

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

Chairman William J. Raggio called a regular meeting of the Interim Finance Committee (IFC) to order on November 21, 2002, at 8:24 a.m., in Room 4100 of the Legislative Building, in Carson City, Nevada. The agenda is Exhibit A. The sign-in sheet is Exhibit B.

**COMMITTEE MEMBERS PRESENT:**

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

**COMMITTEE MEMBERS EXCUSED:**

Senator Joseph M. Neal, Jr.  
Senator William R. O'Donnell

**LEGISLATIVE COUNSEL BUREAU STAFF:**

Lorne J. Malkiewich, Director  
Brenda J. Erdoes, Legislative Counsel  
Scott Wasserman, Chief Deputy Legislative Counsel  
Gary Ghiggeri, Fiscal Analyst, Senate  
Robert Guernsey, Principal Deputy Fiscal Analyst  
Mark W. Stevens, Fiscal Analyst, Assembly  
Steve Abba, Principal Deputy Fiscal Analyst  
Paul Townsend, Legislative Auditor  
Connie Davis, Secretary  
Sherie Silva, Secretary

**A. ROLL CALL.**

Mr. Lorne Malkiewich, Director, Legislative Counsel Bureau (LCB), called the roll and advised the Chairman a quorum of each house was present.

Chairman Raggio announced that a photographer was present to take photographs of the Committee for the Legislative Brochure. The Chairman asked for the Committee's indulgence while the photographs were being taken.

Chairman Raggio acknowledged, with condolences, the death of Dick Freeman, husband of Assemblywoman Vivian L. Freeman. A celebration of life service was scheduled from 2:00 p.m. to 4:00 p.m. on November 21, 2002, at the Bartley Ranch Park Interpretive Center in Reno. The service was unstructured and anyone wishing to attend could arrive and depart at their convenience. A gathering of friends was planned after the service at 4:00 p.m. at the Sage Creek Grill and Tap Room located at 5851 South Virginia Street.

Chairman Raggio also recognized Assemblywoman Freeman's long service in the Legislature and indicated she would be missed.

**\*B. APPROVAL OF MINUTES FROM THE SEPTEMBER 9, 2002, MEETING.**

SENATOR RAWSON MOVED APPROVAL OF THE SEPTEMBER 9, 2002, MEETING MINUTES.

MR. MARVEL SECONDED THE MOTION.

THE MOTION WAS CARRIED.

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

The Chairman announced that Items 1 and 2 required expeditious action, and, therefore, no action was required to be taken by the Committee.

1. **Department of Business and Industry - Safety Consultation and Training – FY 03** – Addition of \$65,000 in Federal Grant to purchase equipment for the Safety Consultation and Training Division. Requires Interim Finance approval since the amount added to the Equipment category exceeds 10% of the legislatively approved level for that category.
2. **Department of Conservation and Natural Resources – Nevada Natural Heritage – FY 03** – Addition of \$61,406 in Transfer from Environmental Protection to create a new planner position to address the Environmental Protection Agency Wetlands Grant Program, utilizing the natural resources planner in the Director’s Office as part of the 3% cuts. Requires Interim Finance approval since the amount added to the Salaries category exceeds \$50,000 and includes new staff.

**\*D. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES in accordance with Chapter 353, Nevada Revised Statutes.**

Chairman Raggio expressed his intent to call for testimony on specific work program items from the revised November 13, 2002, work program list as well as any additional items requested by members of the Committee.

Item 9, Department of Education, ECIA Chapter 2, State Programs, requested two Education Consultant positions and a Program Officer I position **was withdrawn on November 4, 2002**. Chairman Raggio pointed out the request for positions had been denied at the June 18, 2002, IFC meeting and cautioned that should the Department of Education submit a future request for the positions, the Committee wanted the opportunity to review and discuss the request and specifically did not want to see a request for expeditious action.

Items 17, 44 and 48 were also withdrawn

The following work programs required testimony and a public hearing:  
Items 36, 37, 42, 43, 51, 52, 55, 56, 57, 60, 94.

The following work programs required testimony only:  
Items 13, 14, 16, 26, 32, 33, 34, 38, 45, 46 and Item N., 59, 74, 83, 97, 100.

Chairman Raggio noted that position changes concerning the Department of Public Safety/Highway Patrol and Department of Conservation and Natural Resources also required testimony.

Senator Coffin requested information concerning the Department of Motor Vehicles (DMV) plans, effective January 1, 2003, to cite and impose a \$95 fine on members of the public who had placed their registration renewal decals on the “Big Horn Sheep” license plate rather than the newly issued “sunset plate.”

Chairman Raggio pointed out Senator Coffin’s request for information was not related to an agenda item, however, indicated that DMV representatives were invited to respond to the request.

Martha Barnes, Central Services Administrator, Department of Motor Vehicles (DMV), identified herself for the record. Ms. Barnes reported that when the re-issue project began, information was provided to members of the public informing them that registration renewal decals were to be adhered to the new “sunset plate” and not the “Big Horn Sheep” license plate which had been replaced by the “sunset plate.” Beginning in December, the DMV would provide public service announcements through radio, television and newspapers to inform customers the “sunset plate” was required on their vehicle by January 1, 2003. Additionally, Ms. Barnes indicated a message concerning the new plates had been forwarded to all law enforcement agencies including those on border states and members of the Nevada Highway Patrol.

Ms. Barnes further advised that the DMV Public Information Officer (PIO) was working with the NHP to assist customers, and Department field offices were prepared for customers who were anticipated to go to the DMV offices in December to receive their plates over-the-counter.

Senator Coffin indicated the Legislative Counsel Bureau’s Legal Division staff had researched the issue and reported that under the provisions of *Nevada Revised Statutes (NRS) 482.565*, the department **may impose an administrative fine**. Senator Coffin pointed out the DMV was not required to impose a fine on citizens who were unaware that the “Big Horn Sheep” license plate had been replaced. Senator Coffin noted that while the DMV was correctly following the law enacted in 2001, *NRS 482.565* provided some discretion on imposing a fine. Under the provisions of *NRS 482.565*, Senator Coffin encouraged the DMV not to impose fines on citizens who had not replaced their “Big Horn Sheep” plates in a timely manner.

Mr. Colling reported that the Nevada Highway Patrol had agreed to issue warnings for the first ninety days in 2003 and citizens would be instructed to go to the DMV to obtain the proper plate.

Senator Coffin reiterated that no one should have to pay a fine.

Ms. Barnes reported that the Department of Motor Vehicles did not currently anticipate levying any fines. Ms. Barnes confirmed that that the DMV was communicating with all law enforcement agencies across the state to try to avoid stopping citizens, and counties in which county officials administered plates would also be notified not to impose fines.

Moving on, the Chairman entertained a motion to approve all items that did not require a formal presentation.

SENATOR JACOBSEN MOVED TO APPROVE ALL ITEMS NOT ENUMERATED BY THE CHAIRMAN.

MS. GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED.

The Chairman excused those persons who were in attendance for the items approved by the Committee.

Prior to hearing testimony on the work programs under Item D, the Chairman moved to Item O Informational Items. The Chairman announced that testimony was required on Items O.6, 12, 13 and 14. The Chairman accepted all other informational item reports, and persons in attendance for those items were excused. See Exhibit C for a complete list of Item O Informational items.

**1. Work Program Changes Requiring Interim Finance Committee Review:**

- 1. Governor's Office – Nevada State Energy Office - Energy Conservation – FY 03** – Addition of \$185,000.00 in IOF Special Project to establish a Nevada State Program for the industries of the future program of the Department of Energy that will reach out to Nevada's mining industry. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

- 2. Governor's Office – Nevada State Office of Energy - Energy Conservation – FY 03** – Addition of \$64,848.00 in the Transfer from Other Budget Account to increase authority for Petroleum Overcharge Rebate funds to support energy efficient integration and to continue funding for a project approved in FY 02 but not completed. Requires Interim Finance approval since the amount added to the Petroleum Overcharge Rebate category exceeds 10% of the legislatively approved level for that category. **Relates to Item 3.**

Refer to motion for approval under Item D.

- 3. Governor's Office – Nevada State Office of Energy–Petroleum Overcharge Rebate– FY 03** – Transfer \$64,848.00 from the Reserve category to the PVE category to increase authority in Petroleum Overcharge Rebate funds to allow for transfer to the Energy Conservation budget to fund additional sub-grants. Requires Interim Finance approval since the amount transferred to the Petroleum Overcharge Rebate category exceeds 10% of the legislatively approved level for the category. **Relates to Item 2.**

Refer to motion for approval under Item D.

- 4. Treasurer's Office – State Treasurer – FY 03** – Addition of \$56,000.00 in the Transfer from Program to Augment Revenue and Expenditures for Tobacco Administration. The Division of State Personnel and the Budget Office approved the position in September 2001. The Task Force for the Fund for a Healthy Nevada approved the MA III position at their March 5, 2002 meeting. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **REVISED NOVEMBER 4, 2002.**

Refer to motion for approval under Item D.

- 5. Department of Education – Education Support Services – FY 03** – Transfer of \$43,532.00 from the Reserve category to the Operating category and transfer of \$29,674.00 from the Reserve category to the Equipment category to allow for additional building rent expense, conference room furnishings for the Las Vegas Office and sound systems for the Carson City and Las Vegas Offices. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.

- 6. Department of Education – Discretionary Grants Unrestricted – FY 03** – Addition of \$2,477,520.00 in federal Charter Schools Program to establish full authority for the Public Charter Schools federal grant. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

- 7. Department of Education – Discretionary Grants – Restricted – FY 03** – Addition of \$588,242.00 in Partnerships in Character Education to establish authority for Partnerships in Character Education. Nevada Character Education Project (NCEP) is a partnership comprised of the Nevada Department of Education, the Douglas and Clark County School Districts, the State Attorney General's Office and WestEd. The goal of the project is to design, develop and implement an effective character education program in Nevada's public schools. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

- 8. Department of Education – Discretionary Grants Unrestricted – FY 03** – Deletion of \$24,635.00 in Additional Federal Funding; transfer of \$67,873.00 from the National Assessment of Educational Progress Task Order category to the Personnel Services category; and transfer of \$4,348.00 from the Technology Literacy Administration category to the Personnel Services category to allow for payroll costs for the State National Assessment of Educational Progress (NAEP) Administrator position approved by IFC on 4/10/02, and to cover salary costs incurred prior to Grants and Projects Analyst, transferring to Improving America's Schools Titles VI & II. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item D.

**9. Department of Education – ECIA Chapter 2 – State Programs – FY 03** – Transfer of ~~\$81,726.00~~ *\$110,963.00* from the State Assessments-Administration & Technical Assistance category to the Personnel Services category to request two Education Consultant positions *and a Program Officer I position* starting December 1, 2002. The positions will be funded by the State Assessments and Related Programs Grant, which is part of the No Child Left Behind legislation. Requires Interim Finance approval since the amount transferred exceeds \$50,000.00 and includes new staff. **REVISED OCTOBER 29, 2002. WITHDRAWN NOVEMBER 4, 2002.**

Item 9 was withdrawn; however, the Chairman cautioned the Department of Education that in the event a similar request for positions was submitted in the future, the Committee wanted the opportunity to review and discuss the request and did not want to see a request for expeditious action.

**10. Department of Cultural Affairs – Nevada State Library and Archives – State Library – FY 03** – Addition of \$33,240.00 in Private Gates Foundation grant funds to provide a training lab at the Nevada State Library and Archives for patron training and staff development and to provide a lasting infrastructure in support of public access to computers and the internet and ongoing training opportunities in the State of Nevada. Requires Interim Finance approval since the amount of the Non-Governmental Grant category exceeds \$10,000.00.

Refer to motion for approval under Item D.

**11. Department of Cultural Affairs – Nevada Arts Council – FY 03** – Addition of \$96,700.00 in the federal NEA Grant Funds to accept and expend additional grant funds for new programming in Arts in Education Program, Community Arts Development Program, Artists Services Program, and the Folk Arts Program. Requires Interim Finance approval since the amount added to the Artist Services Program category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item D.

**12. Department of Administration – Deferred Compensation Committee – FY 03** – Transfer of \$74,500.00 from the Reserve category to the Operating category to allow for contract services payments to perform the necessary analysis on the selection of service provider vendors. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.

**13. Department of Administration – Risk Management – Insurance and Loss Prevention – FY 03** – Transfer of \$250,000.00 from the Reserve category to the Property Claims category to allow for the transfer of funds to Public Works Board to cover projected maintenance costs related to the correction of indoor air quality problems, including mold contamination and HVAC irregularities at State-owned and occupied buildings. Requires Interim Finance approval since the amount added to the Property Claims category exceeds 10% of the legislatively approved level for that category.

Susan Dunt, Risk Manager, Department of Administration, Risk Management Division, identified herself for the record and introduced Jim Fry, Deputy Risk Manager. Approval was requested to transfer \$250,000 from the Reserve category to the Property Claims category to allow the State Public Works Board to continue to fund unbudgeted maintenance costs related to the correction of mold contamination in State-owned buildings. Ms. Dunt explained that the \$250,000 approved at the April 10, 2002 IFC meeting, to address the mold problem, had been almost entirely expended, and approval of the balance of the \$500,000 in available funding would provide the Division the ability to continue to deal with the air quality problems in State-owned buildings.

In response to a question from Chairman Raggio concerning an increase in property and contents insurance rates, Ms. Dunt indicated a 40 percent increase would be imposed on State agencies.

In response to the Chairman who stated staff had calculated the increase at 70.5 percent over the 2003-05 biennium, Ms. Dunt indicated she would “double check” the increase from .00088 per dollar of value to .00150 per dollar of value.

In response to additional questions from the Chairman concerning the mold problem, Ms. Dunt advised that the Risk Management Division had identified, through documentation in the State Public Works Board Facility Audit Reports, a number of buildings that required an inspection for mold based on water intrusion. Specifically, Ms. Dunt advised that buildings occupied by the Department of Corrections and Department of Human Resources were on the list to be inspected.

In response to questions from Chairman Raggio concerning the use of specific contractors to address air-quality problems in State-owned buildings, Ms. Dunt advised that the problems were identified on a “case-by-case” basis. Ms. Dunt further advised that the Risk Management Division had a contract for industrial hygiene services to determine the extent of the mold contamination and assistance with sampling once the remediation was completed. Ms. Dunt indicated the contracts for each particular job were handled through the State Public Works Board normal bidding process. Ms. Dunt assured the Chairman that the Risk Management Division was doing their best to ensure that the mold remediation problem and costs were being addressed.

Chairman Raggio noted that if the Committee approved the request, the Division’s Fiscal Year 2003 property reserve would be reduced to approximately \$838,000. The Chairman questioned the impact the transfer of funds would have on the budget for the 2003-05 biennium.

Ms. Dunt responded that the Division projected their claims costs would remain the same as costs for Fiscal Year 2002, and they wanted to maintain the Reserve at approximately \$750,000 in the event of a catastrophic property claim, or more than one large claim during the year. Ms. Dunt advised that her testimony concerning costs was compatible with the Division’s budget for the 2003-05 biennium, which had been submitted.

Refer to motion for approval under Item 14.

**14. Department of Administration – Risk Management – Insurance and Loss Prevention – FY 03** – Addition of \$1,102,052.00 in Insurance Premiums and transfer of \$2,780,755.00 from the Reserve category to the Worker’s Compensation Insurance Premiums category to allow for projected claims costs for FY 03 based on a new actuarial study received; a projected increase in insurance premiums of approximately 33%; increased costs related to claims administration and loss control services; and delays in receiving subsequent injury fund reimbursements. Requires Interim Finance approval since the amount added to the Worker’s Compensation Insurance Premium category exceeds 10% of the legislatively approved level for that category.

Ms. Dunt advised that the Risk Management Division requested approval to transfer \$2,780,755 from Worker's Compensation Reserve to the Worker's Compensation Insurance Premium category. Ms. Dunt explained a transfer of funds was needed for unanticipated costs projected to be incurred through the end of Fiscal Year 2003. Those unanticipated costs included a 33 percent increase in the insurance premium policy cost, which was up for renewal in January. Additionally, Ms. Dunt explained there had been an increase in claims administration fees and while costs for the new Workers Compensation program initially were projected at \$850,000, over the past two years claims administration costs had resulted in costs of \$1,150,000. Ms. Dunt explained there had been a "slight increase" in the need for loss control services when service was requested to provide a loss control representative dedicated to the mold issue. Ms. Dunt indicated there were approximately 52 investigations during the past year related to mold problems while they had been prepared for about five to seven. Additionally, Ms. Dunt explained that when premium costs were projected for the claims fund for Fiscal Year 2003, projections received in December 2000 were utilized. A new actuarial study revealed those costs would be higher than the original actuarial study had indicated. Ms. Dunt reported that in the last year, there had also been two catastrophic claims that were not considered in initial projections. One claim was for \$7 million of which \$750,000 had to be paid. After carefully reviewing each of the combined factors, Ms. Dunt said that to get through the end of Fiscal Year 2003, the Division needed to utilize the \$2,780,755 in the Reserve in order to maintain the ability to pay claims and not disrupt the workers compensation policy.

Chairman Raggio raised concerns over the reduction of the Reserve to \$134,934 and questioned the sufficiency of that amount should unanticipated catastrophic events occur. Additionally, the Chairman questioned why it was appropriate to increase the worker's compensation expenditure category to the maximum payouts rather than adjust mid-year as claim losses became more clearly defined. The Chairman noted that if an adjustment were made for known claim losses only, the Reserve would only have to be reduced by \$725,090.

Ms. Dunt responded that an adjustment for claim losses had been discussed; however, the premium costs were due to the insurer in January, and several large catastrophic claims would require payment as well.

In response to questions from the Chairman concerning the nature of the catastrophic claims, Ms. Dunt explained one claim resulted from an accident incurred by a Highway Patrol Trooper in Las Vegas who was hit by a vehicle traveling at 90 miles per hour. Another claim involved a Correctional Officer who lost a hand as a result of a hand grenade demonstration.

In response to additional concerns raised by the Chairman in reference to reducing the Reserve to \$134,934, Ms. Dunt advised that the bulk of the cost of any catastrophic claims incurred through the end of Fiscal Year 2003 would not require payment until Fiscal Year 2004.

In response to questions raised by the Chairman concerning the cost of rate increases, Ms. Dunt indicated that Worker's Compensation costs to the agencies would have to be significantly increased in order to rebuild the Reserve.

Mr. Fry, Deputy Risk Manager, advised that a 15 percent increase in premiums would be incurred beginning in calendar year 2003, and in 2004, a 25 percent increase had been projected and was included in the Division's budget request.

CHAIRMAN ARBERRY MOVED APPROVAL OF ITEMS 13 AND 14.

MR. PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

15. **Department of Information Technology – Computing Division – FY 03** – Transfer of ~~\$351,442.00~~ *\$290,471.00* from the Reserve category to the General Fund Payback category to enable the Department of Information Technology to pay back the General Fund for amortized amounts for fiscal year 2002 and fiscal year 2003 for capital improvement projects. Requires Interim Finance approval since the amount transferred to the Reserve category exceeds \$50,000.00. **REVISED OCTOBER 30, 2002.**

Refer to motion for approval under Item D.

16. **Department of Agriculture – Livestock Inspection – FY 03** – Transfer of ~~\$51,982.00~~ *\$45,669.00* from Reserve category to Laboratory Testing Expenses category to upgrade laboratory phase II to detect animal and plant diseases on a molecular level. Requires Interim Finance approval since the amount transferred to the Laboratory Testing Expenses category exceeds \$50,000.00. **REVISED NOVEMBER 5, 2002.**

Donald Henderson, Deputy Director, Department of Agriculture, identified himself for the record and introduced Rick Gimlin, Administrative Services Officer and Dr. David Thain, State Veterinarian.

The Department of Agriculture requested approval for a transfer of \$45,669 from Reserves to the Laboratory Testing Expenses category to purchase equipment and supplies for a "Polymerase Chain Reaction" (PCR) laboratory. Phase I of the project provided for modifications to the current laboratory area to accommodate new equipment and was approved by the Budget Division (IFC approval was not required since the request/work program was under \$20,000).

In response to questions from Chairman Raggio, Mr. Gimlin advised that preparatory work for the laboratory had been completed under Phase I, and the request for equipment and supplies was covered under Phase II. As part of a comprehensive approach taken by the Department, Mr. Gimlin indicated that both the Plant and Animal Divisions would utilize the laboratory. In a review of laboratory services, Mr. Gimlin said deficiencies were noted, and the Department was attempting to move forward to address those deficiencies in a cost-effective manner. Mr. Gimlin reported that federal Homeland Security Grant funds had created an opportunity for the Department to purchase the equipment needed to bring the laboratory's structure into the 21<sup>st</sup> Century.

In response to additional questions from Chairman Raggio, Mr. Gimlin advised that the updated laboratory, "in essence" could generate additional revenue for the Department of Agriculture. Additionally, Mr. Gimlin indicated that fees and federal funds would be used to fund the project and that no General Fund revenue was involved in the work program.

In response to questions from Chairman Raggio concerning control of the laboratory with each of the divisions utilizing its services, Mr. Gimlin advised that the Department tracked their grants separately by both budget account and job code.

Ms. Giunchigliani pointed out that the modifications to the laboratory and request for equipment was presented in two phases, which appeared to "lock in" the funding. Ms. Giunchigliani indicated that in the future she would prefer that the Department brought the entire project to the Committee in order to determine the total impact rather than in two phases.

MR. MARVEL MOVED APPROVAL OF ITEM 16.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

Chairman Raggio asked the Department of Agriculture representatives to convey the Committee's best wishes to Paul Iverson, the Director of the Department of Agriculture, who was recuperating from a recent illness.

17. **Department of Agriculture – Plant Industry – FY 03** – Addition of \$89,000.00 in United States Department of Agriculture Crop Insurance for creation of Crop Insurance Education Program and delivery to Nevada ranchers and farmers. Requires Interim Finance approval since the amount added to USDA Crop Insurance category exceeds \$50,000.00. **WITHDRAWN OCTOBER 22, 2003.**

Item 17 was withdrawn.

18. **Department of Agriculture – Registration & Enforcement – FY 03** – Addition of \$72,159.00 in the Transfer from the Health Division to assist the Health Division in establishing Nevada's portion of national environmental public health tracking network; adds one full-time employee, Environmental Scientist III, and attendant travel, operating and equipment. Requires Interim Finance approval since the amount includes new staff. **Relates to Item 34.**

Refer to motion for approval under Item D.

19. **Department of Agriculture – Veterinary Medical Services – FY 03** – Addition of \$113,434.00 in USDA Homeland Security to develop homeland security preparations against foreign animal diseases as well as standards of emergency preparedness. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

20. **Department of Human Resources – Healthy Nevada Fund Administration – FY 03** – Addition of \$6,491,022.00 in the Transfer from State Treasurer to provide for the increased Senior RX enrollments, insure budget authority to fund Tobacco Use Grants/Health Grants for children and the disabled, cover project's salary shortfall and staff training. Requires Interim Finance approval since the amount transferred to the Senior RX category exceeds \$50,000.00.

Refer to motion for approval under Item D.

21. **Department of Human Resources – Health Division - Family Planning Project–FY 03**– Addition of \$279,428.00 in Title X, Family Planning Services Program, to reconcile the federal fiscal year 2002 grant award to the State fiscal year 2003 work program authority. Increase will fund out-of-state travel, in-state travel, operating and the Adolescent Pregnancy Prevention Leadership Enhancement (APPLE) Project. Requires Interim Finance approval since the amount added to Operating category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.

22. **Department of Human Resources – Health Division – Bureau of Alcohol and Drug Abuse – FY 03** – Acceptance of \$2,250,000.00 in Youth Anti-Drug Program State Incentive Grant to fund two new positions (1.5 FTEs), out-of-state travel, in-state travel, operating, coalition funding for 14 community coalitions, an evaluation contract and data communications expenses. These funds will support statewide planning and strategies to reach youth, parents, and families at the community level with effective substance abuse prevention programs. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00 and includes new staff.

Refer to motion for approval under Item D.

23. **Department of Human Resources – Health Division – Maternal Child Health Service – FY 03** –Deletion of the \$5,456.00 in State-Based Birth Defect Surveillance & Use of Data Grant. Transfer of the \$50,510.00 from the Salaries category to the Birth Defects category to allow an abstractor contracted through a temporary employment agency to collect data and provide analysis for the Birth Defects Registry from northern Nevada and rural birthing centers. The position funded with this grant is vacant and the grant ends 1/03/2003. Requires Interim Finance approval since the amount transferred to the Birth Defects category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item D.

24. **Department of Human Resources – Health Division – Maternal Child Health Services – FY 03** – Addition of \$25,766.00 in the State-Based Core Injury Program Development Grant to fund out-of-state travel, in-state travel and operating expenses to develop a core injury prevention plan. Requires Interim Finance approval since the amount added to the State-Based Core Injury Program category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item D.

