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 to order on June 18, 2002, at 8:26 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
Senator Lawrence E. Jacobsen
Senator Bernice Mathews
Senator Joseph M. Neal, Jr.
Senator Mike McGinness (sitting for Senator William R. O'Donnell)
Senator Mark Amodei (sitting for Senator Raymond D. Rawson)
Assemblyman Bob Beers
Assemblywoman Barbara K. Cegavske
Assemblywoman Vonne Chowning
Assemblyman Bernie Anderson (sitting for Assemblyman Marcia de Braga)
Assemblyman Joseph E. Dini, Jr.
Assemblywoman Christina R. Giunchigliani
Assemblyman Lynn Hettrick
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblyman David R. Parks
Assemblyman Richard D. Perkins
Assemblywoman Sandra J. Tiffany

COMMITTEE MEMBERS EXCUSED:

Senator Bob Coffin
Senator William R. O'Donnell
Senator Raymond D. Rawson
Assemblyman Marcia de Braga
Assemblyman David E. Goldwater

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne J. Malkiewich, Director
Brenda J. Erdoes, Legislative Counsel
Scott Wasserman, Chief Deputy Legislative Counsel
Gary Ghiggeri, Fiscal Analyst, Senate
Mark W. Stevens, Fiscal Analyst, Assembly
Robert Guernsey, Principal Deputy Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Robert E. Erickson, Research Director
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 committee was present.

On behalf of the Committee, Chairman Raggio extended his appreciation to the members of the Fiscal Division and Budget Division staff for their many hours of work in preparation for the close of the fiscal year meeting.

***B. APPROVAL OF MINUTES FROM THE APRIL 10, 2002, MEETING.**

MR. MARVEL MOVED TO APPROVE THE MINUTES OF THE APRIL 10, 2002, MEETING.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

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

1. **Department of Public Safety - Hazardous Material Training - FY 02 -** Addition of $110,000.00 in Federal Emergency Management Agency Grant to receive a federal grant for the 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 amount of the grant exceeds $100,000.00. ***(Received April 9, 2002.)***

2. **Department of Administration - Buildings and Grounds - Mail Services - FY 02 -** Addition of $965,000.00 in Mail Service Charge to meet projected expenses for fiscal year. Requires Interim Finance approval since the amount added to the Postage category exceeds $50,000.00. ***(Received April 16, 2002.)***

3. **Department of Transportation - Bond Construction Account - FY 02 -** Transfer of $22,896,577.00 from the United States 95 Project category to the Southern Nevada Projects category to transfer $22,896,577.00 in bond authority from the United States 95 project to other southern Nevada projects to avoid a possible arbitrage rebate. Requires Interim Finance approval since the amount transferred to the Southern Nevada Projects category exceeds $50,000.00. ***(Received April 17, 2002.)***

4. **Department of Public Safety - Highway Safety - FY 02 -** Addition of $42,000.00 in the 157 Innovative Joining Forces Grant to transfer funds for the 157 Innovative Grant to conduct a law enforcement training conference as a kick-off event for the No Exceptions, No Excuses Buckle-Up effort campaign to be conducted in May. Requires Interim Finance approval since the amount added to the 157 Innovative Joining Forces Grant category exceeds 10 percent of the legislatively approved level for that category. ***(Received April 18,2002.)***

5. **Public Employees' Benefit Program - FY 02 -** Addition of $1,780,000.00 in Miscellaneous Revenue, addition of $3,000,000.00 in Insurance Premium Revenue, transfer of $13,020,000.00 from the Reserve category to the Self-Insured Medical Costs category, and transfer of $400,000.00 from the Self-Insured Program Costs category to the Self-Insured Medical Costs category to provide additional revenue authority for premium collections and pharmacy program rebates through the end of this fiscal year, and to cover additional unanticipated medical costs through end of fiscal year 2002 as a result of a higher volume of claims and high-end cost of individual medical claims submitted. Requires Interim Finance approval since the amount added to the Self-Insured Medical Costs category exceeds $50,000.00. ***(Received April 18, 2002.)***

6. **Business and Industry - Manufactured Housing Division - Education/Recovery Fund - FY 02 -** Transfer of $42,000.00 from the Reserve category to the Court Ordered Payments category to provide funding for additional District Court ordered payments. Requires Interim Finance approval since the amount transferred to the Court Ordered Payments category exceeds 10 percent of the legislatively approved level for that category. ***(Received May 9, 2002.)***

There were no questions from the Committee and no action was required on Item C.

***D. DEPARTMENT OF HUMAN RESOURCES – REQUEST FOR APPROVAL OF GRANTS FROM TOBACCO SETTLEMENT FUNDS IN ACCORDANCE WITH NRS 439.630 (6).**

MS. LESLIE MOVED TO APPROVE THE REQUEST FOR TOBACCO SETTLEMENT GRANT FUNDS.

MS. TIFFANY SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

In order to accommodate the representatives of the University and Community College System, Chairman Raggio expressed his intent to call Items E. 9 through 12, Item I., Item J, and Item O.7. The Chairman deferred hearing those items pending the arrival of Chairman Arberry.

The Chairman moved to Item O. Informational Items.

E. 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 specific work program items for formal presentations as well as any additional items requested by members of the Committee. The following work program items required testimony:

Items 3, 5, 6, 7, 8, 9, 10, 11, 12, 15 (revised), 16, 17, 19 (revised), 20, 23 related to 62, 30 with H.7, 32, 34 related to 84, 38, 40, 42, 47, 50, 61 related to Item D., 62 related to 23, 96 (revised), 110 and 111 with H.4, 117, 118, 120, 123 (revised), 127, 128, 140, 161, and 169.

Position Changes - Department of Public Safety, Nevada Highway Patrol Division, Position Numbers 717, 906, and 931 were withdrawn. As noted by Mr. Hettrick, the Chairman indicated Item 166 was also withdrawn.

Items 35, 36, 37, 39, 41, 44, 46, 48, 58, 59, 76, 77, 78, 80, 82, 92, 99, 100 required a public hearing since they involved the allocation of block grant funds.

Chairman Raggio indicated for the record that Mrs. Cegavske would abstain on Items 55, 63, 64 and 65; Ms. Leslie would abstain on Item 64.

The Chairman entertained a motion to approve all other items not specifically indicated for a formal presentation.

MR. HETTRICK MOVED TO APPROVE ALL ITEMS NOT ENUMERATED BY THE CHAIRMAN.

MR. ANDERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

The Chairman noted that all of items he had not enumerated were approved, and those who were in attendance for any of those items were excused

Work Program Changes Requiring Interim Finance Committee Review:

1. **Office of the Attorney General - Victims of Domestic Violence – FY 03 -** Addition of $220,679.00 in Federal STOP Violence Grant, addition of $122,954.00 in Federal Arrest Policies Grant, addition of $143,806.00 in Federal Civil Legal Assistance Grant, and deletion of $69,056.00 in Federal Rural Domestic Violence Grant to adjust expenditures on the basis of current grant authority and new grant award. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

2. **Office of Attorney General - Consumer Advocate - FY 02 -** Transfer of $90,000.00 from the Reserve category to the Expert Witness category to meet projected expenditures for the fiscal year. Requires Interim Finance approval since the amount transferred to the Expert Witness category exceeds $50,000.00.

Refer to motion for approval under Item E.

3. **Office of the Attorney General - Tort Claims Fund - FY 02 -** Transfer of $1,500,000.00 from the Reserve category to the Tort Claims category to meet projected expenditure requirements for the fiscal year. Requires Interim Finance approval since the amount transferred to the Tort Claims category exceeds $50,000.00.

Stan Miller, Tort Claims Manager, Office of the Attorney General, requested the Committee's favorable consideration of the request to transfer of $1.5 million from Reserve into the Tort Claims Payment category to fund expenditures resulting from a recent $2.4 million payment.

Chairman Raggio indicated it was his understanding that the $2.4 million was a settlement that resulted from a wreck caused by a man fleeing from the Nevada Highway Patrol.

Mr. Miller confirmed the Chairman's understanding and explained that the incident occurred in Arizona, a state that did not have a tort cap. Mr. Miller indicated that had it not been for the Arizona incident, approximately $1 million would have been balanced forward from Fiscal Year 2002 to Fiscal Year 2003.

Noting that approximately $1.5 million less than anticipated would be balanced forward to Fiscal Year 2003 because of the Arizona case, Chairman Raggio questioned what was being done to deal with the excessive number of claims against the Tort Fund and what type of claims were increasing in number.

Mr. Miller explained that the state currently had excess liability coverage that would provide protection in payments awarded from $1 million to $10 million. However, the incident in Arizona occurred five weeks before the excess liability coverage was purchased. Mr. Miller pointed out that if the excess liability coverage had been purchased before the incident, the state would have been liable for $1 million rather than $2.4 million.

In response to a question from the Chairman concerning the $50,000 cap, Mr. Miller explained that while the chase initiated in Nevada, the incident occurred approximately six miles across the border in the State of Arizona, and Arizona did not have a cap.

Chairman Raggio questioned whether civil rights cases were increasing in number.

It was Mr. Miller's opinion that civil rights cases, while not increasing in number, resulted in typically high dollar claims.

Chairman Raggio pointed out that civil rights claims numbered 10 percent of the claims against the state but consumed 46 percent of the settlement money, and an average of more than $1 million a year was being paid to close 140 civil rights suits that had occurred in the last five years.

Mr. Miller agreed with Chairman Raggio's statement and explained that civil rights suits filed in federal court were not subject to the state tort cap.

In response to questions from the Chairman concerning sexual harassment claims, Mr. Miller explained that the state paid an average of $60,000 per claim on each of the 26 sexual harassment suits that had been filed during the last six fiscal years. Mr. Miller advised that training classes for the prevention of sexual harassment had been scheduled for managers and supervisors in the northern and southern areas of the state. Mr. Miller further advised that the Legal Learning Group, a Division of Littler Mendelson, a law firm that specialized in civil rights litigation would provide the training.

In response to a question from the Chairman, Mr. Miller explained that the sexual harassment claims were filed in federal court and, therefore, were not subject to the cap. Additionally, Mr. Miller advised that training in the prevention of sexual harassment was funded from the Risk Management budget, which contained money for loss prevention. A presentation had been made to the Board of Examiners and a request had been submitted to the Governor to increase spending for training in an effort to decrease claims costs.

In response to questions from the Chairman concerning the Reserve balance, Mr. Miller advised that currently the Reserve held $2.3 million, which would leave a balance of $800,000, if the work program were approved. Mr. Miller indicated he anticipated rebuilding the Reserve to approximately $2 million by the end of Fiscal Year 2003. Mr. Miller reiterated that if it had not been for the large claim at the end of the current fiscal year, the Attorney General's Office would have balanced forward almost $1 million into Fiscal Year 2003.

In response to a question from Ms. Giunchigliani in reference to obtaining a list of agencies with sexual harassment problems, Mr. Miller advised that it was the intent of the Attorney General's Office to conduct an agency-by-agency survey to determine where the problems were occurring.

Ms. Giunchigliani questioned whether the Attorney General's Office had the authority to require employees to attend training in the prevention of sexual harassment.

Mr. Miller advised that technically "loss prevention and training," was under the direction of the Risk Management Division, however, Mr. Miller indicated he worked closely with Sue Dunt, the State Risk Manager.

Ms. Giunchigliani requested that Mr. Miller ask the Risk Manager whether there was authority to require employees to attend sexual harassment training. Additionally, Ms. Giunchigliani questioned whether background investigations for prior termination that resulted from sexual harassment occurred during the process of hiring potential state employees. Mr. Miller was not able to provide the answer to her question, and Ms. Giunchigliani indicated she would request the information from State Personnel representatives.

In response to a question from Senator Neal concerning how the process affected the complainant in a sexual harassment proceeding, Mr. Miller advised that the disciplinary procedure was mandated by the Department of Personnel.

MR. DINI MOVED APPROVAL OF ITEM 3.

MR. DINI SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

4. **Secretary of State - FY 02 -** Addition of $80,000.00 in transfer from Special Services to cover projected operating expenditure requirements for credit card discount fees and non-state building rent. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

Chairman Raggio noted that Items 5, 6, 7 and 8 were work programs for the federal No Child Left Behind Act and would be heard together. Refer to motion for approval under Item 8.

5. **Department of Education - Drug Free Schools – <u>FY 03</u> –** Acceptance of $268,469.00 in Community Service for Expelled or Suspended Students to initiate the Title IV -Community Service for Expelled or Suspended Students aid to school program. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item 8.

6. **Department of Education – IASA Title I Grants - Improving America's Schools Act Title I Grants - <u>FY 03</u> -** Acceptance of $16,944,321.00 in Federal Basic/Concentration, acceptance of $8,069.00 in Neglected and Delinquent, acceptance of $4,036,470.00 in Reading First State Grant, acceptance of $534,460.00 in Federal School Reform, Deletion of $23,948.00 in Federal Migrant Aid, and deletion of $45,500.00 in Federal Even Start to establish authority for a new Reading First State Grant and to adjust grant authority for Basic Aid to Education, Migrant Aid, Neglected and Delinquent, Even Start, and School Reform Demonstration Programs. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item 8.

7. **Department of Education - Discretionary Grants - Restricted - <u>FY 03</u> -** Acceptance of $1,522,706.00 in 21st Century Learning Centers, acceptance of $4,504,370.00 in English Language Acquisition State Grants, $102,317.00 in Federal Homeless Children, Deletion of $100,000.00 in Bilingual, and deletion of $1,197,009.00 in Emergency Immigrant Education to establish authority for new programs for Title III Language Acquisition and 21st Century Learning Centers Grants and adjust the account for actual grant awards for Homeless Children, Bilingual, and Emergency Immigration Education Programs. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item 8.

8. **Department of Education - ECIA Chapter 2 - State Programs - <u>FY 03</u> -** Acceptance of $13,610,018.00 in Improving Teacher Quality Programs, acceptance of $4,407,054.00 in State Assessments, acceptance of $3,078,446.00 in Federal Technology Grants, and deletion of $2,170,000.00 in Federal Grant Eisenhower, Title II 84.281A to establish authority for State Assessments and Enhanced Assessment Instruments, Title II (Part D), Educational Technology, and Title II - Improving Teacher Quality. Programs that are either new or replacements for existing grants (Note: an accounting on the work program will be processed to de-augment existing grants in BA 2706 - WP C-20392). Requires Interim Finance approval since the amount of the grant exceeds $100,000.00 and includes new staff.

Jack McLaughlin, Ph.D., Superintendent of Public Instruction, in a brief overview, reported that beginning July 1, 2002, the state would enter into a new federal program, <u>H. R. 1</u>, the No Child Left Behind Act (NCLB). With the availability of additional resources provided by <u>H. R. 1</u>, Dr. McLaughlin advised the members of the Committee that the state was being "thrust" into a position that required developing the capacity for the new program.

Dr. McLaughlin reported that 105 schools were currently identified as Title I schools and "hands on service" in the form of school improvement and advice was provided by the Department of Education to 19 of the identified schools. Dr. McLaughlin also indicated that in the following year, the number of "hands on schools," as a result of the new H. R. 1 program, would grow from 19 to approximately 200.

Dr. McLaughlin discussed the base performance, required by H. R. 1, that would be established either on the state's lowest performing "subgroup, or lowest performing school," whichever was the highest of the two. Dr. McLaughlin also indicated the possibility that the Department of Education would be required to provide "hands-on technical assistance" to approximately 85 percent of Nevada schools at the end of the next three-year period.

Additionally, Dr. McLaughlin pointed out that the consequences for not meeting performance levels included the loss of federal funds to the Department as well as to school districts and the possibility that the Department would have a role in the possible take over of schools and school districts that did not reach their performance levels.

Dr. McLaughlin requested favorable consideration of the requests before the Committee and indicated he as well as other representatives of the Department were available to answer questions.

In response to a question from the Chairman, Doug Thunder, Deputy Superintendent for Administrative and Fiscal Services, advised the members of the Committee that in comparison to what the Department was receiving in the current fiscal year, an increase of about $24.7 million would be received in Fiscal Year 2003.

The Chairman referred to a report titled, "No Child Left Behind Act, Summary Funding Differences," (Exhibit F) which he indicated would be made a part of the record.

In response to a request by the Chairman for comments on the report, Mr. Thunder advised that:

- 90.2 percent of the total funding would be a direct pass-through to school districts;
- 6.66 percent would be used for state-level programs and technical assistance to districts and schools;
- .66 percent was targeted for professional development;
- .76 percent to support partnerships primarily with the University and Community College System; and,
- 1.71 percent would be set aside for the administration of the program.

Mr. Thunder advised the members of the Committee that a total of 17 programs were involved in the new program and that five existing programs were either being discontinued or merged with new programs. Mr. Thunder discussed the following programs:

- $7.6 million - Federal Class-size Reduction Program no longer funded in that manner; however, new funds for improving teacher quality could be used for class-size reduction;
- $2.2 million - Eisenhower Math and Science Program merged into one of the other programs;
- Bilingual Education and Immigrant Education Programs would be replaced by the Language Acquisition Grant; and the
- Technology Literacy Challenge Fund would be replaced by another technology fund.

Mr. Thunder advised that approval of the work programs would enable the Department of Education to move staff from the discontinued programs into the new programs. Currently, the Department had 12.5 professional and support staff working in the Elementary and Secondary Education Act (ESEA) area in related programs. In order to meet the requirements of the No Child Left Behind Act legislation, Mr. Thunder advised that the Department had requested a total of 9.5 full-time equivalent (FTE) new staff bringing the total staff in these programs to 22.0 FTE.

The new positions included:

- 1.25 for the Reading First Grant,
- 1.25 for the Teacher Quality Enhancement Grant;
- 3.00 for the Assessments aspect;
- 2.50 for School Improvement, and
- 1.50 for Accountability.

Mr. Thunder advised that each of the requested positions would be federally funded and that no state match was required for either the programs or the positions. The persons applying for the new positions would be advised that they would be paid from federal funds and that if the federal program was discontinued, the positions would also be discontinued. Each of the programs included *a supplement not supplant* stipulation which he indicated meant that the funding could not be used to replace funding that the state was currently providing for the same or similar purposes.

In reference to the Item 6 work program request for Title I Grants, Chairman Raggio noted that the new Reading First Grant was an extension of the Reading Excellence Act (REA) grant, for which Nevada had received an award of $26,189,248. The Chairman questioned why the Department requested the authority to hire 1.25 FTE to administer the new Reading First grant as it appeared that no new staff had been hired at the State Department of Education to administer the larger REA grant.

Dr. Paul LaMarca, Director, Assessments, Curricula and Instructional Support, Department of Education, testified that four consultant positions (two southern and two northern coordinators) had been hired for the REA grant. Dr. LaMarca clarified that the positions were funded through subgrants to work in the Clark and Washoe County school districts, and not for the Department. Dr. LaMarca explained that the Reading First Grant had been written to build upon the infrastructure built by the REA and that there were a number of responsibilities for the new employee to undertake.

In response to questions from Chairman Raggio, Dr. LaMarca confirmed that the authority for the Reading First grant was established at $4,036,470 and was in addition to the $26,189,248 received for the REA.

In response to a question from the Chairman, Dr. LaMarca advised that in order to approve the Reading First grant application, the federal government required at least 1.0 FTE to administer the grant at the state education agency level.

Chairman Raggio questioned whether Item 8, ECIA Chapter 2 – State Programs that established authority of $13,610,018 included the federal Class-size Reduction and Eisenhower Math and Science Programs.

Mr. Thunder advised that it was his understanding that while Class-size Reduction was not automatically included in the state programs, it was considered an acceptable use for a portion of the $13,610,018 funding.

The Chairman pointed out that while only 1.0 FTE Education Consultant was being requested to administer the grant, funding during the next biennium needed to be conserved, and the Committee wanted to be certain that only staff that was absolutely required would be hired.

Dr. LaMarca advised the Chairman that the responsibilities associated with Title II A through D were "significant and far beyond" what was currently being done with the Eisenhower Program.

In response to a question from Chairman Raggio, Dr. LaMarca confirmed that the work program in Item 8 also established authority of $4,497,054 for State Assessments.

Chairman Raggio recalled that, as previously mentioned, the funding could only be used to *supplement* and *not supplant* existing funding. Additionally, the Chairman noted that the grant had no required pass-through funding for local school districts and that all of the funding would remain at the Department level.

In response to a question from the Chairman concerning effective use of the funding, Dr. LaMarca responded that there were a variety of planned uses for the funding and that in keeping with the assessment requirements; the state would have to make significant changes.

Chairman Raggio questioned whether the plan submitted by the State of Nevada to comply with the new No Child Left Behind Act had been approved.

Dr. LaMarca advised that a consolidated plan had been submitted from the Department of Education and was in the approval process. However, Dr. LaMarca indicated the plan did not include a specific outline of the Assessment Program. Additionally, he advised the members of the Committee that Department representatives planned to meet with the State Board of Education during the next year to refine the plan and to meet with the Legislature during the 2003 Session. Dr. LaMarca indicated there were significant activities required in the areas of assessments that included item development and building assessments in reading and mathematics for Grades 3 through 8. Currently, Dr. LaMarca explained that in Nevada there was a mixed model with norm-referenced testing and criterion-referenced testing, and the systems would need to be merged and expanded. Dr. LaMarca anticipated that increased contract fees would be a part of the Assessment money.

The Chairman indicated a lack of sufficient documentation to justify all of the positions requested, particularly those under Item 8. Chairman Raggio noted that the Department currently had 1.0 FTE Test Director and 5.0 FTE Assessment Consultants, including two vacancies, 1.0 FTE High School Proficiency Examination Consultant (vacant for six months) and 1.0 FTE National Assessment of Education Progress (NAEP) Consultant, approved at the April 10, 2002, IFC meeting. Additionally, the Chairman pointed out that even though the possibility existed that 200 schools would be identified for school improvement under the new regulations, that identification would not take place until mid-year 2003.

Dr. LaMarca explained that a baseline of performance had to be established based upon 2001 and 2002 performance, and while it was true that a formal identification of schools would not occur until mid-year 2003; during the interim, the Department would be required to build technical assistance plans and to provide assistance to schools.

Chairman Raggio proposed approval of three of the seven requested positions, which included 1.0 FTE Assessment Consultant, 1.0 FTE Accountability Consultant and 1.0 FTE Administrative Aide which would require funding of $169,344 or 4 percent of the total grant. Additionally, Chairman Raggio indicated that Department representatives should provide staff with an update of the proposed reorganization of the State Department of Education.

Chairman Raggio noted that the work program established authority of $3,078,466 for Federal Technology Grants and that previously the state had received $2,250,000 in Technology Literacy Challenge funds, which transferred to the new Federal Technology Grants for a total of $828,446 in new technology funds. The Chairman pointed out that the Department had requested moving a 1.0 FTE Grants Writer position (approved by the 2001 Legislature), which had never been filled, to a Grants Analyst I position to manage the technology grants.

Mr. Thunder responded that the Department had filled the position.

In approving the Grants Writer position, the Chairman recalled the Legislature had been informed the position would be funded with a portion of the proceeds from grants secured and inquired as to whether that was the current situation.

Mr. Thunder confirmed the Chairman's understanding of the funding for the position was correct.

Chairman Raggio questioned whether the Grants Analyst position would be devoted 100 percent to management of technology grants.

Mr. Thunder advised that there could be some interplay between the state technology programs and the Commission on Educational Technology as long as they were related to the program.

Chairman Raggio again suggested that the Committee consider approval of three positions (1.0 FTE Assessment Consultant, 1.0 FTE Accountability Consultant and 1.0 FTE Administrative Aide) rather than the seven requested positions which included 2.0 FTE Assessment Consultants, 2.0 FTE School Improvement Education Consultants, 1.0 Accountability Consultant, 1.0 Program Officer, and 1.0 FTE Administrative Aide.

Dr. LaMarca pointed out that one of the Department's greatest needs was in the School Improvement area and requested approval of the 2.0 FTE School Improvement Education Consultants.

Chairman Raggio responded that the Committee would consider the approval of three positions (1.0 FTE Assessment Consultant, 1.0 FTE Accountability Consultant and 1.0 FTE Administrative Aide) during the meeting, and if the School Improvement Education Consultants were considered essential, a request could be considered at a future meeting.

Dr. McLaughlin also discussed the critical nature of the School Improvement aspect of the NCLB Act and reiterated Dr. LaMarca's appeal for approval of the 2.0 FTE School Improvement Education Consultants. Dr. McLaughlin pointed out that it would be fall before the new staff would be employed.

Chairman Raggio reiterated that a formal identification of schools would not occur until mid-year 2003 and that currently the Department had four Title I staff that assisted schools and school districts with school improvements. However, Chairman Raggio indicated the Committee would consider approval of four positions, (1.0 FTE Assessment Consultant, 1.0 FTE Accountability Consultant, 1.0 FTE Administrative Aide, and 1.0 FTE School Improvement Consultant).

Mrs. Chowning provided clarification that the Department's amended request was for five positions. Additionally, Mrs. Chowning pointed to all of the work that had been accomplished through the Nevada Education Reform Act (NERA) including raising academic standards and teacher assessment requirement training. It was Mrs. Chowning's opinion the requested positions were necessary in order to prepare for the identification of the 200 schools that would require improvement under the new regulations.

Chairman Raggio indicated the Committee would meet again in September and suggested the Committee approve 1.0 FTE Assessment Consultant, 1.0 FTE Accountability Consultant, 1.0 FTE School Improvement Education Consultant and 1.0 FTE Administrative Aide. Chairman Raggio indicated the Department should return to the September meeting if there was a need for additional positions and stated again that there was a lack of sufficient documentation provided concerning the need for the positions requested at the June meeting.

As an educator, Mr. Anderson indicated it was his opinion funding should be spent on classroom education at the district level rather than on consultants.

Chairman Raggio pointed out there were certain requirements under H. R. 1 that had to be met.

In response to a question from Senator Neal concerning the *supplement not supplant* stipulation, Dr. LaMarca advised of a variety of efforts that would *supplement* current efforts including development of an accountability system that merged the current NERA and Title I Systems to create a single statewide system. Dr. LaMarca also explained that schools were currently judged on just a few comparisons, and in the near future, the Accountability staff would judge each school on a minimum of sixty comparisons. In an effort to assist schools in becoming successful, Dr. LaMarca indicated the Department's efforts would primarily focus on building a technical assistance plan and reaching the schools through the districts and the Regional Professional Development Programs (RPDP's) to assist them in using data to make decisions. Dr. LaMarca further advised the members of the Committee that it was their intent to build plans that would not supplant current accomplishments and to have schools use assessments established by the Department.

In response to a question from Ms. Giunchigliani concerning an AYP model, Dr. LaMarca advised that AYP was an acronym for Adequate Yearly Progress which was applied to a "yes/no" decision concerning whether or not a school had made adequate progress during the previous year.

In reference to the AYP model, Ms. Giunchigliani questioned whether patterns of transiency were established to determine the length of time students were enrolled in a facility.

Dr. LaMarca advised that the only allowable exemption within H. R. 1 was for students who had not been in a school or school district for at least one year, and agreed that some deficiencies existed within the AYP model.

In response to a question from Ms. Giunchigliani concerning criterion-referenced testing (CRT) and norm-referenced testing (NRT), Dr. LaMarca advised that the Department's plan was to include a mixed model. Dr. LaMarca explained that the federal government had "clearly regulated" that any use of norm-reference tests within the AYP model would require augmentation to align those tests with state standards. Dr. LaMarca pointed out that the NRTs had proven to be a key tool in providing remediation funding for many schools throughout the state, and the Department's plan was to maintain the NRTs and use them in much the same way as they had been used in the past. Additionally, Dr. LaMarca indicated the national measures were needed to ensure the Department was fulfilling its obligations.

Ms. Giunchigliani agreed that there should be one national measure; however, pointed out that criterion-referenced testing actually measured what was being taught and whether the curriculum was being covered.

In response to a question from Ms. Giunchigliani concerning whether the Reading Excellence Act (REA) positions subgranted to Clark and Washoe Counties complied with the federal requirement for hiring. Dr. LaMarca advised that a different set of rules existed for the Reading Excellence Act, which was a formula-driven program.

In response to an additional question from Ms. Giunchigliani, Dr. LaMarca indicated there were no plans to subgrant for the FTE School Improvement Education Consultant. Dr. LaMarca reiterated earlier comments that in order to meet the requirements of H. R. 1, at least 1.0 FTE was required to be employed to administer grants at the state education agency.

MRS. CHOWING MOVED APPROVAL OF ITEMS 5, 6, 7 AND 8 WITH AN ADJUSTMENT IN ITEM 8 TO AUTHORIZE HIRING FOUR POSITIONS RATHER THAN SEVEN.

MRS. CEGAVSKE SECONDED THE MOTION.

Ms. Giunchigliani, Mrs. Chowning and Mr. Anderson disclosed they were members of the school system; however, indicated they would not abstain from the vote.

In response to a request for clarification from Mrs. Chowning, Chairman Raggio indicated that approval of the positions authorized for Item 8 included 1.0 FTE Assessment Consultant, 1.0 FTE Accountability Consultant, 1 FTE School Improvement Education Consultant, 1.0 FTE Administrative Aide and movement of 1.0 FTE Grants Writer position to a Grants Analyst I position.

THE MOTION WAS APPROVED UNANIMOUSLY.

Chairman Raggio indicated that Items 9 through 12, Item I. Item J., and Item O. VII would be heard in that order to accommodate University representatives. Chairman Raggio recalled that Items 9 through 12 had been deferred from the April 10, 2002, meeting in order to hear an additional presentation. Refer to Item E.12 for presentations by University representatives.

