

MINUTES OF THE DECEMBER 9, 2013  
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 9:15 a.m. on December 9, 2013, 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 David P. Bobzien  
Assemblyman Andy Eisen  
Assemblyman John Ellison for Assemblyman Grady  
Assemblywoman Lucy Flores  
Assemblyman John Hambrick  
Assemblyman Crescent Hardy  
Assemblyman Pat Hickey  
Assemblyman Joseph M. Hogan  
Assemblywoman Marilyn Kirkpatrick  
Assemblyman Randy Kirner  
Assemblyman James Oscarson for Assemblyman Anderson  
Assemblyman Michael Sprinkle  
Senator Moises Denis  
Senator Pete Goicoechea  
Senator Ben Kieckhefer  
Senator David Parks  
Senator Michael Roberson  
Senator Joyce Woodhouse

COMMITTEE MEMBERS EXCUSED:

Assemblyman Paul Anderson  
Assemblyman Tom Grady  
Assemblyman William C. Horne

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

Brenda Erdoes, Legislative Counsel  
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  
Eileen O'Grady, Chief Deputy Legislative Counsel  
Alex Haartz, Principal Deputy Fiscal Analyst  
Mike Chapman, Principal Deputy Fiscal Analyst  
Donna Thomas, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

Chairwoman Smith announced that Assemblyman Horne could not attend because of illness and there was no opportunity to appoint an alternate. She welcomed audience members in Las Vegas and Carson City and those listening to the meeting on the Internet.

B. APPROVAL OF MINUTES OF THE AUGUST 29, 2013, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE  
AUGUST 29, 2013, MINUTES.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

Chairwoman Smith opened the meeting for public comment. Hearing no requests for public comment, she moved to Agenda Item D, which involved allocations of federal grant funds that required a public hearing.

C. ALLOCATIONS OF FEDERAL GRANT FUNDS FOR WHICH A STATE  
AGENCY, COMMISSION OR DEPARTMENT HAS REQUESTED A PUBLIC  
HEARING PURSUANT TO NRS 353.337.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the work programs in Agenda Item C involved allocations of federal grant funds that required a public hearing. He said the Committee had

requested testimony on Agenda Items C-5 and C-6, Department of Health and Human Services, Division of Welfare and Support Services, which would be heard with Agenda Item D-38.

Chairwoman Smith asked for public testimony on Agenda Items C-1, C-2, C-3, and C-4, and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS C-1, C-2, C-3, AND C-4.

SENATOR DENIS SECONDED THE MOTION.

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

1. **Department of Agriculture - USDA Specialty Crop Grant Account (non-executive) - FY 2014** - Addition of \$138,026 in federal USDA Specialty Crop Block Grant Program - Farm Bill, to enhance the competitiveness of Nevada's specialty crops. **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 pursuant to NRS 353.337. Work Program #C28418**

Refer to motion for approval under Agenda Item C.

2. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2014** - Addition of \$227,910 in federal Maternal and Child Health Services grant funds to improve the health of families, with an emphasis on women, infants and children, and children with special needs, by providing health care education, preventative activities and quality assurance, and health care services. **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 pursuant to NRS 353.337. Work Program #C28349**

Refer to motion for approval under Agenda Item C.

3. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$533,392 in federal Community Mental Health Services (CMHS) block grant funds and \$509,701 in federal Title XIX - Medicaid funds transferred from the Division of Health Care Financing and Policy and deletion of \$1,013,458 in Adoption Incentive funds transferred from the Rural Child Welfare budget account to align each funding source to the grant award and to continue community based systems of care for individuals with mental illness. **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 pursuant to NRS 353.337. Work Program #C28470**

Refer to motion for approval under Agenda Item C.

- 4. Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2014** - Addition of \$25,000 in Community Mental Health Services block grant funds transferred from the Division of Public and Behavioral Health to provide mental health care services for emotionally disturbed children and adolescents. **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 pursuant to NRS 353.337. Work Program #C28375**

Refer to motion for approval under Agenda Item C.

- 5. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2014** - Addition of \$17,894 in federal Child Support grant funds, \$35,185 in federal Temporary Assistance for Needy Families funds, \$9,808 in federal Title XIX funds, and \$77,235 in Transfer from Interim Finance funds to replace computers that will have unsupported operating system software when Microsoft ends support for the Windows XP operating system on April 8, 2014. **Requires Interim Finance approval since the work program involves the allocations of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing. Work Program #C28533. RELATES TO ITEM F.2. RECEIVED AFTER SUBMITTAL DEADLINE 11-13-13.**

Refer to testimony and motion for approval under Agenda Item D-38.

- 6. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2014** - Addition of \$246 in federal Child Support grant funds, \$171,145 in federal Temporary Assistance for Needy Families funds, \$143,555 in federal Title XIX funds, and \$300,905 in Transfer from Interim Finance funds to replace computers that will have unsupported operating system software when Microsoft ends support for the Windows XP operating system on April 8, 2014. **Requires Interim Finance approval since the work program involves the allocations of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing. Work Program #C28523. RELATES TO ITEM F.2. RECEIVED AFTER SUBMITTAL DEADLINE 11-13-13.**

Refer to testimony and motion for approval under Agenda Item D-38.

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, noted that Agenda Item D-13, Department of Education, Elementary and Secondary Education Titles II, V, and VI, and Item D-47, Department of Health and Human Services, Division of Public and Behavioral Health, had been withdrawn.

Items D-48 and D-50 required revision, which Mr. Krmpotic would explain at the time the items were heard.

Mr. Krmpotic reported that the Committee had requested testimony on the following Agenda Items: D-33, Department of Health and Human Services (DHHS), Director's Office; Items D-37 and D-38, DHHS, Division of Health Care Financing and Policy, would be heard with Agenda Item F.2., Department of Administration, Division of Budget and Planning; Item D-39, DHHS, Division of Health Care Financing and Policy, Nevada Medicaid, and Items D-54 and D-55, DHHS, Division of Child and Family Services, would be heard together; Item D-46, DHHS, Public and Behavioral Health, Marijuana Health Registry; Item D-66, DHHS, Division of Child and Family Services; Item D-69, Department of Employment, Training, and Rehabilitation, Employment Security Division; Items D-71 and D-72, Department of Motor Vehicles, Central Services; Item D-77, Department of Public Safety, Criminal History Repository; and Item D-111, Department of Transportation.

Chairwoman Smith requested testimony on Agenda Item D-9, Department of Education, School Remediation Trust Fund. She asked whether Committee members wished to hear testimony on other items in Agenda Item D.

Assemblyman Aizley requested testimony on Agenda Items D-18 through D-22, Nevada System of Higher Education.

Chairwoman Smith called for public comment on items not pulled for testimony and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND REQUESTS FOR POSITION RECLASSIFICATIONS IN AGENDA ITEM D.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

## **Work Programs**

1. **Office of the Attorney General - Violence Against Women Grants - FY 2014** - Addition of \$1,435,188 in federal Violence Against Women Act, Services Training Officers and Prosecutors (STOP) grant funds to address intimate partner violence, dating violence, sexual violence, stalking, and human trafficking. Requires Interim Finance approval since the amount added to the STOP grant category exceeds \$75,000. **Work Program #C28358**

Refer to motion for approval under Agenda Item D.

2. **Office of the Attorney General - Violence Against Women Grants - FY 2014** - Addition of \$227,775 in Violence Against Women Grant for the Sexual Assault Services Program (SASP) to continue programs to assist victims of sexual violence and sex trafficking. Requires Interim Finance approval since the amount added to the SASP category exceeds \$75,000. **Work Program #C28362**

Refer to motion for approval under Agenda Item D.

3. **Office of the Attorney General - Violence Against Women Grants - FY 2014** - Addition of \$317,210 in Violence Against Women Grants to Encourage Arrest Policies grant funds for prosecuting crimes of intimate partner, stalking, dating and sexual violence. Requires Interim Finance approval since the amount added to the Arrest Policies category exceeds \$75,000. **Work Program #C28363**

Refer to motion for approval under Agenda Item D.

4. **Office of the Secretary of State - HAVA Election Reform - FY 2014** - Transfer of \$99,314 from the Title I Reserve category and \$16,797 from the Reserve category to the Polling Place/Election Day Equipment category to ensure persons with disabilities have access to the election process. Requires Interim Finance approval since the amount added to the Polling Place/Election Day Equipment category exceeds \$75,000. **Work Program #C28405**

Refer to motion for approval under Agenda Item D.

5. **Treasurer's Office - Nevada College Savings Trust - FY 2014** - Addition of \$1,804,700 in funds transferred from the Endowment Account to expand the Nevada College Kick Start program to a statewide status to include all Nevada families. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM 6. Work Program #C28456**

Refer to motion for approval under Agenda Item D.

6. **Treasurer's Office – Nevada College Savings Trust - Endowment Account – FY 2014** - Addition of \$775,949 in Contract Service Charges and transfer of \$1,028,751 from the Reserve category to the Transfer to Nevada College Savings Trust account category to expand the Nevada College Kick Start program to a statewide status to include all Nevada families. Requires Interim Finance approval since the amount transferred to the Transfer to Nevada College Savings Trust Account category exceeds \$75,000. **RELATES TO ITEM 5. Work Program #C28447**

Refer to motion for approval under Agenda Item D.

7. **Department of Administration - Enterprise IT Services - Security - FY 2014** - Addition of \$359,652 in Transfer from Emergency Management funds to establish and implement a Cyber Security Operations Center to help protect the state from cyber threats during SFY14. Requires Interim Finance approval since the amount added to the Cybersecurity category exceeds \$75,000. **Work Program #C28308**

Refer to motion for approval under Agenda Item D.

8. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2014** - Addition of \$77,000 in federal State Homeland Security Program (SHSP) grant funds transferred from the Nevada Division of Emergency Management (DEM) in support of the Governor's Emergency Operations Backup Power System project. Funds will be used to provide emergency generator backup power capabilities for security services. Requires Interim Finance approval since the amount added to the DEM SHSP Grant category exceeds \$75,000. **Work Program #C28377**

Refer to motion for approval under Agenda Item D.

9. **Department of Education - School Remediation Trust Fund - FY 2014** - Transfer of \$3,500,000 from the Full Day Kindergarten category to the Full Day Kindergarten Portables category to comply with Senate Bill 522 Section 19.4 of the 2013 Legislative Session allowing for distribution of funds for portable classrooms. Requires Interim Finance approval since the amount transferred to the Full Day Kindergarten Portables category exceeds \$75,000. **Work Program #C28323**

Julia Teska, Deputy Director, Department of Education, explained that the work program in Agenda Item D-9, which would transfer \$3.5 million from the Full-Day Kindergarten category to the Full-Day Kindergarten Portables category, was requested for transparency purposes. Appropriations for the new Kindergarten Class-Size Reduction Program were booked in a similar manner by placing the actual program costs in one category and the facilities costs in another category. She said that at year-end, it would be apparent to anyone reviewing the records what portion of the funds was spent on teachers and what portion was spent on facilities.

Ms. Teska said information was being sent to the school districts concerning the application process for both the full-day kindergarten portables and kindergarten class-size reduction portables. She wanted to clarify that the Department anticipated that a good portion of the FY 2014 costs would be for setting up portables that would actually be used in FY 2015. She would revise the information for the school districts to clarify that fact.

Chairwoman Smith requested that representatives from the school districts provide the Committee with updates on the implementation of full-day kindergarten.

Jim McIntosh, Interim Chief Financial Officer, Clark County School District (CCSD), introduced Denise Thistlewaite from the District's Instruction Division.

Mr. McIntosh said that the District faced a capacity problem at its elementary schools; most of them were over capacity from a program and design perspective. In order to implement class-size reduction in kindergarten and full-day kindergarten, additional capacity would be required at those schools. He said the District appreciated the state funds for portable units to increase capacity, and a bid from U.S. Modular for 40 portable units had just been awarded.

Mr. McIntosh explained that the District worked through the Instruction Division to determine which schools required portables and where the full-day kindergarten programs would be started. The units would be manufactured in Salt Lake City, and three portables per week would be delivered beginning December 20, 2013. Delivery took time, as well as installation of electrical and heating and ventilation/air-conditioning hooks. The first portables would be ready for use by December 26, 2013.

Mr. McIntosh said that kindergartners would not be placed in the portables; they would be placed in classrooms within the school facility, and a different grade would be moved into the portables. The District was prepared to go forward with another bid for 40 portables to maximize the capacity of the elementary schools.

Chairwoman Smith asked whether the appropriation from the 2013 Legislature would be sufficient to meet the financial needs of the District.

Mr. McIntosh replied the District was currently meeting its needs with the funding provided by the Legislature. In some cases, portables were not required to expand the program because the principals were able to make do with current space.

Assemblyman Hambrick asked whether the portables would be able to accommodate large classes. Mr. McIntosh replied that the portables were doublewide units that would accommodate two classrooms

Senator Kieckhefer recalled that when funding was provided by the 2013 Legislature for full-day kindergarten and class-size reduction, assurances were given that there would



be no kindergarten class with more than 25 students. He asked whether that would be contingent upon the portables being installed.

Denise Thistlewaite, Instruction Division, Clark County School District, replied the District was currently looking at the numbers in two ways: in accordance with the percentage from the state for free and reduced lunch orders and which areas had classrooms bursting at the seams. The two difficult factors were the need for space and working with demographics for a possibility of six year-round schools to possible rezoning. She said planning and hiring new teachers had been a challenge. Meetings were being held with the Administration and Human Resources concerning demographics and putting a number of positions into place through the school year. She said the portable units were a large part of planning for the second semester; many of the schools did not have space to house an additional class to lower class sizes.

Senator Kieckhefer asked whether the entire District would reach the 25-student cap in the second semester when the portables were delivered. Ms. Thistlewaite replied it would not; the goal was to reach the cap by the 2014-2015 school year.

Ms. Teska explained the language in Senate Bill (S.B.) 522 (2013 Session) was written to provide that CCSD would accomplish full implementation by the second year of the biennium. She said the Department had just received first-quarter reports for class-size reduction, and CCSD was in compliance with the fiscal year (FY) 2014 requirements in S.B. 522.

Lindsay Anderson, Director of Government Affairs, Washoe County School District (WCSD), testified that 64 teachers were hired to reach the kindergarten classroom ratios of 21 students to 1 teacher (21:1) as set forth in S.B. 522. She said that 53 of the 62 WCSD elementary schools were able to comply with the ratio. Nine sites had applied for a waiver, but the average kindergarten class size for the District was 17.7:1, well below the 21:1 ratio. Ms. Anderson said the ratio was 26.5:1 before passage of S.B. 522.

Ms. Anderson stated that the District was achieving the intent of the Legislature. However, many of the classrooms were reaching the ratio under a team-teaching situation, and there was a need for portables in the District. Through the State Department of Education's application process, the District had applied for anywhere from 20 to 50 portables, depending on the scenario and the amount of funding available. She said the District would not move forward with purchasing the portables until the amount of funding was known, at which time they would be purchased and installed in the highest-need situations.

Chairwoman Smith said she was glad to hear the average class size had decreased, but, she pointed out, accountability for kindergarten class-size reduction was at the school level rather than the district average.

Ms. Anderson replied Chairwoman Smith was correct. At the school level, there were nine sites that were over the 21:1 ratio, but all of them were under the waiver range of 25:1.

Chairwoman Smith recalled that during the 2013 Legislative Session, Washoe County had indicated that it would not need additional portables to expand to full-size kindergarten. She asked whether that situation had changed.

Ms. Anderson replied the situation had not changed, although the District would prefer to have individual kindergarten classes as opposed to two teachers for a larger number of students. The District would take full advantage of any state funding available for portables.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA  
ITEM D-9.

SENATOR DENIS SECONDED THE MOTION.

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

10. **Department of Education - GEAR UP - FY 2014** - Addition of \$1,547,722 in federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant funds and \$193,084 in transfer from the Trust Account to align federal and state authority to continue GEAR UP programs. Requires Interim Finance approval since the amount added to the GEAR UP Scholarship Awards category exceeds \$75,000. **Work Program #C28401**

Refer to motion for approval under Agenda Item D.

11. **Department of Education - Discretionary Grants - Restricted - FY 2014** - Addition of \$10,330,547 in federal 21st Century Learning Center grant funds, \$4,698,718 in federal English Language Acquisition grant funds, \$329,679 in federal Homeless Children grant funds, \$55,303 in Advanced Placement Fee Payment funds, and \$282,515 in Longitudinal Data Systems funds to align federal and state authority for these programs. Requires Interim Finance approval since the amount added to the 21st Century Learning Centers category exceeds \$75,000. **Work Program #C28434**

Refer to motion for approval under Agenda Item D.

- 12. Department of Education - Elementary and Secondary Education - Title I - FY 2014** - Addition of \$26,225,147 in federal Title I Basic grant funds, \$374,074 in federal Migrant Aid grant funds, \$329,071 in federal Neglected and Delinquent Children grant funds, \$140,793 in Migrant Consortium grant funds and \$6,934,154 in School Improvement grant funds to align federal and state authority. Requires Interim Finance approval since the amount added to the Title I Basic Aid to Schools category exceeds \$75,000. **Work Program #C28438**

Refer to motion for approval under Agenda Item D.

- 13. Department of Education - Elementary and Secondary Education Titles II, V, and VI - FY 2014** - Addition of \$270,000 in Proficiency Testing Item charges from the Smarter Balanced Consortium for development of test items in Mathematics and English Language Arts for a statewide test bank. Requires Interim Finance approval since the amount added to the Smarter Balance Consortium Testing category exceeds \$75,000. **Work Program #C28444**

Refer to motion for approval under Agenda Item D.

- 14. Department of Education - Career and Technical Education - FY 2014** - Addition of \$1,667,472 in federal Perkins Vocational Education grant funds to align federal and state authority for vocational and technical education programs. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C28394**

Refer to motion for approval under Agenda Item D.

- 15. Department of Education - Continuing Education - FY 2014** - Addition of \$2,032,601 in federal Adult Basic Education funds to align state and federal authority to support adult basic education, including adult literacy and English as a Second Language programs. Requires Interim Finance approval since the amount added to the Adult Basic Education Aid to Schools category exceeds \$75,000. **Work Program #C28402**

Refer to motion for approval under Agenda Item D.

- 16. Department of Education - Individuals with Disabilities Act (IDEA) - FY 2014** - Addition of \$19,587,388 in federal Special Education - Grants to States grant funds, \$1,090,596 in federal Special Education Early Childhood grant funds, and \$32,505 in federal Project Promises grant funds to align federal and state authority to continue these programs for individuals with disabilities. Requires Interim Finance approval since the amount added to the Special Education Aid to Schools category exceeds \$75,000. **Work Program #C28431**

Refer to motion for approval under Agenda Item D.

- 17. State Public Charter School Authority - FY 2014** - Addition of \$1,189,078 in Transfer from Education - Federal Title 1A Improving Basic Programs grant funds, \$38,728 in Transfer from Education - Title III English Language Learners grant funds and \$231,285 in Transfer from Education - Title IIA Improving Teacher Quality grant funds to align authority for these programs. Requires Interim Finance approval since the amount added to the Federal Title I category exceeds \$75,000. **Work Program #C27777**  
Refer to motion for approval under Agenda Item D.

Chairwoman Smith announced that Assemblyman Aizley had requested testimony on Agenda Items D-18 through D-22.

- 18. Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2014** - Addition of \$5,155,810 in Non-Resident Tuition and \$100,000 in Miscellaneous Student Fees to expend the additional fees for costs associated with deferred maintenance, technology infrastructure, instructional equipment, critical positions, classroom renovations, and scholarships. This request is contingent upon Board of Regents approval at their December 5th - 6th meeting. This request requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session. **Work Program #C28430**

Assemblyman Aizley questioned why the dollar figures varied among the campuses. The amounts were supposed to be based on projected tuition and fee revenue, but the projections were apparently missed by \$5 million.

Marc Johnson, President, University of Nevada, Reno (UNR), Nevada System of Higher Education (NSHE), explained that the amounts included registration fees and out-of-state tuition at each institution. He said UNR's enrollment had been growing steadily through a difficult economic period: it had not dropped since 2009. In the past two years, UNR enrollment had increased by 1.5 percent and 2.5 percent, for an average of 2 percent, and enrollment for 2013 had increased by 3 percent. There was an 18 percent increase in non-resident enrollment, there was no longer a state-funded investment in non-resident students, and the fees would be retained by the institutions to support out-of-state students.

President Johnson explained that the reason for the variable amounts was the large differences in enrollment in the institutions. He noted that UNR had experienced a large increase over projected fees for the past two years. The institutions were unable to project enrollments from year-to-year, but UNR was anticipating continuous growth.

Assemblyman Aizley said he did not realize that UNR had experienced such large increases in enrollment, and he thanked President Johnson for the explanation.

Senator Goicoechea remarked that Nevada's tuition fees must be fairly competitive across the nation for the institutions to be experiencing large growth.

President Johnson replied Nevada's fees were competitive. Instate registration fees plus mandatory fees were about \$6,600 per year, based on a 30-credit year, and Nevada ranked about 12th in the 15 WICHE (Western Interstate Commission for Higher Education) states in level of fees. The data also showed that a low proportion of Nevada students left college with debt and the level of the debt was relatively low compared to the rest of the nation. President Johnson said that higher education in the State of Nevada was a bargain compared to most other states.

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

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA  
ITEM D-18.

SENATOR DENIS SECONDED THE MOTION.

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

- 19. Nevada System of Higher Education (NSHE) - University of Nevada - Las Vegas - FY 2014** - Addition of \$269,000 in Miscellaneous Student Fees to fund part-time instructors. This request is contingent upon the Board of Regents approval at their December 5th - 6th meeting. Requires Interim Finance approval pursuant to Senate Bill 521, Section 8, of the 2013 Legislative Session. **Work Program #C28427**

Refer to testimony and motion for approval under Agenda Item D-22.

- 20. Nevada System of Higher Education (NSHE) - Dental School - UNLV - FY 2014** - Addition of \$425,870 in Non-Resident Tuition to fund part-time instructors. This request is contingent upon the Board of Regents approval at their December 5th-6th meeting. Requires Interim Finance approval pursuant to Senate Bill 521, Section 8, of the 2013 Legislative Session. **Work Program #C28428**

Refer to testimony and motion for approval under Agenda Item D-22.

- 21. Nevada System of Higher Education (NSHE) - Truckee Meadows Community College - FY 2014** - Addition of \$364,100 in Non-Resident Tuition to fund additional part-time instructors. This request is contingent upon Board of Regents approval at their December 5th - 6th meeting. This request requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session. **Work Program #C28429**

Refer to testimony and motion for approval under Agenda Item D-22.

- 22. Nevada System of Higher Education (NSHE) - Nevada State College at Henderson - FY 2014** - Addition of \$124,812 in Non-Resident Tuition to pay additional part-time instructors due to enrollment increases. This request is contingent upon Board of Regents approval at their December 5th - 6th meeting. This request requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session. **Work Program #C28425**

Chairwoman Smith asked whether Assemblyman Aizley wished to hear further testimony on Agenda Items D-19 through D-22.

