

MINUTES OF THE APRIL 10, 2014
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Las Vegas, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order at 9:14 on April 10, 2014, in Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. [Exhibit A](#) is the Agenda and [Exhibit B](#) is the Meeting Packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chairwoman
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Aizley
Assemblyman Paul Anderson
Assemblyman David P. Bobzien
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman William C. Horne
Assemblywoman Marilyn Kirkpatrick
Assemblyman Randy Kirner
Assemblyman Michael Sprinkle
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Senator Michael Roberson
Senator Joyce Woodhouse

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly
Sherie Silva, Interim Finance Committee Secretary

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Alex Haartz, Principal Deputy Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Cheryl Harvey, Fiscal Analysis Division Secretary

A. ROLL CALL.

Chairwoman Smith greeted Committee members, members of the public attending in Carson City and Las Vegas, and those listening on the Internet. She asked the secretary to call roll.

Rick Combs, Director, Legislative Counsel Bureau, and Secretary, Interim Finance Committee, called the roll; a quorum was present in both houses.

B. APPROVAL OF MINUTES OF THE DECEMBER 9, 2013, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE
MINUTES OF THE DECEMBER 9, 2013, MEETING.

SENATOR WOODHOUSE SECONDED THE MOTION.

Chairwoman Smith asked for public comment and there was none.

THE MOTION CARRIED. (Assemblyman Horne was not present
for the vote.)

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

1. **Governor's Office - State Energy Office - Renewable Energy, Energy Efficiency and Energy Conservation Loans Program - FY 2014** - Addition of \$123,216 in American Recovery Reinvestment Act (ARRA) State Energy Program (SEP) grant funds and \$1,116,040 in Transfer from the Energy Conservation Account to support ongoing activities of the Renewable Energy, Efficiency and Conservation Loan Program. Requires Interim Finance approval since the amount added to the Energy Loans category exceeds \$75,000. **Work Program #C28862**
2. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2014** - Addition of \$63,553 in federal Sexual Violence Prevention and Education grant funds and transfer of \$683 from the Sexual Assault category to the Rape Prevention and Education category to provide sexual violence prevention education to youths and young adults. Requires Interim Finance

approval since the amount added to the Rape Prevention and Education category exceeds 10 percent of the legislatively approved amount for that category.
Work Program #C28924

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that 15-day expeditious items had been submitted for the Governor's Office State Energy Office and the Division of Public and Behavioral Health, Department of Health and Human Resources, and were approved. He said that the Fiscal Analysis Division staff had no questions or concerns with either work program, and they were for the Committee's information only.

Chairwoman Smith asked for questions from the Committee and there were none.

D. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353 OF NRS.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Committee had requested testimony on the following items in Agenda Item D: D-13 through D-21, Nevada System of Higher Education (NSHE); item D-27, Transportation Services Authority, Department of Business and Industry; item D-28, Aging and Disability Services Division, Department of Health and Human Services (DHHS); item D-31, Division of Health Care Financing and Policy, DHHS; item D-33, Division of Welfare and Supportive Services, DHHS; item D-50, Division of Public and Behavioral Health, DHHS; items D-58 and D-59, Employment Security Division, Department of Employment, Training and Rehabilitation; and item D-60 would be heard with Agenda Item G.4.

Mr. Krmpotic noted that Agenda Items D-32, Division of Welfare and Supportive Services, DHHS, and D-47, Division of Public and Behavioral Health, DHHS, required a public hearing because the requests involved the allocation of block grant funds,

Mr. Krmpotic added that the Fiscal Analysis Division had received a withdrawal notice the previous day from the Budget Division for Agenda Item I, Nevada State Office of Energy, Office of the Governor.

Chairwoman Smith asked Committee members if they wished to hear testimony on any additional agenda items, and there were no requests.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

**SENATOR KIECKHEFER MOVED TO APPROVE
THE REMAINING WORK PROGRAM REVISIONS AND
REQUESTS FOR POSITION CHANGES IN AGENDA ITEM D.**

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Horne was not present for the vote.)

1. **Office of the Governor - State Energy Office - Energy Conservation-FY 2014 -** Transfer of \$79,925 from the Reserve category to the Renewable Energy Projects category to fund ongoing renewable energy loans and related projects. Requires Interim Finance approval since the amount added to the Renewable Energy Projects category exceeds \$75,000. **Work Program #C29011**

Refer to motion for approval under Agenda Item D.

2. **Office of the Governor-State Energy Office - Renewable Energy Fund - FY 2014 -** Transfer of \$20,700 from the Transfer to Office of Energy category to the Reserve category to properly account for expected Office of Energy revenues. Requires Interim Finance approval since the amount transferred from the Transfer to Office of Energy category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28809**

Refer to motion for approval under Agenda Item D.

3. **Office of the Attorney General - Special Fund - FY 2014 -** Addition of \$77,400 in Reimbursement of Expenses to accept additional revenues for legal, investigative and court costs related to a lawsuit filed against the Department of Taxation. Requires Interim Finance approval since the amount added to the Legal, Investigation and Court Costs category exceeds \$75,000. **Work Program #C29162**

Refer to motion for approval under Agenda Item D.

4. **Office of the Attorney General - Violence Against Women Grants – FY 2014 -** Addition of \$321,871 in Department of Justice, Violence Against Women grant funds to continue specialized prosecution and victim services in Nye, Mineral, and Esmeralda Counties. Requires Interim Finance approval since the amount added to Rural Grants exceeds \$75,000. **Work Program #C29096**

Refer to motion for approval under Agenda Item D.

5. **Office of the Secretary of State - HAVA Election Reform - FY 2014 -** Transfer of \$92,572 from the Reserve - Title II category to the Statewide Voter Registration category to support necessary updates to the statewide voter registration system. Requires Interim Finance approval since the amount transferred to the Statewide Voter Registration category exceeds \$75,000. **Work Program #C29060**

Refer to motion for approval under Agenda Item D.

6. **Department of Administration - SPWD - Buildings and Grounds - FY 2014 -** Transfer of \$118,747 from the Reserve category to the Maintenance of Buildings and Grounds category and \$515,979 from the Reserve category to the Building Renovation category to fund various life safety and deferred facility and infrastructure maintenance needs. These projects are needed to address current state building and fire codes compliance issues. Requires Interim Finance approval since the amount transferred to the Building Renovation category exceeds \$75,000. **Work Program #C29155**

Refer to motion for approval under Agenda Item D.

7. **Department of Administration - Risk Management Division - Insurance and Loss Prevention - FY 2014 -** Transfer of \$110,726 from the Reserve category to the Property/Fidelity Claims category to cover property loss claims through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Property/Fidelity Claims category exceeds \$75,000. **Work Program #C29018**

Refer to motion for approval under Agenda Item D.

8. **Department of Administration - Risk Management - Insurance and Loss Prevention - FY 2014 -** Transfer of \$442,694 from the Workers' Compensation Reserve category to the Workers' Compensation Captive category to cover heart and lung cancer claims through Fiscal Year 2014. Requires Interim Finance approval since the amount transferred to the Workers' Compensation Captive category exceeds \$75,000. **Work Program #C29187**

Refer to motion for approval under Agenda Item D.

9. **Department of Administration - Victims of Crime - FY 2014 -** Transfer of \$732,996 from the Reserve category to the Victims' Payments category to cover projected claims for the remainder of Fiscal Year 2014. Requires Interim Finance approval since the amount added to the Victims' Payments category exceeds \$75,000. **Work Program #C29029**

Refer to motion for approval under Agenda Item D.

10. **Department of Education-Teacher Education and Licensing - FY 2014 -** Addition of \$92,045 in Fingerprint Fees due to an increase in the hiring of teachers statewide. Requires Interim Finance approval since the amount added to the Fingerprint Fees category exceeds \$75,000. **Work Program #C29090**

Refer to motion for approval under Agenda Item D.

- 11. Department of Education-Teacher Education and Licensing - FY 2014 -** Transfer of \$57,458 from the Reserve category to the Information Services category to fund maintenance and support of the Teacher Licensure system including the Find-a-Teacher web application. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29057**

Refer to motion for approval under Agenda Item D.

- 12. Nevada System of Higher Education (NSHE) - System Administration - FY 2015** - Deletion of \$334,885 in Budgetary Transfers for the Nevada Industry Excellence (NVIE) program from the Nevada System of Higher Education, System Administration budget to the University of Nevada Reno, Statewide Program budget. This transfer will offer additional support and attention by the institution to improve the impact on state economic development. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 55 of the 2013 Legislative Session. **Work Program #C29008**

Refer to testimony and motion for approval under Agenda Item D.

Chairwoman Smith announced that Agenda Items D-13 through D-21 for the Nevada System of Higher Education would be heard together.

- 13. Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2015** - Addition of \$4,565,358 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29043**

Refer to testimony and motion for approval under Agenda Item D-21.

- 14. Nevada System of Higher Education (NSHE) - Statewide Programs - UNR - FY 2015** - Addition of \$334,885 in Budgetary Transfers for the Nevada Industry Excellence (NVIE) program from the Nevada System of Higher Education, System Administration budget to the University of Nevada Reno, Statewide Program budget. This transfer will offer additional support and attention by the institution to improve the impact on state economic development. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 55 of the 2013 Legislative Session. **Work Program #C29014**

Refer to testimony and motion for approval under Agenda Item D-21.

15. **Nevada System of Higher Education (NSHE) - University of Nevada - Las Vegas - FY 2015** - Addition of \$6,521,597 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29038**

Refer to testimony and motion for approval under Agenda Item D-21.

16. **Nevada System of Higher Education (NSHE) - Great Basin College - FY 2015** - Addition of \$621,611 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29053**

Refer to testimony and motion for approval under Agenda Item D-21.

17. **Nevada System of Higher Education (NSHE)-Western Nevada College - FY 2015** - Addition of \$679,820 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29055**

Refer to testimony and motion for approval under Agenda Item D-21.

18. **Nevada System of Higher Education (NSHE) - College of Southern Nevada - FY 2015** - Addition of \$4,375,933 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29051**

Refer to testimony and motion for approval under Agenda Item D-21.

19. **Nevada System of Higher Education (NSHE) - Truckee Meadows Community College - FY 2015** - Addition of \$1,506,270 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29054**

Refer to testimony and motion for approval under Agenda Item D-21.

20. **Nevada System of Higher Education (NSHE) - Nevada State College at Henderson - FY 2015** - Addition of \$628,433 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance

approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29049**

Refer to testimony and motion for approval under Agenda Item D-21.

- 21. Nevada System of Higher Education - NSHE - Performance Funding Pool - FY 2015** - Deletion of \$18,899,022 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes to the Universities, State Colleges and Community Colleges. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 59 of the 2013 Legislative Session. **Work Program #C29037**

Chairwoman Smith announced that representatives from the Nevada System of Higher Education (NSHE) would testify from Carson City on Agenda Items D-13 through D-21.

Crystal Abba, Vice Chancellor for Academic and Student Affairs, Nevada System of Higher Education, said she would provide a high-level overview of the NSHE Performance Pool and the extent to which the institutions had met the targets that were established before the 2013 Legislative Session. She noted that there were a number of tables included in the members' meeting packet depicting the matrices selected for each institution (copy attached as [Exhibit C](#)). The baseline year was fiscal year (FY) 2012, the target year was FY 2013, and the performance in FY 2013 predicted the performance funding that the institutions would earn back for FY 2015.

Referring to the matrix for the University of Nevada, Las Vegas (UNLV) (page C-2, [Exhibit C](#)), Ms. Abba explained that the baseline-weighted points were 2,162, the target was 2,205, and UNLV exceeded its target at 2,233. The portion of the funds carved out of UNLV's base budget for the Performance Pool for the first year was 5 percent, and going forward it would incrementally increase each year: 10 percent in the second year, 15 percent in the third year, and 20 percent in the fourth year. The 5 percent carve-out amount for UNLV was \$6.5 million, which the institution earned back because it earned over 100 percent of its target points.

Ms. Abba said that two institutions did not achieve their targets. Great Basin College's (GBC) target was 293.9 points and the weighted points received were 287, leaving the institution 6.9 points short at 97.6 percent. The carve-out amount for GBC was \$636,694 and the College would receive \$621,611. Truckee Meadows Community College (TMCC) missed its target by 7.9 points and only achieved 99.2 percent of its target, resulting in an earned amount slightly less than the \$1.5 million that was carved out from TMCC's base budget for FY 2015.

Assemblyman Eisen recalled that he had voiced concerns during the 2013 Legislative Session concerning the Performance Pool. He said the measurements were not about performance: they were purely quantity and included nothing about quality. All that was being measured was an increase in the quantity of various items that were chosen on a year-over-year basis. He said that the results were not about how well the institutions were doing: they were only about how much they were doing.

Also during the 2013 Session, Assemblyman Eisen continued, he had questioned the way the Performance Pool was structured because there were very few dollars at risk. He was not advocating that any of the baseline funding be put at risk, which was what would be done by creating a carve-out and no additional funding, which he thought was inherently problematic. He said that because the percentage of the carve-out was based on the total number of points and not the increase in points, the actual amount of money at risk was small. During the 2013 Session, he had estimated that a maximum of only 5 percent of funds would be at risk with a 5 percent carve-out. However, the lowest performer, Great Basin College, was 2.5 percent short of its target, which was 1/8 percent of its total budget. Assemblyman Eisen did not want to see the institutions lose any funding, but he believed a more meaningful and substantial number should be used that would mean something to the institution. He added that the amount should be above and beyond the baseline budget rather than a carve-out.

Assemblyman Eisen noted that there was apparently an arbitrary weighting to add up to 100 percent. The weights for the different measurements all appeared to add up to 100 percent, but there was no need for them to add up to 100 percent because they were completely different and often unrelated measures. He was concerned that attempting to add the measurements to 100 percent might have led to weighting different items inappropriately.

Assemblyman Eisen said he was concerned with how the measurements were developed, and for the record, the Performance Pool had to be revisited in the 2015 Legislative Session to consider what was being measured and whether the Performance Pool was designed to help the institutions improve year over year. He did not believe the Pool was doing what it was intended to do.

Ms. Abba replied that the points referred to by Assemblyman Eisen were completely valid, but there were a number of challenges associated with the Performance Pool. When NSHE joined Complete College America (CCA) in 2010, aggressive goals were set for the institutions to achieve, and to some extent, the institutions had already amped up by the time the Performance Pool was developed three years later.

Ms. Abba said that logistically, in terms of creating a mechanism with respect to the weights, Assemblyman Eisen was correct. Some submetrics were weighted at the same amounts as the primary metrics, and adding metric by metric, the total exceeded 100 percent. She said efforts were made to assign priority to the metrics.

Assemblyman Eisen reiterated that it was not necessary for the metrics to total 100 percent because they were not measuring parts of the same item, and the method may have led to inappropriate weights. As an example, he noted that for the two universities, bachelor's degrees were weighted at 30 percent and master's and doctoral degrees were weighted at 10 percent, which he thought might motivate the institutions to grant more bachelor degrees than master's or doctoral degrees.

Chairwoman Smith asked when the NSHE Board of Regents would revisit the target points for the Performance Pool.

Ms. Abba replied that the Chancellor had appointed a group that would begin working on the Performance Pool in the summer. The challenge would be the same as it was when the targets were created for FY 2015 and FY 2016 based on FY 2013 and FY 2014 because the data for the baseline year would not be available until halfway through the performance year. Fiscal year 2014 data would not be available until October 2014, but discussions concerning the metrics and weighting system would have already taken place with institutions in preparation for the December 2014 Board of Regents' meeting and the 2015 Legislative Session. Ms. Abba said that based on the ongoing discussions with the institutions, there would be new targets and revised metrics going into the 2015 Session.

Assemblyman Hickey noted that the Performance Pool was newly instituted, and hopefully the Legislature would have a better idea of what changes would be needed in the 2015 Session. In the initial evaluation of the Performance Pool, he asked whether there was any correlation with TMCC and GBC not reaching their targets and the fact that those institutions had received less money as a result of the new funding formula.

Ms. Abba replied it was an excellent question, but she did not know the answer. In analyzing the numbers and determining whether the Performance Pool was doing what it was intended to do and in the context of Complete College America, in which NSHE had a different set of goals, she questioned whether the process needed to be simpler. She agreed with Assemblyman Eisen that the weights skewed the statistics.

The other challenge, Ms. Abba continued, was that the institutions varied in the time it took to graduate a student. For example, GBC and TMCC could award a certificate within a year and an associate's degree in two years, but it took four years for a student to graduate from the universities.

Ms. Abba noted that because the community colleges had taken the Complete College America goals seriously, in the first years of CCA, they were over-performing from where they would have been had a Performance Pool been implemented three years earlier. Therefore, GBC and TMCC had not been rewarded for their over-performance based on the arbitrary baseline. Ms. Abba said the process was incredibly challenging, but in discussions with the institutions, no one was confused about the fact that the goal was to graduate more students.

Senator Kieckhefer acknowledged that more work was needed on the Performance Pool. He recalled that schools were funded according to how many chairs were filled, and the number of graduates was not important. The Performance Pool was designed to incentivize the institutions to work with students toward graduation in whatever area they chose. The Pool was tailored toward rewarding output rather than input, which he thought had value. The weights were arbitrary based on value judgments established by the interim committee and their competing interests at the time, and they did not

make much sense. He noted that the quality of the students' education, based on benchmark national standards, was not a consideration. Senator Kieckhefer said he believed there was incredible value in the Performance Pool and getting it right was important.

Assemblywoman Kirkpatrick asked whether the Committee would receive regular updates concerning the process for developing the Performance Pool. She noted that the 2015 Legislative Session was only eight months away.

Ms. Abba replied that the Performance Pool was a priority for her office. The Chancellor's working group consisted of representatives from each of the institutions, and it was the same working group that was used to calibrate the CCA goals, which was an extremely complicated process. She noted that the membership of the working group was different than the pre-2013 Legislative Session group, which consisted of legislators and members of the Board of Regents. She would discuss the membership of the current group with the Chancellor and suggest that legislators and regents be included to expand the discussion. She said that Fiscal staff would be kept updated on the metrics and any changes made, and she would report to the Committee when requested.

