

MINUTES OF THE AUGUST 29, 2013
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order at 9:24 a.m. on August 29, 2013, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda and [Exhibit B](#) is the Meeting Packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chairwoman
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Aizley
Assemblyman Paul Anderson
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Jason Frierson for Assemblyman Bobzien
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman William C. Horne
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman James Oscarson for Assemblyman Kirner
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 David Bobzien
Assemblyman Randy Kirner

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly
Alex Haartz, Principal Deputy Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Sherie Silva, Interim Finance Committee Secretary
Tracie Battisti, Fiscal Analysis Division Secretary

Chairwoman Smith welcomed audience members in Carson City and Las Vegas and those listening to the meeting on the Internet. She thanked the alternate members for agreeing to serve.

A. ROLL CALL.

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

B. APPROVAL OF MINUTES OF THE OCTOBER 25, 2012, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE
OCTOBER 25, 2012, MINUTES.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

C. APPROVAL OF MINUTES OF THE DECEMBER 11, 2012, MEETING.

ASSEMBLYMAN GRADY MOVED TO APPROVE THE
DECEMBER 11, 2012, MINUTES.

SENATOR GOICOECHEA SECONDED THE MOTION

THE MOTION CARRIED UNANIMOUSLY.

D. APPROVAL OF MINUTES OF THE JANUARY 25, 2013, MEETING.

SENATOR PARKS MOVED TO APPROVE THE
JANUARY 25, 2013, MINUTES.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

E. APPROVAL OF MINUTES OF THE APRIL 18, 2013, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE
APRIL 18, 2013, MINUTES.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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

1. **Department of Corrections - Director's Office - FY 2014** - Addition of \$50,000 in Transfer from Public Safety to support the continued administration and enhancement of the Nevada Gang Intelligence project. Requires Interim Finance approval since the request includes a new position. **Work Program #C26896**
2. **Department of Corrections - Prison Medical Care - FY 2013** - Transfer of \$514,515 from the Medical Inmate Driven State Claims category to the Inmate Driven category, \$6,267 from the Utilities category to the Inmate Driven category, and \$2,738 from the Operating category to the Inmate Driven category, \$3,313 from the Operating category to the Information Services category, \$685 from the In-State Travel category to the Information Services category and \$1,401 from the In-State Travel category to the Agency Issue Uniform category to cover a shortfall due to catastrophic medical cases and increased costs for pharmaceutical software and medical supplies. Requires Interim Finance Approval since the amount transferred to the Inmate Driven category exceeds \$75,000. **Work Program #C27077**
3. **Silver State Health Insurance Exchange - Administration - FY 2014** - Addition of \$9,020,798 in federal Cooperative Agreement to Support Establishment of the Affordable Care Act's Health Insurance grant funds to pay for marketing and consumer Exchange Enrollment Facilitator program management, enrollment assister subgrants, virtual assistant, Certified Application Counselor certification, and operating expenditures for the Exchange. Requires Interim Finance approval since the amount added to the Fourth Level One category exceeds \$75,000. **Work Program #C26895**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Agenda Item F included three work programs that required expeditious action within 15 days. Two of the work programs were from the Department of Corrections and the other was from the Silver State Health Insurance Exchange. The Fiscal Analysis Division staff had no questions or concerns. The work programs were submitted for the Committee's information only; no action was required.

Chairwoman Smith asked whether Committee members had questions on any of the items in Agenda Item F; there were none.

G. 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, explained that the Committee had requested further information and testimony on the following items in Agenda Item G: item 18, Department of Business and Industry, Administration; item 27, Governor's Office of Economic Development; item 28, Department of Health and Human Services (DHHS), Director's Office; item 33, DHHS, Division of Public and Behavioral Health, Marijuana Health Registry; item 34, DHHS, Division of Public and Behavioral Health, Substance Abuse Prevention and Treatment Agency; item 61 and Agenda Item K, Department of Conservation and Natural Resources, Forestry Division, would be heard together; item 72, Department of Wildlife; item 80, Adjutant General and National Guard; and items 83 and 86, DHHS Aging and Disability Services Division, would be heard together.

Mr. Krmpotic noted that Agenda Items G-21 and G-26, Department of Business and Industry; G-41, Department of Employment, Training and Rehabilitation; and G-56, Department of Public Safety, had been withdrawn.

Chairwoman Smith asked that Agenda Item G-30, Division of Public and Behavioral Health, Health Facilities Hospital Licensing, be pulled for testimony. She asked whether Committee members wished to hear testimony on any other items in Agenda Item G.

Assemblywoman Carlton asked that testimony be provided on Agenda Item G-31, Division of Public and Behavioral Health, Public Health Preparedness Program.

Chairwoman Smith asked for public comment and hearing none, she called for a motion on the remaining work program revisions and position classifications in Agenda Item G.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE
REMAINING WORK PROGRAM REVISIONS AND POSITION
RECLASSIFICATIONS IN AGENDA ITEM G.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Work Programs

1. **Governor's Office - State Energy Office - Energy Conservation - FY 2014 -**
Addition of \$197,153 in State Energy Program (SEP) Competitive Grant funds and deletion of \$29,583 in Transfer from Renewable Energy Fund to continue the SEP Competitive Grant team activities to increase commercial building energy

retrofits. Requires Interim Finance approval since the amount added to the SEP Competitive Commercial Retro Grant category exceeds \$75,000. **Work Program #C26887**

Refer to motion for approval under Agenda Item G.

2. **Governor's Office - State Energy Office - Energy Conservation - FY 2014** - Addition of \$1,437,850 in Nevada Retrofit Initiative (NRI) grant funds and deletion of \$129,001 in funds transferred from the Renewable Energy Fund to continue residential building retrofit initiatives. Requires Interim Finance approval since the amount added to the NRI Grant category exceeds \$75,000. **Work Program #C27043**

Refer to motion for approval under Agenda Item G.

3. **Office of the Secretary of State - FY 2014** - Transfer of \$95,150 from the Personnel Services category to the Enforcement Services category to pay for contract services for the management and coordination of the civil and administrative enforcement activities. Requires Interim Finance approval since the amount transferred to the Enforcement Services category exceeds \$75,000. **Work Program #C26851**

Refer to motion for approval under Agenda Item G.

4. **Treasurer's Office - College Savings Trust - FY 2014** - Addition of \$100,000 in funds transferred from the Endowment Trust account to fund the remaining cost of an audit of certain financial information and a review of agreed upon procedures of UPromise Investments, which began in FY 2013. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM 5. Work Program #C26949**

Refer to motion for approval under Agenda Item G.

5. **Treasurer's Office - College Savings Trust - Endowment Account - FY 2014** - Transfer of \$100,000 from the Reserve category to the Transfer to the Nevada College Savings Trust Account category to fund the remaining cost of an audit of certain financial information and a review of agreed upon procedures of UPromise Investments, which began in FY 2013. Requires Interim Finance approval since the amount added to the Transfer to the Nevada College Savings Trust Account category exceeds \$75,000. **RELATES TO ITEM 4. Work Program #C27009**

Refer to motion for approval under Agenda Item G.

6. **Treasurer's Office - Higher Education Tuition Administration - FY 2014** - Addition of \$4,494 in funds transferred from the Endowment Trust account to fund a new Management Analyst position and eliminate an Administrative Assistant position. Requires Interim Finance approval since this request relates to another work program that requires Interim Finance approval. **RELATES TO ITEM 7. Work Program #C26951**

Refer to motion for approval under Agenda Item G.

7. **Treasurer's Office - Millennium Scholarship Administration - FY 2014** - Deletion of \$39,733 in funds transferred from the Endowment Trust account due to the elimination of an Administrative Aid position. Requires Interim Finance approval since the amount deleted from the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 6. Work Program #C26952**

Refer to motion for approval under Agenda Item G.

8. **Department of Administration - Enterprise IT Services - Network Transport Services - FY 2014** - Addition of \$266,764 in realized funding balanced forward from FY 2013 to the Microwave Radio category to complete microwave radio repair activities in FY 2014. Requires Interim Finance approval since the amount added to the Microwave Radio category exceeds \$75,000. **Work Program #C26554**

Refer to motion for approval under Agenda Item G.

9. **Department of Administration - Motor Pool - FY 2013** - Addition of \$14,119 in Outside Vehicle Rental funds to support other agency transportation needs during high travel periods. Requires Interim Finance approval since the amount added to the Outside Rental Vehicles category exceeds 10 percent of the legislatively approved amount for this category. **Work Program #C26910**

Refer to motion for approval under Agenda Item G.

10. **Department of Administration - Library and Archives - Nevada State Library - CLAN - FY 2014** - Addition of \$56,248 in federal Institute of Library Services and Technology Act (LSTA) grant authority to provide electronic book services to libraries in the state that belong to the Cooperative Libraries Automated Network. Requires Interim Finance approval since the cumulative amount added to the CLAN Operating Expenses category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27016**

Refer to motion for approval under Agenda Item G.

- 11. Department of Education - School Health Education - AIDS - FY 2014 -** Addition of \$40,228 in federal Comprehensive School Health grant funds to continue health education on HIV and AIDS in schools. Requires Interim Finance approval since the amount added to the Comprehensive Health - Aid to Schools category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27096**

Refer to motion for approval under Agenda Item G.

- 12. Department of Education - Elementary and Secondary Education - Title I - FY 2014 -** Addition of \$1,540,966 in federal ARRA School Improvement grant funds to align federal and state authority. Requires Interim Finance approval since the amount added to the School Improvement 1003G ARRA category exceeds \$75,000. **Work Program #C27056**

Refer to motion for approval under Agenda Item G.

- 13. Department of Education - Elementary and Secondary Education Title II, V, & VI - FY 2014 -** Addition of \$5,129,322 in federal Improving Teacher Quality grant funds and \$1,843,662 in federal Math and Science Partners grant funds and deletion of \$9,290,814 in federal Effective Leaders and Teachers grant funds to reestablish the Improving Teacher Quality and Math and Science Partner grants and eliminate the Effective Leaders and Teachers grant, which has not been funded. Requires Interim Finance approval since the amount added to the Teacher Quality Aid to Schools category exceeds \$75,000. **Work Program #C27084**

Refer to motion for approval under Agenda Item G.

- 14. Department of Education - Career and Technical Education - FY 2014 -** Transfer of \$329,927 from the Education Basic Aid to Schools category to the Federal Leadership Funds category to account for statewide leadership activities and services separately from the aid to schools funds. Requires Interim Finance approval since the amount transferred to the Federal Leadership Funds category exceeds \$75,000. **Work Program #C27085**

Refer to motion for approval under Agenda Item G.

- 15. Department of Education-Individuals with Disabilities Education Act (IDEA) - FY 2014 -** Addition of \$177,183 in federal Project Promises grant funds to balance forward remaining authority for this grant. Requires Interim Finance approval since the amount added to the Project Promises Administration and Aid to Schools category exceeds \$75,000. **Work Program #C27051**

Refer to motion for approval under Agenda Item G.

- 16. Department of Education - Nutrition Education Programs - FY 2013** - Transfer of \$66,296 from the Operating category to the Information Services category to fund expenditures through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27145**

Refer to motion for approval under Agenda Item G.

- 17. Department of Education - Nutrition Education Programs - FY 2013** - Addition of \$110,187 in federal Commodity Food Cash grant funds, \$8,669 in federal Special Milk Program grant funds, \$1,034,310 in federal Child Adult Care Program grant funds, and \$37,001 in federal Summer Program Administration grant funds and deletion of \$37,001 in federal Summer Food Service Program grant funds to align federal and state authority due to an increase in program participation. Requires Interim Finance approval since the amount added to the Federal Child/Adult Care Program category exceeds \$75,000. **Work Program #C27292**

Refer to motion for approval under Agenda Item G.

- 18. Department of Business and Industry - Administration - FY 2014** - Addition of ~~\$30,000~~ **\$20,000** in Qualified Equity Investment Application Fees and ~~\$58,948~~ **\$37,634** in Cost Allocation Reimbursement funds to add a Management Analyst II position to provide support in development and implementation of the program regulations and financial oversight for the New Markets Job Act and to assist in the development and support of the new directives of the Industrial Development Revenue Bond Program for charter schools pursuant to Senate Bill 357, Section 16 and Senate Bill 384 of the 2013 Legislative Session. Requires Interim Finance approval since this work program includes a new position. **Work Program #C27128. REVISED 8-22-13.**

Shannon Chambers, Deputy Director for Administration, Department of Business and Industry (B&I), testified she was appearing on behalf of Director Bruce Breslow, who was not able to attend. She explained the work program in Agenda Item G-18 requested a Management Analyst 2 position to support the Department's Programs section in the Director's Office. Two bills were passed by the 2013 Legislature that added two new programs to the Department: the Nevada New Markets Job Act and the Charter School Financing Law, which were in addition to numerous programs currently overseen by the Deputy Director of Programs.

Ms. Chambers explained that prior to the centralization of the fiscal functions of the Department, there were 5 staff members in the Programs section. Since the centralization, there were 39 staff members in the Carson City office and 5 employees in the Las Vegas office. She said that part of the statutory responsibilities of the Director's Office and the Deputy Director of Programs included small business

advocacy, the small business portal, access to capital, and the Industrial Development Revenue Bond (IDRB) program.

Ms. Chambers further explained that the new market tax credit program required that regulations be implemented by October 1, 2013. The Management Analyst 2 position requested in the work program would perform that function. She said there were not enough employees in the Director's Office to administer the new programs and get the regulations implemented.

Chairwoman Smith understood that the request was not included as a fiscal note during the 2013 Legislative Session because the proposed market tax credit program was moved from the Governor's Office of Economic Development to B&I at the end of the Session. She asked whether the Department was aware of the possible move during the Session.

Ms. Chambers said the Department was aware that the program might be transferred, but the move occurred during the last days of the Session, which was why a fiscal note was not submitted.

Assemblywoman Kirkpatrick affirmed that the position would be funded from the General Fund. Ms. Chambers said she understood that the position would be funded from the General Fund, but it appeared that there would be enough salary savings to cover the costs.

Assemblywoman Kirkpatrick asked when the Department would know whether the salary costs would be covered by salary savings. Ms. Chambers replied that the information should be available by the October Interim Finance Committee meeting.

