functioning as it should. According to Mrs. Cain, the five-member COB has a tremendous amount of power pursuant to NRS 287.041. Two of the members are appointed by the Board of Directors of the Nevada State Employees Association (NSEA). One member must be the Director of the Department of Administration. Two members, one of whom must be a retired employee from state service, are appointed by the Governor. Mrs. Cain questioned why representatives from the state's Insurance Division and the Attorney General's Office were not serving on COB, at least as ad hoc members. Mrs. Cain expressed her dismay that there were no qualifications specified in NRS 287 for the COB members, who are responsible for the administration of the state's multi-million dollar health plan. COB has the right and the responsibility to select the vendors and negotiate the contracts. Mrs. Cain said she did not believe the current problem could be solved unless a legislative review was conducted of the duties and responsibilities of COB. In addition, under the provisions of NRS 287, a certified public accountant (CPA) is supposed to be appointed to do an annual audit. Mrs. Cain wondered whether an outside audit of the state's health plan had been conducted by a CPA.

It was Mrs. Cain's assumption that the California firm of William Mercer Company had been contracted by COB to make decisions related to Nevada's health plan. Although she realizes COB intends to go out to bid in March of 1998, Mrs. Cain said she was concerned about this bidding process because UICI was chosen in one week after "an exhaustive search." Mrs. Cain also indicated that she had read the recommendations made by William Mercer Company in the "Post-Implementation Review of UICI Administrators, November 1997" report, but she questioned whether any of those recommendations have been carried out and she wondered who was responsible for tracking the implementation of those recommendations. Since L&H, the previous TPA, had employed an individual with a prior criminal record in California, Mrs. Cain wanted to know what kind of employment and character checks were being made by UICI. Mrs. Cain also expressed concern that on page 3 of the report the William Mercer Company indicated that Sierra had no data dictionary and the new TPA, UICI, had to input the data manually.

Chairman Raggio thanked Mrs. Cain for taking the time to appear before the Committee. Chairman Raggio said he thought many of the issues she had raised would be discussed during the next legislative session. He said, however, the composition and the responsibilities of COB have been discussed during previous sessions. Since there have been several suggestions for a legislative audit of the state's health plan, it was Chairman Raggio's understanding that the Legislative Commission was going to be considering this possibility in the very near future.

Chairman Raggio recognized Mr. Harry Wineberg, a Reno, Nevada resident, who said he was diagnosed on June 9, 1997, with inoperable lung cancer, but was still alive thanks to the expertise of 12 health care providers, many of whom have not yet been paid for services rendered. Since his medical claims over the last six months have approximated $45,000, Mr. Wineberg said he had personally visited UICI's office in Reno regarding his major medical threshold and the clerks were courteous and accommodating, but had no authority or responsibility except for processing claims. Mr. Wineberg said he was concerned that a significant amount of "back tracking" was going to be required to audit the paid claims. Regarding lost discounts, Mr. Wineberg said he thought the state was dreaming if it thinks the doctors are going to voluntarily allow discounts. According to Mr. Wineberg, four of his outpatient hospital claims have been paid, however, only one of the hospitals allowed the discount. Mr. Wineberg told the Committee that he needs to be able to contact someone who has the authority to quickly make corrections and adjustments for claim errors; otherwise, he would not be able to straighten out his account. Mr. Wineberg provided a supplemental handout to the Committee entitled "Re: State Self-Funded Health Insurance - 1/12/97," and a copy of which is included in the meeting minutes as Exhibit T.

Chairman Raggio asked Mr. Thomas to assist Mr. Wineberg with his medical claims.

Senator Mathews said she did not believe that it should be necessary for people like Mrs. Cain and Mr. Wineberg to have to bring their medical claim problems to the Interim Finance Committee or to the Risk Manager for a solution. It was Senator Mathews' belief that this should be an automatic process because the state was paying people to handle this function. Senator Mathews expressed her dismay that Mrs. Cain and Mr. Wineberg were going to get the attention they deserve only because they appeared before the Committee today.

Chairman Raggio agreed with Senator Mathews' statements. Chairman Raggio said, however, he had called the Risk Manager's office on several occasions on behalf of constituents who were encountering problems with the payment of their medical claims and he wanted to take this opportunity to thank Mr. Thomas for the responsiveness of his office staff.

Since the Committee did not have time to review the responses to the 16 questions advanced by Ms. Debbra King, CPA, Program Analyst, legislative Fiscal Analysis Division, which are contained in the supplemental handout (Exhibit U), Mrs. Von Tobel wanted to know whether those responses could be deferred until the next meeting.

Chairman Raggio asked Mr. Thomas and Ms. Reed to provide a report on their responses to the 16 questions advanced by Ms. King at the next meeting.

Mrs. Chowning also thought it would be informative for the Committee to have an update on the recovery of the embezzled funds at the next meeting.

Chairman Raggio requested that a report be provided at the next meeting on the status of the money that was embezzled.

Mrs. Evans suggested that the information being provided to the Committee by state agencies be received by the legislative Fiscal Analysis Division staff at least 5 to 10 days in advance of the Interim Finance Committee's meeting. Although the supplemental information being provided on the day of the meeting is helpful, Mrs. Evans suggested that it was impossible for Committee members to digest it in time to be able to respond in an intelligent fashion.