Assemblywoman Kirkpatrick said that would be helpful and she would like to stay updated. She recalled that there were numerous discussions during the 2013 Legislative Session concerning various NSHE topics, but she was not clear whether they were all headed in the same direction.

Assemblyman Sprinkle asked whether the two schools, GBC and TMCC, that did not meet their performance goals would have the opportunity to exceed 100 percent and receive the funds they did not receive for 2015.

Ms. Abba replied yes, the working group recommended that an institution that did not meet its target could over-perform and exceed its target in the second year of the biennium. If the institution did not meet the over-performance mark at the end of the second year, those funds would be distributed across the System for need-based financial aid.

Assemblyman Sprinkle observed there would be a stronger incentive for the institutions to increase their graduation rates in the second year to avoid losing those funds.

Ms. Abba replied that was true. It was difficult to explain the complexities the System dealt with in picking the baseline year, which should be the year for which the most data was available. Five years earlier, Truckee Meadows Community College graduated 460 students with associate degrees, and in the baseline year, 1,035 students graduated. Within the period of five years, TMCC more than doubled its number of graduates. She said that had always been the struggle with Complete College America, as the institutions' goals compounded every single year, which became more and more challenging. Ms. Abba said that the productivity increases that TMCC had exhibited

were inspiring because the graduate capacity had doubled within five years. Unfortunately, that fact was completely lost in the Performance Pool when looking at only two years.

Chairwoman Smith thanked Ms. Abba for her testimony and remarked that there were probably members of the Committee who would be interested in serving on the Chancellor's working group.

Chairwoman Smith asked for further questions from the Committee and there were none. She then asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA
ITEMS D-13 THROUGH D-21.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Grady and Senator
Roberson were not present for the vote.)

- 22. Department of Agriculture - Commodity Food Program - FY 2014** - Addition of \$35,823 in federal U.S. Department of Agriculture - Food and Nutrition grant funds and transfer of \$6,306 from the Reserve category to the Equipment category to purchase a new vehicle for the Food Distribution Program for Indian Reservations. Requires Interim Finance approval since the amount added to the Equipment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29035**

Refer to motion for approval under Agenda Item D.

- 23. Department of Agriculture - Commodity Food Program - FY 2014** - Addition of \$1,976,973 in Direct Sales revenue to fund an increase in food orders from school districts for the National School Lunch Program. Requires Interim Finance approval since the amount added to the Food Processing Program category exceeds \$75,000. **Work Program #C29063**

Refer to motion for approval under Agenda Item D.

- 24. Department of Agriculture - Administration - FY 2014** - Addition of \$17,537 in Animal Industry and Predator Control funds, \$7,380 in Livestock Inspection funds, \$29,997 in Plant Industry funds, \$23,469 in Measurement Standards funds, and \$26,265 in Food and Nutrition funds and deletion of \$98 in the cost allocation to the department's non-executive budget accounts to allocate maintenance costs for the remainder of the fiscal year and to fund the replacement of the department's main server. Requires Interim Finance Approval since the amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28836**

Refer to motion for approval under Agenda Item D.

- 25. Department of Business and Industry - Administration - FY 2014** - Addition of \$244,143 in Cost Allocation Reimbursement funds to correct the Fiscal Year 2013 year-end closing which was inadvertently submitted in error. This will allow reimbursement to the Attorney General's office for unspent settlement funds, payment of stale claims and the reversion of General Funds. Requires Interim Finance approval since the amount added to the Settlement FY13 Reimbursement category exceeds \$75,000. **Work Program #C28767**

Refer to motion for approval under Agenda Item D.

- 26. Department of Business and Industry - Housing - Low Income Housing Trust Fund - FY 2014** - Transfer of \$634,732 from the Reserve category to the Loan Disbursements category to support county and local governments expansion and improvement of the supply of affordable housing. Requires Interim Finance approval since the amount added to the Loan Disbursements category exceeds \$75,000. **Work Program #C29021**

Refer to motion for approval under Agenda Item D.

- 27. Department of Business and Industry - Transportation Services Authority - FY 2014** - Addition of \$58,900 in Driver Permit Fees and \$78,337 in Fingerprint Fees to cover the costs to conduct background investigations and issue driver permits, pursuant to Senate Bill 210 of the 2013 Legislative Session. Requires Interim Finance approval since the amount added to the Fingerprinting Fees category exceeds \$75,000. **Work Program #C27291**

Shannon Chambers, Administrative Services Officer, Department of Business and Industry, explained that the purpose of the work program in Agenda Item D-27 was to establish authority for the Nevada Transportation Authority (NTA) to collect driver permit fees and fingerprint fees to implement the provisions of Senate Bill (S.B.) 210 (2013 Session).

Chairwoman Smith asked for further details concerning the request in item 27 and the requirements of S.B. 210.

Marilyn Skibinski, Deputy Commissioner, Nevada Transportation Authority, explained that S.B. 210 required that the NTA begin issuing a driver's permit for every driver in Nevada working for a motor carrier or passenger service, including charter buses and taxicabs outside of Clark County. She said the program was new for NTA, which licensed big carriers and regulated companies but had never been involved with issuing permits to drivers. Ms. Skibinski said about 4,000 working drivers would be issued permits in the initial current rollout. The work program was based on the amount of fees anticipated to be received in fiscal year (FY) 2015 and the costs to complete a database to retain the information on the drivers, including employment histories and Federal Bureau of Investigation background checks.

Chairwoman Smith asked how the upfront operating costs would be funded before the fees were received.

Ms. Skibinski replied that the fees would be paid when the applications were received. The application form was being developed and would be distributed later this month. The fee must be paid when a driver submitted an application.

Ms. Skibinski explained that existing resources had been used to authorize staff temporarily, a person who was an early return-to-work program, to assist with the compliance auditors' workload to make the program a priority. A software development company had been working on the requirements of the program and provided the NTA with a "shell" for the program to store the information until the database could be fully developed. Printing would be done in-house by the NTA, and once the fees were received, the contract for the database would be issued. She said that no expenses would be incurred under the contract until the fees actually existed.

Chairwoman Smith asked whether a Contingency Account request would be necessary for the next fiscal year.

Ms. Skibinski replied it was likely that more resources would be needed, and the NTA might submit a request to the Committee in June or July 2014 for two or three additional staff. Once the program was rolled out and the NTA had a better idea of the time required to issue the permits and the volume, the exact number of additional staff would be known. After the rollout, it would be possible to identify what resources would be needed and the workload could be distributed among all of the compliance auditors.

Chairwoman Smith asked whether Ms. Skibinski expected the fees would support the program in the 2015-2017 biennium.

Ms. Skibinski replied no, not if additional staff was required.

Chairwoman Smith asked whether the NTA was on track to implement the program within the original timeline.

Ms. Skibinski explained the program was slightly behind schedule because the database was not in place in January and permits could not be issued. She anticipated the program would be on schedule by June 2014.

Senator Goicoechea asked what fees were being charged for the permits.

Ms. Skibinski replied that the licensing fee was \$50, and a Department of Public Safety (DPS) fingerprinting and background check fee of \$37.50 would be paid by the applicant and forwarded to DPS. The DPS fee would increase to \$40 on July 1, 2014, which would make the total cost to the applicant \$90.00.

Senator Goicoechea recalled that he was not required to have a background check or fingerprinting for his commercial driver's license (CDL). He remarked the \$90 fee was significant and might be a burden on cab drivers across the state.

Assemblywoman Carlton asked whether the regulatory committee had placed a maximum fee so that the fee could be adjusted upward or downward depending upon the need, or if the NTA would have to request fee adjustments from the Legislature to ensure that the program was revenue neutral.

Ms. Skibinski replied that S.B. 210 specified that a license fee of up to \$50 could be established, which could be lowered in the future. The fingerprinting and background check fees were controlled by the DPS and could be no more than the actual cost of administering the fingerprinting and background check, which would not require legislative approval.

Assemblywoman Carlton asked whether the NTA would be coming back to the Legislature to request a fee increase if the \$50 was not sufficient to support costs.

Ms. Skibinski replied the NTA did not anticipate having to request an increase in the \$50 fee. She surmised the Committee wanted the NTA to keep the program within the current fee structure and not request additional funding from the Contingency Account.

Assemblywoman Carlton replied she was correct, but sometimes there were unanticipated costs and it took time to establish a new program. However, she added, the program should be self-supporting as were other fee-structured programs.

Ms. Skibinski said that one of the challenges to the program would be the three-year renewals, which might require funding for additional staff if the fees were not sufficient to cover the costs. She envisioned a new position funded by the Highway Fund, which would be offset by fees in some years but not in others.

Senator Kieckhefer said that he served on the Legislative Commission and did not recall the regulations and fees coming before the Commission for approval. Assemblywoman Kirkpatrick added that she did not recall hearing the regulations in the Commission meetings either.

Ms. Skibinski replied that the regulations were submitted to the Legislative Commission in December, but she had not heard whether they had been approved.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the regulations allowing the NTA to issue temporary permits were approved by the Legislative Commission on December 20, 2013.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM D-27.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- 28. Department of Health and Human Services - Aging and Disability Services - Home and Community Based Services - FY 2014** - Deletion of \$1,213,514 in Telephone Surcharge Funds collected under NRS 427A.797 and deposited in an "Account for Services for Persons with Impaired Speech or Hearing" from the Public Utilities Commission (PUC) to fund the Hearing Devices Distribution Program, Nevada Relay Services and Deaf Resource Centers in Nevada. This aligns the state budget with the program budget approved by the PUC. Requires Interim Finance approval since the amount deleted from the Hearing Devices category exceeds \$75,000. **Work Program #C28745**

Note: Interpreter services were provided by the Committee for this agenda item. Interpreters Courtney Horner and Daniel Dickson provided services in Las Vegas and Rod Voris and Kim Ryan were in Carson City.

Tina Gerber-Winn, Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services (DHHS), testifying from Las Vegas, asked Janet Murphy, Deputy Administrator, to explain the request in Agenda Item D-28.

Janet Murphy, Budget Analyst, Aging and Disability Services Division, DHHS, explained that the purpose of the work program revision in item D-28 was to align the state budget with the program budget approved by the Public Utilities Commission (PUC). The state budget was developed anticipating that a surcharge on wired and wireless phone lines that funded the Division's communication access services program would remain at \$.07, which was the rate for fiscal year (FY) 2012 and FY 2013. She said the PUC approved a lower rate of \$.03 for FY 2014, and the revised work program would reduce the anticipated surcharge revenue and make corresponding reductions to the program budget and reserves.

Chairwoman Smith remarked that the issue was complicated. Committee members had received several contacts from the community on the topic, which had to be rescheduled from the February meeting to April. She noted that the Committee did not have the ability to change the ruling of the PUC or the guidelines, which would have to be considered by the Legislature. She thought it might be helpful to explain the process of an appeal for Committee members and the public.

Ms. Gerber-Winn explained that in accordance with *Nevada Revised Statutes* (NRS) 427A.797, the Division prepared a budget from the PUC for deaf and hard-of-hearing services. While testifying in the 2013 Legislative Session budget

hearings, she was simultaneously testifying before the PUC about the services to be provided with the surcharge funds. The surcharge funds were to be used for equipment distribution and education on how to use TTY (telephone typewriter) services. The Division provided a relay contract so a deaf or hard-of-hearing person could dial 711 and access assistance to use the telephone. The Division subcontracted with two grantees, one of which managed statewide services for persons who were deaf or hard of hearing.

Ms. Gerber-Winn said there was concern during the PUC hearing about the Division funding the deaf resource centers to provide advocacy. Historically, the centers had been used to provide assistance to persons who were deaf or hard of hearing on how to participate in a meeting or work through different application processes to the state. The PUC's interpretation of the statute was that the Division could not provide advocacy unless it was related to equipment distribution or access. The Division contended that the statute provided the Division with the ability to do more. She said the Division had agreed to have its budget slightly reduced for the elimination of the general advocacy, and the grantees would complete time tracking to document the different services they were providing.

Continuing, Ms. Gerber-Winn said the situation created concern within the community that used the centers to access assistance and other programs besides equipment, and the Division had been working to clarify the intent of the statute. She recalled that in the 2003 Legislative Session, a bill was introduced that generated discussion about not being extravagant with the use of the surcharge monies. In looking at the legislative history, it was hard to say that the intent of the statute was that the Division could or could not provide general advocacy. The PUC's decision was submitted for judicial review in Carson City and the decision was upheld. She said that the Division then appealed the decision to the Supreme Court, but a decision was not expected for at least a year. Ms. Gerber-Winn said the Division wanted to make people aware of the statute, the interpretation discrepancy, and the need to reconsider the law to expand or clarify the use of the surcharge funds.

Ms. Gerber-Winn explained that because the Division's budget was reduced, the PUC determined that the surcharge could be reduced by \$.04, which decreased the Division's revenue. The purpose of the work program request was to align the program budget with the state budget, but she was glad to have the opportunity to explain what had occurred during the process.

Chairwoman Smith said she had wanted to hear a thorough explanation of the problem for the record. There was nothing that the IFC could do other than to approve the work program as it was presented and to help going forward.

Assemblywoman Carlton said she was confused concerning the difference between providing services and advocacy. She considered providing interpreters at a meeting to be a service rather than advocacy. She asked whether the definition of the two terms was the major reason for the problem.

Ms. Gerber-Winn replied that the statute did not clearly state what the deaf and hard-of-hearing centers could do, and the Division asked them to provide advocacy for persons coming in for information and referral. She explained that advocacy was helping an individual with access to some type of service, and the relationship between that and communication access was in question. The question was whether general advocacy was covered in the statute versus communication access assistance.

Assemblywoman Carlton said she would consider an individual asking for help to gain service and meet a navigator or referral specialist to be service oriented and not advocacy. Helping someone navigate the system was a service, and the definitions needed to be clarified in the statute to allow individuals to participate in services.

Ms. Gerber-Winn said she would agree, and Chairwoman Smith noted that the PUC staff and commissioners and the Courts did not agree.

For the record, Ms. Gerber-Winn said that she believed the language in the statute was not clear and could be interpreted either way. Because she was service oriented, she looked at the statute more broadly than someone would from a financial perspective, and clarification was necessary.

Chairwoman Smith asked whether the Division was planning to seek legislation to clarify the statute.

Ms. Gerber-Winn replied that the Division was currently presenting the information to the Legislative Committee on Senior Citizens, Veterans and Adults with Special Needs to see if the Committee would be interested in sponsoring legislation. Division staff would also be discussing budgeting and program initiatives with the DHHS Director the following week, and the problem would be a topic to be addressed. Ms. Gerber-Winn said she was not sure of the sponsorship of the bill, but the Division was working toward clarifying legislation.

Assemblyman Sprinkle noted that the increase from \$.03 to \$.07 occurred nearly 10 years ago, and he asked whether the Division had received an explanation of why the PUC reduced the rate at this time.

Ms. Gerber-Winn recalled that during the PUC hearing, the Division had mentioned its confusion as to why the interpretation seemed different at this time. It was her perspective that there had been internal staffing changes in the Division, and perhaps there was a difference in the way the information was presented to the PUC. She said the PUC had also experienced staff changes, which she assumed may have caused a difference in interpretation of the policy. She said the PUC had not given an official reason for the reduction.

Chairwoman Smith affirmed that the rate was adjusted to accommodate the PUC's new position on the issue, and Ms. Gerber-Winn said that she was correct.

Chairwoman Smith asked for further questions from the Committee and hearing none, she called for public comment.

Gary Olsen, Private Citizen, testified that he was a strong advocate of the deaf and hard-of-hearing citizens in the state. He thanked the Legislature for many years of support for the deaf and hard-of-hearing population. He knew the Committee's hands were tied with respect to the recent PUC decision, but the deaf and hard-of-hearing population needed the Legislature's help to improve the situation, either through funding or new programs.

Mr. Olsen said there were six areas of concern that were high priority toward obtaining better services statewide for the deaf and hard-of-hearing community:

1. Government Services (inaccessible, insensitive, complicated). Government services were very insensitive to the needs of deaf people, who were also citizens and taxpayers.
2. Employment (lack of training and work opportunities, lack of building communications and dignity). The state did not have a good training school, and employers did not want to pay for interpreters because they were too expensive.
3. Education (need for quality and accessible education for elementary, secondary, and post-secondary programs, providing options and inclusion). Deaf children needed to develop language skills, along with reading, writing, and communication. Inclusion meant respect for the individual, whether a child or an adult, and equal opportunities to give the individual dignity.
4. Interpreters (more, diversity, properly trained). There were not enough interpreters in the state, particularly in the northern part, where there were few opportunities for them to work. If required, interpreters were often flown in from Las Vegas, which was expensive. There were different signing methods throughout the country, and there was no opportunity for interpreters moving into the state to receive good training, so they would ultimately leave.
5. Mental Health (many were victims of society and needed services, non-communication).
6. Public Captioning on Networks and Programs (raw, incomplete, could be better and more timely).

Mr. Olsen recommended that a pool of interpreters be established for state agencies to share the costs of four or five interpreters to provide interpreter services to all government workers and state agencies to help the deaf and hard-of-hearing and, at the same time, build a stronger interpreter training program.

Mr. Olsen asked the Committee to help the deaf and hard-of-hearing community fight to improve the situation in the 2015 Legislative Session. He thanked the Committee for the opportunity to testify.

Chairwoman Smith thanked Mr. Olsen for his testimony and the education he provided to the Committee. She was sure several members would be looking forward to working with him and his organization moving toward the 2015 Legislative Session.

Chrystina Scott testified that she was the owner of American Sign Language Communication, which was the largest provider of sign language interpreters in the state. Services were provided throughout Nevada, and her company often received phone calls regarding advocacy for the deaf. As a service provider of interpreters, there was a fine line between advocacy and servicing the deaf and hard-of-hearing population.

Ms. Scott said that it could appear to be self-serving for an interpreting company to say that an interpreter needed to be provided. She would prefer to have clients and business owners be told by an entity other than her company when an interpreter was required. She was not sure if the Committee was the proper authority to make that request, but she wanted members to be aware that her company provided numerous interpreters throughout the state, and she recommended that an advocacy program or regulatory body be responsible for advising of the need for interpreters.