9. University and Community College System of Nevada - University of Nevada, Reno – FY 02 – Release of $610,447.00 in reserved student fees collected from the registration of students, resident or nonresident. Requires Interim Finance approval pursuant to Section 8 of Chapter 586, Statutes of Nevada 2001, at Page 3021. **Deferred from April 10, 2002 meeting.**

10. University and Community College System of Nevada - University of Nevada, Las Vegas - FY 02 – Release of $761,867.00 in reserved student fees collected from the registration of students, resident or nonresident. Requires Interim Finance approval pursuant to Section 8 of Chapter 586, Statutes of Nevada 2001, at Page 3021. **Deferred from April 10, 2002 meeting.**

11. University and Community College System of Nevada - University of Nevada, Las Vegas, School of Law - FY 02 – Release of $7,814.00 in reserved student fees collected from the registration of students, resident or nonresident. Requires Interim Finance approval pursuant to Section 8 of Chapter 586, Statutes of Nevada 2001, at Page 3021. **Deferred from April 10, 2002 meeting.**

12. **University and Community College System of Nevada - Western Nevada Community College - FY 02 –** Release of $100,143.00 in reserved student fees collected from the registration of students, resident or nonresident. Requires Interim Finance approval pursuant to Section 8 of Chapter 586, Statutes of Nevada 2001, at Page 3021. **Deferred from April 10, 2002 meeting.**

Jane Nichols, Ph.D., Chancellor, University and Community College System of Nevada (UCCSN), addressed the issue concerning the remainder of the excess student fees collected in Fiscal Year 2002 at the University of Nevada Reno, University of Nevada, Las Vegas, University of Nevada, Las Vegas, School of Law and Western Nevada Community College.

Dr. Nichols asked for the Committee's favorable consideration of the requests and indicated information had been distributed to them during the period between the April 10 and June 18 meetings that reflected the actual expenditure for the instructional costs was equal to or exceeded the amount collected in student fees.

Dr. Nichols indicated she could not recall a time when the institutions did not know that they could not spend the excess student fees to cover the cost of additional classes and services for an increased student body. She expressed the reluctance of University representatives to see future situations in which the institutions would not know if they could spend the extra fees to cover those costs.

Non-approval of the work programs, Dr. Nichols advised, would create a disproportionate impact since some campuses had received all of their student fees, some had received a portion and some had not received any.

Larger than budgeted enrollment growth had resulted in excess student fees and while UCCSN representatives were not reluctant to return dollars to the state, if needed, Dr. Nichols pointed out that students and classes should not be impacted.

Dr. Nichols introduced Vice Chancellor Dan Miles who indicated he would respond to questions from the Committee.

Chairman Raggio introduced Dr. John Lilley, President, University of Nevada Reno (UNR) and invited him to sit at the witness table. Chairman Raggio noted the Chancellor had indicated that in all instances involving the use of tuition fees, the amount spent for instruction at each of the institutions was the amount of or exceeded the additional tuition fees. The Chairman asked Dr. Lilley to respond to the Committee's concern expressed at the previous meeting in reference to the utilization of tuition fees for instruction at UNR.

Speaking in support of the Chancellor's position, Dr. Lilley advised that UNR had spent more than $1.1 million for additional instructional costs and the excess student fees amounted to only $610,447. Having spent well in excess of the instructional costs, Dr. Lilley requested the Committee's favorable consideration of the requests.

Dr. Nichols advised the members of the Committee that representatives from UNLV, UNLV Law School and WNCC were in attendance and available to respond to questions.

Chairman Raggio noted that the requests for augmented student fee revenues that were not previously allocated for the institutions were:

- $761,867 - UNLV, Fiscal Year 2002;
- $610,447 – UNR, Fiscal Year 2002;
- $7,814 – UNLV Law School, Fiscal Year 2002;
- $100,143 – WNCC, Fiscal Year 2002;
- $1,480,271 Total.

In response to a question from the Chairman, Dr. Nichols agreed that UCCSN would accommodate a request from the Governor's Office in the event reversions were necessary

MR. HETTRICK MOVED APPROVAL OF ITEMS 9, 10, 11, AND 12.

MR. MARVEL SECONDED THE MOTION.

Chairman Arberry requested clarification in reference to the reversion.

Chancellor Nichols stated for the record that the UCCSN "stood ready" to provide assistance to the Governor concerning the state's financial situation and would revert the $1.48 million at the beginning of the next fiscal year.

In response to a question from Chairman Raggio, Mr. Comeaux advised that based on the Chancellor's comments, authorization of the expenditures by the Committee would be satisfactory.

In response to additional questions from Chairman Arberry concerning budget cuts, Chancellor Nichols indicated the University had worked diligently during the current year "under increased enrollment and funding of 81 percent of the formula to be prudent and careful." While events that would take place in the next fiscal year remained an unknown, Chancellor Nichols assured the Committee that the UCCSN would do their part to save all that they could for the state.

In response to Senator Neal's question concerning a "release of the funds," Chancellor Nichols advised the statement was not related to a future increase in student fees. The Chancellor explained that the UCCSN could not expend any monies that had not been approved as a part of their budget.

Chairman Raggio explained that there was some concern on the part of the UCCSN in reference to setting a new precedent on the utilization of additional student fees, as well as a question of fairness across the University System.

In response to questions from Ms. Giunchigliani concerning budget shortfalls, Dr. Nichols, advised that discussions with the Governor were underway concerning the possibility of cuts in UCCSN's budget for the following fiscal year. While Dr. Nichols advised that the Governor had “spared the UCCSN from major cuts in the current fiscal year’s budget,” she could not share that information or information concerning possible budget cuts with the Committee.

In response to questions from Ms. Giunchigliani concerning the base budget and student fees, Mr. Miles explained that upon calculation of the base budget followed by an overlay of the formula budget, new growth would be calculated and made up the difference concerning whether or not there would be growth in the budget.

THE MOTON ON THE FLOOR TO APPROVE ITEMS 9, 10, 11 AND 12 WAS CARRIED UNANIMOUSLY.

The Chairman moved to Item I.

13. **Department of Cultural Affairs - Nevada State Library and Archives-Library – FY 02 -** Addition of $500,000.00 in transfer from Education to provide statewide database licenses to school libraries for access to research databases and other online resources, as specified in Senate Bill 427, 2001 Legislative Session. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

14. **Department of Cultural Affairs - Nevada State Library and Archives-Library – FY 02 -** Addition of $300,000.00 in Federal LSTA funds to provide grants to public libraries and grant recipients. Requires Interim Finance approval since the amount added to Library Development LSTA category exceeds $50,000.00.

Refer to motion for approval under Item E.

15. **Department of Administration - Budget and Planning Division - FY 03 -** Addition of $237,492.00 in balance forward to carry forward the unexpended amount appropriated for the Nevada Executive Budget System (NEBS) in the agency’s E-225 decision unit. Requires Interim Finance approval per AB 672, Chapter 570, Section 33. **This action transfers the appropriation from FY 2002 to FY 2003.**

Gary Ghiggeri, Senate Fiscal Analyst, reported that Item 15 was brought to the Committee’s attention as a result of a revision. Mr. Ghiggeri explained the work program was listed on the agenda as a balance forward while technically it should have been listed as “a transfer of appropriation from Fiscal Year 2002 to Fiscal Year 2003.” Mr. Ghiggeri added that a transfer of appropriation necessitated a deaugmentation in Fiscal Year 2002 and a corresponding augmentation in Fiscal Year 2003.

John P. Comeaux, Director, Department of Administration, testified that Department of Administration representatives believed that the way the work program was submitted was correct; however, had no objection to handling it in the manner suggested by Mr. Ghiggeri. Mr. Comeaux advised that if the work program was approved as an augmentation in Fiscal Year 2003, the Department of Administration would prepare a work program to deaugment Fiscal Year 2002, and the result would be the same.

MR. MARVEL MOVED TO APPROVE ITEM 15 AS RECOMMENDED BY STAFF.

MR. DINI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

16. **Department of Administration - Risk Management Division-Insurance & Loss Prevention – FY 02 -** Transfer of $850,000.00 from the Reserve category to the Worker’s Compensation Premiums category to allow for projected claims costs on monthly billings for April, May, and June and loss control service costs related to indoor air quality investigations and environmental sampling for mold and other contaminants. Requires Interim Finance approval since the amount transferred to the Worker’s Compensation Premiums category exceeds $50,000.00.

Jim Fry, Management Analyst, Risk Management Division, requested the Committee’s favorable consideration of the work program to transfer $850,000 from the Reserve category to the Worker’s Compensation Premiums’ category to provide for projected Worker Compensation premiums’ costs for the remainder of the fiscal year and for loss control service costs.

In response to a question from Chairman Arberry, Mr. Fry reported that approval of the request would reduce the Reserve balance to $3 million.

Mary Keating, Administrator, Department of Administration, advised Chairman Arberry that Sue Dunt, the Risk Manager, had been unable to attend the meeting. In response to questions from Chairman Arberry, Ms. Keating reported that the work program provided an adjustment to projections for the current fiscal year budget that occurred as a result of additional premium and claims costs. Ms. Keating indicated the Reserve balance appeared to be sufficient to carry forward into Fiscal Year 2003, and the Division would review the rates for Fiscal year 2004 and 2005 and bring that information forward through the budget process.

Chairman Arberry recalled that representatives of the Risk Management Division indicated during the 2001 Legislative Session the necessity of a $4 million reserve balance. Chairman Arberry questioned whether the reduced Reserve balance could cause problems for the Risk Management Division during the remainder of the current fiscal year or in subsequent fiscal years.

Ms. Keating advised that while she had not been present during the 2001 Legislative Session discussions, she had addressed the work program and specific issues with Ms. Dunt, and they had both determined that based on available information, the work program to transfer funding into the Worker’s Compensation Premiums category was necessary.

In response to a question from Senator Neal concerning the Reserve balance, Ms. Keating advised that prior to the request for transfer, a Reserve balance of $3.8 million had been anticipated.

In response to a question from Senator Neal concerning Worker’s Compensation Premiums, Ms. Keating explained that at the time the budget was built, the Division anticipated the expense level in the Category for Worker’s Compensation Premiums was sufficient to cover expenses. Additionally, as provided in the backup information, Ms. Keating advised that for a period of time during Fiscal Year 2001, the Division was not billed for claims costs by the vendor, and payment for that billing as well as unanticipated additional claims costs had to be made in Fiscal Year 2002. Ms. Keating clarified that the term premium should be construed as an expense item, not a revenue item and requested the Committee’s favorable consideration to transfer funding from Reserve to an expense category in order to pay the full amount of premiums. Ms. Keating explained that the combination of expenses for payment of premiums to fund the program and payment of costs exceeded the amount of authority requested when the budget was built.

In response to a question from Senator Neal, Ms. Keating testified that no rate increases were anticipated for the remainder of Fiscal Year 2002 or in Fiscal Year 2003 other than the amount currently budgeted. Ms. Keating reiterated that an actuarial study was being conducted to review Fiscal Year 2004 and 2005, however, the information from the study was not yet available.

Chairman Arberry requested that upon completion, a copy of the actuarial study should be provided to staff.

Ms. Keating agreed to provide staff a copy of the study upon completion.

In response to a question from Chairman Arberry, Mr. Fry advised that the request had just been submitted and the process took at least three weeks.

MR. DINI MOVED APPROVAL OF ITEM 16.

MS. TIFFANY SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

17. **Department of Administration - Buildings & Grounds - FY 02 -** Transfer of $353,863.00 from the Reserve category to the Utilities category to allow for payment of energy retrofit contract associated with energy savings for water consumption ~~and water costs that had not been billed during the past five years due to a water meter in the Sawyer Building not being recorded.~~ Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $50,000.00.

Mike Meizel, Administrator, Division of Buildings and Grounds, requested the Committee's favorable consideration of their request to transfer $353,863 from the Reserve category to the Utilities category to pay for expenses that resulted from an energy-retrofit contract. Mr. Meizel reported that two Xeriscape projects, one in Carson City and one at the Sawyer Building in Las Vegas, had been completed during the current fiscal year.

Mr. Meizel indicated that Xeriscaping would provide water and energy cost savings and contracts for grounds work would no longer be necessary. Having pioneered the first two Xeriscaping projects in Carson City and Las Vegas, Mr. Meizel anticipated that the long-term energy retrofit and Xeriscaping program would set the stage for many similar programs around the state. Mr. Meizel advised that the next Xeriscape project was scheduled to take place at the Mental Health complex in Las Vegas.

In response to a question from Senator Neal, Mr. Meizel advised that the guaranteed savings over a 12-year period was projected at $3,250,000, and after payment of $3,075,000 to the project contractor, a net guaranteed savings at the end of 12 years was projected at $198,000. However, Mr. Meizel indicated that savings were already being realized that would exceed the projected net savings.

In response to a request for clarification from Chairman Arberry, Mr. Meizel explained that in reference to energy retrofit, water was considered energy; however, the Attorney General's Office did not consider water as energy, and in order to initiate the project and satisfy the Attorney General's Office, a lease-purchase contract was used for the energy retrofitting and Xeriscaping projects.

In response to additional questions from Chairman Arberry concerning the diminishing reserve, Mr. Meizel responded that the large utility increases during the current biennium necessitated deferral of some renovation projects throughout the state in order to rebuild the reserve. While an increase in state-owned building rent was being contemplated for the next biennium, Mr. Meizel advised that the figures were currently unavailable but would be built into the budget process.

Ms. Giunchigliani questioned whether there were any state buildings being constructed in southern Nevada that did not include Xeriscape landscaping.

Mr. Meizel responded that the question was one that would be best responded to by representatives of the State Public Works Board, however, he indicated state buildings were being constructed that recognized Xeriscape landscaping.

In response to additional questions from Ms. Giunchigliani concerning Xeriscaping, Mr. Meizel advised that the Public Works Board was well aware of the need for Xeriscape landscaping, and long-range planning was being conducted.

In response to a question from Ms. Giunchigliani concerning the projected rental rate increase, Mr. Meizel advised that while the Division was "in good shape" for the current biennium, the rate increases planned for the next biennium were attributed primarily to utility increases. Additionally, Mr. Meizel indicated that the Buildings and Grounds Division budget would be seen as a zero-based budget.

Ms. Giunchigliani questioned whether the Governor's plan to move from state-leased to state-owned buildings was a factor in the rental rate increase, and if so, whether that factor would be a component included in the budget.

Mr. Meizel responded that the Governor's long-range plan was to move from non-state-owned buildings to state-owned buildings, and that a plan was being developed that would be incorporated within the Capital Improvement Program.

Ms. Giunchigliani requested that a copy of the plan be submitted to the members of the Committee.

MR. MARVEL MOVED APPROVAL OF ITEM 17.

MRS. CHOWNING SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

In response to a question from Chairman Arberry concerning the unsightly fountain in front of the Sawyer Building, Mr. Meizel reported that a water-quality problem, which had produced an algae bloom, was affecting the fountain, and that problem was being studied.

18. **Department of Administration - Buildings and Grounds - Marlette Lake - FY 02 -** Transfer of $10,250.00 from the Reserve category to the Operating category to allow for projected operating costs through the end of this fiscal year due to vehicle repair costs that were higher than anticipated. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

19. **Department of Administration - Buildings and Grounds - Marlette Lake - FY 03 -** Transfer of $134,000.00 from the Reserve category to the Operating category to allow for costs associated with installation of a diesel powered pump and water pumping activity to provide water through the summer months to Storey and Carson Counties. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Gary Ghiggeri, Senate Fiscal Analyst, advised that Item 19 was revised to reflect a transfer of $67,000 from the Reserve category to the Operating category while Miscellaneous Revenue should be augmented by $67,000 with corresponding increases to the Personnel and Operating categories.

Mary Keating, Administrator, Administrative Services Division, expressed agreement with Mr. Ghiggeri's explanation.

SENATOR JACOBSEN MOVED APPROVAL OF ITEM 19 AS AMENDED BY STAFF TO TRANSFER $67,000 FROM THE RESERVE CATEGORY TO THE OPERATING CATEGORY AND AUGMENT MISCELLANEOUS REVENUE BY $67,000 WITH CORRESPONDING INCREASES TO THE PERSONNEL AND OPERATING CATEGORIES.

THE MOTION WAS SECONDED BY MR. DINI

THE MOTION WAS CARRIED UNANIMOUSLY.

20. **Department of Administration - State Public Works Board - Inspection - FY 03 -** Addition of $36,656.00 in Inspection Fees to provide for salaries, operating, and travel costs to maintain two temporary Building Inspector positions for White Pine and Lincoln County School District projects through September and November of 2002, FY 03. Requires Interim Finance approval since the amount added to the Construction Inspection – White Pine School District category exceeds 10% of the legislatively approved level for that category.

Evan Dale, Deputy Manager, State Public Works Board (SPWB), requested the Committee's favorable consideration of the Board's request for authorization to continue two temporary Building Inspector positions.

The Chairman noted that the two Building Inspector positions had been approved to perform inspections for school district projects in Lincoln and White Pine Counties, and the positions were to have been terminated upon completion of the projects.

Mr. Dale explained that the White Pine County School District project would be completed in November and the Lincoln County School District project would be completed in September.

In response to questions from the Chairman, Mr. Dale indicated the Building Inspector positions were devoted entirely to the school district projects. Mr. Dale further indicated the SPWB requested that the position for the Lincoln County project be continued until September 30 at which time it was expected the "punch list" and inspections would be completed.

In response to a question from Chairman Raggio, Mr. Dale advised that the costs for the positions were being paid for in their entirety from the project funding.

Chairman Raggio asked if the positions provided services only for the school district projects.

Mr. Dale advised that the temporary Inspectors were used to inspect other small projects in the White Pine County and Lincoln County areas, for which they were being paid out of the funding for the school district projects.

In response to a question from Ms. Giunchigliani, Mr. Dale indicated his uncertainty as to the completion dates originally projected for the projects.

Ms. Giunchigliani requested that the information on the originally projected dates be provided to the members of the Committee. Additionally, Ms. Giunchigliani expressed some concern and reluctance on her part to approve continuing the positions if the projects were not on schedule for completion.

Ms. Giunchigliani asked representatives of the Budget Division to comment on information she had read concerning an investigation by the Governor's office to take interest money from the School Bond Construction Fund.

Don Hataway, Deputy Budget Administrator, Budget Division, testified that State Bond Counsel advised the Budget Division that taking interest money from the School Bond Construction Fund was legal.

In response to a request from Ms. Giunchigliani for an interpretation of the question, Ms. Erdoes indicated it was the opinion of Legislative Counsel's office that the Board of Finance generally had the authority to "cull" and invest money from school bonds, and use the interest for a number of things including placing the money in the General Fund.

However, Ms. Erdoes pointed out that the language in section 11 of Assembly Bill No. 597 (Chapter 596, Statutes of Nevada 1999, at page 3228) specifically provided that the proceeds of the bonds issued for this purpose must be deposited in the fund to assist school districts in financing capital improvements after the payment of the costs of issuance of the bonds, and NRS 387.333 provided that all interest and income earned on the money in the fund must be credited to the fund. Thus, it was the opinion of the Legislative Counsel that the Board of Finance's general ability to use the interest money from bonds until the money was needed did not apply in this case.

Chairman Raggio noted that the question had no relevancy to Item 20, and moved on to additional testimony with respect to Item 20.

Ms. Giunchigliani expressed concern in reference to Mr. Dale's testimony concerning subsidizing the temporary Building Inspectors' work on other projects with school construction money. Ms. Giunchigliani indicated it was her opinion the costs for inspection services should be charged directly to the projects they were inspecting.

Chairman Raggio agreed that the two employees' work on other projects should be charged to the projects on which they were working in proportion to the time spent on each project.
Mr. Dale indicated his understanding of the concern expressed by members of the Committee.

Chairman Raggio advised that the motion to approve the request should be made with the condition that work done by the temporary Building Inspectors on projects other than for the school districts should be compensated from those projects.

In response to a question from Senator Neal, Gus Nunez, Deputy Manager, State Public Works Board, advised that the temporary Building Inspectors were stationed in Lincoln and White Pine Counties and, therefore, there were no travel or per diem costs associated with their work.

SENATOR NEAL MOVED APPROVAL OF ITEM 20 ON THE CONDITION THAT WORK DONE BY THE INSPECTORS ON PROJECTS OTHER THAN THE SCHOOL DISTRICT PROJECTS IN LINCOLN AND WHITE PINE COUNTIES WOULD BE COMPENSATED FROM THE PROJECTS ON WHICH THEY WORKED.

MR. DINI SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

21. **Department of Information Technology – Computing Division – FY 02 –** Transfer of $35,487.00 from the Reserve category to the Operating category to cover projected expenditure requirements for the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

22. **Department of Information Technology – Computing Division – <u>FY 03</u> –** Transfer of $250,000.00 from the Reserve category to the Information Services category to provide funding for the Intrusion Detection System. (Note: Legislatively approved funding for the system in FY 02 has been reserved). Requires Interim Finance approval since the amount transferred to Category 26 Information Services category 86 Reserve categories exceeds $50,000.00.

Refer to motion for approval under Item E.

Chairman Raggio noted that Item 23 and 62 would be heard together. Refer to testimony and motion for approval under Item 62.

23. **Department of Information Technology - Planning and Research Division - ~~FY 02~~ *<u>FY 03</u>* -** Addition of $112,500.00 in Data Processing Services to add one Project Management position to support on-going feasibility analysis of the Health Division WIC Electronic Benefit Transfer (EBT) Program during FY 03. This position is to be re-justified by the agency in their biennial budget request should the need to continue the position beyond the fiscal year be deemed necessary. Approval of this work program is contingent on the approval of the corresponding Health Division work program C20453 for budget account 3214. Requires Interim Finance approval since the amount added to the Data Processing Services category exceeds $50,000.00 and includes new staff. **Relates to Item 62.**

Request denied. Refer to motion under Item 62.

24. **Department of Agriculture - Registration and Enforcement - FY 02 -** Addition of $35,001.00 in Environmental Protection Agency Pesticide Consolidated Grant to develop and implement an integrated pest management program within the Clark County School District. Requires Interim Finance approval since the amount added to the Environmental Protection Agency category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

25. **Department of Agriculture – Pest, Plant Disease & Noxious Weed Control – FY 02 –** Addition of $46,000.00 in United States Department of Agriculture Mormon Cricket and Grasshopper to conduct Mormon Crickets and Grasshoppers surveys and control via bait administration on public lands. Requires Interim Finance approval since the amount added to the United States Department of Agriculture Grasshoppers category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

26. **Public Utilities Commission - FY 02 -** Addition of $238,696.00 in Regulatory Assessments, addition of $212,367.00 in Assessment for Bureau of Consumer Protection, and transfer of $35,000.00 from the Reserve category to the In-State Travel category to increase revenue authority and fund in-state travel for the remainder of FY 02. Requires Interim Finance approval since the amount transferred to the Bureau of Consumer Protection category exceeds $50,000.00.

Refer to motion for approval under Item E.

27. **Public Utilities Commission - <u>FY 03</u> -** Transfer of $35,538.00 from the Reserve category to the Personnel Services category, transfer of $4,129.00 from the Reserve category to the Equipment category, and transfer of $1,560.00 from the Reserve category to the Information Services category to fund one additional full-time Administrative Assistant II position for the Las Vegas office. Requires Interim Finance approval since the amount added to the Personnel Services category includes new staff.

Refer to motion for approval under Item E.

28. **Department of Business & Industry - Real Estate Division - Common Interest Communities - FY 03 -** Transfer of $30,000.00 from the Reserve category to the Operating category to allow the division to contract with industry experts to conduct seminars throughout the state for Common Interest Community owners and board members. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

29. **Department of Business & Industry – Housing Division – Department of Energy Weatherization – FY 03 –** Addition of $2,329,400.00 in Transfer from Welfare to implement Section 26.95 of Assembly Bill 661, 2001 Session, for enhanced weatherization programs. Requires Interim Finance approval since the amount added to the Universal Energy Charge category exceeds 10% of the legislatively approved level for that category. **Relates to Item 79.**

Refer to motion for approval under Item E.

The Chairman announced that Item E. 30 and H. 7 would be heard concurrently.

30. **Business & Industry - Division of Insurance - Education & Research - FY 03 -** Addition of $61,851.00 in Balance Forward *and transfer of $61,096 from the Reserve category* to provide funding for an unclassified Lead Actuary position and associated costs to assist the Commissioner in researching and preparation of actuarial studies to stabilize the medical malpractice and construction defect insurance markets in the State of Nevada. Requires Interim Finance approval since the amount includes new staff. **Relates to IFC Allocation Request Item H.7.**

Alice Molasky, Commissioner, Division of Insurance, identified herself for the record and introduced John Orr, Deputy Commissioner, Insurance.

The Chairman noted that if the Committee approved Item 30, approval would be conditioned upon receipt of a revised work program that reflected utilization of the funding.

John Orr, Deputy Commissioner, Insurance, explained that the Division had planned to move all expenditures into Category 10 to fund a contract position, and a revised work program would be provided.

Mr. Ghiggeri pointed out the work program was originally submitted for a state employee with support costs including office set-up equipment and statewide cost allocation payments. As some of those costs would not be required for a contract position, staff requested a revised budget that would specifically identify expenditures as well as other ancillary items associated with the contract.

Mr. Orr acknowledged the Division would comply with the request to provide a revised work program.

The Chairman moved to Item H. 7. Refer to motion for approval under Item H. 7.

31. **Commission on Economic Development - Rural Community Development - FY 02 -** Addition of $2,853,319.00 in Federal Housing and Urban Development Contract to carry forward Federal Housing and Urban Development contract authority remaining in FY 01 to FY 02 for Community Development Block Grant draws by sub-recipients. Requires Interim Finance approval since the amount of the Community Development Block Grant exceeds $100,000.00.

Refer to motion for approval under Item E.

32. **Department of Tourism & Economic Development - Commission on Tourism – FY 02 -** Transfer of $200,000.00 from the Reserve category to the Tourism Grants category to establish a grant program for the development of projects relating to tourism as authorized by Senate Bill 583. Requires Interim Finance approval since the amount transferred to the Tourism Grants category exceeds $50,000.00 and *IFC approval is required per S.B. 583, 71st Session*.

Chairman Raggio noted the request to transfer $200,000 from the Reserve category to the Tourism Grants category and questioned how the Reserve balance would be impacted since room tax collections did not meet projections in the current fiscal period.

Nancy Dunn, Deputy Director, Nevada Commission on Tourism, identified herself for the record. Ms. Dunn responded that after the $200,000 transfer, the Commission's Reserve would remain at $1.7 million, and a Reserve balance of $800,000 was projected at the end of Fiscal Year 2003.

Chairman Raggio noted that Commission staff had testified during previous legislative sessions that a Reserve balance of $1 million was necessary and questioned whether that balance would be maintained if their request for transfer of $200,000 was approved.

Ms. Dunn testified that it was anticipated a $1 million balance could be maintained, and reiterated her previous statement that an $800,000 Reserve balance was anticipated at the end of Fiscal Year 2003. Ms. Dunn pointed out that trending indicated revenues were continuing to increase, and the $800,000 balance was considered a conservative projection.

The Chairman noted that information pertaining to how the $200,000 would be used was contained on pages 152 through 175 of Volume II (Exhibit G).

Carl R. Dahlen, Director Rural Economic Development, Nevada Commission on Economic Development, explained that twenty rural projects would be funded through the $200,000 transfer.

Ms. Giunchigliani also recalled testimony during the previous session that indicated a Reserve balance of $1 million had to be maintained and questioned the statement on the trend that projected increasing revenues while at the same time room tax collections had decreased.

Ms. Dunn pointed out that the grant projects that would be funded by the $200,000 were important priority projects for rural Nevada and reiterated that conservative projections indicated a Reserve balance of $800,000 to $1 million at the end of Fiscal Year 2003.

In response to a question from Ms. Giunchigliani, Ms. Dunn advised that the Nevada Commission on Tourism and Economic Development would be coming to the 2003 Legislative Session with an approximate $200,000 shortfall in the Reserve balance. Additionally, Ms. Dunn explained that at the end of Fiscal Year 2002 and after transferring $200,000 to fund the rural projects, a Reserve balance of $1.7 million would exist, and at the end of Fiscal Year 2003, a Reserve balance of $800,000 was projected.

In response to questions from Ms. Giunchigliani who pointed out that collections were down 7.2 percent, Ms. Dunn advised that projections indicated an even level would be reached by December 2002.

MR. DINI MOVED FOR APPROVAL OF ITEM 32.

MR. MARVEL SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

33. **Department of Human Resources - Administration - FY 02 -** Addition of $400,000.00 in transfer from Department of Health Care Financing & Policy to provide funding for contract obligations relative to Assembly Bill 513 strategic plan. Requires Interim Finance approval since the amount transferred to the Strategic Plan category exceeds $50,000.00. **Relates to Item 89.**

Refer to motion for approval under Item E.

Chairman Raggio noted that Items 34 and 84 would be heard concurrently. Refer to narrative under Item 84.

34. **Department of Human Resources – Administration – FY 02 –** Addition of $905,000.00 in Transfer from Division of Health Care Financing & Policy to improve portability and continuity of health insurance coverage in group and individual markets, combat waste, fraud, and abuse in health insurance and health care delivery. Also, to promote medical savings accounts, improve access to long-term care services and to simplify health insurance administration. Requires Interim Finance approval since the amount added to the Health Insurance Portability Accounting Act Assessment category exceeds $50,000.00. **Relates to Item 84.**

Refer to motion for approval under Item 84. (Mrs. Cegavske abstained).

Edward E. Cotton, Administrator, Division of Child and Family Services, suggested that Items E. 35, 46, and 48 be taken concurrently as all three work programs related to the Community Mental Health Services Block Grant.

Chairman Raggio noted that Items E. 35, 46, and 48 required a public hearing. There were no questions from the Committee and there was no testimony from members of the Public.

35. **Department of Human Resources – Child and Family Services – Children Youth and Family Administration – FY 03 –** Addition of $98,169.00 in Community Mental Health Services Block Grant to provide consultation and training for mental health professionals and to provide travel costs for the Mental Health Consortiums established in Assembly Bill 1, 2001 Special Session. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.**

MS. GIUNCHIGLIANI MOVED APPROVAL OF ITEMS E. 35, 46 AND 48.