Chairman Raggio thanked Mrs. Evans for her suggestion. Since there is currently a 15-day cutoff date for the receipt of request items from the Budget Division, Chairman Raggio requested the state agencies to submit their informational material to the legislative Fiscal Analysis Division staff at least 10 days prior to the date of the Interim Finance Committee's meeting.

Ms. Reed said she would like to state for the record that she did not receive the request for information from the legislative Fiscal Analysis Division staff until January 5, 1998, which provided her two days in which to respond. Ms. Reed said she had no other recourse but to submit the information on the date of the meeting.

Chairman Raggio said that Ms. Reed's complaint had been noted for the record.

9. <u>Department of Education</u> - Semiannual report on the Advisory Committee for statewide Automated System of Information concerning pupils (SMART) expenditure (Assembly Bill 469, 1997 Legislature).

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

10. <u>Department of Business and Industry - Office of Business Finance and Planning</u> - Initial quarterly report on the Industrial Development Revenue Bond Program (transmitted under separate cover).

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

11. <u>DMV&PS, Peace Officers Standards and Training (P.O.S.T.)</u> - Continuing Education Opportunities for Nevada Law Enforcement Personnel.

Chairman Raggio recognized Mr. Richard Clark, Chief, P.O.S.T., who told the Committee that P.O.S.T. was sometimes referred to as the training division for DMV&PS. He introduced Mr. Raymond Sparks, Deputy Director, DMV&PS, and Sheriff Richard Kirkland from Washoe County, who he said was the Chairman of the P.O.S.T.

Committee, as well as the Chairman of the Senate Concurrent Resolution 21 Committee Studying the Structure of P.O.S.T. In providing background information, Mr. Clark said DMV&PS had received a letter of intent during the 1997 Legislature which seemed to imply that the courses in continuing education being offered at P.O.S.T. were being restricted to four courses. The letter created confusion because P.O.S.T. has historically offered a broad range of courses in continuing education for law enforcement personnel statewide. Mr. Clark directed attention to a supplementary handout that was provided to the Committee which lists courses offered by P.O.S.T., other than domestic violence, elder abuse, detection and use/abuse of alcohol and controlled substances, and identification and investigation of child abuse, and a copy of which is included in the meeting minutes as Exhibit V. In concluding his remarks, Mr. Clark told the Committee that it was DMV&PS' desire to continue offering those courses if it was not contrary to legislative intent.

After directing the Committee's attention to the letter of intent, dated July 15, 1997, on page 160 of Volume 2 of the meeting packets, Chairman Raggio said it was his recollection that the legislative money committees had not intended to limit the courses being offered by P.O.S.T., but rather P.O.S.T. was directed to concentrate on providing basic law enforcement training levels I, II and III in continuing education, or refresher courses in the specific areas of domestic violence, elder abuse, detection and use/abuse of alcohol and controlled substances, and identification and investigation of child abuse. The letter of intent also requested that DMV&PS review employee job descriptions to reflect the organizational structure approved during the budget closings. While he thought it was commendable that DMV&PS had been able to locate funding and resources to add new programs, Chairman Raggio reminded Mr. Clark that the provision of basic law enforcement training was the original purpose for which P.O.S.T. was created.

Ms. Giunchigliani said she would agree with Chairman Raggio's recollection of the letter of intent for the most part. It was Ms. Giunchigliani's recollection, however, that several specific areas of concern had been raised; namely: the format for elder abuse training, providing the same type of assistance in the rural counties that is provided in the urban areas, and leadership training. After reviewing the courses listed in the supplemental handout (Exhibit V), Ms. Giunchigliani said she was satisfied P.O.S.T. was back on target, but she planned to watch the program closely.

Chairman Raggio recognized Sheriff Richard Kirkland, Washoe County, who said he wished to assure the Committee that the P.O.S.T. Academy, as well as the academies around the state that have been certified by P.O.S.T., were currently conducting classes, concentrating on the four specific continuing education courses listed in the letter of intent and that he was in complete agreement with those courses. Sheriff Kirkland also thanked Chairman Raggio for taking out of order the report on P.O.S.T.'s continuing education opportunities for Nevada law enforcement personnel.

Chairman Raggio said he wished to commend Sheriff Kirkland and his department, as well as the Reno Police Department and the University Police, for the time and effort expended by local law enforcement personnel in handling several tragedies which had occurred recently. Chairman Raggio also thanked Sheriff Kirkland and Mr. Clark for taking the time to appear before the Committee today. Mr. Clark said he wished to take the opportunity to introduce Carson City Sheriff Rod Bannister, Douglas County Sheriff Ron Pierini and Mr. Robert Bayer, Director, Department of Prisons (NDOP), who had accompanied him to the meeting to lend their support for the P.O.S.T. Academy.

12. Division of Wildlife - Pump replacement projects.

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

13. Division of State Lands - National Guard is closing down its North Eastern Avenue Armory and the property is being returned to the City of Las Vegas.

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

N. PUBLIC TESTIMONY.

There was no public testimony.

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

Senator William J. Raggio, Chairman

Interim Finance Committee

Lorne Malkiewich, Director

Legislative Counsel Bureau, and

Secretary, Interim Finance Committee