Ms. Scott went on to say that there was a regulatory registry for interpreters in the state, but there had been no funding for a board to regulate it, and the laws regulating interpreters were not being enforced. She wanted Committee members to be aware of the problem, which was one of many issues facing deaf and hard-of-hearing individuals in Nevada.

Chairwoman Smith thanked Ms. Scott for her testimony, which would be helpful to Committee members in understanding the challenges and how they could be addressed going forward.

Anne Urasky, Chief Executive Officer, Deaf and Hard of Hearing Advocacy Resource Center, thanked Committee members for their time and patience for a very sensitive subject for people throughout the deaf community.

Ms. Urasky wanted the Committee to be aware that there were many deaf and hard-of-hearing people who had suffered. Her job was to make sure that their voices were heard. She said Committee members could contact her with any questions or concerns and for further information about the complications of the various issues discussed at this meeting and how deaf people felt in the state. A lot of work would be required during the 2015 Legislative Session, and she looked forward to working with the Legislature and the deaf community throughout the state. It was very important that the citizens of Nevada have their voices heard because if they were not, good citizens

would leave the state rather than stay and continue to suffer. She thanked the Committee for the time to speak.

There was no further public comment. Chairwoman Smith thanked everyone in the deaf and hard-of-hearing community who advocated on this issue. The Committee members appreciated everyone's efforts to contact them and explain the problem. She noted again that the Committee had constraints in its role and what it could do, but members would look forward to working on the problems in the coming months.

Assemblywoman Flores asked what would happen if the item was not approved at this meeting.

Ms. Murphy replied that if the work program revision was not approved, the revenue amount in the budget would be greater than the amount received, and the categorical amounts would be higher than the Division would be able to spend.

Assemblywoman Flores said that essentially the funding had already been reduced and the revenue would not be received, but the higher spending authority would remain. For the record, she found the situation to be completely unacceptable; she could not believe that because of a few pennies, the already low amounts of services provided would be reduced. She was very disappointed that the conversation had to take place.

Chairwoman Smith added that the situation was frustrating for the agency, Committee members, and the deaf community. She reiterated that the Committee did not have authority to change the PUC's decision.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA
ITEM D-28.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED, (Assemblyman Bobzien was not present
for the vote.)

- 29. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Transfer of \$447,151 from the Fiscal Agent category to the Operating category, \$4,704,486 from the Fiscal Agent category to the Utilization Review category, and \$39,000 from the Fiscal Agent category to the Information Services category to support the Center for Medicare and Medicaid Services requirement to be Medicaid Information Technology Architecture (MITA) 3.0 compliant, provide for an increase in volume of prior authorizations, and complete a website redesign which will conform with the state's website format. Requires Interim Finance approval since the amount transferred to the Utilization Review category exceeds \$75,000. **Work Program #C28820**

Refer to motion for approval under Agenda Item D.

- 30. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Addition of \$6,883,547 in federal Title XIX funds to provide incentive payments to providers to offset the cost of implementation of certified Electronic Health Record technology. Requires Interim Finance approval since the amount added to the Health Information Technology Grant category exceeds \$75,000. **Work Program #C29217**

Refer to motion for approval under Agenda Item D.

- 31. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2014** - Addition of \$32,520,987 in federal Title XIX funds to provide timely payments for medical services provided by Medicaid providers. Requires Interim Finance approval since the amount added to the Child Welfare category exceeds \$75,000. **Work Program #C29129**

Leah Lamborn, Chief Financial Officer, Division of Health Care Financing and Policy, Department of Health and Human Services (DHHS), explained that Agenda Item D-31 was a request to increase Title XIX federal funds in the amount of \$32,520,987 because of a projected shortfall in certain budget categories: category 12, TANF/CHAP (Temporary Assistance for Needy Families/Child Health Assurance Program) population; category 13, Newly Eligible (Medicaid expansion group); category 14, Medical Assistance to Aged, Blind, and Disabled (MAABD); category 18, Medical Payments Passed to Sister Agencies; category 19, Child Welfare; and category 24, Pass-Thru account to local government entities, primarily for targeted case management services.

Ms. Lamborn said a surplus was anticipated in certain budget categories: category 11, CHIP (Children's Health Insurance Program) to Medicaid (Nevada Check-Up children who would have previously been eligible for Nevada Check-Up but were now eligible through Medicaid due to changes in how income was counted); category 15, Waiver group; category 17, County Match; and category 28, Off-Line category (deposit drug rebates, pay for supplemental payments programs, and Medicare premium buy-in payments).

Ms. Lamborn explained that the overall caseload, according to the actual March 2014 caseload, was currently 434,819, including retroactive, which was 32,623 recipients over what was legislatively approved. She reviewed the status of each category:

- Category 11, CHIP to Medicaid: Currently under what was legislatively approved in caseload; however, the cost-per-eligible was greater than what was legislatively approved.
- Category 12, TANF/CHAP: Caseload was greater than what was legislatively approved.

- Category 13, Medicaid Expansion: Caseload and cost-per-eligible were over what was legislatively approved; 100 percent federally funded.
- Category 14, MAABD: Caseload and cost-per-eligible were over what was legislatively approved.
- Category 15, Waiver Population: Cost-per-eligible was under what was legislatively approved.
- Category 19, Child Welfare: Cost-per-eligible was under what was legislatively approved.
- Category 28, Offline category: Expenditures were under what was legislatively approved, primarily because of drug rebate collections. Current projections were that about \$100 million in revenue would be collected for drug rebates by the end of the state fiscal year, and only \$58 million in collections was budgeted.

Chairwoman Smith asked Ms. Lamborn to provide the Committee with a general overview of what was occurring and why.

Ms. Lamborn explained that the \$32,520,987 request was primarily due to category 13, Medicaid Expansion, which had a projected need of \$38 million (100 percent federally funded), and the overall reason was that caseload was 32,623 greater than what was legislatively approved. She noted that there was a small surplus of \$131,000 in General Fund for FY 2014 because increased drug rebates offset expenditures for medical payments.

Ms. Lamborn said there was concern that there was volatility in the budget account because of an increase in applicants to Medicaid and the Health Insurance Exchange, which had created a backlog. There were approximately 66,000 pending applications, and it was anticipated that about 32,000 of those applications would fall into family medical coverage and about 30 percent would fall into category 13, Medicaid expansion, which was 100 percent FMAP (Federal Medical Assistance Program). Ms. Lamborn said it was possible the Division would have to return to the Committee in June, depending upon the status of the backlog and outstanding medical bills for the pending applications.

Senator Kieckhefer asked whether the largest increase above the projections was in the TANF/CHAP population.

Ms. Lamborn replied that was correct. The cost-per-eligible for that population was one of the lowest of any category.

Senator Kieckhefer noted that the TANF/CHAP caseloads were over-populated by 22,000 and there was an approximately \$15 million shortage in the first year. He asked

how \$58 million could be realized in the second year of the biennium when the reimbursement rate would remain the same.

Ms. Lamborn explained that the projected cost-per-eligible for FY 2015 was under what was legislatively approved and the costs were coming in lower than projected, which would offset the caseload increase.

Senator Kieckhefer noted that the state had served the TANF/CHAP population for some time, and he asked why the projected cost-per-eligible amount was significantly higher than the actual costs.

Ms. Lamborn replied that recipients were being enrolled into managed care more quickly than in the past, and managed-care payments were more stable and less expensive. The managed-care rate involved a case mix rate and was a blended rate: it was not just one rate for each recipient. The rates depended upon gender, age, and other variables. She noted that the caseload numbers and costs had been projected nearly two years earlier.

Senator Kieckhefer asked what the demographics were for the expansion population that caused such a difference in the cost-per-eligible in the TANF/CHAP category.

Ms. Lamborn said there were only two months of data available and there was a lag in billing from providers. The majority of the population would go into managed care, and the blended rate was projected at \$327 per month. The new rate, according to the most recent data from the actuaries, would be \$382 per month. The fee-for-service rate was currently about \$481 per month.

Senator Kieckhefer asked whether the higher rates were a reflection of younger and healthier individuals now coming into the expansion.

Ms. Lamborn replied yes, in addition to the pent-up demand from individuals who had not had any health insurance for some time and were now seeing a physician.

Assemblyman Sprinkle recalled that during the 2013 Legislative Session, the Division had indicated that FY 2014 would be a year of flux and specific numbers would be difficult to anticipate. He asked whether the Division could estimate when the backlog would be reduced and when the numbers would stabilize in order to more adequately project caseload and costs.

Mike Willden, Director, Department of Health and Human Services, replied that there were nearly 435,000 Medicaid enrollees as of March, which was 32,000-plus over the legislatively approved budget. He noted the number included an estimated retroactive factor; a count was taken on the first of the month and cases were approved every day thereafter. The number would increase over the next three months and thereafter, and the number of enrollees would be substantially higher than the legislatively approved budget.

Mr. Willden said the pending backlog of 68,000 cases was anticipated to be reduced by the end of June 2014. He recalled that the Legislature had approved 410 new positions, which were being phased in, about 250 new staff had been hired, and there was authority to hire an additional 160 in two more phases in August and November. He had been urging the Division to work with the Fiscal Analysis Division and Budget Division staff to expedite hiring new staff rather than wait until August and November. He added that the Department had salary savings available to fill some of the positions, staff had been authorized to work overtime, and temporary clerical employees had been hired to help in the processing centers.

Mr. Willden wanted the Committee to be aware of two factors related to the Medicaid work program that would need to be closely watched. The first was the number of newly eligibles with behavioral and mental health issues, which would affect the costs. He noted that prior to the 2013 Session, 21 percent of behavioral and mental health patients qualified for Medicaid, but that number had just reached over 50 percent. Mr. Willden said there had been significant costs to the Medicaid system for behavioral health services. The second area of concern going forward was the substance abuse and prevention treatment costs, which was also a complex issue.

Assemblyman Sprinkle affirmed that there was not an exact date for resolution of the backlog, and there would be continued fluctuation in the numbers in the future.

Mr. Willden replied that he was pushing the Division to catch up to typical or normal backlog processing, which was historically 20,000 pending cases, by the end of June 2014.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA
ITEM D-31.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Bobzien was not present
for the vote.)

- 32. Department of Health and Human Services-Welfare and Supportive Services - TANF - FY 2014 - Addition of \$5,000,000 in federal Temporary Assistance for Needy Families funds to provide cash assistance payments based on the January 2014 caseload projections. Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the Cash Assistance Payments category exceeds \$75,000. Work Program #C28810**

Chairwoman Smith announced that Agenda Item D-32 involved an allocation of block grant funds and required a public hearing.

Sue Smith, Deputy Administrator, Administrative Services, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), explained that the work program in Agenda Item D-32 would augment the Temporary Assistance for Needy Families (TANF) cash assistance category in fiscal year (FY) 2014 by \$5 million because of increased TANF caseload projections. She said that based on January 2014 projections, there were 32,000 recipients in FY 2014, which was approximately 11 percent over the legislatively approved budget. The total cost in TANF cash benefits in FY 2014 was \$45.5 million, and \$40.5 million was originally projected. Ms. Smith said the increase was mainly due to two aid codes: single-parent and two-parent family. However, all of the aid codes in the TANF cash assistance category had increased, with the exception of a child-only case.

Chairwoman Smith opened the public hearing on Agenda Item D-32 and asked for public testimony. Hearing no requests to testify, she closed the public hearing and called for a motion.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM D-32.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith announced that Agenda Items D-33 and D-34 would be heard with Agenda Item K.7.c.2).

- 33. Department of Health and Human Services-Welfare and Supportive Services - Field Services - FY 2014** - Transfer of \$187,891 in General Fund Appropriation to FY 2015 and deletion of \$59,304 in Federal USDA Food Stamp Program funds, \$74 in Federal Child Support Program funds and \$98,461 in Federal Title XIX funds to cover the cost of the district office lobby management system due to a delay in the rollout of the new system. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM 34. Work Program #C29030**

Refer to motion testimony for approval under Agenda Item 34.

- 34. Department of Health and Human Services-Welfare and Supportive Services - Field Services - FY 2015** - Transfer of \$187,891 in General Fund Appropriation from FY 2014 and addition of \$59,304 in Federal USDA Food Stamp Program funds, \$74 in Federal Child Support Program funds and \$98,461 in Federal Title XIX funds to cover the cost of the district office lobby management system due to a delay in the rollout of the new system. Requires Interim Finance approval, pursuant to Assembly Bill 507, Section 34 of the 2013 Legislative Session. **RELATES TO ITEM 33. Work Program #C29031**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that further testimony had been requested on Agenda Item D-33, but staff had not identified item D-34 to be heard, and it was approved earlier by the Committee as a consent item. However, the amounts approved in item D-34 were incorrect, and he asked that the Committee rescind its action on that item.

Mr. Krmpotic explained that the Division of Welfare and Supportive Services had submitted revisions that were forwarded to the Fiscal Analysis Division on April 2. The following adjustments were made to items D-33 (FY 2014) and D-34 (FY 2015).

The transfer of \$187,891 in General Fund was reduced to \$82,544; the USDA Food Stamp Program funds were revised from \$59,304 to \$17,165; the Child Support Program funds remained the same; and the Federal Title XIX funds were reduced from \$98,461 to \$77,392. Mr. Krmpotic noted that with the revisions, the total increase in category 26, Information Services, was reduced from \$345,730 to \$177,175.

Mr. Krmpotic recommended that the Committee rescind its earlier action on item D-34 and consider items D-33 and D-34 with the adjustments noted by staff.

SENATOR PARKS MOVED TO RESCIND THE MOTION TO
APPROVE AGENDA ITEM D-34.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Sue Smith, Deputy Administrator, Administrative Services, Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), explained that the revised work programs in Agenda Items D-33 and D-34 requested authority to transfer funds for an office lobby management system that was approved in the 2014-2015 biennial budget in ten statewide offices: five current offices in Las Vegas, one in Reno, and four new district offices to be opened in fiscal year (FY) 2014.

Ms. Smith said that due to the length of the request for proposal (RFP) process, the contract was just approved by the Board of Examiners; there was a 90-day trial period, and no expenses would be incurred until FY 2015. The Division was requesting a transfer of \$177,175 from FY 2014 to FY 2015 because with the backlog of Medicaid and health insurance exchange applications, the Division planned to accelerate hiring 85 new staff in FY 2014 rather than in FY 2015.

Ms. Smith said the Division had sufficient budget authority in its Personnel and Operating categories, but there was not sufficient budget authority to purchase 85 computers. Because the authority for the purchase of computers was set aside in FY 2015, the Division wanted to use a portion of the lobby management system funds to purchase the 85 computers in FY 2014. In FY 2015, the lobby management system funding would be made whole through a request to transfer the funds set aside for purchase of the computers for the lobby management system.

Senator Kieckhefer questioned the fact that the two work programs involved several new positions.

Mr. Krmpotic explained that the work programs primarily dealt with the lobby management system, and the staffing changes, which would be discussed under Informational Item K.7., would be funded through existing savings in the agency's budget, which did not require a work program or Committee action.

Chairwoman Smith asked for questions from the Committee; there were none. She then asked for public comment on Agenda Items D-33 and D-34 and hearing none, she called for a motion.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA
ITEMS D-33 AND D-34 AS REVISED.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

K. INFORMATIONAL ITEMS

7. DEPARTMENT OF HEALTH AND HUMAN SERVICES

c. Division of Welfare and Supportive Services

- 2) Semi-annual report on the implementation of the revised hiring plan due to the Affordable Care Act (ACA) and Medicaid expansion for the period ending December 31, 2013 (letter of intent, Legislature 2013).

Michael McMahon, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), said he appreciated the opportunity to discuss the efforts made by the Division to address the anticipated increase in the number of Medicaid and health insurance exchange applications due to the Affordable Care Act (ACA).

Mr. McMahon recalled that the implementation process had started before the beginning of the 2013 Legislative Session. The number of academies and training sessions were expanded, the start of one of the academy classes was advanced to the beginning of the fiscal year, and the first graduating class had been put in the field. There were extensive efforts to reach out to the community-based providers and state-based providers, such as State Personnel, Department of Employment, Training and Rehabilitation, Buildings and Grounds, and Enterprise Information Technology Services, to let them know the situation and how aggressive the Division's timeline was to prepare for the anticipated increase in applications.

Mr. McMahon said the Division had also made some technological enhancements, such as to the AMPS (Application Modernization and Productivity Services) system, which

was the interface used to process the applications. A business process reengineering initiative was also conducted, which allowed the Division to focus specifically on its business practices to capture the efficiencies involved in those practices. He said both initiatives had significantly assisted the Division in increasing its total capacity. In the days prior to implementation of the Affordable Care Act, Mr. McMahon said the Division was able to process about 550 applications through the system, and now over 1,200 applications a day were being processed.

In addition, as Mr. Willden had indicated, Mr. McMahon noted that the Division had taken the opportunity to use overtime and expand the ability to hire temporary staff to input the pending applications into the system so that determinations could be made.

The final effort involved technology initiatives. Mr. McMahon said the system had given the Division some new capacities to look at the applications waiting to be processed, which also provided the ability to identify whether there were issues in the system and where some efficiencies could be captured. One of those was to look for duplicate applications in the system because some applicants were not sure that their application was complete and would subsequently resubmit another application. The system was able to identify a significant number of duplicate applications in the backlog.

Mr. McMahon explained that the system was designed to make a preliminary determination of whether a person would qualify as health plan eligible or whether he or she would be public assistance eligible and pushed to DWSS. Under federal law, individuals had the right to submit an application for public assistance healthcare, and consequently the Division was able to push an application to the DWSS side to be evaluated for eligibility. If a person was qualified health plan eligible but his application was pushed to DWSS, the concern was that the individual would not be identified in the backlog in time to redirect him back into the exchange to select an insurance policy through the health plan option. Mr. McMahon said the system was able to identify and expedite determinations for those applicants, who were then redirected back into the exchange to access their health plans.

Chairwoman Smith noted that the Division was able to take advantage of the opportunity to hire additional staff through vacancy savings and other methods. The item was informational, and no action was required by the Committee to allow the Division to hire staff earlier than the anticipated August 2014 date.

Assemblyman Sprinkle asked how the overtime was being funded and whether the Division anticipated appearing before the Committee again to request positions.