25. **Department of Human Resources – Health Division – Maternal and Child Health Services – FY 03** – Acceptance of \$83,529.00 in the Universal Newborn Hearing Screening Federal Grant to fund hearing screening for all newborns prior to discharge from the birthing center, and for those newborns that fail the screening, give referrals for Early Intervention Services. Funding includes salaries for one new full-time employee, out-of-state travel, in-state travel, operating, contract services, office equipment and computer hardware. Requires Interim Finance approval since the amount includes new staff.

Refer to motion for approval under Item D.

**26. Department of Human Resources – Health Division – Radiological Health – FY 03** – Addition of \$47,835.00 in the Radioactive Materials Licenses and X-Ray Machine Reg. Fees to meet projected need for in-state travel, operating and information services. Requires Interim Finance approval since the amount added to the Operating category exceeds 10% of the legislatively approved level for that category.

Alex Haartz, Deputy Administrator, State Health Division, identified himself for the record and introduced Phil Weyrick, Administrator Services Officer.

Chairman Raggio indicated staff recommended that \$6,028 be reserved for reversion and the augmentation to the Operating category reduced by the same amount.

Mr. Haartz and Mr. Weyrick concurred with the recommendation by staff.

MRS. CEGAVSKE MOVED APPROVAL OF THE REQUEST FOR AUGMENTATION AS RECOMMENDED BY STAFF.

CHAIRMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**27. Department of Human Resources – Health Division – Radiological Health – FY 03** – Addition of \$39,010.00 in the State Indoor Radon Grant Program to allow out-of-state travel, in-state travel, operating, computer hardware and software, and contract services for training services to water system operators on Environmental Protection Agency radon standards. Requires Interim Finance approval since the amount added to the Indoor Radon Grant category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item D.

**28. Department of Human Resources – Health Division – Special Children’s Clinic – FY 03** –Addition of \$27,200.00 in Contract Services (inter-local agreement with the Welfare Division) to provide technical assistance and training to childcare providers regarding the delivery of child care services for children with special health-care needs. Requires Interim Finance approval since the amount added to the Early Childhood Development category exceeds 10% of the legislatively approved levels for that category.

Refer to motion for approval under Item D.

**29. Department of Human Resources – Health Division–Sexually Transmitted Disease Control – FY 03** – Addition of \$235,211.00 in the Comprehensive Sexually Transmitted Disease Prevention System Grant to fund salaries for one new position, out-of-state travel, in-state travel, operating, aid to counties and training. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00 and includes new staff.

Refer to motion for approval under Item D.

**30. Department of Human Resources – Health Division–Sexually Transmitted Disease Control – FY 03** – Addition of \$284,618.00 in Housing Opportunities for Persons with AIDS (HOPWA) Grant to provide housing assistance, referral and supportive services to individuals and their families who have AIDS or related diseases. Requires Interim Finance approval since the amount added to the Housing Opportunities for Persons with AIDS (HOPWA) category exceeds 10% of the legislatively approved levels for that category.

Refer to motion for approval under Item D.

**31. Department of Human Resources – Health Division – Immunization Program – FY 03** – Addition of \$447,850.00 in the Immunization Program Federal Grant to provide funding for the immunization action plan for public service announcements regarding childhood vaccinations, computer equipment for the statewide registry system for immunization data, and order/distribution of the Vaccines for Children Immunization Program. Requires Interim Finance approval since the amount added to the Order/Distribution category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item D.

The Chairman announced Items 32 and 33 would be considered together.

**32. Department of Human Resources – Health Division–Office of State Health Administration – FY 03** – Transfer of \$36,000.00 from the Salaries category to the Operating category to allow the Health Division to enter into a contract to find a viable candidate for the vacant State Health Officer position. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to narrative under Item 33.

**33. Department of Human Resources – Health Division–Office of State Health Administration – FY 03** – Transfer of \$20,000.00 from the Salaries category to the Operating category to temporarily fund a contract with a physician licensed in Nevada to perform some of the functions assigned to the vacant State Health Officer position. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Alex Haartz, Deputy Administrator, State Health Division, identified himself for the record. Mr. Haartz explained that Item 32 requested approval to transfer \$36,000 from the Personnel Services category to the Operating category to provide funding for the State Health Division to contract with a professional firm to recruit candidates for the vacant State Health Officer position. Item 33 requested approval to transfer \$20,000 from the Personnel Services category to the Operating category to allow the Division to enter into a temporary agreement with Dr. Bernard Feldman, the former Chairman of the State Board of Health. Dr. Feldman would provide assistance to the Health Division in developing its smallpox preparedness plan due December 1, 2002, as well as other public health preparedness activities required under Federal Bioterrorism Preparedness Planning.

In response to questions from Chairman Raggio concerning a previous and well-qualified candidate for the position, Mr. Haartz advised that the applicant was unable to be licensed under the provisions of *Nevada*

*Revised Statutes (NRS) 630.160.* Mr. Haartz explained that *NRS 630.160* required three years of progressive postgraduate education (residency training). Mr. Haartz indicated that many older well-qualified physicians, licensed in other locations in the country, were unable to be licensed in Nevada because they could not meet the three years of progressive postgraduate education.

In response to additional questions from Chairman Raggio, Mr. Haartz advised that the requirements provided under *NRS 630.160* for licensure applied to all medical doctors. Discussion concerning modification of the education requirement had taken place with members of the State Board of Medical Examiners, and the information conveyed was that the education requirement was appropriate regardless of the Health Division's ability to recruit a State Health Officer.

In response to questions from Ms. Leslie, Mr. Haartz advised that the State Health Officer position had been vacant since December 7, 2001. Additionally, Mr. Haartz advised that the firm the Health Division would contract with to recruit candidates would use their existing network within the health care industry and the medical community to identify candidates who met the statutory requirements of *NRS 630* as well as *NRS 439*.

In response to additional questions from Ms. Leslie concerning the State Health Officer's salary and contracting with physicians to provide specific duties, Mr. Haartz advised that the State Health Officer's salary was within three ranges, and range C was approximately \$140,000. Mr. Haartz further advised that under the provisions of *NRS 439*, the Health Division was required to fill the position on a full-time equivalent (FTE) basis.

In view of the difficulty involved in filling the position, Ms. Leslie indicated that perhaps the concept of hiring on a full-time equivalent (FTE) basis was outdated and should be further investigated.

In response to a statement by Ms. Leslie who expressed her reluctance to spend \$36,000 on a recruitment firm, Mr. Haartz advised that the Health Division had exhausted all of their means of recruitment through the Internet, professional journals and other processes.

Ms. Leslie questioned the length of time it would take the recruitment firm to produce a candidate.

Phil Weyrick, Administrative Services Officer, State Health Division, identified himself for the record. Mr. Weyrick indicated the proposed contract was written through June 30, 2003 and results were expected by that time.

In response to questions from Ms. Leslie, Mr. Haartz indicated that critical issues, such as the smallpox preparedness plan, were being addressed as they came along.

Chairman Raggio indicated that there were some very good recruitment firms with nationwide networks who did an outstanding job in recruiting viable candidates.

Senator Rawson commented on the current critical health issues facing Nevada as well as other states and the need to focus on filling the State Health Officer position and to review the position's salary structure. Senator Rawson also expressed his reluctance to provide funding for a recruitment firm and his preference to put the funding into the salary. Indicating it was "absolutely critical" to fill the position, Senator Rawson observed that plans for preparedness did not mean a lot without the State Health Officer position being filled. Senator Rawson also discussed the residency requirement issue and indicated he was not in favor of modifying the requirement or filling the position with a candidate who had less than the required raining.

Chairman Raggio pointed out that staff had indicated that neither the Committee nor the Executive Branch had the authority to increase the salary prior to the Legislative Session.

In response to a question from Senator Rawson, Mr. Haartz reiterated that the high end of the salary range for the State Health Officer was approximately \$140,000 per year.

Senator Rawson noted that with the serious emergency facing the country each state was filling positions with grant money available to them under a federal plan, which placed a demand on the most qualified people in the country. Senator Rawson indicated he would prefer to use a contract position until the issue could be addressed during the 2003 Legislative Session.

Mr. Haartz raised the issue communicated by the Attorney General's Office that, under their interpretation of *Nevada Revised Statutes*, a contractor could not be referred to as the Acting State Health Officer.

In response to a question from Senator Rawson concerning whether the Division could contract for the position until the issue could be addressed by the Legislature, Mr. Haartz indicated he believed it would be possible.

Senator Rawson recommended deferring Item 32 and approving Item 33 with the intent to adjust the salary for the position during the 2003 Legislative Session.

SENATOR RAWSON MOVED TO DEFER ITEM 32 TO CONTRACT WITH A FIRM TO RECRUIT A VIABLE CANDIDATE FOR THE STATE HEALTH OFFICER POSITION.

MRS. LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Weyrick asked that consideration be given to amending the funding transfer in Item 33 from \$20,000 to \$56,000.

Senator Rawson agreed.

SENATOR RAWSON MOVED TO AMEND ITEM 33 TO TRANSFER \$56,000 FROM THE PERSONNEL SERVICES CATEGORY TO THE OPERATING CATEGORY TO ALLOW THE DIVISION TO TEMPORARILY CONTRACT WITH A PHYSICIAN TO PERFORM SOME DUTIES REQUIRED OF THE STATE HEALTH OFFICER.

MS. LESLIE SECONDED THE MOTION.



In response to a question from Senator Mathews, Senator Rawson explained that the motion would amend the \$20,000 requested in Item 33 to include the funding for \$36,000 that had been requested for the recruitment firm in Item 32 for contract physician costs in Item 33.

THE MOTION CARRIED UNANIMOUSLY.

**34. Department of Human Resources – Health Division – Environmental Public Health Tracking System – FY 03** – Acceptance of \$518,566.00 in the National Environmental Publish Health Tracking Program to fund salaries for three new positions, out-of-state travel, operating, office equipment, computer hardware and software and sub-grants to the Nevada Indian Commission, Division of Environmental Protection, Department of Information Technology and the Department of Agriculture. These funds will allow states to begin development of a national environmental public health tracking program to link and report health effects data with human exposure data and environmental hazard data. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00 and includes new staff. **Relates to Item 18.**

Chairman Raggio noted Item 34 was a request for a new budget account to allow the acceptance of a new federal grant called the “Environmental Public Health Tracking System.”

Alex Haartz, Deputy Administrator, State Health Division, identified himself for the record. Mr. Haartz testified that the Health Division was successful in receiving funding from the Federal Centers for Disease Control and Prevention to participate in a nationwide effort to develop a national level tracking system for the cause of chronic disease much the same as for communicable or infectious disease.

Chairman Raggio discussed the recommendation by staff that the expenditure authority for the new budget account be revised to utilize standard categories applicable to all budget accounts.

Mr. Haartz indicated the Health Division was in full agreement with the recommendation by staff.

SENATOR RAWSON MOVED APPROVAL OF ITEM 34 WITH THE RECOMMENDATION BY STAFF TO UTILIZE THE STANDARD CATEGORIES APPLICABLE TO ALL BUDGET ACCOUNTS.

MR. HETTRICK SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**35. Department of Human Resources – Health Division – Special Children’s Clinic – FY 03** – Addition of \$586,524.00 in Transfer from Community Connections to receive additional federal funding from the Individuals with Disabilities Act (IDEA) Part C funds. These funds will provide salaries for two positions, out-of-state travel, in-state travel, operating, and contracts for professional services to provide early intervention services to children. Requires Interim Finance approval since the amount added to the IDEA Direct Services category exceeds 10% of the legislatively approved levels for that category.

Refer to motion for approval under Item D.

**36. Department of Human Resources – Child and Family Services – Juvenile Accountability Block Grant – FY 03** – Deletion of \$360,300.00 in Juvenile Accountability Block Grant to continue the program to promote greater accountability in the juvenile justice system, align the FFY 02 grant authority to the actual award, distribute the interest and provide capacity for the Nevada Youth Training Center to fully utilize UNITY. *Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.*

Chairman Raggio announced that IFC approval was requested to delete \$360,300 in Juvenile Accountability Block Grant funds to continue the program to promote greater accountability in the juvenile justice system. The Chairman also announced a public hearing was required for Item 36, and requested public testimony. There was no public testimony.

Edward Cotton, Administrator, Division of Child and Family Services, identified himself for the record. Mr. Cotton advised that the work program requested authority to align the Juvenile Accountability Block Grant for Federal Fiscal Year 2002 with the actual award.

MR. MARVEL MOVED APPROVAL OF ITEM 36.

SENATOR RAWSCON SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**37. Department of Human Resources – Child and Family Services – Juvenile Corrections Facility – FY 03** – Deletion of \$54,045.00 in Transfer from Other Budget Account to align the amounts transferred from the Juvenile Accountability Block Grant for the support of Summit View to reflect the 15 percent discretionary amounts of the FFY 02 grant award. *Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.*

Chairman Raggio announced that Item 37 required a public hearing, and he asked for public testimony. There was no public testimony.

Jim Baumann, Administrative Services Officer, Division of Child and Family Services, reported that 15 percent of the Juvenile Accountability Block Grant was used to support the Summit View Juvenile Correctional Facility. The work program requested deletion of \$54,045.00 to align the amounts transferred from the Juvenile Accountability Block Grant for the support of Summit View to reflect the 15 percent discretionary amounts of the Federal Fiscal Year 2002 grant award making it compatible with available funding.

CHAIRMAN ARBERRY MOVED APPROVAL OF ITEM 37.

MR. HETTRICK SECONDED THE MOTION

THE MOTION CARRIED UNANIMOUSLY.

**38. Department of Human Resources – Child and Family Services – Juvenile Corrections Facility – FY 03** – Transfer of \$106,000.00 from the Private Contractor category to the Operating category; transfer \$25,080.00 from the Private Contractors category to the Maintenance Buildings and Grounds category; transfer \$24,000.00 from the Private Contractors category to the Utilities category to maintain minimal maintenance and security of the Summit View Facility and make necessary repairs during temporary closure through June 2003. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00.

Chairman Raggio announced that Item 38 transferred a total of \$155,080 from the Contractor Payments category to the Operating, Buildings and Grounds and Utility categories to provide for the continued temporary closure of the 96-bed Summit View Youth Correctional Center. The Chairman requested comments on the current situation with the closure of Summit View.

Willie Smith, Deputy Administrator, Youth Corrections, testified that Summit View was closed and would continue to be closed through Fiscal Year 2003. Additionally, Ms. Smith reported that contract negotiations with Correctional Services Corporation had been fully terminated.

In response to questions from the Chairman concerning repairs to the facility, Ms. Smith advised that “no money changed hands in the final termination” of the contract. Ms. Smith reported that a summary of repairs with associated costs had been submitted to Correctional Services Corporation and they concurred with the “no money” arrangement. After reviewing a list of repairs required for the facility and the money owed to Correctional Services Corporation for the last month of services and medical costs they provided, attorneys for the State advised that “no money changing hands” was a good deal for the State.

In response to questions from Chairman Raggio concerning repair of the facility, Ms. Smith advised that adequate funding was available for repairs.

In response to questions from Chairman Raggio concerning the contractor selection process for the Summit View facility, Mr. Cotton advised that the Division representatives were awaiting direction from the Governor’s Office concerning the contractor selection.

In response to questions from the Chairman concerning the current placement of juveniles, Mr. Cotton advised that currently some juveniles were being placed with Corrections Corporation of America (CCA) in a facility in Memphis, Tennessee, some had been placed with Rite of Passage (ROP) in Nevada and some were in detention awaiting placement in Caliente Youth Center and Nevada Youth Training Center in Elko.

In response to a statement from Chairman Raggio concerning the current \$113 a day cost per juvenile for the CCA facility in Tennessee and Rite of Passage at \$124 a day, Ms. Smith advised that the previous provider, Correctional Services Corporation’s had charged \$122 per day.

In response to a question from Chairman Raggio concerning the cost for placement of juveniles at Caliente Youth Center and the Nevada Youth Training Center, Ms. Smith advised that rather than attempt to speculate on the figures, she would provide information on the cost of placement at Caliente Youth Center and the Nevada Youth Training Center.

Ms. Leslie questioned the impact closure of the Summit View facility had on the counties, especially Clark County.

Ms. Smith responded that currently there were 57 juveniles who had been placed in detention centers statewide. Additionally, Ms. Smith indicated Clark County, during the past week, had 35 juveniles over their rate of capacity in detention. Meetings had been conducted with officials to determine how best to expedite the movement of juveniles once they had been committed to State custody.

Ms. Leslie expressed concern that with the closure of Summit View and detention centers at an over-capacity level, “hard-core” juveniles who would have been placed in Summit View were perhaps being inappropriately placed at the Nevada Youth Training Center in Elko. Ms. Leslie questioned whether there was a long-term plan to reopen Summit View during Fiscal Year 2004.

Mr. Cotton indicated statistics showed Summit View needed to be opened to relieve some of the pressure being experienced by detention centers. Additionally, Mr. Cotton agreed with Ms. Leslie’s observation that the longer Summit View was closed, the more difficulty there would be in reopening it.

MR. DINI MOVED APPROVAL OF ITEM 38.

MS. GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**39. Department of Human Resources-Child and Family Services-Youth Community Services – FY 03** – Addition of \$635,850.00 in Chafee (Independent Living) Grant to continue the program to support youth transitioning from foster care toward adult living. Requires Interim Finance approval since the amount added to the Independent Living Program category exceeds \$50,000.00.

Refer to motion for approval under Item D.

**40. Department of Human Resources – Child and Family Services – Community Juvenile Justice Program – FY 03** – Addition of \$399,000.00 in the Enforcing the Underage Drinking Laws Discretionary Grant to reduce underage drinking by expanding the number of communities taking a comprehensive approach to the problem, with special emphasis on increasing law enforcement activity with regard to the sale of alcohol to minors. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

**41. Department of Human Resources – Child and Family Services – Children, Youth, and Family Administration – FY 03** – Addition of \$860,660.00 in the Federal Family Violence Grant to support programs that provide shelter and related services for victims of family violence. Requires Interim Finance approval since the amount added to the Family Violence category exceeds \$50,000.00.

Refer to motion for approval under Item D.

Chairman Raggio announced that Items 42, 43, 45, 46, and Item N would be considered together.

- 42. Department of Human Resources – Child and Family Services – Children, Youth and Family Administration – FY 03** – Deletion of \$372,628.00 in the Budgetary Transfer to B/A 3142; deletion of \$280,740.00 in the Federal Title IV–E; deletion of \$19,263.00 in the Federal Title IV–B, Part 1; deletion of \$25,574.00 in the Post-Adoption Fees; deletion of \$167,745.00 in the Temporary Assistance to Needy Families; deletion of \$25,673.00 federal Independent Living Grant to transfer 31.55 FTEs and associated costs to Washoe County effective January 6, 2003. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Legislative Session, and *requires a public hearing since action involves allocation of block grant funds*. **Relates to Item 43.**

Refer to narrative under Item 46.

- 43. Department of Human Resources – Child and Family Administration – Child Welfare Integration – FY 03** – Addition of \$372,628.00 in the Budgetary Transfer from B/A 3145; addition of \$280,740.00 in the Federal Title IV–E; addition of \$19,263.00 in the Federal Title IV-B Part 1; addition of \$25,574.00 in the Post-Adoption Fees; addition of \$167,745.00 in the Temporary Assistance to Needy Families; addition of \$25,673.00 in the Federal Independent Grant to pay for ongoing costs of 31.55 FTEs transferring to Washoe County January 6, 2003. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Legislative Session, and *requires a public hearing since action involves allocation of block grant funds*. **Relates to Item 42.**

Refer to narrative under Item 46.

- 44. Department of Human Resources – Child and Family Services–Child Welfare Integration – FY 03** – Transfer authority between various categories to reflect actual fiscal year 02 ending balances. The estimated balance forwards from fiscal year 02 to fiscal year 03 were approved at the June 18, 2002 Interim Finance Committee meeting. Requires Interim Finance approval since the amount transferred to the Transfer to Washoe County category exceeds \$50,000.00. **WITHDRAWN NOVEMBER 15, 2002.**

Item 44 was withdrawn on November 15, 2002.

- 45. Department of Human Resources – Child and Family Services – Child Welfare Integration– FY 03** – Addition of \$27,571.00 in the Budgetary Transfer from B/A 3149; addition of \$22,558.00 in federal Title IV–E to transfer costs of two foster-care licensing staff and associated operating costs from the Child Care Services to Washoe County effective January 6, 2003. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Legislative Session. **Relates to Item 46.**

Refer to narrative under Item 46.

- 46. Department of Human Resources – Child and Family Services – Childcare Services–FY 03** – Deletion of \$27,571.00 in the Budgetary Transfer; deletion of \$22,558.00 in federal Title IV–E to transfer two foster-care licensing staff and associated operating costs to Washoe County effective January 6, 2003. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Legislative Session. **Relates to Item 45.**

Assemblywoman Barbara Buckley, representing Assembly District 8, identified herself for the record.

Ms. Buckley announced that State and county representatives would begin the presentation, and as Chairwoman of the Committee on Children, Youth and Families, she would follow.

Edward E. Cotton, Administrator, Division of Child and Family Services (DCFS), identified himself for the record. Mr. Cotton announced that the four work programs represented in Items 42, 43, 45, and 46, were the final requests to transfer staff in accordance with the provisions of A.B. 1 of the 17<sup>th</sup> Special Session.

Jim Baumann, Administrative Services Officer, Division of Child and Family Services identified himself for the record. Mr. Baumann announced that Phase I of the transfer of staff, in accordance with the provisions of A.B. 1, 17<sup>th</sup> Special Session, took place in April 2002 when 18.5 staff and associated costs were transferred to Washoe County. Phase II covered an additional 31.5 staff and associated costs from the Child, Youth and Family Administration (Budget Account 3145) to Child Welfare (Budget Account 3142) and a transfer of salary and operating costs for two foster-care licensing staff from Child Care Services (Budget Account 3149) to Washoe County.

In response to questions from Chairman Raggio, Mr. Baumann reiterated that 18.5 staff had been transferred in Phase I and 31.5 in Phase II. Mr. Baumann indicated that DCFS staff would return to the Committee with reconciliation issues for accommodations such as moving staff into their facilities earlier, terminating leases, etc.

Mr. Cotton advised that Michael Capello, Director, Washoe County Department of Social Services, and Susan Klein-Rothschild, Director, Clark County Department of Family Services would assist him in delivering a PowerPoint presentation on Nevada’s Integrated Child Welfare System (Exhibit F).

Mr. Cotton provided introductory remarks concerning the Integrated Child Welfare System and told the members of the Committee that with passage of A.B. 1, 17<sup>th</sup> Special Session, a commitment was made to improve the child welfare system that, because of its bifurcated structure, was not capable of effectively serving its vulnerable population.

Mr. Cotton advised that research revealed children who grew up in foster care often exhibited emotional and behavioral problems and that lack of permanency contributed to expensive future social problems.

Mr. Cotton explained that the concept of the integrated plan was to streamline the system so that rather than automatic transfers from case manager to case manger, children in the system would be served by a single case manager. Additionally, children would remain in the same foster home and move toward permanency.

Susan Klein-Rothschild, Director, Department of Family Services, Clark County, identified herself for the record and also pointed out that the pilot program in Washoe County as well as nationwide research revealed that children with fewer placements and fewer workers had success in more quickly attaining a permanent home.

Moving on to the future-funding plan (Exhibit E), Mr. Cotton testified that in accordance with Section 132, A.B. 1, the Division of Child and Family Services was required to submit a future funding plan by September 15, 2002 to the Committee on Children, Youth and Families, chaired by Assemblywoman Barbara Buckley.

Mr. Cotton reported that the Division, and Clark and Washoe Counties worked together to develop the future-funding plan which he said addressed the costs of providing child welfare services for Fiscal Years 2004 and 2005; proposed how funding would be provided for the upcoming biennium and recommended additional considerations for future biennia. Mr. Cotton indicated the plan was developed under the basic principle that the purpose of integration was to improve the delivery of services, not to shift fiscal responsibility in either direction.

Addressing the assumptions for estimating costs, Mr. Cotton provided a brief overview on the definition of “Front-End”(Child Protective Services) and “Back-End” (Child Welfare Services).

Mr. Cotton explained that in Nevada traditionally Clark and Washoe Counties provided “Front-End” services, which included:

- Child Abuse Prevention Services
- Investigations of abuse and neglect
- Family Assessments
- Emergency Shelter Care and/or Short-term Foster Care
- In-home Services

“Back-End” Services traditionally provided by the State included:

- Placement Services (Family Foster Care, Higher Levels of Care)
- Case Management for Foster Care and Adoptions
- Independent Living Services
- Family Preservation
- Foster Care/Group Home Licensing

Other assumptions for estimating costs included staff to caseload ratios:

- 1:28 staff to children for foster care case management
- 1:35 staff to children for special needs adoptions
- 1:53 staff to children for non-special needs adoptions

Chairman Raggio questioned how the caseload ratios were determined.