Chairwoman Smith clarified that the position would not be funded from the IFC Contingency Account. She asked how it would be funded in the following fiscal year.

Stephanie Day, Deputy Director, Budget Division, Department of Administration, explained that the position would be funded by application fees and the Department's cost-allocation reimbursement funds: it was not a General Fund or Contingency Account request. She said the funding sources would probably remain the same for the next biennium.

Chairwoman Smith affirmed that the new market tax credit program would generate its own application fees. Ms. Day replied that was correct, and it was estimated that \$20,000 in revenue would be received in fiscal year 2014 because the anticipated number of applications was not known; the charge was \$5,000 per application.

Assemblyman Eisen asked whether the responsibilities of the new Management Analyst position included the two new programs in addition to a variety of other programs. Ms. Chambers replied that was correct.

Chairwoman Smith understood that an existing position had been performing some of the work related to the market tax credit program. Two new programs were added by the 2013 Legislature, and the new position would focus on the duties of the existing position as well as the new programs. She asked what duties the existing employee would perform.

Ms. Chambers replied that the existing employee could barely keep up with the workload. She said there would need to be an assessment of projects and assignments if the new position were approved. There was more than enough work for two positions.

Chairwoman Smith asked whether the additional Management Analyst 2 would provide an opportunity for more development to take place, particularly with the New Markets Job Act program. Ms. Chambers said the intent was to use the position to enhance and promote the program and make it flourish.

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 and requested that the Department provide an update on the status of the program at the December Committee meeting.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEM G-18 AND TO REQUEST THAT THE DEPARTMENT
SUBMIT AN UPDATE AT THE DECEMBER IFC MEETING.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 19. Department of Business and Industry - Housing Division - FY 2014 -** Transfer of \$33,820 from the Reserve category to the Loan Servicing category to support the loan servicing functions to transition back from the Nevada Affordable Housing Assistance Corporation back to the Housing Division. Requires Interim Finance approval since the amount transferred to the Loan Servicing category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27134**

Refer to motion for approval under Agenda Item G.

- 20. Department of Business and Industry - Housing Division - Special Housing Assistance - FY 2014 -** Addition of \$2,722,830 in federal Neighborhood Stabilization Program (NSP) grant funds and \$838,310 in federal Neighborhood Stabilization Program 3 (NSP3) grant funds to assist in the stabilization of communities that have suffered from foreclosures, abandoned homes and residential properties in Nevada. Requires Interim Finance approval since the amount added to the NSP Subgrantees categories exceeds \$75,000. **Work Program #C27132**

Refer to motion for approval under Agenda Item G.

21. **Department of Business and Industry - Housing Division - Weatherization - FY 2014** - Addition of \$425,000 in Nevada Power grant funds to enable the Housing Division to serve more low-income customers with energy efficiency measures including attic insulation, duct sealing, early replacement for HVAC equipment on rental units, and other HVAC enhancing measures. Requires Interim Finance approval since the amount added to the Grant-Nevada Power category exceeds \$75,000. **Work Program #C26601. WITHDRAWN 8-21-13.**

22. **Department of Business and Industry - Housing Division - Weatherization - FY 2014** - Addition of \$92,102 in Low Income Home Energy Assistance Program (LIHEA) block grant funds transferred from the Division of Welfare and Supportive Services. Requires Interim Finance approval since the amount added to LIHEA Subgrants category exceeds \$75,000. **Work Program #C27107**

Refer to motion for approval under Agenda Item G.

23. **Department of Business and Industry - Housing Division - Weatherization - FY 2014** - Addition of \$68,418 in federal Department of Energy (DOE) grant funds to provide continued assistance through the Weatherization Assistance Program and transfer of \$36,339 from the Reserve category to the DOE Subgrants category to continue providing weatherization services through subgrantees to qualified low-income households, increasing energy efficiency. Requires Interim Finance approval because the amount added to the DOE Subgrant category exceeds \$75,000. **Work Program #C27108**

Refer to motion for approval under Agenda Item G.

24. **Department of Business and Industry - Real Estate Division - Administration - FY 2013** - Addition of \$3,249 in General Fund Salary Adjustment funds and transfer of \$324 from the Out-of-State Travel category, \$3,232 from the In-State Travel category, \$2,174 from the Operating category, \$3,358 from the Testing Services category, \$1,946 from the Handbooks category, \$1,770 from the Appraiser Report Fees category, \$22,000 from the Appraisal Compliance category, \$441 from Assembly Bill 432 of the 2011 Legislative Session, Energy Audit category and \$1,665 from the Training category to the Personnel Services category to cover a shortfall in personnel costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$75,000. **Work Program #C26412**

Refer to motion for approval under Agenda Item G.

25. **Department of Business and Industry - Real Estate Division - Administration - FY 2014** - Addition of \$87,500 in Timeshare Filing Fees to cover the cost of a program officer to process timeshare filings in compliance with Assembly Bill 404 of the 2013 Legislative Session. Requires Interim Finance approval since the work program adds a new position. **Work Program #C26930**

Refer to motion for approval under Agenda Item G.

26. **Department of Business and Industry - Transportation Authority – FY 2014** - Addition of \$82,500 in Driver Permit Fees to cover the cost of a compliance/audit investigator position to conduct background check investigations and issue driver permits in compliance with Senate Bill 210 of the 2013 Legislative Session. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27291**

Refer to motion for approval under Agenda Item G.

27. **Governor's Office of Economic Development - Nevada SSBCI Program - FY 2014** - Addition of \$4,555,049 in federal Small Business Jobs Act State Small Business Credit Initiative revenue to implement the state's Battle Born Growth Escalator Program. Requires Interim Finance approval since the amount added to the Battle Born Venture Capital Program category exceeds \$75,000. **Work Program #C26640**

Steve Hill, Executive Director, Governor's Office of Economic Development (GOED), explained that Agenda Item G-27 addressed a federal program called the Nevada State Small Business Credit Initiative program (SSBCI). The program was started by the U.S. Department of Treasury in 2009, and Nevada received a \$13.8 million grant to implement the program, which was 100 percent federally funded: no state funds were involved in the program other than some of the efforts of the GOED staff. Mr. Hill said the \$13.8 million grant was intended to be an evergreen source of funding for different purposes eligible under the grant.

Mr. Hill went on to explain that there were three potential uses for SSBCI funding. The state was currently eligible to implement two of the three uses:

- Micro-Enterprise Loans, which were small loans to small businesses. The Department of Treasury required a 1:1 match from the private sector for every dollar from the program. Mr. Hill said Nevada was currently approved for \$500,000 in the program, but it was difficult to come up with the private-sector matching funds because the loans were typically somewhat risky. To date, \$200,000 in match had been raised through GOED's partners, and loans totaling that amount had been made. Additional matching funds were being sought in order to implement the remaining \$300,000. Mr. Hill noted this program was not part of the current work program request.

- The Collateral Support Program (CSP). Mr. Hill explained that when the program was originally released by the Department of Treasury, it allowed grant funds to be put on deposit at a bank that would loan money to small businesses. At the time, the match requirement was 10 percent in collateral support funds. If a company wanted a \$1 million loan, the program would put \$100,000 in grant funds on deposit at the bank as collateral support. In the event the business defaulted, the \$100,000 would revert to the bank as part payment for the settlement of that default. Mr. Hill said the initial program struggled throughout most of the country, and in May 2012, the federal government changed the rules and allowed a 35 percent collateral support match. As a result, Nevada had seen some increased activity in the program. Five collateral support grants had been made to five companies throughout Nevada for a total of slightly less than \$2 million.

Mr. Hill explained that during the 2013 Legislative Session, the Department received additional authority to receive \$2 million from the Department of Treasury. The current request would nearly raise the amount to the level currently approved for fiscal year (FY) 2014: \$5.19 million.

- The Venture Capital Program. The third part of the grant opportunity, Mr. Hill explained, involved a venture capital program. It was his understanding that the decision was made before his tenure to not participate in the program because it was a more difficult program to implement, took more effort with the U.S. Department of Treasury to be approved, and required that a certain structure be put in place. Mr. Hill said the GOED now saw the venture capital program as a significant opportunity for Nevada, and his office had been working on an application to the Department of Treasury for the past 18 months. The process was very involved, and in early June 2013, the state received approval to implement the program.

Mr. Hill explained that the work program in Agenda Item G-27 requested \$1.25 million to implement the Battle Born Growth Escalation Program (Battle Born) in FY 2014. The total grant was for \$13.8 million, \$500,000 of which was for administration of the program. As funding was earned through investments, whether through repayment of the collateral support funds or interest earned, some proceeds could also be used to administer the program going forward. In addition, \$500,000 was approved for the Micro-Enterprise loans, \$7.8 million was approved for the Collateral Support Program, and \$5 million was approved for the Battle Born venture capital program.

Mr. Hill explained that approximately 30 states operated venture capital programs as a component of their Small Business Credit Initiative grants. The program was intended to invest in early-stage companies with potential for high growth and high-quality jobs. He suggested that through coordination of the Battle Born venture capital program with the state's Knowledge Fund, there would be many opportunities to assist new businesses created from the Knowledge Fund research and development projects.

Mr. Hill pointed out that the program would help fill a gap in the financing continuum throughout the state. Nevada had seen a lack of investment capital in the past, but that was starting to improve. The Silver State Opportunity Fund, which was approved by the 2011 Legislature, would invest in companies further along in their development, whereas the Battle Born venture program would invest in smaller companies with high potential for future growth that were just getting started. The program was also intended to be a magnet for private investment, and currently there were 11 potential partners throughout the state.

Mr. Hill went on to explain there were two boards associated with the Battle Born program, which was a requirement of the Department of Treasury. An advisory board, consisting of five people throughout the state, would provide advice on the management and oversight of the program, and an investment committee would be composed of three knowledgeable members in the profession and representatives from each of the state's research institutions. He noted that the university representatives were non-voting members of the investment committee, and the three professionals were voting members who were prohibited from being involved with any companies that came before the committee.

Finally, Mr. Hill stated that venture capital investing was a risky business, but he felt comfortable with the program because it involved primarily federal funds and there was no state commitment of funding. The GOED saw the program as a significant opportunity to help grow some emerging businesses throughout the state. He noted that typically venture funds would invest in at least 20 companies, with the anticipation that 16 or 17 of them would not succeed: only one or two of the investments would be successful and carry the return for the fund.

Chairwoman Smith affirmed that the funds would not have to be repaid to the federal government; Mr. Hill replied that was correct.

In response to questions from Assemblywoman Kirkpatrick concerning the status of the Nevada Small Business Development Corporation (NSBDC) created by the 2011 Legislature, Mr. Hill explained that the GOED had an agreement in place with the NSBDC to manage the Battle Born program, and a program manager with solid experience in the area would be hired. The NSBDC had a statewide presence and because it reached so many small businesses and had a link with the University System, he believed it was the right choice to manage the program.

Mr. Hill explained that the GOED was not pleased with the speed at which the \$13.8 million in the Collateral Support Program had been implemented, which was one reason that alternative programs were being considered. Ultimately, it was the bank's decision whether to loan the money to companies and accept the offer of collateral support: the GOED could not mandate or force the decision. Part of the criteria for the CSP was that a company had to have previously been turned down by two banks, which made it difficult for the company to obtain a loan, and consequently, many states had struggled to implement the program. Mr. Hill said that GOED would continue to

work on the program, and additional activity might be seen as the economy improved. He added that the Battle Born venture capital program was a way to get grant funds working in Nevada.

Chairwoman Smith asked Mr. Hill to clarify how much money was in the SSBCI fund, how much had been loaned, how much had been spent in administrative fees, and the balance.

Mr. Hill replied that the total program was for \$13.8 million; slightly less than \$2 million had been expended in the Collateral Support Program; and \$200,000 had been implemented in the Micro-Enterprise Loan Program. The administrative expenses were tied to the implementation of the programs: approximately \$14,000 was spent in FY 2013 and slightly over \$100,000 had been spent over the three years of the program.

Assemblyman Grady asked who appointed the members of the advisory committee; he noted it was supposed to represent a statewide presence, but the members were all from two counties. He asked how the rural counties would be represented.

Mr. Hill replied the committee was chosen primarily through the GOED Technology Commercialization Director, who worked with a number of the professional venture capital funds throughout the state, which were more difficult to find in rural areas. He said opportunities to develop programs would be pursued throughout the entire state.

Assemblyman Grady asked how the program would be marketed in the rural counties.

Mr. Hill replied GOED would be working with the regional development authorities. Four GOED representatives recently traveled throughout the state to educate the development authorities and other entities on the venture capital and other programs. He assured Assemblyman Grady that GOED had been and would be reaching out throughout Nevada.

Senator Denis said he understood that money was set aside in the Catalyst Fund and the Knowledge Fund, and once the research was completed and the product was developed, venture capital would be required to make things happen. He asked whether the purpose of the program was to kick-start new businesses because Nevada had not seen venture capitalists in the past.

Mr. Hill replied Senator Denis was correct. There was some venture capital in the state, but this program would help growth. The Catalyst Fund would be used in conjunction with the Knowledge Fund to help companies that had potential to acquire funding to get started. The program had worked well in Utah and other states.

Senator Denis asked what type of companies would take advantage of the program.

Mr. Hill replied the companies would align somewhat with the sectors targeted in the state and the research and development conducted by the University System. The fund was intended to help companies in higher technology and higher engineering types of industries.

Chairwoman Smith asked what would happen if the Committee did not approve the request, whether the state would be at risk, and if the funding would have to be returned to the federal government.

Mr. Hill said at some point, the money would be lost if it was not used. There would be no risk or liability to the state if the investments were not successful, but the opportunity to reinvest the funds in the future would be lost.

Chairwoman Smith emphasized that whether the dollars were federal or state, they were still taxpayer dollars.

Assemblywoman Carlton said she sensed that Committee members were frustrated that federal money had been sitting idle that could have been used to help struggling businesses. She asked how soon results could be expected if the request were approved.