Sue Smith, Deputy Administrator, Administrative Services, Division of Welfare and Supportive Services, DHHS, replied that the Division had sufficient salary savings in FY 2014 to cover both overtime and accelerated hire dates. The Division was experiencing higher vacancy rates than anticipated, and there was no plan to return to the Committee in June for more personnel. She added that vacancy savings would also be covering the salary costs.

Senator Kieckhefer asked what the additional costs would be for the overtime and accelerated hire dates.

Ms. Smith replied the projected cost was \$1.3 million for up to 44,000 hours of overtime, and accelerated hire dates for 85 staff would cost \$619,000, for a total of approximately \$2 million. The Division also had sufficient budget authority to cover additional costs of \$284,000 to hire temporary staff.

Senator Kieckhefer asked what portion of the costs would be reimbursed by the federal government.

Ms. Smith said 75 percent of the costs would be reimbursed by the federal government, and 25 percent, or approximately \$300,000, would be General Fund, effective October 1, 2014.

Chairwoman Smith clarified that the 2.5 percent salary restoration was budgeted by the Legislature.

Ms. Smith reiterated that the Division had sufficient budget authority to cover those costs and would not have to ask for any General Fund salary adjustment funds.

Assemblyman Kirner observed that 410 positions were authorized in the Division's 2013-2015 biennial budget, and he asked whether the Division anticipated needing more positions.

Mike Willden, Director, Department of Health and Human Services, replied that 410 positions were authorized, and the goal was to have state staff perform the bulk of the work as quickly as possible. The work was complex, and a significant amount of training would be required for new employees. He said if there was still a problem keeping ahead of the backlog, as additional salary savings were accumulated, the Division would use Manpower contracts to hire temporary clerical support, as had been done in the past. As Ms. Smith indicated, the Division had significant salary savings in FY 2014, and he presumed there would be salary savings in FY 2015 as well. He was confident that the salary savings projections and turnover patterns would be sufficient to cover the costs.

Assemblyman Kirner said he assumed the temporary employees would be performing back work since a high level of training was provided in the academies.

Mr. Willden explained the application process for Nevada Health Link. An electronic application would be forwarded to the Division of Welfare and Supportive Services, and Manpower or temporary employees would process the applications, register the cases, move them from pending status to registration, and help with personal resolutions. The case would then move to the eligibility process, which required Division staff to determine eligibility. He noted that the training process was shorter for Manpower and temporary employees.

Chairwoman Smith asked whether the hiring of temporary employees had transpired as Mr. Willden had expected, and if the higher caseload was causing the difficulty.

Mr. Willden replied there were about 250 temporary positions authorized to fill, which had been done. He said it was not difficult to recruit eligibility and clerical employees. The difficulty was opening the recruitment and going through the mass hiring process. He agreed that the problem was caused by the higher volume, and he reiterated that prior to the Affordable Care Act, the Division could process 550 to 600 cases a day, and currently triple that number needed to be processed. He said the volume coming in had tripled, but the volume being processed had only doubled, and the backlog had increased. The goal was to produce 2,500 to 3,000 approvals a day to catch up on the backlog, which would require intensive processing. During the enrollment campaigns throughout Nevada during the last week in March, 15,000 applications were submitted within a six-day period. There were multiple triaging scenarios; some processing centers were seeing clients and other centers were only processing applications.

Mr. Willden said he was hopeful that the process would be back to normal by the end of June. He reiterated that the goal was to enroll 300,000 of the 600,000 uninsured Nevadans: 180,000 in Medicaid and 120,000 in qualified health plans. The Medicaid target would be far exceeded, but current enrollment in health plans was only 30,000. He believed that by the end of June, 200,000 to 210,000 residents would be enrolled for healthcare services between Medicaid and the health plans.

Mr. Willden added that there would be a second open enrollment period in fall 2015, which would cause another wave of demand to Medicaid through the 2015 Legislative Session.

Chairwoman Smith said she was in Winnemucca the previous week, and people there were concerned that there was no local office to assist. The conversation was that the nonprofit agencies were spending their resources trying to assist the applicants because there was no one from the Department to help with the process.

Mr. Willden said he had recently been in Winnemucca and Battle Mountain and also heard numerous complaints because of the lack of public assistance from DWSS, which he had discussed with Mr. McMahon. The Division was working toward reopening a facility in Winnemucca, and Frank Woodbeck, Director of the Department of Employment, Training and Rehabilitation, had offered office space for the Division's use.

Chairwoman Smith asked for further questions or comments.

Mr. McMahon recalled that during the 2013 Legislature, the Division of Welfare and Supportive Services had asked to have flexibility to divide large buildings into two smaller buildings, which had proven to be successful in situating employees at their workstations. He noted that the market for office space in southern Nevada had increased and owners had become more selective. It would be easier and more

effective for the Division to locate smaller offices within a community, and Mr. McMahon said in the 2015 Legislative Session, the Division would again request flexibility to divide large buildings into two smaller spaces.

Chairwoman Smith opened public testimony on Agenda Item K.7.c.2).

Ronald Lawrence, Licensed Marriage and Family Therapist in the State of Nevada, testified that for the past 24 years, he had been the founder and executive director of the Community Counseling Center (CCC) in southern Nevada. He said CCC had many programs, but the most outstanding was the public/private partnership between CCC and Southern Nevada Adult Mental Health Services (SNAMHS) to serve the seriously mentally ill with substance abuse problems. There had been statewide support for the program, which Mr. Lawrence said he appreciated.

Mr. Lawrence said he wanted to validate the tremendous efforts of DHHS Director Mike Willden and all of the staff of the Division of Public and Behavioral Health, the Substance Abuse Prevention and Treatment Agency (SAPTA), and Medicaid. He said everyone had been working diligently to initiate and institute all of the auspices and portions of the Affordable Care Act, and the job had been daunting.

Mr. Lawrence noted that substance abuse treatment for individuals who qualified would be moved to Medicaid funding, and consequently \$3 million in state funding was removed from SAPTA. He said everyone believed that Medicaid would somehow catch up, but in his opinion, the task was far more difficult than believed. He said Medicaid had held public hearings, developed a new provider type for substance abuse treatment, and invited everyone to participate in the process. However, in light of the lost funding and given the state programs that were funded program-wide, 10 programs were suffering financially and some were completely out of funds during the last quarter of fiscal year 2014.

Mr. Lawrence said it appeared that the problem had been answered. However, he had some concerns about the 2014-2015 funding cycle if Medicaid funding did not start to flow quickly and thoroughly through the process. He recommended that actual funding be provided, and tobacco funding would work well. He was aware that advances could be requested from Medicaid, but that had a potential to create a rolling debt for the agencies. He believed it would take actual funding to move ahead.

Mr. Lawrence thanked the Committee members for their concern.

Chairwoman Smith thanked Mr. Lawrence for his efforts as well as those of the advocates.

Chairwoman Smith asked for further public testimony and there was none. She thanked Mr. Willden and Mr. McMahon for their presentations, adding that the Committee appreciated the efforts of all DHHS staff to provide access to healthcare for Nevadans. She noted that the item was informational only and did not require Committee action.

- 35. Department of Health and Human Services - Public and Behavioral Health - Radiation Control - FY 2014** - Transfer of \$82,993 from the Transfer to 3216 - Program Support category to the Operating category, \$6,799 from the Reserve category to the Operating category and \$10,688 from the Reserve category to the Division Cost Allocation category to fund temporary contract staff necessary to cover workload backlog, address radiation equipment inventory concerns reported by the US Nuclear Regulatory Commission, cover increased costs for data bandwidth and purchase Computed Tomography (CT) detector probes used for inspection of radiation CT machines. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C28848**

Refer to motion for approval under Agenda Item D.

- 36. Department of Health and Human Services - Public and Behavioral Health - Cancer Control Registry - FY 2014** - Addition of \$203,287 in federal Cancer Prevention and Control Program (CPCP) in Nevada grant funds and transfer of \$101,748 from the Personnel Services category to the National Cancer Prevention and Control category to continue contract services to assure the Nevada Central Cancer Registry can meet the reporting obligation/standards set forth in NRS, NAC, the CPCP grant, and the North America Association of Central Cancer Registries. Requires Interim Finance approval since the amount added to the National Cancer Prevention and Control category exceeds \$75,000. **Work Program #C28832**

Refer to motion for approval under Agenda Item D.

- 37. Department of Health and Human Services - Public and Behavioral Health - WIC Food Supplement - FY 2014** - Addition of \$2,726,658 in Women, Infants, and Children (WIC) Rebate funding to provide funding for WIC participant food purchases. Requires Interim Finance approval since the amount added to the Aid to Individuals Rebates category exceeds \$75,000. **Work Program #C28864**

Refer to motion for approval under Agenda Item D.

- 38. Department of Health and Human Services - Public and Behavioral Health - Health Facilities Hospital Licensing - FY 2014** - Transfer of \$592,426 from the Reserve category to the Division Cost Allocation category to cover an increase to the division's federal indirect rate agreement. Requires Interim Finance approval since the amount added to the Division Cost Allocation category exceeds \$75,000. **Work Program #C28909**

Refer to motion for approval under Agenda Item D.

39. **Department of Health and Human Services - Public and Behavioral Health - Public Health Preparedness Program - FY 2014** - Addition of \$552,149 in Public Health Emergency Preparedness and \$317,508 in Hospital Health Care Preparedness grant funds to continue development planning and assessment of the state's preparedness for illness outbreaks and other public health threats/emergencies and conduct training to key public health professionals in collaboration with partner agencies. Requires Interim Finance approval since the amount added to the Public Health Emergency Preparedness category exceeds \$75,000. **Work Program #C28582**

Refer to motion for approval under Agenda Item D.

40. **Department of Health and Human Services - Public and Behavioral Health - Biostatistics and Epidemiology - FY 2014** - Addition of \$126,775 in federal Center for Disease Control and Prevention's (CDC) Nevada Sexually Transmitted Disease (STD) Prevention and Control Program grant funds to continue treatment of STDs in Nevada and manage STD data collection, analysis, reporting and dissemination, pursuant to CDC protocols. Requires Interim Finance approval since the amount added to the STD category exceeds \$75,000. **Work Program #C28765**

Refer to motion for approval under Agenda Item D.

41. **Department of Health and Human Services - Public and Behavioral Health - Biostatistics and Epidemiology - FY 2014** - Addition of \$245,192 in federal Tuberculosis (TB) Prevention, Control, and Elimination grant funds to continue collaboration with other statewide programs and agencies to provide TB treatment, investigation and tracking of TB and associated risk behaviors. Requires Interim Finance approval since the amount added to the TB Elimination category exceeds \$75,000. **Work Program #C28821**

Refer to motion for approval under Agenda Item D.

42. **Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2014** - Addition of \$335,409 in Transfer for Community Health Worker (CHW) funds from various Division of Public and Behavioral Health budget accounts, and transfer of \$8,070 from the Preventative Health Services category to the Community Health Worker category, \$476 from the Tobacco Grant category to the Community Health Worker category, \$50,632 from the Chronic Disease Prevention Program category to the Community Health Worker category, and \$25,457 from the Colorectal Cancer category to the Community Health Worker category to centralize fiscal transactions for the CHW project for transparency purposes which may lead to additional federal funding for the program. Requires Interim Finance approval since the amount added to the Community Health Worker category exceeds \$75,000. **Work Program #C28828**

Refer to motion for approval under Agenda Item D.

43. **Department of Health and Human Services - Public and Behavioral Health - Office of Health Administration - FY 2014** - Transfer of \$13,079 from the Personnel Services category to the Operating category and \$62,921 from the Reserve category to the Operating category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C28906**

Refer to motion for approval under Agenda Item D.

44. **Department of Health and Human Services - Public and Behavioral Health - Community Health Services - FY 2014** - Addition of \$40,553 in federal Prevention and Public Health Fund grant funds transferred from the Division of Public and Behavioral Health - Immunization Program account to administer vaccines in rural and frontier county schools. Requires Interim Finance approval since the amount added to the School Located Immunizations category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28910**

Refer to motion for approval under Agenda Item D.

45. **Department of Health and Human Services - Public and Behavioral Health - Community Health Services - FY 2014** - Addition of \$92,881 in Charge for Services fees to purchase vaccines and medical supplies used by community health clinics for client services in rural Nevada and replace an antiquated emergency medical record system. Requires Interim Finance approval since the amount added to the County Participation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28988**

Refer to motion for approval under Agenda Item D.

46. **Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2014** - Transfer of \$205,656 from the Personnel Services category to the Professional Services category to fund contract psychiatrists and nurses to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C28895**

Refer to motion for approval under Agenda Item D.

47. **Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Administration - FY 2014** - Addition of \$570,745 in federal Community Mental Health Services (CMHS) Block Grant funds and transfer of \$86,699 from the Personnel Services category to the CMHS Block Grant category, \$244 from the Operating category to the CMHS Block Grant category, and \$321 from the Information Technology category to the CMHS Block Grant category

to continue funding for the mental health service, prevention, promotion and awareness needs of Nevadans. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the CMHS Block Grant category exceeds \$75,000. Work Program #C28944**

Chairwoman Smith announced that Agenda Item D-47 required a public hearing because it included allocation of block grant funds.

Richard Whitley, Administrator, Division of Public and Behavioral Health, Department of Health and Human Services (DHHS), explained the work program in Agenda Item D-47 reconciled expenditure authority available within the Community Mental Health Services block grant. The block grant funds were used to provide mental health awareness and promotion, prevention of mental illnesses, and other services for individuals affected by mental illness.

Mike Willden, Director, Department of Health and Human Services, said that the previous day, the Southern Nevada Adult Mental Health Services (SNAMHS) had received a letter from the Centers for Medicare and Medicaid Services (CMS) indicating that SNAMHS was no longer in jeopardy with its Condition to Participation. A letter was also received stating that CMS had completed its Emergency Medical Treatment and Labor Act (EMTALA) investigation and SNAMHS was now allowed to state that it was meeting CMS regulations and standards. Mr. Willden said that SNAMHS would now proceed to the next phase toward regaining accreditation. He expressed thanks to the SNAMHS staff, who had experienced a very difficult year.

Chairwoman Smith thanked Mr. Willden for sharing the good news and she extended congratulations to DHHS and SNAMHS staff. She asked for public testimony on Agenda Item D-47 and hearing none, she called for a motion.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM D-47.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 48. Department of Health and Human Services - Public and Behavioral Health- Substance Abuse Prevention and Treatment Agency - FY 2014 - Addition of \$95,000 in Contract Services Charges from Synectics to establish root system codes to segregate business information in the myAvatar data system. Requires Interim Finance approval since the amount added to the State Outcomes Management Measurement System category exceeds \$75,000. RELATES TO ITEM 49. Work Program #C28863**

Refer to motion for approval under Agenda Item D.

49. **Department of Health and Human Services - Public and Behavioral Health-Substance Abuse Prevention and Treatment Agency - FY 2014** - Addition of \$10,810 in Annual Licensing fees to pay for myAvatar licenses for providers. Requires Interim Finance approval since the cumulative amount added to the State Outcomes Management Measurement System exceeds \$75,000. **RELATES TO ITEM 48. Work Program #C28870**

Refer to motion for approval under Agenda Item D.

50. **Department of Health and Human Services - Public and Behavioral Health - Rural Clinics - FY 2014** - Addition of \$132,106 in federal Medicare funding, \$212,851 in federal Medicaid funding, and \$11,806 in Insurance Recovery funding to cover a projected shortfall in the Personnel Services category and a projected waitlist in rural Nevada for psychiatric and case management services through the end of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C28875**

Refer to motion for approval under Agenda Item D.

51. **Department of Health and Human Services-Child and Family Services - Rural Child Welfare - FY 2014** - Addition of \$1,261,696 of federal Adoption Incentive grant funds designed to encourage states to finalize adoptions of children from foster care, with additional incentives for adopting foster children with special needs and older child adoptions. Requires Interim Finance approval since the amount added to the Adoption Incentive Payments category exceeds \$75,000. **Work Program #C28885**

Refer to motion for approval under Agenda Item D.

52. **Department of Health and Human Services-Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2014** - Transfer of \$43,718 from the Personnel Services category to the Temporary Contract Staffing category to provide contracted staff necessary for critical coverage to ensure the health and safety of clients and staff without incurring significant overtime costs. Requires Interim Finance approval since the amount added to the Temporary Contract Staffing category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C2897**

Refer to motion for approval under Agenda Item D.

53. **Department of Employment, Training and Rehabilitation - Rehabilitation - Disability Adjudication - FY 2014** - Transfer of \$58,000 from the Personnel Services category to the Operating category and \$1,021,000 from the Personnel Services category to the Medical Determinations category to provide sufficient authority to fund anticipated expenditures through the remainder of the fiscal year.

Requires Interim Finance approval since the amount transferred to the Medical Determinations category exceeds \$75,000. **Work Program #C28975**

Refer to motion for approval under Agenda Item D.

- 54. Department of Employment, Training and Rehabilitation - Rehabilitation - Vocational Rehabilitation - FY 2014** - Transfer of \$57,000 from the Division Cost Allocation category to the Operating category to cover projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Division Cost Allocation category exceeds \$75,000. **Work Program #C28985**

Refer to motion for approval under Agenda Item D.

- 55. Department of Employment, Training and Rehabilitation - Rehabilitation - Vocational Rehabilitation - FY 2014** - Transfer of \$45,000 from the Division Cost Allocation category to the Strategic Planning category to cover projected costs associated with participation in the Nevada State Rehabilitation Counsel meetings for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Strategic Planning category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28986**

Refer to motion for approval under Agenda Item D.

- 56. Department of Employment, Training and Rehabilitation - Employment Security - FY 2014** - Addition of \$3,947,000 in federal Workforce Investment Act (WIA) funding to support local workforce investment boards' projected statewide workforce development activities through the remainder of the fiscal year. Activities are geared toward increasing employment, retention, earnings and occupational skills of Nevadans. Requires Interim Finance approval since the amount added to the WIA Program category exceeds \$75,000. **Work Program #C29073**

Refer to motion for approval under Agenda Item D.