Assemblyman Aizley replied further testimony was not necessary, but since higher education was now being funded differently, he would be interested in receiving the dollar amounts of out-of-state tuition and instate fees for each NSHE institution.

Chairwoman Smith recalled that during discussions of the new NSHE funding formula during the 2013 Legislative Session, one of the advantages of the formula was the ability for the institutions to retain out-of-state tuition and instate fees for their respective campuses.

Chairwoman Smith asked for further questions from the Committee; there were none. She then asked for public comment on Agenda Items D-19 through D-22 and hearing none, she called for a motion.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE AGENDA  
ITEMS D-19, D-20, D-21, AND D-22.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

- 23. Department of Agriculture - Nutrition Education Programs - FY 2014** - Addition of \$80,000 in federal U.S. Department of Agriculture Food and Nutrition School Breakfast Expansion grant funds for local educational agencies to establish, maintain or expand the National School Breakfast program. Requires Interim Finance approval since the amount added to the Nevada School Breakfast Expansion category exceeds \$75,000. **Work Program #C28407**

Refer to motion for approval under Agenda Item D.

- 24. Department of Agriculture - Dairy Commission - FY 2014** - Transfer of \$96,321 from the Reserve category to the Equipment category and \$8,817 from the Reserve category to the Training category to fund the purchase of dairy testing equipment and training for the department's Dairy Lab. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$75,000. **Work Program #C28422**

Refer to motion for approval under Agenda Item D.

- 25. Commission on Mineral Resources - FY 2014** - Transfer of \$13,941 from the Abandoned Mine Land (AML) Enhancement category to the Out-of-State Travel category and \$36,102 from the AML Enhancement category to the In-State Travel category to allow staff to attend conferences, business meetings, and trainings, conduct workshops, and complete inspections at all oil and geothermal well sites throughout Nevada. Requires Interim Finance approval since the amount transferred from the AML Enhancement category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28389**

Refer to motion for approval under Agenda Item D.

- 26. Public Utilities Commission - FY 2014** - Transfer of ~~\$200,000~~ **\$160,100** from the Reserve category to the Expert Consultants category to open an investigatory docket relating to the costs and benefits attributable to net metering in Nevada pursuant to Assembly Bill 428 of the 2013 Legislative Session. Requires Interim Finance approval since the amount added to the Expert Consultants category exceeds \$75,000. **Work Program #C28378. REVISED 11-22-13.**

Refer to motion for approval under Agenda Item D.

- 27. Department of Business and Industry - Insurance - Insurance Education and Research - FY 2014** - Transfer of \$150,000 from the Title Insurance Settlement Reserve category to the Title Insurance Education category to develop a consumer education program on title insurance. Requires Interim Finance approval since the amount added to the Title Insurance Education category exceeds \$75,000. **Work Program #C28364**

Refer to motion for approval under Agenda Item D.

- 28. Department of Business and Industry - Insurance - Insurance Recovery - FY 2014** - Transfer of \$76,310 from the Reserve category to the Transfer to Insurance Education and Research category to allow for the transfer of funds to the Insurance Education and Research budget account in compliance with NRS 679B.305. Requires Interim Finance approval since the amount added to the Transfer to Insurance and Education category exceeds \$75,000. **Work Program #C28426**

Refer to motion for approval under Agenda Item D.

- 29. Governor's Office of Economic Development - FY 2014** - Transfer of \$62,000 from the Train Employees Now Program category to the Personnel Services category, \$3,500 to the In-State Travel category, \$2,500 to the Operating Expenses category, \$28,000 to the Advertising category, and \$2,000 to the Information Services category in order to create and administer the Local Emerging Small Business Program established by the 2013 Legislature pursuant to A.B. 294. Requires Interim Finance approval since the amount transferred from

the Train Employees Now Program category exceeds \$75,000.  
**Work Program #C28369**

Refer to motion for approval under Agenda Item D.

- 30. Governor's Office of Economic Development - FY 2015** - Transfer of \$67,600 from the Train Employees Now Program category to the Personnel Services category, \$6,000 to the In-State Travel category, \$1,000 to the Operating Expenses category, \$17,000 to the Advertising category, and \$400 to the Information Services category in order to create and administer the Local Emerging Small Business Program established by the 2013 Legislature pursuant to A.B. 294. Requires Interim Finance approval since the amount transferred from the Train Employees Now Program category exceeds \$75,000.  
**Work Program #C28370**

Refer to motion for approval under Agenda Item D.

- 31. Governor's Office of Economic Development - Rural Community Development - FY 2014** - Transfer \$37,801 from the Reserve category to the Revolving Loans category for community development projects through revolving loans or direct grants. The request represents the restoration of expenditure authority with no change in purpose for FY 2013 authority that was balanced forward to Reserves for FY 2014. Requires Interim Finance approval since the amount added to the Revolving Loans category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28371**

Refer to motion for approval under Agenda Item D.

- 32. Governor's Office of Economic Development - Nevada Catalyst Fund - FY 2014** - Transfer \$940,000 from the Reserve category to the Business Assistance and Development Program category to pay four business that are anticipated to meet the conditions of their applications for Catalyst Fund grant funding during FY 2014. Requires Interim Finance approval since the amount added to the Business Assistance and Development Program category exceeds \$75,000. **Work Program #C28372**

Refer to motion for approval under Agenda Item D.

Chairwoman Smith announced that Agenda Item D-33 and Informational Item I.4.a. would be heard together.



- 33. Department of Health and Human Services - Director's Office - Administration - FY 2014** - Addition of \$2,114,409 in federal Health Information Technology (HIT) grant funds to allow the program to complete program requirements, grant deadlines and Phase II implementation of the federally-approved State Health Information Technology Plan pursuant to the terms and conditions of Nevada's ARRA Health Information Technology for Economic and Clinical Health (HITECH) State Health Information Exchange Cooperative Agreement. Requires Interim Finance approval since the amount added to the HIT Grant category exceeds \$75,000. **Work Program #C28506**

I. INFORMATIONAL ITEMS

4. DEPARTMENT OF HEALTH AND HUMAN SERVICES

- a. Director's Office – Update regarding the state's requirement to meet the non-federal match for the Health Information Technology grant.

Ellen Crecelius, Deputy Director of Fiscal Services, Department of Health and Human Services (DHHS), introduced Amber Joiner, Deputy Director for Programs, DHHS.

Ms. Crecelius explained that the work program in Agenda Item D-33 would increase revenue and expenditure authority for the Health Information Technology (HIT) grant by \$2.1 million, bringing the new authority level to \$3.74 million. The increase would allow the program to complete fiscal year (FY) 2014 program requirements, meet grant deadlines, and complete phase II implementation of Nevada's federally approved state Health Information Technology for Economic and Clinical Health (HITECH) plan.

Senator Kieckhefer noted that the grant would expire on February 7, 2014. He asked whether the Department would be able to expend the total amount of the grant by the deadline or if there would be a risk of losing funds.

Amber Joiner, Deputy Director for Programs, Department of Health and Human Services, replied that the Department was on track to expend all of the federal funds by February 2014.

Senator Kieckhefer observed there appeared to be a shortage in the state's matching funds for the grant. He asked what would occur if the funds were not available.

Ms. Joiner said that DHHS shared the concern for adequate matching funds. The Department was actively pursuing partners and donors to provide the match. She said a plan had been established with the Northern Nevada Development Authority (NNDA) to pursue match opportunities, and the Department also had \$340,000 in in-kind match. Ms. Joiner added that if the match was not obtained, the state might have to return the funds.

Ms. Joiner went on to explain that the grant was unique because the federal government had requested that the state expend all of the federal grant funds before the match; the grant funds were budgeted to be spent on the Orion Health contract, and

the remainder of the match would be used to continue the program through the fiscal year.

If funds were owed to the federal government, Senator Kieckhefer asked whether there would be a revenue stream through the Nevada Health Information Exchange (NVHIE) that could be used to repay the funds or if State General Funds would be required.

Ms. Joiner explained that one way to seek matching funds would be through participant fees, which could be used toward the match. There would also be a revenue stream through a subgrant to the NVHIE, which was a nonprofit entity. As the NVHIE brought in funds, the state could use them for match until the grant's closeout period, which was May 7, 2014.

Senator Kieckhefer asked how the NNDA was able to become involved in securing matching funds.

Ms. Joiner said NNDA had a history of seeking funds in Nevada communities to help with economic development, and the project was a type of economic development. The Department had pursued NNDA's expertise to help locate potential partners and donors.

Chairwoman Smith asked how much it cost to contract with NNDA.

Ms. Joiner replied she did not have the amount with her; she would provide that information to the Committee's Fiscal Analysis Division staff. She said part of the contract was with the state and part was contracted directly with the NVHIE.

Assemblyman Sprinkle recalled that Ms. Joiner had referred to nonprofit revenues as a possible revenue source. He asked what amount of matching funds was projected between now and May 2014, and if the state did not obtain the match, what dollar amount was anticipated to be returned to the federal government.

Ms. Joiner replied the NVHIE was currently working on its sustainability plan, and the projections had not been finalized. However, some hospitals, physician groups, and laboratories had already signed on with the program, and those should be announced at the NVHIE Board of Directors' meeting the following week. She said there were many prospective participants anxious to join the program when it became operational in January 2014.

Chairwoman Smith asked for further questions from the Committee; there were none. She then asked for public comment on Agenda Item D-33 and Informational Item I.4.a. and hearing none, she called for a motion to approve Item D-33 [note: Agenda Item I.4.a. was informational and required no action].

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA  
ITEM D-33.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

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

- 34. Department of Health and Human Services - Director's Office - Indigent Supplemental Account - FY 2014** - Transfer of \$535,423 from the Reserve category to the SFY13 Claims category in order to cover unpaid claims submitted for hospital care of indigent persons in the prior fiscal year. Requires Interim Finance approval since the amount transferred to the SFY13 Claims category exceeds \$75,000. **Work Program #C28484**

Refer to motion for approval under Agenda Item D.

- 35. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2014** - Addition of \$214,689 in federal Senior Medicare Patrol (SMP) grant funds to educate Medicare beneficiaries and their caregivers on health care fraud in Medicare billing in order to protect vital health care programs for the future. Requires Interim Finance approval since the amount added to the SMP Grant category exceeds \$75,000. **Work Program #C28491**

Refer to motion for approval under Agenda Item D.

- 36. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2014** - Addition of ~~\$159,387~~ **\$152,091** in federal Medicare Improvements for Patients and Providers Act (MIPPA) grant funds for outreach and application assistance efforts toward Medicare beneficiaries with limited incomes, including persons with disabilities, who may be eligible for services. Requires Interim Finance approval since the amount added to the MIPPA Grant category exceeds \$75,000. **Work Program #C28256. REVISED 11-22-13.**

Refer to motion for approval under Agenda Item D.

Chairwoman Smith announced that Agenda Items D-37 and D-38 would be heard together with Agenda Item F.2.

- 37. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Transfer of \$36,246 in General Fund appropriation from FY 2015 and addition of \$36,246 in federal Title XIX funds to expedite the purchase of replacement desktop computers and laptops

with Windows XP, which will no longer be supported after April 2014. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 34 of the 2013 Legislative Session. **RELATES TO AGENDA ITEMS F.2 AND 38. Work Program #C28403**

Refer to testimony and motion for approval under Agenda Item D-38.

- 38. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Transfer of \$36,246 in General Fund appropriation to FY 2014 and deletion of \$36,246 in federal Title XIX funds to expedite the purchase of replacement desktop computers and laptops with Windows XP, which will no longer be supported after April 2014. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 34 of the 2013 Legislative Session. **RELATES TO AGENDA ITEMS F.2. AND 37. Work Program #C28406**

**F. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO NRS 353.268**

2. Department of Administration – Division of Budget and Planning on behalf of Executive Branch Agencies – Request for an allocation of \$1,082,879 to replace computers with operating systems that will cease to be supported by Microsoft after April 8, 2014.

Leah Lamborn, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services (DHHS), explained that work programs D-37 and D-38 requested to transfer funds from fiscal year (FY) 2015 to FY 2014 to replace computers that used Windows XP as the operating system, which would no longer be supported by Microsoft as of April 2014.

Ms. Lamborn said funds were approved in the 2013-2015 biennial budget to replace computers based upon the Division of Enterprise Information Technology Services (EITS) computer replacement schedule. However, it was learned in August 2013 that Microsoft would no longer support Windows XP, and it would be necessary to replace the computers in FY 2014 rather than in FY 2015.

Senator Denis asked whether the Division had been able to determine how many computers required updates, and whether the intent was to replace the computers or upgrade the operating systems.

Ms. Lamborn replied the intent was to replace the computers, and she reiterated that the replacement funds were earmarked in the 2013-2015 biennial budget. She said 157 computers in the Division were identified to be replaced, and some were replaced in fiscal years 2012 and 2013. She explained that replacement of 62 computers was included in the FY 2014 budget and another 62 in FY 2015, and an allocation of \$14,770 was being requested from the Interim Finance Committee (IFC) Contingency Account for an additional 27 computers.

Senator Denis asked whether the Division had the ability to install the new computers in a timely manner.

Ms. Lamborn replied it did, and she introduced Christopher Saurage, the Division's Information Technology Manager.

Chairwoman Smith commented that, as with many other issues discussed during the 2013 Legislative Session, the request involved a large deployment of technology at one time, and she asked for an explanation of the process and timeframe.

Christopher Saurage, Information Technology Manager, Division of Health Care Financing and Policy, DHHS, said making the deadline should not be a problem if deliveries of the equipment from the vendor were on schedule. The Division had the manpower on staff and the ability to roll out the computers relatively quickly.

Assemblywoman Kirkpatrick asked whether the new computers would be using the latest technology, which was Windows 8.

Mr. Saurage replied Windows 7 would be used to maintain consistency throughout the agency. The computers would be purchased with Windows 8 and rollback privileges to Windows 7.

Chairwoman Smith asked for testimony from the Division of Welfare and Supportive Services concerning its request for an allocation from the IFC Contingency Account for new computers.

Michael McMahan, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), explained that a similar scenario necessitated computer replacement in DWSS: Microsoft would no longer support Microsoft XP, and the Division had a large number of computers operating under the XP platform. He noted that it was essential for security reasons that the Division's computer system be supported, and computers that supported Windows 8 with rollback privileges to Windows 7 would be required.

Sue Smith, Deputy Administrator, Administrative Services, Division of Welfare and Supportive Services, DHHS, explained the computer replacement was a strenuous endeavor, which the Division would be able to accomplish. It would be necessary to hire temporary labor to help unpack and access over 700 computers to be purchased under this request. Division staff in the north would be required to assist staff in the south, which would necessitate additional instate travel funds; temporary dumpsters would be needed for a short time; and there would be a small cost to roll down some existing computers from Windows 8 to Windows 7. She said the costs would total approximately \$100,000, and work programs would be submitted to the Interim Finance Committee for instate travel. Ms. Smith added that the Division had sufficient funding to cover the additional costs, but work program revisions would be required to transfer authority between categories.

Chairwoman Smith asked whether Ms. Smith was confident that the task could be completed in a timely manner. Ms. Smith replied that it would be a strenuous project requiring overtime and additional staff.

Chairwoman Smith noted that the work would be completed before the Committee would know the actual costs. She asked Mr. Krmpotic to explain the process and when the Committee would know the actual costs.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained if travel costs were going to be incurred in excess of the amount budgeted, the Division would have to either submit an expeditious action work program or wait until after the February 6, 2014, Committee meeting before exceeding the amount budgeted. Another option would be for the Governor to submit an emergency work program, but that would need to meet certain criteria in NRS (*Nevada Revised Statutes*).

Assemblyman Kirner questioned whether it was common to receive such short notice of cessation of a computer platform and if this problem was known during the 2013 Legislative Session.

Mike Torvinen, Deputy Director, Department of Administration, replied the problem was recognized during the 2013 Legislative Session and preliminary research was conducted which indicated that the state would have to replace approximately 3,100 computers. A definite total number was not established, so a set-aside amount of approximately \$1.4 million was included in Assembly Bill (A.B.) 474 to address computer replacements. Subsequent to the Legislative Session, a request was sent to all state agencies asking them to send a list of how many XP computers they had in service that were connected to the state's network and used on a regular basis. The Department reviewed the list, and at this point, 1,750 computers still needed to be replaced. He added there was still some work to do.

Chairwoman Smith asked whether Committee members had further questions for the Division of Welfare and Supportive Services or Mr. Torvinen concerning the overall request for funds from the Interim Finance Contingency Account included in Agenda Item F.2. There were no further questions.

Mr. Krmpotic noted that during the Fiscal Analysis Division's staff review of the request, certain agencies were scheduled for computer replacement in FY 2015, which would be subsequent to the date that Microsoft would no longer support the XP operating system. The following agencies had included funding in their FY 2015 budgets and had also requested replacement computers in FY 2014. In essence, there were duplicate funding requests in FY 2014 and FY 2015 in the following amounts:

\$3,960	State Division of Archives
\$4,620	Nevada State Library
\$1,593	Emergency Management Division
\$3,282	Parole Board

Mr. Krmpotic said the amounts should be set aside for reversion to the General Fund in FY 2015 because the Committee was funding the computers in FY 2014.

Chairwoman Smith noted that Agenda Items C-5 and C-6, which related to Agenda Items D-37, D-38, and F.2., required a public hearing.

C. ALLOCATIONS OF FEDERAL GRANT FUNDS FOR WHICH A STATE AGENCY, COMMISSION OR DEPARTMENT HAS REQUESTED A PUBLIC HEARING PURSUANT TO NRS 353.337

5. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2014** - Addition of \$17,894 in federal Child Support grant funds, \$35,185 in federal Temporary Assistance for Needy Families funds, \$9,808 in federal Title XIX funds, and \$77,235 in Transfer from Interim Finance funds to replace computers that will have unsupported operating system software when Microsoft ends support for the Windows XP operating system on April 8, 2014. **Requires Interim Finance approval since the work program involves the allocations of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing. Work Program #C28533. RELATES TO ITEM F.2. RECEIVED AFTER SUBMITTAL DEADLINE 11-13-13.**
6. **Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2014** - Addition of \$246 in federal Child Support grant funds, \$171,145 in federal Temporary Assistance for Needy Families funds, \$143,555 in federal Title XIX funds, and \$300,905 in Transfer from Interim Finance funds to replace computers that will have unsupported operating system software when Microsoft ends support for the Windows XP operating system on April 8, 2014. **Requires Interim Finance approval since the work program involves the allocations of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing. Work Program #C28523. RELATES TO ITEM F.2. RECEIVED AFTER SUBMITTAL DEADLINE 11-13-13.**

Chairwoman Smith asked whether anyone wished to provide public testimony on Agenda Items C-5 and C-6 and hearing no requests to testify, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA ITEMS C-5, C-6, D-37, D-38, AND F.2., WITH \$13,455 IN FISCAL YEAR 2015 FUNDS TO BE REVERTED BY FOUR AGENCIES AS OUTLINED BY MR. KRMPOTIC, AND TO RECEIVE PROGRESS REPORTS ON THE ACQUISITION OF COMPUTERS FROM THE DIVISION OF ENTERPRISE INFORMATION TECHNOLOGY SERVICES AT THE FEBRUARY AND APRIL COMMITTEE MEETINGS.

SENATOR DENIS SECONDED THE MOTION.

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

Chairwoman Smith announced that Agenda Item D-39 would be heard with Agenda Items D-54 and D-55.

**39. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2014** - Deletion of \$1,894,779 in federal Title XIX funds and \$1,148,554 in Budgetary Transfers for the Division of Child and Family Services to continue a pilot project to provide therapeutic foster care for youths. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS 54 AND 55. Work Program #C28461**

**54. Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2014** - Addition of \$300,518 in Budgetary Transfers from the Division of Health Care Financing and Policy to continue a pilot project to provide therapeutic foster care for youths. Requires Interim Finance approval pursuant to Assembly Bill 507 Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS 39 AND 55. Work Program #C26653**

**55. Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2014** - Addition of \$848,036 in Budgetary Transfer from the Division of Health Care Financing and Policy to continue a pilot project to provide therapeutic foster care for youths. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS 54 AND 39. Work Program #C26659**

Danette Kluever, Deputy Administrator, Division of Child and Family Services, Department of Health and Human Services (DHHS), explained that Agenda Item D-55 involved a work program to transfer \$848,036 for continuation of a pilot project to provide therapeutic foster care for youths in Clark and Washoe Counties, as provided in Assembly Bill 507 (2013 Session).

Assemblywoman Carlton recalled discussion concerning the pilot during the 2013 Legislative Session, and she asked why the request for funds was being made six months after the end of Session. She questioned how the program could be continued without legislative approval.



Amber Howell, Administrator, Division of Child and Family Services, DHHS, replied that the request was originally made through submission of a business plan on October 23, 2012. The pilot was started with 70 children on October 1, 2012, and ran through the end of the fiscal year in June 2013. The Division did not have the results of the pilot program by July 1, 2013, to determine whether the program was working so that a request to fund its continuation could be made from IFC. The Division had been using internal funds until the results were known. She said that a requirement of the project was that the Division was not to request additional funding unless positive results were seen.

Assemblywoman Carlton asked what the results of the pilot program had revealed.

Jill Marano, Deputy Administrator, Division of Child and Family Services, DHHS, explained that three different pilots had been conducted across the state. They each appeared to be different because as the Division developed the program for each area, staff realized that each community had specific needs. The pilots were conducted in similar but different directions, and different outcomes were tracked in each area. She provided the following overview of the outcomes in each area:

- Clark County saw a 90 percent decrease in placement disruptions, a 62 percent decrease in the number of inpatient hospitalizations, and a 52 percent decrease in the total number of psychotropic medications.
- Washoe County and the rural counties saw an increase in placement stability similar to that seen in Clark County. At the beginning of the pilot, there was a history of 20 youth running away, and there were only 2 runaways throughout the pilot.
- There were 14 youth discharged from the northern pilot, and 50 percent of them had achieved permanency.

Ms. Marano explained that one of the criteria for selection of youth for the pilot was that they had been in foster care for an extended period or they were severely emotionally disturbed. She said it was difficult to find good placements and people who could work with the most challenging youth. The fact that 50 percent of the youth who were discharged achieved permanency was a success for the Division.

Ms. Marano added that the educational outcomes for the youth in the north decreased from 21 percent to 15 percent, and there was a 53 percent reduction in the number of placement changes.

Chairwoman Smith affirmed that the decrease in educational outcomes was actually positive because it meant that the youth changed schools fewer times. Ms. Marano replied that was true: there was an increase in school stability.

Assemblywoman Carlton asked what tracking method was used to ensure that the fees were billed through Medicaid and not the General Fund to avoid duplicate payments.

Ms. Howell replied one of the requirements of the business plan was that the providers could no longer claim the basic skills training (BST), which was the General Fund portion of fees. She said in the beginning it was difficult to get the providers used to not billing for the services, but the Division continued to track the fees through a monthly report from Medicaid to ensure that the General Fund was not billed.

Assemblyman Sprinkle said the pilot program appeared to be working, and he asked whether it would become a permanent program in the different jurisdictions and if the funding method would be changed in the future.