MRS. CHOWNING SECONDED THE MOTION.

THE MOTION TO APPROVE ITEMS E. 35, 46 AND 48 WAS CARRIED UNANIMOUSLY.

The Chairman stated that Items E. 36, 37, 39 and 44 would be heard concurrently.

36. **Department of Human Resources - Child and Family Services - Children, Youth, and Family Administration - FY 03 -** Deletion of $498,185.00 in General Fund Appropriation, deletion of $34,261.00 in Federal Title IV-B Part I, deletion of $403,751.00 in Federal Title IV-E, and deletion of $214,352.00 in the Temporary Assistance to Needy Families Block Grant to transfer salary costs of 18.53 full-time employees that transferred to Washoe County on April 2, 2002 for twelve months, and six months of travel and other operating costs to the Child Welfare Integration budget. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Session, and **this action involves the allocation of block grant funds and requires a public hearing. Relates to Item 37.**

Jim Baumann, Administrative Services Officer, Division of Child and Family Services, advised the members of the Committee that Items E. 36, 37, 39 and 44 related to the transfer of revenue and expenditures from the Children, Youth and Family Administrative budget to the Child Welfare Integration budget pursuant to provisions of A.B. 1 of the 17th Special Session of the Nevada Legislature.

Mr. Baumann requested the Committee's favorable consideration for approval to transfer revenue and expenditure authority from Budget Account 3145 in Item E. 36 to Budget Account 3142 in Item E. 37, relative to ongoing costs related to child welfare integration.

Additionally, Mr. Baumann advised that Item E. 44 requested approval to de-augment revenue and expenditures from the Youth Community Services (Child Welfare) budget and transfer those costs to the work program in Item E. 39 for eventual transfer to Washoe County.

Mr. Baumann explained that the requested transfers represented funding for Phase I in the implementation of child welfare integration for 18.53 FTE positions transferred to Washoe County as well as operating and placement costs.

Chairman Raggio requested an update on the funding formula for the future provision of child welfare services.

Mr. Cotton distributed a document, *Update on Funding Plan for Funding Child Welfare Services in Nevada* (Exhibit H).

Mr. Cotton advised that Section 13, A.B. 1, approved by the 17th Special Session of the Nevada Legislature, required the Division of Child and Family Services, in conjunction with Clark and Washoe Counties, to develop a funding plan.

Mr. Cotton advised that both Clark and Washoe Counties provided separate preliminary estimates of costs to provide child welfare services in Fiscal Year 2004 that differed. Meetings were continuing to be held several times each month with representatives from Clark and Washoe Counties to discuss issues that revolved around staffing increases and caseload growth.

Chairman Raggio noted that the program's future funding plan was an important issue to the Committee, especially that portion of additional continuing costs that would be borne by the state. The Chairman indicated the Committee would review the funding plan (Exhibit H) distributed during the meeting, and the plan would be made a part of the record. Additionally Chairman Raggio requested that agency representatives and staff work together in order to review the program's future funding plan.

Mr. Cotton advised the Chairman that meetings were taking place several times a month to prepare the plan for presentation to the Legislative Committee on Children, Youth and Families on or before September 15, 2002.

The Chairman noted that Items E. 36, 37, 39 and 44 required a public hearing. There was no public testimony.

MR. DINI MOVED APPROVAL OF ITEMS E. 36, 37, 39 AND 44.

MR. PARKS SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

37. **Department of Human Resources - Child and Family Services - Child Welfare Integration - FY 03 -** Addition of $498,185.00 in General Fund Appropriation, addition of $34,261.00 in Federal Title IV-B Part 1, addition of $403,751.00 in Federal Title IV-E, and addition of $214,352.00 in the Temporary Assistance for Needy Families Block Grant to transfer 12 months of salary costs from the Children, Youth, and Family Administration budget. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Session, and **this action involves the allocation of block grant funds and requires a public hearing. Relates to Item 36.**

Refer to motion for approval under Item E. 36.

38. **Department of Human Resources – Child and Family Services–Child Welfare Integration – FY 03 –** Addition of $4,990,367.00 in Balance Forward from Previous Year, addition of $2,026,908.00 in Federal Title IV-E, and addition of $13,104.00 in Medicaid Rehabilitation Charges to pay for costs of certain child welfare services transferred from the state to Clark and Washoe Counties. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Session. **This action transfers an appropriation from FY 2002 to FY 2003 and also balances forward "one-shot" funding.**

Jim Baumann, Administrative Services Officer, Division of Child and Family Services requested the Committee's favorable consideration for approval of the work program to accept unspent general funds from the Fiscal Year 2002 Child Welfare Integration budget and to create revenue authority to claim the federal portion of one-time and ongoing costs for the transfer of child welfare services from the Department of Human Resources to Clark and Washoe Counties. Section 137 of A.B. 1, approved by the 17th Special Session of the Nevada Legislature, provided that appropriations could be transferred from one year to the other with the approval of the Interim Finance Committee upon recommendation of the Governor.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, advised that a technical adjustment was required for Item 38 correcting the amount of the balance forward to $4,269,288. An appropriation transfer of $721,079 for augmentation in Fiscal Year 2003 and a de-augmenting work program for $721,079 were to be submitted and processed for Fiscal Year 2002. Mr. Ghiggeri indicated staff would work with representatives of the Budget Division and Division of Child and Family Services to resolve any questions concerning the adjustment.

MR. DINI MOVED APPROVAL OF ITEM 38 AS AMENDED BY STAFF.

MS. LESLIE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

39. **Department of Human Resources – Child and Family Services – Child Welfare Integration – FY 03 –** Addition of $1,661,453.00 in General Fund Appropriation, addition of $10,751.00 in Federal Title IV-B Part 1, addition of 11,000.00 in Federal Chafee Foster Care, addition of $837,425.00 in Federal Title IV-E, addition of $2,346.00 in Post Adoption Fees and addition of $21,312.00 in Title XX to transfer in revenue and costs of placement for a six-month period for services transferring from the state to Washoe County from the Youth Community Services budget. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Session, and **this action involves the allocation of block grant funds and requires a public hearing. Relates to Item 44.**

Refer to motion for approval under Item E. 36.

40. **Department of Human Resources - Child and Family Services - UNITY - FY 03 -** Addition of $164,104.00 in Balance Forward from Previous Year and addition of $164,105.00 in Federal Title IV-E to balance forward from fiscal year 2002 to pay for increased mainframe charges for unbudgeted testing conversion and training costs associated with the conversion of Clark County to the UNITY system. Requires Interim Finance approval pursuant to Section 33 of the 2001 Appropriations Act (Assembly Bill 672). **This action transfers an appropriation from FY 2002 to FY 2003.**

Jim Baumann, Administrative Services Officer, Division of Child and Family Services, requested the Committee's favorable consideration of the request to balance forward a General Fund appropriation from Fiscal Year 2002 to Fiscal Year 2003 in the UNITY budget and augment Federal IV-E revenue to pay for increased mainframe charges associated with the transfer of certain child welfare services to Clark and Washoe Counties. Mr. Baumann indicated that Section 33 of the 2001 Appropriations Act (A.B. 672) provided the authority for the balance forward with the approval of the Interim Finance and upon the recommendation of the Governor.

Chairman Raggio indicated it was his understanding that funding specifically related to UNITY and child welfare integration was included in A.B. 1, 17th Special Session of the Nevada Legislature, and accounted for in the separate Child Welfare Integration budget. The Chairman questioned whether the Division of Child and Family Services and the Budget Division had determined that the request met the definition of a project, as required under the Appropriations Act.

Johnean Morrison, Management Analyst, Division of Child and Family Services, UNITY Project, identified herself for the record. Ms. Morrison explained that at the time the budget for the UNITY Project was developed, Clark County's use of UNITY was under federal review, and costs to establish a conversion region on the mainframe were not included either in the UNITY or the Integration budget.

In response to questions from Mr. Anderson, Mr. Cotton advised that the Division of Child and Family Services was attempting to ensure that the conversion would be completed by January 1, 2003 when all child welfare cases would be transferred to Clark County. Mr. Cotton explained that approval of the request would allow the Division to cover extra mainframe costs associated with Clark County and would also provide assistance with converting Clark County's data

Mr. Anderson questioned whether the funding request should more properly be a question for Clark County.

Mr. Cotton responded that the Division was attempting to merge the two programs cooperatively for a system that was best for Nevada's children.

Mike Willden, Director, Department of Human Resources, advised that an interface with Clark County had been built into the A.B. 1 budgetary process in order to exchange data between systems. Mr. Willden explained that after a federal review determined that all entities were required to be on the same system, Clark County acknowledged both verbally and in writing they would join the UNITY System. With the change from an interface to a conversion currently underway, Mr. Willden indicated the funding provided in A.B. 1 was being used to convert Clark County's Family Tracks System to UNITY, and the work program request, if approved, would assist with additional costs identified in the conversion.

In response to questions from Assemblyman Beers, Mr. Willden acknowledged that the cost for Clark County's Family Tracks System was in the tens of millions of dollars and while they retained some utility in the juvenile and judicial areas, Family Tracks would be converted to the UNITY System.

Ms. Giunchigliani indicated the state should not be obligated to pay for the Clark County conversion since they had chosen not to participate in the UNITY System and suggested the request be denied.

Chairman Raggio indicated the request appeared to be inappropriate based on staff's review of Section 33 of the Appropriations Act (A.B. 672). The Chairman suggested denial of the request and indicated the Division could consider a supplemental appropriation in Fiscal Year 2003 if expenditures beyond their legislatively approved budget were encountered.

CHAIRMAN ARBERRY MOVED FOR DENIAL

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

41. **Department of Human Resources – Child and Family Services – Juvenile Accountability Incentive Block Grant – FY 02 –** Transfer of $30,000.00 from the Administrative Reserve category to the Personnel Services category to meet projected salary costs through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds 10% of the legislatively approved level for that category and **involves the allocation of block grant funds and requires a public hearing.**

The Chairman announced that Item 41 required a public hearing and asked if there was public testimony.

There was no public testimony.

SENATOR NEAL MOVED APPROVAL OF ITEM 41.

CHAIRMAN ARBERRY SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

42. **Department of Human Resources - Juvenile Correctional Facility - FY 03 -** Transfer of $53,272.00 from the Private Contractor category to the Operating category, transfer of $192,320.00 from the Private Contractor category to the Maintenance of Buildings and Grounds category, and transfer of $58,173.00 from the Private Contractor category to the Utilities category to allow for operations and minimal maintenance and repairs to the Summit View Facility during temporary closure. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds $50,000.00.

Edward E. Cotton, Administrator, Division of Child and Family Services, requested the Committee's favorable consideration for approval to transfer funding to the Operating, Buildings and Grounds and Utility categories to provide funding to continue the maintenance of grounds for Summit View Youth Correctional Center during its temporary closure.

In response to a question from Senator Neal, Mr. Cotton advised that the Division had received three responses to a Request for Proposal (RFP) to operate the Summit View Youth Correctional Center. Two bids were considered possibilities, and additional clarification was requested from the two responders that was due on June 18, 2002 by 3:00 p.m. Mr. Cotton expected to move forward with a planned opening date in the late fall.

In response to a question from Chairman Raggio concerning the status of the facility, Mr. Cotton advised that Summit View was in temporary closure and the work program in Item 42 transferred funds so that the Division could maintain the grounds and utilities until it was opened under a new contractor.

In response to a question from Mr. Hettrick, Mr. Cotton advised that Right of Passage (ROP) and Secure Care were the two responders from whom clarification had been requested.

In response to questions from Ms. Leslie concerning the status of negotiations with the former contractor, Mr. Cotton turned the microphone over to Willie Smith, Deputy Administrator, Youth Corrections, Division of Child and Family Services.

Ms. Smith advised that negotiations with the former contractor were still in progress. A packet had been submitted to them that listed the repairs that were required based on a joint walk-through in March. Ms. Smith further indicated that a summary of the bids obtained for the repairs was submitted as well, and a follow-up meeting would be scheduled to finalize plans for the necessary work.

In response to a question from Ms. Leslie, Ms. Smith advised the total amount of the Division's summary included the low bid on the repairs in addition to continued funding for the Contract Monitor position, funding for a Project Manager to supervise the repairs and repayment to the state to send ten young men to Memphis, Tennessee which totaled approximately $195,000. Ms. Smith clarified the $195,000 would be minus what the state owed for contract services for the month of January and medical bills for four of the young men that had been in the facility.

SENATOR NEAL MOVED APPROVAL OF ITEM 42.
MS. GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

43. **Department of Human Resources - Child and Family Services-Youth Community Services - FY 02 -** Addition of $1,800,000 in Medicaid Rehabilitation Charges, addition of $1,000.00 in Transfer from Stale Claims, deletion of $1,526,000.00 in Federal Title IV-E, deletion of $275,000.00 in Transfer from Medicaid, transfer of $1,155,000.00 from the Adoption Subsidy category to the Child Welfare category, transfer of $1,970,000.00 from the Substitute Foster Care category to the Child Welfare category, transfer of $550,000.00 from the Title XIX Medical category to the Child Welfare category, transfer of $65,000.00 from the Mental Health Placement category to the Child Welfare category, transfer of $100,000.00 from the Mental Health Placement category to the Non XIX Medical category, transfer of $120,000.00 from the Washoe County Pilot category to the IV-E Washoe County category, transfer of $16,000.00 from the Youth Parole category to the Transportation category, transfer of $20,000.00 from the Youth Parole category to the SB497-Adoption Needs category, transfer of $35,000.00 from the Youth Parole category to the Drug Testing category, transfer of $14,000.00 from the Youth Parole category to the Stale Claims category, and transfer of $100,000.00 from the Youth Parole category to the IV-E Washoe County category to meet projected costs of child welfare placements, transportation, adoption needs, drug testing, IV-E Washoe County and stale claims through the end of the fiscal year. Requires Interim Finance approval since the amount added to the Child Welfare category exceeds $50,000.00.

Refer to motion for approval under Item E.

44. **Department of Human Resources – Child and Family Services – Youth Community Services – <u>FY 03</u> –** Deletion of $1,661,453.00 in General Fund Appropriation, deletion of $10,751.00 in Federal Title IV-B-Part 1, deletion of $11,000.00 in Federal Chafee Foster Care, deletion of $837,425.00 in Federal Title IV-E, deletion of $2,346.00 in Post Adoption Fees and deletion of $21,312.00 in Title XX to cover a six-month allocation to pay for ongoing placement costs for services transferring from the state to Washoe County in the Child Welfare Integration budget. Requires Interim Finance approval pursuant to Assembly Bill 1, 2001 Special Session, and **this action involves the allocation of block grant funds and requires a public hearing. Relates to Item 39.**

Refer to motion for approval under Item E. 36.

45. **Department of Human Resources - Community Connections/Children's Trust Fund – <u>FY 03</u> -** Transfer of $37,865.00 from the Reserve category to the Personnel Services category, transfer of $36,935.00 from the Reserve category to the Administrative Costs category, transfer of $409,212.00 from the Reserve category to the Child Abuse Prevention Awards category, and transfer of $283.00 from the Reserve category to the Information Services category to align authority with projected SFY 03 contracts, provide salary required for the Administrative Assistant III staff position and associated operating expenses in accordance with the priorities of the Committee for the Protection of Children. Requires Interim Finance approval since the amount transferred to the Child Abuse Prevention Awards category exceeds $50,000.00.

Refer to motion for approval under Item E.

46. **Department of Human Resources - Child and Family Services - Northern Nevada Child and Adolescent Services - FY 02 -** Addition of $235,936.00 in Community Mental Health Services Block Grant and deletion of $200,000.00 in Medicaid Rehabilitation to continue a program to provide respite and counseling services for severely emotionally disturbed children**. Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.**

Refer to motion for approval under Item E. 35.

47. **Department of Human Resources – Northern Nevada Child & Adolescent Services–FY 02 -** Addition of $200,000.00 in Transfer from Other Budget Account to record payments to Mojave Mental Health for mental health services provided to children referred to Mojave by Northern Nevada Child and Adolescent Services. Requires Interim Finance approval since the amount added to the Mohave category exceeds $50,000.00.

Chairman Raggio noted that pursuant to a legislative letter of intent, the Department of Human Resources was required to report every six months to the Interim Finance Committee on the status of services provided by Mojave Mental Health Services and steps taken to allow provision of services by other non-profit groups. The report (<u>Exhibit I)</u> provided under Item O VIII a. 1. was distributed to the members of the Committee and made a part of the record.

Mike Willden, Director, Department of Human Resources, advised that the letter of intent raised concerns about the exclusive relationship between the Department of Human Resources and Mojave Mental Health Services and provided direction to the Department to move toward permitting other non-profit groups the ability to provide targeted case management (TCM) and other mental health services.

Mr. Willden reported that while the Department had been working in that direction, progress was slow because of a number of complicating factors. Additionally, Mr. Willden indicated the Department was also working with the Executive Branch's Department of Internal Audit who had also reviewed the situation. The Internal Audit recommendations focused on scope, frequency and duration of services, rates paid for services, types of internal controls or utilization review on services, and contracting processes.

Mr. Willden pointed out that A.B. 513, 2001 Legislative Session, required the Department to develop strategic plans for a number of Human Resources issues, one of which specifically focused on rates and rate structure, while A.B. 1, 17th Special Session, focused on mental health consortiums and the provision of services to severely emotionally disturbed children.

In conclusion, Mr. Willden indicated that as a result of the Department's work effort in the aforementioned areas:

- A new Medicaid State Plan would be implemented by January 1, 2003;
- Additional providers would offer services in the mental health targeted case management area;
- Rate structure was under review;
- Issues addressed by Internal Audit were under review; and,
- Managed care relationship for the provision of mental health services to severely emotionally disturbed children was under review.

In response to statements from Ms. Leslie, Mr. Willden provided his commitment to implement the new Medicaid State Plan by January 1, 2003.

MR. PARKS MOVED APPROVAL OF ITEM 47.

MS. CEGAVSKE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

48. **Department of Human Resources - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 02 -** Addition of $65,000.00 in Community Mental Health Services Block Grant to cover costs of professional security at the Neighborhood Outpatient Mental Health Centers. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.**

Refer to motion for approval under Item E. 35.

49. **Department of Human Resources - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 02 -** Addition of $1,066,195.00 in the Federal Neighborhood Care Center Project Grant to continue the program to enhance the existing local interagency service system for children with severe emotional disturbances. Requires Interim Finance approval since the amount added to the Neighborhood Care Center Project category exceeds $50,000.00.

Refer to motion for approval under Item E.

50. **Department of Human Resources - Health Division-Office of State Health Administration - FY 02 -** Addition of $30,876.00 in Transfer from Emergency Management to pay for the radio-analytical services and other testing for the Churchill County Childhood Leukemia Cluster Investigation. Requires Interim Finance approval since the amount added to the Fallon Leukemia Cluster category exceeds 10% of the legislatively approved level for that category.

Alex Haartz, Deputy Administrator, Health Division, identified himself for the record and requested the Committee's favorable consideration of the work program in Item 50 to allow the Health Division to accept $30,876 in funds from the Division of Emergency Management. If approved, the funding would cover the costs of testing soil and dust samples to determine the presence of either man-made or naturally occurring radioactive materials in connection with the ongoing investigation of the Fallon Leukemia Cluster. Mr. Haartz explained that after sampling had been completed and analysis was being performed in the laboratory, the federal agency that had committed to funding the cost was unable to provide the funding. Mr. Haartz indicated that because the Fallon Leukemia cluster was considered a public health emergency, the Health Division applied to the Division of Emergency Management for funding.

Senator McGinness questioned the length of time an activity could be considered an emergency and the availability of continued funding.

Frank Siracusa, Chief, Division of Emergency Management, identified himself for the record. In response to Senator McGinness, Mr. Siracusa advised that an emergency was interpreted as the length of time life and health-related issues were impacted. Additionally, Mr. Siracusa advised that the Emergency Assistance Account was currently solvent, and there had been no other requests from local or state governments for assistance.

Senator McGinness questioned whether the division had adopted any regulations or policy that defined emergency assistance.

Mr. Siracusa responded that the Division of Emergency Management, as required under *Nevada Revised Statutes 413,* developed regulations for the Emergency Assistance Account. The regulations were drafted by the Division, reviewed by the Legislative Counsel Bureau's Legal Division and were ready for a public hearing scheduled for July 9, 2002.

In response to questions from Senator McGinness concerning the prospect of continued long-term funding, Mr. Haartz advised that the Division was working on a day-by-day basis and that federal agencies had been helpful in providing available resources.

In response to questions from Senator McGinness concerning calling on Nevada's Congressional delegation to assist in locating funding assistance, Mr. Haartz advised that the Division had been in contact with various federal agencies that had been unable to provide assistance as a result of budget problems. However, Mr. Haartz indicated the Division had not requested assistance from either Senator Reid or Senator Ensign.

Senator McGinness commended the Division's work in providing information and conducting public hearings.

In response to a question from Ms. Giunchigliani concerning the definition of an emergency, Mr. Siracusa indicated that the cause of the Leukemia cluster had not yet been discovered and that as long as the threat continued, an emergency situation existed.

Ms. Giunchigliani advised that the definition of what constituted an emergency was an issue that would require additional study during the 2003 Legislative Session.

SENATOR MCGINNESS MOVED APPROVAL OF ITEM 50.

MR. DINI SECONDED THE MOTION.

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

51. **Department of Human Resources – Health Division – Maternal Child Health Services – FY 02 –** Transfer of $24,942.00 from the Salaries category to the Abstinence Education category to meet the projected need for contract services for program management of the Abstinence-Only Education Program. Requires Interim Finance approval since the amount transferred to the Abstinence Education category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

52. **Department of Human Resources - Health Division - Maternal Child Health Services – <u>FY 03</u> -** Acceptance of $319,365.00 in the Oral Disease Prevention Program Federal Grant to continue to develop and implement an oral health surveillance system, the development and implementation of a statewide public education program on oral health, and the development of an oral health education curriculum that can be utilized by school districts statewide. Includes salaries for two positions, out-of-state and in-state travel, operating, and contract services. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

53. **Department of Human Resources - Health Division - Maternal Child Health Services – <u>FY 03</u> -** Acceptance of $160,525.00 in the Rural Interdisciplinary Training Federal Grant to pass on funds to the Northeastern Area Health Education Center for providing coordination of medical student teams receiving rural interdisciplinary training. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00

Refer to motion for approval under Item E.

54. **Department of Human Resources - Health Division - Communicable Disease Control – <u>FY 03</u> -** Acceptance of $100,000.00 in the Reducing the Impact of Arthritis & Other Rheumatic Conditions Grant to develop a program to provide education and support services to reduce the impact of arthritis and other rheumatic conditions, by developing linkages with the local county health departments, local arthritis foundations, private citizens and other state agencies. The budget includes salaries for one new position, out-of-state and in-state travel, operating, and contractual services. Requires Interim Finance approval since the amount includes new staff.

Refer to motion for approval under Item E.

55. **Department of Human Resources - Health Division - Tax on Liquor Program Account – FY 02 -** Transfer of $37,000.00 from the Alcohol Program category to the Aid to Counties category to provide aid to counties for providing services for the treatment of alcoholism and alcohol abuse to meet the Maintenance of Effort Requirement of the Federal Substance Abuse Prevention Treatment Block Grant in the Alcoholism And Drug Rehabilitation budget. Requires Interim Finance approval since the amount transferred to the Aid to Counties category exceeds 10% of the legislatively approved level for that category. **Relates to Item 63.**

Refer to motion for approval under Item E.

56. **Department of Human Resources - Health Division - Cancer Registry - <u>FY 03</u>** Acceptance of $500,000.00 in Department of Energy Cancer Registry Federal Grant to continue to fund salaries, out-of-state travel, operating, and information systems to improve the division's cancer and birth defects registries' ability to collect, analyze, and disseminate Nevada-specific data. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

57. **Department of Human Resources - Health Division - Community Health Services – <u>FY 03</u> -** Acceptance of $392,226.00 in Rape Prevention and Education Federal Grant to fund salaries for 1.5 full-time employees (previously funded with the Preventive Health Services Block Grant), in-state travel and contractual services with community organizations to support education and prevention programs relating to sexual crimes. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item 58.**

Refer to motion for approval under Item E.

Chairman Raggio noted that both Items 58 and 59 required a public hearing. Refer to motion for approval under Item 58.

58. Department of Human Resources - Health Division - Community Health Services – FY 03 - Deletion of $68,790.00 in the Federal Preventive Health Service Block Grant to reduce salaries for 1.5 full-time employees (now funded with the new Rape Prevention and Education Federal Grant); and to reconcile the federal fiscal year 2002 grant award and unspent balances from the federal fiscal year 2001 grant for the set-aside for rape prevention education, and for the set- aside for services to victims of sex offenses; and increase in-State travel. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Relates to Item 57.**

There was no public testimony for Items 58 and 59.

SENATOR JACOBSEN MOVED APPROVAL OF ITEMS 58 AND 59.

MR. MARVEL SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

59. Department of Human Resources - Health Division - Community Health Services - FY 03 - Acceptance of $60,367.00 in Substance Abuse Prevention & Treatment Block Grant to support HIV/AIDS and tuberculosis screening, testing and counseling services in rural Nevada and to educate individuals dealing with a substance or alcohol abuse problem in the residential treatment setting. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.**

Refer to motion for approval under Item 58.

60. Department of Human Resources - Health Division - Communicable Disease Control – FY 02 - Addition of $43,977.00 in Tuberculosis Elimination Federal Grant and transfer of $52,773.00 from the Salaries category to the Tuberculosis Elimination category to fund projected needs for in-state travel, operating, University of Nevada, Reno tuberculosis laboratory testing and supplemental funding for Nye and Esmeralda counties for tuberculosis outbreak control. Requires Interim Finance approval since the amount transferred to the Tuberculosis Elimination category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

The Chairman noted that Item 61 and Item D were related.

61. Department of Human Resources - Health Division - Communicable Disease Control – FY 03 - Acceptance of $105,706.00 in Fund for a Healthy Nevada (Department of Human Resources, Director's Office) to train health care providers on chronic disease self-management for diabetes, asthma, and heart disease. Requires Interim Finance approval since the amount added to the Chronic Disease Self-Management category exceeds $50,000.00. **Relates to Item D.**

Phil Weyrick, Administrative Services Officer, Health Division, advised that the work program requested approval to receive $105,706 awarded by the Department of Human Resources, Director's Office, from the Fund for a Healthy Nevada. Mr. Weyrick advised that the funding would be used to "train healthcare providers on chronic disease self-management for diabetes, asthma and heart disease."

Chairman Raggio questioned the availability of future funding for the project.

Alex Haartz, Deputy Administrator, Health Division, advised that the Division would be appearing before the Committee with a number of grants for chronic disease self-management for diabetes, asthma and heart disease that would be primarily federally funded. Mr. Haartz advised that the Division's goal was to establish the self-management for chronic disease with public health partners at the local level.

The Chairman noted that the training would be conducted through the Stanford Patient Education Research Center of the Stanford University School of Medicine.

Mr. Haartz advised that Stanford had "a well-tested and evaluated training program," and the Division had contracted with them to provide the training to interested community members and non-profit partners.

MR. DINI MOVED APPROVAL OF ITEM 61.

THE MOTION WAS SECONDED BY MRS.CHOWNING.

THE MOTION WAS CARRIED UNANIMOUSLY.

62. Department of Human Resources - Health Division - Women, Infants and Children (WIC) Food Program - FY 03 - Acceptance of $112,500.00 in WIC Electronic Benefits Transfer (EBT) Grant to continue the funding of a project management agreement with the Department of Information Technology to evaluate the current pilot WIC Electronic Benefits Transfer project in Washoe County and determine the feasibility of expanding statewide. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item 23.**

Terry Savage, Director, Department of Information Technology, introduced Angela Grato, DoIT Software Systems Executive support for the Department of Human Resources and Phil Weyrick, Administrative Services Officer, Health Division.

Mr. Weyrick reported that Project Women, Infants and Children (WIC) Electronic Benefits Transfer (EBT) was a pilot program that issued nutritional supplements to women and children via a "Smartcard." In a brief background presentation, Mr. Weyrick said the Western Governors' Association (WGA) had implemented a pilot program in June 2000 to determine the feasibility of using electronic cards that provided "access to and delivery of a variety of public and private services and benefits" to eligible clients. Mr. Weyrick said, however, the electronic cards were more expensive than a standard magnetic striped card, and the United States Department of Agriculture (USDA), from whom the grant funding was received, was reluctant to have the state spend funding on a "rollout of equipment" that could not be supported in the long term. In an effort to deal with the complex issues involved with determining whether to continue the program, Mr. Weyrick indicated that the Health Division had requested the assistance of the Department of Information Technology "to conduct a detailed evaluation and cost/benefit analysis."

Mr. Weyrick requested the Committee's favorable consideration of the work program, which he indicated would allow continuation of the pilot program through February 2003 while evaluations and a cost benefit analysis of the project were conducted.

Chairman Raggio discussed the merits of hiring an independent contractor who might better serve the short-term need rather than adding a full-time permanent employee.

Mr. Savage advised that the DoIT had a strong preference that project management should be conducted by state employees whenever possible. Mr. Savage pointed out that in addition to the WIC EBT pilot project, other numerous Health Division projects were imminent.

Chairman Raggio responded that other projects could be dealt with at the appropriate time, and he said it appeared an independent contractor would provide cost savings for the short-term WIC EBT pilot project.

Mr. Savage pointed out that contract project managers from the private sector were typically more expensive billing at rates in excess of $100 an hour while DoIT's rate was $75 per hour.

In view of the short-term nature of the project and the fact that the state had initiated a hiring freeze, Chairman Raggio indicated an independent contractor would better serve the division's immediate needs.