- 57. Department of Employment, Training and Rehabilitation - Employment Security - FY 2014** - Transfer of \$700,000 from the Reserve category to the Client Services category to provide additional funding to support the Specialized Job Training and Nevada System of Higher Education Nursing Programs. Requires Interim Finance approve since the amount added to the Client Services category exceeds \$75,000. **Work Program #C29085**

Refer to motion for approval under Agenda Item D.

At 10:59 a.m., Chairwoman Smith announced that the Committee would be in recess. She called the meeting back to order at 12:50 p.m.

Chairwoman Smith announced that Agenda Items D-58 and D-59 would be heard together.

- 58. Department of Employment, Training and Rehabilitation - Employment Security - FY 2014** - Addition of \$343,900 in Bond Administration funds to cover projected bond-related administration costs for the remainder of fiscal year 2014. Requires Interim Finance approval since the amount added to the UI Bond Administration category exceeds \$75,000. **RELATES TO ITEM 59. Work Program #C29089**

Refer to testimony and motion for approval under Agenda Item D-59.

- 59. Department of Employment, Training and Rehabilitation - Employment Security - FY 2015** - Addition of \$792,125 in Bond Administration funds to cover projected bond-related administration costs for Fiscal Year 2015. Requires Interim Finance approval since the amount added to the UI Bond Administration category exceeds \$75,000. **RELATES TO ITEM 58. Work Program #C29112**

Renee Olson, Administrator, Employment Security Division (ESD), Department of Employment, Training and Rehabilitation, explained that the work programs in Agenda Items D-58 and D-59 requested funding for costs of administering the collection of the bond payments received from employers. The requests stipulated that ten intermittent positions would be dedicated to the work in each year of the biennium, and they also included some equipment and information development costs.

Assemblywoman Carlton recalled that there was discussion about bond-related administration costs during the 2013 Legislative Session, and she and other members of the Committee had expressed concerns. The Legislature was given assurances that the current conversation would not occur and that no additional funds would be required to implement the proposed unemployment insurance (UI) bond assessment. She asked what circumstances had changed.

Ms. Olson replied that Assemblywoman Carlton was correct: the Division had testified that there would be no additional costs to employers. At the time, her thinking culminated around the fact that it was believed that a lot of the processing would be handled efficiently and economically in ESD's new UINv (Unemployment Insurance Nevada) system. Subsequently, however, the rollout of the UINv system was delayed until October or November, which she had testified to at the last Committee meeting. Had the system been ready to roll out, the payments would have been far easier to handle as another tax type in the system.

Ms. Olson clarified that the assessments would be paid by employers: the request was not from the General Fund.

Assemblywoman Carlton thanked Ms. Olson for the clarification, but constituents and business owners would be required to pay a fee increase that the Legislature did not

vote to support. She was concerned that the Legislature was not informed. She asked whether the cost would total \$2 million over the life of the bond, which would be an additional cost not anticipated by the Legislature.

Ms. Olson replied that \$2 million was an estimate of the worst-case scenario, and when accounting for the assessments and collecting them was automated, the cost was anticipated to be greatly reduced. She said Assemblywoman Carlton was correct: it would reduce the overall savings in the bond process. The bond sale was closed with a gross savings of \$16 million, and she confirmed that the administrative costs would reduce the savings to employers.

Assemblywoman Carlton said that even though the cost did not involve General Fund, the Legislature had a responsibility to constituents to ensure that all of the facts were known when voting. She was concerned that the increase could be even larger. She did not want to see employers have to endure more costs, and she would like assurances that there would be no further impact on them.

Ms. Olson said she shared Assemblywoman Carlton's concerns, and the Division was pursuing automation solutions. She explained that during the rate-setting process, the State Unemployment Tax Act (SUTA) rate was adjusted down for employers to compensate for the assessment portion of the bonding and to hold them harmless. Ms. Olson said the Division would do everything possible to reduce the \$2 million going forward.

David Haas, Information Technology (IT) Administrator, Department of Employment, Training and Rehabilitation, explained that the \$2 million was not all for information technology work: it also included administrative funding. He said that an interim solution was being implemented to handle the bond processing in the immediate future, which was not within the scope of the original UInv contract. The larger project had been ongoing for four years, and a permanent solution would be implemented later within the larger application. Mr. Haas said the vendor had been called back to help assess whether the current product set could be used to handle the bond processing as an immediate solution as well.

Chairwoman Smith asked whether the item was related to the Modernization Project and the delay in implementation of the contributions functionality.

Mr. Haas clarified that the current charge was associated with the immediate interim solution being implemented and focused on some in-house IT work involving the database and collection of bond forms. The current focus was on being able to immediately handle the processing load.

Mr. Haas added that the benefits portion of the Modernization Project application was implemented in calendar year 2013 and was doing well. The appeals processing would also be included within the July 2014 timeframe, and the final phase, the contributions piece, would be implemented in the November 2014 timeframe.

Mr. Haas said one issue that needed to be addressed was whether the bond processing could be included by the November 2014 timeframe.

Assemblywoman Carlton recalled learning about the delay and the reasons for it, but she did not remember any discussion or testimony that the bond processing functionality would be a side effect of the delay. She asked when it was known that this was anticipated and why it was not addressed at the time of the delay.

Ms. Olson recalled discussion of the delay during the October/November 2013 timeframe. She said a final target rollout date was not known until prior to the February 2014 Committee meeting.

Assemblywoman Carlton asked whether the increased functionality was anticipated during the in-house staff discussion concerning the delay of implementation.

Ms. Olson replied that she was aware the delay would cause increased costs and the bond processing would have to be handled manually.

Assemblywoman Carlton said she was disappointed that when the Committee voted to support the delay, the members did not have all of the facts. She said the Committee wanted to support agency decisions, but members must have all the information when doing so.

Ms. Olson said that any lapse in communication was not intentional, and she would make progress reports to the Committee more often.

Chairwoman Smith remarked that it would be helpful for agencies to inform the Committee when one issue or item was connected to another so that the members would be aware of all of the information when making decisions.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEMS D-58
AND D-59.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Flores and Kirkpatrick
were not present for the vote.)

Chairwoman Smith announced that Agenda Items D-60 and G.4. would be heard together.

- 60. Department of Corrections - Prison Medical Care - FY 2014** - Deletion of \$435,287 in Transfer from Programs to fund a projected shortfall in outside medical claims and temporary healthcare services for the remainder of the fiscal year. Requires Interim Finance approval since the amount deleted from the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEM G-4. Work Program #C29010**

G. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268.

4. Department of Corrections – Request for an allocation of \$2,168,005 to fund a projected shortfall in the Prison Medical Care budget for inmate medical claims. RELATES TO AGENDA ITEM D-60.

Scott Sisco, Deputy Director, Support and Fiscal Services, Nevada Department of Corrections, testified concerning Agenda Items D-60 and G.4., which involved a projected shortfall in the inmate-driven Medical Services budget. He explained that there were several reasons for the shortfall:

- Prior-year medical claims for outside medical services were often not billed by hospitals for up to 180 days after the inmate was discharged and were paid out of the current year's budget in the Prior Year Claims Expenditures category. Fiscal year (FY) 2013 claims received in FY 2014 not only expended the full legislatively funded FY 2014 budget, but also resulted in two previously approved work programs to transfer a total of \$897,426 from FY 2014 medical funding into the Prior Year Claims category to pay for several catastrophic medical cases that occurred near the end of FY 2013. At least two of those cases exceeded \$1 million each.
- Catastrophic cases were up in FY 2014. As of the submittal of this work program request, the number of cases had exceeded FY 2013's total number of catastrophic cases.
- An error during budget closing caused a revenue shortfall over the current biennium in the amount of \$435,287. To take advantage of savings opportunities related to the Affordable Care Act, the Legislature had quickly passed a bill allowing the Department to apply for Medicaid on behalf of inmates who were hospitalized for 24 hours or more. The potential savings of \$2.7 million in FY 2014 and \$5.2 million in FY 2015 were inadvertently all attributed to the General Fund when they should have been distributed to both the General Fund and the Inmate Welfare Account. The Inmate Welfare Account paid medical costs for indigent inmates when the state incurred a medical expense as a result of an inmate's own actions. The Inmate Welfare Account, not the General Fund, should have been reduced by \$435,287. The error was not discovered until this year.

- The work program also requested a transfer of \$206,541 from Salary Savings and other operating categories to the Contract Medical Services category for contract medical professionals for the rest of FY 2014. There were currently 2.645 FTE (full-time equivalent) vacant psychiatrist positions, 2.26 FTE vacant physician positions, and 3.03 vacant dentist positions.

Chairwoman Smith asked for Mr. Sisco's observations concerning the Medicaid expansion and whether the projections of anticipated savings would meet the Department's projections.

Mr. Sisco replied that the Medicaid expansion appeared to be successful. An application was submitted as soon as an inmate was identified as being out of the facility for 24 hours or longer, and the applications were being accepted. Unfortunately, when Medicaid took over, the hospitals started billing Medicaid directly. Since the hospitals would often not bill for up to six months after the inmate was discharged, the Department had not seen any numbers. However, he said that the process and the number of inmates applying for Medicaid were going very well, and there was no reason to believe that the inmate Medicaid expansion would not be successful.

Chairwoman Smith recalled discussion in the Mental Health Council about the Medicaid expansion for inmates, and she asked Mr. Willden to explain the eligibility procedures for the inmates when they left the institution and then returned.

Mike Willden, Director, Department of Health and Human Services (DHHS), explained that any time an inmate came out of the institution and was admitted to a community hospital for longer than a 24-hour period, he/she would be eligible for Medicaid. A new Medicaid claim application would be filed each time the inmate left the correctional facility. He said the Department was working on an automated system to be able to suspend Medicaid eligibility rather than issue a denial and require a reapplication. When an individual gained Medicaid eligibility and was admitted to a correctional facility or a jail, eligibility could be suspended and then reactivated upon the inmate's release from the facility.

Assemblyman Sprinkle asked whether there were more anticipated shortfalls or catastrophic events.

Mr. Sisco noted there were 13,000 inmates, and medical expenses could not be anticipated, but he said the Medical Services budget should be sufficient, barring any further catastrophic events (over \$100,000) between now and June 30, 2014.

Assemblyman Eisen said he was still struck by the persistence of vacancies for healthcare professionals within the system. He noted that hundreds of thousands of dollars were spent on overtime and huge amounts of money on contract services, and medical professionals had told him that the vacancies existed because the compensation for state positions was not competitive. He questioned what was currently being spent for medical services compared to amounts being offered for

full-time state positions and whether increased compensation for state positions would cost less than what was being spent for overtime and contract services. He suggested that compensation for medical positions needed to be reassessed.

Mr. Sisco replied that there was no question that contract positions were paid substantially more than state staff. The Department of Corrections had typically been successful in recruiting psychiatrists who had reached a point in their careers when they wanted a Monday through Friday position. Some would stay for a number of years, but others would not be comfortable in a corrections environment and leave after a short time. Mr. Sisco said the Division of Human Resource Management conducted regular studies of compensation of state positions, and the Department would request a study of medical positions.

Assemblyman Eisen said he would like to see the comparison data of the state salaries and the amounts being paid for overtime and contract services. There might be a way to increase the state salaries enough to make the positions more attractive and save money in the long run.

Mr. Sisco said he would provide the Committee with the comparison data that was available, and the Department would reach out to the Division of Human Resource Management to pursue further studies.

Chairwoman Smith suggested that long-term issues for aging inmates, such as dementia and Alzheimer's, should be considered during the 2015 Legislative Session, and she asked Mr. Sisco to add that to the Department's priorities for the Session.

Chairwoman Smith asked for public testimony and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEMS D-60 AND G.4.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Flores and Kirkpatrick
were not present for the vote.)

- 61. Department of Corrections - Lovelock Correctional Center - FY 2014 -**
Transfer of \$46,356 from the Utilities category to the Inmate Drivens category and \$29,227 from the Maintenance Contracts category to the Inmate Drivens category to fund a projected food expenditure shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C29004**

Refer to motion for approval under Agenda Item D.

- 62. Department of Motor Vehicles - Administrative Services - FY 2014** - Addition of \$372,987 in Drivers License Photo Fees to offset projected costs paid to the vendor for photo issuance for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Drivers License Photos category exceeds \$75,000. **Work Program #C28974**

Refer to motion for approval under Agenda Item D.

- 63. Department of Public Safety-Forfeitures - Law Enforcement - FY 2014** - Transfer of \$20,520 from the Reserve category to the Evidence Vaults category to purchase an evidence refrigerator to be placed in the Clark County Detention Center. Requires Interim Finance approval since the amount transferred to the Evidence Vaults category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C2903**

Refer to motion for approval under Agenda Item D.

- 64. Department of Public Safety - Highway Patrol - FY 2014** - Addition of \$100,000 in federal National Highway Traffic Safety Administration - Moving Ahead for Progress-21 405d Impaired Driving grant funds transferred from the Office of Traffic Safety (OTS) account to purchase portable breath test (PBT) units as a law enforcement tool to effectively identify and prosecute impaired drivers. Requires Interim Finance approval since the amount added to the OTS PBT Grant category exceeds \$75,000. **Work Program #C28698**

Refer to motion for approval under Agenda Item D.

- 65. Department of Public Safety - Parole and Probation - FY 2014** - Addition of \$37,861 in U.S. Marshal Service (USMS) reimbursements for participation in the USMS task force operations to locate absconders and monitor fugitive activities. Requires Interim Finance approval since the amount added to the USMS Reimbursement category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28595**

Refer to motion for approval under Agenda Item D.

- 66. Department of Public Safety - Emergency Management Division - FY 2014** - Deletion of \$348,472 in federal U.S. Department of Homeland Security Grant Program (HSGP) funds transferred from the Division of Emergency Management. This request also transfers \$25,803 from the HSGP - Exercise Support category to the HSGP HT Training category and \$121,287 from the HSGP - Exercise Support category to the HSGP Resource Management category to align state and federal authority to support improving emergency responses and reducing threats of terrorism. Requires Interim Finance approval since the amount deducted from the State Homeland Security Program category exceeds \$75,000. **Work Program #C28449**

Refer to motion for approval under Agenda Item D.

- 67. Department of Public Safety - Emergency Management Assistance Grants - FY 2014** - Addition of \$297,032 in Federal Emergency Management Agency (FEMA) New Year 2006 Flood grant funds, \$10,000 in FEMA 1738 Fernley Flood grant funds, and \$404,568 in Hazard Mitigation Grant Program 2007 grant funds to align federal grant authority with state authority. Requires Interim Finance approval since the amount added to the Hazard Mitigation Grant Program 2007 exceeds \$75,000. **Work Program #C28269**

Refer to motion for approval under Agenda Item D.

- 68. Department of Public Safety - Emergency Management Assistance Grants - FY 2014** - Addition of \$255,885 in federal Department of Energy (DOE) Emergency Preparedness Working Group (EPWG) grant funds to align federal authority with state authority to continue to enhance emergency response capabilities related to the transportation of low-level radiological waste. Requires Interim Finance approval since the amount added to the DOE EPWG category exceeds \$75,000. **Work Program #C28731**

Refer to motion for approval under Agenda Item D.

- 69. Department of Public Safety - Records and Technology - General Services - FY 2014** - Transfer of \$60,000 from the Personnel Services category to the Communication High Band System category to replace the voice recording equipment for dispatch operations. Requires Interim Finance approval since the amount transferred to the Communication High Band System category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29132**

Refer to motion for approval under Agenda Item D.

- 70. Department of Public Safety-Highway Safety Plan and Administration - FY 2014** - Addition of \$50,414 in federal National Highway Traffic Safety Administration - 402 grant funds transferred from the Office of Traffic Safety account, \$10,226 in federal National Highway Traffic Safety Administration - Motorcycle grant funds transferred from the Office of Traffic Safety account, \$246,909 in federal National Highway Traffic Safety Administration - Occupant Protection/Child Passenger Safety grant funds transferred from the Office of Traffic Safety account, and \$6,882 in federal National Highway Traffic Safety Administration - Traffic Safety Information System Improvement grant funds transferred from the Office of Traffic Safety account and deletion of \$37,182 in federal National Highway Traffic Safety Administration - 406 Incentive grant funds transferred from the Office of Traffic Safety account to align state authority with the Federal Fiscal Year 2014 Highway Safety Plan. Requires Interim Finance approval since the amount added to the Occupant Protection category exceeds \$75,000. **Work Program #C28949**

Refer to motion for approval under Agenda Item D.

71. **Department of Conservation and Natural Resources - State Historic Preservation Office - FY 2014** - Transfer of \$20,000 from the Cultural Resource Information category to the Site Stewardship Program category to cover qualifying operational expenditures of the Southern Nevada Historic Preservation Office. Requires Interim Finance approval since the cumulative amount added to the Site Stewardship Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28754**

Refer to motion for approval under Agenda Item D.

72. **Department of Conservation and Natural Resources - Parks Division - State Parks - FY 2015** - Addition of \$186,520 in federal Aquatic Invasive Species (AIS) grant funds transferred from the Nevada Department of Wildlife (NDOW) to fund the AIS program administered by NDOW at Lahontan, Rye Patch and Wild Horse State Recreation Areas. Funds will cover the operational costs for four inspection and decontamination stations from mid-April through Labor Day 2015. Requires Interim Finance approval since the amount added to the AIS Grant-NDOW category exceeds \$75,000. **Work Program #C29062**

Refer to motion for approval under Agenda Item D.

73. **Department of Conservation and Natural Resources - Division of Water Resources - Water Resources - FY 2014** - Addition of \$209,706 in Motorboat Access sub-grant funds transferred from the Nevada Department of Wildlife for repairs to the South Fork Dam. Requires Interim Finance approval since the amount added to the South Fork Dam category exceeds \$75,000. **Work Program #C28930**

Refer to motion for approval under Agenda Item D.

74. **Department of Conservation and Natural Resources - Forestry - FY 2014** - Addition of \$65,751 in county assessments transferred from the Forestry Inter-Governmental Agreements account to cover projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28817**

Refer to motion for approval under Agenda Item D.

75. **Department of Conservation and Natural Resources - Environmental Protection - Administration - FY 2014** - Addition of \$252,108 in federal Department of Energy grant funds and transfer of \$126,037 from the Statewide Cost Allocation Plan category to the Transfer to State Agencies category to support various high priority environmental related projects in the area of public health and for the preservation of the environment. Requires Interim Finance

approval since the amount added to the Transfer to State Agencies category exceeds \$75,000. **Work Program #C29041**

Refer to motion for approval under Agenda Item D.