Ms. Howell replied there was optimism that the money being transferred to the state was being put to good use and resulting in significant outcomes for kids. Decreasing placement disruptions, hospitalizations, and medications and achieving permanency were very positive outcomes for all youth. They reduced trauma and increased all other outcomes, which helped the child welfare system. She could not yet predict the future of the program; the Division was trying to analyze what was working well and where enhancements were needed. If positive outcomes continued, requests for funding from each of the agencies would be coming forward in the 2015 Legislative Session.

Ms. Howell said that Clark County had been included in the pilot for 14 months and Washoe County and the rural counties had been involved since February 2013, and the Division was excited to see the results.

Assemblyman Sprinkle asked what the impact would be on the caseworkers if the program were to become permanent and whether additional staff would be required.

Ms. Howell replied that each agency recognized the need for more mental health services for youth, which would require further discussion about needed enhancements. She said the caseworkers' workload was heavy: there was more monitoring and engagement with foster parents and clinical staff, and more clinical staff would definitely be needed.

Ms. Howell added that one of the major findings of the pilot program was that it was not just a matter of giving parents more money and they would do the right thing. Different levels of enhancements were required—caseworkers, clinical staff, and mental health services—and there would be more areas needing enhancements.

Assemblyman Eisen noted that the Division was requesting an increase in the size of the pilot in Clark County from 30 to 150 participants, and the request was for retroactive funding. He asked whether current participation in the program was at 30 or if more youth had been engaged. He was glad to hear the positive results of the program, and he asked how much was being saved by the decrease in psychotropic medications and hospitalizations.

Ms. Howell replied participation had remained at the approved amount of 70 youth statewide. The Division was in the process of analyzing the savings on the Medicaid claims side. However, in some instances, even though the medications were reduced, the costs had increased for certain types. She said most of the savings would be on the federal side because Medicaid was receiving the dollars from the federal government. She added that the savings were not state savings, but there were overall savings in public health.

Chairwoman Smith noted that the outcomes were good for Clark and Washoe Counties, but they were not the same. She asked whether the Division was surveying the same outcomes in each county but different outcomes for each county were reported.

Ms. Marano replied there were two separate evaluations and the outcomes were tracked differently. She said the Committee was not provided with the full report from the two child welfare agencies; she had only reported the most notable outcomes for each county, and several more outcomes were actually tracked in the same manner.

Ms. Marano pointed out that while Clark County had seen a decrease in the use of psychotropic medications, the rurals had seen a slight increase, which was believed to speak to the community needs and the lack of services in the rural areas in the past.

Chairwoman Smith said she would be interested in seeing the full results for all areas. Ms. Marano said the results could now be combined into one report, which would be provided to the Committee.

Chairwoman Smith assumed that the pilot program in the rural counties was being conducted with existing funds. She asked Ms. Howell to explain the structure of the rural program.

Ms. Howell explained the rural program involved a small population and the state was able to support the costs for foster care through normal caseloads. She said there were needs outside of payments to foster parents, and a significant number of staff from the children's mental health side provided services but, she noted, those services would not have been paid with pilot program funds anyway.

Ms. Howell said internal staff was also providing foster care support because the pilot funding was not intended to hire staff. It was costing more than just the foster care payments, and the Division had to use internal resources to conduct the pilot, which it would continue to do to provide sustainability.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS D-39, D-54, AND D-55.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Horne and Kirkpatrick were not present for vote.)

40. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2014** - Addition of \$286,567 in Healthy Nevada Funds transferred from the Department of Health and Human Services (DHHS) Director's Office to support community partners' efforts in assisting clients with Supplemental Nutrition Assistance Program applications. Requires Interim Finance approval since the amount added to the DHHS Subgrants category exceeds \$75,000. **Work Program #C28368**

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 \$597,779 in federal Epidemiology and Laboratory Capacity (ELC) grant funds to continue support of various interrelated existing ELC program activities. This request continues the project originally approved in FY 2012. Requires Interim Finance approval since the amount added to the ELC Supplemental category exceeds \$75,000. **Work Program #C28253**

Refer to motion for approval under Agenda Item D.

42. **Department of Health and Human Services - Public and Behavioral Health - Biostatistics and Epidemiology - FY 2014** - Addition of \$10,126 in federal Youth Risk Behavior Survey (YRBS) grant funds and \$34,169 in federal YRBS grant funds transferred from the Department of Education to administer the Youth Risk Behavior Survey system, which monitors health-risk behaviors. Requires Interim Finance since the amount added to the Nevada Department of Education YRBS category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28254**

Refer to motion for approval under Agenda Item D.

43. **Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2014** - Addition of \$173,997 in federal State Public Health Actions to Prevent and Control Diabetes, Heart Disease, and Obesity grant funds to provide for the evaluation of existing programs, implement preventative measures and support development in an effort to combat chronic conditions that may result from diabetes, heart disease and obesity. Requires Interim Finance

approval since the amount added to the Diabetes Program category exceeds \$75,000. **Work Program #C28224**

Refer to motion for approval under Agenda Item D.

- 44. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2014** - Addition of \$493,657 in federal Affordable Care Act - Maternal, Infant and Early Childhood Home Visiting Program grant funds to expand existing home visiting services into Elko, Lyon, and Storey counties. Requires Interim Finance approval since the amount added to the Home Visiting Expansion category exceeds \$75,000. **Work Program #C28198**

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 \$21,497 in Gifts and Donations to provide vaccinations in rural and frontier Nevada. Requires Interim Finance approval since the amount added to the AG-UnitedHealth Fund category is a non-governmental grant or gift in excess of \$20,000. **Work Program #C28316**

Refer to motion for approval under Agenda Item D.

- 46. Department of Health and Human Services - Public and Behavioral Health - Marijuana Health Registry - FY 2014** - Addition of \$1,878,795 in Dispensary Licenses and Fees to fund seven full-time employees and temporary contracted staff to assist with the implementation of the provisions of Senate Bill 374 approved in the 77th Session of the Nevada Legislature. Requires Interim Finance approval since the amount added to the Dispensaries category exceeds \$75,000. **Work Program #C28409**

Marla McDade Williams, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services (DHHS), explained that Agenda Item 46 was a request for \$1,878,795 in Dispensary Licenses and Fees to fund the first phase of the operational budget for the Marijuana Health Registry.

Assemblyman Sprinkle asked why seven full-time employees were required at this time and how long the employees would be needed once the infrastructure was in place.

Ms. McDade Williams explained that the Division had previously submitted a request to the Committee for funding to develop and write regulations, and two temporary employees were approved. The request in Agenda Item 46 was the first request for permanent staff. She said about 150 certifications were anticipated in the program, and staff needs were based on estimates of projected workload to oversee 150-plus

facilities. At least two individuals would be required to inspect each facility, and approximately 52 facilities could be inspected per year.

Ms. McDade Williams added that to date, the focus had been specifically on developing regulations. The current request would fund the first two permanent employees to help set up the operational program, establish policies and procedures, set up office space, and ensure that the online verification system was operational. The descriptions of the new Inspector positions needed to be developed because they did not fall under an existing Human Resource Management Division classification.

Ms. McDade Williams said the request also included a Program Coordinator position, whose duties would be somewhat administrative in nature, but most of the efforts would be toward development of a regulatory program anticipated to be needed as certification of facilities began.

Ms. McDade Williams recalled that the legislation stated the Division had one ten-day period in each calendar year to accept applications. She thought the application periods could be staggered between laboratories and cultivation facilities, but the Division had been informed that all of the applications had to be accepted within one ten-day period, and the Division had 90 days to approve them. To meet the 90-day timeframe, the Division anticipated needing several people to review applications. If the reviews were not done in 90 days, the Division would be required to issue certificates, which may result in more dispensaries than authorized in any given jurisdiction.

Ms. McDade Williams added that the baseline staff had been identified to develop the criteria for the review of applications and train the temporary staff to meet the workload. Assemblyman Sprinkle noted that Ms. McDade Williams had referred to baseline staff, and he asked whether future positions were anticipated.

Ms. McDade Williams replied the recommended starting staff structure would provide for the regulatory setup: the Program Coordinator and Inspectors. More administrative staff, a Program Manager and staff to help with training and analysis of data, would be proposed in a work program for the Committee at its February meeting. She said the positions recommended at this meeting would be performing short-term administrative duties, but additional staff would be hired to permanently perform administrative duties.

Assemblyman Sprinkle noted that up to 66 statewide permits for dispensaries were authorized, but the Committee's background material reflected 70. Ms. McDade Williams replied that 70 was an error: 66 dispensaries were authorized.

Assemblyman Sprinkle said feedback at the local level had indicated that some jurisdictions might not agree to issue permits in April. He asked whether the Division had considered the possibility of decreased revenue because of lack of participation.

Ms. McDade Williams replied that was a concern, and she said that with any of the proposals brought forth, the Division would hire only the staff needed to carry out the

program. If some local governments opted out of the program, the number of dispensaries would be reduced. She pointed out that in addition to the dispensaries, the Division was responsible for overseeing three other medical marijuana establishment types: the cultivation facilities, the edibles and infused products, and laboratories. The staffing would depend upon the number of facilities that came forward to be certified but, she reiterated, the Division was committed to hiring only the number of staff required to meet the agency's needs.

If the local jurisdictions did not issue the permits, Assemblyman Sprinkle asked whether the Division would return to the Committee to supplement the lost revenue to maintain the program.

Ms. McDade Williams replied that she did not believe so. Current projections were that only two regulatory staff were needed to inspect 52 facilities per year. If there were only 52 facilities to inspect, the Division would not hire additional staff.

Assemblyman Hickey said he had heard that delays were contemplated in Las Vegas and Reno, and he asked whether short-term staffing could be delayed.

Ms. McDade Williams explained that delays were not as problematic as a jurisdiction completely opting out of the program. Even in a delay, the Division would have to review the application and issue a provisional certificate to every qualified applicant. The applicants would have provisional certificates while they worked through the local government process. She said the current work program request was for four inspection staff and one supervisor of those staff, which comprised the base staff needed, and the work program in February would request administrative staff. Everyone was expecting the Division to solicit applications on April 1, 2014, and the Division's obligation under the law was to have regulations adopted by that date. She said the intent was to open the application period as close to April 1 as possible, but if the staff was not on board, the application period would be delayed.

Ms. McDade Williams said that from a local government perspective, if the jurisdiction told the Division that it was not going to authorize applicants, the numbers would be reduced. A delay would only extend the timeframe for the applicant: it would not necessarily reduce the numbers.

Assemblyman Oscarson asked if an applicant review was not completed within 90 days, whether the applicant would automatically receive a license. He asked Ms. McDade Williams to define a provisional license.

Ms. McDade Williams replied yes, if the Division did not review the application and make a decision within the 90-day period, the statute stated that a certificate would be issued. The Division's obligation was to tell the applicant whether a certificate would be issued. The regulations were structured to weigh applicants one against the other. All applicants would be measured against a baseline of information, and only the top number of applicants would be processed to receive a provisional certificate; everyone

else would be told that they would not be receiving a certificate at this time. She said if an applicant was not told that he was not receiving a certificate within 90 days, the applicant would receive a certificate regardless of the Division's decision.

Ms. McDade Williams pointed out that the provisional certificate was provided in the law. The Division had worked with local government staff to ensure that their needs were being met, and it was agreed to issue a provisional certificate to allow an applicant to move forward in the review process with the local government. When the first applicant did not meet the local government's requirement and was denied at that level, the Division would pull the provisional certificate and move on to the next applicant for processing at the local government level. Once an applicant was approved by the local government, the Division would issue a permit certificate after an onsite inspection.

Assemblyman Ellison asked how much implementation of 66 dispensaries and the supporting staff would cost the state.

Ms. McDade Williams replied the Division's projections did not anticipate only 66 dispensaries. More than 150 establishments would ultimately be certified, which would include cultivators, production facilities, laboratories, and dispensaries. The program would be cut back if 66 dispensaries or fewer were approved.

Assemblyman Ellison was concerned whether the state would be fully reimbursed for its expenses and if the program would be able to support itself if the anticipated number of dispensaries did not materialize.

Ms. McDade Williams said that as she understood the legislation, the state would be allowed to recover all costs by charging them back to the establishments. She did not believe that the General Fund was ever envisioned to support the program; the projected revenues would be sufficient to pay back what was borrowed and to manage the program.

Senator Goicoechea asked whether the Division had reached out to the local jurisdictions to determine which ones planned to allow the establishments and which would not.

Ms. McDade Williams said the Division had participated in an initial meeting organized by Clark County staff, and a broad network of communication with local government staff had been established. Representatives of the Nevada Association of Counties and Nevada League of Cities and Municipalities had been working with the Division to communicate with the local jurisdictions, and she recently attended a meeting of the Nevada League of Cities and Municipalities. The Division was engaging and responding to requests to attend meetings, and multiple conversations had been held with attorneys, government officials, and zoning and business licensing staff, who had all been instrumental in helping the Division get the regulations where they were today. Ms. McDade Williams said she believed the Division had done a good job of



communicating at the elected-official level, and staff was willing to attend meetings to help people understand the program.

Senator Goicoechea asked whether the Division had an idea of which agencies would license at the local level and which might not.

Ms. McDade Williams said the Division was communicating well with the local jurisdictions, which would have to inform the Division of their decision on how many establishments they planned to operate. The Division wanted to invest in only those that had a realistic chance of moving at the local government level. Those discussions had begun with the move into the operational phase.

Chairwoman Smith asked Mr. Krmpotic to explain a technical problem with the Distributive School Account (DSA) portion of the funding.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that in Ms. McDade Williams' discussion with Assemblyman Sprinkle, she said that the work program should have 66 licensed dispensaries rather than 70, which was required in S.B. 374. Based on Fiscal staff's estimates, the assumed revenues would be reduced by \$20,000, which would correspondingly affect the amount of surplus revenues over expenditures, which based on the work program submitted, were reflected in Reserve for Reversion to the General Fund. However, S.B. 374 required that excess revenues over expenditures were to be deposited in the DSA rather than the General Fund. Mr. Krmpotic said that Fiscal staff would recommend an adjustment to the work program to reduce the revenues by \$20,000 in the corresponding category, which was now identified as Reserve for Reversion to the General Fund. Correspondingly, the work program should be adjusted to reflect the excess revenues over expenditures, which totaled approximately \$1.5 million, in a special category that would reflect a transfer to the DSA.

Chairwoman Smith said the motion would include Fiscal staff's recommendation as explained by Mr. Krmpotic.

Assemblyman Oscarson requested clarification from Legal Counsel of the provision that a license would automatically be issued if the Division did not act on an application within 90 days

Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, stated that S.B. 374, section 10, subsection 3, stated that ". . . not later than 90 days after receiving an application to operate a medical marijuana establishment, the Division shall register the medical marijuana establishment and issue a medical marijuana establishment registration certificate if . . . ." Section 10, subsection 5, provided that ". . . if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana

establishment registration certificate.” Ms. Erdoes opined that the law actually contemplated the operation of one of the establishments without the Division having issued the registration certificate, but the Division was required to issue the registration certificate within the 90 days unless the establishment was denied because of one of the reasons by law.

Assemblyman Kirner affirmed that the 90-day period would not begin until the Division opened the application within the 10-day application period. Ms. McDade Williams replied that he was correct: the 90-day period would begin at the 10-day application period.

Assemblyman Kirner asked whether the Division had flexibility as to when the 10-day application period would begin. He understood the regulations might not be completed until April 1, and if for some reason they were not done until June 1, he asked whether the Division could move the 10-day window for applications.

Ms. McDade Williams said that the Division had authority to move the 10-day application period if necessary.

Chairwoman Smith asked whether all of the positions would be located in Carson City. Ms. McDade Williams replied that the initial positions were proposed to be in Carson City because of the ability to work with them on developing the operational part of the program. In the long term, it was anticipated that 70 percent of the inspection staff would be based in Las Vegas. The work program to be submitted at the February meeting would identify the positions to be located in Las Vegas.

Chairwoman Smith reviewed the current status of the program:

- There was a General Fund advance provided by 2013 Legislature to start the program.
- The Division anticipated 66 locations and would staff the program accordingly, and expenditures should not exceed the amount of the advance.
- It was anticipated that the advance would be repaid during the 2013-2015 biennium.
- The Division would be staffing up according to needs rather than staffing up fully and then be required to cut back.

Chairwoman Smith asked whether the Division anticipated a need for further advances or returning to IFC.

Ms. McDade Williams said she did not have the information with her, and she would keep Fiscal Analysis Division staff informed.

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

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE THE WORK PROGRAM IN AGENDA ITEM D-46, AS REVISED ACCORDING TO THE RECOMMENDATION FROM THE FISCAL ANALYSIS DIVISION TO PLACE EXCESS REVENUES IN A SPECIAL CATEGORY FOR TRANSFER TO THE DISTRIBUTIVE SCHOOL ACCOUNT.

SENATOR PARKS SECONDED THE MOTION

THE MOTION CARRIED. (Assemblymen Ellison, Hambrick, Hardy, Hickey, Kirner, and Oscarson voted no. Assemblyman Horne was not present for the vote.)

- 47. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Administration - FY 2014** - Addition of \$533,864 in federal Cooperative Agreements to Benefit Homeless Individuals for States (CABHI) grant funds to enhance/develop infrastructure and service systems for increased capacity to provide accessible, effective, comprehensive, coordinated/integrated, and evidence-based treatment services; permanent supportive housing; peer supports; Community Mental Health Services' funded peer navigators; and other critical services to persons who experience chronic homelessness with substance use disorders or co-occurring substance use and mental disorders. Requires Interim Finance approval since the amount added to the FED CABHI Grant category exceeds \$75,000. **Work Program #C28499**

Refer to motion for approval under Agenda Item D.

- 48. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Administration - FY 2014** - Addition of \$1,527,112 in federal Nevada Safe Schools/Healthy Students grant funds to promote early childhood social, emotional learning and development; promote mental, emotional and behavioral health; connect families, schools and communities; prevent and/or reduce alcohol, tobacco and other drug use; and create safe and violence free schools. Requires Interim Finance approval since the amount added to the Nevada Safe Schools category exceeds \$75,000. **Work Program #C28325**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the purpose of the work program in Agenda Item D-48 was to add \$1,527,112 in Nevada Safe Schools grant funds to the Division of Public and Behavioral Health administration budget account. The funds would provide subgrants to the Children's Cabinet, the Nye County Community Coalition, and the Healthy Communities Coalition to develop a statewide strategy to improve public mental health indicators among schoolchildren.

Mr. Krmpotic said the work program listed 13 state positions to work on the grant as in-kind match, but the Nevada Safe Schools grant did not require a state match. Fiscal Analysis Division staff worked with the Division to identify a portion of the grant that would need to be reserved for reversion to the General Fund as a result of state-funded positions working on the grant. The Division submitted a revised work program to Fiscal staff that reflected a reduction in the amount of funds in the program categories, and the current amount of \$1,527,112 would be reduced to \$1,525,251, with \$1,861 being placed in reserve for reversion to the General Fund.

Mr. Krmpotic noted that the amended work program for Agenda Item D-48 was incomplete because it did not reflect the addition of unneeded block grant personnel funding in the block grant expenditure category. However, the agency was unable to submit a revision in time to place it on the agenda to rehear the work program's revision to the block grant. He said the Division should submit the revised work program at the February Committee meeting to formally make the changes to the block grant. Fiscal staff recommended approval of the work program with the revision noted.

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

Assemblyman Oscarson disclosed that he was board member of the Nye County Community Coalition but had no association with the grant.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM D-48 AS REVISED, WITH THE RECOMMENDATION THAT THE DIVISION RESUBMIT THE REVISED WORK PROGRAM FOR A PUBLIC HEARING TO FORMALLY ADJUST THE NEVADA SAFE SCHOOLS BLOCK GRANT ALLOCATION.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

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

- 49. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Administration - FY 2014** - Addition of \$49,990 in Center for Social Innovation funds to participate in online and face-to-face knowledge building sessions to develop a Nevada Peer Support program which will benefit Nevada's mental health and substance abuse services. Requires Interim Finance approval since the amount added to the Bridging Recovery Supports to Scale Technical Assistance Center Strategy Award category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28332**

Refer to motion for approval under Agenda Item D.

50. **Department of Health and Human Services - Public and Behavioral Health - Substance Abuse Prevention and Treatment Agency - FY 2014** - Addition of \$2,207,505 in federal Strategic Prevention Framework Partnership for Success (SPF/PFS) grant funds to fund programs, policies and practices used to reduce the prevalence of prescription drug misuse/abuse by people 12 to 25 years old. Requires Interim Finance approval since the amount added to the SPF/PFS Grant category exceeds \$75,000. **Work Program #C28328**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the work program in Agenda Item D-50 would add \$2,207,505 in federal Strategic Prevention Framework Partnership for Success (SPF/PFS) grant funds to the Substance Abuse Prevention and Treatment Agency (SAPTA) budget account. The purpose of the grant was to reduce incidents of prescription drug misuse/abuse by people between the ages of 12 and 25 and to update previously completed needs assessments.

Mr. Krmpotic said that SAPTA had reflected state General Fund positions working on the grant as state match, and based on Fiscal staff's work with SAPTA, the Budget Division submitted a revised work program that would decrease the amount in category 29 (the SPF/PFS grant category) from \$2,206,180, to \$2,200,728, and \$5,452 would be placed in reserve for reversion to the General Fund.

Mr. Krmpotic said SAPTA should submit a work program at the February IFC meeting to adjust the SAPT block grant category.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM D-50 AS REVISED, WITH THE RECOMMENDATION THAT THE DIVISION RESUBMIT THE REVISED WORK PROGRAM FOR A PUBLIC HEARING TO FORMALLY ADJUST THE SAPT BLOCK GRANT ALLOCATION.

SENATOR DENIS SECONDED THE MOTION.

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

51. **Department of Health and Human Services - Public and Behavioral Health - Substance Abuse Prevention and Treatment Agency - FY 2014** - Transfer of \$109,231 from the Reserve category to the Transfer from Medical Marijuana category to provide additional funding to subgrantees for provision of assessments and/or comprehensive evaluations for mental health, substance use disorders, non-chemical addictions, or marriage and family issues for rural Nevadans. Requires Interim Finance approval since the amount transferred to

the Transfer from Medical Marijuana category exceeds \$75,000.  
**Work Program #C28404**

Refer to motion for approval under Agenda Item D.

- 52. Department of Health and Human Services - Public and Behavioral Health - Alcohol Tax Program - FY 2014** - Transfer of \$530,676 from the Reserve category to the Alcohol Program category to provide additional funding to subgrantees for detoxification and rehabilitation services to Nevadans. Requires Interim Finance approval since the amount transferred to the Alcohol Program category exceeds \$75,000. **Work Program #C27892**

Refer to motion for approval under Agenda Item D.

- 53. Department of Health and Human Services - Child and Family Services - Community Juvenile Justice Programs - FY 2014** - Addition of \$236,235 in federal Enforcement of Underage Drinking Laws (EUDL) grant funds to continue funding for assessment, strategic planning and implementation initiative and to reduce underage drinking in the military. Requires Interim Finance approval since the amount added to the EUDL Discretionary Grant category exceeds \$75,000. **Work Program #C28361**

Refer to motion for approval under Agenda Item D.