Michael Capello, Director, Washoe County Department of Social Services, identified himself for the record and responded that historically Washoe County’s investigative caseload ratio was 1:15 (1 investigator to 15 investigations per month) and a foster-care caseload based on 1 to 18 families. While the State determined their caseloads by the number of children, Washoe County determined their caseload by families. Thus, Washoe County translated 1 to 18 families to the average number of children served in a family, which provided the 1:28 staffing ratio. Mr. Capello pointed out that Washoe County also reviewed the recommended national standards for child welfare caseloads, which were in the neighborhood of 1 to 20 and significantly lower than the 1:28 ratio established by Washoe County. While the national standards were lower, Mr. Capello indicated they chose to remain with the 1:28 ratio because Washoe County had demonstrated they could achieve success with that caseload ratio.

In response to questions from Chairman Raggio concerning the difference in ratios and the integration costs, Mr. Cotton clarified that the State’s higher caseloads was one of the items factored into reaching a 1:28 statewide ratio.

Susan Klein-Rothschild reported that while caseload projections presented a quandary, it was agreed that projections would be based on population growth and that growth would be based on the population of children served who were ages 0 to 19. Ms. Rothschild pointed out that the “great growth rates” were applied to Clark County and Washoe County based upon the growth rates for each of those counties. Ms. Rothschild indicated it was important to note the 20 percent caseload growth rate projections for adoption subsidies were determined on the actual dramatic growth in that area. Additionally, Ms. Rothschild pointed out that children who moved from foster care to a permanent adoptive family required increased funding to assist in maintaining them in a permanent family.

Mr. Capello addressed differences in foster-care cost, reimbursement and respite care. Mr. Capello also provided an explanation on the origin of the rate difference and development of the recommendation.

Mr. Capello reported that upon beginning the process of integration, county and State representatives wanted to ensure that the “backend of the system,” operated by the Division of Child and Family Services and which had been significantly under funded, was improved.

Mr. Capello indicated that Washoe County could not recruit foster homes at the regular rate the State was paying and was forced into a situation to deal with their capacity to “simply pay more.” A key integration issue was with children in foster homes that Washoe County contracted with at \$44 a day and who when transferred to the State were placed in another home because the State was only paying \$12 a day. Mr. Capello indicated that Washoe County could not recruit enough homes to deal with the capacity of children being placed.

Mr. Capello testified that during the integration process, it was recognized that a single county could not operate with two rate structures and a way had to be found to go from \$44 a day to a rate that the county and the Committee on Children, Youth and Families viewed as reasonable. In doing so, Washoe County reduced their rate to \$40 a day for the first ninety days (viewed as an emergency period) and considered solely a county cost. After the first ninety days, the rate would drop to \$30 a day for children remaining in the system. The remainder of the State at that point was proposed to continue at the currently authorized State rate that the Legislature authorized for the current biennium.

Mr. Capello indicated the rationale used to support the rate was that Washoe County demonstrated during the pilot phase that only about 10 percent or approximately 200 children went to a higher level of care (anywhere from \$55 a day to a \$100 or more a day). During the same period, 30 percent of the children who did not participate in the pilot program were transferred in the normal system to higher levels of care, which was attributed, in part, to the contracting and payment process that had been established with foster parents. Specifically, Mr. Capello indicated that foster parents took children with significant behavior and emotional problems into their homes 24 hours-a-day, seven-days-a-week, and in order for those foster parents to make a commitment, a greater commitment had to be made to the children by Washoe County.

Additionally, Mr. Capello addressed their request for a formal respite care program. Historically, he said there had been a small amount of money available for respite care, however, Washoe County wanted to be in a position to ensure that each foster parent knew they had respite care available to them and could take advantage of that care to alleviate the stress and challenges of dealing with children who had significant problems.

Continuing his presentation, Mr. Capello addressed funding considerations and indicated that federal reimbursement for Washoe County was 32.7 percent and for Clark County was 36 percent.

In response to Chairman Raggio who questioned the difference in rates, Mr. Capello indicated that Title IV-E, as the primary federal funding source, was a program that required families whose children were placed in foster care to meet an income test. Mr. Capello explained that the income test was tied to the old Aid to Families with Dependent Children (AFDC) income rate. While Washoe County had fewer children entering the system whose families met the low-income standard, many families with children entering the system in Las Vegas were able to meet the low-income standard.

In response to questions from Chairman Raggio concerning the Title IV-E permanency requirement, Mr. Capello advised that one of the factors that the Adoption Safe Family Act placed on all states was to move children to permanency within 12 months. Mr. Capello pointed out that the integrated system provided an easier access to permanency. Additionally, Mr. Capello pointed out there were potential penalties to future Title IV-E funding for non-compliance.

In response to additional questions from Chairman Raggio concerning sanctions imposed on states that had failed the auditing process, Mr. Cotton reported that every state reviewed thus far had failed the test. While immediate sanctions were not imposed, Mr. Cotton indicated the states were required to develop an improvement plan. Sanctions, such as losing a significant portion of Title IV-E funding would be imposed on states that refused to develop a plan or did not meet goals, defined in an improvement plan, within identified timeframes. Additionally, Mr. Cotton advised that the issues with the children were significant because permanency had to be attained within 12 months.

Mr. Cotton moved on to address the future funding formula options and funding swap, which included:

- State only with County Maintenance of Effort;
- County only with State Maintenance of Effort;
- County Block Grant;
- State/County Sharing with Constant Rate; and
- State/County Sharing with Variable Rate.
- Medicaid Long Term Care County Match Program
- District Court Costs
- Ad Valorem Tax Swap

Mr. Cotton advised that one of the larger issues discussed in reference to the funding swap was to develop a formula for sharing costs. Mr. Cotton explained that if, for example, either Clark County or Washoe County decided they wanted to change their rate of pay for workers or change a foster care rate, a lengthy negotiation process could be avoided. Additionally, decisions the counties made would only impact them and not the State.

Mr. Capello addressed issues related to and the recommendation for the implementation of a swap between child welfare costs and the Medicaid Long-Term Care County Match Program. Mr. Capello reported that in reference to the Medicaid Long-Term Care County Match program, currently both Washoe and Clark Counties paid the non-federal share for a significant portion of individuals entering nursing homes whose incomes were up to 300 percent of the SSI level. Mr. Capello indicated that it was recommended the counties assume the full responsibility for all personnel, salaries, benefits and operating costs in exchange for the State assuming the responsibility for future long-term care of that population. Mr. Capello discussed the close parallels between the two programs and indicated that the risk to either entity was an escalation of costs. Part of the counties' proposal was to include a future "true up" provision after determining the result of swapping the two programs. The counties would then be left to deal only with sharing costs for the foster care placement adoption subsidies, and the State would no longer be responsible for county personnel or county operating costs which alleviated many of the State's concerns concerning participation in payment of salaries for county employees.

Mr. Cotton moved to page 9, (Exhibit F) and pointed out that the chart provided estimated costs for Fiscal Year 2003, 2004 and 2005. Those costs included purchase placement, operating/indirect and totaled:

- Fiscal Year 2003 - \$72,527,735
- Fiscal Year 2004 - \$89,294,509
- Fiscal Year 2005 - \$94,789,137.

Ms. Rothschild pointed out the greatest impact in the difference of costs included the annualization of costs approved in A.B.1, (17<sup>th</sup> Special Session) and the significant caseload increase.

Mr. Capello noted that salaries drove the increased cost and pointed out a \$5 million difference in the salary and benefit line in Fiscal Year 2004. Mr. Capello also pointed out that several of the positions that were discussed earlier were in compliance with the 1:28 caseload ratio. While Mr. Capello said the difference between county and state salaries was significant, compliance with caseload ratios was needed in order to manage cases effectively. Mr. Capello pointed out that purchase placement indicated a \$10 million in difference in costs from Fiscal Year 2003 to Fiscal Year 2004. Mr. Capello noted that a significant portion of the purchase placement increase was driven by adoption subsidies, which had increased by 20 percent. While the growth was alarming, Mr. Capello indicated the ultimate goal was that the children be adopted, and the majority of those children were eligible for Title IV-E funding, and the federal government provided assistance in funding half of those adoption subsidy costs.

In response to a question from Chairman Raggio, Mr. Capello indicated the amounts reflected in the chart covered the total costs for Washoe County, Clark County and Division of Child and Family Services

In response to additional questions from Chairman Raggio, Mr. Cotton clarified the costs included Front-End (Child Protective Services) and Back-End (Child Welfare Services) costs. Mr. Cotton also clarified that while the integration for Clark County had been delayed as a result of budget issues; the costs indicated by the charts included all the costs that would be borne by the State and both counties.

Mr. Capello also reported that the charts on page 9 (Exhibit F) included back-end expenditures and placement costs to transfer employees from the State to Washoe County and similarly a transfer of the back-end costs

from the State to Clark County. Mr. Capello indicated Diane Jungwirth would address the inclusion of the Division of Child and Family Services' rural costs.

Diane Jungwirth, Deputy Administrator, Division of Child and Family Services, identified herself for the record. Ms. Jungwirth further clarified that the chart displayed on page 9 (Exhibit F) covered the total cost of providing child welfare services for the entire state which included the counties and Division of Child and Family Services' costs.

In response to questions from Chairman Raggio, Ms. Jungwirth advised that the graph on page 9 (Exhibit F) provided the total estimated cost for statewide child welfare services for Fiscal Year 2004 and Fiscal Year 2005.

In response to questions from Chairman Raggio concerning how counties other than Washoe and Clark were affected by integrated child welfare services, Mr. Cotton advised that the Division of Child and Family Services would continue to provide all services in rural Nevada.

Moving to the graph on page 10 (Exhibit F), Ms. Jungwirth addressed the breakdown of projected cost increases:

- Annualized Expenses of \$8,887,239 for Fiscal Year 2004 and \$9,750,489 for Fiscal Year 2005 (funding appropriated in A.B. 1 17<sup>th</sup> Special Session paid for half of the costs which had to be annualized to be correctly reflected in the Fiscal Year 2004-2005 budget);
- Caseload increases at \$4,319,552 in Fiscal Year 2004 and \$8,141,076 for Fiscal Year 2005;
- Enhancements (included respite care) at \$1,429,946 for Fiscal Year 2004 and \$1,331,836 for Fiscal Year 2005;
- Inflation/cost of living allowance (COLA) at \$1,131,037 for Fiscal Year 2004 and \$9,750,489 for Fiscal Year 2005.

In response to questions from Mr. Goldwater concerning the graph on page 10 (Exhibit F) and the box marked Caseload Increases, Ms. Jungwirth clarified that the costs for caseload increases for children in foster care which included the 20 percent increase in adoption subsidies was projected to increase from \$4,319,552 in Fiscal Year 2004 to \$8,141,076 in Fiscal Year 2005. With respect to the box marked Inflation, Ms. Jungwirth clarified that the projected inflation costs included a 3 percent Consumer Price Index (CPI) and cost of living increases for employee-driven costs were included in the counties' budget requests.

Mr. Cotton moved to the graph on page 11 (Exhibit F), which he indicated broke down the estimated funding for Fiscal Year 2003, Fiscal Year 2004 and Fiscal Year 2005. Mr. Cotton pointed out that General Fund funding increased over the biennium from \$33,612,539 in Fiscal Year 2003 to \$48,439,848 in Fiscal Year 2004 to \$52,089,397 in Fiscal Year 2005.

In response to questions from Mr. Goldwater concerning the basis for the projected cost increases, Ms. Jungwirth explained that the calculations were made based on the assumptions for the 32.7 percent federal reimbursement for Washoe County and 36 percent federal reimbursement for Clark County.

Mr. Cotton advised the members of the Committee that the funding recommendations presented to the Legislative Committee on Children, Youth and Families were outlined on pages 12 and 13 (Exhibit F). Mr. Cotton addressed the following recommendations:

- Implementation of a swap between child welfare costs and Medicaid Long Term Care County Match costs in both counties;
- Implementation of a "State/County sharing with a constant rate" funding formula in Washoe County beginning in the 2003-2005 biennium, and in Clark County 18 months from the transfer of services/employees.

Although the integration of services had not yet begun in Clark County, Ms. Rothschild reported that Clark County was committed to do what was best for the children and families who would be served through the system. Ms. Rothschild indicated that costs would be tracked over a period of 18 months to determine actual General Fund costs, federal financial participation and opportunities to increase federal financial participation before moving forward to make "good funding decisions."

Mr. Cotton addressed the following and final three funding recommendations:

- Washoe and Clark Counties would assume responsibility for all back-end salary, benefit, operating and pool costs that were previously the responsibility of the State. Any residual costs would then be applied toward placement/other costs;
- The State assumed responsibility for the county match dollars currently expended by Washoe and Clark Counties for long-term care;
- The county and the State would share all remaining costs (Placement/Other) in the same proportions as the county and State now devoted to those costs.

In response to a question from Chairman Raggio concerning the State's position on the proposed swap, Mr. Cotton indicated the Division of Child and Family Services and the Governor supported the concept. Additionally, Mr. Cotton indicated the economics of implementation in the overall budget process were currently under discussion.

Chairman Raggio questioned the end result if, under the proposed swap, the cost of long-term care exceeded the assumption of the counties' back-end costs.

Mr. Capello responded that a pre-determined "true-up, would allow both entities to evaluate their respective costs and ensure the percentages utilized in the funding formula reflected actual experience."

Given the State's current economic situation, Chairman Raggio said it appeared to him the greater risk was that the State's long-term care costs would increase rather than the back-end costs to the counties.

Mr. Capello responded that consensus had been reached by both entities that historically parallel growth had been seen across the two programs.

Chairman Raggio again questioned the use of the "true-up" process, if at some point in the future the increase in long-term care costs exceeded the cost of child welfare services to the counties.

Mr. Capello responded that State and county staff had discussed a remedy that would realign responsibility and future costs, and the consensus was that rather than going back to make each entity “whole” for the previous two years, they would move forward.

Chairman Raggio questioned whether in the true sense of “true-up,” each county would contribute funding to the State to ensure the situation was even.

Mr. Capello reiterated that during discussions concerning the issue, staff defined “true-up” as realigning responsibility and future costs moving forward into the next biennium rather than taking retroactive action.

Chairman Raggio reiterated that it appeared costs for long-term care and reimbursement for providers would significantly increase in the future. Additionally, the Chairman questioned whether the Governor’s Office had “signed off” on the swap.

Mr. Cotton responded that the Governor had not signed off on the swap.

Mike Willden, Director, Department of Human Resources, identified himself for the record. Mr. Willden indicated that the risks to both sides had been “actively discussed,” and while a final “sign off” had not yet occurred, there was a “conceptual agreement” that swapping long-term care with child welfare services made sense. Mr. Willden indicated that risks on the long-term care side included the fact that more seniors were moving into Nevada, and long-term health care providers were under funded. However, a benefit was that the State was currently scheduled to receive a higher federal participation rate in long-term care going from 51 percent federal dollars to 55 percent. Additionally, Mr. Willden explained there had been a recent effort to move people from more expensive long-term care facilities into home and community-based settings. Mr. Willden indicated that while it remained to be seen whether the costs to both entities would be even, it was conceptually possible for the dollars to be even in Fiscal Year 2004 after which implementation of the “true-up” provision would take place.

In response to questions from Chairman Raggio concerning the definition of “true-up,” Mr. Willden confirmed that discussions had taken place to realign responsibility and future costs prospectively into the next biennium rather than retroactively. Mr. Willden said that if a poor decision was made on growth rates, a return to a future legislative session or policy session would be required to discontinue moving forward, and the counties would have to participate in the child welfare program at a higher rate, or the State if the situation were reversed.

Chairman Raggio questioned the reality of the situation and indicated that it appeared eventually the Legislature would be requested to provide additional funding for the State’s program.

Mr. Willden expressed his understanding of the risks and indicated the Governor was supportive of the concept. However, Mr. Willden indicated that prioritizing the funding had not yet occurred.

Mr. Goldwater also expressed concerns in reference to the “true up” concept and indicated that the discussion concerning the prospective issue was “very discouraging.” Mr. Goldwater cautioned that the “true-up” concept appeared to be “a short term solution to a very difficult problem” which in the long term would be “a recipe for disaster” regardless of which of the entities held responsibility for long-term care or child welfare.

Mr. Willden indicated he understood the concerns and said that perhaps both systems would have to be funded “straight up” so that each could be dealt with on its own merits. However, Mr. Willden indicated that under the current tax structure the counties could not raise the revenue to provide the Medicaid program with the dollars needed for the long-term care county match program, a problem that would have to be dealt with during the Legislative Session. Mr. Willden further indicated that the intent of the integrated system was to formulate an “altruistic” approach for each entities’ share of the responsibility, and the concerns expressed by members of the Committee would have to be addressed.

Mr. Goldwater commended the various representatives’ efforts in meeting the challenges of the integrated system; however, he indicated, that from a policy maker’s standpoint, the funding responsibilities would prove difficult to deal with in the future.

Assemblywoman Barbara Buckley, Chairwoman of the Legislative Committee on Children, Youth and Families identified herself for the record. Ms. Buckley stated that she was provided the opportunity to learn about Nevada’s child welfare system after having served on a 1999 Legislative subcommittee that considered a bill to improve the lives of children in foster care.

Ms. Buckley advised that in order to comply with federal law, serve the children of Nevada and improve the standard 3.5 placements in six months for children under 5, the system had to be changed. Ms. Buckley indicated that Nevada’s high caseload standards, low foster-care rates and treatment of severely emotionally disturbed children would be changed under the provisions of A.B. 1, 17<sup>th</sup> Special Session.

Ms. Buckley reported that the Department of Human Resources provided the idea of the long-term care swap to the Committee on Children, Youth and Families. While initially skeptical, Ms. Buckley advised that the Committee had unanimously endorsed the swap and spent “a great deal of time” on the funding formula.

Ms. Buckley indicated that while there were a number of reasons the swap made sense, long-term care was the only program the Department of Human Resources believed was realistic in terms of costs being close to the costs for child welfare services. Ms. Buckley also indicated her understanding of the concerns in reference to the future cost of long-term care. However, Ms. Buckley pointed out that the counties’ obligation was only for those individuals between 156 and 300 percent of the Supplemental Security Income (SSI) level limit.

Additionally, Ms. Buckley indicated she believed the “true-up” concept had been mischaracterized. It was Ms. Buckley’s understanding that if the assumptions proved to be incorrect and the costs for long-term care rose uncontrollably, the funding formula would be readjusted. Ms. Buckley also pointed out the State had the power to shift a part of the responsibility back to the county.

Ms. Buckley addressed the fact that the counties would begin paying nearly 50 percent of purchase placement costs for children who needed to be placed in therapeutic foster-care homes or other higher levels of care. Currently, Ms. Buckley pointed out that children in foster care were constantly moved about and had to deal with new caseworkers. If a child suffered emotionally because of being moved around and “acted out,” the child would be placed into a higher and more costly level of care. The funding plan provided the counties with an incentive to provide permanency and to maintain children in the lower levels of care, or be required to pay 50 percent of the cost of purchase placement.

Ms. Buckley indicated the Committee on Children, Youth and Families determined that the ideas presented to them concerning the integrated system were convincing, and they had reached consensus on the policy goals and funding recommendations, which would be presented to the 2003 Legislature for review. Ms. Buckley concluded her remarks by indicating that the integrated system would save the state money in the long run and at the same time would help Nevada’s children.

Ms. Giunchigliani recalled that an interim committee she had chaired six years ago studied the differences between State and local responsibilities, and one of the recommendations was that long-term care was, is and should be a State responsibility. Ms. Giunchigliani indicated the “fundamental premise” of responsibility was one that should be reviewed again.

Chairman Raggio noted that over the years a shifting of responsibilities between the State and counties had occurred and currently the State was facing a larger deficit than the counties. Chairman Raggio recalled that when A.B. 1 was processed out of the Senate, the understanding was that the counties would assume the cost, not the State. Chairman Raggio pointed out that the counties had been willing to assume the cost and now it appeared the counties wanted to place the higher risk on the State at the point the State was facing a \$350 million budget deficit. Chairman Raggio indicated the State did not have the same revenue increases as local governments and said the Committee would be less than prudent to endorse the funding recommendations, particularly the future costs of long-term care.

Ms. Buckley recalled that when the Assembly acted on the legislation, it was determined that A.B. 1 would be used as a base and increases were made in the foster-care rate and caseload standards. However, during the interim, representatives from the counties and the Department of Human Resources approached the Committee on Children, Youth and Families with a proposal for future funding. The amount the county paid was agreed on and swapped so that counties assumed half of all the purchase placements costs which Ms. Buckley indicated was a large risk on their part. However, Ms. Buckley acknowledged that the State was in a more financially precarious position than the counties.

Chairman Raggio indicated that until the financial situation at the state level was more clearly determined, the Interim Finance Committee could not make a firm commitment on the future funding recommendations for the integrated system.

Donna Coleman, President of the Children’s Advocacy Alliance identified herself for the record and introduced Cynthia Musgrove also representing the Children’s Advocacy Alliance and Kathleen Boutin, representing the Clark County Health District and Fran Marshall representing the Andre Agassi Foundation.

Speaking in support of the funding recommendations, Ms. Coleman reported that currently Child and Family Services in Clark County had five less caseworkers than they needed to administer the caseload, and as a result, 200 children were not being served. Recalling a child in Florida who was missing for a year before Welfare authorities were aware of the situation, Ms. Coleman wanted the Committee to be aware of the shortage of caseworkers in Clark County.

Additionally, Ms. Coleman pointed out that the State of Washington recently lost a lawsuit brought by the National Center for Youth Law on behalf of 3,500 children. The cost to the State of Washington was \$1.3 million in damages plus the changes ordered by the court would cost the state \$65 million to \$70 million a year. Ms. Coleman concluded her remarks by asking the members of the Committee to maintain their “commitment to the children of Nevada.”

Chairman Raggio clarified that while the members of the Interim Finance Committee had no argument with the integration of child welfare services, they lacked the authority to provide funding.

Chairman Raggio pointed out that the Committee’s authority during the current meeting would be to approve the transfer of positions to Washoe County, and the future-funding plan would be considered during the 2003 Legislative Session.

Ms. Buckley indicated the representatives testifying before the Committee simply wanted to make the members aware of their concern that children were at risk as a result of vacant positions that could not filled.

On behalf of the Committee, Chairman Raggio extended his appreciation to county representatives for their testimony and indicated Committee members had taken note of the situation.

Senator Rawson commended those who had been involved in the process and indicated the presentation provided the necessary information for consideration of the funding aspect during the 2003 Legislative Session.

There was no additional public testimony.

Chairman Raggio entertained a motion that recommended approval of items 42,43, 45 and 46 with an understanding that the action by the Interim Finance Committee was to further the integration effort in Washoe County in the current biennium and should not be construed as an endorsement or adoption of the proposed future funding formula and the related estimated cost for the continuation of the integration. Chairman Raggio noted that the motion made it clear that the future-funding plan would be deliberated during the 2003 Legislative Session.

SENATOR RAWSON MOVED APPROVAL OF ITEMS 42, 43, 45, AND 46 WITH AN UNDERSTANDING THAT THE ACTION BY THE INTERIM FINANCE COMMITTEE WAS TO FURTHER THE INTEGRATION EFFORT IN WASHOE COUNTY IN THE CURRENT BIENNIUM AND SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT OR ADOPTION OF THE PROPOSED FUTURE FUNDING FORMULA AND THE RELATED ESTIMATED COST FOR THE CONTINUATION OF THE INTEGRATION.

MRS. CEGAVSKE SECONDED THE MOTION.

For the record, Ms. Giunchigliani requested clarification that approval of Items 42 43, 45 and 46 did not prohibit discussion during the 2003 Legislative Session of the proposed funding plan.

Chairman Raggio reiterated that the motion was to approve the work programs and was not to be construed as a commitment to future funding.

THE MOTION WAS CARRIED UNANIMOUSLY.

**47. Department of Human Resources – Community Connections - State and Community Collaborations – FY 03 –** Addition of \$475,541.00 in federal Education of Handicapped Children Grant to align statewide direct services support for handicapped children by implementing a weighted formula of actual children served in prior periods and adjusting grant support to better serve that population, particularly in the rural regions. Requires Interim Finance approval since the amount added to the Transfer of IDEA to the Health Division category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.



48. **Department of Human Resources – Community Connections - State and Community Collaborations – FY 03** – Addition of \$475,541.00 in the federal Education of Handicap Children Grant to align statewide direct services support for handicapped children by implementing a weighted formula of actual children served in prior periods and adjusting grant support to better serve that population, particularly in the rural regions. Requires Interim Finance approval since the amount added to the Transfer IDEA to Health Division Grant category exceeds \$100,000.00. **WITHDRAWN OCTOBER 24, 2002. Duplicate submittal; refer to Item 47.**

Item 48 was withdrawn.

49. **Department of Human Resources – Child and Family Services – Northern Nevada Child and Adolescent Services – FY 03** – Addition of \$113,111.00 in Transfer from Other Budget (Individuals with Disabilities Education Act Grant) to continue program for early childhood treatment services to children (ages birth to 3 years old) with developmental delays. Adds one new 51% Developmental Specialist and increase two 51% positions to 75% and one 51% position to full-time to reduce the waiting list. Requires Interim Finance approval since the amount added to the IDEA Funded Happy Program category exceeds \$50,000.00 and includes new staff.