- 76. Department of Conservation and Natural Resources - Environmental Protection - Water Pollution Control - FY 2014** - Addition of \$98,435 in funds transferred from the Division of Environmental Protection - State Revolving Fund to balance forward obligated, but unexpended, contract authority from the prior fiscal year to ensure ongoing contract obligations are met and to ensure contract services are not interrupted. Requires Interim Finance approval since the amount added to the Wellhead Program category exceeds \$75,000. **RELATES TO ITEM 78. Work Program #C29005**

Refer to motion for approval under Agenda Item D.

- 77. Department of Conservation and Natural Resources - Environmental Protection - Mining Regulation and Reclamation - FY 2014** - Transfer of \$46,154 from the Reserve category to the Indirect Cost Rate category to adjust budgeted indirect cost authority to actual indirect costs. Requires Interim Finance approval since the amount transferred to the Indirect Cost Rate category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29016**

Refer to motion for approval under Agenda Item D.

- 78. Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund Administration - FY 2014** - Addition of \$105,631 in federal Environmental Protection Agency - Drinking State Revolving Loan Fund Administration grant funds to meet projected expenditures for the Wellhead Program for the remainder of the fiscal year and to adjust allocations to the Bureau of Water Pollution Control account based on cost projections for the program. Requires Interim Finance approval since the amount added to the Wellhead Program category exceeds \$75,000. **RELATES TO ITEM 76. Work Program #C29061**

Refer to motion for approval under Agenda Item D.

- 79. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2014** - Addition of \$28,544 in federal Environmental Protection Agency (EPA) Clean Water Act Section 106 grant funds and \$8,730 in federal EPA Clean Water Act Section 319-H Non-Point Source grant funds to adjust budgeted indirect cost authority to actual indirect costs and allocate costs to the appropriate grant sources. Requires Interim Finance approval since the amount added to the Indirect Cost category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28995**

Refer to motion for approval under Agenda Item D.

- 80. Department of Wildlife - Operations - FY 2014** - Addition of \$104,516 in Sportsmen Revenue transferred from the Wildlife Fund account to fund repairs of flight equipment. Requires Interim Finance approval since the amount added to the Air Operations category exceeds \$75,000. **Work Program #C29068**

Refer to motion for approval under Agenda Item D.

- 81. Department of Wildlife - Game Management - FY 2014** - Addition of \$7,193 in federal U.S. Fish and Wildlife Service - Wildlife Restoration grant funds and \$80,748 in Sportsmen Revenue transferred from the Wildlife Fund account to cover a projected shortfall in Personnel Services due to two employee retirement pay-outs and also fund a new seasonal game position. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C29023**

Refer to motion for approval under Agenda Item D.

- 82. Department of Wildlife - Fisheries Management - FY 2014** - Addition of \$119,490 in federal U.S. Fish and Wildlife Service - Boating Access grant funds, \$43,613 in Aquatic Invasive Species (AIS) decal fees transferred from the Wildlife Fund account, and \$45,413 in private grant funds received from the Community Foundation of Western Nevada to enhance the AIS Inspection and Decontamination program. Requires Interim Finance approval since the amount added to the AIS Outreach and Inspection category exceeds \$75,000. **Work Program #C29045**

Refer to motion for approval under Agenda Item D.

- 83. Department of Wildlife - Fisheries Management - FY 2014** - Addition of \$21,673 in federal U.S. Fish and Wildlife Service - Cooperative Endangered Species Conservation grant funds and \$7,224 in Sportsmen Revenue transferred from the Wildlife Fund account for continued implementation and recovery strategies for endangered native fish species in Nevada. Requires Interim Finance approval since the cumulative amount added to the Section 6 Endangered Species category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C29050**

Refer to motion for approval under Agenda Item D.

- 84. Department of Wildlife - Diversity - FY 2014** - Addition of \$18,174 in federal U.S. Fish and Wildlife Service - State Wildlife grant funds and \$9,786 in Sportsmen Revenue transferred from the Wildlife Fund account to enable the completion of wildlife diversity activities and objectives for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the State Wildlife Grant Plan Implementation category exceeds \$75,000. **Work Program #C28970**

Refer to motion for approval under Agenda Item D.

- 85. Department of Wildlife - Diversity - FY 2014** - Addition of \$20,000 in federal Bureau of Land Management grant funds to conduct golden eagle population surveys in northeastern Nevada. Requires Interim Finance approval since the cumulative amount added to the State Wildlife Grant Plan Implementation category exceeds \$75,000. **Work Program #C28994**

Refer to motion for approval under Agenda Item D.

- 86. Department of Wildlife - Habitat - FY 2014** - Addition of \$19,935 in federal U.S. Fish and Wildlife Service (USFWS)- Wildlife Restoration grant funds, \$4,243 in USFWS - Sport Fish Restoration grant funds, and \$8,060 in Sportsmen Revenue transferred from the Wildlife Fund account so the agency can complete Wildlife Management Area (WMA) System program objectives for Fiscal Year 2014. Requires Interim Finance approval since the amount added to the WMA System category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28962**

Refer to motion for approval under Agenda Item D.

- 87. Department of Transportation - FY 2014** - Transfer of \$100,000 from the Personnel Services category to the Honor Camp Payments category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Honor Camp Payments category exceeds \$75,000. **Work Program #C29070**

Refer to motion for approval under Agenda Item D.

Position Changes

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Secretary of State	040/1050	0096	Accounting Assistant IV, Code 02.300, Grade, 29, Step 10, Employer Paid Retirement \$45,956.88	Business Process Analyst I, Code 07.657, Grade, 34, Step 07, Employer Paid Retirement \$50,174.64
Department of Education	300/2719	0019	Administrative Assistant IV, Code 2.210, Grade 29, Step 10, Employer Paid Retirement \$45,956.88	Fiscal Business Professional Trainee, Code 07.776, Grade 31, Step 10, Employer Paid Retirement \$50,174.64
Department of Education	101/2713	0106	Auditor III, Code 07.148, Grade 36, Step 01, Employee/Employer Paid Retirement \$47,606.40	Education Programs Professional, Code 05.232, Grade 39, Step 01, Employee/Employer Paid Retirement \$54,204.48

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Department of Education	300/2719	0012	Administrative Assistant IV, Code 2.210, Grade, 29, Step 10, Employer Paid Retirement \$45,956.88	Program Officer II, Code 07.647, Grade 33, Step 08, Employer Paid Retirement \$50,174.64
Department of Transportation	800/4660	201-043	Engineering Technician III, Code 06.313, Grade 30, Step 01, Employee/ Employer Paid Retirement \$36,915.84	Traffic Center Technician Supervisor, Code 07.722, Grade 31, Step 01, Employee/Employer Paid Retirement \$38,523.60

Refer to motion for approval under Agenda Item D.

- E. ECONOMIC FORUM – Report required pursuant to NRS 353.228(1)(f) regarding the Economic Forum meeting conducted on December 6, 2013, on the status of actual State General Fund revenue collections compared to the current forecast, current economic conditions, and factors that may impact future economic conditions and State General Fund revenue collections. INFORMATIONAL ONLY.

Chairwoman Smith noted that Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, was in attendance in Carson City, and the Chairman of the Economic Forum, Ken Wiles, was attending in Las Vegas.

Ken Wiles, Chairman, Economic Forum, testified that Assembly Bill (A.B.) 332 (2011 Session) required that the Economic Forum hold a meeting on or before December 10 of each odd-numbered year and on or before June 10 of each even-numbered year. The first additional meeting was held on December 6, 2013, and under the provisions of A.B. 332, the Chair of the Economic Forum was required to provide a report on the meeting to the Interim Finance Committee (IFC). The following are highlights of Mr. Wiles' summary of the report from that meeting ([Exhibit D](#)):

At the December meeting, the Forum received a series of presentations about the current status and outlook for employment and general economic activity in the State of Nevada. There were several presentations on legislative measures approved during the 2013 Session that were anticipated to directly or indirectly impact the state's economic environment and their associated General Fund revenues from items such as fuel tax indexing, film tax credits, new markets tax credits, medical marijuana program, economic development programs and incentives, and the purchase of healthcare plans through the state exchanges under the Affordable Care Act.

The most important provision under A.B. 332 was the requirement for the Forum to review the status of current, actual fiscal year-to-date collections compared with the Economic Forum's most recent General Fund estimates. At the December meeting, a report was prepared by the Economic Forum staff indicating that the total fiscal year-to-date General Fund revenue collections for fiscal year (FY) 2014 were approximately \$1.3 million, or 0.1 percent, greater than the estimated fiscal year-to-date forecast made by the Economic Forum in May 2013, adjusted for measures approved by the 2013 Legislature.

The December report was based on actual fiscal year-to-date collections of between three and five months for the monthly revenue sources and the first quarter of collections for the quarterly revenue sources which, in total, accounted for approximately 29 percent of total fiscal year collections.

The tables in the report provided to IFC were based on the March update prepared by the Fiscal Analysis Division and included actual fiscal year-to-date collections of between six and eight months for the monthly revenue sources and the second quarter of collections for the quarterly revenue sources, which accounted for approximately 53 percent of the total fiscal year collections.

Table 2 presented the actual and forecasted fiscal year-to-date comparison based on the actual collections information available in the Controller's system through the end of February 2014. Highlights of the table were as follows:

- Actual fiscal year-to-date total General Fund revenue collections were approximately \$14.9 million, or 0.9 percent, above the estimated fiscal year-to-date forecast.
- Actual sales tax collections through six months of FY 2014 were approximately \$5.7 million, or 1.2 percent, below the forecast.
- Actual Gaming Percentage Fee Taxes through eight months of FY 2014 were approximately \$10.9 million, or 2.5 percent, below the forecast.
- Actual fiscal year-to-date collections for the state's six major General Fund revenue sources were approximately \$4.2 million, or 0.3 percent, above the forecast. These six revenue sources accounted for approximately 80 percent of the total fiscal year-to-date collections.

Mr. Wiles said that since the March report was prepared, an additional month of sales and gaming tax collections had been reported and the actual collections for both

revenue sources were below the projected amounts. Based on preliminary information provided by the Fiscal Analysis Division, it appeared that the total actual General Fund collections would be slightly below the projected fiscal year-to-date amounts through the end of March. Preliminary results tabulated through March indicated actual General Fund collections were approximately \$600,000, or 0.3 percent, below the projected amount.

Mr. Wiles explained that all of the material presented to the Economic Forum at the December 2013 meeting was available on the Economic Forum's page on the Legislative Counsel Bureau's website, as well as the report presented to the IFC. Fiscal staff would continue to update the tables and provide them to the members of the Economic Forum and place them on the LCB website. He would be working with Fiscal staff to schedule the next required Forum meeting on or before June 10, 2014. The June meeting would help prepare members for the required meeting in the fall, during which General Fund revenue forecasts would be prepared for FY 2015, FY 2016, and FY 2017, which the Governor would be required to use to prepare The Executive Budget for the 2015-2017 biennium.

Mr. Wiles thanked the Committee for the opportunity to present the information on behalf of the Economic Forum, and he offered to address any questions members may have. He thanked Mr. Guindon and the Fiscal Analysis Division staff, as well as agency staff who provided information for the report, for their assistance and support.

Chairwoman Smith asked for questions from Committee members and there were none. She thanked Mr. Wiles and Mr. Guindon for the report.

Chairwoman Smith called for a brief pause in the proceedings.

Assemblyman Grady announced that former Speaker Emeritus Joe Dini had just passed away. Chairwoman Smith asked for a moment of silence in memory of Speaker Dini, a great statesman and long-time leader in the state. She extended the Committee's condolences to Speaker Dini's family.

F. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported the balances in the Interim Finance Committee Contingency Account as shown on the Contingency Account balance statement on pages 229-233 of volume II of the meeting packet (copy attached as [Exhibit E](#)), which reflected the following balances for fiscal year (FY) 2014 as of April 10, 2014:

Unrestricted General Fund Balance	\$8,122,925
Unrestricted Highway Fund Balance	\$1,690,085
Restricted General Fund Balance	\$6,336,897

Mr. Krmpotic said the projected Unrestricted General Fund balance of \$8,122,925 assumed approval of all Contingency Account requests before the Committee at this meeting. He said the Fiscal Analysis Division staff was recommending an increase of \$86,913 in the allocation to the Office of the Military, and if the increase was approved by the Committee, the Unrestricted General Fund balance would be \$8,036,012.

Mr. Krmpotic said there was a request from the Unrestricted Highway Fund from the Transportation Services Authority in the amount of \$66,942, which would result in a balance in the Highway Fund portion of the Contingency Account of \$1,623,143. There was no change in the Restricted General Fund portion of the Account.

Chairwoman Smith asked for questions and there were none.

Chairwoman Smith announced that Agenda Items G.1. and G.2. would be heard together.

G. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268.

1. State Treasurer's Office – Request for an allocation of \$37,806 for technology upgrades and to contract with an e-payment merchant services technical advisor in Fiscal year (FY) 2014.
2. State Treasurer's Office – Request for an allocation of \$27,140 to contract with an e-payment merchant services technical advisor in FY 2015.

Steve George, Chief of Staff, Office of the State Treasurer, said in two versions of the 2013-2015 Governor's Recommended Budget approved by the Legislature, there was a contract with QA Technologies to oversee the e-payment program to provide technical advice. He recalled that the Treasurer's Office was asked to take over the e-payment program from the Department of Administration, but the contract was not included in the final version of the 2013-2015 Legislatively Approved Budget, and the Office had been paying for the program without funding in the budget to do so.

Mr. George explained that Agenda Item G.1. also included \$15,761 to upgrade switch modules for the Silvernet network in the State Treasurer's Las Vegas office. The need for the equipment upgrade, which affected the ability of the office to access the Internet, was not brought to the Treasurer's Office's attention by the Division of Enterprise Information Technology Services (EITS) until after the 2013 Legislative Session. He said that funding was available to upgrade the equipment in the Carson City office, but in February 2014, EITS notified the Treasurer's Office that funding would also be needed to upgrade the equipment in the Las Vegas office.

Chairwoman Smith asked for questions concerning Agenda Item G.1.

Senator Kieckhefer asked whether the amount of \$27,140 was removed from the Department of Administration's budget.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, replied that \$27,140 was removed from the Department of Administration's budget but was not included in the budget for the Office of the Treasurer.

Chairwoman Smith said that Fiscal Analysis Division staff had calculated that the Treasurer's Office currently had \$77,000 in salary savings, and a salary savings balance of \$35,265 was projected at the end of FY 2014. Fiscal staff recommended that the \$15,761 for computer upgrades be paid from salary savings. She asked whether that would be possible.

Budd Milazzo, Deputy Treasurer for Cash Management, Office of the State Treasurer, replied if salary savings were not realized, the Office might have to return to the Committee for a Contingency Account allocation in June. He noted that only a portion of the salary savings came from the General Fund.

Chairwoman Smith asked whether the Treasurer's Office agreed with the projected amount of salary savings.

Mr. George replied the ending balance could not be accurately projected because payouts would be required to two high-level staff members who had just left the Office. He said that since the money would revert to the General Fund, the Treasurer's Office believed that if the payment was made from the Contingency Account, the amount would eventually be replaced with reversion funds.

Assemblyman Bobzien noted that the need for upgrades appeared to be a two-stage notification from EITS, and he asked why they were not handled as one notification.

Mr. George said he did not know the reason for two notifications. The original notice that the upgrades would be required was received the end of June after the 2013 Legislature had adjourned. In December, EITS notified the Treasurer's Office that the upgrades were to be installed in Carson City, followed by another notice in February 2014 concerning the upgrades in the Las Vegas office.

Assemblywoman Carlton asked what portion of the salary savings was General Fund.

Mr. Milazzo replied that the General Fund portion of the salary allocation was 18 percent, which would amount to approximately \$14,000.

Assemblywoman Carlton said that the dollar amounts were very close, and in light of Mr. George's comment that remaining salary savings would revert to the General Fund anyway, she suggested that the request be approved rather than wait until the June meeting.

Chairwoman Smith asked for public comment on Agenda Items G.1. and G.2. and hearing none, she called for a motion

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS G.1. AND G.2.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Flores was not present for the vote.)

3. Department of Administration – Division of Budget and Planning on behalf of Executive Branch Agencies – Request for an allocation of \$26,755 to replace computers with unsupported operating systems that will cease to be supported by Microsoft after April 8, 2014, computer monitors and productivity software for the following agencies:
 - a. Department of Business and Industry
 - 1) Real Estate Division - \$12,895
 - 2) Nevada Athletic Commission - \$3,465
 - 3) Office of Labor Commissioner - \$10,395

Mike Torvinen, Deputy Director, Department of Administration, said the request for \$26,755 was related to the required Windows XP computer replacements. The request from the Department of Business and Industry was to replace some peripheral equipment that was not compatible with the replacement computers. He added that this should be the final request for computer replacements this fiscal year.

Chairwoman Smith asked for an update on the status of support from Microsoft.

Mr. Torvinen replied he had checked with the Division of Enterprise Information Technology Services (EITS) staff, and they were not seeing any major problems as of this date. He noted that Microsoft had discontinued support of the Windows XP computers as of April 8 (two days before), and EITS was going to conduct a system check on Monday. All of the Windows XP computers had been replaced or were pending replacement, and Mr. Torvinen did not anticipate any problems.

Assemblyman Bobzien asked whether the Committee would receive a final report after completion of the system scan by EITS. Mr. Torvinen replied a report would be provided.

Senator Denis said that he assumed that most of the computers running Windows XP were probably past the state's computer replacement schedule anyway.

David Gustafson, Chief Information Officer, Division of Enterprise Information Technology Services, Department of Administration, replied that Senator Denis was correct. Some of the agencies had been procuring the downgrading rights to Windows XP for years, and there were some cases of newer equipment with downgrading rights because Windows Vista was not palatable to a lot of agencies.

Some agencies had been transitioning to Windows 7, which was better, but several were still purchasing Windows XP downgrade rights.