- 54. Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2014** - Addition of \$300,518 in Budgetary Transfers from the Division of Health Care Financing and Policy to continue a pilot project to provide therapeutic foster care for youths. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS 39 AND 55. Work Program #C26653**

Refer to testimony and motion for approval under Agenda Item D-39.

- 55. Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2014** - Addition of \$848,036 in Budgetary Transfer from the Division of Health Care Financing and Policy to continue a pilot project to provide therapeutic foster care for youths. Requires Interim Finance approval pursuant to Assembly Bill 507, Section 49 of the 2013 Legislative Session. **RELATES TO ITEMS 54 AND 39. Work Program #C26659**

Refer to testimony and motion for approval under Agenda Item D-39.

- 56. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$8,163 in federal Family Violence and Prevention grant funds, \$7,206 in federal IV-E Independent Living grant funds, \$920 in federal Education Training Vouchers

grant funds, \$101,866 in federal State Victim Assistance Academy grant funds, \$722 in federal IV-B Subpart II grant funds, and \$10,686 in Adoption Incentive funds transferred from the Rural Child Welfare budget account and deletion of \$2,477 in federal Victim of Crime grant funds, \$6,387 in federal Child Abuse Prevention and Treatment grant funds, \$10,285 in federal Children's Justice grant funds, and \$25,684 in federal Regional Partnership grant funds to align each funding source to the grant awards, align multiple grant authority to expenditure authority and to continue development and implementation of Nevada's first statewide Victim Assistance Academy in collaboration with other state and local entities. Requires Interim Finance approval since the amount added to the State Victims Assistance Academy category exceeds \$75,000.

**Work Program #C28139**

Refer to motion for approval under Agenda Item D.

57. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$237,872 in federal Child Abuse Prevention and Treatment Act grant funds to continue to fund improvements to preventing, assessing, identifying, and treating child abuse and neglect. Requires Interim Finance approval since the amount added to the Child Abuse and Neglect category exceeds \$75,000. **Work Program #C28437**

Refer to motion for approval under Agenda Item D.

58. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$1,121,729 in federal Title IV-B, Subpart II and Title IV-B, Subpart II Caseworker visit funds to continue to promote safe and stable family activities by improving the quality of caseworker visits and caseworker recruitment and retention. Requires Interim Finance approval since the amount added to the Title IV-B, Subpart II category exceeds \$75,000. **Work Program #C28442**

Refer to motion for approval under Agenda Item D.

59. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$1,895,355 in federal Victim of Crime Act funds to continue to enhance crime victim services in the state. Requires Interim Finance approval since the amount added to the U.S. Crime Victims category exceeds \$75,000. **Work Program #C28443**

Refer to motion for approval under Agenda Item D.

60. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$104,623 in federal Family Violence and Prevention Services Act grant funds to continue support of emergency shelter and related assistance for victims of domestic

violence and their children. Requires Interim Finance approval since the amount added to the Family Violence category exceeds \$75,000. **Work Program #C28464**

Refer to motion for approval under Agenda Item D.

- 61. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$272,976 in federal Regional Partnership grant funds to continue to improve outcomes for children and families who are affected by methamphetamine and other substance use disorders related to dependency mothers drug court. Requires Interim Finance approval since the amount added to the Meth Grant category exceeds \$75,000. **Work Program #C28465**

Refer to motion for approval under Agenda Item D.

- 62. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$602,871 in federal Independent Living Program grant funds to continue to assist current and former foster youth between the ages of 16 and 21 achieve self-sufficiency prior to, and after, exiting the foster care system. Requires Interim Finance approval since the amount added to the Independent Living category exceeds \$75,000. **Work Program #C28466**

Refer to motion for approval under Agenda Item D.

- 63. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Transfer of \$56,258 from the Reserve category to the Casey Family Programs (CFP) category to fund improvement of outcomes for youth in foster care. Requires Interim Finance approval since the amount transferred to the CFP category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28252**

Refer to motion for approval under Agenda Item D.

- 64. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2014** - Addition of \$190,179 in federal Children's Justice Grant Act funds to continue to improve the investigation, prosecution and judicial handling of cases of child abuse and neglect, and community-based family resource and support. Requires Interim Finance approval since the amount added to the Children's Justice Act Grant category exceeds \$75,000. **Work Program #C28303**

Refer to motion for approval under Agenda Item D.



- 65. Department of Health and Human Services - Child and Family Services - Victims of Domestic Violence - FY 2014** - Transfer of \$394,080 from the Reserve category to the Domestic Violence Aid category to continue to provide direct services to victims of domestic violence and sexual assault. Requires Interim Finance approval since the amount transferred to the Domestic Violence Aid category exceeds \$75,000. **Work Program #C28257**

Refer to motion for approval under Agenda Item D.

- 66. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2014** - Transfer of \$140,000 from the Child Welfare category to the Operating category to allow the Carson City District Office to move since the current location has an expired lease and the data and phone system will not meet the requirements of the new UNITY system. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C28391**

Chairwoman Smith was called out of the room and turned the meeting over to Vice Chair Maggie Carlton.

Priscilla Colegrove, Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services (DHHS), testified from Carson City that the purpose of the work program in Agenda Item D-66 was to realign expenditure authority to support moving the Carson City Rural Child Welfare District Office by transferring \$140,000 in identified savings from the Child Welfare category to the Operating category. She said the lease at the District's current location had expired, and a larger location had been identified to accommodate over seven years of growth.

Assemblyman Sprinkle asked why a larger workspace was required.

Jill Marano, Deputy Administrator, Division of Child and Family Services, DHHS, replied that the office had been in the current location for seven years, and eight staff members had been added. In addition, some of the more remote offices had been closed and staff were consolidated in the Carson City office. Staff members were currently doubled up in the space.

Ms. Marano added that a new safety model was being implemented, which would require more involvement with family members early in the case, and extra visitation and meeting space would be needed. There was only one meeting space in the current location.

Assemblywoman Kirkpatrick recalled that during the 2013 Legislative Session, the finance committees questioned whether additional space would be required to accommodate new staff, and the Division did not indicate that more space would be needed. She did not understand why the need for additional space was not discussed during the Session.

Ms. Marano said she agreed, and the Division had held similar discussions internally. She said staff was aware of the need to move during the Session, but an appropriate location could not be identified. In addition, technology needs were not known at the time. The office would now be able to be on the state phone system and accommodate the technology needs for the UNITY web-based system, which the current location could not do.

Assemblywoman Kirkpatrick said she did not recall any discussion during the 2013 Legislative Session. It was difficult to project budgets when the agencies were not forthcoming concerning their future needs.

Ms. Marano said she was under the impression that discussion would not be appropriate without knowing a new location.

Vice Chair Carlton asked how the moving costs were going to be funded.

Ms. Marano replied that although the rent would increase, the cost per square foot would decrease. The Division anticipated some cost savings in other areas to pay for the move. Enhancement of the phone system would cost money, but being on the state phone system would result in significant savings. She added that approximately \$40,000 in annual savings would also be realized for an out-of-state youth who was aging out of the program in June.

Vice Chair Carlton asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA  
ITEM D-66.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hardy and Horne were  
not present for the vote.)

Chairwoman Smith returned to the meeting at 12:23 p.m. and announced the Committee would be in recess. She called the meeting back to order at 1:40.

- 67. Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2014** - Addition of \$38,065 in federal Title I grant funds from Education and \$5,653 in federal Carl Perkins grant funds from Education and deletion of \$629 in federal Title XX funds and \$5,083 in federal Special Education grant funds to continue to fund school supply costs and travel. Requires Interim Finance approval since the amount added to the Title I Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28329**

Refer to motion for approval under Agenda Item D.

- 68. Department of Employment, Training and Rehabilitation - Rehabilitation - Blind Business Enterprise Program - FY 2014** - Addition of \$251,037 in federal pass-through contract revenue from the Department of Defense, Naval Supply Center, to process payments to the blind vendor serving the Fallon Naval Air Station and addition of \$54,513 in Excess Property Sales due to the snack bar closure at the Clark County Shooting Park. Requires Interim Finance approval since the amount added to the Business Enterprise category exceeds \$75,000. **Work Program #C28367**

Refer to motion for approval under Agenda Item D.

- 69. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2014** - Addition of \$4,736,034 in federal Reed Act grant funds to establish the remainder of grant funding available in FY 2014 to provide for the anticipated completion of Phase II of the department's Unemployment Insurance (UI) Modernization Project. Requires Interim Finance approval since the amount added to the UI Modernization Phase II category exceeds \$75,000. **Work Program #C28167**

Todd Myler, Deputy Chief Financial Officer, Department of Employment, Training and Rehabilitation (DETR), introduced Kelly Karch, Deputy Administrator, Employment Security Division, and David Haas, Information Technology Manager, DETR.

Mr. Myler explained that the work program in Agenda Item D-69 would add \$4,736,034 in federal Reed Act funds, which was a carry forward of unused funds. The work program would bring previous fiscal years' funds forward in their entirety for FY 2014 to fund the remainder of the deliverables for the new Unemployment Insurance (UI) Modernization Project.

Assemblywoman Carlton asked why there had been delays in implementation of the UI project. She recalled there was an editorial in a Las Vegas newspaper concerning a constituent's problems communicating with the Division to pursue his unemployment benefits. She wanted to understand the problems and what was being done to solve them in order to inform constituents how to access the system.

Kelly Karch, Deputy Administrator, Employment Security Division, DETR, acknowledged that constituents had experienced problems getting through to the Division. Emails could now be submitted on the Department's website, and the customer service staff would process them. He said since the program went live at the beginning of September, approximately 3,000 emails had been received, and staff was contacting each individual by phone. He said some problems related to the conversion of records, and some claimants needed to talk to staff personally. Staff returned calls for requests for information on Fridays, and claimants were advised to submit their claims on the website.

Mr. Karch recommended that anyone having a problem contacting the Division should submit an email on the Department's website. He added that claims were backdated so that claimants with access problems were not penalized. He said claimants could also

go to JobConnect for assistance. He added that the Division did not know what the federal government was going to do with the emergency unemployment compensation program that had been in effect since July 2008.

Assemblywoman Carlton noted that not everyone had access to computers, but constituents could go to a JobConnect office for assistance. She asked whether the delays had been addressed.

David Haas, Project Manager, Unemployment Insurance Modernization Project, Employment Security Division, DETR, said the project was being rolled out in phases. Because the appeals application was self-contained, it was identified to roll out separately rather than at the same time as the benefit application. The plan was to roll the appeals application out within 60 to 90 days after the benefits application, but because of difficulties with cleaning up converted claims, the appeals application was delayed until January or the first of February. He pointed out that currently appeals were processed through the Legacy application.

The contribution/tax portion was another large portion of the application that was intended to be implemented at the end of the 2013 calendar year, but there were technical difficulties with some of the software. Mr. Haas said the Division was working with the vendor to try to understand the performance problems, and implementation was anticipated in the second quarter of FY 2014.

Assemblywoman Carlton asked when final completion was anticipated. Mr. Haas replied that out of 68 fixed-fee deliverables, 23 remained, and an updated schedule had been provided to the Committee's Fiscal Analysis Division staff. He pointed out the contract was a fixed-fee deliverable-based contract, and the Division had the benefit of not accepting a deliverable unless it was acceptable, which reduced the risk of paying for a deliverable before actually taking ownership. Now that two large portions had been delivered, the intent was to keep the project on track and pay for those deliverables as they were accepted.

Assemblywoman Carlton asked whether the conversion would be completed by the 2015 Legislative Session. Mr. Haas said the application was large and complicated, and good progress had been made by implementing the benefits portion. The tax piece was as complicated as the benefits piece, and while the Division had every intention of implementing the project within fiscal year 2014, he could not guarantee that it would not extend into the next fiscal year. However, at this point, he was confident that it could be completed within the next few months.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA  
ITEM D-69.

SENATOR PARKS SECONDED THE MOTION.

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

- 70. Department of Employment, Training and Rehabilitation - Administrative Services - Information Development and Processing - FY 2014** - Addition of \$276,614 in Transfer from Education Subgrant funding to provide workforce components to the Statewide Longitudinal Data System that will enable records to be matched across state agencies and deletion of \$73,626 in Cost Allocation Reimbursement funding to account for the reallocation of staff time. Requires Interim Finance approval since the amount added to the Department of Education Subgrant category exceeds \$75,000. **Work Program #C28379**

Refer to motion for approval under Agenda Item D.

Chairwoman Smith announced that Agenda Items D-71 and D-72 would be heard together.

- 71. Department of Motor Vehicles - Central Services - FY 2014** - Addition of \$43,736 in funds transferred from the Administration of Off Highway Vehicle (OHV) Titling and Registration Trust Account for two new DMV technician positions to administer the OHV program. Requires Interim Finance approval since the FY 2015 companion work program requires Interim Finance approval. **RELATES TO ITEM 72. Work Program #C28231**

Refer to testimony and motion for approval under Agenda Item D-72.

- 72. Department of Motor Vehicles - Central Services - FY 2015** - Addition of \$89,194 in funds transferred from the Administration of Off Highway Vehicle (OHV) Titling and Registration Trust Account for two new DMV technicians to administer the OHV program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 71. Work Program #C28416**

Rhonda Bavaro, Deputy Director, Department of Motor Vehicles, explained that Agenda Items D-71 and D-72 involved a request for funds from the Off-Highway Vehicle (OHV) account for two new full-time employees for the OHV program. Currently there was one full-time employee in the program, and the Department had been cost allocating two employees to assist with the program to maintain acceptable turnaround times for OHV registrations.

Chairwoman Smith asked whether the Department had a plan if the amount of revenue from the program was less than anticipated.

Ms. Bavaro replied that in the next biennial budget, the Department would be submitting a new funding model for the OHV program. All of the costs to run the program would be covered before distribution of funds to the OHV Commission. She said meetings had been held with the chair of the Commission, and he understood the Department's

situation and agreed with the Department's proposed funding model, which he would explain to the Commission later in the week.

Assemblyman Bobzien noted that the deadline for titling OHVs had passed, and he asked for an update on participation in the program.

Ms. Bavaro said the program requiring registration of new vehicles began in July 2012, and in July 2013, all OHVs in use were to be registered. The Department experienced a bubble from July 2013 until September 2013; currently there were 36,000 registrations and the revenues were lower than predicted.

Senator Goicoechea said he had sponsored a bill in the 2013 Legislative Session to require the larger all-terrain vehicles (ATVs) to be registered and insured, which would take effect in January 2014. He asked whether the Department was prepared to register the larger OHVs.

Ms. Bavaro said the Department had been moving forward on the process, and the decal design had been completed. She was not aware of any inquiries concerning the law.

Senator Goicoechea recalled that the program was to begin January 1, 2014.

Sean McDonald, Administrator, Central Services Division, Department of Motor Vehicles, replied that Senator Goicoechea was correct: registration for full-size OHVs would begin January 1, 2014.

Assemblyman Sprinkle asked how the OHV program would be funded if the revenues did not meet expectations in the future.

Mr. McDonald explained that the Department was still operating with the program's start-up funds of approximately \$130,000 a year. He said the expenditures were direct costs, and as more registrations were received and costs were incurred for mailing out titles, the Department would have to look at a new funding model that would calculate total income less expenses before disbursing funds to the Commission.

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

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE FUNDING OF  
TWO NEW POSITIONS IN THE OFF-HIGHWAY VEHICLE  
PROGRAM FOR FISCAL YEAR 2014.

SENATOR PARKS SECONDED THE MOTION.

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

- 73. Department of Public Safety - Forfeitures - Law Enforcement - FY 2014 -** Transfer of \$118,842 from the Reserve category to the Nevada Highway Patrol (NHP) Federal Forfeitures category to purchase, install and train staff on a new closed circuit television system for the Nevada Highway Patrol's Traffic Management Center in Las Vegas. Requires Interim Finance approval since the amount transferred to the NHP Federal Forfeitures category exceeds \$75,000. **Work Program #C28208**

Refer to motion for approval under Agenda Item D.

- 74. Department of Public Safety - Highway Patrol - FY 2014 -** Transfer of \$65,335 from the Reversion to Highway Fund category to the Crash Fund category to properly align the cash balance forward from FY 2013. Requires Interim Finance approval since the amount transferred to the Crash Fund category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28413**

Refer to motion for approval under Agenda Item D.

- 75. Department of Public Safety - Emergency Management Assistance Grants - FY 2014 -** Addition of \$1,351,808 in federal Homeland Security Grant Program - Emergency Management Performance Grant (EMPG) funds to balance forward remaining authority. Requires Interim Finance approval since the amount added to the EMPG Aid to Locals category exceeds \$75,000. **Work Program #C27949**

Refer to motion for approval under Agenda Item D.

- 76. Department of Public Safety - Emergency Management Assistance Grants - FY 2014 -** Addition of \$821,444 in federal Emergency Management Pre-Disaster Mitigation grant funds to balance forward remaining authority and align federal and state authority. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **Work Program #C28259**

Refer to motion for approval under Agenda Item D.

- 77. Department of Public Safety - Criminal History Repository - FY 2014 -** Addition of \$118,176 in federal U.S. Department of Justice - National Instant Criminal Background Check System Investigation grant funds transferred from the Department of Public Safety - Criminal Justice Assistance account to complete an updated study, which is required to ensure the critical details needed to further the National Criminal Justice Information System modernization effort are identified. Requires Interim Finance approval since the amount added to the Modernization Project category exceeds \$75,000. **RELATES TO ITEM 82. Work Program #C28360**

Julie Butler, Administrator, General Services Division, Department of Public Safety (DPS), explained that the purpose of the work program in Agenda Item 77 was to receive federal funds to update the 2012 National Criminal Justice Information System (NCJIS) modernization study and to conduct outreach sessions with local criminal justice agencies to explain the importance of disposition and mental health reporting to the Criminal History Repository.

Chairwoman Smith asked whether the Department would need additional funding or time to complete the modernization project.

Ms. Butler said she would provide a broad view of what would be done with the additional funds. Since the 2012 study was finalized, it was found that additional information was needed in several areas. The 2012 study contemplated that the Nevada Administrative Office of the Courts (AOC) would take over the Domestic Violence Protection Order Registry System, which was currently housed and maintained in DPS, with technical support provided by the Division of Enterprise Information Technology Services (EITS) on behalf of the Courts. She said the Registry System, which was ancient from a technology perspective and was not vendor supported, was not included in the overall costs of the NCJIS modernization project because of the assumption that the AOC would assume the responsibility. Ms. Butler said the Department would need more information from the consultant on where the particular system technology replacement would fit in the overall context of the NCJIS modernization.

Ms. Butler said the consultant would also need to provide the Department with more concrete estimates of the hardware, software, and maintenance required to replace the Department's key systems, such as the criminal history system and the law enforcement message switch. As detailed as the study was, she said it only provided ballpark costs, such as \$1 million for hardware or \$250,000 for software. As the Department tried to write and finalize federal grant requests for such systems, it found that more specifics were needed on what was being purchased and the costs. Only the consultants could provide those assumptions and cost estimates that were included in the original study.

Continuing, Ms. Butler said the 2012 needs assessment contemplated purchasing all of the needed software and hardware upfront and replacing things incrementally over a period of six to seven years. State Purchasing Division regulations prohibited the Department from paying in advance for services not yet received. Again, she pointed out, specifics were needed concerning what was to be purchased and when.

Ms. Butler explained one of the major reasons for calling the consultant back was that when the 2012 study was authored, DPS had its own information technology (IT) bureau in the DPS Records and Technology Division. Effective July 1, 2013, the technology staff and operations were transferred to the Department of Administration's Division of EITS, and additional layers of review and communication were added that could impact the overall effort, costs, timelines, and assumptions for the study. Some of



the recommendations made by the consultant in the original study might not necessarily make sense in a consolidated environment, which would not be known until the consultant returned. Ms. Butler said the Department's ultimate goal was to move the NCJIS modernization project forward in the most cost-effective and efficient manner.

Finally, Ms. Butler pointed out that DPS staff had limited expertise in writing requests for proposals for complex IT system replacements, such as the computerized criminal history system, law enforcement message switch, and protection order registry. The consultant had conducted RFPs on behalf of several states for these large and complex systems, and its expertise and assistance to ensure the RFPs contained the necessary information would be invaluable.

With regard to the current status of the modernization effort, Ms. Butler said that DPS had received a one-shot appropriation of approximately \$2.3 million in the 2013 Legislative Session to start replacing some of the backbone of the NCJIS modernization project. The DPS staff was working closely with EITS staff to procure the needed hardware for the criminal history system, the auxiliary systems, and the software that would provide the mechanism for the systems to communicate with each other. She said the project was in the middle of Initiative 2 from the vendor's study and would proceed further in the 2015 Session with actual replacement of the criminal history system when funding was available.

Chairwoman Smith thanked Ms. Butler for the overview and asked for questions from the Committee; there were none. She then asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA  
ITEM D-77.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

- 78. Department of Public Safety - Criminal History Repository - FY 2014 -**  
Addition of \$68,000 in federal Justice Assistance Grant funds transferred from the Department of Public Safety - Office of Criminal Justice Assistance account to support continued review of the Sex Offender Registry (SOR) records to ensure they are tiered appropriately pursuant to Assembly Bill 579 of the 2007 Legislative Session. Requires Interim Finance approval since the amount added to the SOR grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28452**

Refer to motion for approval under Agenda Item D.

79. **Department of Public Safety - Fire Marshal - FY 2014** - Addition of \$32,765 in Plan Review Fees to account for increased activity projected through FY 2014. Requires Interim Finance approval since the amount added to the Contract Plan Reviews category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28351**

Refer to motion for approval under Agenda Item D.

80. **Department of Public Safety - Traffic Safety - FY 2014** - Addition of \$872,164 in federal Highway Administration grant funds transferred from the Nevada Department of Transportation (NDOT) to support statewide programs aimed at improving highway safety. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$75,000. **RELATES TO ITEM 81. Work Program #C28408**

Refer to motion for approval under Agenda Item D.

81. **Department of Public Safety - Highway Safety Plan and Administration - FY 2014** - Addition of \$1,153,176 in federal Highway Administration grant funds transferred from the Nevada Department of Transportation (NDOT) to support statewide programs aimed at improving highway safety. Requires Interim Finance approval since the amount added the NDOT Flex Funds category exceeds \$75,000. **RELATES TO ITEM 80. Work Program #C28411**

Refer to motion for approval under Agenda Item D.

82. **Department of Public Safety - Justice Assistance Act - FY 2014** - Addition of \$123,461 in federal U.S. Department of Justice - National Instant Criminal Background Check System Investigation grant funds to complete an updated study, which is required to ensure the critical details needed to further the National Criminal Justice Information System modernization effort are identified. Requires Interim Finance approval since the amount added to the Instant Background Check category exceeds \$75,000. **RELATES TO ITEM 77. Work Program #C28319**

Refer to motion for approval under Agenda Item D.