Mr. Savage pointed out that the knowledge gained during the project would be lost using a temporary position and that there was more than enough additional work forthcoming to keep an employee occupied on a permanent basis.

Ms. Grato commented that the cost benefit analysis would determine how to move forward which could mean "rolling back" to a paper system if the pilot project was terminated. Additionally, Ms. Grato advised that whatever was determined would have to be implemented which meant an ongoing effort that would go beyond the time frame of the cost benefit analysis.

In response to a question from Chairman Raggio, Mr. Weyrick advised that the position would be funded out of a USDA federal grant for approximately $873,000, out of which the Health Division had requested IFC approval of $112,500 to conduct the cost benefit analysis.

Mr. Savage indicated it was his opinion that an in-house Project Manager could conduct the cost-benefit analysis more cost effectively than an independent contractor. Additionally, Mr. Savage advised that, ideally, it would be best to have projects managed by state employees so that the knowledge base in managing those projects was retained by the state.

In response to a statement by the Chairman concerning a lack of documented justification for an additional position, Mr. Savage advised that the DoIT was "constrained in putting the program together" to only submit grants in hand as opposed to forthcoming projects.

Chairman Raggio advised a return to the Committee when those future projects were in hand.

Ms. Grato commented that the Project Manager who would conduct the cost benefit analysis for the WIC EBT project would also be requested to work as an agent of the state to negotiate possible consortium agreements with other states and suppliers to obtain support funding for the program.

In response to additional questions from Chairman Raggio concerning the lack of documentation, Ms. Grato advised that she had included a spreadsheet in the backup material that identified all of the work that was currently being done by the one current Project Manager on staff.

Chairman Raggio proposed approving the Health Division's request for the cost benefit analysis and indicated that an attempt should be made to obtain an independent contractor for a short-term contract. Additionally, the Chairman indicated the Committee should deny the DoIT's request for the addition of one Project Management position but provide the opportunity to return to the Committee with a future position request.

CHAIRMAN ARBERRY MOVED TO APPROVE ITEM 62, THE HEALTH DIVISION'S REQUEST TO ACCEPT $112,500 IN GRANT FUNDING AND RATHER THAN ADD THE FULL-TIME PROJECT MANAGER POSITION REQUSTED IN ITEM 23, USE THE FUNDING TO OBTAIN AN INDEPENDENT CONTRACTOR TO SUPPORT THE ONGOING FEASIBILITY ANALYSIS OF THE WIC EBT PROGRAM.

MS. GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Mr. Beers voted nay).

Chairman Raggio called Don Hataway, Deputy Budget Administrator, Budget Division to the witness table and acknowledged the fact that Mr. Hataway was retiring from public service after a long and distinguished career with Carson City and the State of Nevada. On behalf of the Committee, the Chairman expressed his appreciation to Mr. Hataway for his commendable work, loyalty and dedication to the State of Nevada.

Mr. Hataway expressed his pleasure in having the opportunity to work with the Committee.

The Chairman recessed meeting at 12:36 p.m.

The Chairman reconvened the meeting at 1:42 p.m. and moved to E. 30.

63. **Department of Human Resources - Health Division - Alcohol and Drug Rehabilitation – FY 02 -** Acceptance of $37,000.00 in Transfer from Tax on Liquor Program Account to provide aid to counties for providing services for the treatment of alcoholism and alcohol abuse to meet the Maintenance of Effort Requirement of the Federal Substance Abuse Prevention Treatment Block Grant. Requires Interim Finance approval since the amount added to the Alcohol and Drug Program exceeds 10% of the legislatively approved level for that category. **Relates to Item 55.**

Refer to motion for approval under Item E. (Mrs. Cegavske abstained).

64. **Department of Human Resources - Health Division - Alcoholism and Drug Rehabilitation - FY 03 -** Acceptance of $168,000.00 in Community Youth Mental Health Federal Grant to fund grants to various organizations to develop coalitions on drug and alcohol prevention and develop and implement local prevention plans. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E. (Mrs. Cegavske and Ms. Leslie abstained).

65. **Department of Human Resources – Health Division - Alcoholism and Drug Rehabilitation - FY 03 -** Acceptance of $200,000.00 in Fund for a Healthy Nevada (Department of Human Resources, Director's Office) to provide sub-grants to 8 rural Nevada community prevention coalitions to complete environmental prevention strategies related to tobacco use among youths. Requires Interim Finance approval since the amount added to the Reduce Tobacco Use category exceeds $50,000.00. **Relates to Item D.**

Refer to motion for approval under Item E. (Mrs. Cegavske abstained).

66. **Department of Human Resources - Health Division - Radiological Health - FY 02 -** Addition of $1,705.00 in Licenses and Fees and addition of $51,958.00 in Radioactive Material Licenses to meet projected operating expenses, and the balance will be placed in reserve. Requires Interim Finance approval since the amount added to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

67. **Department of Human Resources – Health Division – Radiological Health – FY 03 –** Acceptance of $125,283.00 in Transfer from Nuclear Projects to implement the inter-local contract to assist in the planning, preparation and oversight of the transportation of transuranic waste within Nevada on its way from the Nevada Test Site to the Waste Isolation Pilot Plant. Requires Interim Finance approval since the amount added to Waste Isolation Pilot contract category exceeds $50,000.00.

Refer to motion for approval under Item E.

68. **Department of Human Resources - Health Division - Consumer Protection - FY 02 -** Addition of $29,629.00 in Federal Safe Drinking Water Grant, addition of $28,974.00 in Licenses and Fees, transfer of $53,569.00 from the Salaries category to the Operating category, transfer of $26,381.00 from the In-State Travel category to the Operating category, transfer of $2,036.00 from the Information Systems category to the Operating category, transfer of $5,651.00 from the Information Systems category to the Aid to Counties category, and transfer of $27,431.00 from the Salaries category to the Reserve category to meet projected needs for operating expenses and aid to Washoe County. Balance of salary savings and additional "Licenses and Fees" revenue will be placed in reserve for reversion. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

69. **Department of Human Resources - Health Division - Health Facility Hospital Licensing - FY 03 -** Addition of $7,990.00 in Federal Medicare Certification Grant and addition of $20,288.00 in Medicaid Charges to fund out-of-state travel and operating expenses for the Federal Minimum Data Set Program. Requires Interim Finance approval since the amount added to the Federal Minimum Data Set category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

70. **Department of Human Resources - Health Division - Health Alert Network - FY 03 -** Acceptance of $7,906,672.00 in Public Health Preparedness and Response for Bio-terrorism Federal Grant to continue the funding of salaries, out-of-state and in-state travel, operating, aid to counties, surveillance, Center for Disease Control (CDC) bio-terrorism and information systems; to enhance and strengthen Nevada's ability to detect and respond to bio-terrorism. Focus areas include Preparedness Planning and Readiness Assessment; Epidemiology and Disease Surveillance; Laboratory Capacity - Biological; Health Alert Network - Communications and Information Technology; Risk Communication; and Education and Training. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

71. **Department of Human Resources - Health Division - Health Alert Network - FY 03 -** Acceptance of $459,123.00 in the Epidemiology & Laboratory Capacity for Infectious Diseases Grant to fund salaries for two new positions, out-of-state and in-state travel, operating, information systems, and contract services to develop and enhance surveillance and control systems for anti-microbial resistance, food-borne pathogens and hepatitis and influenza. 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 E.

72. **Department of Human Resources - Health Division - Health Alert Network - FY 03 -** Acceptance of $1,024,136.00 in Bio-terrorism Hospital Preparedness Program to enhance and strengthen Nevada's ability to detect and respond to bio-terrorism through hospital preparedness to respond to medical emergencies. Expenditures include contract services, operating, grants to private organizations and for the Nevada Hospital Association, which will oversee the coordination of this program. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

73. **Department of Human Resources – Aging Services – FY 02 –** Addition of $407,000.00 in Title III B – Older American Act, Supportive Service Grant to meet grant obligations through the end of the fiscal year. Requires Interim Finance approval since the amount added to the Title III B Social Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

74. **Department of Human Resources – Aging Services – FY 02 –** Addition of $597,000.00 in Title III C – Older Americans Act, Nutrition Grant to meet grant obligations through the end of the fiscal year. Requires Interim Finance approval since the amount added to the Title III C Nutrition category exceeds $50,000.00.

Refer to motion for approval under Item E.

75. Department of Human Resources – Aging Services - Tobacco Settlement – Fund for a Healthy Nevada – FY 02 – Addition of $570,725.00 in Transfer from the Fund for a Healthy Nevada to reconcile authority to the actual amounts allocated ~~for~~ *from* FY 00 and FY 01 for Independent Living Grants from Tobacco Settlement funds. Requires Interim Finance approval since the amount added to the Independent Living Grant category exceeds $50,000.00.

Refer to motion for approval under Item E.

76. Department of Human Resources - Welfare Administration - FY 02 - Transfer of $50,000.00 from the Reserve category to the Operating category to cover costs associated with printing and related supplies caused by the significant caseload increase. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category and **requires a public hearing since the action involves the allocation of block grant funds.**

The Chairman noted the Item E. 76 required a public hearing.

There were no questions from members of the public or the members of the Committee.

CHAIRMAN ARBERRY MOVED APPROVAL OF ITEM 76.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairman Raggio noted that both Item E. 77 and 78 required a public hearing.

77. Department of Human Resources - Welfare Division - Child Care Assistance and Development - FY 02 - Addition of $402,545.00 in Federal Child Care Development Fund (CCDF) to provide additional security services at the Southern Nevada Child Care Facility and increase direct childcare provider payments to support an additional eighty (80) children per fiscal year. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00 *and* ***this action involves the allocation of block grant funds and requires a public hearing.***

There was no public testimony and no questions from the Committee.

MRS. CHOWNING MOVED APPROVAL OF ITEMS 77 AND 78.

SENATOR MCGINNESS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

78. Department of Human Resources - Welfare Division - Low Income Home Energy Assistance (LIHEA) - FY 02 - Addition of $168,143.00 in LIHEA Grant to provide assistance to an additional 490 households to receive an average monthly payment of $309.00 for utility expenses and to cover the additional administrative costs associated with the LIHEA program. Requires Interim Finance approval since the amount added to the LIHEA Payments category exceeds $100,000.00 and **this action involves the allocation of block grant funds and requires a public hearing.**

There was no public testimony and no questions from the Committee.

Refer to motion for approval under Item 77.

79. Department of Human Resources – Welfare Division – Low-Income Home Energy Assistance (LIHEA) – <u>FY 03</u> – Addition of $6,988,202.00 in Universal Energy Charge to continue the implementation of provisions of Assembly Bill 661 of the 2001 Legislature which established the universal energy charge to assist low-income individuals with utility costs. Requires Interim Finance approval since the amount added to the Low-Income Home Energy Assistance category exceeds $50,000.00. **Relates to Item 29.**

Refer to motion for approval under Item E.

Chairman Raggio noted that Items 80 and 82 would be heard concurrently.

80. Department of Human Resources - Welfare Division - Field Services - FY 02 - Addition of $2,337,483.00 in Budgetary Transfer and deletion of $2,337,483.00 in Temporary Assistance to Needy Families Federal Receipts to cover projected expenditure requirements due to shifts in caseload and, conversely, the cost allocation plan as a result of social economic changes. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing and involves the transfer of appropriations between budget accounts, which require IFC approval per Section 37, Chapter 570, 71st Session. Relates to Item 82.**

Nancy Ford, Administrator, Welfare Division, identified herself for the record and explained that Items 80 and 82 were companion work programs that proposed the transfer of monies from the Temporary Assistance to Needy Families (TANF) budget to cover expenditure requirements as a result of a projected shortfall in the Welfare Field Services budget.

Chairman Raggio indicated the Committee required some assurance that the federally mandated work participation rates would be met to allow the maintenance of effort (MOE) reduction from 80 percent to 75 percent. Chairman Raggio noted that if the mandated work participation rates were not met, the state would be sanctioned and portions of the TANF block grant allocations would be withheld.

Ms. Ford indicated she was "very hopeful" the Welfare Division would meet the work participation rate, and when asked by the Chairman to be more definitive she said, "the best information" the Welfare Division had was that they would meet the work participation rate. Ms. Ford said the Division had just received notification the work participation rate for Federal Fiscal Year 2000 had been met, and while notification had not yet been received for Federal Fiscal Year 2001, she was confident the Division had met the work participation rate. Based on current figures, Ms. Ford indicated it was anticipated the Division would meet the participation rate for Federal Fiscal Year 2002 as well. However, she pointed out that federal notification was not normally received for approximately two years after the close of the fiscal year.

Chairman Raggio questioned whether a similar reduction in Maintenance of Effort (MOE) could be made to offset the probable shortfall in state General Funds for Fiscal Year 2003.

Ms. Ford pointed out that Temporary Assistance to Needy Families (TANF) was up for reauthorization in Congress and because the rules for TANF would be changed, she was unable to predict a reduction in MOE for Fiscal Year 2003.

Chairman Raggio noted that the Welfare Division was projecting a General Fund shortfall of approximately $600,000 in the Welfare Administration budget for Fiscal Year 2003 due to increased caseload in the Food Stamp program.

Ms. Ford advised that during budget development, certain costs were projected for allocation to the TANF, Food Stamps and Medicaid programs. However, during the current fiscal year, increased caseloads resulted in the allocation of additional costs to the Food Stamps and Medicaid programs. Ms. Ford explained that both the Food Stamps and Medicaid budgets were funded 50/50 from state and federal matching funds as opposed to TANF, which was funded from block grants.

In response to a question from the Chairman, Ms. Ford advised that the Food Stamp caseload had declined about 80 recipients in April and increased 1,000 recipients in May.

In response to the potential shortfall concern, Mr. Willden indicated he had interpreted that the question was in reference to the costs related to the food stamps electronic benefit transfer (EBT) system, which was not a cost allocation issue. Mr. Willden explained that the pilot program for the EBT had converted from a paper system of issuing food stamps to an electronic card system. Mr. Willden clarified that the higher Food Stamp caseload would also result in a higher expenditure under the EBT category.

In response to questions concerning how the shortfall issue would be resolved, Mr. Willden advised that caseloads were driving a number of shortfalls. He recalled that deferral of new program lists had been presented to the Committee during the February and April meetings, and he indicated that additional deferrals would be reviewed in the event the caseloads were not soon reduced.

In response to a question from the Chairman, Mr. Willden indicated the work program request in Item 80 would lower the MOE requirement, which provided several million dollars worth of General Fund dollars to match Food Stamp and Medicaid dollars.
Chairman Raggio expressed the Committee's concern in reference to sanctions against the state if the mandated work participation rates were not met.

Mr. Willden agreed with Ms. Ford's earlier statement and said he was not able to predict that the work participation rate could be met in Fiscal Year 2003. Mr. Willden indicated, however, that he did not believe the state would be facing sanctions in Fiscal Year 2002.

There were no questions from the public on either Item 80 or 82.

MR. DINI MOVED APPROVAL OF ITEMS 80 AND 82.

MR. HETTRICK SECONDED THE MOTION.

THE MOTION WAS UNANIMOUSLY CARRIED.

81. **Department of Human Resources - Welfare Division - Field Services - FY 02 -** Transfer of $35,782.00 from the Operating category to the Utilities category to cover utility costs for SFY 02. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

82. **Department of Human Resources - Welfare Division - Temporary Assistance to Needy Families (TANF) - FY 02 -** Addition of $2,337,483.00 in Temporary Assistance to Needy Families Federal Receipts and deletion of $2,337,483.00 in Budgetary Transfer to cover projected expenditure requirements due to shifts in caseload and, conversely, the cost allocation plan as a result of social economic changes. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing and involves the transfer of appropriations between budget accounts, which require IFC approval per Section 37, Chapter 570, 71st Session. Relates to Item 80.**

Refer to motion for approval under Item 80.

83. **Department of Human Resources - Health Care Financing & Policy Administration – FY 02 -** Addition of $17,732.00 in Health Care Cost Containment and transfer of $66,924.00 from the Personnel Services category to the Operating category to meet projected expenses for facility rent, contracted services for temporary assistance in the rates, accounting and budgeting sections and to provide for health planning related costs through the Health Division. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

84. **Department of Human Resources – Health Care Financing & Policy – Medicaid – FY 02 –** Addition of $905,000.00 in Federal Title XIX Receipts to reflect Maximus recoveries transferred to the Department of Human Resources, Director's Office, for the support of the Health Insurance Portability Accounting Act. Requires Interim Finance approval since the amount transferred to the Medical Payment First Year category exceeds $50,000.00. **Relates to Item 34.**

Mike Torvinen, Administrative Services Officer, Department of Human Resources requested the Committee's favorable consideration of the work program requests in Items E. 34 and 84 that would increase authority to receive funding from MAXIMUS revenue recoveries and to obligate that funding to the Health Insurance Portability and Accountability Act of 1996 (HIPPA) compliance activities.

Mr. Torvinen discussed compliance deadlines and indicated that the deadline for compliance with the "administrative simplification portion" of the HIPPA originally scheduled for October 2002 was recently extended to October 2003, and the deadline for compliance with the privacy and security portion of the Act was April 2003.

Mr. Torvinen indicated there were varying compliance cost estimates throughout the country that ranged from approximately $5 million in Idaho and 11 FTE staff to $173 million in Indiana, of which only $23 million was anticipated would be eligible for federal reimbursement through the Medicaid program.

Mr. Torvinen advised that plans for the funding included hiring a full-time HIPPA Coordinator or Project Manager, and an Administrative Services Officer (ASO) position that had been identified at the Division of Health Care Financing and Policy. HIPPA staff would then comprise two FTE employees, one full-time at the Division of Health Care Financing and Policy, and the ASO III who would be on temporary assignment to the Director's Office to address Health Care Financing Policy issues as well as other Human Resources issues. Mr. Torvinen discussed a complicating factor that involved a contractor who had recently been hired and terminated and the negotiations that were currently underway to reach a settlement of that contract. Additionally, during the past week, a contract person had been hired under the Temporary Employment Contract to work as the Department's Project Manager. Mr. Torvinen concluded his presentation and indicated that he would respond to questions.

Ms. Leslie pointed out the Committee approved the use of $398,000 in MAXIMUS funds for HIPPA compliance at the June 13, 2001, IFC meeting. Staff information indicated that to date only $21.42 of the $398,000 had been spent, and that a portion of that funding would be used to settle the contract of the contractor who was recently terminated. Ms. Leslie questioned the amount needed to settle the contract and the amount of work that had been completed prior to the termination of the contract.

Mr. Torvinen advised that the total contract was for approximately $633,000 of which $398,000 of MAXIMUS revenue funds had been earmarked. The contractor's employment began in September 2001 and was terminated in March 2002. While a plan on how to negotiate the settlement had been developed, the consultant's attorney indicated their settlement request could be in the neighborhood of $400,000. Mr. Torvinen indicated his plan was not to pay more than $100,000.

In response to a question from Ms. Leslie concerning whether the $100,000 payment was for work that could be used, Mr. Torvinen indicated it was not.

While it was evident the Department wanted to earmark MAXIMUS funding, Ms. Leslie indicated the Legislative body felt they had the authority to decide how to spend the money. Ms. Leslie stated she was not in favor of obligating MAXIMUS funding into 2004 since there were other priorities that needed to be addressed. Additionally, Ms. Leslie strongly indicated the funding should be directed to the Homeless Mentally Ill Project in Las Vegas, especially in view of the large potential for MAXIMUS funds expected to be recovered in succeeding years.

Ms. Leslie suggested that perhaps the Committee could authorize $100,000 for HIPPA compliance in addition to the $398,000 authorized at the June 13, 2001, IFC meeting 2001 meeting that could be used in conjunction with a potential Medicaid match. Additionally, Ms. Leslie indicated the new MAXIMUS funding could be reviewed for authorization during the 2003 Legislative Session.

Ms. Tiffany noted the annual commitment of $500,000 in MAXIMUS recoveries to the Bureau of Alcohol and Drug Abuse (BADA) and $500,000 approved by the Interim Finance Committee on February 5, 2002, for a pilot program for Seriously Mentally Ill and Homeless Adults in southern Nevada and the availability of approximately $345,000 in funding that still remained. With the additional MAXIMUS funds that had been received, Ms. Tiffany questioned whether the $1.1 million for HIPPA compliance included the $500,000 approved for the pilot program for the Severely Mentally Ill and Homeless Adults in southern Nevada, approved by the Interim Finance Committee at the February 5, 2002, meeting.

Mr. Torvinen advised that the $1.1 million did not include the $500,000, which was placed in a separate category in the Director's budget.

Ms. Tiffany questioned the logic behind the Department's request to use $1.1 million of MAXIMUS money for HIPPA compliance and to revert the funding approved for the mentally ill and homeless pilot project to the General Fund.

Mr. Torvinen advised that the reversion to the General Fund was being considered in view of the state's budget shortfall and the direction to address existing budget shortfalls rather than to fund new programs.

Ms. Tiffany agreed with Ms. Leslie's suggestion to authorize $100,000 of the $1.1 million to be obligated for HIPPA compliance with the potential for matching Medicaid funds while reverting the major portion of the funding to the General Fund. Ms. Tiffany also noted potential MAXIMUS revenue collections of between $43.5 million to $54.4 million in Fiscal Year 2003. Ms. Tiffany recommended that $500,000, approved by the IFC at the February 5, 2002 meeting, be used for the pilot program for the Severely Mentally Ill and Homeless Adults in southern Nevada.

Chairman Raggio noted the suggestions to obligate $100,000 of the available funding for HIPPA compliance, plus the $398,000 already obligated would total $498,000, and that a potential for Medicaid matching funds (50 percent match) for another $498,000 would total nearly $1 million.

Ms. Tiffany noted that when the legislation for the Seriously Mentally Ill and Homeless pilot program was being developed, funding of $2 million had been reduced to $500,000 by the end of the session. As there appeared to be some inclination to further reduce the funding by $250,000, Ms. Tiffany expressed opposition to a further reduction and specifically requested that the full $500,000 already approved in February be included in a motion for approval.

Ms. Giunchigliani suggested a motion that would authorize $100,000 for HIPPA compliance, plus the $398,000 already obligated with the potential for matching Medicaid funds contingent upon the release of $500,000 in MAXIMUS funds for the homeless project and that any remaining balance be reverted to the General Fund.

Ms. Tiffany reiterated that the $500,000 approved at the February 5, 2002, meeting remain committed to the severely mentally ill homeless project.

In response to a question from Chairman Raggio, Mr. Stevens advised that the reversion to the General Fund would total approximately $1 million. Mr. Stevens further explained that the $500,000 designated for the homeless mentally ill project was currently in the MAXIMUS budget awaiting either allocation or reversion and was a separate amount from the funding currently being discussed.

Mr. Torvinen cautioned that approximately $591,000 of the funding under discussion was an estimated collection through the end of the year, which MAXIMUS had not been able to produce, primarily due to a backlog at Blue-Cross Blue Shield.

Chairman Raggio called upon Larry Peri, Senior Program Analyst, Fiscal Analysis Division. The Chairman noted that it appeared to be the consensus of the Committee to protect the integrity of the $500,000 for the pilot project approved at the February 5, 2002, IFC meeting without reversion and asked Mr. Peri to discuss the Committee's options.

Mr. Peri advised the members of the Committee that Mr. Stevens had accurately stated that approximately $1 million would be reverted to the General Fund under the current suggestions. Mr. Peri also indicated that the $500,000 MAXIMUS funding approved by the Committee for the homeless project had been placed in an expenditure category. Mr. Peri advised that if the Committee chose to have the Department leave the $500,000 in the expenditure category to be used for the purposes approved on February 5, 2002, that part of the equation was taken care of. Mr. Peri further indicated that utilization of the latest MAXIMUS augmentation of $905,000 could be reduced by $100,000 for the HIPPA compliance category and by $107,000 for MAXIMUS' services leaving a balance of $703,000 which coupled with the $330,000 to $350,000 already in Reserve would total approximately $1 million for reversion to the General Fund.

In response to a request for a motion from the Chairman,

MS. GIUNCHIGLIANI MOVED TO REDUCE THE MAXIMUS AUGMENTATION TO $100,000 FOR THE HIPPA COMPLIANCE CATEGORY AND RETAIN THE AMOUNT OF $107,000 FOR MAXIMUS SERVICES CONTINGENT UPON $500,000 OF MAXIMUS REVENUE BEING ALLOCATED FOR THE MENTALLY ILL HOMELESS PILOT PROJECT AND THAT THE BALANCE OF APPROXIMATELY $1 MILLION BE REVERTED TO THE GENERAL FUND.

MS. TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED. (Mrs. Cegavske abstained).

85. **Department of Human Resources - Health Care Financing & Policy - Medicaid – FY 02 -** Addition of $236,916.00 in Ticket to Work Grant category to provide resources needed to assist in eliminating barriers that hinder individuals with disabilities from gaining employment within the community. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item 90.**

Refer to motion for approval under Item E.

86. **Department of Human Resources - Health Care Financing & Policy -Medicaid – FY 02 -** Transfer of $2,000,000.00 from the Medical Payments - Current Year category to the Medical Payments – First Prior Year category to cover anticipated medical payments in the first prior year. Requires Interim Finance approval since the amount transferred to the First Prior Year's Medical Payments category exceeds $50,000.00.

Refer to motion for approval under Item E.

87. **Department of Human Resources - Health Care Financing & Policy - Medicaid – FY 02 -** Addition of $210,000.00 in Federal Title XIX Receipts and addition of $210,000.00 in Civil Monetary Penalties to perform inspections of nursing facilities that provide services to Medicaid eligible individuals. Any civil penalty is assessed by the Center for Medicare and Medicaid Services (CMMS). Requires Interim Finance approval since the amount added to the Nursing Facility Resident Protection category exceeds $50,000.00.

Refer to motion for approval under Item E.

88. **Department of Human Resources – Health Care Financing & Policy – Medicaid – FY 02 –** Transfer of $320,630.00 from the Personnel Services category to the Operating category to cover Myers and Stauffer rate study costs, which were budgeted in SFY 01 as the study was not completed and billed until SFY 02 (approximately $265,630.00), and for higher-than-anticipated building rent (approximately $55,000.00) for the East William facility. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

89. **Department of Human Resources - Health Care Financing & Policy - Medicaid - FY 02 -** Addition of $400,000.00 in Federal Title XIX to transfer funds to the Department of Human Resources – Director's Office in order to meet contract obligations relative to Assembly Bill 513, Strategic Plan, as approved by the 2001 Legislature. Requires Interim Finance approval since the amount transferred to the Medical Payments – First Year category exceeds $50,000.00. **Relates to Item 33.**

Refer to motion for approval under Item E.

90. **Department of Human Resources - Health Care Financing & Policy - Medicaid - <u>FY 03</u> -** Addition of $236,917.00 in Ticket to Work Grant category to provide resources needed to assist in eliminating barriers that hinder individuals with disabilities from gaining employment within the community. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item 85.**

Refer to motion for approval under Item E.

91. **Department of Human Resources - Health Care Financing & Policy - Medicaid – <u>FY 03</u> -** Addition of $71,562.00 in Federal Title XIX and addition of $40,290.00 in Transfer from Other Budget Account, Same Fund to provide intervention and counseling services targeting low-income pregnant women for the purpose of educating them to the dangers of smoking while pregnant and assisting in quitting the smoking habit. Requires Interim Finance approval since the amount added to the Salaries category exceeds $50,000.00.

Refer to motion for approval under Item E.

92. **Department of Human Resources - Mental Health & Developmental Services - Administration - FY 02 -** Addition of $47,724.00 in Community Mental Health Services Block Grant to fund in-state travel, operating, equipment, and training expenses included in the balance of the federal fiscal year 02 grant award. **Requires Interim Finance approval since this action involves the allocation of block grant funds and**

requires a public hearing.

The Chairman stated Item 92 required a public hearing and asked if there was public testimony.

There was no public testimony.

MRS. CEGAVSKE MOVED APPROVAL OF ITEM 92.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

93. **Department of Human Resources - Mental Health and Developmental Services - Southern Mental Health and Mental Retardation Food Service - FY 02 -** Transfer of $30,000.00 from the Contract Food category to Other Direct Costs category to meet projected requirements for the purchase of raw food for homes participating in independent cooking programs at the Desert Regional Center. Requires Interim Finance approval since the amount transferred to Other Direct Costs category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

94. **Department of Human Resources – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 02 -** Transfer of $310,564.00 from the Salaries category to the Professional Services category to meet projected need for contracted psychiatrists through the end of FY 02. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

95. **Department of Human Resources - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 02 -** Addition of $56,183.00 in Medicaid Charges (Services Provided) and addition of $268,465.00 in Medicaid Charges – B (Case Management) to receive additional revenues resulting from an increase in Independent Living Skills (ILS) training, and to meet the projected needs for the Transitional Living Program. The balance of the projected revenue increases will be placed in reserve. Requires Interim Finance approval since the amount added to the Transitional Living category exceeds $50,000.00.

Refer to motion for approval under Item E.

96. **Department of Human Resources - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 02 -** Addition of $69,224.00 in Transfer from Child Behavior Services (Division of Child and Family Services) to meet projected need for salaries (overtime worked by Pharmacist) and medication needs. Requires Interim Finance approval since the amount added to the Division of Child and Family Services Pharmacy category exceeds 10% of the legislatively approved level for that category.

Georgia J. Rohrs, Administrative Services Officer (ASO) IV, Division of Mental Health and Developmental Services, identified herself for the record and introduced Dr. David Rosin, State Medical Program Coordinator and Acting Agency Director, and Jim Norman, ASO III.

Ms. Rohrs advised that the work program as submitted required a revision as a result of an error in the spreadsheet that had accompanied the work program. Ms. Rohrs noted that payroll costs were not as high as originally projected, and thus the revised work program addressed only the medications issue with the balance of the funds placed in reserve for reversion. Ms. Rohrs indicated that the revision, which been discussed with the Committee's staff, changed the revenue received from the Division of Child and Family Services (DCFS) from $69,224 to $52,445, while Category 41, DCFS Pharmacy (medications) cost remained the same at $32,586, and the amount reserved for reversion was $19,859.