Senator Denis affirmed that Windows XP would continue to work but updates would not be provided, including security and virus protection. He asked that the Division submit a report of the final outcome after all of the computers were switched over and what further action would be required.

Mr. Gustafson said that the Division had been deploying the Altiris Client Management Suite along with antivirus implementation, and from that system, reports could be pulled on what was left on the network. He said there would be cases when agencies would have to be asked where they were in the process, but he believed most of the agencies had completed their replacements and EITS would just need to follow up on stragglers.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Fiscal staff member assigned to EITS had reported that there were still approximately 1,200 computers statewide on Windows XP. He said EITS had not revoked the network access for the computers to avoid interruption of business operations in any state agency. On the following Monday, EITS planned to review and determine the risk to the state and whether action was necessary to secure the network. Mr. Krmpotic said an update was expected from EITS at the June Committee meeting.

Mr. Gustafson said that Mr. Krmpotic was correct. He explained that computers must be removed from the system after new ones were built, and he was certain that many of the 1,200 computers no longer existed but had not been removed from the system. He said more accurate information would be available after Monday's review.

Assemblyman Aizley said he understood that Windows XP was a software system and questioned why all of the computers had to be replaced because the software was outdated.

Mr. Gustafson explained that Windows XP was an operating system supported by the Microsoft Corporation. When Microsoft ceased to support the system, security would no longer be provided, and any vulnerability within the operating system could be exploited forever. Now that Windows XP was old, Microsoft wanted everyone to move to its new platform. He added that Windows XP would still operate correctly, but the security vulnerabilities would not be addressed.

Assemblywoman Kirkpatrick said she was concerned with the overall accountability of the state's inventory of equipment because approximately 1,200 Windows XP computers were still in the system. She said there had to be an overall plan to complete the transition from Windows XP so that all state agencies were on the same system, and she believed a more definite timeframe was needed.

Mr. Gustafson said he echoed Assemblywoman Kirkpatrick's concerns. The state had decentralized information technology to a large degree. All of the computers were the responsibility of the agencies. Only the computers in the Department of Public Safety, Department of Administration, and Office of the Governor were under his direct control. He had no insight into other agencies' networks or how they were spending their money and deploying their resources: he only knew what he was told by the agencies. Mr. Gustafson said it was difficult to provide the Committee with the whole picture when he did not have the information because he did not control the agencies' information technology (IT) staff or funding. He apologized that some of his answers seemed elusive, but EITS was relying on volunteerism from every agency to provide information because the state's IT system was decentralized.

Mike Torvinen, Deputy Director, Department of Administration, recalled that Assembly Bill (A.B.) 474 (2013 Session) included \$1.4 million to address computer replacements. The Department had all state agencies inventory their Windows XP computers, and a list of the agencies and the funding needed to replace those computers was submitted to the Committee at its December 2013 meeting. The request was for nearly \$1.1 million to replace 1,745 computers.

Mr. Torvinen said that in January 2014, a status report was submitted to the Fiscal Analysis Division indicating that approximately 1,497 computers had been purchased, and implementation plans were being developed and put into place. He said at this point, all of the computers that were approved in December had been purchased, and the vast majority had been installed. He had testified at that time that there might be additional computers or issues, and the current request was a follow-up to December's action. He noted that replacement costs were well within the \$1.4 million set aside to address the issue, and although he could not guarantee it, he did not anticipate further requests.

Assemblyman Bobzien noted that the request would relate to the next item concerning the EITS/Department of Public Safety consolidation, which he recalled was always talked about as being the pilot for moving forward across the entire enterprise to consolidate state agency information technology systems. He noted that the Budget Director had been a proponent of bringing more consistency in information technology across state government, and he hoped the Administration would continue to support that effort going into the 2015 Legislative Session.

Assemblyman Bobzien noted there were about 1,200 computers still running Windows XP, although Mr. Gustafson had indicated some of them might be ghosts. He said that EITS would have to determine whether to cut off the agencies that were running non-supported operating systems and were exposing the rest of the network to risk, which would result in a huge interruption of business operations. He suggested that EITS report to the Committee which agencies were reluctant to move forward in replacing their computers and their reasons for not doing so.

Mr. Gustafson said that he agreed with Assemblyman Bobzien, and he would be happy to provide that information to the Committee.

Mr. Torvinen said the Administration had pushed agencies very hard to identify their Windows XP computers and get them on the list. The approach was taken that not all of them could be replaced with A.B. 474 funds, and some agencies were forced to find funding on their own. He reiterated that the Administration had made every effort to identify all of the Windows XP computers.

Assemblyman Anderson assumed that the main problem was that the XP Windows computers were so old that they would not support the new operating systems or could do so only in an extremely slow fashion. He said the best practice would be to replace the whole machine.

Assemblyman Anderson said that he agreed with Assemblyman Bobzien's point, and he knew that Mr. Gustafson was a proponent of having tool sets to find active devices versus those that were ghosts. He said the problem needed to be worked on at the legislative level because the statutes included loopholes that the agencies used very effectively.

Assemblyman Anderson added that a bigger component was that new tools did not work on old software and switches. Altiris was a great tool, but it did not work for older equipment. He noted that ghosts in an active directory were not uncommon. Every large entity had them, and there were aspects of the problem that went beyond EITS and the individual agencies. He said that tremendous progress had been made in the short time he had been involved in the discussions, but the vulnerability was a serious one: it was a security vulnerability that if not put in check and protected some way, could cause significant downtime for the rest of the network.

Assemblyman Anderson said he was happy with the progress being made. The network was large and EITS did not control it all, which made it a greater obstacle to actually get things accomplished. He applauded EITS staff for their efforts and looked forward to further progress reports.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN ANDERSON MOVED TO APPROVE AGENDA
ITEM G.3.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Flores was not present
for the vote.)

4. Department of Corrections – Request for an allocation of \$2,168,005 to fund a projected shortfall in the Prison Medical Care budget for inmate medical claims. RELATES TO AGENDA ITEM D-60.

Refer to testimony and motion for approval under Agenda Item D-60.

5. Office of the Military – Request for an allocation of \$209,443 to provide for a projected shortfall in Personnel Services as a result of changes to Military Leave benefit.

Cheryl Tyler, Administrative Services Officer, Office of the Military, read the following testimony:

We are here today to request IFC Contingency Funds for the projected shortfall for military leave costs for state fiscal year 2014. Assembly Bill (A.B.) 364 [2013 Session] increased military leave from 15 to 39 days for eligible personnel. During the hearings for A.B. 364, 39 days of military leave were calculated as weekend trainings and two-week trainings. With this definition, it was determined then that a master cooperative agreement, which originally stated that the National Guard Bureau (NGB) can reimburse the state for up to 30 days of military leave, was sufficient to meet the costs. The majority of eligible personnel were 100 percent federally reimbursed through the master cooperative agreement with the National Guard Bureau.

It has now come to our attention that the deployment should also be included and, furthermore, NGB recently clarified that the master cooperative agreement should only reimburse the State of Nevada for up to 168 hours of military leave for firefighters and up to 120 hours of military leave for all other eligible personnel.

Military leave is accounted by calendar year per state policy, and the National Guard Bureau reimburses per federal fiscal year. One fiscal year has two calendar years, so for our deployed personnel, they can receive up to two sets of 39 days of military leave in a given fiscal year. This factor has accounted for the \$296,356 allocation request, contingent on BOE [Board of Examiners] approving the allocation of salary adjustment funds of \$18,713 to the Office of the Military. We will submit a work program for the salary adjustment funds at the next BOE meeting.

Thank you and we are now ready to answer any questions you might have.

Assemblywoman Carlton recalled discussion concerning A.B. 364 when she asked how much it was going to cost, because at the end of the 2013 Legislative Session, it was a matter of ensuring that decisions were made based on accurate information. She said

the sponsor of the bill was adamant that no further costs would be incurred, and she believed that was his impression. Multiple discussions were held concerning the bill, and she asked how and why the situation was not discussed during the Session.

Ms. Tyler recalled that during the legislative hearings, military leave for 39 days was defined as the weekend drills and annual trainings. With that in mind, the Office of the Military thought that funding for 39 days would be sufficient, which was why a fiscal note was not submitted for A.B. 364. She said it had since been clarified by the Legislative Counsel Bureau (LCB) Legal Counsel that deployments should also be included, which played a factor. In addition, the NGB recently clarified that the 30 days was not what it intended to reimburse the state for military leave: it was actually in 168-hour increments. Ms. Tyler said those two factors necessitated the current request, as well as the fact that several firefighters had been deployed in fiscal year (FY) 2014, and since they were deployed from October to March, they received two full sets of 39 days per calendar year, per state policy.

Assemblyman Anderson stated that he was responsible for A.B. 364. After passage of the bill, interpretation questions were raised through the regulatory process. He had spoken with the LCB Legal Division several times, and the definition of when leave was paid was never truly addressed or defined in statute. Whether it was pay for reservist or deployment time was a major discussion during the regulatory process.

Assemblyman Anderson said the other interpretation question was the 39 days versus 50 days and the original intent of the bill, which was to create equality between those state employees working on weekends and having to take personal time for reservist duties and those who had normal nine-to-five jobs during the week and could perform their reservist duties on their free weekends. He said the intent of the bill had created some confusion and the interpretation had added costs. Assemblyman Anderson said he did not know what the ultimate resolution was other than to resolve the problem in the 2015 Legislative Session.

Chairwoman Smith said the Committee needed to support funding for what was included in the bill, and she asked whether a resolution would be included in the Governor's 2015-2017 biennial budget.

Assemblyman Anderson replied that he had proposed a bill draft request to clarify the language and make some technical changes in the *Nevada Revised Statutes* in the 2015 Session. He said the intention had been to provide up to 39 days to avoid taking personal time to fulfill reservist duties, which would not change, but the confusion concerning interpretation would be clarified and regulations could be written for the original intent.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the allocation request in Agenda Item G.5. did not include fringe benefits for the employees while paid on military leave. The cost of benefits for the remainder of the fiscal year was estimated to be \$105,627, and Fiscal staff had

identified salary adjustment funds totaling \$18,713 available to cover the shortfall. He said Fiscal staff would recommend that the allocation be increased to \$296,356, for a difference of \$86,913, to cover fringe benefit costs.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN ANDERSON MOVED TO APPROVE AGENDA ITEM G.5. IN THE REVISED AMOUNT OF \$296,356, AS RECOMMENDED BY FISCAL ANALYSIS DIVISION STAFF.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Flores was not present for the vote.)

- H. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (HIGHWAY FUND) PURSUANT TO NRS 353.268 – Department of Business and Industry–Nevada Transportation Authority – Request for an allocation of \$66,942 to provide for a projected shortfall in the Personnel Services and Operating Categories.

Shannon Chambers, Administrative Services Officer, Department of Business and Industry, explained that Agenda Item H was a request from the IFC Contingency Account (Highway Fund) for \$66,942 to cover a projected shortfall in Personnel Services and Operating. She said the shortfall in Personnel Services had occurred because some positions budgeted at step 1 were ultimately filled at higher steps. The positions became vacant in December 2012 and were filled during the 2013 Legislative Session. Ms. Chambers said that adjustments to the position grades and steps were not made when the final budget was closed, and there was also an incorrect unclassified salary for one of the unclassified positions that was not adjusted at budget closing.

Ms. Chambers went on to explain that the shortfall in the Operating category was the result of increased postage costs associated with the citations being issued by the Nevada Transportation Authority (NTA). There had been an increase in citations, which had to be mailed by certified mail.

Ms. Chambers said the Department had discussed the shortage in the Personnel Services category with Budget Division and Fiscal Analysis Division staff to ensure that going into the 2015 Legislative Session, the Department would make efforts to assure that the proper position grades and steps were reflected in the final approved budget.

Chairwoman Smith asked for questions from the Committee and there were none. She asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEM H.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hogan and Flores were
not present the vote.)

- I. OFFICE OF THE GOVERNOR – NEVADA STATE OFFICE OF ENERGY – Request for approval to commit money for expenditure from the Account for Renewable Energy, Energy Efficiency and Energy Conservation Loans, pursuant to NRS 701.585(3). **WITHDRAWN APRIL 9, 2014.**
- J. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS, PURSUANT TO NRS 353.335(2)(c) – Department of Employment, Training and Rehabilitation – Rehabilitation Division – Blind Gift Fund – Request for approval to accept a \$206,354.82 gift from the Bowser Trust.

Mark Costa, Chief Financial Officer, Department of Employment, Training and Rehabilitation, explained that the Department had received a generous donation of \$206,354.82 from the Bowser Trust Fund to the Bureau of Services to the Blind and Visually Impaired. Per *Nevada Revised Statutes* (NRS) 615.260, the amount would be deposited to the Bureau's Gift Fund for the Blind.

Chairwoman Smith asked for questions from the Committee and there were none. She asked for public comment and hearing none, she called for a motion.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA
ITEM J.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hogan and Flores were
not present for the vote.)

K. INFORMATIONAL ITEMS.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced that the Committee had requested testimony on Informational Items K.1., Office of the Attorney General; K.3.c.3), Enterprise Information Technology Services, to be heard with item K.9.a., Department of Public Safety; and Item K.7.c.2), Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS).

Chairwoman Smith requested testimony on items K.3.b., Department of Administration, item K.4.b.2), Department of Education, and item K.7.d.2), Division of Public and Behavioral Health, DHHS.

1. OFFICE OF THE ATTORNEY GENERAL – Report on the type of calls received by the call center, the type of services provided through the legal and financial guidance programs, and the progress of each program funded through the Financial Guidance Center (letter of intent, 2013 Legislature).

JoAnn Gibbs, Chief Deputy Attorney General for the Bureau of Consumer Protection, Office of the Attorney General, testified that she was responsible for the management and oversight of the National Mortgage Settlement Fund, which included grants to the Home Again Program. She introduced Michelle Johnson, Administrator of the Home Again Program.

Ms. Gibbs said that in response to the 2013 legislative letter of intent, a report of accomplishments of the Home Again Program for the first year of the grant had been submitted to the Committee ([Exhibit F](#)). She and Ms. Johnson were present to answer any questions Committee members may have.

Chairwoman Smith asked for an update on how the Home Again Program was doing in relation to what was anticipated.

Ms. Gibbs referred members to page 10 of the report ([Exhibit F](#)), which reflected a thorough explanation of what had been spent and what was projected. She said all expenditures, other than salaries, were on a reimbursement-only basis. The projections were initially higher than what had actually been spent, and at the end of the first year, there was an \$8 million reserve.

Michelle Johnson, Administrator, Home Again Program and Financial Guidance Center (FGC), added that the projections were made nearly a year before the program rolled out. During that time, the partner agencies and the FGC were able to obtain other grants and federal and private donations, and the funding that was initially approved was able to be leveraged, resulting in a surplus. Ms. Johnson said the projections were correct, but the funds to support the projects were garnered from additional sources.

Ms. Gibbs explained that, in effect, the Home Again Program spent the additional leveraged funds first and then applied for reimbursement from National Mortgage Settlement funds when needed.

Chairwoman Smith asked how the reserves were anticipated to be spent down.

Ms. Gibbs said discussions were ongoing with all of the partners, and another report would be submitted to the Committee after quarterly figures were available in April. The Attorney General planned to attend the June Committee meeting to discuss scaling back some positions and repurposing some of the funds. She pointed out that the

economy had changed; there were still foreclosures, delinquencies, and employment issues, but a change in direction for much of the need and services was being seen.

Ms. Johnson added that the needs were growing, and Nevada was still second in the nation in the number of 90 days or more delinquent mortgages. Foreclosures may show a decrease, but a number of homeowners who had not made payments for years were still in their homes, which was difficult to quantify. She said that lenders and services were going to be more aggressive as they worked their way through Nevada's legislation, and an increase in foreclosures should be seen in the near future.

Ms. Johnson said there was still a need for loan modifications and assistance to the over-encumbered homeowner. However, there were homeowners who had gone through foreclosure or the short-sale process a few years ago who were now looking for credit restoration. She said because mortgage rates were down, homes were still quite affordable, and many first-time buyers who were now eligible to purchase a home needed guidance in education and down-payment assistance. Ms. Johnson said the program had been very proactive to ensure that it did not remain stagnant by just directing services and expertise to the over-indebtedness homeowner and instead directing efforts toward stabilizing housing across the state and across the needs.

Chairwoman Smith recalled that the business plan had included the possibility of spending the funds on other activities besides preventing foreclosure. She asked whether discussions were being held about using reserve and revitalization funds for other activities other than down-payment assistance.

Ms. Johnson replied that the Program was providing education, counseling, and coaching to those looking for home ownership. Some clients were referred to down-payment assistance programs, but assistance was not part of the Home Again Program.

Chairwoman Smith said that when Attorney General Masto appeared before the Committee in June, it would be helpful if she would provide information concerning the next phase and plans for expenditure of the funds.

Ms. Gibbs said that one-on-one meetings had already been held with housing counselors and agencies. It was possible that Home Again staffing could be reduced and the funds could be repurposed for other activities and programs. She said updated information would be provided in the April and June reports.

Chairwoman Smith noted that Ms. Johnson had referred to credit restoration assistance for homeowners who had been through a short-sale. She asked what other assistance was provided to help homeowners acquire another home.

Ms. Johnson explained that as a federal Housing and Urban Development (HUD) agency, one of the roles was to provide counseling and coaching and perform credit report reviews to assure they contained updated and accurate information. She added

that there were other programs available to individuals working toward credit restoration, such as individual development account programs that would match dollars for down payments to allow an extended period of time to restore credit while saving for a down payment. She noted that all of the different resources were available to any consumer that contacted the Home Again Program.

Ms. Gibbs added that there were a number of new programs, including the Federal Housing Administration (FHA) back-to-work program, which allowed people to be eligible to purchase another home after a year with counseling, even though they had gone through a foreclosure or bankruptcy. The Home Again Program would work with the new programs to help people restore credit and get back on their feet.

Chairwoman Smith asked whether there was any relief for homeowners who had a tax liability on their short sale.

Ms. Gibbs replied that there was a program to give relief to persons who had gone through a short-sale, but it had expired in December 2013. She was hopeful the program would be reinstituted retroactively, but she had no information.

Chairwoman Smith thanked Ms. Gibbs and Ms. Johnson for the information. There were no questions from the Committee.