83. **Department of Conservation and Natural Resources - Forestry - FY 2014** - Transfer of \$39,065 from the Reserve category to the Terrasante Timberland Conversion (TLC) Rehabilitation category to support the Terrasante land rehabilitation project. Requires Interim Finance approval since the amount transferred to the Terrasante TLC Rehabilitation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28203**

Refer to motion for approval under Agenda Item D.

84. **Department of Conservation and Natural Resources - Forestry - Forest Fire Suppression - FY 2014** - Addition of \$103,428 in Prior Year Refunds from entities for fleet expenses associated with qualifying fire activities. This request also transfers \$250,000 from the Reserve for Fleet Expenditures to the Fire Suppression Costs category and \$23,631 from the Reserve for Central Reporting Unit (CRU) Future Year Funding category to the Transfer to CRU in Budget Account 4195 category to fund maintenance and repair of vehicles and equipment utilized on fire incidents and to support anticipated expenditures of the CRU. Requires Interim Finance approval since the amount transferred to the Fire Suppression Costs category exceeds \$75,000. **Work Program #C28393**

Refer to motion for approval under Agenda Item D.

85. **Department of Conservation and Natural Resources - Forestry – Inter-Governmental Agreements - FY 2014** - Addition of \$104,742 in Elko County Receipts, \$29,702 in Clark County Receipts, and \$26,591 in Eureka County Receipts and deletion of \$50,000 in Washoe County Receipts. This request also transfers \$97,204 from the Reserve category to the Personnel Services category, \$306 from the Reserve category to the Elko County category \$111,897 from the Reserve category to the Storey County category, \$296,448 from the Reserve category to the Clark County category, \$59,354 from the Reserve category to the Eureka County category, and \$43,648 from the Reserve category to the Carson City category to reconcile and align the legislatively approved budget to the final budgeted amounts approved by the County Commissioners for the county fire protection districts in Eureka, Elko, and Clark counties and for fire protection districts in Carson City, Storey and Washoe counties for state fiscal year 2014. Requires Interim Finance approval since the amount added to the Clark County category exceeds \$75,000. **Work Program #C28312**

Refer to motion for approval under Agenda Item D.

86. **Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2014** - Addition of \$126,421 in federal Environmental Protection Agency - Clean Diesel grant program funds, \$80,000 in funds transferred from the Chemical Hazard Prevention account, and \$1,005,334 in fees transferred from the Air Quality Management account to fund ongoing activities. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C28281**

Refer to motion for approval under Agenda Item D.

87. **Department of Conservation and Natural Resources - Environmental Protection - Water Pollution Control - FY 2014** -Transfer of \$36,410 from the Reserve category to the Water Permit Fees category to properly account for cash balanced forward from FY 2013. Requires Interim Finance approval since the

amount transferred to the Water Permit Fees category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28132**

Refer to motion for approval under Agenda Item D.

88. **Department of Conservation and Natural Resources - Environmental Protection - Water Pollution Control - FY 2014** - Addition of \$109,652 in additional federal Environmental Protection - Clean Water Act, Section 106 grant funds to align state and federal authority. Requires Interim Finance approval since the amount added to the Federal 106 category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28137**

Refer to motion for approval under Agenda Item D.

89. **Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2014** - Addition of \$103,176 in federal Environmental Protection Agency (EPA) Leaking Underground Storage Tank grant funds, \$92,371 in federal EPA Exchange Network grant funds, \$166,402 in federal EPA State Response grant funds, \$10,000 in Civil Penalties, and \$500 in Miscellaneous Revenue. This request also transfers \$158,813 from the Reserve category to the State Response Program category, \$9,914 from the Reserve category to the Resource Conservation and Recovery Act Grant category, \$62,940 from the Reserve category to the Waste Administration category, and \$64,897 from the Reserve category to the Petroleum Fund category to align state, federal and other funding authority. Requires Interim Finance approval since the amount transferred to the State Response Program category exceeds \$75,000. **Work Program #C28318**

Refer to motion for approval under Agenda Item D.

90. **Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2014** - Addition of \$459,349 in federal Southern Nevada Public Lands Management Act (SNPLMA) grant funds to support the agency's Lake Clarity Crediting Program and help urban stormwater jurisdictions in the Lake Tahoe Basin implement the Total Maximum Daily Load standards. Requires Interim Finance approval since the amount added to the SNPLMA - United States Geological Survey Grant category exceeds \$75,000. **Work Program #C28299**

Refer to motion for approval under Agenda Item D.

91. **Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2014** - Addition of \$261,260 in federal Environmental Protection Agency - Clean Water Act, Section 104 grant funds to continue water quality management and planning in Nevada by coordinating and collaborating with designated planning agencies for development of effective area-wide water quality protection plans. Requires Interim Finance approval

since the amount added to the Federal 104 Water Resource Research Grant category exceeds \$75,000. **Work Program #C28311**

Refer to motion for approval under Agenda Item D.

92. **Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2014** - Addition of \$20,218 in federal Environmental Protection Agency (EPA) - Clean Water Act, Section 604B grant funds, \$1,608,972 in federal EPA - Clean Water Act, Section 319H Non-Point Source grant funds, and \$307,975 in federal Department of Energy grant funds transferred from the Nevada Division of Environmental Protection Administration account to align state and federal authority to continue support of the agency's water regulation and enforcement activities. Requires Interim Finance approval since the amount added to the Federal 319 Clean Water Act category exceeds \$75,000. **Work Program #C28317**

Refer to motion for approval under Agenda Item D.

93. **Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2014** - Addition of \$1,055,614 in federal Environmental Protection Agency - Clean Water Act, Section 106 grant funds to align state and federal authority to continue maintaining, protecting and improving the water quality of the state's rivers, lakes, streams, and ground water. Requires Interim Finance approval since the amount added to the Federal 106 Grant category exceeds \$75,000. **Work Program #C28423**

Refer to motion for approval under Agenda Item D.

94. **Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2014** - Transfer of \$40,000 from the Reserve category to the Operating category to continue funding a contract to re-evaluate the risk for microbial contamination for two Lake Tahoe drinking water intakes for Nevada public water systems. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27786**

Refer to motion for approval under Agenda Item D.

95. **Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2014** - Addition of \$43,051 in federal Department of Energy grant funds transferred from the Nevada Division of Environmental Protection Administration account and transfer of \$121,518 from the Reserve category to the Operating category to support the Statewide Drinking Water Program. Requires Interim Finance approval since the

amount transferred to the Operating category exceeds \$75,000.  
**Work Program #C28395**

Refer to motion for approval under Agenda Item D.

96. **Department of Wildlife - Operations - FY 2014** - Addition of \$169,072 in Sportsmen Revenue transferred from the Wildlife Fund account to fund maintenance costs to repair two helicopters. Requires Interim Finance approval since the amount added to the Air Operations category exceeds \$75,000.  
**Work Program #C27527**

Refer to motion for approval under Agenda Item D.

97. **Department of Wildlife - Operations - FY 2014** - Addition of \$378,910 in Hunt Application Fees transferred from the Wildlife Fund account to fund the costs of administration and maintenance for the department's Application Hunt System. Requires Interim Finance approval since the amount added to the Application Hunt System category exceeds \$75,000. **Work Program #C28112**

Refer to motion for approval under Agenda Item D.

98. **Department of Wildlife - Operations - FY 2014** - Addition of \$686,248 in federal U.S. Fish and Wildlife Service, Sport Fish Restoration Boating Access grant funds for facilities and boating access improvement projects in Nevada. Requires Interim Finance approval since the amount added to the Boating Access Improvement category exceeds \$75,000. **Work Program #C28236**

Refer to motion for approval under Agenda Item D.

99. **Department of Wildlife - Conservation Education - FY 2014** - Addition of \$57,917 in Resource Enhancement Stamp fees transferred from the Wildlife Fund account to promote the Dream Tag Program. Requires Interim Finance approval since the amount added to the Administration category exceeds 10 percent of the legislatively approved amount for that category.  
**Work Program #C28382**

Refer to motion for approval under Agenda Item D.

100. **Department of Wildlife - Fisheries Management - FY 2014** - Addition of \$45,425 in federal Bureau of Land Management grant funds and \$7,411 in Sportsmen Revenue transferred from the Wildlife Fund account to fund phase two of the Meadow Valley Wash Geomorphic Study. Requires Interim Finance approval since the cumulative amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C28136**

Refer to motion for approval under Agenda Item D.

- 101. Department of Wildlife - Fisheries Management - FY 2014** - Addition of \$53,600 in federal U.S. Fish and Wildlife Service, Wildlife Management Assistance grant funds for the Sunnyside Creek fish barrier removal project. Requires Interim Finance approval since the cumulative amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C28170**

Refer to motion for approval under Agenda Item D.

- 102. Department of Wildlife - Fisheries Management - FY 2014** - Addition of \$23,400 in federal U.S. Fish and Wildlife Service, Management Assistance grant funds for research and management of the endangered Devils Hole pupfish in Southern Nevada. Requires Interim Finance approval since the cumulative amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C28177**

Refer to motion for approval under Agenda Item D.

- 103. Department of Wildlife - Fisheries Management - FY 2014** - Addition of \$50,950 in federal U.S. Fish and Wildlife Service grant funds to stabilize the Pahrangat roundtail chub refugium at the Key Pittman Wildlife Management Area. Requires Interim Finance approval since the cumulative amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C28424**

Refer to motion for approval under Agenda Item D.

- 104. Department of Wildlife - Diversity - FY 2014** - Addition of \$28,014 in federal U.S. Fish and Wildlife Service Cooperative Endangered Species grant funds and \$9,338 in Sportsmen Revenue transferred from the Wildlife Fund account to fund the department's endangered species population recovery activities. Requires Interim Finance approval since the amount added to the Section 6 Endangered Species category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27295**

Refer to motion for approval under Agenda Item D.

- 105. Department of Wildlife - Diversity - FY 2014** - Addition of \$8,531 in federal U.S. Fish and Wildlife Service State Wildlife Grant (SWG) funds and \$4,594 in Sportsmen Revenue transferred from the Wildlife Fund account for wildlife diversity golden eagle surveys. Requires Interim Finance approval since the cumulative amount added to the SWG Plan Implementation category exceeds \$75,000. **Work Program #C27779**

Refer to motion for approval under Agenda Item D.

- 106. Department of Wildlife - Diversity - FY 2014** - Addition of \$30,000 in federal Bureau of Land Management grant funds for research relating to wildlife and habitat monitoring in regards to the department's Wildlife Action Plan.

Requires Interim Finance approval since the cumulative amount added to the State Wildlife Grant Plan Implementation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28158**

Refer to motion for approval under Agenda Item D.

- 107. Department of Wildlife - Diversity - FY 2014** - Addition of \$150,000 in federal U.S. Fish and Wildlife Service Landowner Incentive Program grant funds for habitat restoration projects on private lands impacted by wildfires. Requires Interim Finance approval since the amount added to the Landowner Incentive Program category exceeds \$75,000. **Work Program #C28386**

Refer to motion for approval under Agenda Item D.

- 108. Department of Wildlife - Habitat - FY 2014** - Addition of \$272,500 in federal U.S. Fish and Wildlife Service, Wildlife Restoration grant funds for wildlife water development activities. Requires Interim Finance approval since the amount added to the Wildlife Water Development category exceeds \$75,000. **Work Program #C28178**

Refer to motion for approval under Agenda Item D.

- 109. Department of Wildlife - Habitat - FY 2014** - Addition of \$150,000 in Dream Tag private grant funds from the Community Foundation of Western Nevada for seed purchases to restore habitat impacted by wildfires in Nevada. Requires Interim Finance approval since the amount added to the Dream Tag Projects category exceeds \$75,000. **Work Program #C28381**

Refer to motion for approval under Agenda Item D.

- 110. Department of Transportation - FY 2014** - Addition of \$225,000 in Highway Fund Authorization to establish sufficient authority within the Multimodal Planning Division to administer a previous commitment to the state match program with the Washoe County Regional Transportation Commission. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds \$75,000. **Work Program #C28455**

Refer to motion for approval under Agenda Item D.

- 111. Department of Transportation - NDOT - Bond Construction - FY 2014** - Addition of \$100,000,000 in Proceeds from Sale of Bonds to accept and expend proceeds to advance roadway projects. Requires Interim Finance approval since the amount added to the Bond Issue category exceeds \$75,000. **Work Program #C28417**



Chairwoman Smith stated that the members of the Committee, as well as their colleagues who were not on the Committee, understood the significance of transportation projects in the state and that they were a statewide issue. Throughout the 2013 Legislative Session, she had pointed out the lack of funding for transportation and other infrastructure projects in the state, and she understood the importance of making sure that infrastructure was in good condition while, at the same time, creating jobs. Chairwoman Smith said the Department of Transportation's testimony would provide the Committee with an opportunity to hear about Project NEON and ensure that members had enough information to make the right decision for the people they represented.

Rudy Malfabon, Director, Nevada Department of Transportation (NDOT), asked the Chief of the Financial Management Division of NDOT to explain the request in Agenda Item D-111.

Felicia Denney, Chief of Financial Management, Department of Transportation, explained that NDOT was requesting authority to receive and expend \$100 million in bond proceeds to be used primarily for right-of-way acquisitions to construct Project NEON in Las Vegas. She noted that budget account 4663, the NDOT Bond Construction account, was required by the bond covenant to provide a separate accounting of expenditures relating to bond construction.

Ms. Denney recalled that the Department was issued a letter of intent by the 2007 Legislature requesting that the Bond Construction account be included in The Executive Budget in all future biennia. Prior to that time, the budget was a non-executive account, and work programs required the approval of the Administration only. Committee approval of the current request to receive proceeds from the sale of bonds was required because the Bond Construction account was now part of The Executive Budget, and the increase to the expenditure category exceeded threshold levels pursuant to *Nevada Revised Statutes* (NRS) 353.220, subsection 4.

Ms. Denney said that on May 7, 2013, the Department informed the Legislative Joint Subcommittee on Natural Resources and Transportation, as well as the finance committees, of its intention to approach IFC during the interim. She said while it would have been the Department's preference to include the request in its biennial budget, it was not in a position to do so at the time.

Ms. Denney explained that bond funding was a very cost-effective mechanism to fund projects at this time because interest rates were low and Highway Fund bond payments were dropping. The Department had issued approximately \$1 billion in bonds in the last decade and had paid off a significant portion of its bond obligation, leaving approximately \$441 million remaining. She said that current annual bond payments were approximately \$69 million for fiscal year (FY) 2014, which would drop to \$62 million in FY 2015. Bond payments for the current work program were estimated to be \$6.7 million per year, with 95 percent of the principal planned to be reimbursed by the Federal Highway Administration.

Ms. Denney went on to explain that the alternative to bond funding would be to fund projects over a longer period of time, but this alternative was not recommended for Project NEON because interest rates, property values, and construction costs were projected to increase. Furthermore, she said, approval of the work program was estimated to save approximately \$30 million versus waiting until the 2015 Legislative Session. Ms. Denney said the Department needed to continue purchasing right-of-way for Project NEON, and approving the work program would provide additional financial resources to the Department and minimize the need to temporarily use funds that could be used for other projects.

Mr. Malfabon testified that NDOT had determined that delivering Project NEON through a public-private partnership was both timely and affordable. The Department had also determined that risks of delays due to right-of-way acquisition and the overall financial cost of the project could be lowered by using public funds to acquire right-of-way essential to continue with Phases 3 and 4 of Project NEON.

Mr. Malfabon explained that Project NEON was a significant project in Las Vegas on the most heavily traveled section of Interstate Highway 15 (I-15) near the Spaghetti Bowl. It was critical that the project be built now to address a major transportation choke point in the Las Vegas Valley, which had twice the number of incidents than any other highway in the state. He said the accidents had resulted in fatalities, serious injuries, property damage, and, at a minimum, significant delays for commuters, visitors, and commerce on I-15 in the heart of Las Vegas.

Continuing, Mr. Malfabon said that Project NEON would accomplish the following:

- Widen I-15 between Sahara Avenue and the U.S. Highway 95 (U.S. 95) Spaghetti Bowl interchange.
- Connect the high-occupancy vehicle (HOV) lanes on U.S. 95 to the express lanes on I-15.
- Improve access to the resort corridor by building HOV access ramps in the center of I-15 south of Charleston Boulevard.
- Reconstruct Charleston Boulevard Interchange.
- Braid ramps to separate traffic entering I-15 southbound via U.S. 95 and I-15 southbound traffic exiting at Charleston Boulevard.
- Construct southbound on-ramps and northbound off-ramps at I-15 and Alta Drive.
- Realign Martin Luther King Jr. Boulevard, including a bridge over Charleston Boulevard funded by the City of Las Vegas.

Mr. Malfabon cited the benefits of Project NEON, which he said transcended improvements in safety and mobility for motorists:

- The project would create much-needed construction and engineering jobs.
- Future economic development would be supported through new access to the Downtown Arts District and Symphony Park, an important redevelopment district for the City of Las Vegas.
- Public safety would be enhanced through reliable access to the medical district on Charleston Boulevard west of I-15.
- Connection of the U.S. 95 HOV lanes to the I-15 express lanes would provide employees with seamless direct access using carpools or express buses from northwest Las Vegas to the resort corridor.

Mr. Malfabon pointed out that Project NEON was not a tolling project. The project was financed through a combination of federal, state, and private funds, and the private funds would be repaid through a combination of federal aid and Nevada's fuel tax revenue. He said that because of the immediate need for the project, delays would significantly increase costs and defer much-needed safety, mobility, and improvements that supported economic development.

Mr. Malfabon recalled that NDOT began preliminary studies for Project NEON in 2003 and received federal environmental approval in late 2010. Preliminary engineering advanced thereafter, with NDOT commencing Phase 1 right-of-way acquisition in 2011. After considering an unsolicited proposal from a public-private partnership (P3), NDOT hired financial and legal advisors in March 2013 to determine how to deliver the massive project. Project NEON's design, construction, and financing of Phases 1, 3, and 4 and part of Phase 2 would total about \$610 million. In June 2013, the Transportation Board approved pursuing a P3 financed through a combination of:

- State-issued Highway Improvement Revenue Bonds (\$100 million for right-of-way in 2014 and up to \$200 million to fund a lump-sum payment in 2020 to pay down a portion of the construction costs carried by the private partner through 2018).
- Private financing, which would differ for each proposer, might include:
  - Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds through the U.S. Department of Transportation for up to \$280 million (current interest rate of 3.9 percent for bonds up to 40 years).
  - At-risk equity for one-tenth of the total private financing.

- Private activity bonds issued on behalf of the P3 partner by the State of Nevada Department of Business and Industry (current interest rate of about 4.4 percent to 6.2 percent for up to 30 years).

Mr. Malfabon said that NDOT, on behalf of a future private partner, had submitted a letter of interest for Project NEON to the TIFIA federal loan program. The loan recently entered its second phase of review by the U.S. Department of Transportation, Federal Highway Administration. He explained that the private partner would act as a service provider, whose services would include upgrading and maintaining the facility for 35 years. The private partner would recoup its financing by earning a \$200 million construction completion payment in 2020 and “availability payments” commencing in 2019, beginning at approximately \$34 million per year and inflated over 35 years, provided the project met required construction, operations, and maintenance standards. The second issuance for the \$200 million construction completion payment would require an average annual payment of approximately \$15 million over 20 years beginning in 2020.

Continuing, Mr. Malfabon said that in October 2013, NDOT had short-listed three teams that expressed interest in delivering the project through the design-build-finance-operate-maintain P3 model:

- Kiewit-Meridiam NEON Partners – Kiewit Development Company and Meridiam Infrastructure NEON, LLC; equity partner and contractor: Kiewit.
- Las Vegas NEON Ventures – Las Vegas Paving Corporation and Macquarie Capital Group Ltd.; equity partner and contractor: Las Vegas Paving Corporation.
- NEON Mobility Group – ACS Infrastructure Development, Inc. and Fengate Capital Management, Ltd., Star America Fund GP LLC; contractors: Granite Construction, Pulice Construction.

Mr. Malfabon added that pursuing Phases 1, 3, and 4 and a portion of Phase 2 as a P3 was essential to get the critical improvements built now. It would not be effective to deliver Project NEON under a piecemeal pay-as-you-go approach that would take up to 20 years. He said that not only would a piecemeal approach cost more, building the project in phases would result in much more traffic delay and extend the unacceptable safety and traffic conditions on I-15 for nearly two decades. In the meantime, property values were rising in Las Vegas, construction costs would increase due to inflation, and interest rates were rising.

Mr. Malfabon explained that the P3 method delivery method for Project NEON would ensure the following:

- NDOT would not exceed its bonding capacity and debt payments would be near levels seen in previous years.
- Project NEON would not be built at the expense of NDOT's base capital improvement program of nearly \$380 million per year; the base program would remain available for other projects in southern Nevada and throughout the state.
- The State Highway Fund was projected to retain a healthy balance of \$90 million at the end of the FY 2014 and in the years to come.

In conclusion, Mr. Malfabon said that NDOT was requesting authority to receive and expend \$100 million in bond proceeds to be used primarily to acquire right-of-way needed to construct Project NEON. The funds would enable the Department to continue with Phases 3 and 4 of Project NEON. He was prepared to answer any questions, and several subject matter experts from NDOT; the Department's financial advisor, Ernst and Young; NDOT's bond counsel, Sherman and Howard; and Deputy Director Ash Mirchandani from the Department of Business and Industry were also present to provide information.

Mr. Malfabon said supporters of Project NEON were also in attendance, including Tina Quigley, General Manager of the Regional Transportation Commission of Southern Nevada, and David Bowers, City Engineer for the City of Las Vegas.

Assemblywoman Kirkpatrick stated that the proposed financing method was new to the state and most of the nation. Six states had used similar financing, but they were now having problems. She was not opposed to the project, but a long-term plan was needed. As other states had seen, one mistake could hamper what was already a hampered industry when it came to funds that could be counted upon all of the time.

Assemblywoman Kirkpatrick was concerned about what would happen if a future legislature did not agree to the \$200 million construction completion payment and if fuel tax dollars decreased over time. She noted that fuel tax dollars were up now because gas prices were low, but when gas prices increased, consumers cut back on gas. She said that it was the Legislature's responsibility to be good stewards of taxpayer dollars, and she wanted to move the project forward, but there must be a clear plan for the future. She added that there was also concern that the property acquisition maps had recently changed and only one side of the highway would be addressed.

Senator Roberson said he was familiar with the project. He asked what the Legislature's role was in approving the project. The Legislature did not approve highway projects: that was the decision of the Transportation Board. The bonding would be done through the Board of Finance and the Transportation Board. He thought the purpose of the Committee was to approve the ability to receive and expend bond proceeds, which were approved by other bodies. He said there were several merits to the project, but it was not the role of the Legislature to determine whether it was a good or bad project: that was a function of the Executive Branch.

Chairwoman Smith agreed that the work program on the agenda was to give the Department authority to accept and expend \$100 million in bond revenue for property acquisition. She said that was one piece of the project, however, which opened the door to a much larger project and many other questions. While the Committee was granting spending authority for the project and approval of the project was in the purview of the Transportation Board, constituents routinely contacted legislators when they had questions concerning a road project. Chairwoman Smith said the Committee had the ability and the right to ask questions to be able to appropriately respond to constituents' concerns. She noted that this project would obligate the taxpayers of the state for a very long time, and future legislatures would have to make decisions about expenditures related to the project. It was appropriate for the Committee to ask questions about the project, understanding that its role was to approve the work program for \$100 million.