Refer to motion for approval under Item D.

50. **Department of Human Resources – Community Connections – State and Community Collaborations – FY 03** – Addition of \$25,000.00 in federal grant Head Start to align budget authority for State Fiscal Year 2003, with the authorized federal Head Start Collaboration grant. Requires Interim Finance approval since the amount added to the Head Start State Collaboration category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.

51. **Department of Human Resources – Welfare Division – Temporary Assistance to Needy Families (TANF) – FY 03** – Addition of \$2,198,838 in federal TANF ~~Program funds~~ (High Performance Bonus) *and the reduction of expenditure authority in several categories to augment the Cash Assistance category* to fund additional TANF cash assistance recipients due to a 64 percent caseload increases ~~as compared to August 2001. The proposed increase will be accomplished by reducing expenditure authority in several categories, reducing TANF reserve and use of the high performance bonus.~~ Requires Interim Finance approval since the amount added to the Cash Assistance category exceeds \$50,000.00. *Requires a public hearing since action involves allocation of block grant funds.*

Nancy Ford, Administrator, Welfare Division, identified herself for the record and introduced Roger Mowbray, Administrative Services Officer.

Ms. Ford testified that the work program in Item 51 augmented the Temporary Assistance to Needy Families (TANF) Cash Assistance category with funding the Division received from a high-performance bonus for Fiscal Year 2000. Ms. Ford explained that some of the funding had been used to offset a portion of the additional costs that resulted from TANF caseload increases. Additionally, the work program transferred funding from various expenditure categories to fully fund the Cash Assistance program.

In response to questions from Ms. Giunchigliani concerning a TANF match for the Kinship Care program, Ms. Ford indicated that Kinship Care was funded 100 percent through TANF dollars. Ms. Ford advised that a public hearing was held on October 18, 2002 wherein the grant methodology was changed so as not to exceed the legislatively approved dollar amount for that program.

In response to questions from Ms. Giunchigliani concerning why benefits to grandparents in the Kinship Care program were reduced while there was a reserve in TANF, Ms. Ford advised that funding from the TANF reserve could not be provided since only \$2.3 million was legislatively approved for the program.

Ms. Giunchigliani pointed out that as a result of reduced benefits in the Kinship Care Program, grandparents were being forced to place their grandchildren in foster care, which she indicated was “shortsighted” and would cost the state additional money.

Ms. Ford indicated that while a \$4 million TANF surplus was projected at the end of Fiscal Year 2003, a \$12 million shortfall was projected for Fiscal Year 2004.

Ms. Giunchigliani expressed her desire to assist families enrolled in the Kinship Care Program and asked Division representatives to look into trying to maintain the Kinship program with additional TANF dollars and report their findings at the next hearing.

Ms. Ford agreed to investigate the possibility.

Chairman Raggio noted Item 51 required a public hearing and asked for public testimony.

Scott Lieberman, Vice President, Imagination Plus Child Care Centers, identified himself for the record and distributed a document titled “Save Child Care in Nevada,” (Exhibit D) Mr. Lieberman testified that Imagination Plus Child Care Centers, a chain of two pre-schools, had been located in Las Vegas for the past six years. Imagination Plus provided childcare for low-income families at one of their locations, and approximately 65 percent of the children at that location were funded by Economic Opportunity Board (EOB) subsidies. In October 2002, Imagination Plus received information that the daily rate would be replaced with a weekly rate, which would result in a 30 percent decrease in revenue.

Mr. Lieberman reported that the state reimbursed child care operators an average of \$28 a day for all ages before October 1, 2002, and currently reimbursement was at an average of \$22 per day. Additionally, Mr. Lieberman said that if a provider’s rates were higher than the State maximum, the parents were required to make up the difference. If the parents could not make up the difference, they were often forced to leave children with friends, neighbors, unattended, or to place them in unlicensed and unregulated childcare centers.

Before October 1, 2002, Mr. Lieberman said the State reimbursed childcare providers at the 75<sup>th</sup> percentile of the nation’s provider rates and currently reimbursement was at the 70<sup>th</sup> percentile. Mr. Lieberman indicated he had learned that funding for subsidies to childcare operators serving low-income families had to be cut in order to ensure the long-term continuation of the program.

Additionally, Mr. Lieberman reported that by a child’s sixth birthday, the rate dropped from \$26 a day to \$16 a day. In most cases, he said children were in the centers between 8 and 10 hours per day, and the providers were being reimbursed at \$1.60 per hour. On a comparative basis, Mr. Lieberman pointed out that childcare centers were being reimbursed an average of approximately \$2.20 per hour per child and had the additional

burden of insurance, rent and compliance with various governmental entities while private childcare providers, who did not have to incur those expenses, were difficult to find for \$8 or \$9 an hour. As a result of the 30 percent revenue reduction, Mr. Lieberman indicated a hardship had been placed on childcare providers to provide quality childcare. Mr. Lieberman expressed concern that the necessary reductions to ensure their doors remained open could potentially affect the quality of childcare and prevent childcare operators from meeting the requirements of the state rate system.

In reference to TANF, Mr. Lieberman indicated that an article from the Center for Law and Social Policy that appeared in Education Weekly on January 10, 2002 included a scorecard on the various states' disbursement of TANF dollars to assist low-income families. In 2000, Nevada received \$73 million in TANF funds and based on the analysis in the article, Mr. Lieberman indicated that no state spent less TANF direct funds as a percentage of the total than the State of Nevada. Additionally, Mr. Lieberman reported:

- 19 states transferred 20 percent of TANF funds to childcare;
- 12 states transferred 15 to 19 percent of TANF funds to childcare; and
- Nevada spent .08 percent or \$600,000 of \$73 million on childcare programs.

Mr. Lieberman discussed the Economic Opportunity Board's established goal to provide equal access to all childcare centers for all children and pointed out that Nevada's contribution of TANF dollars compromised access for all families. As a result of reductions, Mr. Lieberman indicated childcare centers would close, or would have to reduce assistance to low-income families. Additionally, Mr. Lieberman indicated that compensation for staff, curriculum, toys and supplies were other areas in which reductions would be necessary.

Mr. Lieberman expressed concern in reference to the significant impact being imposed on families and requested that the members of the Committee more closely examine the issues. Mr. Lieberman indicated that Imagination Plus would like to potentially reduce the number of families on the program and increase their rate level to what it had been before October 1. Additionally, Mr. Lieberman requested that the Committee investigate reallocating TANF funds from 1 percent upward to the national average of 15 percent. Mr. Lieberman said the situation was serious and affected Nevada's families and businesses. Additionally, Mr. Lieberman indicated that Imagination Plus provided a valuable service to the State of Nevada that allowed parents of low-income families to work and generate tax revenues and that lack of the service childcare operators provided would have long-term implications.

Mr. Lieberman thanked the members of the Committee for the opportunity to appear before them.

Willa Chaney, a childcare operator in West Las Vegas, identified herself for the record and thanked the members of the Committee for the opportunity to appear before them. Ms. Chaney spoke about the hardship being experienced by low-income families trying to find affordable childcare. Currently, the Economic Opportunity Board of Clark County assisted only those parents who were receiving a cash grant from TANF. Ms. Chaney indicated that parents who worked hard to leave the Welfare system and now had a job were in jeopardy of losing their jobs because they could not afford childcare.

Ms. Chaney indicated that most childcare centers charged an average of \$29 a day per child, and parents were required to make up the difference between the cost established by the daycare center and the threshold established by the EOB. However, Ms. Chaney indicated that most of the parents using her center had three to four children, which prevented them from seeking work because currently TANF funding was the only childcare assistance accessible to them. Additionally, Ms. Chaney advised that many parents who were in training programs would be forced to abandon their training because of the inaccessibility of affordable childcare. Ms. Chaney advised that currently the EOB had a waiting list of over 4,000 families waiting for childcare assistance, and while they tried to do what they could to help, the operators could not continue to absorb the cost.

Ms. Chaney asked the members of the Committee to investigate the childcare assistance issues so that parents could continue to work or enter training programs. Ms. Chaney introduced her colleague Brenda Chaney who read one letter into the record from a packet of letters provided by a group of concerned parents ([Exhibit E](#)).

Brenda Chaney, associated with Smart Start Child Care Center in Las Vegas, identified herself, and read a letter into the record from Ms. Kia Glenn.

*Dear Assemblyman Arberry: I am a young mother of one. I graduated from high school this past June and am attending classes at Community College. I am writing to you because I cannot afford childcare for my infant daughter. I've tried to get childcare assistance but there is no money to help people that are in school or in training programs.*

*I have chosen to further my education so that I can find a decent job when I get out of school. Unless the State can provide money to assist parents in school I will be forced to drop out. The job market is very competitive, without skills. Please allow me this opportunity to further my education by funding programs to provide childcare assistance for parents who can't afford to pay.*

*Thank you for your help,  
Respectfully, Kia Glenn*

In response to questions posed by Ms. Giunchigliani, Mr. Lieberman indicated the starting salary for a childcare worker ranged from \$7.00 to \$7.50 an hour, and typically a center was permitted to care for one child by age based on ratio per every 35 square feet of space.

CHAIRMAN RAGGIO MOVED APPROVAL OF ITEM 51.

THE MOTION WAS SECONDED BY MR. MARVEL

THE MOTION WAS CARRIED UNANIMOUSLY.

- 52. Department of Human Resources – Health Care Financing & Policy – Administration – FY 03** – Addition of \$213.00 in federal Title XXI *funSds*, addition of \$51,587.00 in Health Cost Containment Fee and addition of \$47,209.00 in Transfer from Stale Claims to establish authority to pay FY 00, FY 01 and FY 02 stale claims from current year, establishing authority will allow the division to draw federal IGT funds to match stale payments for claims incurred in prior years. Requires Interim Finance approval since the amount added to the Stale Claims category exceeds \$50,000.00. *Requires a public hearing since action involves allocation of block grant funds.*

Chairman Raggio noted that Item 52 required a public hearing.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, identified himself for the record and introduced Debbra J. King, Administrative Services Officer. Mr. Duarte asked that Items 52 and 55 be heard together.

Refer to narrative under Item 55.

- 53. Department of Human Resources – Health Care Financing and Policy – Administration – FY 03** – Transfer of \$23,900.00 from the Personnel Services category to the Operating category to cover *the cost of contracted employees due to services in lieu of* staff shortages in the division’s budget unit. The contractors had prior state knowledge of the budget process and were needed in order to complete the division’s budget in accordance with statutory timeframes. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.

- 54. Department of Human Resources – Health Care Financing and Policy – Medicaid – FY 03** – Transfer of ~~\$44,650.00~~ *\$44,650,000.00* from the Current Year Medical Payments category to the First Prior Year Medical Payments category to cover projected medical payments made during the current year for those costs incurred in prior fiscal year. Requires Interim Finance approval since the amount transferred to the First Prior Year Medical Payments category exceeds \$50,000.00. **REVISED NOVEMBER 5, 2002.**  
Refer to motion for approval under Item D.

- 55. Department of Human Resources – Health Care Financing & Policy – Medicaid – FY 03** – Addition of \$52,048.00 in federal Title XXI; addition of \$13,618.00 in the Transfer from DHR Director’s Office; addition of \$12,538.00 in Transfer from Stale Claims to establish authority to pay FY 00, FY 01 and FY 02 stale claims from current year. Establishing authority will allow the division to draw federal ~~IGT Title XXI and Intergovernmental Transfer~~ funds to match stale payments for claims incurred in prior years. Requires Interim Finance approval since the amount added to the Stale Claims category exceeds \$50,000.00. *Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.*

Chairman Raggio pointed out that Item 55 also required a public hearing.

Charles Duarte, Administrator, Division of Health Care Financing and Policy testified that Item 52 and Item 55 requested Interim Finance Committee approval to make adjustments to the authority to pay stale claims. Specifically, Item 52 requested approval to make the necessary adjustments to pay stale claims out of Administrative Budget Account 3158 and Item 55 requested approval to make the necessary adjustments to pay stale claims out of Medicaid Budget Account 3243.

There was no public testimony for Item 52 or Item 55.

SENATOR RAWSON MOVED FOR APPROVAL OF ITEMS 52 AND 55.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

Chairman Raggio announced that Items 56, 57 and 60 each required a public hearing and would be heard together.

- 56. Department of Human Resources – Mental Health and Developmental Services–Administration - FY 03** – Addition of \$4,849.00 in Community Mental Health Services Block Grant to fund the Mental Health Planning Advisory Council’s operating expenses. *Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.*

Refer to narrative under Item 60.

- 57. Department of Human Resources – Mental Health and Developmental Services–Administration – FY 03** – Addition of \$142,119.00 in Community Mental Health Services Block Grant to provide funding for six existing positions and one new position and associated operating expenses for the Consumer Service Assistant Program, equipment for the program for Assertive Community Treatment (PACT), case management conference and professional services for the Quality Assurance Program. *Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.*

Refer to narrative under Item 60.

- 58. Department of Human Resources – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 03** – Addition of ~~\$46,405.00~~ *\$31,036* in the Transfer from other B/A same Fund (Dept. of Prisons) to receive funding from the Department of Corrections from their “Going Home Prepared” grant. This grant will fund a new Clinical Social Worker II position, which will provide mental health assessments of offenders, and assist with planning for those with co-occurring disorders while inmates are in the community. Requires Interim Finance approval since the amount includes new staff. **IFC approved NDOC's participation in this program at the September 9, 2002 meeting. REVISED NOVEMBER 4, 2002 to provide for hiring on January 1, 2003.**

Refer to motion for approval under Item D.

- 59. Department of Human Resources – Mental Health and Development Services – Southern Nevada Adult Mental Health Services – FY 03** – Transfer \$40,531.00 from the Personnel category to the Reserve for Reversion category to split a 1.0 Full-Time Employee Senior Psychiatrist, position #851, into two 1.0 Full-Time Employees – Mid-Level Medical Practitioner positions and place savings from the split into reserve for reversion. Requires Interim Finance approval since the work program includes new staff.

Dr. David Rosin, Medical Director, Division of Mental Health and Developmental Services, identified himself for the record and introduced Liz O’Brien, Administrative Services Officer. Dr. Rosin testified that the work program in Item 59 requested Interim Finance Committee approval to transfer \$40,531 from the Personnel category to the Reserve for Reversion category to split one full-time equivalent (FTE) Senior Psychiatrist position into two FTE Mid-Level Medical Practitioner positions. Additionally, Dr. Rosin acknowledged that the work program request resulted in a one-time only savings of \$40,531.

In response to questions from Chairman Raggio, Dr. Rosin indicated that a great deal of energy had been expended in the recruitment of Psychiatrist positions. While Dr. Rosin indicated there had been some difficulty in the licensure aspect, which had been discussed in earlier testimony, the Division had been successful in filling 17 positions in southern Nevada. Additionally, an Advanced Practice Psychiatric Nurse, who previously taught Psychiatric Medicine at the University, had been hired, and there were plans to recruit and hire a second Advanced Practice Psychiatric Nurse. Dr. Rosin advised that the Advanced Practice Psychiatric Nurses had a full caseload, worked under supervision, had controlled substance prescribing privileges and provided the necessary level of care to patients.

SENATOR RAWSON MOVED APPROVAL OF ITEM 59.

MS. LESLIE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**60. Department of Human Resources – Mental Health & Developmental Services – Northern Nevada Adult Mental Health Services – FY 03** – Addition of \$50,000.00 in the Block Grant for Community Mental Health Services to fund an existing .51 FTE employee (Substance Abuse Counselor) and increase the position to a 1.0 FTE employee. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$50,000.00 and *requires a public hearing since action involves the allocation of block grant funds.*

Carlos Brandenburg, Administrator, Division of Mental Health and Developmental Services, identified himself for the record. Dr. Brandenburg testified that the State of Nevada received \$2.8 million in Community Mental Health Services Block Grant funds. Items 56 and 57 aligned the monies to the current fiscal year. Specifically, Item 56 allowed the Division to provide funding for the Mental Health Planning Advisory Council. Dr. Brandenburg introduced Ms. Alyce (Thrash) Thomas, Chairperson of the Mental Health Planning Advisory Council. Item 57 allowed the Division to use Community Mental Health Services Block Grant funding to hire one additional Consumer Peer Specialist position for Rural Clinics in Carson City. Item 60 allowed the Division to use Community Mental Health Services Block Grant funding to increase a half-time Substance Abuse Counselor to a full-time Substance Abuse Counselor for the PACT (Parents and Children Together) Program.

In response to questions from Ms. Giunchigliani concerning PACT, Dr. Brandenburg confirmed a PACT Program existed in northern Nevada and one in southern Nevada. Dr. Brandenburg indicated that while the two existing programs could not handle the entire caseload, the budget would allow for exploration of expanding the program.

There was no public testimony on Items 56, 57 and 60.

MR. MARVEL MOVED APPROVAL OF ITEMS 56, 57 AND 60.

MRS. CHOWNING SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**61. Department of Human Resources – Mental Health and Developmental Services – Rural Clinics – FY 03** – Acceptance of \$56,369.00 in the Transfer from Division of Emergency Management to receive funding from the emergency assistance account to provide contract case management services to the victims of the leukemia cluster in Fallon. Requires Interim Finance approval since the amount added to the Fallon Crisis category exceeds \$50,000.00.

Refer to motion for approval under Item D.

**62. Department of Employment, Training and Rehabilitation – Employment Security Special Fund – FY 03** – Transfer of \$282,583.00 from the Reserve category to the Maintenance of Buildings category to complete upgrades to the heating and cooling system at the State Administrative Office (SAO) in Carson City. Requires Interim Finance approval since the amount transferred to Maintenance of Buildings and Grounds category exceeds \$50,000.00.

Refer to motion for approval under Item D.

**63. Department of Employment, Training and Rehabilitation – Employment Security – FY 03** – Addition of \$348,143.00 in federal Administrative Cost Allowance and Addition of \$10,093,818.00 in federal grant Workforce Investment Act (WIA) to balance forward remaining grant authority from State fiscal year end 2002 with no change in purpose, as well as augment authority for current year grants awarded under WIA and Training and Technical Assistance (TAT). Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

**64. Department of Employment, Training and Rehabilitation – Employment Security – FY 03** – Addition of \$916,986.00 in federal Administrative Cost Allowance to augment authority for two Unemployment Insurance Remote Systems grants awarded. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

**65. Department of Employment, Training and Rehabilitation – Employment Security Special Fund – FY 03** – Addition of \$3,000,000.00 in the federal grant to record the receipt of Reed Act funds, of which \$1,000,000.00 will be used to augment start-up costs for the Las Vegas building, and \$2,000,000.00 will be used to restore reserves. Requires Interim Finance approval since the amount of the grant to the Las Vegas Building category exceeds \$100,000.00.

Refer to motion for approval under Item D.

**66. Department of Employment, Training, and Rehabilitation – Disability Adjudication – FY 03** – Addition of \$11,928.00 in federal Disability Determination *funds* to purchase two matching modular workstations.

Requires Interim Finance approval since the amount added to the Equipment category exceeds 10 percent of the legislatively approved levels for that category.

Refer to motion for approval under Item D.

67. **Department of Corrections – Director’s Office – FY 03** – Addition of \$107,641.00 in federal grant Youthful Offenders to receive funding and corresponding expenditure authority for the federal grant for workplace and community transition training for incarcerated youth offenders. Requires Interim Finance approval since the amount added to the federal grant Youthful Offenders category exceeds \$100,000.00.

Refer to motion for approval under Item D.

68. **Department of Corrections – Inmate Welfare Account – FY 03** – Transfer of \$120,424.00 from the Retained Earnings category to the Transfer Residential Substance Abuse *Treatment* (RSAT) Grant Southern Desert Correctional Center category to align the budgeted grant authority to actual authority. Increase the State match using the Inmate Welfare Fund. Requires Interim Finance approval since the amount transferred to the Transfer RSAT Grant (SDCC) category exceeds \$50,000.00.

Refer to motion for approval under Item D.

69. **Department of Corrections – Southern Desert Correctional Center – FY 03** – Addition of \$120,424.00 in transfer from Inmate Welfare Fund, addition of \$361,277.00 in Residential Substance Abuse Grant to align the budgeted RSAT Grant authority to actual authority, and increase the State match using the Inmate Welfare Fund. Requires Interim Finance approval as the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

70. **Department of Corrections – Southern Desert Correctional Center – FY 03** – Addition of \$222,354.00 in Budgetary Transfer to transfer ten Correctional Officers from High Desert State Prison. The Mental Health Unit at SDCC is being moved to High Desert State Prison, thus making Unit 1 at SDCC a general population unit. Requires Interim Finance approval per AB 672, Sec. 40, of the 2001 Legislative Session. **Relates to Item 71.**

Refer to motion for approval under Item D.

71. **Department of Corrections – High Desert State Prison – FY 03** – Deletion of \$222,354.00 in Budgetary Transfer to transfer ten Correctional Officers to Southern Desert Correctional Center. The Mental Health Unit at SDCC is being moved to High Desert State Prison, thus making Unit 1 at SDCC a general population unit. Requires Interim Finance approval per AB 672, Sec. 40, of the 2001 Legislative Session. **Relates to Item 70.**

Refer to motion for approval under Item D.

72. **Department of Public Safety – Emergency Management Division – FY 03** – Addition of \$227,626.00 in Federal Administration-Pre-Disaster Mitigation to provide federal funds to local governments for cost-effective hazard mitigation activities, reducing injuries, loss of life, damage and destruction of property. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

73. **Department of Public Safety – Emergency Management Division – FY 03** – Addition of \$3,696,000.00 in the Federal Grant – EMPG to pass the Department of Justice grant funds on to local governments to provide first responder equipment, training, exercise support and technical assistance in dealing with emergency situations and disasters. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

74. **Department of Public Safety – Hazardous Material Training – FY 03** – Transfer of \$1,142.00 from the Reserve category to the Operating category, transfer of \$34,259.00 from the Reserve category to the Equipment category, and transfer of \$19,184.00 from the Reserve category to the Uniform category to allow the Hazardous Materials Training Center to purchase protective equipment. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00.

Susan Haas, Management Analyst, State Fire Marshal Division, identified herself for the record. Ms. Haas requested Interim Finance Committee approval to transfer \$54,000 from the Reserve category into the Operating, Equipment and Uniform categories to provide funding for the purchase Occupational Safety and Health Administration (OSHA) required protective equipment.

Chairman Raggio addressed staff concerns that the request proposed an exception to previously approved budget policy that provided for the purchase of equipment from the budget account in which a position resided.

Doyle Sutton, State Fire Marshal, identified himself for the record. Mr. Sutton, who was hired to fill the position of State Fire Marshal in December 2001, testified that an initial review of personnel, duties and equipment revealed a lack of critical protective equipment. Mr. Sutton indicated the Fire Marshal Division’s Budget Account 3816 had a shortfall that prevented funding of the entire program. In an effort to gain the most value from their budget dollars, the Division was engaged in cross training all deputies to become multi-functional in fire, life-safety, and hazardous material inspections. Additionally, Mr. Sutton explained that the Division had established satellite offices in Elko, Pahrump and Clark County staffed with one individual who was required to conduct training, as well as hazardous material, fire, and life-safety building inspections.

In response to questions from Chairman Raggio, Mr. Sutton confirmed that approval of the request to fund the purchase of the equipment was essential for safety purposes. Additionally, Mr. Sutton advised that to meet the shortfall in their proposed budget, the Fire Marshal Division would engage in “countywide sweeps” which transported staff to one area, such as White Pine County, to conduct required inspections.

Speaker Perkins addressed concerns he had been made aware of in relationship to Fire Marshal Division activities and duplication of inspections in Clark County, which was attributed to a delay in the opening of new

facilities. Speaker Perkins indicated there had been an agreement with Mr. Sutton’s predecessor that fire departments in the larger counties would conduct inspections for the Fire Marshal Division.

In response, Mr. Sutton advised that the Division entered into inter-local agreements with counties throughout the State to provide basic services for which the Fire Marshal had responsibility. However, the inter-local agreements excluded health care facilities, to which he assumed the Speaker had referred. Mr. Sutton advised that he had recently met with the fire chiefs in southern Nevada, and they were working to resolve issues to reduce the duplication of efforts. Additionally, Mr. Sutton indicated the Division was responsible for statewide hazardous material certification and inspection, and the counties also conducted the same inspection. A procedure was being developed that included:

- The State and counties working together to place information into a centralized database that could be shared with the first responder;
- State acceptance of county reports,
- Basic audit of county reports to ensure the required information was received; and,
- Information posted on a statewide level.

In response to questions from Speaker Perkins concerning whether the healthcare facilities and the hazardous material inspections would be included in a future inter-governmental agreement, Mr. Sutton advised that a committee of county building and fire officials had been established to identify the issues and determine a solution on how best to accomplish a more comprehensive inter-governmental agreement.

SPEAKER PERKINS MOVED APPROVAL OF ITEM 74.