Mr. Hill replied that the GOED shared that frustration, which was one of the reasons for embarking on the significant effort to work with the U.S. Treasury to get the programs approved. There were opportunities throughout the state to invest money through the venture capital program. The \$1.25 million requested in the work program should be implemented during fiscal year 2014, and if more opportunities arose, GOED would return to the Committee with a request to increase the amount.

Assemblywoman Flores asked whether there were other ways the money could be used. She was concerned that she had not heard specific details on how the programs would be implemented in an equitable manner.

Mr. Hill replied the best way to ensure that qualified companies could have the opportunity to participate was to involve GOED's partners: the regional development authorities, the Small Business Development Corporation, the University System, Nevada Industry Excellence, and the chambers of commerce. He added that involving the advisory board in program oversight and outreach was a way to provide more input into the process. He pointed out that the members of the investment committee could not be in business: they had to be retired. There was a relatively small pool of retired venture capitalists willing to participate with no compensation, but the members had great expertise and experience.

Chairwoman Smith asked whether anyone wished to provide public comment and hearing none, she called for a motion.

SENATOR ROBERSON MOVED TO APPROVE AGENDA
ITEM G-27.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

Chairwoman Smith added that the motion was contingent upon GOED reporting back to the Committee on the status of the program. Mr. Hill agreed to keep the Committee apprised.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick voted no.)

- 28. Department of Health and Human Services - Director's Office - Administration - FY 2014** - Addition of \$750,000 in Transfer from the Department of Administration funds to support a pilot project as required by Senate Bill 486 for a statewide effort to build a comprehensive early childhood education and care system that supports the ability of all children in Nevada to enter kindergarten ready to learn. Requires Interim Finance approval since the amount added to the Silver State Kids category exceeds \$75,000. **Work Program #C27269**

Ellen Crecelius, Deputy Director of Fiscal Services, Department of Health and Human Services (DHHS), explained that Agenda Item G-28 was a request for revenue and expenditure authority to receive \$750,000 from the Department of Administration. She said that Senate Bill 486 (2013 Session) allocated \$1.5 million for DHHS's pilot to assess school readiness of pre-kindergarten and kindergarten students. The \$750,000 was granted to the Office of Head Start Collaboration and Early Childhood Assistance in the Director's Office.

Senator Woodhouse asked for an update on the program and what was being done with the program at this point.

Chairwoman Smith noted the request involved a different method of conducting business, with DHHS collaborating with others in an education world. She said it was an interesting program that would peak a lot of interest.

Margot Chappel, Developmental Specialist, Department of Health and Human Services, testified that she directed and coordinated the efforts of the Head Start Collaboration and Early Childhood Assistance Office for the DHHS Director's Office. She explained the program was just beginning. Funds from the American Recovery and Reinvestment Act (ARRA) had to be expended by August 31, 2013, and on July 29 and 30, \$100,000 was invested in the assessment (tool) to be used for the pilot. She said trainers were in some of the counties that were piloting the tool, plus one university and one college, and other programs providing early childhood training across the state.

Senator Woodhouse noted that trainers were certified in a number of counties and in some agencies, including five or six school districts. She asked whether the Clark County School District was involved through the Southern Nevada Regional Professional Development Program (RPDP).

Ms. Chappel replied the District's involvement was through the RPDP and it was doing its own training internally using the same pilot tool.

Senator Woodhouse affirmed that 21,500 students would be involved with only the school districts and agencies that had the trainers.

Ms. Chappel replied the program involved publicly funded programs, including Head Start, which was not part of the school districts. Other private/public entities had expressed interest in using the tool, and the Department was considering whether to include them.

Senator Woodhouse said she was attempting to look at the program from a different perspective than the Department of Education. She noted that assessments would begin the following week, September 13, and she questioned whether the timeline would work for the Department of Education.

Ms. Chappel said three school districts had completed their training and were on task; the other two districts and Clark County were online. She agreed that the timeline was tight, which was why the current request was so important.

Senator Woodhouse asked how the databases would be coordinated to provide all of the information in a format that would be accessible to all agencies.

Ms. Chappel replied that she could not speak to the specifics of the database system. She referred the question to Glenn Meyer from the Department of Education.

Chairwoman Smith emphasized that it was important to be vigilant about the database implementation; it must be well coordinated and as seamless as possible.

Glenn Meyer, Information Technology (IT) Manager, Department of Education, said the IT section had been working with Ms. Chappel and the Department of Health and Human Services and offering technical guidance and assistance concerning how the data could be shared and exchanged once the information was captured. The Department of Education IT staff had discussed technical database structures with the vendor to ensure that the data would be compatible with the Department's system.

Senator Kieckhefer asked whether the students would be assessed at various locations and the school districts would choose the students at the kindergarten level.

Ms. Chappel replied that the school districts would select the students, and it was her understanding that they would be selected by program or classroom where the teacher was being trained.

Senator Kieckhefer asked whether a true cross-section of students entering K-12 would be assessed.

Ms. Chappel replied there would be some selectivity in the first year. With 100 percent funding in the second year, it was hoped that a broad spectrum of students would be assessed. She noted two smaller school districts, Mineral and Churchill Counties, were including all students.

Senator Kieckhefer asked to what level the data would be accessible to the public and the Legislature, and whether the Legislature would have access to comparable information as it made funding decisions.

Ms. Chappel replied that question had yet to be answered. The system would allow sharing of the data, but privacy considerations versus the public good had not been completely defined by the P-20 Council.

Senator Kieckhefer said the data would be valuable to the Legislature to determine the quality and efficacy of the Head Start program when appropriating funds to bring children up to speed for education. Without the data, aside from tracking the students, he questioned the purpose of the program.

Ms. Chappel replied that she was not authorized to make that decision. The program would be capable of sharing the data, but someone else would need to authorize its dissemination.

Senator Kieckhefer affirmed that by 2015, every new kindergartener would be assessed. Ms. Chappel replied that was the goal.

Senator Woodhouse noted that each school district had a \$10,000 subgrant for technology. In looking at the disparity in county populations, she asked whether the dollar amount was reasonable.

Ms. Chappel replied that the amount was determined to be an even number based on historical information and outreach to all counties. If the Legislature or any other decision-making body wished to allocate the funds differently, that could be done. She noted that the \$10,000 could be used not only for technology, but also for teacher training time. The amount was an estimate at the time of the grant application, but she said different parameters could be set if necessary.

Senator Woodhouse replied that made sense because some school districts were further along with their technology than others were.

Chairwoman Smith also questioned the logic of awarding the same amount to every school district. A \$10,000 grant to Esmeralda County School District was a lot of money, but \$10,000 to Clark County was pennies. She said that \$119,125 for evaluation seemed excessive to her, and she asked Ms. Chappel to discuss the contract.

Ms. Chappel explained that the contract was done for 21,500 children. During the 2013 Legislative Session, the amount of money was not divided evenly; the amount was also arbitrary, and if the total amount was not used for evaluation, the contract could be amended to increase the number of children in the system. She added that evaluation was included at the end of the first year, rather than just the second year, to allow a survey of teachers and parents whose children were included in the pilot to provide first-year data.

Chairwoman Smith said she was not comfortable with approving the large amount for evaluation without seeing a plan.

Ms. Chappel replied an outline of the evaluation had been developed. She said the amount was an estimate and could be reduced.

Chairwoman Smith said she understood there was an outline for the evaluation, but she was concerned that there were no deliverables for whomever was doing the evaluation. Chairwoman Smith said she did not believe the Committee should be allocating \$119,125 when there was no contract or deliverables.

Ms. Chappel said the deliverables had not yet been determined. She could provide an overview of the deliverables: to see how parents perceived the program in terms of its usefulness for feedback; to survey the teachers; and to determine what the data revealed about children and their readiness for school and the areas needing improvement. She said there were deliverables in the plan, which she could send to the Committee.

Chairwoman Smith requested that the Committee's Fiscal Analysis Division staff work with the Department staff to develop specific deliverables so the Committee could have a good understanding of what was expected from the evaluation. She noted that the evaluation comprised a high percentage of the program's budget.

Senator Woodhouse said she would like to know the number of teachers trained in each of the counties and the separate agencies in the first year as well as another group in the second year. She also requested information on the number of students per county and per agency being assessed.

Ms. Chappel replied that the information would be provided to the Committee. She noted that the estimate was to serve 21,500, and it would be her preference to have flexibility within the subgrant, if the bid to conduct the evaluation came under the

estimated amount, to amend the contract to include more children if warranted by demand.

Chairwoman Smith asked whether a request for proposal (RFP) had been issued for the project evaluation. Ms. Chappel replied that a RFP had not been issued.

Chairwoman Smith suggested that the Committee approve the work program, with the exception of the funding for evaluation, and that the Department return at the next IFC meeting with a thorough description of the program evaluation. She said she was glad that the program was being put in place; she just wanted to ensure that it was done right. She hoped that there would be an opportunity to save some money to serve more children. She affirmed that delaying approval of the evaluation would not hamper the program since it would be the last piece of the program.

Ms. Chappel replied that Chairwoman Smith was correct.

Chairwoman Smith asked Mr. Meyer whether the Department of Education was comfortable working with DHHS and having passcodes and access for everyone. She recalled a previous program, the GROW Network, in which parents could access their student's information, but the funding was lost. There were also complications with providing access. She wanted to ensure that the data would be sufficient and usable for everyone and that it could be integrated within the existing system.

Mr. Meyer replied IT's role was to assure that the data standards would be the same in whichever system was used and ensure that the data could be exchanged and integrated into the Department's statewide longitudinal data system. He explained that at this point, public access to the data would be controlled by the vendor's software; the Department would not have control over that piece. However, through the collection of the data in the statewide longitudinal data system, the Department would possibly be allowed to establish other types of internal reporting and reports. The first step would be to get the assessment in place to ensure that the data was readable and in a common format for exchange. Mr. Meyer believed the project was on track.

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.

SENATOR WOODHOUSE MOVED TO APPROVE AGENDA
ITEM G-28, EXCLUDING FUNDING OF \$119,125 FOR PROJECT
EVALUATION, AND TO REQUEST THAT THE DEPARTMENT
OF HEALTH AND HUMAN SERVICES RETURN WITH MORE
INFORMATION AT THE DECEMBER IFC MEETING.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

29. **Department of Health and Human Services - Division of Public and Behavioral Health - Cancer Control Registry - FY 2014** - Transfer of \$5,431 from the Reserve category to the In-State Travel category, \$3,412 from the Reserve category to the Operating category, and \$84,776 from the Reserve category to the Information Services category to support the transition of the Cancer Control Registry to a new database and provide funding for travel and operating due to a funding reduction in the federal National Cancer Prevention and Control grant. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C26792**

Refer to motion for approval under Agenda Item G.

30. **Department of Health and Human Services - Division of Public and Behavioral Health - Health Facilities Hospital Licensing - FY 2014** - Addition of \$592,546 in federal Background Data Utilization grant funds to support continued development of background checks for direct patient access employees of long-term care facilities and providers to further enhance the safety and quality of care of the state's long-term care population, reduce statutory barriers, and increase efficiencies through electronic verification. Requires Interim Finance approval since the amount added to the Background Check Grant category exceeds \$75,000. **Work Program #C26641**

Marla McDade Williams, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services, explained that the purpose of the work program in Agenda Item G-30 was to align state budget authority with federal grant authority for the state Criminal Background Check program.

Chairwoman Smith said she wanted to discuss the recent report on long-term care facilities, which was somewhat related to background checks. She asked Ms. McDade Williams to provide an update on the situation at the state's long-term care facilities.

Ms. McDade Williams said that part of the premise of the report was that there was understaffing in the state's nursing homes, and selected factors were used to illustrate that there was understaffing. One of the factors was that the state issued more deficiencies than any other state in the country and that there were minimal fines associated with the inspections and investigations conducted by the state. She said some of the elements did not bear out that the state was as bad as the report indicated.

Ms. McDade Williams pointed out that Nevada had an 18-month schedule for all facilities inspected, and nursing homes were inspected on a yearly basis through a cooperative arrangement with the Centers for Medicare and Medicaid Services (CMS). Complaints were divided internally within the Division, and a unit headed by a different bureau chief processed all of the complaints. She explained that the Division was funded by CMS to conduct annual inspections at all nursing homes. When the

complaint workload was added, several deficiencies were identified for certain facilities, which simply showed that the Division was performing the required inspections.

Breaking the data down further, Ms. McDade Williams said that some states asserted that Nevada spent a lot of time citing low-level deficiencies, and when taken in the context of other states that did not cite those deficiencies, Nevada would not be at the top of the list of the number of deficiencies cited. She said the assertion that the state did not fine facilities was not entirely correct. Fines were assessed at the state level, and all documentation was sent to CMS, which issued the federal penalties to the facilities. From the state's perspective, she said the Division was doing the work it was charged to do. Other factors could have been considered that would have taken that report card in any number of directions.

Chairwoman Smith asked whether the work program would help the Division improve the report card by becoming more efficient on the background checks.

Ms. McDade Williams said the work program would definitely help the Division move more quickly to make decisions about employees who had convictions that excluded them from employment in health facilities. She noted that the ratio of registered nurses and certified nursing assistants (CNAs) in facilities would not be affected by the criminal background check website. Through the interface with the CNA registry, the state would be able to identify CNAs with poor employment histories in nursing homes.

Assemblyman Sprinkle recalled discussing the problems during the 2013 Legislative Session, and he asked whether the grant was related to the decisions made by the Legislature or whether it was a new program to enhance background checks.

Ms. McDade Williams explained that the legislation moved forward in the 2013 Session allowed expansion of inspections beyond nursing homes and the five or so facilities that required background checks to a larger universe of facilities, which would exclude employees from working at those facilities. Without the grant funds in the work program, the expanded workload would be difficult to maintain.

Assemblyman Sprinkle noted that Nevada cited many low-level deficiencies, and he asked whether in doing so, it was possible that more extreme deficiencies were not identified or if the state's investigations were just more efficient and in-depth.