Senator Roberson said everyone on the dais understood his or her role; the Committee was not being asked to approve the totality of the project. The Committee's role was narrowly defined by the work program request.

Chairwoman Smith agreed: the Committee's role was very clear, and the members should have the opportunity to ask questions because the project involved a new funding concept.

Assemblywoman Kirkpatrick said she did not disagree with Senator Roberson's comments, but the Committee was given the opportunity to hear an overview of the project. She had questions, and she wanted to understand the long-term effects of the investment. She questioned whether there would be another opportunity before the 2015 or 2017 Legislative Sessions to have a discussion if the Committee approved the current request. She understood that over \$100 million had been invested for acquisitions and the current request was for another \$100 million, but she wanted to know what the expectations were for future legislatures concerning project expenditures, including the \$200 million construction completion payment.

Assemblywoman Carlton said that most of the members of the Committee were familiar with the project, but the funding model had changed significantly. She recalled several discussions concerning the project when she was on the Senate Committee on Transportation, and this type of funding model was never mentioned. She pointed out that the Interim Finance Committee was the money committee, and this funding model would obligate the state in future years. She wanted to see the project started and creation of engineering, architecture, and ultimately construction jobs. However, this was a total new funding model and it was very complicated. She asked if Project NEON could be funded using traditional financing methods and suggested that the new model might be better used on a smaller project.

Mr. Malfabon acknowledged that it was an innovative and new model for a transportation project to be funded as a P3. He said P3 projects had been completed through public-private partnerships in the past, but this was a huge project to be paid

back over a long term. He requested that the Department's financial advisor provide more information and answer Committee members' questions.

Tuyen Mai, Senior Vice President, Ernst & Young Infrastructure Advisors, LLC, financial advisor to the Department of Transportation, explained that the \$200 million construction completion payment was structured so that the project bondholder would not pay a larger amount over time. Instead, the \$200 million would be a buy-down for the entire amounts due to the contractor and the investors. The Department's current plan was to issue another \$200 million bond issuance in 2019 to pay the \$200 million construction completion payment.

Assemblywoman Kirkpatrick said she had understood that some of the \$200 million was contingent on funds from the federal government, but she had been informed by the Nevada U.S. Congressman representing her district that there were no funds.

Mr. Mai said that the \$200 million construction completion payment would finance a portion of the construction, operations, and maintenance that would be performed over 35 years, which would be paid by the state. The federal government would reimburse the Department for some of the payments made over time, which was no different from traditional construction contracts. Because this structure was more complex, it would apply different percentages, but the federal government would make reimbursements: it would not fund construction upfront.

Assemblywoman Kirkpatrick asked for confirmation that the state would be liable for the payments and reimbursement would be provided from the federal government.

Mr. Mai replied that she was correct: the process was similar to other Department of Transportation construction contracts or bond payments.

Assemblywoman Kirkpatrick said she understood the funding plan proposed was also based on annual \$35 million payments from the Highway Fund.

Mr. Mai said the Department's estimate of a \$34 million annual payment was separate from and in addition to the \$200 million construction completion payment, and it would increase over time. The payment was scheduled to be made over 35 years, subject to the contractor's performance providing a project that was operating and being maintained in a proper manner. If the contractor did not maintain the project according to the Department's stated standards, adjustments would be made to the payment. He said the public-private partnership would not only provide a means to finance the project, it would also provide a 35-year long-term loan, which was one of the reasons other states had embarked on this financing structure.

If an out-of-state company was awarded the project, Assemblywoman Kirkpatrick asked whether an in-state company would have the opportunity to get the maintenance piece. She asked what was being done to ensure that Nevada companies would be involved in the project.

Mr. Malfabon replied that typically it was not cost-effective for a contractor to bring outside companies into the state for the maintenance portion of a project. The maintenance portion, which was a type of paving and bridge rehabilitation, must be paid at prevailing wage. He said three team contractors, Granite Construction, Kiewit, and Las Vegas Paving Corporation, were union contractors that worked with local unions to access the labor, and the same would be true of the maintenance work for this project.

Chairwoman Smith suggested that the project be vetted at another Committee meeting to allow time for public comment and Fiscal Analysis Division staff and Committee members to have their questions answered. She noted that the request was originally going to be on the Committee's February 2014 agenda, but it was backed up to the December meeting.

Mr. Malfabon recalled discussing submitting the item in February when conducting briefings with Committee members. However, after discussions with the project team concerning the timelines for Transportation Board and Board of Finance approvals, the Department decided to bring the project to the December meeting.

Mr. Malfabon pointed out that IFC approval of the work program would only provide the funds to purchase the right-of-way: it would not commit the Legislature to the P3 arrangements. There was still a lot of work to be done in procuring the public-private partnership and, regardless of the method of delivery of the program, the right-of-way would still need to be acquired. He noted that after the public meeting conducted the week before, many of the business owners, homeowners, and renters wanted to have their properties taken care of so they could move on with their lives.

Chairwoman Smith asked what the disadvantage would be for the Committee to delay its approval until the February meeting to give members and staff the opportunity to work with the Department to resolve questions about the funding method.

Mr. Malfabon replied the downside would be the delay for the residents and property owners, and if the decision were delayed until the 2015 Legislative Session, there would be significant downsides. He said if the Committee allowed the Department to proceed, the Department would request the Transportation Board's approval of a resolution of support for a \$100 million bond issuance to submit to the Board of Finance in January 2014. This would reduce the delay to the property owners.

Chairwoman Smith affirmed that the Department had submitted portions of the project to the Board of Transportation in June 2013, and it would move forward with the Transportation Board despite whether the Committee approved the request at this meeting.

Mr. Malfabon explained that Department staff and advisors made a presentation to the Transportation Board in June 2013 to obtain approval to develop the request for proposals (RFP) and the concept of the public-private partnership. He said a final RFP would be issued in 2014.



Chairwoman Smith reiterated that she had assumed the request would be made in February 2014. She appreciated the Department's briefings, but those were not the same as having a discussion with colleagues during a hearing.

Senator Roberson remarked there had been so many questions concerning the request, he was afraid some of the members were becoming confused. He noted that the minutes of the June 2013 Transportation Board included answers to every question raised at this meeting. Attorney General Masto had many of the same questions, but at the end of that meeting, she was satisfied and ready to move forward with the project. He added that State Controller Wallin was also in support of the project, as was Governor Sandoval.

Senator Roberson said a delay could increase the cost of the project and thus increase the cost to taxpayers; it would delay employment opportunities; and it would maintain the status quo, i.e., terrible gridlock at the Spaghetti Bowl, which cost southern Nevadans time and money. He said the project had probably been vetted more fully than any other state transportation project. It had been discussed for over a decade, and members of the Transportation Board had studied the project and were satisfied with it. He said the project was good for southern Nevada and the state.

Assemblyman Eisen said the value of the project was not being questioned: it was certainly needed and valuable. The questions were concerning the different approach to how it would be funded. He would have preferred the project started a decade before rather than waiting another two months, but he was concerned that a new way of funding road projects in Nevada was being proposed that would involve a 35-year commitment. He noted that the amount of money was not inconsequential: the project was very large. He appreciated the timelines, but he wanted everyone to be comfortable with the new funding method. Assemblyman Eisen said he understood the project, but before the Committee committed millions of taxpayer dollars for 35 years, the members needed to be absolutely sure about the project. He did not understand what the risk would be to delay the decision until February.

Assemblyman Hardy said that, having experienced imminent domain and similar situations, he could explain some of the risks. Despite constituents not knowing whether they would need to move their dwellings or have their commercial real estate purchased, they still had to make commitments every day. He said 60 days did not sound like a long time, but when constituents were trying to move on with their lives, the project costs could escalate if they became angry. He recommended that the Committee approve the first \$100 million to purchase the right-of-way and resolve constituents' concerns.

Mr. Malfabon replied that was definitely one of NDOT's concerns. He said the value of properties for the project was being affected by the comparable sale of properties in downtown Las Vegas, which had increased due to redevelopment efforts.

Senator Goicoechea asked whether the Department was confident that, even with the commitment for 35 years, there would be adequate capital outlay funding for the rest of the state and the rural roads in Clark County. He questioned whether a capital improvement program budget of \$380 million would be adequate for road projects in the rest of the state.

Mr. Malfabon replied he was confident that \$380 million would be sufficient to fund projects in the rest of the state, particularly Interstate 80. He said there would always be a backlog of projects, but the Department had a commitment to complete bridge, safety, rehabilitation, and repaving projects, as well as some major capacity improvements: adding lanes, bridges, and interchanges, and widening roads.

Senator Goicoechea remarked that his district covered areas of both northern and southern Nevada, and he wanted assurance that projects would be completed in all parts of the state.

Assemblyman Ellison said he was also concerned with the needs of the rest of the state. He affirmed that acquisition of the land would be required regardless of the method of funding.

Mr. Malfabon replied that he was correct: the land would need to be acquired for the project, regardless of the funding structure. He noted that acquisition of Phase 1 properties had begun in 2011, and the current request was for Phases 3 and 4.

Assemblyman Ellison said he supported the project going forward.

Senator Roberson noted that the project was not dependent upon the TIFIA loan. He wanted it on the record that a \$90 million balance would be maintained in the Highway Fund and other projects in the state would not be affected. He asked for confirmation that under the proposed financing structure, most of the liability and risk would be with the private partners, because they would not be paid until after the work was completed to the state's satisfaction. If the project was not completed and maintained to the state's satisfaction, the private partners would not be paid.

Mr. Malfabon replied Senator Roberson was correct: the private partners carried the risk, and the state had a long-term commitment to fund and maintain the project through the public-private partnership.

Mr. Mai added that one of the benefits of the contracting method was that the contractor and investors were not paid until construction was completed. There would be an incentive to avoid delays, and if the project fell behind schedule, the contractor would have to accelerate the work to get back on schedule to receive those payments.

Chairwoman Smith said she understood who was taking the risk, but there was a difference between risk and obligation. The private firm was taking the risk, but the state had the long-term obligation.

Assemblywoman Kirkpatrick was concerned that immediate traffic safety problems, such as on the Blue Diamond Highway, were not being addressed, but the Department was pursuing a very large project. She was not opposed to the project and she understood the reasons for not wanting to delay it, but she noted that construction projects were often delayed. She recalled reading about the project in the newspaper only days after adjournment of the 2013 Legislative Session, and she was concerned that the Department had not discussed the project during the Session. If the Committee moved forward on the project at this meeting, Assemblywoman Kirkpatrick asked what commitment would be made by the Department and the Executive Branch to ensure that the Legislature would play a role in the future of the project.

Mr. Malfabon said the Department was definitely committed to working with the Legislature. He reiterated that it would have been premature to discuss the project during the 2013 Legislative Session because none of the details were known at the time. He noted it was important to maintain confidentiality during the process, and certain aspects were not as transparent as some would like because the private partners did not want to divulge any competitive information.

Mr. Malfabon appreciated Assemblywoman Kirkpatrick's comments about other immediate traffic safety problems such as the Blue Diamond Highway, which was scheduled to be widened. He would be attending a neighborhood meeting with Assemblyman Healy and Senator Jones that evening to address the problem. He said the Department had federal funds available for some improvements, such as installing signal systems and providing safer pedestrian access across the Blue Diamond Highway, which was a high-speed facility. The Department was aware of other safety needs and would be addressing them.

Mr. Malfabon added that Committee action on the request at this meeting would not preclude a more thorough presentation and discussion on the project at a future Committee meeting.

Assemblyman Hickey asked whether the Committee could approve the request for bonding to move forward with the right-of-way acquisitions at this meeting, and a fuller discussion could take place at a future Committee meeting.

Mr. Malfabon replied that Department officials would be available to provide further information to the Committee and address any questions concerning the financial structure of the project.

Assemblyman Aizley asked what would happen if the P3 plan failed.

Mr. Malfabon said the Department was still considering other options, such as a phased approach, to deliver the project. He noted that the U.S. 95 widening project was done over several years and involved several construction contracts. He said the proposed public-private partnership would be the best and most affordable method of funding that would avoid piecemeal construction and traffic delays.

Mr. Malfabon acknowledged that the proposed P3 project did not address all issues in the area, since doing so would cause the Department to exceed its bonding capacity, reduce the Highway Fund balance, or not maintain the current capital improvement program budget. The Department believed the proposed funding plan incorporated the right mix of public and private funds and would allow the project to be delivered in the near-term.

Senator Denis recalled hearing about Project NEON some time ago, and he understood that it needed to be completed as soon as possible. He asked how many phases were involved in the project.

Cole Mortenson, Senior Project Manager, Nevada Department of Transportation, replied that, beyond the six phases comprising the proposed P3 project, there would be four additional phases. The four additional phases would include the extension of Grant Central Parkway to Industrial Drive, northbound ramp braiding on the east side of I-15 (two phases), and grade separation at Wyoming Avenue and the Union Pacific Railroad tracks. The \$100 million work program would be used to acquire all property needed for the phases of the proposed P3 project, specifically phases 3 and 4.

Senator Denis affirmed that there was no guarantee that TIFIA funding would be available, and if it did not materialize, the project would still be completed.

Mr. Mai replied that the TIFIA loan was a competitive program administered by the U.S. Department of Transportation. Although competitive, the federal government had recently increased funding for the TIFIA program. The application process started in August, and the state had been invited to advance to the second phase of the review; he believed Nevada was in a good position to be funded in 2014. He added that the federal government would not guarantee that the funds would be available until after procurement of the public-private partnership.

Mr. Mai said if the TIFIA funding was not available, the Department would still have the ability and opportunity to finance the portion to be funded by TIFIA through regular means of borrowing, such as bonds.

Senator Denis asked how Phases 3 and 4 of the project would be affected if TIFIA funds did not materialize.

Mr. Mai reiterated that it should not affect the schedule of the project; other methods of financing would be pursued. He recalled that before the project was approved by the Transportation Board, the Department was considering a pure public-private partnership, which would not include any bond issuance. The current proposed P3 structure was considered a hybrid because it mixed the best of both worlds: to maintain the benefits of the public-private partnership and to make it more affordable and closer to the Department's traditional means of funding.

Senator Roberson affirmed that regardless of what course of financing was chosen, the land acquisitions would be required. Mr. Malfabon replied that he was correct.

Senator Roberson affirmed that the \$34 million to \$35 million annual payments were “availability payments” that would not become due until after the project was completed in a satisfactory manner, which would be in 2019 or 2020. The completion and availability payments would be paid from sources other than the \$100 million in bond revenue being discussed today.

Mr. Malfabon replied Senator Roberson was correct; the availability payments were related to the public-private partnership.

Senator Roberson understood that when NDOT and the Transportation Board looked at a variety of financing options for the project, it was determined that the proposed structure was the most affordable means of accomplishing the goal and would result in completion of the project in about one-quarter of the time.

Mr. Malfabon again replied that Senator Roberson was correct. The Transportation Board had considered three different options: the traditional design/bid, bonds, and the P3 alternative.

Assemblywoman Carlton noted that the Legislature would be obligated to pay the bill for the next 35 years. She asked whether the Committee would have any input on the funding formula after this meeting.

Mr. Malfabon replied that approval of the contract with the private partner would be the responsibility of the Transportation Board.

Assemblywoman Carlton remarked that the decision would be made by the Transportation Board, but the Legislature would pay the bill. Future legislatures would have to make funding decisions between education, public safety, mental health, and highway projects.

Mr. Malfabon agreed, adding that the project would be subject to approval of NDOT’s budget and appropriation of funds by the Legislature. He noted there was a separation between the State Highway Fund and General Fund, but future funding was definitely a decision to be made by the Legislature.

Assemblywoman Carlton said she thought that was the reason for most of the Committee members’ concerns. She thanked Mr. Malfabon for responding to difficult questions.

Chairwoman Smith asked for public testimony.

Tom Skancke, Chief Executive Officer and President of the Las Vegas Global Economic Alliance, remarked that the questions were well thought out by Committee members, but he wanted to add additional pertinent information.

Mr. Skancke said he had spent approximately 20 years of his career in transportation strategy work, infrastructure funding, and federal policy. He was appointed to the National Surface Transportation Policy and Revenue Study Commission; Governor Kenny Guinn's Task Force on Transportation, and recently by Governor Sandoval to the State Transportation Board as the southern Nevada representative.

Mr. Skancke explained that TIFIA was a very confusing program, as was the funding mechanism being proposed by the Department. The state had not been involved in this type of structure before, and the questions asked by the Committee were appropriate. When he served on the National Transportation Board earlier in his career, he had asked the same questions concerning public-private partnerships, because he had concerns about how the mechanisms were created and how they were paid back.

Mr. Skancke recalled that Assemblywoman Kirkpatrick had questioned the amount of funding in TIFIA, and he said there was currently \$1.7 billion authorized and appropriated by the federal government for the program. The program was very complex and highly competitive across the country, and the application process was substantial. He said there should be no question as to whether the funds were available. Mr. Skancke recalled that the Reno Transportation Rail Access Corridor (ReTRAC) was a TIFIA-funded project.

Mr. Skancke said that public-private partnerships were also confusing. They were a relatively new funding mechanism for the state and the country as a whole. He had worked on about a dozen of them and each was done differently, and the one proposed by the Department was also complex.

Mr. Skancke noted that the current request was for right-of-way acquisition, and real estate prices in Las Vegas were rising substantially and quickly. As the economy recovered, office space and open land would become difficult to purchase. He asked whether the state wanted to purchase the land in today's dollars or in tomorrow's dollars, which would be more expensive.

Mr. Skancke encouraged the Committee to approve the Department's request because it would improve the chances of the project moving forward. He said the project was the single most important public works project in the state since the Hoover Dam. It was a \$1.3 billion project, and it was courageous and brave for the state to consider this type of funding mechanism. He said the Committee should keep in mind that the current request involved a land purchase only.

Mr. Skancke assured the Committee that when the project was presented to the Transportation Board, he would ask tough questions concerning the public-private partnership. He had seen them be successful, but he had also seen several fail

because the wrong questions were asked at the wrong time. He said he would be happy to answer Committee members' questions at any time in the future.

Chairwoman Smith thanked Mr. Skancke for his comments.

David Bowers, City Engineer, City of Las Vegas, said he would speak to the merits of the Project NEON; his testimony follows:

The City will not only benefit from the significant number of jobs this project will bring to the area, but there will also be a significant economic impact on the downtown area. Better access will be created for more than 1,500 residential properties and 600 commercial properties that are within one mile of Project NEON. Improved accessibility and mobility will also be greatly enhanced, and the desirability of the downtown area will be increased, and thereby potential future development will be increased. Accessibility will not only be addressed by improvements to our freeway capacity, but there will also be improved capacity for local arterial networks into the downtown area.

The interchange improvements at Alta, Sahara, Charleston, and the new ramp system parallel to the I-15 will greatly enhance access along the corridor. The medical facilities, commercial centers, arts and entertainment venues will all be more readily available to motorists trying to reach these destinations, plus new corridors will be created that will allow for greater opportunities for redevelopment. Wider, ten-foot sidewalks with street trees and bicycle lanes will be provided to improve non-motorized accessibility. This project will also allow significant improvements to the landscaping and aesthetics along this corridor, which will give our visitors a better first impression of our city.

The City is contributing \$60 million of their funding allocation to further improve the roadways and aesthetics in this corridor, and we feel it is a very good investment. We appreciate your assistance in this submission.

Sean Stewart, Executive Director, Associated General Contractors, Nevada Contractors Association, said his organization represented approximately 700 general contractors, subcontractors, and suppliers in southern Nevada.

Mr. Stewart said he had heard from the Committee that Project NEON was needed and would be done. The concern appeared to not be with the need, but with the delivery method. He understood the members' concerns with the delivery method and the P3 model, and their questions needed to be answered. However, he understood that the current request was for funding of the remaining right-of-way acquisition. Whether the P3 model or some other model was used as the delivery method, the right-of-way still had to be acquired. With bond rates at the current level and land prices where they were, it would never be cheaper than today to get this work done. For that reason,

Mr. Stewart hoped the Committee would move forward with funding the right-of-way acquisition and get more questions answered as the process moved forward.

Chairwoman Smith thanked the speakers for their comments.

Chairwoman Smith remarked that the Committee had demonstrated how it felt about the significance of the project and its importance to the state, but it had also learned of the complexities of the project. She appreciated that colleagues on the Transportation Board supported the project and she respected their opinions. However, Committee members had opinions and questions. She noted that there had been changes to the project since it was first approved by the Transportation Board in June 2013, and it was fair for Committee members to want to understand the project to adequately represent their constituents.

Chairwoman Smith said the Committee had heard Mr. Skancke say that the project was complex and that the members needed to know the details of the project. She understood that the current work program was to authorize NDOT to receive and expend \$100 million for right-of-way acquisition. If the Committee were to approve the request, she asked whether the Department would commit to another hearing to have a thorough discussion concerning the funding mechanism, which would help Committee members and the Fiscal Analysis Division staff work through their questions. She noted that when the Department hired high-level outside consultants, it revealed to the Committee the complexity of the project.

Mr. Malfabon replied that he would personally make the commitment to another hearing.

Assemblywoman Kirkpatrick said she would reluctantly move to approve the request because Mr. Malfabon had committed to answer Committee members' questions in the future.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE  
AGENDA ITEM D-111 AND TO REQUIRE THAT A PUBLIC  
HEARING ON PROJECT NEON BE CONDUCTED IN THE  
FUTURE.

SENATOR DENIS SECONDED THE MOTION.

Assemblywoman Carlton said she would not support the motion without all of the Committee's questions answered. She was concerned with assuming a 35-year debt when the state was currently strapped financially.

Assemblyman Bobzien congratulated members of the Committee for researching the request. He said the project had been vetted, but the outstanding questions concerning the financing structure absolutely warranted further discussion. He said there was no doubt that the project was needed for the entire state and its economy, but the Committee's questions warranted more attention. Ultimately, the Legislature held the



purse strings and would be responsible and, therefore, additional conversations were needed.

Assemblyman Oscarson said he appreciated Mr. Malfabon's commitment to continue to support the rural counties, as those areas needed their fair share.

Senator Denis said he appreciated the opportunity to look for creative ways to expedite a project and ways to get it done. He understood the Committee's need for a closer examination, and he appreciated the opportunity to ask questions and receive more details. It was important to do anything possible to help constituents travel safely.

THE MOTION CARRIED. (Assemblywoman Carlton voted no.  
Assemblyman Horne was not present for the vote.)

Chairwoman Smith thanked Mr. Malfabon for his testimony.

- 112. Adjutant General and National Guard - Military - FY 2014** - Addition of \$10,764,705 in Federal Department of Defense funds for leases, facilities operations, construction projects, real property sustainment, restoration, modernization, minor construction, and demolition costs for facilities identified for the joint use of the state and federal government. Requires Interim Finance approval since the amount added to the Army Facilities category exceeds \$75,000. **Work Program #C28268**

Refer to motion for approval under Agenda Item D.