The Chairman questioned whether sufficient personnel and expenditures had been identified to justify the allocation of the additional funding from DCFS.

Ms. Rhors advised that spreadsheets, which justified the allocation, had been presented to the Budget Division and to the Fiscal Analysis Division.

Gary Ghiggeri, Fiscal Analyst, advised that the revision received from the agency eliminated the augmentation to the salary category, which had been placed in reserve. Mr. Ghiggeri confirmed that the information from the agency revised the revenue received from DCFS to $52,445, while $32,586 in Category 41 for medications remained the same and $19,859 was placed in reserve for reversion.

The Chairman asked agency representatives to address the significant overtime costs.

Ms. Rohrs advised that while the earlier work program addressed the overtime issue, the revised work program only addressed medication costs. Ms. Rohrs indicated that while the agency did have a problem with overtime, payroll costs were not included in the revised work program.

The Chairman requested an explanation of how the agency would bring their overtime costs within projections.

Dr. David Rosin, State Medical Program Coordinator and Acting Agency Director, advised that several issues at Southern Nevada Adult Mental Health Services (SNAMHS), during the past year, had contributed to the overtime issue. Dr. Rosin explained that SNAMHS had experienced the "usual bimodal fluctuation" for inpatient census, which had fluctuated downward for extensive periods. However, as a result of an increase in admissions during the past year, occupancy and staffing rates had reached the same level. Dr. Rosin explained that while the facility had been able to operate on a 24-hour-a-day, seven-day-a-week schedule within budgeted overtime boundaries in the past that had not been the case during the current fiscal year. Dr. Rosin indicated that when Mr. Norman was hired as the Administrative Services Officer in December and analyzed the overtime relative to staffing periods, adjustments were made that had decreased overtime usage. Additionally, Dr. Rosin explained that the SNAMHS had undergone a building safety retrofit during the previous fiscal year, which required around the clock staffing for fire watch and was no longer required.

In reference to the pharmacy issue, Dr. Rosin explained that overtime had been used to maintain coverage of pharmacy services as a result of the difficulties experienced in hiring and keeping pharmacists on staff. Dr. Rosin concluded that while a number of issues had played into the overtime problem, staff had analyzed the problem, understood the issues and were doing their best to minimize overtime.

CHAIRMAN ARBERRY MOVED APPROVAL OF THE REVISED WORK PROGRAM REQUEST.

MRS. CEGAVSKE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

97. **Department of Human Resources - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 02 -** Transfer of $18,000.00 from the Medications category to the In-State Travel category, transfer of $80,160.00 from the Medications category the Operating category, and transfer of $37,200.00 from the Medications category to the Food Services category to meet projected expenditure requirements for in-state travel, operating, and food services through the end of FY 02. Requires Interim Finance approval since the amount transferred to the Operating Category exceeds $50,000.00.

Refer to motion for approval under Item E.

98. **Department of Human Resources – Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 02 –** Transfer of $78,000.00 from the Operating category to the Residential Treatment Program category to meet projected requirements of the contract for the Residential Treatment Program. Requires Interim Finance approval since the amount transferred to the Residential Treatment Program category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

99. **Department of Human Resources - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 03 -** Addition of $10,950.00 in Community Mental Health Services Block Grant (Canteen Employment Grant) to receive seed monies to start a "Canteen" to serve as an employment learning lab for clients who are in need of pre-vocational training. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.**

The Chairman noted that Items 99 and 100 required a public hearing. The Chairman asked if there were any questions from the Committee or from members of the public.

There were no questions from the Committee or from members of the public.

MR. PARKS MOVED APPROVAL OF ITEMS 99 AND 100.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

100. **Department of Human Resources - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 02 -** Addition of $26,474.00 in Community Mental Health Services Block Grant to fund the Project Restart Service Coordination contract from the federal fiscal year 01 grant award. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.**

Refer to motion for approval under Item 99.

101. **Department of Human Resources - Mental Health and Developmental Services - Desert Regional Center - FY 02 -** Transfer of $60,000.00 from the Operating category to the Residential Placement category, transfer of $20,000.00 from the Maintenance of Buildings and Grounds category to the Residential Placement category, and transfer of $190,000.00 from the Certified Training Center – Jobs category to the Residential Placement category to meet projected needs for residential placement in the community for the developmentally disabled. Requires Interim Finance approval since the amount transferred to the Residential Placement category exceeds $50,000.00.

Refer to motion for approval under Item E.

102. **Department of Human Resources - Mental Health and Developmental Services - Rural Clinics - FY 02 -** Transfer of $18,500.00 from the In-State Travel category to the Professional Services category and transfer of $10,000.00 from the Equipment category to the Operating category to provide additional contract psychiatric services needed for the Medication Clinic program and to meet projected expenditure requirements for operating expenses. Requires Interim Finance approval since the cumulative amount added to the Professional Services category exceeds 10% of the legislatively approved levels for that category.

Refer to motion for approval under Item E.

103. **Department of Human Resources - Mental Health & Development Services - Facility for Mental Offenders - FY 02 -** Transfer of $37,000.00 from the Salaries category to the Medications category to fund projected medication needs through the end of FY 02. Requires Interim Finance approval since the amount transferred to the Medications category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

104. **Department of Human Resources – Mental Health and Developmental Services – Facility for Mental Offenders – FY 02 –** Transfer of $30,000.00 from the Personnel Services category to the Utilities category to use vacancy savings to meet projected utility requirements. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

105. **Department of Employment, Training, and Rehabilitation-Disability Adjudication- FY 03 -** Addition of $403,590.00 in Federal Disability Determination to continue six Disability Adjudicator III positions and associated operating costs approved at the September 25, 2001 Interim Finance Committee meeting. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

106. **Department of Motor Vehicles - Director's Office - FY 02 -** Deletion of $50,000.00 in Budgetary Transfer to cover projected salary expenditure requirements for the fiscal year. Requires Interim Finance approval pursuant to Section ~~42~~ *43*, 2001 Appropriations Act. **Relates to Item 109.**

Refer to motion for approval under Item E.

107. **Department of Motor Vehicles - Compliance Enforcement - FY 02 -** Deletion of $36,000.00 in Budgetary Transfer to cover projected salary expenditure requirements for the fiscal year. Requires Interim Finance approval pursuant to Section ~~42~~ *43*, 2001 Appropriations Act. **Relates to Item 108.**

Refer to motion for approval under Item E.

108. **Department of Motor Vehicles - Information Technology - FY 02 -** Addition of $36,000.00 in Budgetary Transfer to cover projected salary expenditure requirements for the fiscal year. Requires Interim Finance approval pursuant to Section ~~42~~ *43*, 2001 Appropriations Act. **Relates to Item 107.**

Refer to motion for approval under Item E.

109. **Department of Motor Vehicles - Information Technology - FY 02 -** Addition of $50,000.00 in Budgetary Transfer to cover projected salary expenditure requirements for the fiscal year. Requires Interim Finance approval pursuant to Section ~~42~~ *43*, 2001 Appropriations Act. **Relates to Item 106.**

Refer to motion for approval under Item E.

The Chairman noted that Items 110, 111 and Item H. 4 were related and would be heard concurrently.

110. **Department of Motor Vehicles - Information Technology - FY 02 -** Addition of $378,665.00 in Interim Finance Committee Contingency Fund Allocation - Highway Funds, addition of $23,098.00 in Miscellaneous Revenue, addition of $1,037.00 in Prior Year Refunds, transfer of $100,000.00 from the Line & Circuit Charges category to the Operating category and transfer of $47,200.00 from the Reserve category to the Operating category to cover projected expenditure requirements for the fiscal year for 1-800 telephone expenditures. Requires Interim Finance approval per S.B. 8, Section 3, of the 17th Special Legislative Session. Also, the amount transferred to the Operating category exceeds $50,000.00. **Relates to IFC Allocation Item H.4.**

Ginny Lewis, Director, Department of Motor Vehicles, identified herself for the record and introduced Dennis Colling, Chief, Administrative Services Division. Ms. Lewis turned the microphone over to Mr. Colling who described the adjustments to the two work programs as they affected revenue and spending categories.

Mr. Colling advised that in October 1999, the Governor announced a Five-Point DMV Plan to help address customer service at the Department. One of those points was the establishment of a telephone hotline to answer consumer questions prior to arriving at a DMV office.

While the program was successful and the 800-number was free to individual consumers, Mr. Colling pointed out the state had to pay for the cost of the service based upon usage. The Department had been allocated $92,293 in Budget Account 4715, Category 04 to pay for the costs of the calls and other related costs. In May 2002 charges for the 800-number totaled more than $50,000, and over the last three months, the Department averaged 81,000 calls per month on the 800-line at an average charge of $50,000 a month, 70 percent of which originated in the Las Vegas area.

Mr. Colling indicated that the "tremendous usage" left the Department with three options that included either continuing to pay the monthly costs as they occurred and appearing before the Committee, stop using the 800-number, or change the way the calls were received.

Mr. Colling explained that the first work program, agenda Item 110, requested an allocation of $378,665 in Highway Funds from the IFC Contingency Fund, which would pay for the current year's use of the 800-number. While the amount requested from the Contingency Fund remained the same, Mr. Colling said the method for the Department to arrive at that amount required the following changes:

- The Department would reserve for reversion $23,098 in miscellaneous revenue;
- Eliminate the addition of $1,037 in prior year refunds;
- Authority to establish a new Category 28 to monitor expenses associated with the 800-number program.
- Increase the authority transferred from Category 27 to the new Category 28 to $113,167 from $100,000;
- Transfer $45,968 in authority from Category 04, GL 7295 to the new Category 28; and
- Transfer $47,200 in authority from Category 86 to Category 28.

Mr. Colling advised that the second work program, Item 111 requested permission to establish a Category 28 in Budget Account 4715 for Fiscal Year 2003. The Department requested approval to reduce the amount of authority from $99,293 to $77,581. The authority would be transferred from Category 04, GL7295 to the new Category 28 and would be used to specifically change the method of receiving calls from Las Vegas consumers. Mr. Colling indicated that the funding would pay for equipment, installation and monthly costs to allow all of the Las Vegas area 800-phone calls to be treated and charged as local calls to the state. Additionally, Mr. Colling indicated that the ongoing monthly costs would be for two T-1 lines dedicated to DMV between Las Vegas and the Carson City DMV phone center. Mr. Colling indicated the change would be transparent to the consumer and the DMV would continue to operate the 800-number in other areas of the state to ensure rural consumers had access to a free phone call to Carson City.

Staff concurred with the changes described by Mr. Colling.

In response to a question from Ms. Giunchigliani, Ms. Lewis identified the types of calls received as general questions concerning doing business with the DMV which allowed consumers to be better prepared before arriving at a DMV office. Ms. Lewis provided an example that a consumer who had just moved to Nevada could call to specifically ask which documents and information were needed to register their vehicle and to prevent a return trip.

Ms. Giunchigliani questioned whether new residents who had time remaining on their license plates from other states were given credit for that time, a practice she indicated many other states provided.

Ms. Lewis responded that credit was not given to new residents for time remaining on their plates, however, credit was given to a Nevada resident who left the state.

MR. MARVEL MOVED APPROVAL OF WORK PROGRAM ITEMS 110, 111 AS MODIFIED AND APPROVAL OF H. 4, ALLOCATION FROM THE CONTINGENCY FUND.

SENATOR JACOBSEN SECONDED THE MOTION

THE MOTION WAS CARRIED UNANIMOUSLY.

111. **Department of Motor Vehicles - Information Technology - <u>FY 03</u> -** Transfer of $92,293.00 from the Operating category to the 800# Expansion Project category to expand/upgrade 800 number phone system. Requires Interim Finance approval since the amount transferred to the 800# Expansion Project category exceeds $50,000.00. **Relates to IFC Allocation Item H.4.**

Refer to motion for approval under Item E.110.

112. **Department of Motor Vehicles - Field Services - FY 02 -** Transfer of $34,000.00 from the Information Services category to the Maintenance of Buildings and Grounds category and transfer of $2,000.00 from the Equipment category to the Maintenance of Buildings and Grounds category to lower the customer service windows at the Reno and Sparks Express Offices to satisfy ADA and ergonomic concerns. Requires Interim Finance approval since the amounts transferred to the Maintenance of Buildings and Grounds category exceed 10% of the legislatively approved levels for the categories. Revised May 23, 2002.

Refer to motion for approval under Item E.

113. **Department of Motor Vehicles - Field Services - FY 02 -** Transfer of $120,000.00 from the Equipment category to the Operating category to cover projected expenditure requirements for the fiscal year, for non-state owned building rent, vehicle fuel costs, and certified mailings to customers. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

114. **Department of Motor Vehicles - Management Services - FY 02 -** Transfer of $169,000.00 from the Credit Cards category to the Operating category and $26,000.00 from the Credit Cards category to the Utilities category to cover projected expenditure requirements for the fiscal year, including coverage by security guards. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

115. **Department of Motor Vehicles - Pollution Control - FY 02 -** Transfer of $43,000.00 from the Reserves category to the Operating category to cover projected expenditure requirements for the fiscal year, including State Owned Building Rent. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

116. **Department of Motor Vehicles - Insurance Verification - FY 02 -** Addition of $2,992,371.00 in Registration Fees to fund replacement of a Kodak microfilm imaging/filming machine and increase Reserve for Reversion to Highway Fund. Requires Interim Finance approval since the amount added to Equipment category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

Chairman Raggio noted that Items 117, 118 and 120 would be heard concurrently.

117. **Department of Public Safety - Highway Safety Planning and Administration - FY 02 -** Addition of $316,232.00 in transfer from Traffic Safety to continue the Nevada Citation & Accident Tracking System Program. Requires Interim Finance approval since the cumulative amount of the grant exceeds $100,000.00.

Chuck Abbott, Chief, Nevada Office of Traffic Safety, identified himself for the record. Mr. Abbot requested the Committee's favorable consideration of Items 117, 118 and 120 that would allow the Department of Public Safety, Office of Traffic Safety the authority to receive federal grant funds to continue implementation of the Nevada Citation and Accident Tracking System (NCATS). Mr. Abbott introduced Denise Dunning, Program Officer, who provided a brief overview of the NCATS.

Ms. Dunning reported that grant funding from the National Highway Traffic Safety Administration (NHTSA) had been awarded to the Department beginning in 1999 to plan, design and implement the NCATS. The Committee had approved funding for the planning and design portion of the project in past meetings. Now at the implementation stage, Ms. Dunning advised that a database housed at the Department of Public Safety would store all citation and accident report information transmitted electronically by all law enforcement agencies throughout Nevada. At some point in the future, all other traffic stop information would be stored in the database as well.

Mr. Anderson requested information on the development of the database and officer training.

Trooper T. R. Lawson, Nevada Highway Patrol, identified himself for the record and reported that a universal citation form for "all 37 Category I police agencies in the state" had been developed and explained that the elements of all citations were relatively the same. Trooper Lawson indicated that Washoe County was piloting an electronic citation program and currently had 16 officers issuing citations electronically in the field.

In reference to accidents, Trooper Lawson reported that one of the functions of the NCATS Traffic Records Committee was the redesign of the state accident report form, which currently only collected 55 percent of the data requested by the federal government. Trooper Lawson advised that, as a result of legislation approved for the NCATS during the 2001 Legislative Session, new drivers' licenses would include a bar code that would, by swiping the license through a reader, enter name, address, vehicle information, and drivers license number into the proper field. A common field for citation and accident information would also save time and repetitive entering of information. Trooper Lawson said that initially the length of collection time would increase, but as law enforcement agencies became more familiar with the form, collection time would decrease.

In response to funding questions from the Chairman, Ms. Dunning advised that approval of the request would fund the software for the database to be housed at the Department of Public Safety as well as the software for every law enforcement agency in Nevada. Ms. Dunning further advised the project would begin with eleven agencies, which covered 80 percent of the state population and 95 percent of all the accidents reported in Nevada. Ms. Dunning reported that if the eleven agencies were "up and running," approximately 3,000 reports would not be received electronically.

In response to a question from the Chairman concerning the prospect of additional funding, Ms. Dunning advised that the Office of Traffic Safety would request additional grant proposals and indicated notification had just been received of a grant award for $427,000. Two additional requests would be submitted by July 31, 2002. Ms. Dunning indicated the NCATS was a high priority for federal agencies and the availability of continued funding appeared likely. Ms. Dunning advised that if additional funding was not available, there would "be no problem" in entering data for the 3,000 accident reports a year. Ms. Dunning indicated that ultimately all of the information would be in the database.

In response to questions from Mr. Anderson concerning the shipment of hazardous material, Trooper Lawson advised that the "commercial elements" drafted by the Governors' Association and federal fields for commercial as well as hazardous material information would be incorporated into the new traffic accident report form. Trooper Lawson also advised that, under the electronic system, all fields related to commercially-related accidents would be required to be completed before the report could be submitted which would guarantee collection of information for all of the federal entities involved.

In response to questions from Mr. Anderson concerning the central repository computer capacity, Ms. Dunning advised that computer capacity was available. Additionally, Ms. Dunning advised that while the database had been built, additional functions such as "send/receive" fields that would allow information to be sent to each law enforcement agency and a validation field to edit/check the information were required. Ms. Dunning discussed a new position, requested through the grant, which would be funded through September 30, 2005 to work as a specialist in the Technology Division on the NCATS.

Chairman Raggio indicated that if the work program requests were approved, the Department should provide status reports at subsequent Interim Finance Committee hearings.

SENATOR JACOBSEN MOVED APPROVAL OF WORK PROGRAM REQUESTS ITEM E. 117, 118 AND 120.

MR. PARKS SECONDED THE MOTION.

In response to a question from Ms. Giunchigliani concerning the relevancy of highway safety to the request, Ms. Dunning advised that the system was being funded in all fifty states because of the lack of "real time" data. Real time data would provide the ability to determine a problem that required enforcement within 24 hours and the ability to advise Nevada Department of Transportation (NDOT), that a traffic sign, for example, was required at a certain intersection. Currently, information available to the Department was at least a year old.

In response to additional funding questions from Ms. Giunchigliani, Ms. Dunning testified that it was her job to seek additional federal funding, and as a result of her position, the Committee's approval was being requested to accept $1.5 million in federal Motor Carrier Safety Assistance Program funds.

Sergeant George, Las Vegas Metropolitan Police Department, identified himself for the record and testified that in his position operating the problem solving unit for the Las Vegas Metropolitan Police Department Traffic Division, information received from NDOT that was six months to a year old had no effect in reducing accidents and injuries. Sergeant George testified that the collection of data on a "real time" basis would provide members of the public the ability to immediately pay a citation rather than waiting two or three weeks for a paper citation, and analysis of accidents could be provided on a weekly basis providing the ability for "real time" enforcement activities.

Ms. Giunchigliani indicated that the reports requested by the Chairman should include identification of accidents and action taken as a result of those accidents rather than just a compilation of information.

In response to a question from Senator McGinness concerning the length of time it would take to bring rural Nevada into the program, Ms. Dunning advised that depending on federal funding, the last agencies would be brought on line by December 2005.

Trooper Lawson added that a portion of the funding would be devoted to networking the Highway Patrol's three regional hubs and 27 rural duty stations from Eureka to Las Vegas which would provide the ability to transfer citation and accident data electronically in those areas. Trooper Lawson estimated that the Highway Patrol was covering 90 percent of the activity in the outlying areas and covered 65 percent of the accidents statewide.

Senator McGinness expressed concern that while Clark County, Washoe County, and Carson City were included in so many areas, the remainder of the state was usually left behind and unable to catch up.

Ms. Dunning advised the Committee that the ability to transmit data electronically would be offered to every agency as funding became available, however, if an agency chose not to participate, they would be required to submit paper reports.

SENATOR JACOBSEN REITERATED HIS MOTION FOR APPROVAL OF WORK PROGRAM REQUESTS ITEM E. 117, 118 AND 120.

MR. PARKS SECONDED THE MOTION.

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

118. Department of Public Safety - Highway Safety Grants - FY 02 - Addition of $1,500,000.00 in Federal Nevada Citation & Accident Tracking System Grant to continue the Nevada Citation & Accident Tracking System program. Requires Interim Finance approval since the cumulative amount of the grant exceeds $100,000.00 and includes new staff.

Refer to motion for approval under Item E. 117.

119. Department of Public Safety - Highway Patrol Division - FY 02 - Transfer of $37,122.00 from the Equipment category to the Operating category to cover projected operating expenditure requirements for the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00. **Revised May 24, 2002.**

Refer to motion for approval under Item E.

120. Department of Public Safety - Traffic Safety - FY 02 - Addition of $193,440.00 in Federal 411 Incentive Grant to continue the Nevada Citation & Accident Tracking System Program. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E. 117.

121. Department of Public Safety – Forfeitures – <u>FY 03</u> – Transfer of $120,000.00 from the Reserve category to the Nevada Highway Patrol State category to purchase an IP/TV delivery system used to send video material across data networks. Requires Interim Finance approval since the cumulative amount transferred to the Nevada Highway Patrol State category exceeds $50,000.00.
Refer to motion for approval under Item E.

122. Department of Public Safety - Emergency Management Division - FY 02 - Addition of $290,277.00 in Federal Grant - Department of Energy to provide additional aid to enable local governments in affecting operations and performance of their responsibilities to prepare for emergencies. Requires Interim Finance approval since the amount of the grant to the Department of Energy-Aid to Locals category exceeds $100,000.00.

Refer to motion for approval under Item E.

Chairman Raggio noted that Item 123 required a revision.

123. Department of Public Safety - Parole and Probation - FY 02 - Transfer of $33,500.00 from the Communication High Band System to the Sex Offender Registration category to cover projected expenditure requirements through fiscal year 2002 year-end. Requires Interim Finance approval since the amount transferred to the Sex Offender Registration category exceeds 10% of the legislatively approved level for that category.

Warren Lutzow, Chief, Division of Parole and Probation, reported that originally the Division had prepared a request to move $33,500 from the Communication High Band System Equipment Repair Category to a fund for psychiatric sexual evaluations. A revision was required when it was discovered there were outstanding bills that required an additional $36,500 or a total of $60,000.

In response to questions from the Chairman, Mr. Lutzow advised the additional funding was available from the Communication High Band Category because the equipment was new and repairs had not been required.

In response to a question from the Chairman, staff concurred with the revised request from the Division of Parole and Probation.

MR. DINI MOVED TO APPROVE THE REVISED REQUEST IN ITEM E. 123.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

124. Department of Public Safety – Probation Restitution Account – FY 02 - Addition of $700,000.00 in Receipts for Restitution to meet expenditure projections through the end of Fiscal Year 2002. Requires Interim Finance approval since the amount added to the Restitution Payments category exceeds $50,000.00. **Account not included in budget submitted by Governor to 2001 Legislature.**

Refer to motion for approval under Item E.

125. Department of Corrections - Prison Medical Care - FY 02 - Addition of $85,000.00 in Budgetary Transfer to cover projected expenditures in the Operating Category through the end of fiscal year 2002 by a budgetary transfer from Southern Nevada Women's Correctional Facility. Requires Interim Finance approval per A.B. 672, Section 40, of the 2001 Legislative Session. **Relates to Item 126.**

Refer to motion for approval under Item E.

126. Department of Corrections - Southern Nevada Women's Correctional Facility - FY 02 - Deletion of $85,000.00 in Budgetary Transfer to cover projected expenditures in the Operating category of Prison Medical through the end of fiscal year 2002 by a budgetary transfer. Requires Interim Finance approval per A.B. 672, Section 40, of the 2001 Legislative Session. **Relates to Item 125.**

Refer to motion for approval under Item E.

Chairman Raggio noted that Items 127 and 128 would be heard in conjunction with Item H.5.

127. Department of Corrections - Prison Medical Care - FY 02 - Addition of $1,150,775.00 in Budgetary Transfer, deletion of $163,865.00 in Boarder Reimbursement, deletion of $18,270.00 in Reimbursement PPF Assembly Bill 389, deletion of $105,772.00 in Transfer from ~~IMW~~ *IWF* Assembly Bill 389, deletion of $27,295.00 in Transfer from ~~IMW~~ *IWF* Co-Pays, and transfer of $4,200.00 from the Ely Medical Contract category to the Substance Abuse Treatment category to offset the projected shortfall through the year-end in Inmate Driven Costs. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item 128.

128. Department of Corrections - Director's Office - FY 02 - Deletion of $976,679.00 in Budgetary Transfer and transfer of $19,708.00 from the Accreditation category to the Inmate Transportation category to offset projected expenditure requirements through year-end within the department. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Jackie Crawford, Director, Nevada Department of Corrections, introduced Darrel Rexwinkel, Assistant Director, Support Services and Dr. Ted D'Amico, Medical Director.

Mr. Rexwinkel requested the Committee's favorable consideration to transfer $1,150,775 from Reserve to offset a projected shortfall through the end of the fiscal year. Mr. Rexwinkel also noted Item H. 5 a contingency fund request had been approved by the Board of Examiners in the event the IFC decided not to approve the work programs.

The Chairman referenced the language contained in Section 7 of the Authorization Act and asked the Legislative Counsel whether the Committee had the authorization to approve the transfer of $935,977 from Reserve for Reversion to other budget accounts within the Department.

Ms. Erdoes advised the Chairman that Section 7 of the Authorizations Act (Senate Bill No. 586, Chapter 586, Statutes of Nevada 2001, at page 3011) precluded such a transfer because the Act required that additional monies to the budget must be used to reduce the General Fund or Highway Fund appropriation for that agency.

In view of Counsel's decision, the Chairman questioned whether the Department's alternate Contingency Fund request for $935,977 was contingent upon a denial of the use of a portion of the grant award for the State Criminal Alien Assistance Grant (SCAAP) to meet the budget shortfalls.

Mr. Rexwinkel acknowledged the Contingency Fund request was contingent upon a denial of the use of the SCAAP grant award. Mr. Rexwinkel advised that if the shortfall was provided through the Contingency Fund, that portion of the SCAAP grant would revert to the General Fund at the close of the fiscal year.

Mr. Rexwinkel advised that the Committee's favorable consideration of the Contingency Fund request would be used to help fund shortfalls in outside medical costs and prescription medications. Mr. Rexwinkel advised that the Department was budgeted for $1,905,000 in Prison Medical Care for prescription medications while in total those costs were projected at $2,000,169 for a shortfall of $264,000.
In response to a question from the Chairman concerning the need for an adjustment prior to approval, Mr. Rexwinkel advised that an adjustment would be required on which staff could advise. Mr. Rexwinkel indicated that because many of the Department's medical providers provided late billings, a certain amount was needed to cover stale claims. It was Mr. Rexwinkel's understanding that stale claims could be paid from any reversion within the Department, which would provide a $163,000 reduction at that point.

In response to a question from the Chairman, Mr. Ghiggeri, recommended the following adjustments:

- Reduction of the work program in Item 127 from $1,150,775 to $214,798,
- Reduction of the Contingency Fund request from $935,977 to $772,770; and,
- Reduce the amount for medical costs to $672,366 with the provision that $300,000 be set aside in Reserve pending additional documentation provided by the Department of Corrections to substantiate the need.

Mr. Rexwinkel agreed and advised that substantiation of the need would be dependent on the number of medical claims incurred between the current time and the close of the fiscal year.

MS. GIUNCHIGLIANI MOVED APPROVAL OF ITEMS 127, AND ITEM H.5 AS OUTLINED BY STAFF WHICH INCLUDED REDUCTION OF THE WORK PROGRAM IN ITEM 127 FROM $1,150,775 TO $214,798, REDUCTION OF THE CONTINGENCY FUND REQUEST FROM $935,977 TO $772,770 INCLUDING $672,366 FOR OUTSIDE MEDICAL COSTS WITH THE PROVISION THAT $300,000 BE SET ASIDE IN RESERVE PENDING ADDITIONAL DOCUMENTATION FROM THE DEPARTMENT OF CORRECTIONS SUBSTANTIATING THE NEED.

SENATOR JACOBSEN SECONDED THE MOTION.

Mr. Ghiggeri advised that a corresponding adjustment for Item 128 was needed to reduce the transfer from $976,679 to $40,702 and the elimination of a transfer from Category 93, Reserves from $935,977 to 0.

Mr. Rexwinkel agreed with the adjustments for Item 128.

MS. GIUNCHIGLIANI AMENDED THE MOTION ON THE FLOOR TO INCLUDE A CORRESPONDING ADJUSTMENT FOR ITEM 128 TO REDUCE THE TRANSFER FROM $976,679 TO $40,702 AND ELIMINATION OF THE TRANSFER FROM CATEGORY 93, RESERVES FROM $935,977 TO 0.

SENATOR JACOBSEN SECONDED THE AMENDED MOTION.

THE AMENDED MOTION WAS CARRIED UNANIMOUSLY.

129. **Department of Corrections - Southern Nevada Correctional Center - FY 02 -** Deletion of $97,001.00 in Budgetary Transfer to offset projected shortfall through year-end within the department. Requires Interim Finance per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

130. **Department of Corrections - Warm Springs Correctional Center - FY 02 -** Addition of $36,700.00 in Budgetary Transfer to offset the projected expenditure requirements through year-end in Utilities, Operating, Inmate Drivens, and *maintenance* contracts. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

131. **Department of Corrections - Northern Nevada Correctional Center - FY 02 -** Addition of ~~$385,602.00~~ *$358,602* in Budgetary Transfer, addition of $651.00 in Laundry Services, deletion of $20.00 in Prison Agency Services, deletion of $2,358.00 in Prison Employee Services, deletion of $51,032.00 in Client Income, and deletion of $343.00 in Meal Sales to offset the projected expenditure requirements through year-end in Inmate Driven cost, Personnel, Operating, ~~Revenues~~, and Utilities. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

132. **Department of Corrections - Stewart Conservation Camp - FY 02 -** Addition of $37,600.00 in Budgetary Transfer to offset the projected expenditure requirements through year-end in Personnel, Operating, Inmate Drivens, and Utilities. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

133. **Department of Corrections - Pioche Conservation Camp - FY 02 -** Deletion of $25,500.00 in Budgetary Transfer to offset projected expenditure requirements through year-end within the department. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

134. **Department of Corrections - Indian Springs Conservation Camp - FY 02 -** Deletion of $35,000.00 in Budgetary Transfer to offset projected expenditure requirements through year-end within the department. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

135. **Department of Corrections - Southern Desert Correctional Center - FY 02 -** Transfer of $24,000.00 from the Youthful Offender Program category to the Operating category to cover projected shortfall through the end of Fiscal Year 2002. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved levels for that category.