Ms. McDade Williams replied she would prefer to say that Nevada looked far more in-depth during its inspections. She explained that funding received from CMS was allocated in four tier levels: the first level affected nursing homes and the fourth tier affected hospitals. In Nevada, the CMS funding comprised about one-third of the Division's budget, and much of the funding was directed toward nursing home oversight, whereas other states made a choice or had supplemental funding to meet all tiers of work and not focus on the first two tiers. States meeting all four tiers of work could do so by looking at only high-level deficiencies or conducting limited inspections. Ms. McDade Williams said it was difficult to compare inspections among states because

states made different decisions on how to meet their CMS budgets. She reiterated that Nevada focused much of its attention on tiers 1 and 2 and conducted very intense and time-consuming inspections of nursing homes.

Assemblywoman Kirkpatrick recalled that the Legislative Commission had adopted emergency regulations to implement new fees to offset low staffing levels in all health facilities and to expedite background checks. She did not understand why the staffing levels and background checks were still a problem. She asked whether fines were being collected to help generate revenue to maintain proper staffing.

Ms. McDade Williams explained there were two issues concerning staffing. The poor grade report cited low staffing levels in nursing homes, which was not related to staffing in the Division. She said Assemblywoman Kirkpatrick was correct: fees were adjusted to allow the Division to hire more staff. The report did not state that Nevada was not doing the required inspections; the Division had sufficient staff to conduct the inspections. She noted there were vacancies, but as with every agency, the Division was doing its best to recruit and retain employees.

Ms. McDade Williams further explained that because CMS funded the Division at a level sufficient to inspect all nursing homes on a yearly basis, it did not provide funding to conduct complaint investigations, which were required to be initiated within 45 days of discovery. She said complaints were handled outside of the periodic CMS inspections. Several years ago, the Division's authority was changed to allow billing facilities for substantiated complaints. The ultimate fee that a nursing home paid included the Division's time spent on unsubstantiated complaints, which had to be subsidized by the nursing home industry in the assessed yearly renewal fees.

From a staffing perspective, Ms. McDade Williams reiterated that there were vacancies, but the Division was meeting its complaint periodicity and annual nursing home inspection schedules.

Assemblywoman Carlton said she understood there was fining capability, but fines were not always levied. She said the person violating a fineable offense should pay the fine: the industry should not have to pay fines from other fees. There were 15 nursing homes in the state and a number of them were owned by 2 or 3 corporations, and she believed fines should be paid by the violating facility: the costs should not be shifted to the industry.

Ms. McDade Williams said the Division was assessing fines. There were reports that fines were not being levied, but transparency was missing concerning the process of assessing and paying fines. She noted that the Division website included posting of a Statement of Deficiency and a plan of correction submitted by the facility. If there was a fine, the sanction notice was also supposed to be posted on the website. It was the Division's obligation to ensure the information was posted to maintain transparency. She pointed out the fine and sanction process was defined for the Division in regulations; the Division did not have authority to waive penalties.

Ms. McDade Williams said regulations would be forthcoming within the next year that would revise the Division's sanction authority because new laws were passed that would require a different level of sanction. It would be difficult for the 1,200 licensees of the health facilities to agree with what would move forward in the new regulations. The Division would be initiating disciplinary action against the facilities in accordance with the current sanctions.

Chairwoman Smith thanked Ms. McDade Williams for providing information on the problem. She asked whether the Division would prepare a formal response to the report.

Ms. McDade Williams said the Division did not anticipate submitting a formal response. The CMS was asked to provide the Division with data on whether it agreed with some of the issues. Initial conversations with CMS indicated information in the report was not correct, and CMS was going to prepare a response that would identify inaccuracies. She said a formal response from the Division was not required.

Chairwoman Smith asked Ms. McDade Williams to share any correspondence with CMS with the Committee's Fiscal Analysis Division staff.

Chairwoman Smith called for public comment on Agenda Item G-30 and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA
ITEM G-30.

SENATOR WOODHOUSE SECONDED THE MOTION.

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

31. **Department of Health and Human Services - Division of Public and Behavioral Health - Public Health Preparedness Program - FY 2014** - Addition of \$111,419 in federal State Health Care Access Program grant funds to continue support of discounted health care services for Nevadans through the Access to Health Care Network and tele-health services. Requires Interim Finance approval since the amount added to the Health Care Access category exceeds \$75,000. **Work Program #C26979**

Assemblywoman Carlton asked how the Public Health Preparedness Program would relate to the national Affordable Care Act (ACA) and for what purposes the funds would be used.

Laura Hale, Primary Care Office, Division of Public and Behavioral Health, Department of Health and Human Services, explained the work program in Agenda Item G-31 was a request for authorization to spend down funds in the federal grant for the State Access

to Healthcare Network (AHN). The grant was initially to be a five-year grant for \$20 million, but the funding was reduced and the grant had been on a no-cost extension for the last four years. Most of the funds were subgranted to AHN, which provided discounted healthcare services for primarily uninsured seniors who would otherwise not have access to services.

Ms. Hale said because the program provided direct services, the amounts expended varied depending upon the cost of services. The \$111,419 in funds remaining must be expended by August 31, 2013, and a large part of the balance would be granted to the Access to Healthcare Network for uninsured seniors and part of it would be used to expand tele-health systems in the rural areas.

Assemblywoman Carlton noted that uninsured seniors would have another option for health insurance through the Affordable Care Act, and she asked how those services would integrate with services through the Access to Healthcare Network. She requested that the Committee receive a report on how the funds were spent and how many were served.

Ms. Hale replied that the remaining funds were used to prepay coverage for memberships for uninsured seniors in AHN, which would provide them with coverage through December 2013. At that point, the members would be able to obtain insurance through the Affordable Care Act or continue with AHN with their own resources.

Assemblywoman Carlton affirmed that the funds were not used to pay for actual health care; they were used to pay for memberships.

Ms. Hale said that was correct. The Division would not have the ability to pay for care after the end of the grant on August 31, 2013, and the only way to provide coverage through the end of the year was to prepay the memberships.

Assemblywoman Carlton remarked that the memberships would be paid, but services were on a cash-for-service basis. The rates for services were discounted, but if the members did not have money to pay for the services, they would not be able to go to the doctor; memberships were being paid for services that low-income seniors might not be able to use. She was concerned that members might think they had health insurance coverage when in fact the Access to Healthcare Network was only a medical discount plan. She wanted assurance that every senior in the AHN understood that they had an option for real healthcare through the Affordable Care Act health exchange. She was concerned that medical discount plans could be misleading to the public.

Ms. Hale explained that the Access to Healthcare Network had different plans for different levels of income; other resources were available to support care for seniors unable to pay any amount. She reiterated that the memberships would only be effective through the end of 2013, and the seniors would have an opportunity to join the ACA health exchange in January 2014.

Assemblyman Oscarson noted that the Division's documentation for the request indicated that funds would be provided to the Access to Health Care Network and rural tele-health services, and he asked whether those amounts were broken out or combined. He stated that the rural mental health services were vital to rural Nevada: the resources for mental health were limited in those areas, and the services were greatly needed and appreciated.

Ms. Hale said the Division started looking at mental health services in the rural areas in the second year of the grant. Carryover funds were available from the first year, and federal authorization was obtained to use some of the funds for mental health. The Division had anticipated receiving additional annual grant funds, which were not received. She said over \$200,000 was allocated for mental health, including equipment and a subcontract with the University of Nevada School of Medicine to provide psychiatric consults. Over time, equipment was provided to all of the rural services' mental health clinics to provide access to emergency consults; the equipment had also been used for prescription medications. Ms. Hale said she did not have the exact amount that had been spent over the last four years, but approximately \$48,000 would be used from the remaining grant funds to buy more tele-health equipment.

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.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE AGENDA
ITEM G-31.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

- 32. Department of Health and Human Services - Division of Public and Behavioral Health - Public Health Preparedness Program - FY 2014 -** Addition of \$35,719 in federal American Reinvestment and Recovery Act (ARRA) Primary Care Office (PCO) grant funds to conduct additional National Health Service Corps site visits, as well as prepare recruitment and retention plans for primary care givers in rural facilities. Requires Interim Finance approval since the amount added to the ARRA PCO Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26994**

Refer to motion for approval under Agenda Item G.

- 33. Department of Health and Human Services - Division of Public and Behavioral Health - Marijuana Health Registry - FY 2014 -** Addition of \$246,205 in Dispensary Licenses and Fees to fund two temporary, full-time contract employees to assist with the preparation and 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 #C27054**

Marla McDade Williams, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services, explained that the Division had been charged with registering medical marijuana establishments. The work program in Agenda Item G-33 was a request for authority to initiate the process.

Since the subject was uncharted territory for the Committee, Chairwoman Smith asked Ms. McDade Williams to walk the members through the details of the process and the requests before the Committee members asked questions.

Ms. McDade Williams explained that since the legislation was enacted in 2013 [Senate Bill (S.B.) 374], the Division created a website with a “Medical Marijuana Listserv” to communicate all information about the program, and individuals interested in serving on the Subcommittee on the Medical Use of Marijuana could submit their names for that process. She said so far over 200 people had signed up to serve. She had been responding to questions and suggestions from the public concerning the future of the program and consulting with the Division’s Deputy Attorney General to determine the Division’s authority to make certain decisions. A list of frequently asked questions was maintained on the website. The current plan was that once the staff was hired for the program, stakeholder sessions would be announced. It was anticipated that the first entities to be licensed would be the laboratories, because the testing had to be in place before licensing of cultivators could begin, and the dispensaries would follow.

Ms. McDade Williams said the stakeholder sessions would be broken down into topics: laboratories, cultivators, and dispensaries. Once the regulations were developed, they would be sent to the Legislative Counsel Bureau, and if there were no substantial objections, the regulations could be adopted by April 1, 2014. There would be no licenses issued by April 1, but the registration process could begin.

Ms. McDade Williams said with the funding provided in Agenda Item E-33, staff could begin to develop a detailed project plan to meet all of the deadlines.

Assemblyman Horne noted that the laboratories were anticipated to be in place after April 1, 2014, and he asked whether the Division was using laboratory procedures that were currently operating in other jurisdictions. He agreed that the labs would need to be in place before growing product, and it took a minimum of four months to grow a mature harvest. He wanted to provide the public with a timeline of when the product would be available.

Ms. McDade Williams replied the Division was looking at other states for laboratory procedures, the most recent being Washington, and the procedures would be established from existing systems. Once the labs came online, it was conceivable that licensing of cultivators could begin at the same time. However, she noted, S.B. 374 stated that the state could only license cultivators based on the number of

dispensaries. The number of dispensaries would be dependent upon the number of cardholders in the state. She said the cardholders were increasing between 80 and 100 people a week, and so far, the number was about 4,300. In the project plan, the Division was trying to estimate how many cardholders would eventually be registered. She would prefer not to limit the cultivators; the number should be dependent upon the open market, and the demand would determine the number of cultivators. It would be up to the Legislature to limit the number, which would be based on estimates for at least a year if not two years. Ms. McDade Williams said the Division intended to work with all parties involved to make decisions that would make sense for everyone.

Assemblyman Horne asked why it would take until April to put the labs in place: the types of testing, machines, and protocols were already in existence.

Ms. McDade Williams replied the Division was being guided by the Deputy Attorney General, who determined that nothing could be initiated prior to April 1, 2014. The regulations must be adopted by April 1, but there would be no legal authority to actually issue a registration certificate prior to April 1, 2014.

Assemblyman Hickey noted that other states had experienced problems with fraudulent prescriptions and permits, and section 19.6 of S.B. 374 stated that “A patient who holds a valid registry identification card and his or her designated primary caregiver, if any, may select one medical marijuana dispensary” He asked whether the regulations would require the primary physician to prescribe the medical marijuana.

Ms. McDade Williams replied the law mandated that a physician’s authorization that the person was an eligible cardholder must be submitted before a card could be issued.

Assemblyman Hickey pointed out that section 20, subsection 6 of S.B. 374 stated that the Board of Medical Examiners would oversee the practice of monitoring physicians who were licensed to provide prescriptions. In part, the section provided that the Board would “. . . register and track attending physicians who advised their patients that the medical use of marijuana may mitigate the symptoms or effects of the patient’s medical condition” and “. . . track and quantify the number of times an attending physician made such an advisement.” Assemblyman Hickey noted that other states had experienced problems with pseudo clinics located near dispensaries. He was glad that the bill stipulated that a primary physician’s authorization was required, and it was important that the process of issuing the permits and registry cards be carefully monitored.

Ms. McDade Williams explained that under the law, the Division would know which physicians were issuing the authorizations and how many patients were issued authorizations. She said the Division had the authority to provide the information to the Board of Medical Examiners or the Board of Homeopathic Medical Examiners, and it was up to those boards to decide whether to investigate a particular physician.

Assemblywoman Carlton said she did not want to see the Legislature limit any doctor in the state who had authority to write a prescription from issuing a prescription. An authorized physician should have the right to write a prescription and not have to refer the patient to another physician. She wanted it made clear that the Legislature was not making any determination of who and who should not be allowed to be involved in the system. The relationship between the doctor and the patient should be respected.

Senator Kieckhefer asked whether the Office of the Attorney General would write the regulations for the Division.

Ms. McDade Williams replied that the Division would write the structure of the regulations and the Attorney General's office would review them. The Division planned to contract with an attorney with extensive experience in writing regulations so that the Division staff would not be required to try to navigate the legalese once the regulations were submitted to the Legislature. She noted that the Division's Deputy Attorney General did not write regulations; they were usually drafted by a Program Manager or other Division staff member.

Senator Kieckhefer asked whether the Division had previously contracted with an attorney to write regulations. He said to hire someone new to create a set of regulations seemed like an unusual process.

Ms. McDade Williams replied she recognized the challenge for someone new, so the person the Division intended to contract with would be very familiar with Nevada's system. It was important to hire someone with experience in writing regulations.

Senator Kieckhefer recalled that there had been discussions in Washoe County about the local governments' authority to dictate land use for dispensaries and manufacturers, and he asked whether the state had any authority to intervene in land use issues.

Ms. McDade Williams replied the Division had not contemplated overturning or challenging the local governments' authority. If the local government determined that an entity should not be licensed because it did not meet the business license criteria or zoning regulations, the Division would not issue a license.

Senator Goicoechea said a number of local governments believed that the program was against federal law and they would not license in their particular jurisdictions.