- 113. Department of Corrections - Prison Medical Care - FY 2014** - Transfer of \$835,425 from the Inmate Drivens category to the Medical Inmate Driven Stale Claims category and \$15,443 from the Inmate Drivens category to the Agency Issue Uniforms category to pay FY 2013 medical stale claims due and to provide needed protective gear to medical personnel. Requires Interim Finance Approval since the amount transferred to the Medical Inmate Driven Stale Claims category exceeds \$75,000. **Work Program #C28480. RECEIVED AFTER SUBMITTAL DEADLINE 11-13-13.**

Refer to motion for approval under Agenda Item D.

### **Reclassifications**

<b>Agency</b>	<b>Agency/ Account Number</b>	<b>Position Number</b>	<b>Present Class Title, Class Code, Grade and Salary</b>	<b>Proposed Class Title, Class Code, Grade and Salary</b>
Secretary of State	040/1050	0011	Administrative Assistant II Code 02.212, Grade 25, Step 09, Employee/Employer Paid Retirement \$41,906.16	Compliance Investigator II Code 11.358, Grade 32, Step 01, Employee/Employer Paid Retirement \$40,110.48

<b>Agency</b>	<b>Agency/ Account Number</b>	<b>Position Number</b>	<b>Present Class Title, Class Code, Grade and Salary</b>	<b>Proposed Class Title, Class Code, Grade and Salary</b>
Department of Administration, Administrative Services Division	086/1371	0012	Administrative Assistant III Code 02.211, Grade,27, Step 02, Employee/Employer Paid Retirement \$34,055.28	Program Officer I, Code 07.649, Grade 31, Step 01, Employee/Employer Paid Retirement \$38,523.60
Department of Administration, Administrative Services Division	086/1371	0091	Administrative Assistant III Code 02.211, Grade 27, Step 01, Employee/Employer Paid Retirement \$32,677.20	Program Officer I Code 07.649. Grade 31, Step 01, Employee/Employer Paid Retirement \$38,523.60
Department of Administration, Administrative Services Division	086/1371	0010	Administrative Assistant III Code 02.211, Grade 27, Step 04, Employee/Employer Paid Retirement \$36,915.84	Program Officer I Code 07.649, Grade 31, Step 02, Employee/Employer Paid Retirement \$40,110.48
Department of Administration, Administrative Services Division	086/1371	0018	Administrative Assistant III Code 02.211, Grade 27, Step 09, Employee/Employer Paid Retirement \$45,560.16	Program Officer I, Code 07.649, Grade 31, Step 07, Employee/Employer Paid Retirement \$49,694.40
Gaming Control Board	611/4061	0069	Administrative Assistant IV Code 02.210, Grade 29, Step 10, Employer Paid Retirement \$45,956.88	Program Officer I, Code 07.649, Grade 31, Step 10, Employer Paid Retirement \$50,174.64
Department of Business and Industry, Housing Division	744/3841	0026	Compliance/Audit Investigator II Code 11.365, Grade 33, Step 01, Employee/Employer Paid Retirement \$41,906.16	Grants & Project Analyst II Code 07.755, Grade 35, Step 01, Employee/Employer Paid Retirement \$45,560.16
Department of Employment, Training and Rehabilitation	902/4770	1002	Legal Secretary II Code 02.153, Grade 29, Step 01, Employee/Employer Paid Retirement \$35,475.12	Legal Research Assistant I Code 07.750, Grade 33, Step 01 Employee/Employer Paid Retirement \$41,906.16
Department of Transportation	800/4660	930424	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. 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 page 201 of volume III of the meeting packet; copy attached as [Exhibit C](#)), which reflected the following balances for fiscal year (FY) 2014 as of December 9, 2013:

Unrestricted General Fund Balance	\$12,150,386
Unrestricted Highway Fund Balance	\$ 1,690,085
Restricted General Fund Balance	\$ 7,796,897

Mr. Krmpotic said that the projected Unrestricted General Fund balance assumed approval of three Contingency Account requests before the Committee. Agenda Item F.2., which was a request for \$1,082,879 for computer equipment for several Executive Branch agencies, was approved earlier in the meeting, and Agenda Item F.3., a request for \$150,345 for the Department of Agriculture, Nutrition Education Programs, had been withdrawn. Mr. Krmpotic said if the Committee approved the Judicial Branch's request for \$92,174 (Agenda Item F.1.), the projected Contingency Account balance would total \$10,975,315. There had been no change in the Highway Fund balance and there were no current requests.

Mr. Krmpotic added that Agenda Item G included a request for a Contingency Account allocation of \$1.46 million to the Governor's Office of Economic Development for the unmanned aerial vehicle (UAV) program. He noted that the 2013 Legislature had set aside \$4 million for the program, and if the Committee approved the current allocation request, the remaining balance for the UAV program would be \$2,540,000.

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

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

1. Judicial Branch – State Judicial Elected Officials, Supreme Court and Senior Judge Program – Request for an allocation of \$92,174 to partially fund the state's share of Medicare tax withholding owed for fiscal years 2010, 2011, and 2012.

Robin Sweet, State Court Administrator, Office of the Supreme Court, explained that the request for \$92,174 from the IFC Contingency Account was to partially fund the state's share of Medicare tax withholding. She said the total Judicial Branch share was \$580,000, most of which was available through reverted funds in the State Claims account, and a balance of \$92,174 remained. Ms. Sweet pointed out that the affected judges would have to pay their portion of the \$580,000 back to the state.

Chairwoman Smith asked how the affected employees were being notified that they were required to reimburse the state.

Ms. Sweet replied the judges were notified in the summer of 2013. The Department of Administration had calculated the amount each judge would have to pay.

Chairwoman Smith asked what the reimbursement process would be if the judges were deceased or no longer working.

Stephanie Day, Deputy Director, Department of Administration, explained that if inactive judges refused to pay, the amounts would be referred to debt collection, and the state would have to reissue the judges' W-2 forms because the amounts would become income to them under Internal Revenue Service (IRS) regulations.

Chairwoman Smith affirmed that at some point, the process would be converted from debt collection to IRS action. Ms. Day replied that was correct, and potential penalties and interest could be assessed by the IRS on those individuals, who would have to file revised IRS tax returns.

Chairwoman Smith affirmed that procedures were in place for the active employees to repay the amounts owed.

Ms. Day replied there were four options for active employees: a lump-sum payment, installments from their paychecks for a maximum of three years, or a personal check for either a lump-sum payment or installments. Inactive employees would have two options: a lump-sum payment or installments via a personal check.

Chairwoman Smith asked for questions from the Committee.

Assemblyman Eisen asked how much the individual employees would have to pay. Ms. Day replied there were 527 employees, and 389 owed less than \$200. The average amount due was approximately \$1,600, and 111 employees owed more than \$1,000.

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

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM F.1.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

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

2. Department of Administration – Division of Budget and Planning on behalf of Executive Branch Agencies – Request for an allocation of \$1,082,879 to replace computers with operating systems that will cease to be supported by Microsoft after April 8, 2014.
  - a) Commission on Judicial Discipline - \$3,282
  - b) Department of Administration
    - 1) Budget and Planning Division - \$2,188
    - 2) Nevada State Library - \$32,822
    - 3) Archives and Records - \$7,658
  - c) Department of Business and Industry
    - 1) Business and Industry Administration - \$985
    - 2) Real Estate Administration - \$10,941
    - 3) Office of Labor Commissioner - \$22,975
    - 4) Nevada Athletic Commission - \$7,658
  - d) Department of Health and Human Services
    - 1) Health Care Financing and Policy Administration - \$14,770
    - 2) UNITY/SACWIS - \$177,238
    - 3) Welfare Administration - \$77,235
    - 4) Welfare Field Services Account - \$300,905
    - 5) Child Assistance and Development - \$25,152
  - e) Department of Corrections
    - 1) Office of the Director - \$370,886
  - f) Department of Public Safety
    - 1) Division of Emergency Management - \$3,020
    - 2) State Board of Parole Commissioners - \$24,069
    - 3) Office of Homeland Security - \$1,094

Refer to previous testimony and motion for approval under Agenda Item D-38.

3. State Department of Agriculture – Nutrition Education Programs – Request for an allocation of \$150,345 to repay the U.S. Department of Agriculture, Food and Nutrition Service for FFY 2012 grant funds that were overdrawn.

Chairwoman Smith noted that Agenda Item F.3. had been withdrawn prior to the meeting.

G. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO SECTION 39 OF ASSEMBLY BILL 507 (2013 SESSION) – Office of the Governor–Office of Economic Development–Request for allocation of \$1,460,000 of the \$4,000,000 appropriated to the IFC Contingency Account for the Unmanned Aerial Vehicle (UAV) program.

Steve Hill, Director, Governor's Office of Economic Development (GOED), explained that the request for an allocation from the IFC Contingency Account was for continued funding of the state's efforts to not only receive, but also to operate, the Unmanned Aerial Vehicle (UAV) test site designation from the Federal Aviation Administration (FAA). He said an email had just been received from the FAA outlining the procedure over the next three weeks. The GOED had to provide some information by December 13, but the FAA had committed to make the decision of designation of six regional test sites by the end of December.

In response to questions from Committee members, Mr. Hill explained that If Nevada was not successful in receiving the designation, the request from the Contingency Account would be moot. He recalled that the 2013 Legislature had placed \$4 million in the Contingency Account, which was contingent upon receiving the designation. The request was being made at this meeting because if the state received designation, it would be critical that there be no disruption in GOED's ability to respond to FAA requests for information and follow-through with necessary contracts.

Mr. Hill said the process would remain competitive; there would be six locations across the country for testing, but the FAA would not dictate where the testing had to take place. Nevada would have to reach out to companies to inform them of what was available in Nevada for testing.

Mr. Hill said the Legislature's support was appreciated, and it was exceptionally important in the effort. The FAA and members of Congress were paying attention to what elected officials, communities, and states were doing across the country, which would have a bearing on whether the state received the designation.

Mr. Hill recalled that the effort to become a UAV test site had begun two years before. During the FAA's reauthorization process in January 2012, Congress required the FAA to work through a test program to integrate UAVs into commercial airspace and to do so by designating six test sites across the country. Forty-nine different states and regions responded to the FAA request; the process was difficult and exceptionally lengthy, and it was delayed for about six months in the interim. The final response from the state was submitted in May 2013.

Mr. Hill explained that a panel of 15 members from across the state was created to oversee the process and help direct the efforts of approximately 30 Nevada team members. The state was required early in the process to list the members of the team that would work on the designation in Nevada. He noted the Nevada System of Higher Education was a critical part of the process, and National Securities Technologies LLC,

Bowhead Technical Professional Services, and several other entities provided a great deal of expertise. At about the same time the final response was submitted to the FAA, the Governor proposed, and the Legislature approved, funding to pursue the effort. Mr. Hill noted that other states had previously been funding their efforts for one or two years. Nevada had done an excellent job of “catching up,” and the state was often mentioned as a favorite to possibly receive the designation.

Mr. Hill said when the 2013 Legislature approved \$4 million in funding in May 2013, \$1 million was allocated to the GOED budget to provide grant funds for the effort, and the current request was for another \$1.46 million of the \$4 million. He again noted that the request was contingent upon receiving the designation.

In November 2013, the FAA announced that it would attempt to make the designations by the end of the year and stated a goal of integrating Group 1 (10 pounds and less) and Group 2 (55 pounds and less) of unmanned aircraft into the commercial airspace by September 2015. Mr. Hill said the deadline was earlier than most in the process would have expected: it was only 21 months away.

Mr. Hill explained that the FAA was creating regulatory and testing structures in the industry as it moved forward, and it was contracting with companies throughout the country to perform testing at the six designated test sites. The test sites would be able to charge for airspace rental and services of the state’s Program Management Office (PMO). A number of PMO services would be needed: every vehicle that flew must be certified that it was flight worthy; every crewmember had to be certified; safety, privacy, and confidentiality had to be ensured; all flights would be monitored; and data from all flights would be stored.

Mr. Hill said the PMO’s costs, on a fixed-cost basis, would be between \$300,000 and \$350,000 a month. As additional business was added, vendors from throughout the state and the country would be hired to provide PMO services. He explained that it would make more sense to use vendors rather than staff the Program Management Office, because the opportunity was a statewide venture. Vendors would be able to scale up or down depending upon where the flights were across the state.

Mr. Hill went on to explain that the primary method of generating revenue would be through airspace rental. The PMO would go online to an FAA service to get certificates of authority, which would allocate airspace over a period of time for testing to take place. He said partnership agreements would be entered into with ranges throughout the state, and the revenue would be split between the PMO and those ranges. He said the PMO was in the process of negotiating contracts with four ranges in the state that been designated for the FAA testing: Fallon Naval Air Station, Stead Airport north of Reno, Desert Rock at the Nevada Test Site, and Boulder City Airport southeast of Las Vegas.

Mr. Hill said a company that wanted to get a vehicle certified or pre-certified to test a component to use on a future commercial flight would be conducting additional testing outside of the FAA contract. That testing could be done at any range throughout the state. He said that GOED saw the project as a significant opportunity in the metropolitan areas, but also as a real opportunity for economic development in rural Nevada. Once the flights became commercial, appropriate applications would be to monitor agriculture, the environment, and other monitoring projects, which would lend themselves to rural testing.

Mr. Hill explained that the current proposal projected \$400,000 in revenue, but the projection was made before the FAA announced the September 15 goal. The revenue could possibly increase because the September 15 deadline would require more testing than was anticipated in a shorter period of time. The GOED's focus would be to help the Project Management Office become self-sufficient before the end of the 2015 Legislative Session. The \$300,000 to \$350,000 per month would support the PMO into the early part of the 2015 Session, and as revenue was added, the need for Contingency Account funding would be defrayed.

Mr. Hill recalled that a 15-member committee had been created to oversee the effort, and the same level of oversight was needed as the project moved to a response to the FAA. Five members of the original oversight panel would serve as the board of directors of the Institute for Autonomous Systems. John White, the Provost at the University of Nevada, Las Vegas, was the chair, and other members were Steve Wells, President of the Desert Research Institute; Greg Moser, Business Dean at the University of Nevada, Reno; Rosemary Vissiliadis, Clark County Director of Aviation; and Nancy Wong, Chief Financial Officer, Arcata Mission Critical Solutions.

Mr. Hill said that the Institute had hired Bowhead Technical Professional Services, an Alaskan Indian corporation, which was a medium-sized federal contractor that had achieved preferred status with a number of important programs. Mike Bradshaw, the manager of Bowhead's western regional office, was a Las Vegas native, and he had moved Bowhead's western regional headquarters to Las Vegas early in 2013. Bowhead was the operator of the UAV program at the Patuxent River (Pax River) Naval Air Station and had direct experience in the industry and contacts with the FAA.

Mr. Hill said a grant agreement had been reached with the Institute for Autonomous Systems for the first \$1 million to show that the state was ready to receive the designation. The grant document outlined how money could be spent, what activities and work were expected, what the results would be, and the reporting system. The GOED would appear before the Committee and provide periodic reports.

Finally, Mr. Hill said there had been some question as to whether the Institute's board of directors' meetings should be conducted according to the rules of the state's Open Meeting Law. He said that GOED did not believe the Institute was subject to the Open Meeting Law because it was a separate 501(c)(6) organization.



Assemblyman Bobzien said it was an exciting economic opportunity for the state, but constituents had questions, which was to be expected. He said the Legislature would be dealing with UAVs for some time to come, and the public should have access to all of the information to be comfortable with and embrace the new technology. He believed that conducting closed meetings concerning unmanned aerial vehicles would raise constituents' suspicions. He said to the extent possible, the process should be open, and legislators, policymakers, and the citizenry should be kept informed.

Senator Goicoechea said the six counties he represented did not feel they had the opportunity to be involved or engaged in the selection process and questioned whether they could be considered as a site or selected as a test area. He suggested that the rural areas should also be involved since the intention of the project was for economic development.

Mr. Hill said there would be statewide opportunities to participate. A statewide meeting was conducted on November 18, 2013, and he thought all entities that had an interest were represented. A meeting was also held with the regional development authorities across the state to explain the program. He noted that the process would be competitive, and an investment would be necessary for entities to attract companies that wanted to test.

Senator Goicoechea acknowledged that information could have been disseminated over the past month of which he was not aware.

Assemblywoman Kirkpatrick said because the program was new, it was important that the meetings be open to ensure accountability and that the state was getting a return on its investment.

Mr. Hill said he did not have authority to speak on behalf of the Institute, but he understood the Committee's concern for transparency and shared the desire to have it. He would have that conversation with members of the Institute, who had all operated under the Open Meeting Law in the past.

Chairwoman Smith asked for a legal opinion as to whether the Committee had the ability to approve the funding and require that the Institute operate under the Open Meeting Law.

Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, opined that the Committee could put conditions upon approval of an item, such as an allocation from the Contingency Account. The motion could include a stipulation that before the funds would be transferred, the state must have received designation, as well as other language desired by the Committee.

Chairwoman Smith noted that if the Committee placed the stipulation on the allocation that the Institute must operate under the Open Meeting Law, the burden would not be on Mr. Hill.

Assemblyman Sprinkle said having the ability to track the funds, which were taxpayer dollars, would be positive and would satisfy his concerns.

Senator Kieckhefer asked what the advantages would be for the Board to not operate under the Open Meeting Law.

Mr. Hill explained that he did not want to accidentally create precedent, and he believed that abiding by the Open Meeting Law and being subject to it were two different things. The Institute had not been operating under the Open Meeting Law because it did not feel that it had a legal responsibility to do so, which was different than being willing to operate within the Law.

Chairwoman Smith said that the Committee legal staff had opined that the Committee could require that the information be made public. The goal was to have an open process. The project involved a large amount of public dollars being expended on a new project outside of the realm of normal budgeting. She noted that funds had already been spent setting up the nonprofit Institute and subsequent activities. The Legislature had given GOED latitude in developing the project, and it was important that the process be open.

Assemblyman Ellison said he believed in the Open Meeting Law and that transparency should always be required. He was pro-business, but he was concerned with Mr. Hill's remarks that UAVs would fly in commercial airspace. He recalled discussions during the 2013 Legislative Session that indicated all flights would be limited to restricted airspace.

Mr. Hill replied the intent of the program that Congress had required the FAA to implement was to ultimately integrate the UAVs into commercial airspace. There were different grades of commercial airspace and different types of UAVs. He said initially, the testing would take place in restricted airspace. If and when the FAA determined that some vehicles and some of the airspace could be integrated, it would be a decision made by the FAA. The goal of the FAA was to integrate the smallest UAVs into a portion of commercial airspace by September 2015.

Mr. Ellison asked what was considered commercial airspace. He noted that flight patterns below 12,000 feet could be hazardous. He said there was enough restricted airspace around the state to fly anything, but he had a problem with integrating UAVs into open airspace.

Mr. Hill reiterated that the decision would be made by the FAA and not the state. The FAA would rely on the results of the tests over an extended period of time to make that decision. Nevada wanted to be at the forefront of the industry, and testing would begin in restricted airspace.

Assemblyman Oscarson asked whether Mr. Hill had any statistics that would predict the intangibles that the project could bring to the state's smaller communities if they were chosen.

Mr. Hill said tangible benefits were primarily considered when looking at economic development efforts. There would be some intangible branding opportunities: being chosen as a designation would send an exceptional message to companies moving to Nevada. Once the test sites were created, there would be opportunities for a broad variety of new businesses.

Chairwoman Smith asked for public comment and hearing none, she called for a motion to approve the request with the condition that the process function under the Open Meeting Law and that information regarding program revenue and expenditures of the nonprofit Institute be made available to the Committee. She said it was important for the Committee to be able to see how the revenue came in and how it was spent because it was part of the program created by the Legislature.

Assemblyman Hambrick asked whether the Institute meetings involved discussions concerning confidential trade practices.

Chairwoman Smith said she had the same concerns, but Legal Counsel had stated that the Open Meeting Law had provisions for exceptions of proprietary or other information.

Assemblyman Kirner noted that the Open Meeting Law was very thorough, and the Committee was requiring a private organization to comply with posting agendas within certain timelines. He asked whether the Institute would have to comply with every provision in the law.

Chairwoman Smith reiterated that the Committee's Legal Counsel had opined that the Open Meeting Law was applicable; the Legislature had designated GOED to run the program, and the Institute was not operating the same as other nonprofits: it was making decisions about how the program would operate and receive revenue from a program designated by the Legislature. She noted that all of the members of the Board worked for public entities and were familiar with the Open Meeting Law.

Assemblyman Kirner understood the objective, but he said the state often allocated funds for various projects, and the Legislature rarely tried to involve itself in the administration of projects in such detail.

Chairwoman Smith again pointed out that the program was created under the Legislative budget process and was being managed by GOED.

Assemblyman Bobzien said the Committee was asking for a commitment to honor the Open Meeting Law as the best available mechanism for transparency. If the state was successful in receiving designation, there would be many questions from residents, and the Open Meeting Law was the best mechanism available to ensure that the public

could monitor and understand the program. He would not support the motion if there was not a supreme effort toward transparency.

Chairwoman Smith added that the Committee staff must also be able to obtain the necessary information for members to have for future Committee meetings and legislative sessions.

Assemblywoman Kirkpatrick noted that decisions concerning designation were expected to be made within a short timeframe, and Mr. Hill would be returning to the Committee for more funding: transparency was essential.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM G WITH THE CAVEATS THAT THE INSTITUTE OF AUTONOMOUS SYSTEMS' BOARD OF DIRECTORS WOULD FUNCTION UNDER THE OPEN MEETING LAW, THAT REVENUE AND EXPENDITURE REPORTS WOULD BE SUBMITTED TO THE COMMITTEE, AND THAT THE ALLOCATION WAS BASED UPON DESIGNATION OF THE STATE BY THE FEDERAL AVIATION AUTHORITY.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

- H. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c) – Department of Tourism and Cultural Affairs – Division of Museums and History – Request for approval to accept a \$25,000 grant from the Commission for the Las Vegas Centennial.

Peter Barton, Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs, explained that Agenda Item H was a request for approval to accept a grant of \$25,000 from the Commission for the Las Vegas Centennial for the Las Vegas Museum to complete work on its sesquicentennial exhibit, 150 Years of Communication in Nevada. Mr. Barton recalled that at its October 2013 meeting, the Interim Finance Committee had approved acceptance of the required match for the grant from Land Rover of Las Vegas.

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.

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA ITEM H.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

## I. INFORMATIONAL ITEMS.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the Committee had requested testimony on Agenda Item I.3.b., Department of Business and Industry, Office of the Director, Home Retention Program; Item I.4.a., Department of Health and Human Services, Director's Office, Health Information Technology Grant, [previously heard with Agenda Item D-33]; and Item 10, implementation of the Zoom Schools Program in Clark and Washoe County School Districts.

Chairwoman Smith asked whether Committee members wished to hear testimony on any other informational items.

Senator Denis requested further information on Agenda Item I.1., Office of the State Controller, and Item I.2.a., Department of Administration, Merit Award Board.