Refer to motion for approval under Item E.

136. **Department of Corrections - Southern Desert Correctional Center - FY 02 -** Deletion of $145,000.00 in Budgetary Transfer to offset projected expenditure requirements through year-end within the department. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

137. **Department of Corrections - Jean Conservation Camp - FY 02 -** Deletion of $73,000.00 in Budgetary Transfer to offset projected expenditure requirements through year-end within the department. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

138. **Department of Corrections - Lovelock Correctional Center - FY 02 -** Deletion of $70,000.00 in Budgetary Transfer to offset projected expenditure requirements through year-end within the department. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

139. **Department of Corrections - Southern Nevada Women's Correctional Facility – FY 02 -** Deletion of $488,497.00 in Budgetary Transfer to offset projected expenditure requirements through year-end within the department. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Refer to motion for approval under Item E.

140. **Department of Corrections - High Desert State Prison - FY 02 -** Addition of $327,000.00 in Budgetary Transfer, transfer of $35,000.00 from the Inmate Driven category to the Operating category, ~~and~~ transfer of $76,400.00 from the Inmate Driven category to the Personnel category, *and transfer of $16,600 from Microwave Channel Rental category to the Personnel category* to offset the projected expenditure requirements through year-end in Personnel and Operating. Requires Interim Finance approval per Assembly Bill 672, Section 40, of the 2001 Legislative Session.

Jackie Crawford, Director, Nevada Department of Corrections, advised the Chairman that High Desert State Prison had a new warden who was doing an “excellent job,” however had been unable to attend the meeting.

Chairman Raggio indicated the Committee was interested in meeting the new warden and requested his presence at the following meeting.

Darrel Rexwinkel, Assistant Director, Support Services, requested the Committee’s favorable consideration of the work program to augment Category 01 by $420,000. Mr. Rexwinkel acknowledged that funding was primarily required for overtime expenses. In a review of overtime expenses, Mr. Rexwinkel advised that the High Desert Prison had averaged a little more than $58,000 in expenses for each pay period through early March 2002.

Chairman Raggio pointed out that $500,100 had been budgeted for overtime and through the end of May 2002, overtime costs for High Desert State Prison totaled $1,551,098.

Glen Whorton, Assistant Director, Operations, Department of Corrections, advised that it had been brought to the attention of Department staff that there were perhaps some inappropriate practices concerning overtime expenses that had occurred at the High Desert State Prison. After an analysis of High Desert’s staff resources, Mr. Whorton learned that staff had been scheduled for eight hours of overtime for each two-week period, which he said, was inappropriate.

Chairman Raggio questioned the justification for overtime since the population was 122 inmates below the projected level for the year through April, which had resulted in the closure of Units 7 and 8.

Mr. Whorton advised that corrective action of overtime use had been taken and dramatic changes were made which included training of all institutional wardens concerning the management of the “relief factor.” Specifically at the High Desert State Prison, Mr. Whorton advised that “relief factor management positions” and “pull and shut-down posts” were identified and were required to be used everyday. The wardens had also been instructed to call Mr. Whorton to justify each hour of overtime.

Mr. Rexwinkel reiterated earlier comments concerning overtime costs for the High Desert Prison had averaged approximately $58,000 a pay period through early March, and for the last three pay periods overtime costs had been reduced to an average of approximately $2,300 each pay period. Mr. Rexwinkel further advised that the difference between $58,000 and $2,300 in costs per pay period totaled approximately $1.5 million a year in the reduction of overtime.

Mr. Whorton reported that in the past, the Department of Corrections had no administrative regulation to govern the deployment of security staff; however, a regulation had been drafted and was pending review by the wardens. Additionally, Mr. Whorton advised that after staff had reviewed “public domain software,” a meeting had been scheduled on June 25 to begin the in-house development of an information system that would produce reports on management of overtime.

In response to the Chairman’s admonishment concerning the excessive use of overtime, Mr. Whorton advised that Department staff were now in a position to make the changes needed to govern the deployment of security staff.

In response to a question from Chairman Arberry, Mr. Whorton advised that the draft regulations were available on CD and that a “PowerPoint” presentation had been developed that would be used to train all staff concerning the use of sick leave and the appropriate scheduling of annual leave in order to provide the proper deployment of staff.

Mr. Whorton agreed to provide the Committee’s staff with the draft on CD as well as the final version of the regulations.

MR. MARVEL MOVED APPROVAL OF ITEM 140.

MRS. CEGAVSKE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

Refer to Informational Item O. XI. d. for Prison testimony on the potential closure of Units 2 and 3 at the Nevada State Prison.

141. **Department of Corrections - Prison Industries - FY 02 -** Addition of $90,576.00 in Reimbursements and transfer of $1,564.00 from the Retained Earnings category to the Operating category to bring in the additional reimbursements due to the change in payroll procedures and to fund the architect fees for the buildings acquired from the Nevada Test Site as required by the State Fire Marshal. Requires Interim Finance approval since the amounts added to the Operating category exceed $50,000.00.

Refer to motion for approval under Item E.

142. **Department of Corrections - Prison Industries - FY 02 -** Transfer of $30,000.00 from the Retained Earnings category to the Personnel Services category to cover projected shortfall through the fiscal year-end. Requires Interim Finance approval since the amount transferred to the Personnel Services category cumulatively exceeds $50,000.00.

Refer to motion for approval under Item E.

143. **Department of Corrections - Prison Industries - FY 03 -** Addition of $114,703.00 in Reimbursements, addition of $364,082.00 in Miscellaneous Sales, and addition of $48,000.00 in Rental Income to bring in the additional reimbursements due to the change in payroll procedures, expanded industry programs not previously budgeted for, and to fund ACA accreditation. Requires Interim Finance approval since the amounts added to the *Personnel and* Operating categor*ies* exceed $50,000.00.

Refer to motion for approval under Item E.

144. **Department of Corrections - Prison Industries - <u>FY 03</u> -** Addition of $521,000.00 in Miscellaneous Sales to bring in revenue authority and corresponding expenditure authority for the Garment Factory at Lovelock Correctional Center. Requires Interim Finance approval since the amount added to the ~~Revenue~~ *LCC Garment Factory* category exceeds $50,000.00.

Refer to motion for approval under Item E.

145. **Department of Corrections - Prison Dairy - FY 02 -** Transfer of $30,000.00 from the Buildings category to the Operating category to cover projected expenditure requirements through the fiscal year-end. Requires Interim Finance approval since the amount transferred to the Operating from Buildings category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

146. **Department of Conservation and Natural Resources - Parks Federal Grant Programs – <u>FY 03</u> -** Addition of $619,544.00 in Federal Trail Grant Reimbursements to provide trail grants for eligible subdivisions and local agencies. Requires Interim Finance approval since the amount to the Trail Grants category exceeds $50,000.00. **Account not included in budget submitted by Governor to 2001 Legislature.**

Refer to motion for approval under Item E.

147. **Department of Conservation & Natural Resources – 2001-03 Park Improvements – FY 02 –** Addition of $100,000.00 in Bureau of Reclamation Grant Reimbursement to provide improvements to the Lahontan Dam Water System Phase II and Lahontan restroom replacement as well as the Rye Patch *and Lahontan* shower conversion. Requires Interim Finance approval since the amount added to the Lahontan Dam category exceeds 10% of the legislatively approved level for that category. **Account not included in budget submitted by Governor to 2001 Legislature.**

Refer to motion for approval under Item E.

148. **Department of Conservation and Natural Resources – 2001-03 Park Improvements – <u>FY 03</u> -** Addition of $350,842.00 in transfer from Wildlife to provide for boating access improvements in various state parks; Rye Patch, South Fork, Cave and Washoe Lakes. Requires Interim Finance approval since the amount added to the Rye Patch, South Fork categories exceeds $50,000.00. **Account not included in budget submitted by Governor to 2001 Legislature. Relates to Item 164.**

Refer to motion for approval under Item E.

149. **Department of Conservation & Natural Resources – Parks Federal Grant Program – <u>FY 03</u> –** Addition of $1,630,009.00 in Land and Water Conservation Fund Reimbursement Grant to establish Land and Water Conservation Fund grant for FFY 2002 to be split 50/50 between State Parks and local jurisdictions with $50,000.00 dedicated to planning grant (SCORP). Requires Interim Finance approval since the amount of the grant to FFY 2002 Land and Water Conservation Fund State Parks category exceeds $100,000.00. **Account not included in budget submitted by Governor to 2001 Legislature.**

Refer to motion for approval under Item E.

150. **Department of Conservation & Natural Resources - Forestry – ~~FY 02~~ *<u>FY 03</u>* -** Addition of $24,218.00 in ~~United States Fish and Wildlife Services Buckwheat Brochure~~ *Title II Volunteer Fire Assistance*, addition of $7,900.00 in Forest Health Management, addition of $128,655.00 in Title II State Fire Assistance, ~~Deletion~~ *addition* of $73,641.00 in Urban Forestry, addition of $8,500.00 in Forest Education, addition of $82,267.00 in Stewardship, addition of $2,113,399.00 in Title IV State Fire Assistance, addition of $35,625.00 in Transfer from County Budget, and deletion of $49,624.00 in Forest Resource Management to add three new fire protection officers, cover costs of information services specialist transfer from county budget, continue the Title Fire Assistance positions, Forestry Staff Specialist, and Management Analyst, and expands .75 to 1 full-time employee, the Las Vegas Inner City Urban Forester. Requires Interim Finance approval since the amount added to the State Fire Assistance category exceeds $50,000.00 and includes new staff. **Relates to Items 151, 152 and 153.**

Refer to motion for approval under Item E.

151. **Department of Conservation & Natural Resources - Forestry - <u>FY 03</u> -** Addition of $31,529.00 in Urban & Community Forestry and addition of $56,126.00 in Title IV State Fire Assistance to cover salary for multi-resource stewardship forester. Requires Interim Finance approval since the amount added to the Salaries category exceeds 10% of the legislatively approved level for that category. **Relates to Items 150, 152 and 153.**

Refer to motion for approval under Item E.

152. **Department of Conservation & Natural Resources - Forestry Nurseries - <u>FY 03</u> -** Addition of $29,171.00 in Transfer from Forestry to cover salaries for two seasonal nursery positions. Requires Interim Finance approval since the amount added to the Salaries category exceeds 10% of the legislatively approved level for that category. **Relates to Items 150, 151 and 153.**

Refer to motion for approval under Item E.

153. **Department of Conservation & Natural Resources - Intergovernmental Forestry – <u>FY 03</u> -** Transfer of $35,625.00 from the Salaries category to the Transfer to Forestry category and transfer of ~~$35,625.00~~ *$35,624.00* from the Salaries category to the Reserve category to cover 50% salary for Information Services Specialist. Requires Interim Finance approval since the amount added to the Transfer to Forestry category exceeds 10% of the legislatively approved level for that category. **Relates to Items 150, 151, and 152.**

Refer to motion for approval under Item E.

154. **Department of Conservation & Natural Resources - Wildlife Obligated Reserve - FY 02 -** Addition of $192,489.00 in Land Sales Income (Water Rights Assembly Bill 380) to place in Reserve Surplus Rights

Sales Funds in reserve to be used for Operating & Maintenance at Carson Lake. Requires Interim Finance approval because the amount added to the Land Sales Income category exceeds $50,000.00. **Withdrawn June 3, 2002.**

Refer to motion for approval under Item E.

155. **Department of Conservation & Natural Resources – United States Geological Survey Co-op – FY 03 –** Addition of $215,000.00 in ~~Reimbursements~~ *Balance Forward* to establish non-Executive Budget operating authority per joint funding agreements to cover projected expenditures. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00. **Account not included in budget submitted by Governor to 2001 Legislature.**

Refer to motion for approval under Item E.

156. **Department of Conservation & Natural Resources – United States Geological Survey Co-op – FY 02 –** Addition of $188,300.00 in Reimbursements to increase operating per joint funding agreements to cover projects and rent. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00. **Account not included in budget submitted by Governor to 2001 Legislature.**

Refer to motion for approval under Item E.

157. **Department of Conservation and Natural Resources - Nevada Natural Heritage - FY 03 -** Addition of $21,316.00 in Data Base Fees and $21,682.00 in USFWS Biodiversity Grant to provide for a temporary Biologist II position to assist agency in data analysis and entry as well as support staff responses for complex data requests involving GIS and multiple region and state integration and attendant expenses travel, operating info services. Requires Interim Finance approval since the amount added to Salaries category exceeds 10% of the legislatively approved level for that category and includes new staff.

Refer to motion for approval under Item E.

158. **Department of Conservation & Natural Resources – Waste Management, Corrective Actions, Federal Facilities – FY 02 –** Transfer of $271,693.00 from the Reserve category to the Transfer to State Agencies category to permit fourth-quarter tire fee transfer to Department of Taxation, Clark and Washoe Counties. Requires Interim Finance approval since the amount added to the Transfer to State Agencies category exceeds $50,000.00.

Refer to motion for approval under Item E.

159. **Department of Conservation and Natural Resources - Wildlife - FY 02 -** Transfer of $13,600.00 from the Reserve category to the Information Services category to convert current Nevada Division of Wildlife cost accounting system to COBOL/MVS. Requires Interim Finance approval since the cumulative amount transferred to Information Services category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

160. **Department of Conservation and Natural Resources - Wildlife - FY 03 -** Addition of $75,000.00 in ~~transfer from Wildlife~~ *Hunter Safety Aid* to provide for construction of shooting range in Elko County and Hunter Education display at the Verdi Nature Center. Requires Interim Finance approval since the amount added to the Hunter Education category exceeds $50,000.00.

Refer to motion for approval under Item E.

161. **Department of Conservation and Natural Resources - Wildlife - FY 03 -** Addition of $89,345.00 in the Biodiversity Grant, addition of $726,633.00 in the Cara Lite grant, and deletion of $216,619.00 in the Section 6 grant for the creation of a Wildlife Diversity Program (Bureau). Requires Interim Finance approval since the amount added to the Wildlife Diversity and Salaries category exceeds $100,000.00 and includes new staff.

Gene Weller, Deputy Administrator, Division of Wildlife, identified himself for the record and introduced Sandra Canning, Bureau Chief, Wildlife Diversity. Mr. Weller advised the members of the Committee that the Division of Wildlife was funded by hunters and fishermen with the exception of a General Fund appropriation that supported the Division's non-game program for wildlife that was not hunted or fished and could not be supported with other federal dollars.

Mr. Weller requested the Committee's favorable consideration of the work program under Item 161, which would enable the Division to leverage their General Fund appropriation with federal funds related to the teaming with Wildlife and CARA Programs. Mr. Weller advised that approval of the request would allow the Division to develop a program to further enhance and restore non-game species, such as lizards, frogs, hawks, birds, and bats, throughout the state. Mr. Weller indicated it was necessary for the Division to become proactive in the area of the non-game species because of concerns raised by the Endangered Species Act.

In response to questions from the Chairman, Mr. Weller confirmed the federal funding accommodated the request for the new positions and that CARA was the program for the Conservation and Reinvestment Act (CARA).

In response to a question from Mr. Dini, Mr. Weller advised that, through legislation approved during the 2001 Legislative Session, the Division had implemented a scientifically based program to control ravens and crows in specific areas.

MR. DINI MOVED APPROVAL OF ITEM 161.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

162. **Department of Conservation and Natural Resources – *Wildlife* Habitat Mitigation – FY 03 -** Addition of ~~$8,941.00~~ *$8,491.00* in the Cara Lite Federal Grant, addition of $65,509.00 in Pittman Robinson, addition of $74,000.00 in Transfer from other BA *(Obligated Reserve)*, and addition of $560,000.00 in Balance Forward to complete water and range development projects for game and sensitive species needs. Requires Interim Finance approval since the amount added to the Habitat category exceeds $50,000.00. **Account not in 2001 budget submitted by the Governor to the Legislature.**

Refer to motion for approval under Item E.

163. **Department of Conservation and Natural Resources - Wildlife Obligated Reserve – FY 03 -** Transfer of $74,000.00 from the Mining Reserve category to the Transfer to Wildlife category to complete water and range development projects for game and sensitive species needs. Requires Interim Finance approval since the amount added to the Transfer to Wildlife category exceeds $50,000.00.

Refer to motion for approval under Item E.

164. **Department of Conservation and Natural Resources - Boating Program - FY 03 -** Deletion of $77,395.00 in Dingell Johnson and transfer of $968,686.00 from the Reserve category to the Boating Projects category to fund FY 2003 boating access projects for State Parks, National Park Service and Bureau of Land Management. Requires Interim Finance approval since the amount added to the Boating Access category exceeds $50,000.00. **Relates to Item 148.**

Refer to motion for approval under Item E.

165. **Department of Conservation & Natural Resources–Water Planning Capital Improvement - FY 02 -** Addition of $47,625.00 in Transfer from Muni Bond Bank, addition of $8,644.00 in Administrative Fees, ~~and~~ deletion of $47,625.00 in Balance Forward, *and deletion of $14,600 in Reserve* to create an indirect cost category to permit contribution to Budget Account 3173. Requires Interim Finance approval since the amount added to the Indirect Costs category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

166. **Department of Conservation and Natural Resources - Environmental Protection Administration - FY 03 -** Transfer of $185,805.00 from the Reserve category to the Equipment category to acquire a new telephone system with adequate capacity for all staff within Nevada Department of Environmental Protection. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds $50,000.00. **Withdrawn June 4, 2002.**

Refer to motion for approval under Item E.

167. **Department of Conservation & Natural Resources – Fund to Protect Lake Tahoe – FY 02 –** Transfer of $35,593.00 from the Hidden Beach Project category to the North Canyon Hiking Trail category and transfer of $49,407.00 from the Contingency category to the North Canyon Hiking Trail category to permit construction of North Canyon Hiking Trail. Requires Interim Finance approval since the amount transferred to the North Canyon Hiking Trail category exceeds $50,000.00.

Refer to motion for approval under Item E.

168. **Office of the Military – FY 02 –** Addition of $105,000.00 in Department of Defense Funds and transfer of $115,000.00 from the Personnel category to the Utilities category to accept additional federal funding and to cover projected expenditure requirements for the fiscal year. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $50,000.00.

Refer to motion for approval under Item E.

169. **Public Employees' Benefits Program - FY 02 -** Transfer of $469,640.00 from the Self-Insured Program Costs category to the Operating category and transfer of $26,900,000.00 from the Self-Insured Program Costs category to the Fully-Insured Program Costs category to restructure the existing Operating and Self-Insured Program Costs category and create a new Fully-Insured Program Costs category, and enable better separation of costs for Operating, Self-Insured, and Fully-Insured Program Costs. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

Woody Thorne, Executive Officer, Public Employees' Benefits Program (PEBP) reported that the work program adjusted budget categories to more accurately reflect allocation of expenditures. Mr. Thorne explained that a new Category 8 was added to identify the Fully-Insured Program costs and to provide a better separation and reporting of claim costs and indirect expenditures for the Fully-Insured Program as well as the existing Self-Insured Program. Additionally, Mr. Thorne reported that the accounting change would reduce the length of time required to produce reports concerning the Public Employees' Benefit Program, Budget Account 1338.

Chairman Raggio expressed the Committee's concern in reference to the Public Employees' Benefits Program report dated April 10, 2002, Exhibit C, which reflected a net loss of $9.1 million for the first nine months of Fiscal Year 2002 and an estimated cash balance on June 30, 2002, of $6.4 million.

Mr. Thorne acknowledged the net loss and cash balance figures were correct at the time the work program was prepared. Mr. Thorne also explained that, as requested by the Interim Finance Committee during an earlier meeting, the cash balance was reported on an accrual basis in order to provide "a closer realm of comparison."

Chairman Raggio noted the cash balance of $18.7 million at the beginning of the fiscal year and the projected $6.4 million cash balance on June 30, 2002 indicated a $12 million loss for the fiscal year. The Chairman pointed out that the report further indicated the cash balance of $6.4 million would be sustained through December 31, 2002, due to the increase in the state contribution that would take effect on July 1, 2002. Additionally, Chairman Raggio pointed out that the Benefits Program had an estimated liability in excess of $22 million for claims incurred but not yet reported and questioned how the loss would be addressed.

Mr. Thorne expressed strong concern in reference to the drain on Program reserves and reported a significant increase in the number of claims in excess of $25,000. During the last four months of calendar year 2001 and the first month of calendar year 2002, he said nearly $5 million in large claims had been paid. While there had been a continued run in large claims, Mr. Thorne believed the Program could manage cash through the end of the calendar year. During May 2002, meetings were held with participants to receive feedback on how to manage benefit changes and cost increases in premiums. The information gathered from the meetings with recommendations on how to address the cash balance in the next plan year would be provided to the Public Employees' Benefits Program Board in July.

In response to questions from the Chairman concerning the number of claims above projections and a change in the third-party administrator, Mr. Thorne advised that a new third-party administrator had been selected and would begin paying claims on July 1, 2002. Mr. Thorne said that program representatives were working with the current administrator to "clean up" the open inventory in order to eliminate lag time during the transition period. In preparation for the transition, Mr. Thorne advised that approximately two weeks was projected to close the books with the current administrator, provide existing claim information and enter the lifetime and calendar year maximum deductibles into the system of Benefit Planners, the new third-party administrator located in Boerne, Texas.

In response to questions from Chairman Raggio concerning Benefit Planners, Mr. Thorne reported that during the selection process, an "outside auditing firm" conducted an audit on the top three vendors being considered by the Board, and Benefit Planners was ranked best of the three. Benefit Planners also received high ratings from references as well as from a review by the State Risk Management Division.

The Chairman questioned the Program's survival after December 2002 and whether premium increases or supplemental appropriations from the state were envisioned.

Mr. Thorne projected that at the end of the calendar year, on an accrued basis, the Program's cash balance would be just under $3 million. Mr. Thorne indicated a significant rate increase to participants was scheduled for January 2003 and perhaps even changes to benefits as well. However, Mr. Thorne pointed out that the Plan was already "lean" and changes that could be made would not contribute much in the way of savings.

In response to a question from Chairman Raggio, Mr. Thorne acknowledged a premium increase was preferred rather than elimination of benefits. Mr. Thorne also discussed a proposal, to be presented to the Board, to change the plan from a calendar year to a fiscal year which he said would allow for a step increase in January and a potential adjustment in July and would bring the plan year into alignment with the fiscal year (the time when the state contribution changed each fiscal year).

In response to questions from Chairman Arberry, Mr. Thorne indicated the Board for the Public Employees' Benefits Program met monthly.

In response to a question from Senator Neal, Leslie Johnstone, Accounting Officer, PEBP, advised that the previous third-party administrator was paid $13.99 per participant per month and the new vendor would be paid $14.90 per participant per month.

Senator Neal questioned the necessity of a rate increase.

Mr. Thorne advised that in selecting a vendor, the Board reviewed the entire program to determine what was best for the Program and the participants, and a major complaint had been the performance of the third-party administrator. Mr. Thorne indicated the change would be an important one for the participants and the plan.

Senator Neal questioned how the Benefit Planners' operation would differ from that of the current third-party administrator, UICI.

Mr. Thorne advised that customer service was a factor that went into the selection process and Benefit Planners had the ability to obtain information and process a claim upon receipt rather than handling it as many as three times. Mr. Thorne pointed out that many participants under the current plan had situations with the third-party administrator in which the same claim had been handled as many as a dozen times. Mr. Thorne further indicated it was expected that the new third-party administrator would provide improved customer service and an accurate picture of finances in a timely manner.

In response to a question from Senator Neal, Mr. Thorne explained that while the PEBP Board did not contract directly with physicians, they did contract through leasing with three preferred provider networks, Hometown Health Plan (HHP), Universal Health Network (UHN), and Sierra Healthcare Options (SHO).

Mr. Thorne acknowledged Senator Neal's understanding was correct that the three contracts were supported by premiums paid by the participants and funding by the state.

In response to a question from Senator Neal concerning elimination of one or two of the contracts, Mr. Thorne advised that, as a result of a current request for proposal for a statewide HMO and/or preferred provider organization, finalists should be selected and presented to the Board within the next two weeks.

In response to a request from Senator Neal, Leslie Johnstone advised that Hometown Health Partners was paid approximately $23,000 per month, Universal Health Network approximately $14,000 per month and Sierra Health Care Options approximately $6,000 per month. Ms. Johnstone further advised that all three contracts were based on a per-member, per-month rate. Specifically Hometown Health Partners received $2.10 per member, per month, Universal Health Network received $1.25 per member, per month and Sierra Health Care Options received $1.50 per member, per month.

In response to a question from Senator Neal concerning the percentage of services provided to participants, Mr. Thorne explained that because medical services did not occur on a scheduled basis and each of the networks covered a different area of the state, statistics for services provided to participants were unavailable.

In response to a question from Senator Neal, Mr. Thorne defined Hometown Health Partners, Universal Health Network and Sierra Health Care Options as preferred provider organizations through which employees could receive a lower-cost health care benefit than could be received from a medical provider not in the network. Mr. Thorne further explained that the networks negotiated contracts with physicians or hospitals at discounted rates, which allowed a better benefit to the participant.

Senator Neal questioned why the third-party administrator was being paid more than the preferred providers.

Mr. Thorne explained the plan paid for access by participants to the preferred provider networks while the third-party administrator actually processed and paid claims for all enrolled participants. Mr. Thorne further explained that participants could visit a physician covered under the network in which they were enrolled, and the plan paid for services at discounted rates in accordance with that network's contract. A participant who chose to visit a physician outside the network would pay billed charges that were normally higher than a preferred provider, and a lower benefit would be paid because of the higher cost.

MR. MARVEL MOVED APPROVAL OF ITEM 169.

MR. DINI SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

The Chairman asked that the record reflect Mr. Beers, Ms. Giunchigliani and Chairman Arberry had arrived and that the Committee would move to Item E. 9 through 12, Item I, Item J and Item O. VII.

170. **Department of Transportation - FY 03 -** Addition of $77,175.00 in Highway Fund Authorization and addition of $991,325.00 in Federal Aid Revenue to purchase equipment and related items to stay compliant with Washoe County air quality requirements. Requires Interim Finance approval since the amount added to the Equipment and Capital Outlay category exceeds $50,000.00.

Refer to motion for approval under Item E.

171. **Department of Transportation – FY 02 –** Addition of $7,287,292 in Highway Fund Authorization to meet salary and benefits obligation for FY 02. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

172. **Department of Transportation – FY 03 –** Addition of $750,000.00 in Highway Fund Authorization, addition of $1,615,803.00 in Federal Aid Revenue, addition of $659,788.00 in Gifts and Donations, and addition of $100,000.00 in Transfers from Programs to provide public transportation to welfare recipients, fund planning activities, and capital purchases. Requires Interim Finance approval since the amount added to the Administrative Consultants and Job Access category exceeds $50,000.00.

Refer to motion for approval under Item E.

II. Reclassification

Agency	Agency/ Account Number	Position Number	Present Class, Code, EEO-4, Grade & Salary	Proposed Class, Code, EEO-4, Grade & Salary
Office of the Secretary of State	040/1050	0100	Education and Information Officer, 5.160, grade 35, step 8, $51,886.80, Employee/Employer Paid	Public Information Officer II, 7.804, grade 37, step 8, $56,689.20, Employee/ Employer Paid
Department of Agriculture	550/4600	0025	Administrative Assistant III, 2.211, grade 27, step 3, $29,712.24, Employee/Employer Paid	Biologist I, 1.737, grade 30, step 2, $32,259.60, Employee/Employer Paid
Department of Human Resources, Aging Services Division	402/3151	0004	Administrative Assistant III, 2.211, grade 27, step 9, $38,168.64, Employee/Employer Paid	Computer Network Technician I, 7.931, grade 33, step 5, $41,634.72, Employee/Employer Paid
Department of Motor Vehicles, Central Services Division	810/4741	7059	Administrative Assistant I, 2.213, grade 23, step 9, $32,259.60, Employee/Employer Paid	DMV Services Technician II, 11.425, grade 25, step 9, $35,099.28, Employee/Employer Paid
Department of Public Safety	4713/650	627	Highway Patrol Trooper II, 11.106, grade 37, step 1, $38,064.24, Employer-Paid	Administrative Assistant III, 2.211, grade 27, step 1, $25,035.12, Employer-Paid
Department of Public Safety	4713/650	673	Highway Patrol Trooper II, 11.106, grade 37, step 1, $38,064.24, Employer-Paid	Administrative Assistant II, 2.212, grade 25, step 1, $23,135.04, Employer-Paid
Department of Public Safety	4713/650	650	Highway Patrol Trooper II, 11.106, grade 37, step 1, $38,064.24, Employer-Paid	Administrative Assistant II, 2.212, grade 25, step 1, $23,135.04, Employer-Paid
Department of Public Safety	4713/650	648	Highway Patrol Trooper II, 11.106, grade 37, step 1, $38,064.24, Employer-Paid	Administrative Assistant II, 2.212, grade 25, step 1, $23,135.04, Employer-Paid
Department of Public Safety, Nevada Highway Patrol Division	650/4713	717	Highway Patrol Trooper II, 11.106, grade 37, step 1, $36,268.56, Police-Fire Employer-Paid	Information Systems Specialist II, 7.924, grade 37, step 1, $38,064.24, Employer-Paid

Department of Public Safety, Nevada Highway Patrol Division	650/4713	906	Highway Patrol Trooper II, 11.106, grade 37, step 1, $36,268.56, Police-Fire Employer-Paid	Information Systems Specialist II, 7.924, grade 37, step 1, $38,064.24, Employer-Paid
Department of Public Safety, Nevada Highway Patrol Division	650/4713	931	Highway Patrol Trooper II, 11.106, grade 37, step 1, $36,268,56, Police-Fire Employer-Paid	Information Systems Specialist II, 7.924, grade 37, step 1, $38,064.24, Employer-Paid
Department of Conservation and Natural Resources, Environmental Protection Division	709/3187	0570	Bureau Chief Environmental Protection, 6.809, grade 44, step 9, $74,750.40, Employer-Paid	Management Analyst IV, 7.612, grade 39, step 9, $59,403.60, Employer-Paid
Department of Conservation and Natural Resources, Forestry Division	706/4195	0027	Senior Law Enforcement Specialist, 11.256, grade 36, step 1, $36,435.60, Employer-Paid	Forestry Staff Specialist, 1.810, grade 36, step 1, $36,435.60, Employer-Paid
Department of Transportation, Human Resources Division	800/4660	76009	Administrative Assistant I, 2.213, grade 23, step 6, $28,522.08, Employee/Employer Paid	Personnel Technician II, 7.535, grade 27, step 4, $30,944.16, Employee Employer-Paid
Nevada Department of Transportation, Safety/Traffic Division	800/4660	016-035	Transportation Planner/Analyst IV, 7.705, grade 41, step 1, $45,351.36, Employer-Paid	Manager I, Registered Professional Engineer, 6.224, grade 43, step 1, $49,569.12, Employer-Paid

F. STATEMENT OF CONTINGENCY FUND BALANCE.

Gary Ghiggeri, Fiscal Analyst, referenced the Contingency Fund report (Exhibit J) included in the material distributed to the Committee. Mr. Ghiggeri reported that the material outlined the current status of the Unreserved General Fund Balance and the Unreserved Highway Fund Balance.