Ms. McDade Williams said the bill required every county to authorize at least one dispensary. If a county denied an individual the opportunity to locate in that jurisdiction, it would become that person's responsibility to sue for the right to locate in that jurisdiction. She reiterated the state would not sue: legal action would have to be taken by the party seeking the license.

Senator Roberson noted that the federal government had just announced that it would not challenge the laws in the states of Washington and Colorado, which permitted recreational and medical use of marijuana.

Chairwoman Smith said that the fiscal note on S.B. 374 did not include funds for development of regulations, and she assumed that the Division had sufficient funding from the temporary advance it received from the General Fund [section 25, subsection 5, S.B. 374] to contract for preparation of the regulations. Ms. McDade Williams affirmed that funding was available.

Assemblyman Sprinkle asked whether repayment of the advance would start after April 1, 2014, when licensing would begin. Ms. McDade Williams replied yes, that was correct.

Assemblywoman Kirkpatrick asked how the regulations would be developed. Many people in the state were concerned whether the regulations would be developed online, over the Internet, or through meetings.

Ms. McDade Williams explained that stakeholder sessions would be announced through the Division's Medical Marijuana Listserv and group meetings would be held in a designated location. If it became necessary to get clarification from a group on a specific point, conference calls might be arranged. If it was determined that it would not be possible to teleconference, then physical locations of all of the meetings would be announced. She noted that the stakeholder piece was an informal process to gather information through the most appropriate method, and once a formal document was agreed upon, it would be submitted to the Legislative Counsel Bureau (LCB) for insertion in the *Nevada Administrative Code*. The Division must then notice a public workshop, which would be the first formal process for public input, which would be followed by a notice for the State Board of Health, and then back to the LCB for final approval by the Legislative Commission.

Assemblywoman Kirkpatrick noted that final approval of regulations involved about a six-month process, and she asked whether the program was already behind schedule.

Ms. McDade Williams replied she felt like it was behind, but she believed the timeline could be met. The notice for the public workshop was 15 days, and the notice for the State Board of Health was 30 days. Once the regulations were submitted to LCB, they had to be returned to the Division within 30 days. She said if those timeframes were enforced, it was conceivable that the program would begin on schedule. She noted that the Legislative Commission did not meet on a regular schedule.

Assemblywoman Kirkpatrick said she did not think the regulations should be rushed through the Legislative Commission's Subcommittee to Review Regulations. She believed the full Commission should approve them. The issue was too large to assign to the Subcommittee.

Assemblyman Horne asked where it was specified in the bill that the program could not begin until after April 1. He understood that the bill provided that the program begin "by" April 1, 2014. He thought it would be beneficial to begin approving laboratories prior to that date if possible, and he suggested that an opinion be obtained from the Legislative Counsel Bureau's Legal Division.

Ms. McDade Williams replied she could only proceed on the guidance from the Division's Deputy Attorney General. She would facilitate a conversation between the Deputy Attorney General and the Legislative Counsel Bureau Legal Division.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEM G-33.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Grady,
Hickey, and Oscarson voted no. Assemblyman Hambrick was not
present for the vote.)

Chairwoman Smith asked for public testimony on Agenda Item G-33 and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEM G-33.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Grady,
Hickey, and Oscarson voted no. Assemblyman Hambrick was not
present for the vote.)

Chairwoman Smith recessed the meeting for lunch at 12:27 p.m.; she called the Committee back to order at 1:09 p.m.

- 34. Department of Health and Human Services - Division of Public and Behavioral Health - Substance Abuse Prevention and Treatment Agency - FY 2014** - Transfer of \$473,170 from the Reserve category to the State Outcomes Management Measurement System (SOMMS) category to pay for expenditures related to data migration from Substance Abuse Prevention and Treatment's current data system, Nevada Health Information Provider Performance System, to the myAvatar system due to the state's participation in Medicaid expansion. Requires Interim Finance approval since the amount added to the SOMMS category exceeds \$75,000. **Work Program #C26986**

Mary Wherry, Deputy Administrator for Community Services, Division of Public and Behavioral Health, Department of Health and Human Services, explained that Agenda Item G-34 was a request to move money from the Reserve category into the State Outcomes Management Measurement System (SOMMS) category to purchase additional licenses for myAvatar software for the Substance Abuse Prevention and Treatment Agency (SAPTA) providers.

Assemblyman Sprinkle said he did not recall hearing about this request during the 2013 Legislative Session, and he asked for further details concerning the need to switch to the new program and why funding was not included in the Division's 2013-2015 biennial budget.

Ms. Wherry replied the biennial budget included a reduction of \$3 million each year of the biennium based on the Medicaid expansion program. It was not known whether the state would implement the Medicaid expansion program when the Division's biennial budget was submitted, and once the Governor and the Legislature approved the expansion, the Division began to determine how to best assist the treatment providers to bill Medicaid. In the past, the providers relied 100 percent on the SAPTA block grant, which was intended to provide substance abuse treatment services to clients who were uninsured or under-insured. Now that many clients were anticipated to fall under the Medicaid expansion, it was necessary to find a vehicle for SAPTA to bill Medicaid.

Ms. Wherry explained the current billing system, Nevada Health Information Provider Performance System (NHIPPS), was basically a data repository: it was not a claims processing system. The myAvatar system was used by the Division of Child and Family Services and the Division of Mental Health for their electronic health records, practice management systems, and all patient scheduling, billing, and documentation. She said myAvatar was being extended to the SAPTA treatment providers to enable them to bill Medicaid and Medicare.

Assemblyman Sprinkle recalled the decision to expand Medicaid was made in January 2013 and the Legislative Session lasted until June; he did not understand why the request was not brought forward during the Session. If the Committee did not approve the system, he asked how the state would benefit from the Medicaid expansion.

Ms. Wherry replied the Division did not have an alternative. The SAPTA treatment providers were not equipped to manage electronic medical records or practice management billing, which was why the Division was trying to use the existing system to extend the software licenses to the providers. She added that the \$3 million cost would have to be earned through the Medicaid expansion to offset the amount of General Fund that was removed from the 2013-2015 biennial budget.

Assemblywoman Kirkpatrick observed that there were frequent problems with SAPTA data and audits. She noted that the SAPTA website did not include a lot of information, and if the myAvatar request were approved, she asked whether adequate

data would be available and what the system would cost going forward. She agreed with Assemblyman Sprinkle that the request should have been included in SAPTA's biennial budget for consideration by the 2013 Legislature.

Ms. Wherry explained that the providers had been inputting data for their demographics, the populations they served, and the services they provided into NHIPPS, which was not a claims processing system. The treatment providers would not be using that system going forward; all of the data will be coming from the myAvatar system, which would include client demographics, billing codes, and diagnoses codes used by the SAPTA providers for reimbursement. The providers would be required to start billing the SAPT block grant in the same manner that they would bill Medicaid and any other third party. The data would be consistent across all of the revenue-generating opportunities for billing.

Assemblywoman Kirkpatrick recalled there were numerous requests during the 2013 Legislative Session for millions of dollars for new data systems, and she asked whether there would be any cost savings by not using the existing program.

Ms. Wherry replied that the NHIPPS program would continue to be used for the prevention portion of SAPTA because myAvatar did not have the functionality to capture the prevention segment.

Assemblywoman Kirkpatrick remarked that there would continue to be two bifurcated systems throughout the state, and the state continued to spend money on different systems that did not communicate with each other. She said the problem would not be resolved, but both systems would have to be kept up to date.

Ms. Wherry said she understood Assemblywoman Kirkpatrick's frustration. There had been dialogue with the vender to see if a solution could be found with a bridge between the prevention and the treatment programs, but one did not exist. She explained that the prevention program involved education in classroom settings to high-risk individuals, which required different data than was necessary for SAPTA, which provided a service to clients diagnosed as having a substance abuse disorder. She said there were co-occurring clients being seen in both the mental health delivery system and in SAPTA, so myAvatar would enable the two programs to share client data and histories rather than require creation of duplicate records.

Assemblywoman Kirkpatrick asked whether it was anticipated that more Medicaid dollars would be generated through use of myAvatar.

Ms. Wherry replied that the SAPTA treatment providers, through their billings, would be able to realize savings to offset the \$3 million budget reduction, but substance abuse would be an essential health benefit, and eventually all third-party payers would be billed for covered services. The solution would be robust.

Assemblywoman Carlton said that she understood the need to bill but, she noted, the \$3 million Ms. Wherry referred to as being cut from the budget was not actually cut: the Governor's recommended budget did not include it, and the Legislature approved what the Governor recommended, which was \$3 million less than the Division had requested. She recalled discussions during the 2013 Legislative Session concerning options for billing. If the Committee did not approve or delayed approval of the request, she asked what billing problems would result. She did not want clients to not receive services because insurance companies could not be billed. Assemblywoman Carlton added that she was concerned about using Reserve funds, which she thought were to be used for another purpose.

Ms. Wherry explained that the Reserve was built up primarily from 2007 to 2011. In 2006, the SAPTA program purchased the NHIPPS solution, which was a data repository, based on what Texas had developed with a contractor. In 2007, the federal government established priorities requiring data from the states concerning how SAPT funds were being spent. When the federal government started funding development of those priorities, because Nevada was an early adopter of a data repository, it was able to keep the funds and put them in Reserve to fund changes when the Affordable Care Act came online and the insurance marketplace expanded. The majority of the money came from a grant received from the federal government for the State Outcome Measurement and Management System..

Ms. Wherry said the Reserve would not continue to build up in the future because the funding had diminished and the states were now reporting their data to the federal government. She said the Division delayed the request because it was not sure it would have sufficient block grant money to pay for all of the services for FY 2013; claims from the providers would be received into July for May and June. She said once all FY 2013 claims were closed, the Division would return to the Committee to request approximately \$63,000 in additional funds to purchase 87 more licenses.

Assemblywoman Carlton asked when the biennial budget was proposed and the \$3 million was cut, whether the Division, knowing that billing would be required, intended to use Reserve funds. She questioned why the discussion did not take place during the 2013 Legislative Session.

Ms. Wherry said the Division was still trying to work with the SAPTA treatment providers to determine their ability to do medical billing, and it was found that very few providers were able to do medical billing and most of them were not enrolled with Medicaid. She said the providers were all now enrolled with Medicaid, but most of them still did not have the ability to bill.

Assemblywoman Carlton said the Legislature received a reasonable budget proposal from the Governor and agreed to it, believing that all of the billing issues had been addressed. Learning only three months after the Session that it would be necessary to use Reserve funds was frustrating.

Chairwoman Smith added that she had the same frustration level, especially in light of the extensive discussions about implementation of the Affordable Care Act during the Session. She still did not understand why the discussion did not take place during the Session. She asked whether the \$3 million was included in the Division's proposed biennial budget and subsequently deleted by the Governor.

Ms. Wherry said the budget was based on less reliance on General Fund, but it did not include specifics on how that would be accomplished. In working with the SAPTA treatment providers, it became necessary to develop a solution quickly. The Division did not anticipate how many clinicians the treatment providers were using: they indicated they needed 800, but the state did not have funding for that number.

Assemblyman Eisen said he was uncomfortable with the request, but he understood the time urgency. He asked by what point the Division believed the system needed to be in place to provide billing capability and whether all alternatives were explored.

Ms. Wherry said the alternatives explored included assessing the SAPTA treatment providers' ability to bill Medicaid through an electronic claims processing system, and the majority did not have the ability. She said that over the past two months, the Division had been training the treatment providers on procedure codes, diagnoses codes, and enrollment in Medicaid. During the analysis, the Division concluded that the easiest solution would be to give the treatment providers access to the myAvatar system. Training on the system would be conducted in November and December, and it was expected that all treatment providers would be able to bill Medicaid by January 1, 2014.

Assemblywoman Carlton affirmed that a few providers were capable of billing, and they had initiated their billing procedures on their own.

Ms. Wherry clarified that those providers still had to go into NHIPPS and enter their data for federal reporting purposes. If everyone used myAvatar, regardless of their billing system, they would have access to all data. She noted that the myAvatar system would also provide the ability to audit the providers and determine that they had documented their services in the client's health records when they billed for SAPT dollars.

Assemblywoman Carlton pointed out that some providers had moved forward on their own, and now the state was being asked to help the others who had not. She believed the ability to bill should be funded by the clinicians rather than the state.

Ms. Wherry said she understood what Assemblywoman Carlton was saying. The few clinicians with the ability to bill had been billing other providers for some time. However, the preponderance of the providers had not purchased the software and had not been billing. The state needed to make sure that they were up and running by January 1, 2014, and that all needed client data could be provided to the state, which was why standardized reporting was essential.

Assemblywoman Carlton said she agreed with the need for data and audits. She asked whether the state bought licenses for any other clinicians. Ms. Wherry replied that the only other agency she was aware of was the mental health delivery system.

Assemblyman Oscarson asked whether there were federal funds available to help the treatment providers put the programs in place since the requirements related to the Affordable Care Act.

Ms. Wherry explained the funds in Reserve were essentially federal dollars. She was not aware of other federal funding sources other than through Meaningful Use Opportunity by which providers could apply for an incentive reimbursement. She pointed out that the providers must meet certain qualifications and be billing Medicaid or Medicare in order to qualify.

Assemblyman Sprinkle asked whether the current system was upgradeable. Ms. Wherry said the NHIPPS system was never designed to be an electronic health records system or a practice management system: it was only for data collection and demographic information.

Assemblywoman Kirkpatrick said she still did not understand why it was the state's responsibility to buy the licenses for providers. Ms. Wherry reiterated that the decision was made to assist the providers to get them up and running by January 1, 2014, in order to maximize the revenue. Going forward, the requests for applications would stipulate that the providers must have the ability to bill Medicaid.

Senator Denis asked whether the providers could be assisted initially and billed later for the licenses.

Ms. Wherry replied that in the future, the applications would stipulate that the providers would be independent and subsidies would not be provided. However, the decision was made to assist the providers at this time because federal funds were available in Reserve and time was of the essence. It was determined to be the most cost-effective and expeditious way to get the program in place by January 1, 2014.

Senator Parks said he was concerned for the clients, and he would not want any delay that would cause difficulties for the providers. He agreed with Senator Denis that the providers could be billed at a later date.