MR. MARVEL SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

75. **Department of Public Safety – Hazardous Materials Training – FY 03** – Addition of \$105,000.00 in Federal Emergency Management Agency (FEMA) grant to receive a federal grant for developing and delivering of specialized training to respond to terrorist attacks, and the implementation of the National Fire Academy training course. Requires Interim Finance approval since the account of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

76. **Department of Public Safety – Criminal History Repository – FY 03** – Addition of \$133,904.00 in Transfer from the Office of Criminal Justice Assistance to establish authority to receive revenue for Byrne Grant for live scan maintenance. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item D.

77. **Department of Public Safety – Parole and Probation – FY 03** –Addition of ~~\$70,848.00~~ *\$57,099.00* in Transfer from Prison Administration to accept a sub-grant from the Department of Corrections for the Going Home Prepared Program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00 and includes new staff. **IFC approved NDOC's participation in this program at the September 9, 2002 meeting. REVISED NOVEMBER 13, 2002 TO PROVIDE FOR HIRING ON JANUARY 1, 2003.**

Refer to motion for approval under Item D.

78. **Department of Public Safety – Parole and Probation – FY 03** – Transfer of \$126,090.00 from the Operating category to the Personnel category; transfer of \$2,598.00 from the Operating category to the In-State Travel category; transfer of \$221.00 from the Operating category to the Training category to reverse the impact of decision unit E-125 due to the failure of S.B. 550, which would have established authority to contract for Pre-Sentence Investigations. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000.00.

Refer to motion for approval under Item D.

79. **Department of Motor Vehicles – Insurance Verification – FY 03** – Transfer of \$300,000.00 from the Reserve category to the Operating category to cover projected postage costs. Requires Interim Finance approval since the amount added to Operating category exceeds \$50,000.00.

Refer to motion for approval under Item D.

80. **Department of Conservation and Natural Resources – Forestry – FY 03** – Addition of ~~\$266,000.00~~ *\$265,000.00* in the U.S. Fish and Wildlife Grant to provide assistance to Lincoln County to enable completion of the County Habitat Conservation Plan and conduct baseline inventory for Meadow Valley Conservation Management Plan. Requires Interim Finance approval because grant added exceeds \$100,000.00.

Refer to motion for approval under Item D.

81. **Department of Conservation and Natural Resources – Wildlife – FY 03** – Transfer of \$202,068.00 from the Predator Reserve category to the Transfer to Predator and Rodent Control (PARC) category to implement FY 03 Predator Management Program – Continuation of six FY 02 programs and addition of four new projects, and PARC overhead. Requires Interim Finance approval since the amount added to the Transfer to PARC category exceeds \$50,000.00. **Relates to Item 96.**

Refer to motion for approval under Item D.

82. **Department of Conservation Natural Resources – Wildlife Trout Management – FY 03** – Addition of \$362,850.00 in Dingell Johnson – Federal, addition of \$427,932.00 in Trout Stamps, addition of \$14,153.00 in Treasurer’s Interest, addition of \$1,000,000.00 in Proceeds from Sale of Bonds; ~~transfer \$906,724.00 \$342,889.00 from to Reserve category to Hatchery Refurbishment and Bond Issuance categories to~~ continue the hatchery refurbishment program, and sale of additional bonds. Requires Interim Finance approval since amount added to the Hatchery Refurbishment exceeds \$50,000.00. **REVISED NOVEMBER 4,**

**2002 AND NOVEMBER 12, 2002.**

Refer to motion for approval under Item D.

- 83. Department of Conservation and Natural Resources – Bureau of Federal Facilities – FY 03** – Addition of \$500,000.00 in Federal One-Stop Grant to enhance NDEP efforts with their information management and communications system. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00 and adds one new position.

Allen Biaggi, Administrator, Nevada Division of Environmental Protection, identified himself for the record. Mr. Biaggi requested Interim Finance Committee approval for the Nevada Division of Environmental Protection to accept a \$500,000 Federal One-Stop Grant that would be used for integration of data networks and providing that data to the public.

Mr. Biaggi addressed concerns raised by the Committee’s staff in reference to the appropriateness of establishing a new budget account for the grant. He explained that Division representatives had determined that the grant should not be entered into the Division’s Administrative Budget Account 3173 because of the complexity in calculating the indirect cost rate assessed to all of their programs. As a result, Mr. Biaggi requested approval to place the grant funding into a new budget account that had been established for the Division’s Bureau of Federal Facilities and from which the funds would be administered. Mr. Biaggi assured the members of the Committee there would be no cross mixing of the One-Stop grant funds with the Federal Facilities grants, and accounting functions for both the Federal Facilities grants and the One-Stop grant would be expedited.

Chairman Raggio pointed out that approval of the work program did not constitute the Committee’s approval of transferring existing Federal Facilities programs into a separate account.

Mr. Biaggi indicated he understood the Committee’s intent.

MR. BEERS MOVED FOR APPROVAL OF ITEM 83.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

Chairman Raggio asked that Mr. Biaggi address the Division’s request for reclassification. Refer to narrative following the reclassification table under Item II Reclassification.

- 84. Department of Conservation and Natural Resources – Bureau of Waste Management, Corrective Action, Federal Facilities – FY 03** – Addition of \$256,098.00 in Resource Conservation Recovery Act Grant to expand contract authority to address issues with low-level widespread contamination of PCE in Reno-Sparks area and additional hydro-geologic investigations at the BMI complex in Henderson. Requires Interim Finance approval since the amount added to the RCA Grant category exceeds \$50,000.00.

Refer to motion for approval under Item D.

- 85. Department of Conservation and Natural Resources – Bureau of Air Quality FY 03** – Transfer of \$17,596.00 from the Salaries category to the BWM category and the transfer of \$29,245.00 from the Reserve category to the BWM category to transfer salary costs to Waste Management for .50 FTE assistance to the Bureau of Air Quality with backlog on the Chemical Accident Prevention Program. Requires Interim Finance approval since the amount transferred to the Waste Management category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.

- 86. Department of Conservation and Natural Resources – Bureau of Water Quality – Pollution – FY 03** – Addition of \$1,700.00 in State Revolving Fund Federal, addition of \$340.00 in State Bond Transfer, and Transfer of \$42,011.00 from the Reserve category to the State Revolving Fund-Admin category to amend contract with the University of Nevada-Reno Small Business Development Center for availability analysis for Minority Business Enterprise (MBE) and Women Business Enterprise (WBR). Requires Interim Finance approval since the amount added to the State Revolving Fund – Administration category exceeds 10 percent of the legislatively approved level for that category.

Refer to motion for approval under Item D.

- 87. Department of Transportation – FY 03** – Addition of \$11,383.00 in the Highway Fund authorization; addition of \$170,742.00 in the Federal Aid to Fund Costs of Statewide Aviation Projects, including the evaluation of all of Nevada’s paved airports. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000.00.

Refer to motion for approval under Item D.

- 88. Department of Transportation – FY 03** – Addition of \$16,500.00 in the Highway Fund authorization; addition of \$313,500.00 in the Federal Aid Revenue to purchase two PM–10 sweepers, reimbursed 95% by the Federal Highway Administration. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00.

Refer to motion for approval under Item D.

- 89. Office of the Military – FY 03** – Addition of \$290,000.00 in the Department of Defense Funds to fund projects and improvements at the Stead Training Center and various environmental programs and projects. Requires Interim Finance approval since the amount added to the Training and Environment categories exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item D.

- 90. Office of the Military – FY 03** – Addition of \$45,816.00 in the Department of Defense Funds to fund two new Security Officer positions. Requires Interim Finance approval since the amount added to the Personnel

category exceeds \$50,000.00 and includes new staff.

Refer to motion for approval under Item D.

- 91. Public Employees' Benefits Program – FY 03** – Addition of \$642,636.00 in Miscellaneous Revenue, addition of \$2,040,061.00 in Insurance Premiums-Retirees, addition of \$20,374,191.00 in Insurance Premiums, and transfer of \$9,957,442.00 from the Reserve category to the Self-Funded Medical Costs category to provide funding for projected claims estimated in fiscal year 03 and increase in premiums for dependents and non-State employees effective January 1, 2003, and increase in State subsidy premiums for State employees and retirees effective October 1, 2002. Requires Interim Finance approval since the amount added to the Self-Funded Medical Costs category exceeds \$50,000.00.

Refer to motion for approval under Item D.

- 92. Public Employees' Benefit Program - Retired Employees' Group Insurance – FY 03** – Addition of \$2,040,061.00 in the Retired Employee Insurance Premiums to reflect increase in State subsidy effective 10/01/02 for retired employee group insurance assessments through end of this fiscal year. Requires Interim Finance approval since the amount added to the Group Insurance category exceeds \$50,000.00.

Refer to motion for approval under Item D.

- 93. Department of Human Resources – Director's Office – Healthy Nevada Fund Administration – FY 03** – Addition of \$200,000.00 in the Transfer from the Treasurer (Tobacco Settlement) to provide an evaluation process for the Fund for a Healthy Nevada child and disabled health services grants. The evaluation will consist of the development of statewide evaluation plan, data collection and tracking, establishment of a system to implement uniform measures and provide technical assistance to grantees. Requires Interim Finance approval since the amount added to the Grant Evaluation category exceeds \$50,000.00. **ADDED NOVEMBER 4, 2002.**

Refer to motion for approval under Item D.

- 94. Commission on Economic Development – Rural Community Development – FY 03** – Addition of \$138,000.00 in the Federal HUD Contract to reflect the actual FY 03 Housing & Urban Development (HUD) grant award allocation. Requires Interim Finance approval since the amount added to the CDBG Grants category exceeds \$50,000.00. *Requires a public hearing since action involves allocation of block grant funding.* **ADDED NOVEMBER 4, 2002.**

Chairman Raggio pointed out that Item 94 required a public hearing.

There were no agency representatives who attended the meeting to provide testimony, and there was no public testimony.

Chairman Raggio indicated that there were no concerns raised by staff.

MR. HETTRICK MOVED APPROVAL OF ITEM 94.

MR. DINI SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

- 95. Department of Public Safety – Forfeitures – FY 03** – Transfer of \$30,355.00 from the Reserve category to the NHP State category to pay stale claim from FY 2002 for Northwestern University. Requires Interim Finance approval since the amount transferred to the NHP State category exceeds \$50,000.00. **ADDED NOVEMBER 4, 2002.**

Refer to motion for approval under Item D.

- 96. Department of Agriculture – Predatory Animal and Rodent Control – FY 03** – Addition of \$202,068.00 in Transfer from Wildlife. Transfer of \$18,110.00 from the Salaries category to the NDOW Predatory Reduction category; transfer of \$876.00 from the Operating category to the NDOW Predatory Reduction category to cover projects under wildlife's new predator management plan and ongoing NDOW Predatory Reduction Program. Eliminate .5 FTE funded by NDOW funds and return funds to NDOW Predatory Reduction Program. Requires Interim Finance approval since the amount added to the NDOW Predatory Reduction Program category exceeds \$50,000.00. **Relates to Item 81. ADDED NOVEMBER 4, 2002.**

Refer to motion for approval under Item D.

- 97. Department of Human Resources – Mental Health & Developmental services – Rural Clinics – FY 03** - Transfer of \$158,065.00 from the Salaries category to the Professional Services category to allow the agency to contract for psychiatrist services. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds 10% of the legislatively approved levels for that category. **ADDED NOVEMBER 5, 2002.**

Larry Buel, Director, Rural Clinics Community Mental Health Centers, identified himself for the record. On behalf of Rural Clinics, Dr. Buel requested approval to transfer budgetary authority for a vacant Senior Psychiatrist position (control number 0114) from Personnel Services (category 1) to Professional Services (category 8).

In response to questions from Chairman Raggio, Dr. Buhl stated the position was a contract position that would continue to provide coverage for the 16 rural clinics throughout rural Nevada.

In response to questions from Chairman Raggio, Dr. Buel confirmed that the projected contract costs were \$74,026 more than the revised authority of \$553,018. Dr. Buel attributed part of the cost overrun to a loss of contract Psychiatrists over the past twelve months in part due to their own career path and in part due to "a lack of competitiveness in the free market." Dr. Buel indicated service rates had been increased for certain Psychiatrists in order to have the ability to continue to provide the service.



In response to additional questions from Chairman Raggio, Dr. Buel confirmed supplemental funding would be included in Rural Clinics' budget request to the 2003 Legislature. Dr. Buel deferred to Peggy Clark, Administrative Services Officer, Rural Clinics, to provide details concerning the amount of the funding and utilization of cost-saving measures.

Ms. Clark identified herself for the record and advised that a projected shortfall of \$74,026 for the Professional Services category had been submitted to the Budget Division in preparation for the 2003 Legislative Session.

Chairman Raggio questioned the status of Temporary Assistance to Needy Families (TANF) revenue receipts.

Ms. Clark advised that July, August and September billings totaled \$177,000, which was \$4,000 short of a monthly goal of \$60,777 a month.

In response to questions from Chairman Raggio concerning projected TANF revenue shortfalls, Ms. Clark advised that there was no TANF revenue shortfall. Ms. Clark explained that while Welfare had been billed, they had not yet paid due to a system change. Additionally, Ms. Clark confirmed that Rural Clinics would not require an allocation from the Contingency Fund for TANF, but indicated that a future allocation for a shortfall in other revenue sources might be required.

SENATOR RAWSON MOVED FOR APPROVAL OF ITEM 97.

MR. MARVEL SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

98. **Department of Corrections – Prison Industries – FY 03** – Transfer of \$9,600.00 from the Retained Earnings category to the In-state Travel category to provide expenditure authority for additional Instate Travel due to post ACA accreditation requirements. Requires Interim Finance approval since the amount transferred from Retained Earnings to the In-state Travel category exceeds \$5,000.00. **ADDED NOVEMBER 7, 2002.**

Refer to motion for approval under Item D.

99. **Department of Public Safety – Highway Patrol Division – FY 03** – Addition of \$53,879.00 in Transfer from ~~High~~ Low Level Nuclear Waste to increase authority for oversight activities related to shipments of transuranic waste to New Mexico. Requires Interim Finance approval since the amount added to the Waste Isolation Pilot Program category exceeds \$50,000.00. **ADDED NOVEMBER 7, 2002 – REVISED NOVEMBER 8, 2002.**

Refer to motion for approval under Item D.

100. **Department of Corrections – High Desert State Prison – FY 03** – Addition of \$2,687,700.00 in Contract Services Charge to augment revenues and corresponding expenditures for the receipt of contract funds from the Wyoming Department of Corrections to house inmates within High Desert State Prison. Requires Interim Finance approval since the amount added to the Wyoming Contract category exceeds \$50,000.00. **ADDED NOVEMBER 8, 2002.**

Jackie Crawford, Director, Nevada Department of Corrections, identified herself for the record. Ms. Crawford requested the Committee's approval to add \$2,687,700 to Contract Services for the receipt of funds from a contract with the Wyoming Department of Corrections to house medium-security inmates.

Ms. Crawford explained that after Wyoming built a new 500-bed facility and their old facility was condemned, they were forced to look for 800 beds in other states. The Wyoming inmates would be housed at High Desert State Prison from December 2002 through June 2003 with options for contract renewal. With 600 beds currently vacant at High Desert State Prison, Ms. Crawford indicated that housing the Wyoming inmates provided an opportunity for the Department to generate revenue. Ms. Crawford advised the members of the Committee that the contract with Wyoming was dependent upon Nevada's own inmate population. However, Nevada currently did not have enough inmates to fill beds that would become available with the eventual opening of Southern Nevada Correctional Center.

Ms. Crawford indicated that the contract provided that the first 200 inmates would be housed at a cost of \$60 a day and inmates subsequent to the first 200 would be housed at a cost of \$58 a day.

In response to questions from Chairman Raggio, Ms. Crawford indicated that initially 205 inmates would be housed at High Desert State Prison's Unit 7. Ms. Crawford confirmed that Unit 7 had an operating capacity of approximately 280 inmates at medium security.

In response to questions from Chairman Raggio concerning the request for the addition of five roving Correctional Officers at Unit 7, Ms. Crawford indicated that the High Desert State Prison was a massive facility that would require five additional Correctional Officers for roving as well as transportation purposes. Ms. Crawford advised that a commitment had been made to Wyoming representatives that Unit 7 would remain fully staffed at all times to avoid a shutdown.

Chairman Raggio questioned the need for five additional Correctional Officers. The Chairman pointed out that High Desert State Prison was presently budgeted for 2,026 inmates in Fiscal Year 2003, and even with the addition of the Wyoming inmates, the prison would continue to operate below the budgeted level.

Darrel Rexwinkel, Assistant Director, Support Services, identified himself for the record. Mr. Rexwinkel advised the members of the Committee that the Department of Corrections planned to initially house approximately 160 Wyoming inmates on or around December 1, 2002 in Unit 7 at High Desert State Prison and "ramp up" to a projected 205 inmates by June 2003. As previously indicated by the Director, Mr. Rexwinkel reiterated that the initial contract would go through June 30, 2003, in accordance with Wyoming's budgetary process. However, a letter of intent from Wyoming provided that the contract would be continued through June 30, 2004.

In response to a question from the Chairman concerning the need for five additional Correctional Officers, Mr. Rexwinkel explained that 20.8 officers were approved in the budget for Unit 7 including the protection post, and the five additional officers were needed to open Unit 7 to house the Wyoming inmates.

Chairman Raggio reiterated earlier concerns in reference to current staffing related to the institution operating at a level of 450 inmates below the budgeted capacity.

Mr. Rexwinkel advised that the current staffing complement of 20.8 officers would be stationed at Unit 7; however, as previously discussed, the commitment to Wyoming was that Unit 7 would be fully staffed which meant coverage for those officers who were ill or on an annual leave.

In response to a question from Chairman Raggio concerning whether other Correctional Officers could be moved, Mr. Rexwinkel explained that the current staff was needed for other units at the High Desert State Prison. Additionally, Mr. Rexwinkel explained that 19 other positions were “frozen” in order to help meet the 3 percent budgetary reduction situation and to accommodate budget shortfalls. Mr. Rexwinkel indicated that High Desert State Prison needed their full complement of Correctional Officers and reiterated earlier testimony concerning the commitment to Wyoming to fully staff Unit 7.

In response to questions from Chairman Raggio:

- Mr. Rexwinkel advised that the commitment to Wyoming was to keep the 21 positions filled at all times. Without the five additional officers the Department had requested, Mr. Rexwinkel said coverage could not be provided for all of the posts when officers were on leave;
- Mr. Rexwinkel advised that the contract provided that Wyoming would pay for transportation to the Nevada facility and from the facility to Wyoming. However, if Nevada determined an inmate was no longer suitable for housing at High Desert State Prison, the inmate would be returned to Wyoming at Nevada’s expense;
- Mr. Rexwinkel advised that the Nevada Department of Corrections currently had staff in Wyoming working on the classification process for the inmates selected for transport to Nevada.

In response to Chairman Raggio’s request for additional information, Mr. Rexwinkel explained that Nevada retained the prerogative to return inmates to Wyoming if they had risk factors Nevada officials were not previously aware of and they were deemed inappropriate for placement within the Nevada Prison system.

Chairman Raggio raised staff concerns that were related to enhancements to the existing facility rather than a direct implementation to the program.

Mr. Rexwinkel indicated that, as previously reported, the work program would add \$2,687,700 in funds from Wyoming and place \$2,063,661 from the initial funding into Category 93 for reserve. Mr. Rexwinkel indicated the contract to house Wyoming inmates would provide a good return to the State of Nevada, and Department representatives wanted to ensure the facility was appropriately staffed to maintain the security of the inmates. In doing so, surveillance cameras were needed to ensure there were no blind spots in the yard and monitors and recorders were needed to record all activity, which Mr. Rexwinkel explained would be an advantage in the event of a problem.

In response to questions from Chairman Raggio, Mr. Rexwinkel explained that video cameras provided a record during cell extractions, which proved beneficial in the event staff was required to prove their behavior, during the extraction, was appropriate. Additionally, Mr. Rexwinkel indicated that recorded cell extractions improved the overall management of the security and operation of the facility. Mr. Rexwinkel maintained the requested enhancements were necessary to implement the program.

In response to a question from Chairman Raggio, Mr. Rexwinkel indicated the cost for the enhancements would be absorbed and that \$2,063,661 would be moved into Category 93 for reserve.

Mr. Rexwinkel addressed the request for a van that would be required to return inmates to Wyoming if the need arose. Mr. Rexwinkel advised that the Department’s Central Transportation Unit had several vans in southern Nevada; however, each had approximately 160,000 miles.

In response to questions from Chairman Raggio, Mr. Rexwinkel reiterated that the contract provided that Wyoming would pay the cost of the initial transportation of inmates from Wyoming to Nevada and return to Wyoming. However, if an inmate was rejected after initially being received, Nevada had to provide the return transportation to Wyoming and wanted to ensure reliable transportation could be provided.

Chairman Raggio pointed out that the State’s current financial situation required that costs had to be reduced wherever possible and once again questioned the need for a van.

Mr. Rexwinkel explained that transport by van would be the most reasonable way to return an inmate to Wyoming since the vans were fully equipped to handle inmate transport.

In response to questions raised by Chairman Raggio concerning the substance abuse treatment program, Mr. Rexwinkel advised that the contract included \$3.25 a day per inmate for intensive substance-abuse treatment. Mr. Rexwinkel explained that Wyoming had initially calculated \$3.75 a day per inmate, however, while the intent was for \$3.25, the approved contract was matched and the initial work program submitted at \$3.75. Mr. Rexwinkel advised that the revenue and expenditure for the substance abuse treatment matched, and it was fully anticipated the Department could hire “outside” contractors for the program.

In response to additional questions from Chairman Raggio concerning the substance abuse treatment program, Ms. Crawford advised that the Department would contract with local community subcontractors rather than hire a full-time individual. Additionally, Ms. Crawford assured the Chairman that the cost for the substance abuse treatment program for approximately 200 inmates for six months was included in the contract.

In response to questions from Chairman Arberry concerning the need for five additional roving officers, Mr. Rexwinkel explained that the High Desert State Prison was budgeted for a population of 2,026 inmates for Fiscal Year 2003, and the average daily count through November 18, 2002 was 1,543 inmates. Mr. Rexwinkel indicated that operating below budget provided the opportunity to house the Wyoming inmates. Additionally, Mr. Rexwinkel explained that all positions that were vacant as of August 14, 2002 were “frozen” and would not be filled in an effort to meet the 3 percent budget reduction requirement requested by the Governor. Mr. Rexwinkel reported that many of the frozen positions included Correctional Officers at High Desert State Prison, and the Department was using “pull and shut-down posts” to cover those positions. Mr. Rexwinkel also explained that when Nevada representatives committed to Wyoming that all posts associated with Unit 7 would be covered at all times, five additional Correctional Officers were requested to cover for officers on leave. Mr. Rexwinkel explained that there were no officers available from other posts to move into Unit 7 because all of the officers on staff were necessary to cover other posts within the High Desert State Prison facility.

In response to additional questions from Chairman Arberry concerning the legislatively approved budget, Mr. Rexwinkel advised that while the Department had projected 2,026 to be housed at High Desert State Prison, funding reductions required to meet the revenue shortfall necessitated freezing many positions. Additionally, Mr. Rexwinkel explained that the difference in inmate-driven costs for the number of actual inmates at the

High Desert State Prison and the budgeted amount had been set aside to help meet other cost increases. Mr. Rexwinkel advised that in developing the budget reduction scenarios, every possibility to meet the budget reduction requirement had been investigated. In order to maintain security for both the Nevada and Wyoming inmates at the High Desert State Prison, Mr. Rexwinkel indicated the Department needed all 21 officers at Unit 7 at all times.

In response to questions from Chairman Arberry concerning implementation of the 3 percent reduction, Mr. Rexwinkel indicated the funding that resulted from the 3 percent reduction scenario had been placed in reserve and was no longer available. Additionally, Mr. Rexwinkel indicated that \$2.2 million had been set aside to meet the Department's utility shortfall needs and the increase in health insurance premiums.

Ms. Crawford advised that because the Wyoming contract was a startup program with the potential for up to 500 beds and a large revenue stream, an adequate staff was required to ensure the Department did a good job. Additionally, Ms. Crawford wanted to provide the ability to attract additional revenue if the Department's beds and facilities remained vacant. Ms. Crawford also advised that since the Department began video taping cell extractions, the cost of lawsuits had been reduced from almost \$2 million to \$135,000. Ms. Crawford indicated the immense size of the High Desert State Prison as well as the need to respond to the requirements of the contract contributed to the need for the van.

In response to a question from Chairman Arberry concerning Committee approval of the request, Ms. Crawford advised that if the request was not approved, she would advise Wyoming representatives that the contract had not been approved.

Chairman Arberry questioned whether any of the funding that had been placed in reserve to meet the 3 percent reduction could be released to cover the cost of the five additional positions.