The information in the Committee's material provided for the approval of the University of Nevada Reno School of Medicine request for $803,629 which was not approved by the Board of Examiners based on their recommendation that the University and Community College System of Nevada request an allocation from the Estate Tax Fund to meet the additional cost of medical malpractice insurance for Fiscal Year 2002-03.

Mr. Ghiggeri noted that the request for $935,977 for the Department of Corrections was revised to $772,770 and approved by the Committee earlier in the meeting.

The request for the Division of Mental Health/Developmental Services, Rural Clinics of $448,000 was recommended by staff to be reduced to $413,000.

Mr. Ghiggeri indicated that approval of all items as recommended would leave an Unreserved Balance in the General Fund portion of Contingency Fund of $4,990,623, and based on the approval of the allocation to the Department of Motor Vehicles for Information Services, an Unreserved Balance in the Highway Fund of $108,420.

***G.** 1. THE STATUS OF THE GENERAL FUND BUDGET SHORTFALL – 2001-03 BIENNIUM.

Mr. Ghiggeri reported that staff prepared a memo (Exhibit K) dated June 17, 2002 that outlined the budget shortfall for the Fiscal Year 2002 and the projected shortfall for Fiscal Year 2003. Page 3 of the memorandum indicated a projected shortfall of $210 million in Fiscal Year 2003 assuming the ending fund balance at the end of Fiscal Year 2002 was $91 million. Mr. Ghiggeri reported that if the $136 million in the Rainy Day Fund was accessed, the state would still face a shortfall of approximately $73.7 million.

2. DEPARTMENT OF ADMINISTRATION – REQUEST FOR REVERSION TO STATE GENERAL FUND OF THE BALANCE OF UNALLOCATED FUNDING FROM S.B. 8, 17TH SPECIAL SESSION, ENERGY COSTS –
STATE AGENCIES/UCCSN $11,915,539.00

John P. Comeaux, Director, Department of Administration identified himself for the record. Mr. Comeaux reported that Item G. 2 was a request from the Department of Administration (Exhibit L) to allow the reversion of the remainder of a $17 million appropriation to the Interim Finance Committee to assist state agencies and the University and Community College System (UCCSN) in paying utility costs that exceeded the amount for which they had been budgeted.

Mr. Comeaux reported that the Interim Finance Committee had approved and allocated $5,0854,461 to various eligible state agencies leaving a balance of $11,915,539. Additionally, Mr. Comeaux indicated the Governor would not request further allocations from the remaining authority, and state agencies would be immediately notified to plan for excess energy costs to be absorbed within their existing budgets.

In response to a question from Mr. Dini concerning whether Department of Education K-12 budgets were included, Mr. Comeaux indicated K-12 budgets were not included.

In response to a question from Mr. Dini, Mr. Comeaux advised that the UCCSN had agreed not to ask for utility bill assistance from funds that had been reverted. Mr. Comeaux advised that the UCCSN was the only entity thus far, that had provided "feedback." Mr. Comeaux advised that of the $5 million allocated for Fiscal Year 2002, approximately $2.8 million was allocated to the UCCSN. The UCCSN had estimated that for the entire Fiscal Year 2003, they would probably have excess energy costs of approximately $3.2 million. The UCCSN had also indicated that early planning would assist in finding a way to absorb energy costs. UCCSN representatives indicated, however, they might run into a problem with utility costs for the University of Nevada Las Vegas campus.

Chairman Arberry questioned Mr. Comeaux as to when the Committee could expect a breakdown on projected budget cuts.

Mr. Comeaux responded that the Governor was trying to preserve as much flexibility for himself as possible. While some decisions had been made, other decisions would not be final until closure of the books in August. Mr. Comeaux advised the members of the Committee that the Governor wanted to review revenues as they were received and reversions from the agencies as they reconciled their figures. Mr. Comeaux indicated that "as soon as those decisions were made," information would be provided to the Committee.

Chairman Arberry indicated it would be helpful for the Committee to have the information as the Governor reviewed it.

Mr. Comeaux responded that the Governor had indicated he would, to the "maximum extent possible," make up for the revenue shortfall "by eliminating one-time type expenditures" and to delay certain new programs or enhancements. While decisions beyond that had not been made, Mr. Comeaux recalled that information on one-time appropriations had previously been provided to the Committee.

Chairman Raggio indicated that with the same goals and concerns, a joint effort to address the budget shortfall existed. Mr. Comeaux was encouraged by Chairman Raggio to work with the Committee's staff and share information that was being developed which he indicated would be mutually beneficial.

Ms. Giunchigliani expressed concern in reference to information received from the Committee's staff concerning the potential budget shortfall in Fiscal Year 2003 minus any plan from the Administration on how the problem could be addressed. Ms. Giunchigliani also suggested a partnership to address the existing budgeting problems would be mutually beneficial.

CHAIRMAN ARBERRY MOVED APPROVAL OF THE REQUEST FOR REVERSION OF FUNDS.

MR. DINI SECONDED THE MOTION.

THE MOTION WAS CARRIED. (Ms. Giunchigliani voted nay).

***H. REQUESTS FOR ALLOCATION FROM THE CONTINGENCY FUND.**

1. University and Community College System of Nevada,
Medical Malpractice Insurance - General Fund $803,629.00

The Board of Examiners did not recommend an allocation from the Contingency Fund. The Board recommended instead that the University and Community College System of Nevada request an allocation from the Estate Tax Fund to meet the additional cost of medical malpractice insurance for Fiscal Year 2002-03.

Refer to Item J. 2 for motion for approval.

2. Department of Human Resources – Mental Health and
Developmental Services Division, Rural Clinics Community
Mental Health Centers – General Fund $448,000.00

Staff recommended the amount requested be revised from $448,000.00 to $413,000.

MS. LESLIE MOVED APPROVAL OF THE REVISED REQUEST.

MR. MARVEL SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

3. Department of Conservation and Natural Resources – Director's Office
Water Resources Legal Costs – General Fund $125,000.00

Michael Turnipseed, Director, Department of Conservation and Natural Resources, identified himself for the record. Mr. Turnipseed explained that the Water Resources Legal Costs account was reimbursed, through legislative action, on the average of every four years. The fund, which had been in existence for about thirty years beginning with litigation concerning the Truckee River Decree, had been expanded and used for litigation for other river systems. The Department's request for an allocation from the Contingency Fund would be used to cover anticipated litigation expenses for the Truckee River Operation Agreement, Owyhee negotiations, Recoupment Trial and Walker River Litigation.

CHAIRMAN ARBERRY MOVED APPROVAL OF ITEM H. 3.

SENATOR MCGINNESS SECONDED THE MOTION

THE MOTION WAS CARRIED UNANIMOUSLY.

4. Department of Motor Vehicles – Information Technology Division – 1-800 Telephone Charges – Highway Fund $378,665.00

Refer to motion for approval under Item E. 110.

5. Department of Corrections – General Fund $935,977.00

Based on recommendations from staff, the Committee revised the Department of Corrections request from $935,977 to $772,770.

Refer to motion for approval under Item E. 128.

6. Supreme Court – General Fund $194,000.00

MR. MARVEL MOVED APPROVAL OF ITEM H. 6.

MS. LESLIE SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

7. Department of Business & Industry – Division of Insurance General Fund $285,392.00

Alice Molasky, Commissioner, Division of Insurance, identified herself for the record and indicated the request for an allocation from the Contingency Fund to fund five positions was unusual during a period in which the state was facing budget constraints. Ms. Molasky discussed the extraordinary circumstances surrounding the medical malpractice liability insurance crisis, and referred to the methodology that would be used to deal with the crisis. Ms. Molasky explained that the Medical Liability Association of Nevada (MLAN), known as the Governor's Plan, was created "to provide medical liability insurance to qualified Nevada physicians and surgeons." Ms. Molasky pointed out that the plan, which became effective on April 15, 2002, dealt with the availability of insurance but not the legal process or affordability issues.

Ms. Molasky advised that the Medical/Dental Screening Panel (MDSP) had been created to deal with the legalities of the process, and most malpractice cases had to be submitted for review by the Panel before being filed or heard in district court.

Ms. Molasky pointed out that the positions the Division had requested were needed to address problems that had come about because of the crisis. As of December 31, 2001, 282 cases remained open on Division of Insurance records and 202 had been open in excess of 180 days, the time period the Division used as their norm. Ms. Molasky explained that the "statutory prescription" for filing a complaint and the response from the Screening Panel was 167 days. She said the problems and delays concerning the process would have to be dealt with through legislation, principally concerning a provision that allowed a stipulation by both parties to extend the time for filing and response, often submitted for a period of 90 to 180 days. Ms. Molasky indicated the Division had seven cases that had been open for more than 600 days. Legislation would be proposed during the 2003 Legislative Session to eliminate the extension of time stipulation.

Ms. Molasky explained that another factor contributing to delays revolved around insufficient staffing at the Division level and an inability to set dates for the screening panels, comprised of volunteers who were doctors and attorneys. Ms. Molasky explained that the Las Vegas panelists met every evening Monday through Thursday, which did not permit the time needed to deal with the backlog. The additional staffing it was anticipated could accelerate the number of panels by at least two per week.

In response to questions from Chairman Raggio, Ms. Molasky confirmed that the 282 cases in the backlog were all medical malpractice cases, and 213 cases in Las Vegas and 69 in Carson City were waiting to be addressed by the MDSP.

Ms. Molasky advised that the staff for the MDSP operated under the supervision of the Deputy Insurance Commissioner in Las Vegas who attended each evening meeting and provided all of the material necessary to the panelists.

In response to questions from the Chairman, Ms. Molasky advised that additional staffing could accelerate the number of panels by at least two per week and possibly more. Ms. Molasky pointed out that the cases were complex, the material voluminous and staff had to ensure that all copies of the cases conformed to the original filing. Ms. Molasky also discussed scheduling difficulties involved in selecting panelists from a pool of sixty physicians and sixty attorneys in Las Vegas and forty physicians and forty attorneys in the north. Ms. Molasky explained that three attorneys and three physicians were selected from the pool of volunteers for each panel. However, in order to make those selections, Division staff were required to contact the offices of each doctor and each attorney who was a potential panelist. Ms. Molasky advised that it might take days to coordinate the schedules of those volunteers to establish even one panel.

In response to Chairman Raggio's question concerning the Compliance/Audit Investigator II who would be stationed in Carson City, Ms. Molasky explained the position was required because there had been an increase in the number of unauthorized insurers coming to Nevada as a result of the medical malpractice crisis. Ms. Molasky advised that currently one unauthorized insurer was under a court injunction as a result of refusing to operate under the order of the Commissioner. Ms. Molasky recalled the Division's work on the Employer's Mutual LLC case, an unauthorized health insurer. Ms. Molasky explained that nine months of effort and coordination by the Division's Investigator, working with federal investigators in the Department of Labor, had been required in order to close the unauthorized insurer down.

Chairman Raggio questioned whether the Division could use current Investigator positions to investigate complaints related to unauthorized insurers.

Ms. Molasky advised that the Insurance Division had two Investigators including the Chief Investigator in the north and two Investigators in the south who investigated approximately 400 cases a year overall. Ms. Molasky pointed out that the Employer's Mutual LLC case had taken the Chief Investigator's efforts full time for nine months to coordinate with the federal government in other states in which insurance was affected. Ms. Molasky also pointed out that it was unfortunate that Employer's Mutual LLC had incorporated in the State of Nevada and listed Nevada as their domicile.

In response to Chairman Raggio's question concerning whether the Division planned to continue the new positions during the 2003-05 biennium, Ms. Molasky indicated that it appeared unauthorized insurers would continue to be a problem as long as there was an insurance crisis.

In response to a question from the Chairman concerning whether the Division would fill all five positions by July 1, 2002, Mr. Orr estimated that if their request for an allocation from the Contingency Fund was approved, the Division was approximately four to five weeks away from filling the positions.

The Chairman discussed the corresponding cost difference between July 1 and the actual hiring dates and advised that staff calculated the salary portion of the allocation could be reduced by $18,840, if the hiring date was August 1 rather than July 1.

Mr. Orr advised that the salaries had been set at Step 3.

In response to questions from Senator Neal, Ms. Molasky advised that four of the five requested positions covered by the request in H. 7. related strictly to the Medical/Dental Screening Panel. Additionally, Ms. Molasky explained that the Medical Liability Association of Nevada (MLAN) was the essential insurance association that operated to provide medical liability insurance to qualified Nevada physicians and surgeons.

Senator Neal recalled questions he had posed earlier in the meeting concerning the University of Nevada School of Medicine's non-participation in the state-sponsored Medical Liability Association of Nevada (MLAN).

Ms. Molasky explained that MLAN was created not as a permanent insurance mechanism but as a stopgap to handle those physicians who were otherwise unable to obtain insurance.

In response to additional questions from Senator Neal, Ms. Molasky advised that over 800 physicians had applied for MLAN and only four applicants had been denied on the basis of poor experience.

Responding to questions from Senator Neal, Ms. Molasky explained that doctors' applications to MLAN were investigated by the servicing organization for MLAN, who operated as underwriters and reviewed the application and history of each applicant. Ms. Molasky advised that funding for the Compliance Investigator's position was being requested to assist with the increasing number of unauthorized insurers who were coming into the state and selling insurance to physicians. In the past, Ms. Molasky explained the Division used a Cease and Desist order to end unauthorized activity. Ms. Molasky indicated that while problems in the past had frequently occurred with unauthorized insurers for worker's compensation, currently more problems were being seen in property and casualty insurance. As insurers withdrew or became more expensive to consumers, Ms. Molasky advised that unauthorized insurers offered policies with excellent benefits at lower premiums, which scams were in reality.

In response to questions from Mr. Anderson, Ms. Molasky indicated it was the intention of the Division that the additional staff would accelerate the MDSP process to eliminate some of the current problems.

In response to Ms. Cegavske's question concerning proposed legislation in connection with the MDSP, Ms. Molasky advised that, under the guidance of the Governor's Chief of Staff, Marybel Batjer, the Division of Insurance developed recommendations for proposed legislation, which was in the Governor's Office for review.
While Ms. Molasky was not at liberty to discuss the proposal in its entirety, she advised that altering the composition of the panel and elimination of the open-ended stipulations for extensions of time had been discussed publicly.

In response to questions from Senator Neal concerning a meeting held by the Governor, Ms. Molasky indicated she believed the meeting was held to discuss a long-range resolution with individuals affected by the crisis.

In response to a question from Ms. Giunchigliani concerning whether the Division was reviewing underwriting practices, Ms. Molasky advised that other than establishing rates for MLAN, the Division was not involved in MLAN which was actually run by a board of directors. Ms. Molasky further advised that MLAN had retained Marsh/McClennen, an international underwriter brokerage insurance firm that acted as a managing general agent

In response to an additional question from Ms. Giunchigliani, Ms. Molasky advised the Division's contract actuary conducted analyses and reviewed current trends that affected underwriting and pricing on an international scale.

With an understanding that a revised work program under Item E. 30 would be provided to indicate the independent contractor position and all of the costs projected for the position would be defined in Category 10, Chairman Raggio entertained a motion for approval of Item E. 30 and Item H. 7.

> MS. CEGAVSKE MOVED TO APPROVE ITEMS E. 30 AND H.7 WITH THE UNDERSTANDING THAT THE INSURANCE DIVISION PROVIDE A REVISED WORK PROGRAM FOR ITEM E. 30 TO ADJUST COSTS IN CATEGORY 10 TO SPECIFICALLY IDENTIFY CONTRACT EXPENDITURES AND OTHER ANCILLARY ITEMS ASSOCIATED WITH THE CONTRACT.

MS. TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Neal voted nay).

Ms. Molasky and Mr. Orr expressed their appreciation to the members of the Committee for their support and recognition.

On behalf of the Committee, Chairman Raggio commended Ms. Molasky and the Insurance Division for their prompt attention and work in dealing with the crisis.

Request for Revision of Expiration Date for an Interim Finance Committee Contingency Fund Allocation – Division of Forestry $89,529.00

John P. Comeaux, Director, Department of Administration, identified himself for the record.

In response to a question from the Chairman, Mr. Comeaux reported that the original Contingency Fund allocation to the Division of Forestry to address a Heating, Ventilating, Air Conditioning, and Refrigeration retrofit at the Minden Dispatch Center had an expiration date of June 30, 2002. Mr. Comeaux explained that circumstances beyond the control of the Division prevented completion of the retrofit by June 30, 2002, and the Division requested the reversion date be extended to March 1, 2003.

Gary Ghiggeri, Fiscal Analyst, advised that staff recommended the reversion date be extended to June 30, 2003 to correspond with the end of the Fiscal Year.

SENATOR JACOBSEN MOVED APPROVAL OF ITEM H. 8 AND TO EXTEND THE REVERSION DATE TO JUNE 30, 2003 AS RECOMMENDED BY STAFF.

MR. HETTRICK SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

9. Department of Education – Allocation to Local School Districts for Existing Educational Programs at Risk of Termination – S.B. 9, 17th Special Session $1,455,165.00

Gary Ghiggeri, Fiscal Analyst, advised the members of the Committee that while Item H. 9 was listed on the agenda, the Board of Examiners tabled the request to be revisited at a subsequent meeting. Mr. Ghiggeri further advised that based on the Board of Examiners' action, the Interim Finance Committee did not have the authority to act on the request.

I. STATEMENT OF ESTATE TAX ACCOUNT BALANCE IN THE ENDOWMENT FUND IN THE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA.

Chairman Raggio noted that several adjustments had been made to the Estate Tax Fund for Fiscal Year 2002-03 and called upon Dan Miles, Vice Chancellor, Finance and Administration to provide additional information.

Mr. Miles advised that a statement of the Estate Tax Fund (Exhibit D) was provided to assure the Committee that funds were available to satisfy the requirements of the requests for authorization of the expenditures listed under Item J.

Mr. Miles explained that the Estate Tax Fund accounting included a forecast through the end of the current biennium and, as provided by statute, the fund was invested in the same way as other funds of the University System.

The Estate Tax Holding Account or Operating Pool was reflected under Section A and the Estate Tax Endowment under Section B. Mr. Miles explained that funds were deposited upon receipt in the Operating Pool and invested on a short-term basis to provide funding for monthly payments out of the Operating Pool. The Estate Tax Endowment, however, was held whole and invested on the same basis as other UCCSN endowments. Mr. Miles pointed out the statement reflected that by the end of the current year, the UCCSN would deplete all of the Estate Tax Fund Operating funds and would be taking money out of the Endowment portion, based on the expenditure level authorized by the Legislature for the current biennium (approximately $75 million over the two-year period).

Mr. Miles pointed out that the statement reflected a current balance in the Operating Pool of $18,105,363. Fiscal Year 2002 estate tax receipts had been projected at $13,500,000 based on an expected slowing of Estate Tax funds, which were scheduled to be phased out over a four-year period. The adjustment Mr. Miles explained was for the Estate Tax return for May, which increased the collection estimate for the current fiscal year to approximately $14.2 million rather than the $13.5 million reflected on the statement.

Mr. Miles explained that dividends were earned on the Estate Tax Endowment and interest income earned on the Operating Pool. Moving down the statement page, Mr. Miles pointed out the Appropriated Expenditures of $37,008,707 in Fiscal Year 2001-02 was expected to be transferred before the availability of the most recent tax collection data and $928,344 would be transferred from the Endowment into the Operating Pool to fund the payments for the balance of Fiscal Year 2001-02.

Mr. Miles also advised that it was expected the Operating Pool's beginning balance for Fiscal Year 2002-03 would be exhausted; however, $7.5 million in Estate Tax receipts was projected with endowment dividend income based upon the current level of the endowment and appropriated expenditures of $38,031,498. Additionally, Mr. Miles explained that $26,938,632 would be transferred from the Endowment into Operating to make the monthly payment to the campuses for their Estate Tax expenditures leaving an ending balance at the end of Fiscal Year 2002-03 of $80,699,625. However, Mr. Miles noted that with the recent information of an additional $700,000 in Estate Tax collections, the ending fund balance would go up by $700,000 with one month still to collect.

In response to questions from the Chairman concerning the ending fund balance, Mr. Miles indicated the Estate Tax receipts were worth $14.2 million through May making the ending balance approximately $81.4 million based on an estimate of $7.5 million in Estate Tax receipts projected for Fiscal Year 2002-03.

In response to a question from the Chairman, Mr. Miles acknowledged that if the two requests for authorization of expenditure from the Estate Tax Account were granted, the ending fund balance for Fiscal Year 2002-03 would total approximately $78 million and would satisfy the requirements provided by statute. Mr. Miles explained that the Estate Tax, under statute, could not be drawn below an amount that would produce revenue of $2.5 million annually. Mr. Miles advised that the current $71,500,00 provided enough funding to accommodate the requests listed under Item J.

Senator Neal questioned whether the Board of Regents had approved the requests for expenditure.

Mr. Miles responded that the Board of Regents had approved requests for the Community College of Southern Nevada (CCSN) and the UCCSN to approach the Interim Finance Committee for an allocation of funds. Mr. Miles indicated the UCCSN's initial request to cover medical malpractice insurance increases for Fiscal Year 2003 was for Contingency Funds. The Board of Examiners approved the request, however, recommended an authorization for expenditure from Estate Tax funds. Mr. Miles advised that the Board of Regents were meeting in Elko on June 20, 2002, and had an agenda item to accommodate whatever action was taken by the Interim Finance Committee.

***J. REQUESTS FOR AUTHORIZATION OF EXPENDITURE FROM THE ESTATE TAX ACCOUNT IN THE ENDOWMENT FUND IN THE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA.**

1. Community College of Southern Nevada – FY 2003 $2,577,706.00

Dr. Ronald K. Remington, President, CCSN, identified himself for the record and testified that during the 2001 Legislative Session several unfortunate events occurred that resulted in a shortfall in funding for CCSN. Dr. Remington requested the Committee's favorable consideration of the request for Estate Tax dollars to fund the CCSN at the same level as other Nevada University institutions.

In response to questions from Ms. Giunchigliani concerning cost allocations for the University System versus the Community College System, Dr. Nichols advised that early in the session, University officials discovered issues in the new funding formula related to differential taxonomy (the classification of courses between the Community Colleges and the University). Dr. Nichols explained that after the session and during the process of the taxonomy study, a technical funding error was discovered to have occurred as a result of unusual circumstances that included a new formula, the taxonomy issue related to the new formula and a campus in disarray as a result of various separate issues. Dr. Nichols viewed the problem as an unusual circumstance that would not be repeated again.

Ms. Giunchigliani cautioned the University not to assume that just because the technical error was being corrected, it would necessarily occur that way again in the future. Ms. Giunchigliani indicated it was important to note that if the shortfall had been identified during the legislative session, the money committees would have had the option to correct the problem by reallocating funds among the UCCSN institutions.

Ms. Giunchigliani requested information concerning the differential taxonomy and whether full articulation between all of the campuses would eliminate the problem.

Dr. Nichols advised that officially there was full articulation between all of the campuses. Dr. Nichols explained that taxonomy was a separate issue from the formula funding but not completely unrelated and that taxonomy issues that had been struggled with came down to whether English 101 should be funded at the same low, medium, or high cost at the Community Colleges and the University in terms of categorization of a similar course. Dr. Nichols advised that the taxonomy issue had been resolved and would be presented to the Legislature during the 2003 Session.

Chairman Raggio clarified that the technical correction, as defined by the University, was based upon the present cost of classification and not the proposed new taxonomy formula. Chairman Raggio also cautioned Dr. Remington that the Committee's approval of the request should "not be construed as an end run around the budgeting for the University System at this time."

MR. MARVEL MOVED APPROVAL OF THE REQUEST FOR $2,577,706 FROM ESTATE TAX FUNDS TO FUND THE CCSN SHORTFALL.

MRS. CEGAVSKE SECONDED THE MOTION.

THE MOTION WAS UNANIMOUSLY CARRIED.

2. University and Community College System of Nevada –
Medical Malpractice Insurance $367,145.00

John Lilley, Ph.D., President, University of Nevada Reno (UNR) expressed his appreciation to the Governor and his staff for their work in helping to resolve the problem of medical malpractice insurance increases for the University of Nevada School of Medicine (UNSOM).

Stephen C. McFarlane, Ph.D., Dean, UNSOM, identified himself for the record and indicated the amount of the request had increased by $21,000 for a total of $388,108. The Board of Examiners approved the adjusted amount.

Chairman Raggio clarified the request was for an allocation from the Estate Tax to cover the state supported share of medical malpractice insurance cost increases for the UNSOM.

In response to questions from Chairman Raggio, Dr. McFarlane advised that the request for funding amounted to 46 percent of the total amount, and the remaining portion would be covered by the hospital partners and practice plan.

Senator Neal questioned whether the UNSOM considered participating in the state-sponsored Medical Liability Association of Nevada (MLAN).

Dr. McFarlane advised that a UCCSN and UNSOM group that included, among others, UCCSN General Counsel, Thomas J. Ray; Vice President, Dr. Ashok Dhingra; and Dan Miles, Vice Chancellor Finance and Administration, had gone through a careful process in reviewing the six insurance proposals that had been submitted. Doctors' Company was selected as the "best fit" and while several reasons were involved in the selection, Dr. McFarlane advised that the Doctors' Company was the only company that allowed the UNSOM to increase the number of faculty up to 10 percent without an increase in cost. Each of the other proposals included a per physician cost so that each time a new physician was added, depending on the specialty, an additional $60,000 charge occurred.

Mr. Parks indicated it was his understanding that the Nevada Mutual Insurance Company submitted a proposal for $320,000 less than that of the proposal submitted by the Doctors' Company.

Dr. McFarlane responded there were surcharges included in the Nevada Mutual Insurance Company proposal as well as other costs. Additionally, the Risk Manager for the UCCSN, Jon L. Hansen, reported that Nevada Mutual Insurance Company was not a rated company and had only 12 people enrolled while the Doctors' Company had en enrollment of over 20,000.

In response to questions from Ms. Giunchigliani, Dr. McFarlane advised:

- Doctors' Company had been in business for 35 years and had previously carried medical malpractice insurance for the UNSOM for 13 years;
- When St. Paul Medical Liability Insurance Company, who covered 60 percent of the physicians in Nevada as well as the UNSOM, withdrew coverage, UNSOM put out a Request For Proposal (RFP), which resulted in six proposals. Doctors' Company best fit all of the UNSOM requirements and was selected;
- The UNSOM had 415 faculty physicians including residents who were insured as well as faculty.

SENATOR NEAL MOVED APPROVAL OF THE REQUEST TO AUTHORIZE EXPENDITURE FUNDS FROM THE ESTATE TAX ACCOUNT IN THE AMOUNT OF $388,108.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED. (Mr. Parks and Mr. Anderson voted nay)

Chairman Raggio moved to Item O. VII.

***K DEPARTMENT OF EDUCATION.**

1. Allocation of Remediation Funds – Before/After/Summer School and Intersession – S.B. 585, 71st Session $927,408.00

Bill Arensdorf of the Department of Education identified himself for the record and introduced Mindy Braun, Education Program Analyst, the Legislative Bureau of Educational Accountability and Program Evaluation (LeBeape). Mr. Arensdorf requested the Committee's favorable consideration of the Department's request for monies appropriated from S. B. 585, 2001 Legislative Session. Mr. Arensdorf advised that Section 15 of S.B. 585 authorized the Department of Education to spend $1 million in each year of the biennium from the Distributive School Account for school districts and charter schools to conduct special remedial services for students who were not proficient in the basic skills or core subjects.

Chairman Raggio noted the schools that would receive funding were listed on pages 130 through 139 (Exhibit M), Volume VII of the material distributed to the Committee.

MRS. CHOWNING MOVED FOR APPROVAL OF ITEM K. 1.