Assemblyman Oscarson noted that it was commonplace to assess pass-through charges. He asked how much the licenses cost. Ms. Wherry replied the cost was \$760 per license and \$159.60 for maintenance, for a total of \$919.60 per license. The \$760 was a one-time fee and the \$159.60 was an annual cost.

Chairwoman Smith remarked that she was again frustrated that the Committee was often put in the position of having to approve plans that were already finalized and ready to be put into effect without full legislative review. She was inclined to table the request

until more details were available, but she did not want to delay progress and she wanted the patients and providers to have the tools they needed. She was disturbed that a \$500,000 request had not been heard during the Legislative Session, particularly since there was extensive discussion about how the Affordable Care Act would be implemented.

Chairwoman Smith said she was also concerned about having a bifurcated system in which some providers would have their licenses paid by the state and those applying later would not: all clinicians and providers should be treated equally. She recalled that in another agency budget, the Legislature declined to pay for professional development licensing because it was not done for other areas: this request involved the same discussion.

Chairwoman Smith said the Committee was required to take action, and she asked that the motion include a directive that the Division work with the Committee's Fiscal Analysis Division staff to develop a plan to put all clinicians on an equal footing for fees and reimbursements. She reiterated that the Committee should not be placed in this position only a few months after the end of the Legislative Session.

Assemblywoman Carlton said she agreed that clients must receive services, but one group should not be helped more than another. She understood that nonprofits did not have a lot of funding, and she believed there should be a reimbursement component, but the same option should be available to all providers. If there was no regulatory way to include a reimbursement component in the current plan, it should be in the forefront of the discussion of the Division's budget in the 2015 Legislative Session. She was very uncomfortable with assisting some and not others.

Ms. Wherry said once the program was closed out for FY 2013, a work program to move the additional monies to offset the \$114,000 to make sure there were adequate licenses would be submitted to the Committee in October. She said she would be willing to submit a proposal on how and when providers would be billed across the board for equity.

Chairwoman Smith said that was a good suggestion, and she asked Ms. Wherry to work with the Fiscal Analysis Division staff on how an equal process could be facilitated.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEM G-34, WITH THE DIRECTIVE THAT THE DIVISION WORK
WITH THE FISCAL ANALYSIS DIVISION STAFF TO DEVELOP A
SYSTEM OF REIMBURSEMENT FOR PROVIDER LICENSES.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Hardy and Senator Roberson were not present for the vote.)

- 35. Department of Health and Human Services - Division of Public and Behavioral Health - Facility for the Mental Offender - FY 2014** - Transfer of \$540,000 from the Personnel Services category to the Professional Services category to fund contracted psychiatrists and other professionals to support current agency operations and provide the treatment necessary for rehabilitation. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$75,000. **Work Program #C27019**

Refer to motion for approval under Agenda Item G.

- 36. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2014** - Addition of \$87,350 in Healthy Nevada funds transferred from HHS - Director's Office to continue to provide clients with assistive technology services through the Assistive Technology Laboratory program. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$75,000. **Work Program #C26975**

Refer to motion for approval under Agenda Item G.

- 37. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2014** - Deletion of \$91,639 in federal Social Security Administration (SSA) funding to establish authority in the Services to the Blind and Visually Impaired Program for SSA Program Income from Social Security Administration Claims for one-time expenditures relative to the Vocational Rehabilitation Program. Requires Interim Finance approval since the amount deleted from the SSA Program Income category exceeds \$75,000. **RELATES TO ITEM 39. Work Program #C27061**

Refer to motion for approval under Agenda Item G.

- 38. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2014** - Addition of \$72,005 in federal Section 110 grant funds to align grant authority with projected matching resources to increase client services and fund a vendor rating system software enhancement to the existing Vocational Rehabilitation case management system (RAISON). Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27078**

Refer to motion for approval under Agenda Item G.

39. **Department of Employment, Training and Rehabilitation - Rehabilitation - Services to the Blind and Visually Impaired - FY 2014** - Addition of \$91,639 in federal Social Security Administration (SSA) funding to establish SSA Program Income from Social Security Administration Claims for one-time expenditures relative to the Vocational Rehabilitation Program. Requires Interim Finance approval since the amount added to the SSA Program Income category exceeds \$75,000. **RELATES TO ITEM 37. Work Program #C27049**

Refer to motion for approval under Agenda Item G.

40. **Department of Employment, Training and Rehabilitation - Rehabilitation - Services to the Blind and Visually Impaired - FY 2013** - Transfer of \$15,000 from the Personnel Services category to the Division Cost Allocation category and \$21,805 from the Client Services category to the Division Cost Allocation category to fund an adjustment to the division's cost allocation. Requires Interim Finance approval since the cumulative change to the Client Services category exceeds \$75,000. **Work Program #C27129**

Refer to motion for approval under Agenda Item G.

41. **Department of Employment, Training and Rehabilitation - Rehabilitation - Blind Business Enterprise Program - FY 2014** - Transfer of \$228,000 from the Reserve category to the Vendor Benefits category to provide for a one-time disbursement of excess set-aside funds to licensed blind vendors to be used for retirement fund contributions. Requires Interim Finance approval since the amount transferred to the Vendor Benefits category exceeds \$75,000. **Work Program #C27032**

Refer to motion for approval under Agenda Item G.

42. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2013** - Transfer of \$34,000 in Filing Fee revenue from the Reserve category to the Displaced Homemaker category to align state budget authority with projected contract services expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Displaced Homemaker category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26848**

Refer to motion for approval under Agenda Item G.

43. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2014** - Addition of \$1,810,320 in federal Unemployment Insurance Supplemental Budget Request funds to provide additional funding designed to improve overall Unemployment Insurance program quality, performance and integrity with a focus on detection and recovery of improper Unemployment Insurance benefits. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000. **Work Program #C27082**

Refer to motion for approval under Agenda Item G.

44. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2013** - Transfer of \$43,000 in federal ARRA State Energy Sector Partnership (SESP) grant funds from the Reserve category to the ARRA SESP category to continue funding contract services through the remainder of the fiscal year to establish a series of green career training programs and jobs in support of established and prospective Nevada businesses. Requires Interim Finance approval since the cumulative change to the ARRA SESP category exceeds \$75,000. **Work Program #C27115**

Refer to motion for approval under Agenda Item G.

45. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2013** - Addition of \$100,000 in federal Workforce Investment Act (WIA) grant funds to increase state authority to coincide with projected WIA program expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the WIA Program category exceeds \$75,000. **Work Program #C27275**

Refer to motion for approval under Agenda Item G.

46. **Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2014** - Addition of \$4,000,000 in federal Reed Act grant funds to establish authority in FY 2014 to provide for the continuation 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 #C26606**

Refer to motion for approval under Agenda Item G.

47. **Department of Motor Vehicles - Field Services - FY 2014** - Addition of \$568,998 in federal U.S. Department of Transportation, Motor Carrier Safety Administration - FY 2013 Commercial Driver's License (CDL) Program Implementation grant funds to ensure compliance with federal requirements and enhance CDL program activities. Requires Interim Finance approval since the amount added to the FY 2013 CDL Program Improvement Grant category exceeds \$75,000. **Work Program #C27135**

Refer to motion for approval under Agenda Item G.

48. **Department of Public Safety - Parole and Probation - FY 2014** - Transfer of \$32,467 from the Parole/Probation Drug Test category to the Information Services category to properly account for circuit charges. Requires Interim Finance approval since the amount transferred from the Parole/Probation Drug Test category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27180**

Refer to motion for approval under Agenda Item G.

49. **Department of Public Safety - Emergency Management - FY 2014** - Addition of \$766,536 in federal Department of Emergency Management - Department of Homeland Security Grant Program (HSGP) funds transferred from the Emergency Management Assistance Grant account to balance forward authority to support costs associated with improving emergency response and reducing the threat of terrorism. Requires Interim Finance approval since the amount added to the HSGP Resource Management category exceeds \$75,000. **Work Program #C26884**

Refer to motion for approval under Agenda Item G.

50. **Department of Public Safety - Emergency Management Assistance Grants - FY 2014** - Addition of \$1,067,996 in federal Emergency Management Agency's 2009 Pre-Disaster Mitigation Program grant funds for pre-disaster mitigation projects. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **Work Program #C26974**

Refer to motion for approval under Agenda Item G.

51. **Department of Public Safety - Criminal History Repository - FY 2014** - Addition of \$72,961 in federal Justice Assistance grant funds transferred from the Nevada Department of Public Safety - Justice Assistance Grant Trust account to conduct an evaluation of the completeness of criminal history records. Requires Interim Finance approval since the amount added to the Nevada Criminal History Improvement Program Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26992**

Refer to motion for approval under Agenda Item G.

52. **Department of Public Safety - Criminal History Repository - FY 2014** - Addition of \$10,250 in federal Justice Assistance grant funds transferred from the Nevada Department of Public Safety - Justice Assistance Grant Trust account to improve the accuracy and completeness of criminal history records. Requires Interim Finance approval since the amount added to the National Instant Criminal Background Check System (NICS) Act Record Improvement Program (NARIP) Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27052**

Refer to motion for approval under Agenda Item G.

53. **Department of Public Safety - Traffic Safety - FY 2014** - Addition of \$2,729,722 in federal U.S. Department of Transportation, National Highway Traffic Safety Administration - Moving Ahead for Progress in the 21st Century Act grant funds and balance forward 410 Alcohol Incentive grant funds to support statewide programs aimed at improving alcohol related highway safety. Requires Interim Finance approval since the amount added to the 410 - Incentive Grant Funds category exceeds \$75,000. **Work Program #C27223**

Refer to motion for approval under Agenda Item G.

54. **Department of Public Safety - Traffic Safety - FY 2014** - Addition of \$701,021 in federal U.S. Department of Transportation, National Highway Traffic Safety Administration 154 Alcohol Incentive grant funds to support statewide programs aimed at improving alcohol related highway safety. Requires Interim Finance approval since the amount added to the 410 - Incentive Grant Funds category exceeds \$75,000. **Work Program #C27232**

Refer to motion for approval under Agenda Item G.

55. **Department of Public Safety - Highway Safety Plan and Administration - FY 2014** - Addition of \$653,681 in federal Office of Traffic Safety - 410 Alcohol grant funds transferred from the Traffic Safety account to balance forward authority to purchase intoxilyzers for the Washoe and Clark County labs and to support statewide media campaigns and outreach programs. Requires Interim Finance approval since the amount added to the Impaired Driving category exceeds \$75,000. **Work Program #C27231**

Refer to motion for approval under Agenda Item G.

56. **Department of Public Safety - Justice Assistance Act - FY 2014** - Addition of \$398,934 in federal ARRA Rural Law Enforcement (RLE) Grant Index funds to provide sufficient authority to cover the final payment for the National Crime data base technology project. Requires Interim Finance approval since the amount added to the ARRA RLE Grant Index category exceeds \$75,000. **Work Program #C26889. WITHDRAWN 8-22-13.**

57. **Department of Public Safety - Parole Board - FY 2014** - Transfer of \$47,840 from the Intra-Agency Cost Allocation category to the Information Services category to accurately classify budgeted PC/LAN Tech authority. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26810**

Refer to motion for approval under Agenda Item G.

58. **Department of Conservation and Natural Resources - State Parks - FY 2014** - Addition of \$150,097 in federal U.S. Fish and Wildlife Service, Sport Fish Aquatic Invasive Species (AIS) Decontamination grant funds transferred from the Nevada Department of Wildlife (NDOW) for the AIS program at Lahontan, Rye Patch and Wild Horse to pay the salaries of four seasonal employees, as well as the equipment and operating costs of administering the program at these three sites. Requires Interim Finance approval since the amount added to the AIS Grant - NDOW category exceeds \$75,000. **Work Program #C27062**

Refer to motion for approval under Agenda Item G.

- 59. Department of Conservation and Natural Resources - State Parks - FY 2014** - Addition of \$216,382 in federal U.S. Department of Transportation, Federal Highway Administration - Recreation Trails Program grant funds to continue funding 50 percent of the salary and associated costs for the agency's Recreation Trails Planner position. Requires Interim Finance approval since the amount added to the State Trails category exceeds \$75,000. **Work Program #C27067**

Refer to motion for approval under Agenda Item G.

- 60. Department of Conservation and Natural Resources - Forestry - FY 2014** - Addition of \$1,450,570 in federal U.S. Forest Service (USFS) Consolidated Payment Grant (CPG) 2009 grant funds; \$805,011 in federal USFS CPG 2010 grant funds; \$1,638,078 in federal USFS CPG 2011 grant funds; and \$1,964,126 in federal USFS CPG 2012 grant funds to balance forward authority to continue hazardous fuels reduction and other forest health projects. Requires Interim Finance approval since the amount added to the CPG 2012 category exceeds \$75,000. **Work Program #C26590**

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Item G-61 and Agenda Item K would be heard together.

- 61. Department of Conservation and Natural Resources - Forestry - Forest Fire Suppression - FY 2014** - Addition of ~~\$4,561,379~~ **\$3,292,558** in Balance Forward from FY 2013 to FY 2014 to pay the state share of costs associated with prior year fires and to cover the estimated FY 2014 firefighting costs that are expected to be fully adjudicated within FY 2014. Requires Interim Finance approval since the amount added to the Prior Years Claims expenditure category exceeds \$75,000. **RELATES TO AGENDA ITEM K. Work Program #C27239. REVISED 8-22-13.**

K. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF FORESTRY – Request for an extension of the reversion date of the Contingency Account allocation approved October 25, 2012, to cover claims associated with firefighting expenditures.

Pete Anderson, State Forester, Nevada Division of Forestry, Department of Conservation and Natural Resources, said that he would provide the Committee with an update on the 2013 wildfire situation, and Dave Prather, Deputy Administrator, would explain the details of the Division's request.

Mr. Anderson reported that to date:

- 187,380 acres had burned across the western Great Basin, which included the State of Nevada, which was slightly above the average of 170,000 acres at this time of year.
- There were a total of 631 fires, which were primarily caused by lightning.
- 430,000 acres were burned in 2011.
- 613,126 acres were burned in 2012.