Mr. Rexwinkel responded that the funding required to meet the reductions had already been placed in reserve and could not be accessed. However, Mr. Rexwinkel explained that the revenue stream from the Wyoming contract equaled \$60 per day per inmate for up to 200 inmates and \$58 a day after that for each additional inmate. The contract also provided for housing up to 550 inmates, which was supported by a letter of intent from Wyoming. Mr. Rexwinkel indicated that Wyoming planned to place another 350 inmates in Nevada, which would require a return to the Committee with an additional work program to increase the funding to be placed in reserve. With over \$2 million targeted for reserve from the request before the Committee, Mr. Rexwinkel indicated that if the additional five Correctional Officers were not approved, additional money would be placed in reserve. Mr. Rexwinkel clarified that the five Correctional Officers would be funded through the per diem rate received from Wyoming.

In response to questions from Mr. Marvel, Mr. Rexwinkel advised that the cost per inmate at High Desert State Prison was budgeted for Fiscal Year 2003 at \$31 a day. Mr. Rexwinkel also indicated the contract provided for routine medical care available at the facility for \$8 a day per inmate for a total of \$39 a day. Mr. Rexwinkel advised that Arizona had entered into a contract with a private contractor in Texas for \$38 a day, which he compared to the \$60 a day Nevada would receive from Wyoming. Mr. Rexwinkel indicated a minimum net of \$20 a day per inmate would be achieved since the incremental cost per inmate did not include the costs associated with the warden, doctor, associate wardens and other staff.

Mr. Rexwinkel also clarified that the cost for the five additional Correctional Officers was not included in the \$31 a day budgeted cost per inmate at High Desert State Prison for Fiscal Year 2003. The cost for the additional Correctional Officers was in addition to the \$31 a day to ensure 21 officers were available at all times. Mr. Rexwinkel described the Department as being in "desperate shape" which he attributed to the frozen positions and the need to maintain security for the entire institution. Additionally, Mr. Rexwinkel indicated the Department could not maintain 21 officers in Unit 7 according to the post chart by pulling officers from other units who were needed to provide security for Nevada inmates.

In response to a question from Mr. Marvel, Mr. Rexwinkel confirmed that the additional Correctional Officers would be funded from the funds received from the Wyoming contract.

In response to questions from Mr. Beers concerning the cost of a vacant wing, Mr. Rexwinkel advised that the Department was not staffed to complete a cost accounting study.

In response to additional questioning from Chairman Raggio concerning the need for all five revolving Correctional Officers, Mr. Rexwinkel indicated the Department felt it was prudent for the State of Nevada to ensure that the Wyoming inmates were properly housed and cared for.

Chairman Raggio questioned whether any profit would be realized from the contract considering the cost for five Correctional Officers and a new van.

Mr. Rexwinkel pointed out that over \$2 million would be placed into category 93 reserve for reversion.

Chairman Raggio raised the issue of the high vehicle mileage claimed by the Department and pointed out that there were three model year 2000 vans at High Desert State Prison with mileage of 60,000, 59,000 and 30,000 respectively.

Mr. Rexwinkel explained that the vans at High Desert State Prison were used for the needs of the institution and to transport inmates to court and medical appointments. The vans listed in the work program were Central Transportation vans with mileage at 159,000, 160,000 and 153,000 respectively and a short-haul vehicle with 128,000 miles.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, advised that staff had received information on the mileage of the vans currently stationed at High Desert State Prison, and as indicated by Chairman Raggio, 60,000 miles was listed as the highest mileage on a van.

Mr. Rexwinkel explained that while the three vans stationed at High Desert State Prison had "relatively" low mileage, they were specifically used to transport inmates to court and medical appointments or for errands necessary for the institution. Mr. Rexwinkel clarified that the Department's concern was with vans from Central Transportation that could be required to return an inmate to Wyoming.

In view of the current financial situation, Chairman Raggio again raised the issue of purchasing another van and asked why a Central Transportation vehicle would be used to return an inmate to Wyoming when the High Desert State Prison had three vans with lower mileage. Additionally, Chairman Raggio questioned the cost of a new van.

Mr. Rexwinkel reiterated earlier testimony that the vans at High Desert State Prison were specifically there for the needs of the institution and to transport inmates to court or medical appointments. Mr. Rexwinkel advised that the cost of a new van was approximately \$27,000.

In response to a question from Chairman Raggio, Mr. Rexwinkel indicated that returning an inmate to Wyoming after initial placement in Nevada was anticipated would be a rarity. Mr. Rexwinkel conceded that

purchasing another van might not be an absolute necessity.

Chairman Raggio reasoned that during the current financial uncertainty, costs had to be cut, and any money that could be gained from the contract, if approved, was obviously better for the Department.

Mr. Rexwinkel advised that the Department was attempting to assist the State with the contract and while they had enough to do without housing the Wyoming inmates, the capacity to house them was available.

Chairman Raggio agreed with the concept and the utilization of empty space and asked for comments concerning Wyoming's right to exercise the option to continue the contract through Fiscal Year 2004.

Ms. Crawford indicated the contract provided an opportunity to develop a good relationship with Wyoming. While it was her opinion the first 200 inmates were being placed on a trial basis, Ms. Crawford indicated Wyoming would exercise the option to continue the contract through Fiscal Year 2004.

In response to additional questions from Chairman Raggio, Ms. Crawford advised that the potential existed for placement of up to 500 inmates at High Desert State Prison, which was supported by a letter of intent from Wyoming. Additionally, Ms. Crawford indicated that if space was needed for Nevada inmates, the Nevada Department of Corrections had the option to terminate the contract.

In response to concern expressed by Chairman Raggio regarding the option to place additional inmates at High Desert State Prison, Ms. Crawford advised that Wyoming representatives understood the contract was "predicated" on Nevada's need for beds.

In reference to previous discussion concerning the necessity for a van, Mr. Rexwinkel explained that one-shot funding that had been approved for three Central Transportation vans was reverted at the end of Fiscal Year 2002 to assist in reducing the revenue shortfall. Mr. Rexwinkel discussed the possibility of releasing funds that had been "frozen" in order to purchase a van previously approved in the one-shot funding.

Mr. Parks expressed his understanding that daily medical costs for Wyoming inmates would be included in the daily rate for services, however, questioned how an extreme medical requirement would be addressed.

Ms. Crawford confirmed that Nevada's responsibility rested with basic medical care for Wyoming inmates, and any outside medical services, or emergencies would be paid for by Wyoming.

In response to questions from Chairman Raggio, Ms. Crawford advised that if the program to house the inmates were discontinued for Fiscal Year 2004, the five additional Correctional Officers would be absorbed through attrition.

Mr. Rexwinkel further advised that while the Correctional Officers would move into other available positions if the contract were terminated, the actual positions at that point would be deleted.

Ms. Giunchigliani questioned the intent of using the "roving officer" position title and indicated that no such title had been established.

Ms. Crawford responded that in order to maintain a full staffing pattern in Unit 7, the Department had attempted to establish a mobile position not assigned to one particular unit. Ms. Crawford indicated the position would be used to fill in for vacancies or officers on leave and was comparable to an established "search and escort" position.

Ms. Giunchigliani expressed frustration with a decision process during the interim that impacted the budget and policy for the following session. While Ms. Giunchigliani commended the Department representatives in their effort to increase revenue, she reiterated the fact that the High Desert State Prison was operating under the budgeted inmate capacity level with a relief factor for those positions already built into the budget. It was Ms. Giunchigliani's opinion that a case had not been made to justify hiring five additional roving officers.

In response to Ms. Giunchigliani's comments, Mr. Rexwinkel advised that the five roving Correctional Officers the Department was requesting would fill in for any one of the 21 established Correctional Officers on leave. Additionally, Mr. Rexwinkel advised that while the relief factor built into the budget covered a portion of sick and annual leave time, not enough coverage was provided. Mr. Rexwinkel advised that \$1,062,000 had been removed from Category 1 at High Desert State Prison and placed into Category 93 Reserve as part of the 3 percent reduction and positions had been reduced to accommodate revenue shortfall.

Ms. Giunchigliani questioned whether positions that had been frozen could be used for the requested Correctional Officer positions.

Mr. Rexwinkel indicated it was his opinion that if the positions were unfrozen they could be used for the need at High Desert State Prison. Additionally, Mr. Rexwinkel indicated the same held true for the van, which could be purchased from one-shot money that was approved for the current biennium. However, Mr. Rexwinkel indicated he would need to consult with the Budget Division and the Committee's staff.

Senator Rawson addressed the Committee's concern that the budget process dealt with agency budget issues, and revenue received outside of the budget process during the interim could not be properly analyzed. Senator Rawson pointed out that approval of the positions through July would force consideration during the legislative budget process.

Mr. Rexwinkel explained that the positions requested in the work program would only be approved though June 30, 2003; however, as previously stated, he said that Wyoming had indicated they would continue the contract through June 30, 2004 with a one-year option to continue the contract through June 2005.

While Chairman Raggio also commended the Department's effort to bring in additional revenue, he expressed concern that a precedent could be set for State agencies to use revenue from such contracts for additional enhancements in any manner they chose.

In response to questions from Chairman Raggio concerning the cost related to five positions for the remainder of the biennium, Mr. Rexwinkel advised that a Correctional Officer's salary including benefits was paid at an average of approximately \$50,000 a year, and the cost for five officers for about seven months totaled approximately \$150,000.

In response to a question from Mr. Marvel, Ms. Crawford expressed hope that the contract would not be placed in jeopardy if the Committee did not approve the request for five additional officers.

In reference to setting precedents, Ms. Crawford asked that it be kept in mind the contract revenue was a new idea to the Department. Ms. Crawford assured the Committee the Department was not appearing before them to manipulate the situation. Ms. Crawford indicated her staff had met with the Committee's staff in reference to the contract and had requested assistance on how to proceed. However, Ms. Crawford pointed out

that adequate staff was required to successfully begin any new program.

In response to questions and concerns expressed by Chairman Raggio, John P. Comeaux, Director, Department of Administration, advised that he had read the contract and reviewed the work program. After discussions with his staff, Mr. Comeaux indicated satisfaction that the requested expenditures the Department had included were reasonable. While Mr. Comeaux indicated five of the frozen positions could be released, he said it made sense to tie the five new positions to the Wyoming contract and reiterated earlier testimony that the five positions would terminate at the same time the contract terminated. If the contract extended through Fiscal 2004, or the inmate population increased, the Correctional Officer positions that were frozen would be unfrozen. Mr. Comeaux advised that the contract would potentially generate about \$2,687,700 for the State, and the Department was only proposing to spend about \$624,039.

In response to a question from Chairman Raggio, Mr. Comeaux advised that of the \$2,687,700 the Department would receive from the contract, \$2,063,661 would be reserved for reversion, which he indicated, appeared reasonable.

CHAIRMAN ARBERRY MOVED APPROVAL TO RETAIN THE EXISTING LEGISLATIVELY APPROVED BUDGETED STAFF LEVELS, TO ELIMINATE \$129,000 FROM THE WORK PROGRAM REQUESTED FOR THE FUNDING OF THE FIVE POSITIONS AND UNIFORM COSTS, AND TO ELIMINATE THE OVERTIME COSTS OF \$20,000.

MS. GIUNCHIGLIANI SECONDED THE MOTION.

Chairman Raggio asked Department of Corrections' staff to respond to how Chairman Arberry's motion would affect their program.

Mr. Rexwinkel responded that the \$20,000 referred to in the motion was for classification staff and not for the Correctional Officers. Mr. Rexwinkel explained that a classification team of four people was currently stationed in Wyoming working on classifying inmates for transfer to Nevada. While two members of the team were exempt and were not receiving overtime, the other two would receive overtime.

Chairman Raggio asked Chairman Arberry if he would consider amending the motion on the floor to delete the reference to the \$20,000, which it appeared was needed for the classification effort.

While Chairman Arberry agreed to amend the motion, he asked Mr. Ghiggeri to elaborate on the issues of concern in the contract.

Mr. Ghiggeri advised that staff had analyzed the Department's request and raised concerns in reference to the request for Correctional Officers, overtime pay, uniform allowance and furniture for an activity room in the amount of \$6,689 which staff recommended at \$1,833. Additionally, concern was expressed in reference to the request for \$15,990 for inmate storage boxes and \$6,283 for mattresses.

In response to questions from Chairman Raggio, Mr. Ghiggeri indicated the mattresses and storage boxes should have been purchased by the Department of Corrections when the facility was opened.

Mr. Rexwinkel agreed to research whether mattresses and storage boxes had already been purchased.

It was Mr. Ghiggeri's opinion that funding was not provided during the 2003 Legislative Session to buy mattresses or storage boxes during the last biennium. Mr. Ghiggeri assumed that the items were purchased with "one-shot" funding and, therefore, would not currently be required. Additionally, Mr. Ghiggeri indicated the substance abuse treatment costs, as addressed by the Department representatives, should be reduced to \$137,020. In reference to inmate-driven costs, Mr. Ghiggeri said that the institution had been budgeted to house about 2,000 inmates and currently housed 1,500 inmates. Additionally, Mr. Ghiggeri indicated the Department planned to use inmate-driven costs to address utility costs overruns during Fiscal Year 2003, however, it appeared the Department was fully funded for inmate-driven costs.

Chairman Raggio suggested holding the motion in abeyance until the Committee's staff and the Department staff could meet during a break to resolve the issues of concern.

Chairman Arberry and the Department of Corrections representatives agreed to defer the motion until after the break.

Mr. Rexwinkel appeared before the Committee after meeting with staff during the break and provided the following adjustments:

- The \$2,687,700 revenue item was adjusted to \$2,666,320 to reflect the placement of 205 inmates at \$60 a day for the first 200 inmates and \$58 a day for the next five inmates;
- Additional adjustments were made in reference to the \$3.25 daily rate for the substance abuse treatment program. An agreement was reached to move \$137,020 from category 16 to category 17 to provide better accountability and match the substance abuse treatment revenue that would be received from Wyoming.
- Category 16 (Wyoming Contract) reflected a total of \$93,694 after reductions of \$27,350 for deletion of the van and \$128,618 for inmate-driven costs and the addition of \$8,872 for the cost of video cameras and surveillance equipment.
- Category 1 (Personnel) remained the same at \$225,149.
- Category 17 (Wyoming Programs) was adjusted to \$137,020.
- Category 93 (Reserve for Reversion) was adjusted to \$2,210,457.

Mr. Ghiggeri expressed continuing staff concerns in reference to the request for mattresses, inmate storage boxes and the housing unit activity room furniture, which he indicated had been previously funded. Mr. Ghiggeri advised the Committee that the Department of Corrections was currently unable to locate the items. Mr. Ghiggeri surmised that with 800 inmates below population projections, there were at least 200 mattresses, boxes and furniture that were not being used. Mr. Ghiggeri recommended that a report on the location of the items in question be provided to staff.

Mr. Rexwinkel indicated that staff recommendations were acceptable.

The motion on the floor by Chairman Arberry died for lack of a vote.

Chairman Raggio entertained a motion to revise the Department’s request in accordance with the delineated adjustments and with the understanding that staff’s concerns in reference to mattresses, inmate storage boxes and housing unit activity room furniture were addressed.

MRS. CHOWNING MOVED TO AMEND THE DEPARTMENT’S WORK PROGRAM REQUEST TO REFLECT AN ADJUSTMENT IN REVENUE FROM \$2,687,700 TO \$2,666,320 AND TO MOVE \$137,020 FROM CATEGORY 16 TO CATEGORY 17; DELETE \$27,350 FOR THE VAN AND DELETE \$128,618 FOR INMATE-DRIVEN COSTS; ADD \$8,872 FOR VIDEO CAMERAS AND SURVEILLANCE EQUIPMENT FOR A TOTAL OF \$93,694 IN CATEGORY 16; CATEGORY 1 REMAINED THE SAME AT \$225,149 AND CATEGORY 93 WAS ADJUSTED TO REFLECT \$2,210,457. ADDITIONALLY, DEPARTMENT STAFF WERE DIRECTED TO PROVIDE A REPORT TO THE COMMITTEE’S STAFF ON THE LOCATION OF THE MATTRESSES, STORAGE BOXES AND ACTIVITY ROOM FURNITURE.

SENATOR JACOBSEN SECONDED THE MOTION.

Ms. Giunchigliani indicated her objection to the request for the five additional positions and expressed disapproval that policy issues were being brought before the Committee. While Ms. Giunchigliani applauded the program and the direction in which the Department of Corrections was moving, she indicated she could not support the motion.

THE MOTION CARRIED.  
(Ms. Giunchigliani voted nay.  
Chairman Arberry voted nay.)

II. Reclassification

Agency	Agency/Account Number	Position Number	Present Class, Code, EEO-4, Grade & Salary	Proposed Class, Code, EEO-4, Grade & Salary
Department of Cultural Affairs	332/2891	0025	Library Assistant IV, 4.122, grade 27, step 9, \$36,289.44, Employer-Paid	Computer Systems Tech III, 7.940, grade 29, step 9, \$39,588.48, Employer-Paid
Department of Administration/ Purchasing	083-1358	0011	Administrative Assistant II, 2.212, grade 25, step 2, \$27,352.80, Employee/ Employer-Paid	Purchasing Technician I, 7.320, grade 25, step 2, \$27,352.80, Employee/ Employer-Paid
Department of Administration/ Purchasing	083-1358	0014	Administrative Assistant II, 2.212, grade 25, step 1, \$24,053.76, Employer-Paid	Purchasing Technician I, 7.320, grade 25, step 1, \$24,053.76, Employer – Paid
Department of Business and Industry/ Industrial Relations	742/4680	0013	Administrative Assistant II, 2.212, grade 25, step 1, \$24,053.76, Employer-Paid	Compliance/Audit Investigator II, 11.365, grade 33, step 1, \$33,366.24, Employer-Paid
Department of Commission on Tourism/ Nevada Magazine	101-1530	0010	Administrative Assistant II, 2.212, grade 25, step 7, \$33,554.16, Employee/ Employer-Paid	Management Analyst I, 7.637, grade 33, step 1, \$36,498.24, Employee/ Employer-Paid
Department of Employment, Training and Rehabilitation/ Info Development and Processing	908/3273	0155	Administrative Assistant III, 2.211, grade 27, step 3, \$30,902.40, Employee/ Employer-Paid	Statistician II, 7.745, grade 31, step 1, \$33,554.16, Employee/ Employer-Paid
Department of Employment,	902/4770	6872	Security Officer, 11.263, grade 27, step	Employment Specialist I, 12.170,

Training and Rehabilitation/ Employment Security			1, \$26,016.48, Employer-Paid	grade 30, step 1, \$29,419.92, Employer-Paid
Department of Human Resources	407/3228	1052	Administrative Assistant III, 2,211, grade 27, step 9, \$39,692.88, Employee/ Employer-Paid	Computer Systems Tech III, 7,940, grade 29, step 9, \$43,305.12, Employee/ Employer-Paid
Department of Human Resources / Welfare Division	407-3233	3452	Eligibility Certification Supervisor, 12.354, grade 34, step 9, \$49,339.44, Employer-Paid	Supervisory Compliance Investigator, 11.354, grade 34, step 9, \$49,339.44, Employer-Paid
Department of Human Resources / Welfare Division	407-3233	3335	Supervisor, 12.354, grade 34, step 6, \$47,230.56, Employer-Paid	Supervisory Compliance Investigator, 11.354, grade 34, step 6, \$47,230.56, Employee/ Employer-Paid
Department of Human Resources / Health Division	406-3194	0002	Chief, Public Health Engineer, 6.805, grade 45, step 1, \$56,417.76, Employer-Paid	Health Bureau Chief II, 10.502, grade 42, step 1, \$49,339.44, Employer-Paid
Department of Public Safety/ Highway Patrol	650/4713	0677 0681	Highway Patrol Trooper II, 11.106, grade 37, step 1, \$37,709.28, Employer-Paid (Police/Fire Retirement)	Information Systems Specialist II, 7.294, grade 37, step 1, \$39,588.48, Employer-Paid
Department of Public Safety, Division of Parole and Probation	650-3740	0196	Program Officer I, 7.649, grade 31, step 1, \$33,554.16, Employee/ Employer-Paid	P & P Specialist II, 12.614, grade 31, step 1, \$33,554.16, Employee/ Employer-Paid
Department of Public Safety, Division of Parole and Probation	650-3740	0227	Program Officer I, 7.649, grade 31 step 1, \$30,672.72, Employer-Paid	P & P Specialist II, 12.614, grade 31, step 1, \$30,672.72, Employer-Paid
Department of Public Safety, Division of Parole and Probation	650-3740	0351	Program Officer I, 7.649, grade 31, step 7, \$43,305.12, Employee/ Employer-Paid	P & P Specialist II, 12.614, grade 31, step 7, \$43,305.12, Employee/ Employer-Paid
Department of Public Safety, Division of Parole and	650-3740	0012, 0635, 0194	Program Officer I, 7.649, grade 31, step 9, \$43,179.84, Employer-Paid	P & P Specialist II, 12.614, grade 31, step 9, \$43,179.84, Employer-Paid

Probation

Department of Conservation and Natural Resources/ State Lands	707-4173	0016	Engineering Technician III, 6.313, grade 30, step 1, \$29,419.92, Employer-Paid	Agency/Program Information Specialist II, 7.952, grade 36, step 1, \$37,897.30, Employer-Paid
*Department of Conservation and Natural Resources	709-3187	0570	Management Analyst IV, 7.612, grade 39, step 1, \$43,179.84, Employer-Paid Retirement	Bureau Chief, Environmental Programs, 6.809, grade 44, step 1, \$53,912.16, Employer-Paid Retirement
*Added 11/13/02				

Department of Conservation and Natural Resources - Reclassification - Position Number 0570

In reference to the request for reclassification for the Department of Conservation and Natural Resources position number 0570, Allen Biaggi, Administrator, Nevada Division of Environmental Protection, explained that approval was received at the June 18, 2002, Interim Finance Committee meeting to reclassify a Bureau Chief to Management Analyst IV. The reclassification was requested to provide assistance with the One-Stop Grant as well as environmental policy and work within the agency that required an Analyst's expertise. Since that time, the One-Stop Grant had been received, and it was determined there was a lack of Management Analyst candidates within the series who had the necessary computer and environmental experience. Additionally, Mr. Biaggi said the organizational structure of the agency was reviewed, and it was decided a new Bureau that dealt with policy, information management and other administrative issues would be beneficial.

In response to questions from Chairman Raggio, Mr. Biaggi confirmed the Division was simply reversing the reclassification approved at June 18, 2002 meeting. Additionally, Mr. Biaggi advised that the position would be funded through the Division's indirect cost rate for the remainder of the biennium. Mr. Biaggi also said the funding for the position was derived from federal and fee-based funding, and that there were no General Fund revenues associated with the position.

MS. GIUNCHIGLIANI MOVED APPROVAL OF THE REQUEST FOR RECLASSIFICATION OF POSITION NUMBER 0570.

SENATOR RAWSON SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

Department of Public Safety - Highway Patrol - Reclassification of Position Number 0677 and Position Number 0681

Colonel David Hosmer, Nevada Highway Patrol, identified himself for the record and requested approval for the reclassification of Positions 0677 and 0681. Colonel Hosmer explained the request was based on what he had determined was an inefficient use of trained Highway Patrol Troopers at grades 37 and 42. The Troopers had been assigned duties related to computer maintenance and developing programs required for gathering statistical data.

Colonel Hosmer discussed plans for a new automated data gathering system that would replace the Highway Patrol's current process, which he indicated required extensive staff time to manually record and summarize data.

In response to questions from Chairman Raggio concerning the new automated system, Colonel Hosmer indicated that the Department of Public Safety's Information Technology staff indicated they had the hardware and everything that was needed with the exception of Programmer time.

Colonel Hosmer also discussed other computer-related problems and advised the members of the Committee that the Highway Patrol lacked the in-house computer expertise to gather timely, accurate information or to address the 30 percent increase in highway-related deaths.

Chairman Raggio questioned whether continuation of the automated system had been included in the Highway Patrol budget request as an enhancement.

Colonel Hosmer responded that the automated project system would be placed in the budget through the Department of Public Safety's Division of Information Technology.

Chairman Raggio noted that the Highway Patrol had reclassified seven Trooper positions to civilian positions during the current biennium and that as of November 1, 2002, 37 Trooper positions were vacant.

Colonel Hosmer reported that not all 37 positions were vacant.

In response to questions from Ms. Giunchigliani, Colonel Hosmer indicated the Highway Patrol would not request two new Trooper positions during the 2003 Legislative Session. Colonel Hosmer advised that after filling the current vacant positions, he would assess the workload and then perhaps would return to either ask for additional positions or a reduction in staff.

In response to questions from Ms. Giunchigliani concerning sworn to non-sworn ratios, Colonel Hosmer advised that 420 employees out of 600 were sworn officers including positions in the Repository.

Chairman Raggio indicated that approval of the reclassification request should be contingent upon the following staff recommendations:



- Inclusion of the reclassifications in the 2003-05 Executive Budget as an enhancement;
- The agency should report to staff and the money committees during the 2003 Legislative Session regarding the status of the project, including activities for the reclassified positions; and,
- Expenses budgeted to support Troopers (uniforms, vehicles (operation and purchase), body armor, etc.) should be reserved for reversion.

Colonel Hosmer agreed with the suggested recommendations.