MR. PARKS SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

Chairman Raggio noted that a comprehensive memo dated June 14, 2002, from Mindy Braun provided detailed information concerning the request for remediation funding. The memo was made a part of the record and was included as Exhibit N.

2. Allocation of Remediation Funds – Low-Performing Schools – S.B. 585, 71st Session $5,239,566.00

Chairman Raggio pointed out the original request of $5,239,566 was approved by the Board of Examiners to include an additional $1,200 for a revised request of $5,240,766. The Chairman noted that a list of the recommended funding was shown on pages 140 through 144 (Exhibit M) of Volume VII of the material distributed to the Committee.

SENATOR MCGINNESS MOVED FOR APPROVAL OF ITEM K. 2.
MS. GIUNCHIGLIANI SECONDED THE MOTION.

THE WAS CARRIED UNANIMOUSLY.

***L. STATE PUBLIC WORKS BOARD.**

1. Request Change of Scope - CIP 01-C14, Remodel Carson City Courthouse for the Office of the Attorney General, Phase II.

Chairman Raggio noted that the request was for a change of scope of CIP 01-C14 to allow for the use of $56,217 of project funds to purchase replacement office furnishings.

Gary Ghiggeri, Fiscal Analyst, recommended the request be reduced by $3,000 based on an agreement from the Office of the Attorney General to pay for the moving costs through their 2003 operating budget. Mr. Ghiggeri also pointed out that the furnishings would be funded with proceeds from the issuance of General Obligation Bonds.

SENATOR JACOBSEN MOVED APPROVAL OF ITEM L. 1 AS RECOMMENDED BY STAFF TO REDUCE THE REQUEST TO $53,217.

MR. DINI SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

2. Request Change of Scope – CIP 99-M18, Exterior Safety Lighting and Pool Cover, Southern Nevada Child and Adolescent Services.

Gary Ghiggeri, Fiscal Analyst, clarified for the record that the request was to change the scope of CIP 99-M18 to fill the pool in with dirt and abandon its use rather than provide placement of a permanent pool cover.

SENATOR JACOBSEN MOVED APPROVAL OF ITEM L. 2.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

3. Request Transfer of $50,000 from CIP 01-M31, Rehabilitate Shower Rooms, Housing Units 1-6, Northern Nevada Correctional Center to CIP 01-M29 Heating System Renovation, Carlin Conservation Camp.

Chairman Arberry questioned why two-thirds of the approved project management and inspection fees for CIP 01-M31 had been collected even though the design had not begun.

Gary Ghiggeri, Fiscal Analyst, reported that staff had received information indicating the funding for CIP 01-M31 to remodel the shower rooms in Housing Units 1 through 6 at the Northern Nevada Correctional Center would be reverted to the General Fund less the transfer to CIP 01 M29 Heating System Renovation, Carlin Conservation Camp which was being considered by the Committee. Mr. Ghiggeri advised, however, that the revised project cost information staff had received indicated that $26,492 would be transferred to the Inspection Budget even though the project was being canceled. Mr. Ghiggeri expressed concern in reference to the transfer of funding in view of the fact there was no project.

Gustavo Nunez, Deputy Manager Professional Services, State Public Works Board, reported that “most of the funds under CIP 01-M31 were scheduled to be reverted” and that sufficient funds remained in the account for the transfer of the $50,000.

Chairman Raggio questioned the appropriateness of transferring funds from a canceled project to another project.

Mr. Ghiggeri clarified that staff’s concern was in reference to the transfer of $26,492 to the Inspection budget for a project that no longer existed.

Evan Dale, Deputy Manager, State Public Works Board (SPWB) explained that when the SPWB provided a list of General Fund projects that could be reverted in response to the state’s financial crisis, CIP 01 M31 had $472,000 marked for reversion. However, Mr. Dale indicated the SPWB had no knowledge at the time that the project would be canceled.

Mr. Ghiggeri recommended that the $26,492 for Inspection Services be combined with the $472,000 and the entire amount reverted to the General Fund.

Mr. Nunez expressed his agreement with staff’s recommendation.

MR. HETTRICK MOVED TO APPROVE THE REQUEST WITH THE CONDITION THAT AS RECOMMENDED BY STAFF THE $26,492 FOR INSPECTION SERVICES BE COMBINED WITH THE PREVIOUSLY IDENTIFIED SUM OF $472,000 AND THE ENTIRE AMOUNT REVERTED TO THE GENERAL FUND.

CHAIRMAN ARBERRY SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

4. Expenditure Plan – Settlement Funds, *Lucchesi, Galati Architects, Inc. v. State of Nevada et al,* CIP 97-C1 – High Desert State Prison, Phase I (information only).

Gary Ghiggeri, Fiscal Analyst, reported that the State Public Works Board had processed a work program for $200,643 to CIP 97-C1 – High Desert State Prison, Phase I. Mr. Ghiggeri discussed staff’s concern in not having seen a plan for expenditure of the funds and also questioned why the work program was processed without approval from the Interim Finance Committee.

Gustavo Nunez, Deputy Manager Professional Services, State Public Works Board, reported that with respect to ongoing work at the High Desert State Prison, low voltage equipment at the facility was being damaged during lightening storms and required replacement. Mr. Nunez reported that the funding would provide for additional lightening protection that had not been included in the original design.

Chairman Raggio requested that the SPWB provide the Committee with a detailed plan of expenditures for CIP 97-C1 – High Desert State Prison, Phase I.

5. Project Status Report.

There was no testimony in reference to project status reports.

***M.. CHINA SPRING YOUTH CAMP IMPROVEMENT PROJECT (S.B. 560 – 1999 Session) –** Report on Funds Disbursed from the February 5, 2002 Allocation: $263,545.96 (April 24, 2002) and $210,399.13 (May

21, 2002).

MR. HETTRICK MOVED APPROVAL OF ITEM M.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

***N. DEPARTMENT OF CONSERVATION AND NATURAL RESOURUCES –** Division of State Lands.

1. Approval of Lease of Cottages 8B and 8C at the Northern Nevada Adult Mental Health Facility in Sparks to Benchmark Behavioral Health Systems of Utah (NRS 322.007).
2. Approval of Sub-lease of Lease of Building 9 (South Wing) at the Northern Nevada Adult Mental Health Facility in Sparks to Hands Up Homes for Youth, Inc. (NRS 322.007).
3. Approval of Sub-lease of Property at the Las Vegas Casual Labor Office, Department of Employment and Training, to Key Foundation (NRS 322.065 and 322.007).
4. Approval of Sale of School Trust Lands in North Las Vegas (NRS 321.335{2}),
5. Approval of Division of Wildlife Sale of 133.61 Acres of Division of Wildlife Water Rights to Carson Water sub-Conservancy District (NRS 321.125).

MR. MARVEL MOVED FOR APPROVAL OF ITEM N. 1 THROUGH 5.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION WAS CARRIED UNANIMOUSLY.

O. INFORMATIONAL ITEMS – Reports on Letters of Intent and Various Reports from Agencies.

In order to facilitate the lengthy agenda before the Committee, Chairman Raggio indicated the following items would be called for formal presentation:

I.b., - Agency for Nuclear Projects – Report on Expenditures – Nevada Protection Account;
VI. a., b., c. - Department of Information Technology – billing system, decentralization, and Master Services Agreement Tracking;
VII. a. - University and Community College System of Nevada - Course Taxonomy;
VIII.a.1 –Human Resources – Status of Services - Mojave Mental Health Services;
VIII.b.2 – Health Division – Report on Fee Structures Health Facilities/Hospital Licensing;
VIII.c.2 – Division of Child and Family Services – Report on Funding Plan/Formula;
XI.d. – Department of Corrections – Potential Closure of Units 2 and 3; and
XII.a. – Department of Corrections – Report on “Pilot” Program For Use of “Institutional Minimums.”

On behalf of the Committee, Chairman Raggio expressed concern and condolences with respect to the loss of life in the air tanker crash at the Walker River fire. The Chairman also expressed the Committee’s appreciation to the Division of Forestry and to those firefighters who work to combat wildfires.

All other reports not enumerated by the Chairman were accepted and made a part of the record.

Pending the arrival of Chairman Arberry, Chairman Raggio moved to Item E. 169.

I.OFFICE OF THE GOVERNOR

a. Agency for Nuclear Projects – Quarterly Report for Nevada Protection Fund – Third Quarter Fiscal Year 2002 – S.B. 494, 71st Session – Letter of Intent.

There was no discussion by the Committee.

b. Agency for Nuclear Projects – Report on Expenditures and Source of Matching Funds for Implementing the Yucca Mountain Strategy Plan – Media Campaign – IFC Resolution, April 10, 2002.

Bob Loux, Executive Director, Agency for Nuclear Projects, reported that as of June 13, 2002, the Nevada Protection Fund had $1,908,312.56 in matching private donations.

In response to a question from Chairman Raggio, Mr. Loux advised that $1,500,000 in matching funds had been received from Clark County.

Chairman Raggio noted that the $1,500,000 from Clark County was earmarked for legal expenses and questioned whether the funding could be used to match the $3 million allocation for the media campaign.

Mr. Loux advised that the Agency for Nuclear Projects had assumed that all of the deposits into the Protection Fund would count “against the match.”

Brenda Erdoes, Legislative Counsel, advised the members of the Committee that the Interim Finance Committee motion for allocation from the Contingency Fund required matching money. Ms. Erdoes indicated the "traditional interpretation of matching money" held that the funds must be used for the same purpose, which in this case were for costs associated with a media campaign. Ms. Erdoes advised that unless there were legal costs in the media campaign or additional facts of which she was unaware, the $1,500,000 from Clark County could not be used as a match without further action by the Interim Finance Committee

In response to a request from Chairman Raggio for a report on expenditures, Mr. Loux advised that the Agency had expended $4 million; $1.5 million was in the process of being billed and another $3.5 million was obligated for legal expenses.

In response to a question from the Chairman, Mr. Loux explained that although he was unaware of the specific reason, Clark County representatives indicated the County was unable to contribute the money in any other form.

Chairman Raggio reiterated that the Contingency Fund allocation authorized by the Committee at the April 10, 2002, meeting could only be used with respect to matching funds.

Mr. Loux expressed his understanding of the situation and indicated expenditures from the Nevada Protection Fund were being slowed down. Mr. Loux indicated that the allocation from the Contingency Fund had not been expended.

II. OFFICE OF THE ATTORNEY GENERAL

a. Fraud Unit Quarterly Reports – Third Quarter Fiscal Year 2002:
   1. Medicaid Fraud Control Unit
   2. Telemarketing Consumer Fraud Unit
   3. Insurance Fraud Unit – Southern Nevada
   4. Workers Compensation Fraud Unit

b. Multi-State Settlement with Vitamin Manufacturers (approximately $1.872 million).

c. Blue Cross Blue Shield Settlement Funds, Rocky Mountain Hospital and Medical Services, Inc. (approximately $2,018,000 and five annual payments of $150,000).

There was no discussion by the Committee.

III. OFFICE OF THE SECRETARY OF STATE

a. Merrill Lynch Settlement Funds.

There was no discussion by the Committee.

IV. LEGISLATIVE COUNSEL BUREAU – SIX-MONTH REPORTS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS

a. Nevada Equal Rights Commission
b. Agency for Nuclear Projects
c. Division of Unclaimed Property
d. Real Estate Division
e. Financial Institutions Division
f. Nevada School Districts – Analysis of Instructional Costs and Materials Available to Students
g. Division of Mental Health and Developmental Services – Nevada Mental Health Institute
h. Integrated Financial System – Payroll Process
i. Buildings and Grounds Division – State Mail Services
j. Office of the Labor Commissioner
k. Public Works Board – Lied Library Project
l. Rehabilitation Division, Vocational Assessment Centers
m. Rehabilitation Division, Bureau of Services to the Blind and Visually Impaired
n. Employment Security Division

There was no discussion by the Committee.

V. DEPARTMENT OF ADMINISTRATION

a. Victims of Crime Program – Domestic Violence, Public Service Announcements – Letter of Intent.

There was no discussion by the Committee.

VI. DEPARTMENT OF INFORMATION TECHNOLOGY

a. Quarterly Report on Billing System – Third Quarter Fiscal Year 2002 – Letter of Intent.
b. Quarterly Report on Decentralization – Third Quarter Fiscal Year 2002 – Letter of Intent.
c. Quarterly Report on Master Services Agreement Tracking – Third Quarter Fiscal Year 2002 – Letter of Intent.

The Chairman deferred discussion on the above items to the Committee's September meeting.

VII. UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA

a. Course Taxonomy (Cost Classification) Second Quarterly Progress Report – Letter of Intent.

Chairman Raggio recalled that during the 2001 Legislative Session, the money committees discussed the inconsistency among UCCSN institutions concerning classification course costs. Pursuant to a letter of intent, Chairman Raggio noted that a second quarterly report (Exhibit E) had been received that outlined a draft of UCCSN's proposed taxonomy. The Chairman expressed the Committee's concern after learning the new taxonomy increased course cost classifications for 51 subject areas and decreased cost in 29 which denoted a high net cost impact. The Chairman indicated it was his understanding the plan was to bring equity to the cost classification system so that it would be uniform yet equitable and questioned whether a more cost neutral approach could be taken. The Chairman cautioned that there would be "some serious questions" if the taxonomy issue was viewed as a device to increase funding for the system.

Dan Miles, Vice Chancellor, Finance and Administration, UCCSN, advised the members of the Committee that the entire purpose of the proposed new taxonomy was to align the classification of similar courses on each campus to the same cost classification. While the UCCSN did not have the opportunity during the 2001 Legislative Session to include the taxonomy issue in their budget request, Mr. Miles said that the Chancellor appointed a committee with representatives from each campus to work on the issue during the interim. Mr. Miles indicated the committee had gone through a difficult process in an attempt to make courses line up into the same cost classifications despite where they were being offered.

Mr. Miles explained that in order to determine the cost impact of those changes, an estimating model was developed to compute how the formula would react to the classification changes. Mr. Miles indicated that when the model was run, the increase in cost was "astronomical," and it was determined that the committee would have to look at the student-faculty ratios in order to control the cost. Mr. Miles advised that the UCCSN's final recommendation would include adjustments to student-faculty ratios to make the proposed taxonomy costs reasonable.

Chairman Raggio indicated the UCCSN representatives should return to the next meeting with information on the net cost impact of the proposed taxonomy. The Chairman reiterated his previous comments that the taxonomy issue could not be utilized as a device to increase funding for the UCCSN and strongly advised the UCCSN representatives to look at the issue from a cost neutral position.

Senator Mathews questioned the 8:1 clinical ratio for nursing and indicated it was her understanding the ratio was 7:5.

Chancellor Nicholas advised that under the new formula, the ratio for nursing was 8:1 for the universities and would be the same for the community colleges.

In response to an additional question from Senator Mathews concerning the reduction of support ratios for lower division high cost at the community colleges, Mr. Miles reiterated his earlier comments concerning adjustments to the ratios to control the costs.

The Chairman called a recess at 10:06 a.m. and indicated that Prison Items E.127, 128 and H.5 would be heard when the meeting reconvened.

Chairman Raggio reconvened the meeting at 10:29 a.m. and acknowledged the presence of a distinguished guest. Bob Erickson, Director, Research Division was asked to provide an introduction.

Mr. Erickson introduced Saeed Sultan Ali Al-Hashmi, Staff Director, State Council, Sultanate of Oman who was visiting the United States through the auspices of the National Endowment for Democracy in Washington, D.C. The National Endowment for Democracy provided the opportunity for legislatures in other countries to learn first-hand about democracy in the United States. Mr. Erickson explained that with a two-house structure, the Sultanate's State Council had 53 members, similar to Nevada's State Senate. Mr. Erickson also introduced Mr. L. Allan Green, Governance Consultant, who was Mr. Al-Hashmi's escort during his visit to Nevada, California and Connecticut.

Chairman Raggio welcomed both distinguished guests, and on behalf of the Committee expressed his hope that the democratic process witnessed by Mr. Al-Hashmi would prove beneficial.
Mr. Al Hashmi expressed his appreciation to the Committee for the opportunity to witness American Democracy.

Refer to Items E. 127, 128 and H. 5.

VIII. DEPARTMENT OF HUMAN RESOURCES

a. Director's Office

1. Report on Status of Services Provided by Mojave Mental Health Services and steps initiated to allow provision of services by other non-profit groups – Letter of Intent. (INFORMATION WAS NOT PROVIDED FOR INCLUSION IN MEETING PACKET.)

   Refer to motion for approval under Item E. 47.

2. A.B. 513, 71st Session – Provider Rates Taskforce – Letter of Intent.

b. Health Division

1. Report on Bio-Terrorism Preparedness and Response Program (CDC) and Bio-Terrorism Hospital Preparedness Program (HRSA) – Request by IFC on April 10, 2002.

There was no discussion by the Committee.

2. Report on Fee Structures for Health Facilities and Hospital Licensing Budget Account – Letter of Intent.

   Alex Haartz, Deputy Administrator, Health Division, advised that the Health Division was currently in the process of reviewing the numbers and fine-tuning costs for the Health Facilities Hospital Licensing. A meeting had been scheduled with a number of key residential group facility providers in order to share current and anticipated costs for state Fiscal Year 2003. Mr. Haartz anticipated the proposed fee increases would be reduced based on concerns raised by certain providers and adopted by the State Board of Health at their August 2003 meeting in Las Vegas. Mr. Haartz anticipated the rate increases would be in place in time to meet the revenue needs for state Fiscal Year 2003.

There were no questions from the members of the Committee and no action was required.

3. Report on MCH Block Grant Funds – Statewide Dental Health Initiative – Letter of Intent (70th Session).

There was no discussion by the Committee.

c. Division of Child and Family Services

1. Notice of Federal Approval of Unity Cost Allocation Plan as submitted on January 22, 2002 and revised on March 28, 2002 – Effective January 1, 2002.

2. Report on Funding Plan/Formula – Child Welfare Integration A.B. 1, 17th Special Session- Update requested by IFC at April 10, 2002 meeting. (INFORMATION WAS NOT PROVIDED FOR INCLUSION IN MEETING PACKET.)

Refer to Item E. 36 and Exhibit H.

3. Report on On-Campus Treatment Homes – Second Quarterly Report Fiscal Year 2002 – Letter of Intent.
4. Report on Out-of-State Placements and Returns – Third Quarterly Report Fiscal Year 2002.

There was no discussion by the Committee.

d. Division of Mental Health and Developmental Services

1. FTE Adjustment for Psychiatric Caseworker II at Mesquite and Psychiatric Caseworker II at Fallon – Rural Clinics.
2. FTE Adjustment for Maintenance Repair Worker III at Deset Regional Center.
3. FTE Adjustments for Developmental Support Technician III's at Sierra Regional Center.

There was no discussion by the Committee.

e. Welfare Division

1. Report – On-Line Automated Self-Sufficiency Information System (OASIS).
2. Report on the Electronic Application Process for Nevada Check-Up and Medicaid as Authorized by A.B. 514, 71st Session.

There was no discussion by the Committee.

IX. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

a. Division of Forestry – Status of Fire Billing Reimbursement - $2,000,000 – Allocation from the Interim Finance Committee at their September 25, 2001 Meeting.
b. Division of Wildlife – Nevada Wildlife Data System (NWDS) – Third and Fourth Quarter Reports Fiscal Year 2002 – Letter of Intent.

There was no discussion by the Committee.

X. TAHOE REGIONAL PLANNING AGENCY

a. Quarterly Report on Threshold Research – Quarter Ending March 31, 2002 - A.B. 511, 71st Session- Letter of Intent.

There was no discussion by the Committee.

XI. DEPARTMENT OF CORRECTIONS

a. Report on Implementation of Facility Training/Orientation for Correctional Staff – S.B. 4, 17th Special Session – Quarterly Report – Letter of Intent.

b. Report on Extraordinary Repairs/Maintenance Expenditures ($92,000) – Quarterly Report – Letter of Intent.

c. Report on Use of One-Shot Funding (S.B. 463, $334,376) for Maintenance Projects – Quarterly Report – Letter of Intent.

There was no discussion on Items (a) (b) or (c) by the Committee.

d. Report on "potential closure of Units 2 and 3 at Nevada State Prison (Old Max) – Carson City.

Jackie Crawford, Director, Department of Corrections, advised the Chairman that Glen Whorton, Assistant Director of Operations, who also served as the Administrator of the Offender Management Unit, would address the potential closure issue.

Mr. Whorton reported that closure of Units 2 and 3, "the oldest units of housing" at the Nevada State Prison, had been under consideration. Mr. Whorton pointed out that while the old cell house, constructed in 1925, had the potential to house 36 close-custody inmates and 164 medium-security inmates, it was inefficiently supervised under the legislatively approved staffing pattern of 22.4 staff. "In the interest of trying to assist state government in its time of need," Mr. Whorton advised that the "slow growth" in the Prison's male population provided an opportunity to close Units 2 and 3 and, through attrition, reassign the security officers. Additionally, Mr. Whorton said that future requests to transfer the positions would be brought before the Committee for approval.

Chairman Raggio noted that capacity at Nevada State Prison would decrease by approximately 27 percent if Units 2 and 3 were closed and indicated that Department of Corrections staff should work with the Budget Division staff concerning budgetary cost savings and the transfer of positions.

Mr. Whorton discussed a past federal court judgment against the Department limiting the population to 739 and while the Department was no longer under that judgment, advised that with the construction of new units, the Department still had the opportunity to increase the density of the population.

Chairman Raggio reiterated his request that the Department work with the Budget Division and Fiscal Division staff to see that any requests for transfer of positions was brought before the Committee for approval. Chairman Raggio asked the Department representatives to ensure proper utilization of staff if capacity was reduced by 27 percent.

Mr. Whorton indicated the Department could provide the Committee's staff with an analysis of how they planned to house the inmate population.

Chairman Raggio advised the Department staff to submit a work program to reserve the budgeted amounts for the posts at Units 2 and 3 that would no longer require staffing and to provide an explanation of staff utilization.

Mr. Whorton expressed agreement with the Chairman's requests.

e. Budget Shortfalls – Response to Inquiry – April 10, 2002 Interim Finance Committee.

There was no discussion by the Committee.

XII. DEPARTMENT OF CORRECTIONS/DIVISION OF FORESTRY

a. Report on "pilot" program for use of "institutional minimums" for Nevada Division of Forestry Camp Crews – Effective July 1, 2002.

Jackie Crawford, Director, Department of Corrections, addressed the utilization of "institutional minimums" which she indicated would provide inmates an opportunity to become productive and would also assist the Nevada Division of Forestry fire crews. Ms. Crawford introduced Steve Robinson, State Forester, Nevada Division of Forestry, who addressed the "pilot" program for use of "institutional minimums."

Mr. Robinson discussed the increase in revenue provided during the 2001 Legislative Session from which the Forestry Division was to generate approximately $1.9 million. Initially, there were reservations concerning whether there would be enough work and the number of inmates to generate the revenue. However, Mr. Robinson advised that the Division expected to be at 100 percent of revenue by the end of the month. Mr. Robinson also indicated there was more work than there were crews and that the pilot program offered an avenue of a new pool of inmates to work on projects around the state including fire protection. Mr. Robinson reported that currently inmate crews were a key major component in protecting the state and its citizens against wildfires.

Chairman Raggio pointed out that the pilot program for "institutional minimums" was of interest to many members of the Committee and particularly to Senator Jacobsen. The Chairman questioned whether the public safety aspect had been considered if eligibility for participation in the program was expanded to include those inmates within 36 months of "probable release."

Jackie Crawford, Director, Department of Corrections, indicated she would defer to Glen Whorton, Assistant Director of Operations, who would address the safety of the community and selection of the pool of inmates who would participate in the program. Additionally, Ms. Crawford advised that the Department had an excellent classification system that had been "very predictable in making decisions."

Glen Whorton reported that while the Department had adjusted their criteria, the only difference for the inmates who were going to be on institutional minimum was the time frame to release. Mr. Whorton explained that the classification system remained the same, which meant there would be no participants with a history of sex offenses or violence in the last year.

Chairman Raggio requested confirmation that both the Division of Forestry and the Department of Corrections would "track costs associated with the pilot program in a separate category in order to evaluate the effectiveness of the program."

Mr. Robinson responded that both agencies would keep track of the costs.

Ms. Giunchigliani questioned the impact of the proposed transfer of two crew supervisors from Indian Springs Conservation Camp (ISCC) to High Desert State Prison (HDSP) and two vacant crew supervisor positions from the Jean Conservation Camp (JCC) to fill the two crew supervisor positions at ISCC.

Mr. Robinson responded that during any time of the year, there were at least from four to six crew supervisor openings, and he stated there would be no impact to JCC with the transfer of two vacant crew supervisor positions to ISCC.
In response to a question from Ms. Giunchigliani concerning the status of the "mothballed" Southern Nevada Correctional Center (SNCC), Ms. Crawford advised that while SNCC continued to be "mothballed," the Department was working with the Public Works Board on renovating the facility with the funding that had been allocated for that purpose. Ms. Crawford further advised that the Budget Division had been notified that the Department was investigating the possibility of potential vendors who might be interested in a lease.

In response to additional questions from Ms. Giunchigliani concerning selling or leasing the SNCC, Ms. Crawford advised that she was "diligently" working on the issue and that three companies had toured the facility. Additionally, she discussed the possibility of housing inmates through the Immigration and Naturalization Service (INS) as well as perhaps housing federal female offenders.

Mr. Marvel questioned whether the reduction of building future "hard beds" was a possibility.

Ms. Crawford responded that all avenues of reducing "hard beds" were being studied. While the system contained sufficient "hard beds," Ms. Crawford advised that a formal presentation including recommendations would be placed on the agenda for the next IFC meeting at which time she would address the issues. Ms. Crawford stated that currently there were 1,936 inmates incarcerated for property and drug offenses who were within six months of release. With availability of another avenue to put inmates to work in the community, Ms. Crawford indicated it would be possible to reduce costs at least $15 a day which would provide maximization of resources for the Department, save state funding, while at the same time, the safety of the community would not be jeopardized.

Mr. Marvel questioned whether additional honor camps were being considered to house inmates for the program under discussion.

Ms. Crawford pointed out that the Legislature had done a good job of strategically locating the camps in locations that were beneficial to the Nevada Division of Forestry (NDF) as well as to the communities next to which they were located. Additionally, Ms. Crawford advised that expansion of the Indian Springs Camp (ISC) to include an education program that would provide individuals with an education, a skill and work ethic was the Department's goal.

In response to a question from Mr. Marvel concerning reducing recidivism, Ms. Crawford advised that other states that had adopted the concept for use of "institutional minimums" had reported success in reducing the recidivism rate and that the Department would continue to work towards that goal. Ms. Crawford asked the Committee to keep in mind that it was difficult for Department representatives to appear before the Committee to address funding issues, and while they had a constitutional obligation to fulfill, alternatives to save the state money would continue to be studied.

In response to questions from Senator Amodei, Mr. Robinson advised that it had been at least ten years since an adjustment to the $1.00 an hour charge for inmate labor had been made.

Senator Amodei asked that the current charge for inmate labor and the last time the rate was adjusted be included in cost tracking information requested by the Chairman.

Mr. Robinson responded that those labor rates were being reviewed and would be a part of the Governor's committee recommendations.

In response to a question from Senator Amodei concerning the cost to house inmates assigned to honor camps versus those assigned to "hard-bed" institutions, Ms. Crawford advised that the cost was approximately $38 a day for a " hard bed" at High Desert State Prison versus $23 a day to house, educate and train inmates in an honor camp environment. Ms. Crawford pointed out that the $15 a day difference in cost might afford the opportunity for additional options to purchase tools and resources for staff.

As an alternate member of the IFC for the June meeting, Senator Amodei questioned whether the Department's next presentation to the Committee would be discussed in terms of cost effectiveness.

Ms. Crawford extended an invitation to Senator Amodei, in his capacity as a member of the study committee, to join her at the witness table during the Department's next presentation to the IFC.

Senator Amodei agreed to join Ms. Crawford for the presentation.

On behalf of the Committee, Chairman Raggio requested that both the Nevada Division of Forestry and the Department of Corrections provide monthly reports to the Fiscal Analysis Division on the operation of the pilot program for use of "institutional minimums" which would include fiscal and program information.

Department of Corrections and Nevada Division of Forestry representatives agreed to provide the requested monthly reports.

Senator Jacobsen discussed his personal work with the honor camps and advised that it was his opinion that the honor camp program was one of the best programs in the state.

As a member of the Committee on Judiciary, Mr. Anderson commented that it appeared the Department of Corrections' plan held "great hope" for reducing recidivism.

The Chairman concluded that the information that would be derived from the reporting would be helpful in many areas.

Chairman Raggio indicated that public testimony was invited on any of the issues, and requests to do so should be brought to the attention of the Chair.

The Chairman next addressed Item E.3.

XIII. DEPARTMENT OF MOTOR VEHICLES

a. Conversion of Part-time FTE's to Full-time Positions.

There was no discussion by the Committee.

XIV. DEPARTMENT OF PUBLIC SAFETY

a. Report on Falcon's Nest Program – Third Quarter Fiscal Year 2002 – Letter of Intent.

There was no discussion by the Committee.

XV. NEVADA VETERANS' NURSING HOME

a. Report on Construction and Licensure – Letter of Intent.

There was no discussion by the Committee.

XVI. DEPARTMENT OF PERSONNEL

a. Report on Implementation of the New Personnel/Payroll System – Third Quarterly Report – Fiscal Year 2002.

There was no discussion by the Committee.

P. PUBLIC TESTIMONY.

There was no public testimony.

Chairman Raggio suggested that in the future Committee members should arrange their schedules to attend the Interim Finance Committee from 8:00 a.m. to 5:00 p.m.

Chairman Arberry reiterated Chairman Raggio's request.

Chairman Raggio requested that staff notify members of the Committee their presence was expected when the meeting was called to order until the time the meeting adjourned.

There was no further business to come before the Committee. Chairman Raggio adjourned the meeting at 4:41 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