Senator Parks requested testimony on Agenda Item I.4.c.2.), Department of Health and Human Services, Division of Public and Behavioral Health, myAvatar Project Plan.

1. OFFICE OF THE STATE CONTROLLER – Quarterly report on the progress of the implementation and utilization of the new computer training room (letter of intent, 2013 Legislature).

Senator Denis asked for an update on the progress of the new computer training room in the Office of the State Controller.

Deborah Cook, Chief Deputy Controller, Office of the State Controller, said that the room had been set up and classes were initiated beginning October 8, 2013.

Senator Denis affirmed that the training room was in full use. Ms. Cook replied yes, and the Controller's Office was conducting outreach to agencies that the facility was available. She said 22 classes had been held in the past two months.

Senator Denis asked whether other agencies were using the room and whether the Controller's Office had experienced any problems setting up the facility.

Ms. Cook replied that only the Controller's Office and the State Purchasing Division had used the training room so far, but four to six agencies were actively seeking to use the facility. The technology had been challenging, but the Controller's Office had resolved most of the problems.

## 2. DEPARTMENT OF ADMINISTRATION

- a. Merit Award Board – Report summarizing rejected employee suggestions, adopted employee suggestions and any required legislation needed before an employee suggestion may be adopted, pursuant to NRS 285.060(3)(d).

Senator Denis said he had reviewed the Merit Award Board report, which included many suggestions, none of which were accepted. He was concerned, because it was a good program and if all of the suggestions were rejected, employees might be discouraged from submitting their ideas.

LeeAnn Easton, Administrator, Division of Human Resource Management, Department of Administration, said she was appearing on behalf of a Merit Award Board member who was unable to attend. She said Senator Denis was correct: none of the 103 suggestions received in fiscal year 2013 were implemented. She explained that the program was revamped in the 2011 Legislative Session through Senate Bill 286 (2011 Session), which outlined the requirements of the Merit Award Board for suggestions and increased the amount of the award. *Nevada Revised Statutes* (NRS) 285.050 outlined all of the reasons a suggestion would be denied, and none of the 103 suggestions met the requirements.

Ms. Easton speculated that when the award for accepted suggestions was increased from \$500 maximum to up to \$25,000, employees were making suggestions on everything. Many of them could not be accepted because of federal laws, and some were already being implemented by the agencies. She said all of the suggestions were reviewed carefully by the agencies, and of the 103 received, 9 were still being evaluated. The agencies were working with employees on the 9 remaining suggestions to obtain more information.

Senator Denis said it appeared that employees were anxious to participate in the program, but the suggestions did not meet all of the criteria. The purpose of the program was to help the state save money and become more efficient, and he was optimistic that better suggestions would be submitted as the employees learned more about the program. He thanked Ms. Easton for the information.

## 3. DEPARTMENT OF BUSINESS AND INDUSTRY

- b. Office of the Director – Home Retention Program – Quarterly report regarding the status of the program's implementation and the ongoing management and success of the program (letter of intent, 2013 Legislature).

Chairwoman Smith asked Committee members to proceed with their questions on Agenda Item I.3.b. rather than have the Department of Business and Industry make a presentation.

Assemblyman Eisen recalled that he was skeptical about the Home Retention Program when it was first proposed nearly a year earlier. He understood that \$49 million in mortgage settlement funds and \$100 million in U.S. Treasury funds would be used to purchase mortgages at reduced rates. As the mortgages were paid back to the state, the \$49 million would be replenished, but the \$100 million did not have to be repaid.

Assemblyman Eisen said he understood that the \$100 million in Treasury funds did not materialize, and now there was a \$51 million loan that had to be paid back with interest. He wanted to understand why the state opted to take on the loan obligation to make up for funding that did not materialize.

Ash Mirchandani, Deputy Director, Department of Business of Industry, explained that after the Department's testimony during the 2013 Legislative Session, the federal government notified the Department that it could not fund the program upfront, but it would fund it at the back end. The state had an approved commitment of \$75 million from the federal government. He said the concern was that funds could only be provided for home retention and not for vacant homes. The state was told to purchase the mortgages, and once the homeowners were retained in their homes, the federal funds would be provided.

Assemblyman Eisen said he was concerned about how much the \$51 million loan would ultimately cost the state.

Mr. Mirchandani said the \$51 million could be considered a bridge loan. The state had to invest the money upfront to purchase the mortgages, and the \$51 million would be repaid by the federal government as homeowners were retained in their homes.

Assemblyman Eisen affirmed that the \$75 million loan would essentially be used to pay back the \$51 million loan. He asked whether the \$51 million could have been obtained from the Hardest Hit Fund without the loan.

Mr. Mirchandani reiterated that the original understanding was that the federal government would provide funding upfront, but the state was subsequently advised that federal funds could not be used to purchase vacant homes. The \$51 million would be paid back through the federal funds.

Chairwoman Smith asked Mr. Mirchandani how he felt about the program, and he replied the program was doing well. He had participated in a roundtable discussion with Senator Harry Reid and the Secretary of Housing Urban Development (HUD), and the Secretary said that HUD was looking forward to sending the state a pool of mortgages early in the first quarter of 2014.

Chairwoman Smith requested that the Department provide the Committee with monthly, quarterly, and annual reports concerning the program to the Committee's Fiscal Analysis Division staff to assist in tracking the funding of the program.

Chairwoman Smith thanked Mr. Mirchandani for the information.

4. DEPARTMENT OF HEALTH AND HUMAN SERVICES

- a. Director's Office – Update regarding the state's requirement to meet the non-federal match for the Health Information Technology grant.

Refer to testimony under Agenda Item D-33.

- c. Division of Public and Behavioral Health

- 2) Update on the current status of the rollout of the myAvatar project plan and survey responses from SAPTA treatment providers.

Mary Wherry, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services, reported that there had been a delay in implementing the upgrade for the myAvatar system for mental health. An initial project was planned for the Avatar system, specifically for the Substance Abuse and Treatment Agency (SAPTA), and she had a meeting later in the week with Netsmart Corporation to finish the detailed project plan, part of which would include some SAPTA providers and development of myAvatar specific to their business models.

Ms. Wherry said that two demonstrations of myAvatar had been conducted for the SAPTA providers since the last Committee meeting. Several providers had expressed interest in the system, although some were considering whether they could afford to piggy back on providers that already had their own software programs. It was an evolutionary process, and more information should be available by April 2014. She noted that the anticipated date for the system to go live was July 1, 2014.

Senator Parks said he was concerned with the providers that currently had a system and their ability to continue to use their system and connect into the myAvatar system.

Ms. Wherry replied that the Division was working with data warehouse staff to determine whether sufficient resources were available to cover the costs to reach out to those providers. There may be some free software available.

Senator Parks thanked Ms. Wherry for the information.

Chairwoman Smith noted that the item was informational, and no action was necessary.

- 10. Senate Bill 504 (2013 Legislature) – Reports from Clark County School District and Washoe County School District that include the Zoom schools identified by the school district pursuant to Senate Bill 504, subsection 3, and the plan of each such school for carrying out the programs and services.



Chairwoman Smith explained that Agenda Item I.10. related to Senate Bill (S.B.) 504 (2013 Session), and the Committee had requested an update from the school districts concerning implementation of Zoom schools.

Lindsay Anderson, Director of Government Affairs, Washoe County School District (WCSD), testified that WCSD selected six elementary schools by sorting the highest percentage ELL (English Language Learner) students with the lowest-performing academically students. She said the six schools were within the WCSD Acceleration Zone and had previously been identified as high-need schools. The schools had embraced the Zoom program, and the principals were proud to be a part of the program.

Ms. Anderson explained that WCSD had expanded capacity for pre-kindergarten and expanded full-time kindergarten, summer school, and inter-sessions. The District had changed its calendar for the 2013-2014 school year to provide longer breaks throughout the year, and inter-sessions would be conducted at those schools.

Ms. Anderson said that the District was in the process of implementing reading skills centers based on the Clark County School District (CCSD) model. The six Zoom school principals and a few administrators had toured the CCSD reading skills centers to determine what would work best in WCSD. She said the program would be fully operational by the second semester of school beginning in January 2014. There would be a coordinator for the reading skills centers in each Zoom school to oversee and ensure that the programs were working.

Ms. Anderson added that the District had looked at its ELL schools that were also high-performing academically to determine what best practices could be implemented within the District and what different strategies could be used in the Zoom schools.

Ms. Anderson said WCSD was using the Zoom school funds as they were intended, and the schools were benefiting from the program. She noted that Christy Hendler, Director of the District's Acceleration Zone, which included Zoom schools, was present and prepared to answer questions concerning the implementation of Zoom schools.

Senator Denis asked whether WCSD was working with the University of Nevada, Reno (UNR) Department of Education literacy staff.

Ms. Anderson replied that the District had contacted UNR, but it did not appear that the District would be contracting with UNR during implementation of the reading skills centers. She said District staff felt that, based upon the CCSD model, it had the expertise internally to develop the reading skills centers. At this point, there was no contractual relationship with UNR, although the District would use the literacy staff for guidance when applicable.

Senator Denis asked whether graduate students were being recruited to help in the reading skills centers. Ms. Anderson replied graduate students would not be used. The District would hire specialists in guided reading as employees of WCSD to work on a permanent basis.

Assemblywoman Flores asked whether the District had considered expansion of the program to include graduate students. She thought that assisting in the reading centers would be good practical experience for students wanting to enter the field as a career, and the cost would be minimal. She questioned why the District had chosen the employee model rather than integrating a service learning model for graduate students.

Christy Hendler, Director of Acceleration Zone Strategy and Operations, Washoe County School District, explained that consideration had been given to recruiting graduate students to assist with the District's inter-sessions. New lessons were brought in during the October inter-session, and some volunteer UNR graduate students were used to help facilitate the lessons. With regard to the reading skills centers, she said the District believed that the guided reading program was the best approach to provide direct instruction to the ELL students and to monitor their progress. Ms. Hendler said having full-time employees in the schools who were trained specifically in the guided reading program was an important component of the reading skills centers. She added that the District was not opposed to collaborating with UNR and using students during inter-session and summer academies.

Assemblyman Sprinkle asked whether the District was concerned with lack of safe appropriate facilities in light of the non-passage of Assembly Bill 46 (2013 Session).

Ms. Anderson replied that A.B. 46 was a major priority for the Washoe County School District and its failure was a disappointment, but capital funding would continue to be pursued to ensure that the schools were warm, safe, and dry. She said there was no immediate danger or problem at any particular Zoom school, but capital funding was at the top of the District's priority list.

Chairwoman Smith said that by requiring class-size reduction in kindergarten and full-day kindergarten expansion and providing funding for portables, the state had mandated that the District would need more space. She doubted there was enough funding to implement the District's space needs. With the lack of approval of A.B. 46 and the District's limited funds for maintenance and construction, she asked how the District would fund its facility needs.

Ms. Anderson replied that the District tried to be creative under the circumstances. Models were implemented at some of the elementary schools in which sixth graders went to middle schools to free up additional classroom space at K-5 [kindergarten through fifth grade] schools, which was unusual because most of the elementary schools in the District were K-6. She said capital facilities were an ongoing problem for the District.

Joyce Haldeman, Associate Superintendent, Clark County School District (CCSD), testified that CCSD had wholeheartedly embraced Zoom schools. On behalf of the District, she thanked the Legislature for funding the program.

Ms. Haldeman explained that the District Superintendent had reorganized the way the schools were divided and put the Zoom schools in Performance Zone 5, which was supervised by an Academic Manager, Danielle Miller. The reorganization was done to enable the District to demonstrate that the models in all of the schools were implemented consistently and could be scaled on a larger basis. She said the District had supplemented funding for the Zoom schools to provide consistency.

Ms. Haldeman said Performance Zone 5 consisted of 19 schools, 17 of which were elementary schools. Fourteen of the elementary schools were Zoom schools, and Ms. Miller was duplicating Zoom school practices as much as possible in the other three elementary schools that did not have Zoom school funding. The missing component in the three schools was the reading skills center.

Chairwoman Smith said it was important to note that funds were appropriated for the Zoom schools through the ELL program outside of the state's funding formula for education. The funds were direct appropriations to the two school districts and not within the state's regular kindergarten through twelfth grade (K-12) funding formula: Clark County was funded for 14 schools and Washoe County was funded for 6.

Danielle Miller, Academic Manager, Performance Zone 5, Clark County School District, noted that Committee members had received a folder with written materials prepared by the District ([Exhibit D](#)) concerning the Zoom schools in Clark County.

Ms. Miller explained that the District wanted to develop an ongoing strategic plan for Zoom school funding, which would include changing teaching practices and addressing each of the initiatives within Senate Bill 504 (2013 Session). She pointed out that the initiatives in S.B. 504 were the same in every school. She thanked the District for supporting the ongoing initiatives, because they would provide a structure for good, solid, teaching practices. Ms. Miller said the 14 Zoom school principals were excited to have the opportunity to work collaboratively to make a difference.

Ms. Miller said one of the important positions hired with Zoom school funds was a Teacher Family Assistant, who would visit every school each month and meet with kindergarten parents to give them strategies to work with their children at home. In addition, all kindergarten and pre-kindergarten teachers were receiving the same training, and they met as a team on a regular basis. Consequently, Ms. Miller added, they were all using similar strategies and practices to make connections between language and literacy for the students.

Ms. Miller went on to explain that the 25:1 student-to-teacher ratio had not been exceeded in the kindergarten classes, but the kindergarten programs were no longer traditional. A large block of reading had been infused into the programs, and about

160 minutes per day were spent on literacy in the classrooms. Teachers now had time to meet with students in small groups and individually, and advancements in students were being seen.

Ms. Miller said four individuals were in the reading skills center program: one was a master reading teacher who ran the centers and modeled the lessons, and three were paraprofessionals who were graduate students from the University of Nevada, Las Vegas (UNLV), as well as practicum students who would become future teachers. At the end of the fall semester, three of the tutors would be doing their student teaching in the same schools in which they tutored, so they would be able to continue the practices of what they had learned. She said the District would continue to hire UNLV students because they were obtaining real-world experience in the classroom.

The reading centers served about 80 students a day, 5 days a week. Ms. Miller said students came to the centers for 30 minutes each day, and the framework for the program involved building vocabulary and comprehension. It was important for the students to understand not just the phonemic part of a lesson, but also the words and vocabulary to build comprehension.

Ms. Miller explained that the summer academy would involve 15 additional half-days for students to attend. Teachers would use novels and specific units of studies across all 14 schools. Each grade level would read and discuss pieces of literature on a specific topic: third graders would be engaged in a unit called heroes, fourth graders would study innovators, and fifth graders would read about great leaders.

Finally, Ms. Miller pointed out that many of the Zoom schools had new teachers with little or no experience. The goal was to retain teachers with the Zoom schools grant, because as good practices were structured and streamlined, the teachers would feel more comfortable teaching students of diversity.

Ms. Haldeman said she wanted to pay tribute to the teachers and administrators in the Zoom schools. The legislative session ended in June, and the program had to be ready to implement in August. Traditionally, administrators took the month of July off for family vacations, but this year they spent the summer getting the Zoom schools ready.

Ms. Haldeman added that the District Superintendent was considering converting all of the Zoom schools to a year-round calendar. Clark County was experiencing zoning issues because of lack of space, and although the Zoom schools did not have space problems, for programmatic reasons the students should have continuous school attendance. They lost many of their language skills during the three-month summer break, and a continuous learning schedule was being considered.

Ms. Haldeman said that the District was also testing Zoom school students over the year to measure and demonstrate their progress from the first day to the end of the year. The District wanted to have solid results for the 2015 Legislature to consider when expanding the program in the future.

Chairwoman Smith recalled discussions during the 2013 Legislative Session concerning Teachers of English as a Second Language (TESL) endorsements and how the state could help teachers in that area. She asked how many teachers in the Zoom schools had a TESL endorsement and whether they were receiving assistance to acquire the endorsement.

Ms. Miller replied that working with the District's ELL department, a series of classes was being conducted for all Performance Zone 5 teachers. One problem was the cost of about \$1,500 per teacher, and the District was attempting to find ways to help teachers with the fee. The teachers had been attending in-service training after school to keep up their ELL practices.

Chairwoman Smith recalled that a few years before, some Innovation Intermediation Grant funds were used to conduct classes on site. She asked whether there was a possibility of conducting the TESL classes on site.

Ms. Miller replied that was the goal. Schools with new teachers were being targeted to start on-site classes, but the goal was to have all 17 schools in Performance Zone 5 involved.

Chairwoman Smith asked that future reports from the Districts include how many teachers required the TESL endorsement, which seemed an appropriate goal for teachers in Zoom schools. She asked Lindsay Anderson, Washoe County School District, how many WCSD teachers were endorsed.

Ms. Anderson replied she did not know how many teachers were endorsed in Washoe County; she would obtain the information for the Committee. Teachers were attending professional development classes provided by the District, with an emphasis on the areas they needed within their schools.

Senator Denis asked Ms. Miller and Ms. Lindsay to discuss the current school environment compared to the previous year. He had visited some of the Zoom schools, and he detected a different environment. He wanted assurance that the teachers were in favor of the program.

Ms. Miller replied that there was a team spirit among the Clark County Zoom school teachers; they had even created t-shirts with the Zoom logo. She believed the teachers felt they were no longer alone, which was a change in attitude. Teachers and students were excited about the Zoom reading centers, and it appeared that an initiative had been started that education reform was about being part of a community of change.

Ms. Anderson said she agreed with Ms. Miller's comments. Washoe County's six Zoom schools were working together, and the principals were proud to be with Zoom schools. Principals and staff felt that someone had finally acknowledged the fact that they were attempting a difficult up-hill climb, and they had now received additional resources to

make the climb easier. She had heard nothing but excitement and gratitude for the additional resources.

Senator Denis thanked everyone for their hard work and efforts to begin the program this school year. He was excited to see the results, particularly in the area of reading.

Chairwoman Smith said one reason the program was able to begin quickly and effectively was that the Legislature had involved the school districts in drafting the language of S.B. 504. She liked the fact that everyone knew what a Zoom school was in a short period of time. The goal of the legislation was to have focus and accountability. People knew what Zoom schools were, what the expectations were, and what the outcomes should be. She anticipated that the results would be positive.

Senator Kieckhefer noted that the program was a pilot program, and he wanted to ensure that the resulting data would be sound. He asked whether the results would reveal a higher readiness for students entering kindergarten and whether comparison data would also be collected for non-Zoom schools.

Ms. Miller replied that CCSD had met with the Department of Education to determine what data would be collected. Language scores and academic achievement would be measured using the World-Class Instructional Design and Assessment (WIDA). Last year's assessment scores were available for K-5 students, and this year's assessment was scheduled for January 2014. Various assessment methods were used to measure ongoing progress in the reading centers, and the data would be used by teachers to determine how to continue to meet the needs of students.

Ms. Hendler stated that WCSD collected similar data through a variety of assessment tools to measure academic achievement for all K-6 students. A new assessment model was being used for the pre-K program, which measured the listening and speaking portions of the model. The annual English Language Learner testing for all K-6 students would be conducted in January 2014. She added that WCSD would be using classroom observation in the pre-K classes, and spelling inventories, writing samples, and similar activities would be used to gauge progress in the summer activities.

Chairwoman Smith asked whether the school districts had plans to receive feedback from staff concerning their perceptions of the Zoom schools,

Ms. Hendler replied that WCSD would be conducting surveys of staff members and parents concerning their perceptions of each of the elements. The teachers would be surveyed, and the administrators would be observing and providing feedback.

Ms. Miller said that CCSD planned to hold a conference of all 17 elementary schools in Performance Zone 5 on February 14, 2014, which was a state staff development day. The District had not yet discussed methods of teacher feedback, but surveys would be conducted at the end of the year, and parents were surveyed on a regular basis at monthly meetings.

Ms. Haldeman noted that there was significant parent participation at the monthly meetings. She invited Committee members to visit any of the Zoom schools, as well as to attend the professional development conference on February 14.

For the record, Ms. Haldeman added that Department staff was still working on questions concerning the use of the S.B. 504 funds, which would be brought before the Committee at a later date.

Chairwoman Smith said she knew that both school districts had questions concerning program implementation and use of funds. She suggested that a meeting be held with the school districts, Fiscal Analysis Division staff, and Department of Education staff before the next IFC meeting. Plans for the 2015 Legislative Session could also be discussed.

Jane Splean, Assistant Director, Office of Educational Opportunity, Department of Education, explained her office provided oversight and support to both the Zoom and non-Zoom schools. She said that the Clark County and Washoe County School Districts had done an outstanding job of implementing the Zoom schools and working with the Department to understand what the law required, how the funds could be spent, and how the programs could be developed.

Ms. Splean said the Department would continue to work with WCSD and CCSD, as well as the non-Zoom districts, regarding the collection of test data, and the plan was to prepare a report comparing Zoom schools to non-Zoom schools to provide a statewide picture of the implementation of S.B. 504 funds. She added that two positions were added to the Department of Education's budget to support and work with the Zoom schools. One position had been filled and recruitment was ongoing for the second position, which would be located in Clark County.

Ms. Splean said another component of S.B. 504 was the English Mastery Council, which would hold its first meeting in January 2014. There were 16 members, 13 of which had been appointed. One of the main functions of the Council would be to make recommendations relative to regulations for requirements of endorsement for a TESL license.

Senator Denis asked Ms. Splean to elaborate on the grant funding in S.B. 504 for the rural communities.

Ms. Splean replied that \$1.3 million was allocated for the remainder of the non-Zoom schools, and the school districts could submit an application to the Department. Mineral, Storey, and Esmeralda Counties claimed that they had no ELL students, but all of the other districts had applied and allocations had been made. She said the districts' programs were moving forward, primarily with the focus on the extension of kindergarten and development of pre-K classrooms. The new Department staff member was meeting with the districts and observing their programs to determine what data needed to be collected.

Assemblywoman Kirkpatrick asked what would happen to funds that were not applied for by the rural counties. She wanted assurance that the funds would be used for the purposes of S.B. 504.

Ms. Splean said the funds were monitored, and if the districts did not apply, the remaining funds would be returned for distribution the following year.

Chairwoman Smith asked for further questions from Committee members. There being none, she thanked the Department and school district representatives for providing the information to the Committee.

J. PUBLIC COMMENT.

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

Chairwoman Smith announced the next Interim Finance Committee meeting would be held in Las Vegas on February 6, 2014. She thanked the Committee members and Fiscal Analysis Division, Legal Division, and agency staff for their efforts.

K. ADJOURNMENT.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 5:06 p.m.

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Senator Debbie Smith, Chairwoman  
Interim Finance Committee

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



**EXHIBITS  
INTERIM FINANCE COMMITTEE  
December 9, 2013**

<b>Exhibit</b>	<b>Witness/Agency</b>	<b>Description</b>
A	*****	Agenda
B	*****	Meeting Packet
C	Mark Krmpotic, Senate Fiscal Analyst, Legislative Counsel Bureau	Statement of IFC Contingency Account Balance as of December 9, 2013
D	Danielle Miller, Academic Manager, Performance Zone 5, Clark County School District	Zoom Schools Informational Materials