SENATOR RAWSON MOVED APPROVAL OF THE REQUEST AND TO INCLUDE RECOMMENDATIONS BY STAFF WHICH INCLUDED PLACING THE RECLASSIFICATIONS IN THE 2003-05 EXECUTIVE BUDGET AS AN ENHANCEMENT; THE AGENCY TO PROVIDE REPORTS TO STAFF AND MONEY COMMITTEES DURING THE 2003 LEGISLATIVE SESSION ON THE STATUS OF THE PROJECT AND POSITION ACTIVITIES AND EXPENSES BUDGETED TO SUPPORT TROOPERS SHOULD BE RESERVED FOR REVERSION.

MR. BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**E. STATUS OF GENERAL FUND BALANCE.**

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, identified himself for the record. A memorandum (Exhibit G) concerning the current projected General Fund shortfall for the 2001-2003 biennium was prepared by the Fiscal Analysis Division staff and distributed to the members of the Committee.

Mr. Ghiggeri advised that preliminary information concerning the General Fund balance on June 30, 2002, indicated:

- General Fund revenue estimates for the 2001-2003 biennium, developed by the Economic Forum in May 2001, did not reach their projected levels in Fiscal Year 2002;
- General Fund reversions of ongoing appropriations were not expected to meet the budgeted level; and,
- Additional funding was projected to be needed to fund shortfalls in the Distributive School Account (DSA), Medicaid and the Public Employees Benefits Program for the 2001-2003 biennium.

Mr. Ghiggeri advised that preliminary information concerning the estimated budget shortfall in Fiscal Year 2003, indicated:

- A funding shortfall of \$328.6 million;
- Actions identified by the Administration to address the shortfall totaled approximately \$303.7 million leaving an unfunded shortfall of approximately \$25 million;
- Not included in the shortfall was funding, by the 2003 Legislature, that would be required for restoration of fund balances projected to range anywhere from \$15 to \$16 million; and,
- Supplemental appropriations not previously identified (Mr. Ghiggeri referred to an earlier discussion during the meeting concerning Rural Clinics' request for supplemental funding that had not been previously identified.)
- The preliminary revenue forecast developed by the Economic Forum for Fiscal Year 2004, assuming a normal level of reversions for Fiscal Year 2004, would provide approximately \$1.928 billion;
- Current projected General Fund appropriations in Fiscal Year 2003 with supplemental appropriations for the DSA and Human Resources programs totaled approximately \$1.983 billion.
- Current estimates of existing revenues (including reversions) for Fiscal Year 2004 were approximately \$54 million below the amount necessary to support the base level of appropriations as provided in Fiscal Year 2003.

Mr. Ghiggeri advised that the Fiscal Analysis Division staff would continue to monitor the estimated budget shortfall. Additionally, Mr. Ghiggeri indicated the Economic Forum was scheduled to meet on December 2, 2002, to provide revenue projections for the 2003-2005 biennium from which The Executive Budget would be developed.

In response to a question from Ms. Giunchigliani, Mr. Ghiggeri confirmed that after the December 2, 2002, meeting, the Economic Forum would meet again on May 1 make any revisions necessary to their December 2, 2002, projections.

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

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, identified himself for the record. Mr. Ghiggeri indicated that the first page of the Contingency Fund Balance document (Exhibit H) showed the unreserved balance in the Contingency Fund prior to actions by the Committee during the meeting totaled \$5,084,461.

Mr. Ghiggeri pointed out that \$597,793 was reverted from state agencies for energy needs in Fiscal Year 2002 that had not yet been reverted to the General Fund. The Governor had requested at the June 18, 2002, IFC meeting that \$11.9 million be reverted to the General Fund, and approximately \$600,000 was currently available for any allocations that would be required for energy needs between the present time and the beginning of the 2003 Legislative Session. Mr. Ghiggeri indicated that if the Committee approved all of the requested allocations during the meeting, approximately \$3.9 million would remain in the fund.

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

1. Department of Administration, Board of Examiners, Stale Claims Fund \$700,000

John P. Comeaux, Director, Department of Administration identified himself for the record. Mr. Comeaux pointed out that the Stale Claims Fund balance forward from Fiscal Year 2002 to Fiscal Year 2003 amounted to only \$327,000, and as of November 20, 2002, almost \$161,000 had been expended. Mr. Comeaux advised the members of the Committee that expenditures from the account over the last four years had averaged over \$1 million a year, and the allocation, if approved, would result in a total amount available for Fiscal Year 2003 of slightly over \$1 million. While Mr. Comeaux indicated the funding might not be adequate to complete the year, it would be enough to get them into the 2003 Legislative Session

In response to a question from the Chairman, Mr. Comeaux reiterated previous comments that while there had been several large claims, the Department of Administration averaged over \$1 million in stale claims per year for the past four years.

MS. GIUNCHIGLIANI MOVED APPROVAL OF THE DEPARTMENT OF ADMINISTRATION’S REQUEST FOR \$700,000 FOR THE STALE CLAIMS ACCOUNT.

MRS. CEGAVSKE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

2. State Public Works Board – Structural Repairs and Roof Replacement, Building 89, Stewart Facility \$427,000

Dan O’Brien, Manager, State Public Works Board, identified himself for the record. Mr. O’Brien reported that the request for an allocation from the Contingency Fund was made on behalf of the Division of Building and Grounds for structural repairs and roof replacement for Building 89 at Stewart. An inspection and structural evaluation of the facility determined the roof rafters were sagging and separating from the exterior walls, and repairs were estimated in the mid \$400,000 range.

In response to a question from Chairman Raggio, Mr. O’Brien advised that the Department of Corrections’ Administrative Division occupied 16,000 square feet in Building 89. Additionally, Mr. O’Brien advised that Building 89 was structurally safe for employees to occupy as long as the roof was repaired before the winter season.

In response to questions from Senator Rawson, Mr. O’Brien indicated that while Building 89 had been used for a number of years, a seismic retrofit for the masonry walls had not taken place. Mr. O’Brien confirmed that evaluation would most likely reveal that the Building would not meet current structural requirements. Mr. O’Brien further advised that while long-term occupation of the building by the Department of Corrections was planned, an estimate concerning a seismic retrofit of the building had not occurred.

Senator Rawson stated that while it was prudent to initiate the repairs to prevent the roof from collapsing; a plan should also be initiated to either phase out the use of the building or to meet current structural requirements.

After discussions with Fiscal Analysis Division staff, Mr. O’Brien stated for the record that the costs associated with the roof repair could be paid for from the 1997 Statewide Roofing Program (CIP 97-S1), and the request for an allocation from the Contingency Fund could be reduced to \$360,205 to fund structural repairs only.

SENATOR JACOBSEN MOVED APPROVAL OF THE REQUEST FOR A CONTINGENCY FUND ALLOCATION IN THE AMOUNT OF \$360,205 TO PROVIDE STRUCTURAL REPAIRS ONLY TO BUILDING 89 AT STEWART.

MRS. CHOWNING SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

3. Department of Public Safety – Division of Parole and Probation – Implementation of Interstate Compact for Adult Offender Supervision (S.B. 194, 2001) \$30,000

Warren R. Lutzow, Chief, Division of Parole and Probation, identified himself for the record and introduced Amy Wright, Deputy Chief, Parole and Probation. Mr. Lutzow requested approval for an allocation of \$30,000 from the Contingency Fund to fund the costs of implementing the new Interstate Compact for Adult Offender Supervision ratified by the 2001 Legislative Session through passage of S.B. 194. Mr. Lutzow advised that the new compact became effective upon enactment by the 35<sup>th</sup> state to sign on which had occurred in August 2002. Mr. Lutzow indicated the first meeting of the new Interstate Compact Commission was on November 18, 2002 in Arizona.

In response to questions from Chairman Raggio, Mr. Lutzow confirmed that \$25,000 of the requested funding was for annual dues. Additionally, Mr. Lutzow indicated that each state was required, under the act, to create a State Council. Senator Maggie Carlton and Assemblyman Bernie Anderson had been named to Nevada’s State Council along with three volunteers, and a member from the Judiciary had yet to be named.

Chairman Raggio noted that the Division of Parole and Probation had reserved \$842,194 as its contribution to the 3 percent budget reduction and questioned whether the \$30,000 could be taken from the reserve rather than the Contingency Fund.

John P. Comeaux, Director, Department of Administration, identified himself for the record. In response to the Chairman’s question, Mr. Comeaux indicated that while the \$30,000 could be taken from the reserve, it wouldn’t be in the General Fund where they believed it was needed.

MS. GIUNCHIGLIANI MOVED THAT THE \$30,000 BE TAKEN FROM THE RESERVE RATHER THAN THE CONTINGENCY FUND.

CHAIRMAN ARBERRY SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

4. Department of Public Safety – Highway Patrol Division- Dignitary Protection (FY 2002) \$75,223

Colonel David Hosmer, Nevada Highway Patrol, identified himself for the record. Colonel Hosmer stated that the \$75,223 allocation from the Contingency Fund was requested to address expenses related to overtime incurred in November 2001 during the National Republican Governor’s Conference in Las Vegas.

Colonel Hosmer advised that in the future, governors attending the conference would provide their own staff and transportation, and the Nevada Highway Patrol would assist with on-site security within their budget constraints.

SENATOR RAWSON MOVED APPROVAL OF THE HIGHWAY PATROL’S REQUEST FOR \$75,223 FROM THE CONTINGENCY FUND.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**\*H. JAN EVANS JUVENILE JUSTICE CENTER (A.B. 330, 1999 Session) – Request from Washoe County for distribution of funds - \$978,990.**

Leonard Pugh, Director, Washoe County Department of Juvenile Services, identified himself for the record. Mr. Pugh stated that the 1999 Legislature appropriated \$3 million to Washoe County to assist in the construction of the new juvenile detention facility. Mr. Pugh indicated he had appeared before the Committee during their November 26, 2001 meeting and received reimbursement in the amount of \$2,021,010. Since that time the County had dispersed over \$1 million in architectural and engineering fees for the project. Mr. Pugh stood before the Committee to request \$978,990 which represented the balance of the original \$3 million appropriation. Mr. Pugh provided information concerning the award of the contract to Clark and Sullivan Constructors. A preliminary construction meeting was held on November 20, 2002, and construction was projected to begin the week of December 16, 2002.

In response to a question from Chairman Raggio concerning provisions of the legislation that required a determination of the total estimated costs of the project, Mr. Pugh advised that the bid was received at \$75,000 less than the budgeted amount, and the \$75,000 would go back into the construction contingency fund.

In response to a question from Chairman Raggio concerning the enhanced health clinic for the center, Mr. Pugh advised that the money for the health clinic was removed from the funding sources and was reserved for reversion as a result of current revenue shortfalls. Additionally, Mr. Pugh advised the site was located at 650 Ferrari-McCloud Drive just off of Parr Boulevard.

In response to a question from Ms. Giunchigliani, Mr. Pugh advised that while the funding for the health clinic was reserved for reversion, a favorable bidding climate provided a bid \$75,000 below the maximum for the building which would be used for the clinic. The county had applied to several foundations for the funding required for the equipment required for the health clinic.

MR. MARVEL MOVED APPROVAL OF THE REQUEST FOR DISTRIBUTION OF \$978,990 TO WASHOE COUNTY FOR THE JAN EVANS JUVENILE JUSTICE CENTER.

MS. LESLIE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**\*I. REQUEST FOR ALLOCATION FROM TOBACCO SETTLEMENT FUNDS – A.B. 474 (Chapter 538 (Sec. 22), 1999).**

1. KLVX-TV -\$104,627.

“KLVX Channel 10 submitted a request for an allocation of \$104,627 from the tobacco settlement proceeds to carry out the conversion to digital television required by the Federal Communications Commission.”

In the absence of KLVX representatives, Chairman Raggio announced that KLVX under the provisions of legislation approved in 1999, raised \$3,381,121 in cash from federal and private sources, which made the Channel 10 television station eligible to receive the final disbursement of funding appropriated in 1999.

MR. PARKS MOVED APPROVAL OF THE REQUEST FOR AN ALLOCATION TO KLVX OF \$104,627 FROM THE TOBACCO SETTLEMENT FUNDS TO CONVERT TO DIGITAL TELEVISION AS REQUIRED BY THE FEDERAL COMMUNICATIONS COMMISSION AND BASED ON KLVX’S COMPLIANCE WITH THE PROVISIONS OF SECTIONS 22 AND 23 OF A.B. 474, 1999.

MS. LESLIE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**\*J. TAHOE REGIONAL PLANNING AGENCY – Use of Bureau of Reclamation Grant funds and California pass-through of federal transportation funds in lieu of California funds for two-thirds match and reduction Nevada’s one-third match from \$131,481 to \$119,508 for two staff positions to work on EIP programs.**

A document, (Exhibit I) that provided background information concerning the Tahoe Regional Planning Agency (TRPA) request was distributed to the members of the Committee.

Mr. Carl Hasty, Deputy Executive Director, TRPA, identified himself for the record and introduced Bruce Adams, Budget Officer. Mr. Hasty's presentation on the TRPA request recalled funding approved by the 2001 Legislature for "three new positions and service contracts effective in Fiscal Year 2002-03 to provide regional coordination of current and planned Environmental Improvement Program (EIP) construction activity." Mr. Hasty indicated legislative approval of Nevada's \$131,481 share of the cost was conditioned on a two-thirds (\$262,961) match by California. However, Mr. Hasty advised that California had declined to provide its share of funding for the new positions and service contract costs. Mr. Hasty further indicated that Budget Division staff suggested the TRPA approach the Interim Finance Committee to request approval to use Bureau of Reclamation Grant funds and California pass-through of federal transportation funds instead of California funds for the two-thirds match. Additionally, the TRPA requested that Nevada's one-third match be reduced from \$131,481 to \$119,508.

Senator Rawson questioned the appropriateness of the request, as did Chairman Raggio who asked Legislative Legal Counsel, Brenda Erdoes, whether the Committee had the authority to deviate from the conditions of the legislation.

Brenda Erdoes, Legislative Counsel, responded that while the 2001 Authorizations Act did not include the match language, legislative intent was clear that funding was contingent upon a match by California. It was Ms. Erdoes' opinion that the IFC did not have the authority to approve the TRPA's request unless the Committee found and made an actual determination that California Federal Highways/Public Lands funds and Federal Bureau of Reclamation funds could be substituted as California's share of the costs. Additionally, Ms. Erdoes commented that a determination by the Committee to approve the use of federal funding as a substitution for California's share of the two-thirds match could set a future precedent.

In response to questions from Chairman Raggio concerning California's obligation, Mr. Hasty advised that California's share was approximately \$165,000. Additionally, Mr. Hasty reported that while California had not been able to provide funding from their General Fund, they had provided California Federal Highways/Public Lands funding.

In response to additional questions from Chairman Raggio, Mr. Hasty indicated that while representatives from California had provided the use of federal funding, they had not asked the TRPA staff to approach Nevada's Interim Finance Committee with a request to utilize the federal funds as a substitution for their two-thirds match.

Chairman Raggio indicated that Nevada's commitment for funding would be met if California provided their two-thirds match.

Mr. Hasty indicated his intent to make it clear, for the record, that California had approved the use of California Federal Highways/Public Lands Funding (federal pass-through funds) to support the Environmental Improvement Program.

Chairman Raggio pointed out that the Committee recognized a General Fund obligation to fund one-third of the costs and California two-thirds under the provisions of the approved legislation and neither had the authority or wanted to deviate from those conditions. Chairman Raggio indicated that the Committee was ready to provide funding conditioned upon California providing their two thirds match through General Funds.

Mr. Hasty advised that the two staff positions for the Environmental Improvement Program were currently being funded with federal funds from California and the United States Bureau of Reclamation. Additionally, Mr. Hasty explained that the original request was for three positions and contract services. Currently, Mr. Hasty advised that the TRPA was willing to "scale back" and would seek contract services for the remainder of the fiscal year.

In response to questions from Mr. Beers concerning the original funding request and objective of the approved legislation, Mr. Hasty indicated that while their purpose, as originally envisioned, could not be fulfilled and their progress would be slowed, the TRPA could at least begin to provide regional coordination of current and planned Environmental Improvement Program construction activity.

In response to a question from Mr. Hettrick, Mr. Hasty confirmed that California had provided federal funding which was currently being utilized.

In response to questions from Chairman Raggio, Mr. Hasty confirmed the availability of federal funding for "up to two years" and indicated optimism that additional federal funds would be provided.

Chairman Raggio deferred the request by the TRPA and invited them to return to a future meeting if they could resolve the problem with California's two-thirds match.

**\*K. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS – Approval of sale of Bingeman Ranch pursuant to NRS 321.335.**

Pam Wilcox, Administrator, State Lands, identified herself for the record. Ms. Wilcox stood before the Committee to request approval for the sale of the 557-acre Bingeman Ranch in Mason Valley purchased in 1998 on behalf of the Division of Wildlife. Ms. Wilcox indicated the ranch had been purchased in two pieces; the northern piece and the parcel the Division of Wildlife wished to retain represented 240 acres that abutted the Mason Valley Wildlife Management area. The southern piece represented 317 acres with a residence. Ms. Wilcox advised that the two parcels were purchased as a unit, and the water rights, which the Division of Wildlife needed for the wildlife management area, had been transferred.

In response to questions from Chairman Raggio concerning the value of the property, Ms. Wilcox indicated the property had value even without the water rights because of the 317 acres and residence that had been appraised at \$160,000. Ms. Wilcox pointed out that a future owner could transfer water rights to the property. Additionally, Ms. Wilcox indicated that the Division of Wildlife would return to the Committee to establish how they would spend the money from the sale of the property.

Ms. Wilcox indicated the residence had no historical value and saw no reason the state should retain the property.

MR. DINI MOVED APPROVAL OF THE SALE OF THE BINGEMAN RANCH PURSUANT TO NRS 321.335.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

**\*L. DEPARTMENT OF MOTOR VEHICLES** – request for approval to distribute grant awards to local government entities from the Emission Control Account pursuant to NRS 445B.830.

- 1. Clark County Department of Air Quality Management \$ 939,000
- 2. Washoe County District Health Department \$ 380,000
- Total \$1,319,000

Dennis Colling, Chief of Administration, Department of Motor Vehicles identified himself for the record. Mr. Colling stood before the Committee to request approval to distribute a grant award to Clark County in the amount of \$939,000 and to Washoe County in the amount of \$380,000. Mr. Colling advised that the Division of Environmental Protection, the Advisory Committee and the Department of Motor Vehicles had reviewed the requests for distribution of the grant awards and all recommended approval.

In response to questions from Chairman Raggio concerning county programs, representatives from Washoe County and Clark County responded individually.

Andrew Goodrich, Division Director, Air Quality Management, Washoe County District Health Department, identified himself for the record. Mr. Goodrich advised that the grant award would be used to fund the following:

- An enhancement to Washoe County’s air monitoring network to allow data to be “real time” uploaded to the Internet for access by all citizens;
- A voluntary clean diesel program which would result in emission reductions;
- Support of the Truckee Meadows’ clean cities program (a coalition in Washoe County that primarily supported government fleets in Washoe County to meet the mandate that government fleets buy alternative-fuel vehicles); and
- A smoking vehicle and marketing campaign.

Christine Robinson, Director, Department of Air Quality Management, Clark County, identified herself for the record and outlined the following projects Clark County identified for use of the funds:

- A Carbon Monoxide and Mobile 6 Modeling Study for the Vegas Valley;
- A study for the Las Vegas Valley that would develop an improved inventory of vacant lands and other major sources of dust;
- Construction Activities Study for the Las Vegas Valley;
- Silt load studies to determine the kinds of contributions paved roads made to ambient air for dust; and
- A public outreach campaign to raise awareness concerning air quality issues in the Las Vegas Valley.

In response to a question from Chairman Raggio, Mr. Goodrich and Ms. Robinson both responded that the studies undertaken by their respective counties would result in emission reductions.

MR. DINI MOVED APPROVAL TO DISTRIBUTE GRANT AWARDS TO WASHOE COUNTY AND CLARK COUNTY FROM THE EMISSION CONTROL ACCOUNT PURSUANT TO NRS 445B.830.

MR. PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**\*M. STATE PUBLIC WORKS BOARD**

- 1. Project 01-S6, Statewide Asbestos, Lead and Indoor Air Quality – Request approval to accept \$250,000 from the Risk Management Division’s Property Reserve Fund to fund miscellaneous indoor air quality projects.

Dan O’Brien, Manager, State Public Works Board, identified himself for the record. Mr. O’Brien advised that Item 1 was tied to Item D 13 for mold remediation approved by the Committee earlier in the meeting.

MR. DINI MOVED APPROVAL FOR THE STATE PUBLIC WORKS BOARD TO ACCEPT \$250,000 FROM RISK MANAGEMENT TO FUND THE MISCELLANEOUS INDOOR AIR QUALITY PROJECTS.

MR. HETTRICK SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

- 2. Project 01-E1, Employment Security Division Office Building – Request for approval to accept \$1.3 million from the Division for additional property costs for the project.

Mr. O’Brien stated that Item M 2 requested a change the scope for Project 01-E01 for a new office building for the Department of Employment, Training and Rehabilitation (DETR) Division of Employment Security. Originally, available property from the Bureau of Land Management was envisioned for the project. However, it was determined that the BLM land was in a remote location and that the 7.83 acres of land located near St. Louis Street better suited the Division’s needs.

In response to questions from the Chairman, Mr. O’Brien indicated the original site was ten acres and that based upon the scope of the project, the 7.83 acres located near St. Louis Street would be sufficient. Therefore, Mr. O’Brien indicated a change in scope was requested to allow for the purchase of the land not to exceed \$1.3 million.

MR. DINI MOVED APPROVAL FOR THE PUBLIC WORKS BOARD TO CHANGE THE SCOPE OF PROJECT 01-E1 TO ACCEPT \$1.3 MILLION FROM THE DIVISION OF EMPLOYMENT SECURITY FOR ADDITIONAL PROPERTY COSTS.

MR. MARVEL SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

3. Project 01-C1, High Desert State Prison, Phase III – Request change in scope for the project to include a feasibility study of adding “cook-chill” food service.

Mr. O’Brien requested approval to expand the scope of Project 01-C1, High Desert State Prison, Phase III to include a feasibility study to add “cook-chill” food service. Approval was also requested for the PWB to go forward with the full study and selection process to hire a consultant estimated to cost approximately \$100,000.

In response to a question from Chairman Arberry concerning the funding source, Mr. O’Brien indicated that the Furniture, Fixtures and Equipment (FF&E) budget for Phase III of the High Desert State Prison Project 01-C01 had approximately \$1.4 million slated for the kitchen work.

Chairman Arberry pointed out that the High Desert State Prison project was funded almost entirely with general obligation bond proceeds and expressed concern that the cost of the study would be paid for over the next twenty years whether or not the cook-chill system was implemented. Chairman Arberry questioned the availability of an alternate plan.

Mr. O’Brien responded that should the Committee decide not to support the funding of the feasibility study, the alternative would be to go with the full kitchen as originally proposed.

Chairman Raggio questioned whether the feasibility study could be funded through Prison Industries’ funds, which currently had retained earnings in excess of \$1 million.

Howard Skolnik, Assistant Director, Industrial Programs, Department of Corrections, identified himself for the record. Mr. Skolnik advised that the Director, Department of Corrections, had asked that Prison Industries’ staff to review the possibility of establishing a “cook-chill” kitchen within the existing operation. The intent was to service all of the culinary needs of the Department and secondly to sell the excess of that service to the private sector. Mr. Skolnik indicated that “cook-chill” service had become a nationally implemented process servicing all levels and qualities of food and was being used locally by airline and hotel industries.

Mr. Skolnik advised that Prison Industries’ staff visited correctional facilities in other states that had implemented “cook-chill” service, and representatives of the Department of Defense toured Nevada’s existing facilities. The consensus was that it would be foolish to proceed with expenditures on equipment without a detailed feasibility study. Not having engaged in feasibility studies for the benefit of the state or the Department of Corrections in the past, Mr. Skolnik expressed some reservation in that such an endeavor would set a precedent for future requests. Additionally, Mr. Skolnik indicated Prison Industries had expenditures in the last year that totaled \$1 million.

Chairman Raggio pointed out that the cost of the feasibility study was estimated at approximately \$100,000.

Mr. Skolnik responded that it appeared from data gathered from other jurisdictions that the balance available in the Public Works Budget would not be sufficient to implement a “cook-chill” process locally much less statewide. Mr. Skolnik pointed out equipment would be needed throughout the state, and he anticipated that Prison Industries would be expected to purchase the equipment required in excess of funds available through the Public Works Board.

In response to questions from Chairman Raggio concerning the dollar amount once the feasibility study was completed, Mr. Skolnik indicated the feasibility study would determine local and statewide costs and equipment. Mr. Skolnik confirmed that the “cook-chill” process could be used throughout the entire correctional system as well as to generate revenue from other sources because the potential capacity, if operated on three shifts, would be more than sufficient to take on private-sector customers.