Mr. Anderson noted that Nevada's neighboring states – Oregon, Idaho, Utah, and California – had experienced extreme events, losing tens of thousands of acres of timber and rangelands. The Nevada Division of Forestry and other local governments throughout Nevada had been supporting firefighting efforts in those states. The major fires in Nevada thus far in 2013 included:

- The Carpenter 1 Fire in the Spring Mountains started around July 4, burned 27,881 acres and cost approximately \$20 million to suppress.
- The Bison Fire in the Pine Nut Mountains in Douglas County started on July 4 and burned 24,136 acres.
- The Red Cow Fire in the Tuscarora Mountains burned 16,193 acres during the past month.
- The three fires were undergoing burned area rehabilitation efforts (BARE) to stabilize the denuded slopes prior to winter rains and snowfall.

Mr. Anderson said that the forecast was for drought conditions over the next three months with warmer temperatures and less precipitation than average. He noted there had recently been some wet thunderstorms across the northeast part of the state, which was a relief, and currently there were no fires burning in Nevada. With the warmer and drier trend, the higher elevations would be the most susceptible.

Mr. Anderson added that the Rim Fire near Yosemite Valley was burning approximately 195,000 acres, and over 4,500 firefighters were currently fighting the fire. Suppression costs had exceeded \$50 million to date, and the fire was about 30 percent contained.

Chairwoman Smith asked whether Nevada had supplied resources at the Rim Fire. Mr. Anderson replied that NDF did not have any resources on the Rim Fire; it was important that the state not have too many resources outside the state at this time. There were some NDF firefighters in Idaho and one in Oregon.

David Prather, Deputy Administrator, Nevada Division of Forestry, Department of Conservation and Natural Resources, explained that the request before the Committee was to extend the reversion date on an IFC Contingency Account allocation granted to

NDF in the fall of 2012. The work program in Agenda Item G-61 outlined the balance of funds remaining that accompanied the request.

Assemblyman Sprinkle asked whether that there was an anticipation of increased severe fire danger in the years to come, with worse fires and more land consumed.

Mr. Anderson replied that he was correct. The predictions were for a continued increase in the amount, intensity, and size of wildfires across the west. He noted that this was demonstrated this year by the fires in the higher elevations in the northern Rockies.

Assemblyman Sprinkle asked whether statistics were available for September and October averages. Mr. Anderson said he did not have that information with him, but he would provide a history of fire activity to the Committee's Fiscal Analysis Division staff. Senator Goicoechea commented that he had toured the Carpenter Fire, and NDF's piece of the fire was equal to the amount for the entire 2012 year. It was a very frightening \$20 million fire, and he was concerned about the available resources in Charleston, noting that the NDF Station there was a 24-hour, 7-day operation. He said it was fortunate that the Carpenter Fire started in Carpenter Canyon; if it had started on the Las Vegas side and headed up the hill toward Charleston, he was sure there would have been loss of life. The community needed to focus on being prepared; there was no defensible space.

Assemblyman Oscarson said he echoed Senator Goicoechea's comments; he had also toured the Carpenter Fire. He thanked Mr. Anderson for committing the NDF resources, but there had to be an evaluation of the conditions in that area, and he asked Mr. Anderson to advise what could be done to help the community. He had never imagined that 27,000 acres of his district would burn.

Assemblyman Aizley asked what resources were available for the rest of the fire season.

Mr. Anderson replied that suppression resources were sufficient. Volunteers, local governments, the state, and federal land managers were very well positioned for the rest of the season. He noted there would be a reduction in some of the crews when students returned to college.

Senator Goicoechea noted that NDF had expended significant funds on numerous smaller fires, and he speculated that more resources would be needed before the fire season was over.

Mr. Anderson agreed, noting that 2013 had been a bigger year than past years, and the overall cost of wildfire suppression was skyrocketing. Some of the increase was because of the cost of doing business, and the cost to use a large air tanker was about \$80,000 a drop. The costs added up quickly.

Chairwoman Smith asked for public comment and hearing none, she called for a motion to approve both agenda items.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM G-61 AND AGENDA ITEM K.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Flores, Hambrick, and Hardy were not present for the vote.)

- 62. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2014** - Addition of \$250,000 in Air Quality Management Fees transferred from the Air Quality Management account to fund the development and implementation of an Emissions Reduction Program. The program will provide financial incentives to homeowners to replace high polluting, non-Environmental Protection Agency (EPA) certified wood burning stoves with new, EPA-certified, clean-burning stoves. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000.
Work Program #C27048

Refer to motion for approval under Agenda Item G.

- 63. Department of Wildlife - Operations - FY 2014** - Addition of \$25,492 in federal Coast Guard grant funds, \$10,913 in Boating Revenue transferred from the Wildlife Trust account and \$39,583 in Motor Boat Fuel Tax Assessments transferred from the Wildlife Trust account to move revenues and expenditure authority from the Law Enforcement Division to the Operations Division where the management of the collection of boating registration and titling occurs. Requires Interim Finance approval since the amount added to the Boating Registration and Titling category exceeds \$75,000. **RELATES TO ITEM 65.**
Work Program #C27083

Refer to motion for approval under Agenda Item G.

- 64. Department of Wildlife - Operations - FY 2014** - Addition of \$644,169 in U.S. Fish and Wildlife Service Sport Fish Restoration Boating Access grant funds and \$21,995 in Boating Revenue transferred from the Wildlife Fund account to transfer the department's Boating Access Program from the Law Enforcement Division to the Operations Division. Requires Interim Finance approval since the amount added to the Boating Access Improvement category exceeds \$75,000.
RELATES TO ITEM 66. Work Program #C27093

Refer to motion for approval under Agenda Item G.

- 65. Department of Wildlife - Law Enforcement - FY 2014** - Deletion of \$25,492 in federal Coast Guard grant funds, \$10,913 in Boating Revenue transferred from the Wildlife Trust account and \$39,583 in Motor Boat Fuel Tax Assessments transferred from the Wildlife Trust account to move revenues and expenditure authority from the Law Enforcement Division to the Operations Division where the management of the collection of boating registration and titling occurs. Requires Interim Finance approval since the amount deleted from the Boating Registration and Titling category exceeds \$75,000. **RELATES TO ITEM 63. Work Program #C27057**

Refer to motion for approval under Agenda Item G.

- 66. Department of Wildlife - Law Enforcement - FY 2014** - Deletion of \$644,169 in U.S. Fish and Wildlife Service Sport Fish Restoration Boating Access grant funds and \$21,995 in Boating Revenue transferred from the Wildlife Fund account to transfer the department's Boating Access Program from the Law Enforcement Division to the Operations Division. Requires Interim Finance approval since the amount deleted from the Boating Access Improvement category exceeds \$75,000. **RELATES TO ITEM 64. Work Program #C27090**

Refer to motion for approval under Agenda Item G.

- 67. Department of Wildlife - Fisheries Management - FY 2014** - Addition of \$77,548 in federal U.S. Fish and Wildlife Service grant funds for the Moorman White River springfish habitat improvement project. Requires Interim Finance Approval since the amount added to the Fisheries Small Grants category exceeds \$75,000. **Work Program #C27020**

Refer to motion for approval under Agenda Item G.

- 68. Department of Wildlife - Diversity - FY 2014** - Addition of \$57,840 in federal U.S. Department of Energy grant funds for the department's participation in the Western Governors Association Critical Habitat Assessment Tool project. Requires Interim Finance approval since the amount added to the State Wildlife Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26982**

Refer to motion for approval under Agenda Item G.

- 69. Department of Wildlife - Diversity - FY 2014** - Addition of \$331,841 in federal U.S. Fish and Wildlife Service Landowner Incentive Program grant funds for habitat restoration projects. Requires Interim Finance Approval since the amount added to the Landowner Incentive Program category exceeds \$75,000. **Work Program #C27005**

Refer to motion for approval under Agenda Item G.

- 70. Department of Wildlife - Habitat - FY 2014** - Transfer of \$215,472 in Upland Game Stamp fees transferred from the Wildlife Account to fund Upland Game Stamp projects as approved by the Nevada Board of Wildlife Commissioners. Requires Interim Finance approval since the amount added to the Upland Game category exceeds \$75,000. **Work Program #C27011**

Refer to motion for approval under Agenda Item G.

- 71. Department of Wildlife - Habitat - FY 2014** - Transfer of \$116,420 in Duck Stamp fees transferred from the Wildlife Fund account to fund Duck Stamp projects recently approved by the Nevada Board of Wildlife Commissioners. Requires Interim Finance approval since the amount added to the Duck Stamp Projects category exceeds \$75,000. **Work Program #C27025**

Refer to motion for approval under Agenda Item G.

- 72. Department of Wildlife - Habitat - FY 2014** - Addition of \$55,000 in federal U.S. Fish and Wildlife Service Wildlife Restoration grant funds and \$422,930 in Q1 funds transferred from the Nevada Department of Conservation and Natural Resources, State Lands Division for the development of a Greater Sage-Grouse Habitat Suitability Map. Requires Interim Finance approval since the amount added to the Technical Guidance category exceeds \$75,000. **Work Program #C27074**

Patrick Cates, Deputy Director, Nevada Department of Wildlife (NDOW), explained that Agenda Item G-72 was a request for authority to accept and spend \$422,930 in Question 1 (Q1) [a 2002 Bond Initiative approved by the voters for preservation of natural resources] grant funds from the Division of State Lands and \$55,000 in U.S. Fish and Wildlife Service Restoration funds. The funds would be subgranted to the Bureau of Land Management to work with the U.S. Geological Survey (U.S.G.S.) on a habitat map for Greater Sage-Grouse.

Chairwoman Smith asked how the map would benefit the plan to prevent the Greater Sage-Grouse from being listed as an endangered species, what the benefits were to NDOW, and whether it was appropriate for Q1 dollars to be used for the project.

Mr. Cates said the map would be prepared under the direction of the Sagebrush Ecosystem Council and Technical Team. The Department of Wildlife had prepared a habitat map in 2012 using NDOW biologists and their data and on-the-ground familiarity with the terrain. The Department also worked with Pete Coates of the U.S.G.S., who had a different approach, using aerial imagery to determine habitat, which was a more objective technique. There were only minor differences between the two models, which was a good validation of the map.

Mr. Cates added that one of the key purposes of the map would be for the Sagebrush Ecosystem Council to develop a mitigation crediting system.

Jim Lawrence, Administrator, Nevada Division of State Lands, said the Division was excited about the development of the habitat suitability map. He said the existing maps were good, but they were on a very general level. By using Mr. Coates' work, existing aerial data, telemetry data, and additional geographic information system (GIS) layers, the information would be overlaid on existing maps to make better decisions regarding prioritization of habitat and habitat suitability. Mr. Lawrence noted that the landscape was very large, and more science and tools to identify the most important areas would be very well utilized.

Regarding the Question 1 funding, Mr. Lawrence explained that the Division of State Lands had a Q1 grant program for quite some time, and one of the categories was for habitat conservation planning. There was authority remaining in the habitat conservation planning category, which would be used for the map project. He said the project had been reviewed by the Sagebrush Ecosystem Council twice and was unanimously approved to move forward.

Chairwoman Smith asked whether the mapping was always anticipated to be one of the needed tools in the overall Greater Sage-Grouse habitat planning funded by the Committee during the 2011-2012 Interim.

Mr. Lawrence replied it was always anticipated and hoped that the mapping would be a tool that would be utilized. Full presentations had not been given to the Sagebrush Ecosystem Council during the budget process, and the discussions during the 2013 Legislative Session concerning the sagebrush ecosystem efforts were focused largely on staffing and organizing the Council and the Technical Team. There was discussion about the sagebrush ecosystem crediting system, and as more was learned about Mr. Coates' model, it was anticipated that if funding were available, the mapping would be a useful tool.

Chairwoman Smith asked why the discussion was not held during the 2013 Legislative Session.

Mr. Cates replied the project had been evolving, and Mr. Coates' proposal was not received until very late in the Session.

Senator Kieckhefer asked whether there was an existing habitat map to work from in efforts to prevent listing of the Greater Sage-Grouse.

Mr. Cates replied the habitat map that NDOW created for Sage Grouse was the first in the state. The intention of the U.S. Fish and Wildlife Service was that the map would be refined, updated, and continually developed with changes over time. He did not think there was ever an expectation that there would be one map: it was an evolutionary process.

Senator Goicoechea remarked that the landscape was ever-changing: some of the best Sage-Grouse habitat in the state had just burned. He agreed that the process would

continue to evolve, and it must be understood that the Greater Sage-Grouse was Nevada's issue and the state needed to be prepared to defend it.

Assemblywoman Kirkpatrick recalled there had been some discussion concerning the need for mapping during the 2013 Legislative Session because other states were urging Nevada to go another direction, and the Governor's Office was involved. She agreed that it was Nevada's issue.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEM G-72.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Flores, Frierson,
Hambrick, and Hardy were not present for the vote.)

- 73. Department of Wildlife - Habitat - FY 2014** - Addition of \$202,026 in Mining Assessments transferred from the Wildlife Fund account to fund approved mining fee projects. Requires Interim Finance approval since the amount added to the Wildlife Mining Rehabilitation category exceeds \$75,000.
Work Program #C27076

Refer to motion for approval under Agenda Item G.

- 74. Department of Wildlife - Habitat - FY 2014** - Addition of \$22,963 in federal U.S. Fish and Wildlife Service (USFWS) Wildlife Restoration grant funds, \$5,545 in federal USFWS Sport Fish Restoration grant funds, \$5,531 in federal USFWS State Wildlife grant funds, and \$11,347 in Sportsmen Revenue transferred from the Wildlife Fund account to fund a temporary position in the division's eastern region technical review group. Requires Interim Finance approval since the cumulative change to the Technical Guidance category exceeds \$75,000.
Work Program #C27065

Refer to motion for approval under Agenda Item G.

- 75. Department of Transportation - FY 2014** - Addition of \$36,000 in Reimbursement from Clark County Emergency Management and \$144,000 in federal State Homeland Security Grant Program funds transferred from the Nevada Department of Public Safety - Division of Emergency Management to balance forward authority to hire consultants who will develop capabilities and provide guidance regarding a governance structure for a Public Safety Wireless Broadband Communication System to be used throughout the state during emergency events. Requires Interim Finance approval since the amount added

to the Admin Consultant/Other Fed Programs category exceeds \$75,000.
Work Program #C27017

Refer to motion for approval under Agenda Item G.