3. DEPARTMENT OF ADMINISTRATION

b. Division of Human Resource Management – Report on the status of statewide vacancies.

Chairwoman Smith asked LeeAnn Easton to provide a general overview of the status of hiring, retention, and vacancies for state positions. She noted that the Committee seemed to hear from every agency how difficult it was to hire and retain employees.

LeeAnn Easton, Administrator, Division of Human Resource Management, Department of Administration, testified that the Division had prepared a report on the status of statewide vacancies ([Exhibit G](#)). In addition, Ms. Easton had analyzed the reasons employees left state positions. From January 1, 2013, through April 1, 2014, there were 4,263 different turnovers in state positions, and employees had either transferred to another agency or left state service for the following top five reasons:

- Retirement
- Better pay
- Personal – moved out of state
- Promoted within state service
- Dismissed during probation

Ms. Easton said the state's workforce was changing rapidly. State employees were no longer planning to stay in state service for 30 years. The younger generation grew up

on technology, which was huge within the state; pay was important to them, but they wanted flexibility, the ability to telecommute, good benefits, and a retirement system. She said that unfortunately, Nevada's retirement system was not set up for the new generation: it was designed for the long-term employee.

Ms. Easton said the state would be facing many issues in the future. The retirement statistics showed that about 24 percent of the state's workforce would retire within the next 5 years, and in the next 10 years, 44 percent would be retiring. She said the Division was working with agencies on succession planning and finding ways to develop management staff. She pointed out that recruitment for state positions was not difficult and many vacancies were still being filled. A management academy had recently been developed to improve the leadership skills of current management staff.

Ms. Easton said that while the Division was striving to fill positions, there would be more challenges as the retirement rates increased.

Chairwoman Smith asked for further information on which employment categories were the most problematic to fill. She noted that the Committee had repeatedly heard how difficult it was to recruit for medical and information technology positions. Ms. Easton said that she would provide the information to the Committee.

Assemblyman Eisen said he hoped that moving forward, as future compensation and work environment changes were considered, the reasons given by individuals who chose not to accept positions with the state would be taken into account

Chairwoman Smith thanked Ms. Easton for the information. There were no further questions from the Committee.

Chairwoman Smith announced that Agenda Item K.3.c.3) would be heard with Item K.9.a.

3. DEPARTMENT OF ADMINISTRATION

c. Enterprise Information Technology Services

- 3) Status report of the consolidation of Information Technology Services with the Department of Public Safety as approved by the 2013 Legislature.

9. DEPARTMENT OF PUBLIC SAFETY

- a. Director's Office – Status report on the consolidation of Information Technology Services with the Department of Administration's Enterprise Information Technology Services (EITS) as approved by the 2013 Legislature.

Chairwoman Smith asked David Gustafson to provide the Committee with an update on the consolidation of the Department of Public Safety information technology services with the Division of Enterprise Information Technology Services.

David Gustafson, Chief Information Officer, Division of Enterprise Information Technology Services (EITS), Department of Administration, recalled that the 2013 Legislature provided EITS with funds to conduct planning exercises and build a plan to integrate the Department of Public Safety's information technology services with EITS. In July 2013, there was a major email outage and a scope change that was crippling to the public safety systems, and the move to consolidate was accelerated more rapidly than was originally anticipated.

Mr. Gustafson said that EITS staff had been busy getting the teams started, establishing the requirements, replacing equipment that was out of date, networking, and bringing system security up to state security compliance. He said EITS had been working hard to modernize and stabilize the DPS equipment to be able to build a solid foundation for the Criminal Justice Information System (CJIS) modernization project.

Chairwoman Smith asked whether the service-level agreement had been finalized. Mr. Gustafson replied that the agreement was nearly complete and it was a matter of finalizing the paperwork.

Senator Denis asked what milestones had been put in place to assure that all of the employees were in compliance with criminal justice standards.

Mr. Gustafson explained that one of the first tasks was to document all of the controls in the Federal Bureau of Investigation (F.B.I.) regulations, put them on a spreadsheet, and distributed it to the DPS chiefs. He said many of the changes being made to the network would improve standing with the CJIS policy. Everything being done revolved around the CJIS policy, and the network was being built to provide a CJIS-compliant network and an administrative network for everyone else. The DPS would be able to control the heavy security controls around a certain set of assets, which would be mostly the CJIS assets.

Senator Denis asked what else needed to be done to assure total compliance.

Mr. Gustafson replied once the network was segregated and compliant, efforts would move to the technology staff. He said that previously when EITS was part of the Department of Public Safety, all employees were in the CJIS network, which was not necessary now because some of the population of DPS was not required to be CJIS compliant. During the process, security of all of the assets within the Department of Public Safety and EITS was being raised.

In response to follow-up questions from Senator Denis, Mr. Gustafson explained that all of the new equipment was being put into the proper networks as it was installed. As data centers were consolidated, CJIS assets were being separated from the

administrative assets, and security of those assets required to be CJIS compliant was being upgraded.

Senator Denis asked whether the consolidation would be completed in this biennium. Mr. Gustafson replied that there would be areas needing to be improved upon in the 2015-2017 biennium. He said EITS was working hard to complete as much as possible with the funds available during this biennium, including upgrade DPS infrastructure, consolidate data centers, assure that assets were CJIS compliant, and provide ongoing staffing. He added it would be an ongoing project, and he could not anticipate when it would be totally complete.

Senator Denis said that from a financial side, the Committee was interested in whether there would be major upgrades requiring additional funding.

Assemblyman Bobzien recalled discussion about the project during the 2013 Legislative Session. It was essentially to be a pilot project and step one of a greater consolidation of information technology across the entire state government environment. He had understood the purpose of the pilot was to accept DPS as a willing volunteer and to uncover organizational challenges and problems and establish some experience that could then be replicated as other agencies were engaged in further consolidation.

Assemblyman Bobzien said that although difficult, consolidation was necessary, and the project was to be the proving ground as to how to move the effort forward. He had hoped that the Committee would hear that although there were some unintended situations, the project would definitely be completed by the 2015 Session and EITS was ready to move on to other agencies. He was disappointed that he was not getting a stronger sense of the plan going forward as to how the pilot would roll into expansion in the 2015 Session. He believed the state was exposed because it was not more consolidated or coordinated in its information technology services.

Mr. Gustafson said that, assuming hypothetically that the project was complete, there would still be areas that needed to be strengthened and improved upon in the 2015 Session. One would be a need for more project management staff and more business liaison staff to work with the businesses to translate business requirements into computer language so that EITS could build specifications and systems. He said that for all intents and purposes, the consolidation was complete: EITS was providing 100 percent of the IT services for the Department of Public Safety.

James Wright, Director, Department of Public Safety, thanked the Committee for requesting an update on the project. He appreciated the acknowledgement that the DPS had volunteered for the project; the Department had looked at it as a business decision because its information technology system was fragile. The fear was that the Department would not have the appropriate funding sources to keep the system alive in a decentralized system. He recalled testifying during the 2013 Session that the Department had experienced some close calls with system failures, and three weeks

into July 2013, the major email system failure occurred and EITS staff worked through the weekend to recover email service.

Mr. Wright said a lot had been learned during the past nine months. Some real vulnerabilities were found in the DPS information technology system, and the Department was changing from being a system provider to being a customer, which was very emotional for the employees. In addition, with the email system failure, the employees had also lost files that they had kept for years.

Going forward, Mr. Wright said he was relying on having a more stabilized platform and environment. The Department could not have a failure. Not only were the email problems resolved, DPS was on a better system now, even though there were small inconveniences. He noted that it was important for the DPS consolidation to be successful in order for the state to move to an overall consolidated system.

Mr. Wright explained that because of the email system failure and the necessary replacement of the Microsoft Windows XP computers, some of the planned activities were behind schedule. The base system was being put in place, and he was becoming comfortable. The next big hurdle would be the CJIS modernization project. The CJIS was a system that must go forward, and DPS would be returning to the 2015 Legislature to request funding for the next phase. He noted that the CJIS supported the entire law enforcement community across the state, and it had to be robust and dependable.

Mr. Wright said that through legislative action, DPS was now required to conduct background checks on various individuals working in healthcare and education, which required that CJIS be up and running. It would take several years to have CJIS in place, but it was a system that the state could not afford to have fail.

Mr. Wright said he was in regular contact with Mr. Gustafson, and the communication between DPS and EITS had been outstanding. Now as a customer, he relied on EITS as his service provider to take care of the Department's information technology systems.

Assemblyman Bobzien said he would look forward to the Administration submitting a budget that would advance information technology consolidation in the 2015 Legislative Session.

Chairwoman Smith thanked Mr. Gustafson and Mr. Wright for their testimony.

4. DEPARTMENT OF EDUCATION

b. Office of Teacher Licensure

- 2) Semi-annual report regarding the progress towards improving customer service, policies and procedures, and developing an online teacher license application system for the period ending December 31, 2013 (letter of intent, 2013 Legislature).

Chairwoman Smith recalled that there were many conversations, phone calls, and emails throughout the 2013 Legislative Session concerning the Office of Teacher Licensure. She thought it would be appropriate for the Committee to receive a brief update on what progress was being made.

Dale Erquiaga, Superintendent of Public Instruction, Department of Education, said he would be happy to answer questions, and Dena Durish was present to explain the status of the licensing application system.

Dena Durish, Director of Educator Effectiveness, Nevada Department of Education, said that initially, the Department had WestEd Comprehensive Center conduct a study on the climate, customer service, processes, procedures, and security, and five areas of need were identified:

- Need for a skilled director to run the program
- Better overall service to constituents
- Security of documents
- Timeliness of processing applications
- Digitizing the application process

Ms. Durish said that on January 2, 2014, the Superintendent appointed her to the Director's position and since that time, several updates had been made.

- In the past, the office was called the Office of Teacher Licensure, which indicated only one portion of the office's constituents. The name was changed to Office of Educator Licensure, and the name change required updating the office's website.
- Another recommendation was that responses to inquiries be made in a timelier manner. The telephone system was out-of-date, and at the June Committee meeting, the Department would be requesting authority to upgrade the telephone system.
- The customer service link on the website was updated to include the nine most common categories of questions, and staff members were now able to respond to questions or concerns in their areas of specialization.
- All of the licensure analysts had previously been located in the Las Vegas office. One full-time analyst was transferred to the Carson City office, which would provide office coverage for walk-ins and an opportunity to analyze transcripts in a timely manner.
- Different roles were being considered for the licensure analysts, including proactive customer service to provide information upfront. The website would be updated to include more accurate, thorough, and user-friendly information.

- Data was gathered from the database on every person visiting the office during a six-month period. There were 9,111 applicants, and a customer service survey was sent to each one. Based on the feedback from the survey, performance metrics had been set moving forward. It was revealed that customers were receiving different information from the office than they received on the website. Staff had been meeting weekly to ensure that consistent processes and procedures were implemented.

Ms. Durish said that her goals were to focus on five areas: efficiency, accuracy, consistency, courteousness, and timeliness. Efforts would be made to do a better job communicating with the office's partners, including the school districts and Identity and Access Governance (IAG). She said that analysts would be participating in a job fair at the University of Nevada, Reno to meet with pre-service teachers preparing to be hired to educate them on the requirements and process for licensure.

Shortly after she was appointed as Director, the Legislative Counsel Bureau Audit Division conducted an audit of the office. Ms. Durish was glad to have the auditors review procedures and provide information to set a more clear direction for the office. The audit involved the security of documents, which resulted in changes to the following:

- Updated technology systems
- Changing the physical location of fingerprint cards before they were sent out
- Method of receiving checks and logging them in
- Where DPS reports and applicant disclosure information were stored
- Limiting access to the shared drive on the computer system

Ms. Durish explained that because renewals now required fingerprint authorization, the reporting capacity of the office had been increased and additional reports from the Department of Public Safety were required. Her office was currently researching a method to provide online fingerprinting. Additionally, Ms. Durish said that the 2015-2017 biennial budget would include funding to move more processes online, and she was collaborating with the National Association of State Directors of Teacher Education and Certification concerning other states' system requirements and costs.

Mr. Erquiaga said he appreciated the Committee's interest in the office. Educators were the lifeblood of the Department, and he was sure that Ms. Durish's efforts would contribute to serving them better in the coming years.

Chairwoman Smith said she was glad to hear that the Office of Educator Licensure was heading in the right direction. She thanked Mr. Erquiaga and Ms. Durish for their attendance. She asked for questions from the Committee and there were none.

7. DEPARTMENT OF HEALTH AND HUMAN SERVICES

d. Division of Public and Behavioral Health

- 2) Final follow-up report from SAPTA of survey responses from providers regarding number of myAvatar licenses needed as well as number of licenses purchased for providers by SAPTA.

Chairwoman Smith said that Item K.7.d.2) was pulled to provide Committee members an opportunity to discuss the communications they had been receiving from providers over the past few weeks concerning the Substance Abuse Prevention and Treatment Agency (SAPTA) shortfall. She asked for a brief update of the problem and what solutions were being proposed.

Mary Wherry, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services (DHHS), introduced Kevin Quint, the new Bureau Chief for SAPTA.

Ms. Wherry said that all of the providers that appeared to have funding that they would not be expending were polled, and Family Counseling Services and Westcare had allowed reallocation to other providers. She said one of the challenges concerned the medical marijuana funding, but after a meeting with the Division of Family and Child Services, a letter was sent to all of the child protective services agencies asking them to make the appropriate referrals to the providers in compliance with the *Nevada Revised Statutes*. In addition, she said that Medicaid had allowed advances for claims in the system.

Ms. Wherry said it was her understanding that the biggest challenge was the delay in Medicaid eligibility. Based on the delay, the Division estimated that the providers were probably short about \$800,000 if they tried to continue to meet the demand that had existed over the past nine months.

Chairwoman Smith asked how the shortfall faced by the providers would be addressed.

Ms. Wherry said it had been suggested to the providers that they could appeal to Medicaid for an advance based on the number of clients who might be pending eligibility status. She said that SAPTA did not have funds to advance to the providers, and the only other source of funds would involve a request from the IFC Contingency Account.

Mike Willden, Director, Department of Health and Human Services, said the Department had two plans: one was to continue to try to use the Medicaid system, which was reaching its limit, and delayed Medicaid enrollments would likely continue.

Mr. Willden said that the second option to solve the problem was to use National Tobacco Settlement dollars. Because of the implementation of the Affordable Care Act, many of the agencies receiving Tobacco Settlement funds were seeing either less demand or slower rollout in some of the funded programs. He believed that tobacco dollars could be reallocated to cover the SAPTA provider shortage. A 15-day

expeditious action work program would be required because the Committee would not be meeting again until June 19. He said a final dollar amount needed to be established that could be reallocated through a 15-day work program.

Mr. Willden said if there were not enough funds in the redistribution of Tobacco Settlement funds, there was a reserve of approximately \$9 million in tobacco funds. He recalled that the reserve was consciously maintained because the state received a windfall of the settlement during the 2013 Session, which was used to fund several mental health initiatives and other needs that could not be funded with Tobacco Settlement funds for some time. Between reallocation of Tobacco Settlement funds and possible use of reserve funds, Mr. Willden said the shortage could be covered; he did not want to ask for a Contingency Account allocation.

Chairwoman Smith said that she was glad to hear that there was a solution; she would also prefer that Contingency Account funds not be used.

Senator Goicoechea said he had heard a shortage amount higher than \$800,000, and he asked whether the carryover Tobacco Settlement funds would be sufficient.

Mr. Willden said he had heard amounts as low as \$300,000 and as high as \$1.3 million. He was assuming that the \$800,000 projected by staff was accurate. He was comfortable that there was \$1.5 million to \$2.0 million in Tobacco Settlement unallocated dollars that could be used. He added that there were other issues in the Department that would require Tobacco Settlement monies going forward.

Senator Goicoechea said that some of the providers in his area, and probably across the state, felt that they were close to being out of money and would have to close their doors. He asked Mr. Willden whether he was confident that funding could be made available to the providers within the needed timeframe.

Mr. Willden explained that the Tobacco Settlement dollars were in a non-executive budget account in the Treasurer's Office that was exempt from the Interim Finance Committee. A request must also be made for an increase in authority in SAPTA. As soon as a dollar amount was established, the 15-day work program would be moved forward and would be reported to the Committee at its June meeting.

Chairwoman Smith said that the 15-day provision was in place for situations such as this. The Committee members had constituents being served by the providers across the state. She thanked Mr. Willden for his efforts.

Chairwoman Smith asked for questions from the Committee and there were none. She asked for public comment on Agenda Item K.7.d.2) and there was none.

L. PUBLIC COMMENT.

Senator Parks requested that public comment be reopened on Agenda Item K.7.c.2), Division of Welfare and Supportive Services, Department of Health and Human Services, semi-annual report on the implementation of the revised hiring plan due to the Affordable Care Act (ACA) and Medicaid expansion.

Chairwoman Smith reopened public testimony on Agenda Item K.7.c.2). Refer to public testimony following Agenda Item D-34 on page 28 of these minutes.

Chairwoman Smith asked for further public comment in Las Vegas or Carson City and there was none.

M. ADJOURNMENT.

Chairwoman Smith announced that the next meeting would be held on June 19, 2014, in Carson City.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 3:37 p.m.

Senator Debbie Smith, Chairwoman
Interim Finance Committee

Rick Combs, Director, Legislative Counsel
Bureau, and Secretary, Interim Finance Committee

EXHIBITS
INTERIM FINANCE COMMITTEE
April 10, 2014

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Crystal Abba, Vice Chancellor for Academic and Student Affairs, Nevada System of Higher Education (NSHE)	NSHE Performance Funding Pool Matrix Table
D	Ken Wiles, Chairman Economic Forum	Report to IFC on December 10, 2013 Economic Forum Committee Meeting
E	Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division Legislative Counsel Bureau	Statement of IFC Contingency Account Balance as of April 10, 2014
F	JoAnn Gibbs, Chief Deputy Attorney General for the Bureau of Consumer Protection Office of the Attorney General	Report on Accomplishments of the Attorney General's Home Again Program
G	Lee-Ann Easton, Administrator Division of Human Resource Management, Dept. of Administration	Report on Status of Statewide Position Vacancies