In response to questions from Chairman Raggio, Mr. Skolnik advised that “cook-chill” service should “substantially” cut down the costs of operating the kitchens in remote locations throughout the state and should cut down the cost of the food being purchased. Additionally, Mr. Skolnik indicated that “cook-chill” should generate revenue, and as had been true with other Prison Industries’ programs, “cook-chill” would generate replacement equipment for all of the culinary operations and would remove that element from future budget requests.

Chairman Raggio pointed out the Committee’s reluctance to fund the study with bond proceeds.

Mr. Skolnik questioned whether the Department of Corrections would be given the authority to proceed with the actual bidding process and review the prospective consultants, if Prison Industries funded the study.

Mr. O’Brien recommended that the State Public Works Board be authorized to proceed with the consultant selection process to ensure the best consultant was selected and that Prison Industries fund the study.

Mr. Skolnik expressed concern in terms of the cost and direction the project would take. Specifically, Mr. Skolnik indicated that if Prison Industries funded the study, the Department of Corrections should have some control over the selection process of the consultant.

In response to a question from Chairman Raggio, Mr. O’Brien indicated input on the selection process from the Prison Industries’ staff would be welcomed.

Chairman Raggio asked for a motion to approve the request for a feasibility study funded by Prison Industries not to exceed \$100,000 and that Prison Industries and the Public Works Board work together to ensure the selection of the most qualified consultant.

MR. MARVEL MOVED TO APPROVE THE REQUEST TO EXPAND THE SCOPE OF PROJECT 01-C1 TO INCLUDE A FEASIBILITY STUDY TO ADD A COOK-CHILL FOOD SERVICE, TO HAVE THE STUDY FUNDED BY PRISON INDUSTRIES NOT TO EXCEED \$100,000 AND THAT THE PUBLIC WORKS BOARD AND PRISON INDUSTRIES’ STAFF WORK TOGETHER TO SELECT THE MOST QUALIFIED CONSULTANT.

MRS. CEGAVSKE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

Mr. O'Brien indicated that Items 4, 5, 6 and 7 were provided as informational items. There were no questions from members of the Committee.

4. Project 01-C11, Partial Remodel of Building #17 at Stewart Facility – Update regarding availability of inmate labor for the project (informational).
5. Project 01-C9, Special Children's Clinic Addition and Remodel – Report regarding reasons for placing project on hold (informational).
6. Facility Condition Analysis Program – Report regarding the estimated timeline for the analysis of all state buildings (informational).
7. Project Status Report (informational).

**N. DEPARTMENT OF HUMAN RESOURCES – DIVISION OF CHILD AND FAMILY SERVICES** – Funding Plan for the Provision of Child Welfare Services – Submitted pursuant to A.B. 1 (Sec. 132) of the 17<sup>th</sup> Special Session.

Refer to narrative under Item 46. There was no action required by the Committee on Item N.

**O. INFORMATIONAL ITEMS** – Reports on Letters of Intent and various reports from agencies.

**6. DEPARTMENT OF INFORMATION TECHNOLOGY**

- A. Quarterly Report on Billing System and Revised Annual Cost Allocation Plan for FY 2002- Letter of Intent.
  1. Final Fourth Quarter FY 2002 Quarterly Billing System and Rate Model Report (not provided).
  2. Final FY 2002 Annual Cost Allocation Plan with recommendations on rate adjustments.
- B. Quarterly Report on Master Services Agreement Tracking – Fourth Quarter FY 2002 – Letter of Intent.
  1. Final version of DoITs MSA Tracking Plan (not provided).
  2. FY 2003 First Quarter MSA Performance Tracking Report.
- C. Quarterly Report on Decentralization – Fourth Quarter FY 2002 – Letter of Intent.
  1. Finalized decentralization plan (not provided).
  2. Program measurement criterion and program evaluation process for DoIT's current decentralization program (not provided).
  3. DoIT Optimization Report.

Chairman Raggio noted that the Department of Information Technology representatives had been requested to submit a final fourth quarter billing report and final Fiscal Year 2002 Annual Cost Allocation Plan for the Committee's review.

Terry Savage, Director, Department of Information Technology (DoIT), identified himself for the record and introduced Shelly Person, Chief of Administration, and Brian Spencer, Administrative Services Officer.

Mr. Savage turned to the Summary Recommendation (Exhibit J) in Volume VI of agenda items, which he said corresponded directly to the finalized decentralization plan listed under Item 6 C 1. Mr. Savage indicated the report was the consensus developed between representatives of DoIT, the Budget Division, the Governor's Office and the Department of Human Resources on how to proceed with the budget submission for the 2004-05 biennium. The report included the study conducted by the Department of Administration around the economics of possible decentralization.

Mr. Savage indicated that while much of what had been requested by the Committee was provided in a timely manner, DoIT had apparently done a poor job of identifying the information.

Mr. Savage advised that the only "open action" DoIT had not yet provided was the first quarter Fiscal Year 2003 quarterly billing system and rate model report which had just been received from the consultant on November 21, 2002, and which could be provided by the end of the following week.

In response to Chairman Raggio's request, Mr. Ghiggeri addressed staff concerns.

Mr. Ghiggeri indicated that there was some uncertainty concerning the information provided by DoIT. Therefore, Mr. Ghiggeri suggested that DoIT representatives and staff needed to meet to discuss the material that had been provided. Additionally, Mr. Ghiggeri indicated staff had concerns in reference to the following issues:

- Outstanding federal payback issues;
- Correction actions taken by DoIT on utilization by agencies and billing; and,
- Outstanding accounts receivable from Fiscal Year 2002.

Mr. Savage indicated that DoIT representatives would be happy to meet with staff.

Chairman Arberry questioned whether federal auditors had begun the process of auditing DoIT's billings to negotiate a refund payment.

Shelly Person, Chief of Administration, DoIT, identified herself for the record. Ms. Person responded that DoIT representatives had met with federal auditors and Department of Administration representatives during the previous week. Ms. Person advised that DoIT should have information concerning the payback within a month.

Mr. Savage commented that it appeared that sufficient funding remained in the reserve balance to cover the anticipated payback.

In response to questions from Chairman Arberry concerning a downturn in requests for DoIT's services, Mr. Savage indicated that in order to reduce costs, a number of probationary employees had been laid off in both the programming and personal computer technician groups where the largest drop-off in service demand had been seen. However, Mr. Savage advised that while service demand had been reduced, an increase in the need for mainframe and network services had been seen.

Mr. Savage further advised that DoIT was in the process of reducing the cost, during the short term, of the services in reduced demand. "In terms of local optimization," Mr. Savage pointed out that it was possible to increase the total cost to the state if individual agencies attempted to have a small amount of service done more inexpensively by outsourcing because "the fixed cost of providing the service overall was spread over a smaller base." Mr. Savage indicated that when decentralization occurred, rates normally increased because "economies of scale were not achieved." Mr. Savage further indicated that while funding had been included in DoIT's budget request, whether or not to continue the services would have to be determined, and if the services were to be provided, being a part of the central pool should not be optional. However, if the services were not going to be provided, the "remaining balance" should be outsourced rather than trying to provide a service at a high cost. Mr. Savage indicated a study, managed by the Department of Administration, would be conducted during the next biennium to determine whether or not the services should be continued.

In response to questions from Chairman Arberry concerning the Master Services Agreement Tracking quarterly report, Mr. Savage advised that DoIT had turned in a "tracking sheet" covering the new work orders beginning in Fiscal Year 2003. Mr. Savage advised that comments had been received from the Committee's staff concerning the report, which had been included on page 60 (Exhibit J) of the material in Volume VI agenda items. Mr. Savage reported that the tracking report would be continued along with an additional summary report on the performance of a work order after it was completed. Mr. Savage pointed out that that everyone who was a Master Services Agreement contractor was working on a project, and the key to managing the contractors was to gain project management control of all projects, which was what DoIT was working to achieve. A new Senior Project Manager who was also a certified procurement manager was to begin work ay with responsibility for project management control.

Chairman Arberry reiterated staff's earlier suggestion for a meeting between DoIT and staff representatives. Mr. Savage agreed that a meeting should take place to provide the information for which there were remaining concerns.

Chairman Raggio noted that issues that remained outstanding included the final version of the Master Services Agreement Tracking Plan and the finalized decentralization plan.

Mr. Savage advised that the finalized decentralization plan had been submitted and DoIT had no further changes.

Mr. Stevens noted that while the information received from DoIT concerning the finalized decentralization plan provided plans for the next biennium, a copy of a letter of intent included on page 50 (Exhibit J) indicated an agreement of understanding should have been entered into with the Division of Child and Family Services' Project UNITY and the Department of Taxation who were involved in the pilot program. The letter of intent further indicated that DoIT's finalized decentralization plan would be submitted to the Legislative Counsel Bureau's Fiscal Analysis Division to be provided to the money committees who would determine whether the decentralization plan should proceed. Mr. Stevens pointed out that the Fiscal Analysis Division had received very little in the way of specifics to determine whether the decentralization that had occurred in the current biennium in the Department of Taxation and Division of Child and Family Services had been successful.

Mr. Savage responded that one of the sections in the IT Optimization Report (Exhibit J) addressed a study that compared the current rates with what the rates would be if the UNITY Project in Division of Child and Family Services and Department of Taxation were re-centralized.

Mr. Stevens questioned specifically whether decentralization in those agencies had been successful during the current biennium and whether the results could be quantified or if there were guidelines to measure the success. Mr. Stevens noted that while information provided the rates for centralization versus decentralization, the information did not indicate the success or failure of decentralization in UNITY and Taxation.

Mr. Savage responded that there was both quantitative and non-quantitative data and that the quantitative monetary data would argue that decentralization was a failure while the non-quantitative data, particularly the satisfaction level of some of the receiving agencies, would indicate that decentralization was a success. Mr. Savage pointed out there was a fundamental problem in attempting to measure non-monetary performance issues and that there was no agreed-upon process for comparing global performance between different Information Technology organizations. Mr. Savage further indicated that even if there was an agreed-upon measure, the problem remained of "disaggregating the impact of decentralization" from issues, such as the nature of the project, stability of the funding stream, who the particular managers were, all of which might not have anything to do with decentralization. Mr. Savage concluded that the quantitative financial information could be provided weighed against the more anecdotal recorded results.

Chairman Arberry pointed out that dialogue between staff and DoIT should not have to occur during an Interim Finance Committee meeting and emphatically advised that DoIT meet with staff to resolve and provide clarification concerning outstanding issues for the Committee's review.

Mr. Savage agreed that a meeting would take place "in short order."

12. **PUBLIC EMPLOYEES BENEFITS PROGRAM** – letter of Intent – Update on financial performance of Public Employees' Benefits Program for fiscal year ending June 30, 2002.

Woody Thorne, Executive Office, Public Employees Benefits Program, identified himself for the record and provided a report (Exhibit K) on the financial performance of the Public Employees Benefits Program (PEBP) for the fiscal year ending June 30, 2002. The report had been presented to the PEBP Board at their October 3, 2002, meeting.

Mr. Thorne advised that the financial statements, prepared by PEBP's independent auditors, would be finalized later in November or early December 2002 and that Attachment A (Exhibit K) was the un-audited balance sheet and income statement for Fiscal Year 2002. Mr. Thorne provided the following highlights:

- The Benefits Program experienced a net loss of \$16.6 million during Fiscal Year 2002;
- Premium revenue increased 6 percent over the prior fiscal year; while self-funded claims expense increased 34 percent over the prior fiscal year (partly as a result of the loss of the northern Nevada Health Maintenance Organization (HMO) and a corresponding reduction for Insurance Premiums and Contractual Obligations of 17 percent);
- Investment income declined 55 percent as a result of the reduction in cash balance and the economic downturn;
- Accounts receivables were reduced significantly due to reconciliation efforts undertaken during the fiscal year (pay centers were to be commended for their cooperation and assistance during that effort.);
- The estimated reserve level increased from \$21 million to \$25.1 million, a 25 percent increase. The reserve was made up of estimated claims to be paid and the cost of paying all remaining claims for which the program was obligated in the event operations were shut down;  
The funded portion of the reserve declined from \$20 million to \$8.9 million; and,



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- The retained earnings for the Fiscal Year as of June 30, 2002 was a -\$16.2 million.

Mr. Thorne moved on to the Budget Status Report for Fiscal Year 2002, Attachment B ([Exhibit K](#)) and pointed out the Budget Status Report differed from the Financial Report in that it reflected data on a cash basis and did not reflect items such as:

- Accruals for Incurred but not Reported costs (IBNR);
- Any gain or loss from the sale or disposal of fixed assets;
- Depreciation expenses,
- Liability for compensated absences, or
- Pre-paid expenses.

Additionally, Mr. Thorne advised that the final budget status report for Fiscal Year 2002 showed the realized funding available declined from \$18.7 million at the beginning of the year to \$11.8 million at the end of the year. Mr. Thorne indicated the realized funding available was equivalent to the amount available for reserves from a budgeted status standpoint.

Mr. Thorne moved on to Attachment C ([Exhibit K](#)), the Claims Lag Report, which reflected the claims payment lag for June 2001 versus June 2002. Mr. Thorne pointed out that the third-party administrator ceased paying claims as of June 14, 2002 in order to prepare for the transition to the new third-party administrator, Benefit Planners, on July 1, 2002. Mr. Thorne reported that as of June 30, 2002, claims inventory totaled 48,166 claims, an unusually high level which was attributed to the cessation of processing by the former third-party administrator on June 14, 2002. As a point of reference, Mr. Thorne indicated the claims inventory as of May 31, 2002, was 15,869 and the new third-party administrator, Benefit Planners reported claims inventory of 5,700 claims as of October 20, 2002. In the first three and a half months of service, Benefit Planners processed a backlog of claims inventory received from the prior third-party administrator. Currently, Mr. Thorne indicated that over 95 percent of the claims received were being processed within ten calendar days.

Chairman Raggio indicated that when Mr. Thorne presented his financial report at a meeting of the Interim Retirement and Benefits Committee, it was projected that premiums would escalate to a level impossible for the State to fund. Questions asked at that meeting centered on cost-saving measures. Chairman Raggio recalled that a survey, authorized by the PEBP, which compared the State of Nevada's level of benefits to other western states, showed that, in most cases, Nevada's benefits were equal to or better than benefits in other states. Chairman Raggio discussed the concern raised at the meeting for those participants who had no options because of pre-existing conditions or because they were non-state retirees. Chairman Raggio asked Mr. Thorne to address those concerns and any cost-saving changes that were being considered by the PEBP.

Mr. Thorne advised that in preparation for renewal considerations "a laundry list" of benefit changes had been developed. Mr. Thorne further advised that in order to generate a significant amount of dollars required taking a "meat-ax" approach to the benefits structure. Options under consideration included:

- A high deductible; and
- Cost sharing of premiums for all participants.

Mr. Thorne pointed out that over half of the PEBP's active population was in the 40 to 59 age-group, and that people in that age group developed chronic illnesses, which required expensive medical care. Additionally, as previously discussed, Mr. Thorne explained that the PEBP had the responsibility for a group of non-state retirees who were required to be rated separately. As a smaller group, the non-state retirees experienced a high level of volatility within their claims experience. Mr. Thorne concluded that the major claims, significant losses, and expenses on the claims side had a dramatic impact on the rates, and the PEBP was exploring a number of options to address the problem.

In response to questions from Ms. Giunchigliani, Mr. Thorne advised that the \$20 million represented the shortfall to fully fund the reserve for Incurred but not Reported (IBNR) costs. Additionally, Mr. Thorne recalled that it was during the 1999 Legislative Session the previous "bail-out" for the PEBP occurred.

Ms. Giunchigliani discussed exploring the idea of a statewide health insurance plan in which all parties participated in order to provide better purchasing power. Ms. Giunchigliani expressed concern for constituents from whom she had received calls whose rates were expected to increase to \$1,400, or in some cases \$2,000 a month. Ms. Giunchigliani indicated it was "shameful" that people who had worked in public service had to deal with issues of that kind. Ms. Giunchigliani also discussed removing the State from the claims process by privatization and was hopeful that discussion concerning public employees benefits would take place early in the next legislative session.

Mr. Thorne explained that, from an underwriting standpoint, the size of the group would increase significantly if all public employees were included in the program and the risk would be spread over the larger group. However, Mr. Thorne pointed out that many of the local government entities were dealing with a demographic younger than the State's. Mr. Thorne explained that because the local governments' retiree population was absorbed into the State program, the local entities would be looking at increases in the costs for their active employees.

Ms. Giunchigliani addressed the idea of a threshold amount based on a wellness factor, and recognition of the types of illnesses triggered at certain ages along with provided benefits such as mammography and prostate cancer screening. Ms. Giunchigliani reiterated the need for exploring new ideas concerning public employees' benefits during the legislative session.

Mrs. de Braga questioned whether there had been any analysis concerning the impact of participants who would have to drop out of the program as a result of the increased costs, and especially those persons who had retired before they were eligible to receive Medicare.

Mr. Thorne explained that while non-state retirees faced a definite problem, the Board undertook a difficult decision-making process concerning raising rates that would be unaffordable for many. However, he indicated they had no choice but to develop rates that were self-supporting for the plan. Mr. Thorne advised that those participants, who dropped out of the plan, had the option to return in even-numbered years, an option he said was open to all participants who entered into the program and dropped out for whatever reason. Mr. Thorne added that perhaps special consideration would be given for that group because of the situation being faced concerning high premiums.

Mrs. de Braga recalled that at the previous meeting of the Interim Finance Committee Ms. Giunchigliani asked the PEBP to provide the Committee with a request for information or request for proposals for another

way of managing the system.

Mr. Thorne responded that the PEBP had initiated requests for proposals for a statewide preferred provider organization and another for a statewide health maintenance organization on a fully insured basis and on a self-funded basis. Mr. Thorne indicated that the availability of a health maintenance organization was “sorely lacking” in northern Nevada. Mr. Thorne explained that it was difficult for an HMO to operate effectively and profitably in northern Nevada and the rural areas and indicated that HMO’s typically functioned best in densely populated metropolitan areas.

Ms. Giunchigliani indicated she envisioned an opportunity to examine other ways of operating and had hoped for something broader than simply a statewide group. Ms. Giunchigliani expressed a desire that the PEBP’s request for information could be expanded upon to include a variety of insurance formats.

Mr. Thorne responded that the PEBP was open to a number of options and currently was exploring items such as the federal model which had somewhat limited success in Nevada. Mr. Thorne also indicated that the PEBP would like to move to a cafeteria approach, but prior to doing so the program had to be stabilized as there was a lot of adverse selection in a cafeteria plan which would have to be accounted for.

**13. NEVADA VETERANS’ NURSING HOME – status report on the operation of the home.**

Charles W Fulkerson, Executive Director, Office of Veterans’ Services introduced Thomas Feedback, the Interim Administrator for the Veterans’ Nursing Home.

Mr. Feedback addressed the members of the Committee and stated that he had served in administrative positions of long-term health care for approximately twenty years beginning his career in 1983. Mr. Feedback had also served as the regional vice-president for several major corporations that were involved in long-term health care. Mr. Feedback indicated he been a Nevada resident for the past four years.

In response to a question from Chairman Raggio concerning the status of the nursing home in Boulder City, Mr. Feedback advised that the facility opened August 12, 2002, and currently served 25 residents.

In response to a question from Chairman Raggio, Mr. Fulkerson reported the facility had no serious problems. Additionally, Mr. Fulkerson indicated that 12 applications had been received for a permanent administrator. The applications had been reviewed and interviews for a permanent administrator would begin on December 2, 2002.

Senator Jacobsen took the opportunity to indicate a Commission meeting would be held at the Veterans’ Nursing Home and invited the legislators from Las Vegas to join them for lunch.

Chairman Raggio recessed the meeting at 12:43 p.m. and called the meeting back to order at 2:00 p.m. Discussion was continued on Item 100, the work program for Department of Corrections High Desert State Prison.

**14. NUCLEAR WASTE PROJECT OFFICE**

- A. Public Information Campaign.
- B. Quarterly Report for Nevada Protection Fund.
- C. Quarterly Report for Performance and Financial Report.

Bob Loux, Executive Director, Agency for Nuclear Projects, identified himself for the record. Mr. Loux reported that comprehensive information concerning the public information campaign on the Yucca Mountain repository for nuclear waste had been forwarded to the members of the Interim Finance Committee after the September 2002 meeting.

Mr. Loux referred to the Financial Analysis portion of the document (Exhibit L) and pointed out that the total cost for the public information campaign amounted to \$2,853,161.80. However, Mr. Loux pointed out that \$100,000 was provided directly to the consulting firm of Podesta Mattoon as a result of an agreement between Governor Guinn and Senator Reid to fund part of the media campaign, and that expenditure was not represented on the report. Additionally, Mr. Loux indicated that \$1,124,020.91 was spent on advertising and other activities that Podesta Mattoon undertook at the request of Senator Reid.

In response to questions from Chairman Raggio, Mr. Loux advised that the media campaign had been completed at a cost of \$2,853,161.80, which included \$100,000 for a portion of a retainer fee for Podesta Mattoon that was negotiated with Senator Reid’s office. Additionally, Mr. Loux advised that there were financial contributions to the overall campaign that were external to the Agency for Nuclear Projects and to the State of Nevada. Those contributions, which were not represented on the Financial Analysis sheet, included donations from the Nevada Resort Association, and the American Gaming Association (Washington, D.C.) and \$250,000 from Brian Greenspun.

In response to additional questions from Chairman Raggio, Mr. Loux advised that \$4 million had been provided to the effort by the State of Nevada as a result of an initial request by Governor Guinn during the 2001 Legislative Session. Mr. Loux indicated the \$4 million was targeted for media and legal expenses. Additionally, Mr. Loux advised that Clark County contributed \$2.5 million targeted for legal expenses only, and the remaining fund balance for legal expenses as of September 30, 2002, was \$3.2 million.

In response to a question from Chairman Raggio concerning the status of the litigation effort, Mr. Loux advised that the cases against the Environmental Protection Agency, the Nuclear Regulatory Commission and three cases against the Department of Energy which had been consolidated into one case would be heard together by the same three-judge panel with the Washington, D.C. Court of Appeals in September 2003. Mr. Loux explained that the cases would be heard at the same time at the Agency’s request after discovering that the “three agencies were actually involved in somewhat of a conspiracy to illegally change rules and regulations to achieve the recommendation” to proceed with the Yucca Mountain repository. Mr. Loux indicated the Agency determined the court would be better able to see the problem if they were provided the opportunity to view the comprehensive picture, and the court apparently agreed by granting the motion. Additionally, Mr. Loux indicated that the Attorney General and the Attorney General-elect were reviewing a case concerning the constitutionality of the action taken by Congress to proceed with the repository.

In response to a question from Chairman Raggio, Mr. Loux indicated that cost of the litigation was being managed and controlled by the Agency. Currently, Mr. Loux indicated the Agency was putting together the comprehensive briefs and discovery in all three cases, and a reduction in the monthly expenditures was anticipated after the first of the year.

Chairman Raggio took the opportunity to recognize the long public-service careers of Speaker Emeritus Joe Dini, Senator Lawrence Jacobsen and Assemblyman Marcia de Braga who would not be returning to the Legislature in January 2003.

Mrs. de Braga had departed the meeting; however, Chairman Raggio commended her service to the Legislature and to the Interim Finance Committee, Committee on Ways and Means and as Chairman of the Committee on Natural Resources, Agriculture, and Mining.

Chairman Raggio acclaimed Speaker Emeritus Joe Dini’s unequalled leadership and dedication to the Nevada State Legislature and as a member of the Legislative Commission, Interim Finance Committee and the Committee on Ways and Means. Chairman Raggio indicated the State owed Mr. Dini a debt of gratitude, which was acknowledged by the members of the Committee.

Chairman Arberry echoed the sentiments expressed by Chairman Raggio and added his own gratitude for the mentoring and support provided to him by Speaker Emeritus Dini over the years.

Chairman Raggio pointed out that no one knew the State of Nevada or the Legislative Process better than Senator Jacobsen. Chairman Raggio commended Senator Jacobsen’s long tenure with the Legislature and commended his dedication, loyalty and total involvement as Speaker of the Assembly and President Pro Tempore of the Senate and as a member of the Interim Finance Committee and Senate Committee on Finance. Additionally, the Chairman noted Senator Jacobsen military service to the county and the fact that he was a Pearl Harbor survivor.

On behalf of the Committee, Chairman Raggio indicated that Speaker Emeritus Dini and Senator Jacobsen would be missed and extended an invitation to them to appear before any legislative committee at any time to speak about what they felt was important.

Senator Jacobsen extended his appreciation to the members of the Committee for allowing him to serve with them and indicated that he would always remember his time with the Legislature as a “highlight of his life.”

Speaker Emeritus Dini expressed his appreciation to staff and to the friends he had made during his service in the Legislature and especially to Senator Jacobsen who served as his mentor and from whom he said he learned Legislative protocol.

**P. PUBLIC COMMENT.**

There was no public comment.

**Q. ADJOURNMENT.**

With no further business before the Committee, Chairman Raggio adjourned the meeting at 3:32 p.m.

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Senator William J. Raggio, Chairman  
Interim Finance Committee

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