- 76. Department of Transportation - FY 2014** - Addition of \$84,900 in Reimbursements from Sprint Nextel to balance forward unexpended authority related to the reconfiguration (AKA re-banding, separating) of public safety frequencies from cellular frequencies. Requires Interim Finance approval since the amount added to the Nextel Re-banding category exceeds \$75,000.
Work Program #C27038

Refer to motion for approval under Agenda Item G.

- 77. Department of Transportation - FY 2014** - Addition of \$718,893 in Highway Fund Authorization to balance forward unexpended authority related to the Electronic Documentation System. Requires Interim Finance approval since the amount added to the operating category exceeds \$75,000.
Work Program #C27072

Refer to motion for approval under Agenda Item G.

- 78. Department of Transportation - FY 2014** - Transfer of \$132,000 from the Operating category to the Washington Consultant category to correct an error in the legislatively approved base budget. Requires Interim Finance approval since the amount transferred to the Washington Consultant category exceeds \$75,000.
Work Program #C27002

Refer to motion for approval under Agenda Item G.

- 79. Department of Transportation - FY 2014** - Addition of ~~\$236,590~~ **\$224,716** in Highway Fund Authorization and \$1,706,530 in Federal Highway Administration - Congestion Mitigation and Air Quality grant funds and Southern Nevada Public Lands Management Act grant funds to reestablish unexpended FY 2013 authority for regular department mobile and fleet equipment that will be delivered in FY 2014 and also fund an additional high efficiency sweeper to be utilized in the environmentally-sensitive Lake Tahoe area. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000.
Work Program #C27046. REVISED 8-14-13.

Refer to motion for approval under Agenda Item G.

- 80. Adjutant General and National Guard - Military - FY 2013** - Addition of \$28,653 in federal Department of Defense funds to support the aircraft rescue and firefighting services for the Nevada National Guard. Requires Interim Finance approval since the amount added to the Air Fire Program exceeded

10 percent of the legislatively approved amount for this category.
Work Program #C26690

Jennifer McIntee, Administrative Services Officer, Office of the Military (Office), explained that the purpose of the work program in Agenda Item G-80 was to align federal funding with state fiscal year 2013. She said the Office had previously submitted a work program to align funding with the state fiscal year, but the federal funding was subsequently increased for non-personnel expenditures. The Office of the Military was not centralized, and the staff familiar with the federal funding mistakenly used the increased amount as the limit when issuing purchase orders. Ms. McIntee said that action had been taken to ensure that everyone involved in the purchasing process had an understanding of the necessary correlation between the funding and the authority. Policies were updated, formal training was conducted, and monthly meetings were now held with the fiscal and program staff.

Chairwoman Smith noted that the item was pulled for testimony because expenditures were made in excess of budget authority. It was a small amount, but she wanted to ensure that all state funds were closely monitored. She was glad to hear that the Office had taken steps to prevent future incidents, and she thanked Ms. McIntee for her testimony.

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

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA
ITEM G-80.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Flores, Frierson,
Hambrick, and Hardy were not present for the vote.)

- 81. Adjutant General and National Guard - Military - FY 2014** - Addition of \$370,256 in federal Department of Defense funds to support the new facilities' security systems and gate repairs. Requires Interim Finance approval since the amount added to the Electronic Security category exceeds \$75,000.
Work Program #C27097

Refer to motion for approval under Agenda Item G.

- 82. Adjutant General and National Guard - Military - FY 2014** - Addition of \$1,291,698 in federal Department of Defense funds to support the communications infrastructure for the performance and security of the Nevada Army National Guard network. Requires Interim Finance approval since the amount added to the Communications category exceeds \$75,000.
Work Program #C27103

Refer to motion for approval under Agenda Item G.

Chairwoman Smith announced that Agenda Items G-83 and G-86 would be heard together. (Refer to testimony and motion for approval under Agenda Item G-86.)

- 83. Department of Health and Human Services - Aging and Disability Services - Home and Community Based Services - FY 2013** - ~~Transfer of \$25,000 from the Personnel Services category to the Autism category~~ **Addition of \$25,000 in Healthy Nevada Funds transferred from the Treasurer's Office** to provide sufficient funding authority to pay anticipated expenditures for the Autism Treatment Assistance Program for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Autism category exceeds \$75,000. **RELATES TO ITEM 86. Work Program #C27358. RECEIVED AFTER SUBMITTAL DEADLINE 8-9-13. REVISED 8-22-13.**

Refer to testimony and motion for approval under Agenda Item G-86.

- 84. Department of Education - State Public Charter School Authority - FY 2013** - Transfer of \$15,165 from the Reserve category to the Indirect Cost category to fund projected indirect costs for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Indirect Cost category exceeds \$75,000. **Work Program #C27378. RECEIVED AFTER SUBMITTAL DEADLINE 8-14-13.**

Refer to motion for approval under Agenda Item G.

- 85. Department of Health and Human Services - Child and Family Services - Washoe County Integration - FY 2013** - Addition of \$1,313,911 in federal Title IV-E grant funds to pass-through the entitlement funding to Washoe County Department of Social Services for child welfare services as a result of increased federal Title IV-E eligible expenditures. Requires Interim Finance approval since the amount added to the Child Welfare category exceeds \$75,000. **Work Program #C27423. RECEIVED AFTER SUBMITTAL DEADLINE 8-14-13.**

Refer to motion for approval under Agenda Item G.

- 86. Department of Health and Human Services - Aging and Disability Services - Senior Rx and Disability RX - FY 2013** - Deletion of \$25,000 in Healthy Nevada Funds transferred from the Treasurer's Office to provide sufficient funding authority in the Community Based Services budget account to pay anticipated expenditures for the Autism Treatment Assistance Program for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount deleted from the Senior Prescription Program category exceeds \$75,000. **RELATES TO ITEM 83. Work Program #C27599. RECEIVED AFTER SUBMITTAL DEADLINE 8-22-13.**

Janet Murphy, Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services, testified that Agenda Items G-83 and G-86 included two work program requests that would allow the Division to add \$25,000 to the Autism Treatment Assistance Program (ATAP) to cover expenditures for the remainder of fiscal year (FY) 2013. The request would be funded with a transfer of Healthy Nevada Funds from the Senior and Disability Rx Program.

Chairwoman Smith asked for an explanation of why the ATAP costs exceeded what were anticipated and the plans to address the problem in the future.

Tina Gerber-Winn, Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services, explained that the ATAP budget was based on a cost for assistance per eligible child of approximately \$1,350, but the cost was higher during the last three months of FY 2013.

Ms. Gerber-Winn pointed out that the population served was so small (137 children) that any condition requiring more care affected the cost per eligible child. Until the population reached approximately 1,000, there would probably be variations in the cost of services. She said the Division would monitor the cost per child monthly. Ms. Gerber-Winn noted that the 2013 Legislature approved a new Management Analyst position for the program, which would be charged with monitoring the program.

Assemblyman Eisen noted that the original budget in 2011 was \$1,100 per child, which was increased in December 2012 to \$1,350, and in the last quarter of FY 2013, the cost averaged \$1,813 per child. He asked whether the difference in costs was because the cost per child was underestimated or the cost per service was underestimated. He added that the budget for the current biennium was less than \$1,300 per child per month, and he questioned whether something had changed to cause the Division to estimate that the costs would be 30 percent less than in the previous biennium.

Ms. Gerber-Winn replied that the first two years of the program involved a pilot program, and efforts were made to anticipate the typical costs and services for a child. Different levels and tiers of service delivery had been created. She said the costs were unpredictable because each child had a specialist to predict the most developmentally appropriate plan of care. Ms. Gerber-Winn added that the Division was also trying to focus on and prioritize the most needy children to provide the most effective treatment, which also contributed to differences in the cost of care. Fluctuations would continue, and she did not expect stability in predicting expenditures until more historical data became available. Ms. Gerber-Winn said the Division was concerned about the costs per eligible child and the ability to predict costs.

Assemblyman Eisen said he appreciated the difficulty in predicting costs of a new program. He reiterated his question concerning the cause for the differences in costs per child.

Ms. Gerber-Winn replied the unpredictability was in not knowing what a child would need. Several incidents of change occurred, such as Christmas vacations and leaving school for the summer, and the child may potentially have more problems with behavior. A change in routine could often create higher needs for some of the children, which in turn created changes in the level and cost of services.

Assemblyman Eisen affirmed that each child, on average, required more services than were expected: the cost of services provided did not increase. Ms. Tina-Gerber replied he was correct.

Assemblyman Sprinkle asked how the Division would be able to make more accurate predictions in the future.

Ms. Murphy replied that some changes had been made, including:

- Providers previously submitted their bills 90 days out; that timeframe had been shortened to 30 days to more closely monitor month-to-month expenses.
- The new Management Analyst position would track and analyze the data to monitor the costs per eligible child.

Assemblyman Sprinkle affirmed that \$25,000 was coming from the Senior Disability and Rx Program. He asked how the transfer would affect that program.

Ms. Murphy replied that currently there was not a waitlist for the Senior Disability and Rx Program: all costs had been covered. The \$25,000 was surplus tobacco settlement dollars in the program to finish out FY 2013.

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.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA
ITEMS G-83 AND G-86.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

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

Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
DHHS – Public and Behavioral Health	406/3222	0503	Health Program Specialist I Code 10.238, Grade 35, Step 01, Employee/Employer Paid Retirement \$45,560.16	Management Analyst II Code 07.625, Grade 35, Step 01, Employee/ Employer Paid Retirement \$45,560.16
Department of Transportation	800/4660	930038	Engineering Technician III Code 06.313, Grade 30, Step 01, Employee/Employer Paid Retirement \$36,915.84	Environmental Scientist III Code 10.525, Grade 36, Step 01, Employee/ Employer Paid Retirement \$47,606.40

Refer to motion for approval under Agenda Item G.

H. DEPARTMENT OF ADMINISTRATION–STATE PUBLIC WORKS DIVISION.

1. Request to modify the scope of CIP Project 13-S08, Statewide Energy Retrofit Program, to add four additional solar generation projects, pursuant to NRS 341.145(1)(f), and to increase the authority to receive and expend an additional \$2,241,750 in energy rebate funds.

Gus Nuñez, Administrator, State Public Work Division (SPWD), Department of Administration, explained that Agenda Item H.1. was a request to modify the scope of CIP Project 13-S08, Statewide Energy Retrofit Program, and authorize the receipt and expenditure of up to \$2,241,750 in energy rebate funds from NV Energy.

Mr. Nuñez said that to date, \$870,000 in rebate funds had been received from NV Energy for four solar generation projects, in addition to \$310,000 for the Jean Correctional Center in southern Nevada. He said the Jean Correctional Center was currently the only project under construction and must be completed by December 2013 to meet the NV Energy deadline; the project was currently about 30 days ahead of schedule.

With regard to the remainder of the \$870,000, Mr. Nuñez said projects had to be under contract by December 2013, and the deadline for those projects to be completed would be June 2014. In addition, two solar field expansion projects at Desert Willow Treatment Center and Summit View Youth Correctional Center had been conceptually approved by the Public Utilities Commission and would be eligible for additional rebates of \$2.2 million from NV Energy, which would require approximately \$1 million in state matching funds from Statewide Projects.

Mr. Nuñez said a commitment for the rebate funds had not yet been received from NV Energy. The Committee was being asked to expand the scope of the program so that if and when the commitment was received, the SPWD would be able to proceed quickly to meet NV Energy's deadline.

Mr. Nuñez added that if the two solar field expansion projects were funded, there would be less funding available for other projects that had been planned under Project 13-S08: a transformer upgrade, a temperature control upgrade, and a boiler replacement. He explained that the main reason for pursuing the rebates from NV Energy for the photovoltaic (PV) projects was that solar projects saved more energy per state dollar spent than the projects that may be deferred.

Chairwoman Smith asked what the impacts would be of deferring the other projects included in Project 13-S08.

Mr. Nuñez replied the energy savings from those projects would not be realized. However, the energy savings from the solar expansion projects were much greater, and therefore the payback would be quicker than it would be for the deferred projects.

Chairwoman Smith asked why the request was not included in the 2013-2015 Capital Improvement Program.

Mr. Nuñez replied that applications were opened up for the PV program from time to time based on an allocation of kilowatts available. There were always more requests than kilowatts available, and projects were randomly picked. The SPWD had requested over 70 projects and received only 8 or 10 so far. He explained that because the Division could not anticipate receiving PV projects, other projects in the HVAC area that would provide energy savings were included in Project 13-S08 to provide flexibility, with the goal in mind to save the most energy possible for the state.

Chairwoman Smith surmised the additional projects were chosen by NV Energy after the 2013 Legislative Session. Mr. Nuñez replied she was correct; the only project known during the Session was the \$310,000 project at the Jean Correctional Center.

Chairwoman Smith asked whether additional projects were anticipated during the 2013 interim. Mr. Nuñez replied the Division was reaching its funding limit, but currently it had up to 1,200 kilowatts of PV projects at five locations, which would provide \$1.18 million in rebates from NV Energy and require approximately \$460,000 in state matching funds. Another 550 kilowatts at Desert Willow and another 250 kilowatts at Summit View had been approved by the Public Utilities Commission, and if NV Energy approved the grant, \$2.2 million in NV Energy rebates would cost \$1,040,000 in state matching funds.

In response to questions from Assemblywoman Kirkpatrick, Mr. Nuñez estimated that the 1,200 kilowatt system, which would require \$460,000 in matching funds, would save the state approximately \$200,000 per year.

Assemblywoman Kirkpatrick surmised that within two years, the state could receive 100 percent of its investment back in energy savings. Mr. Nuñez replied that depending upon the amount of the rebate, the state would recuperate its investment within no more than five years.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEM H.1.

SENATOR PARKS SECONDED THE MOTION.

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

Chairwoman Smith announced that Agenda Items H.2. and J.3. would be heard together, and she asked Mike Willden, Director, Department of Health and Human Services, to join Mr. Nuñez at the testimony table.

2. Request to modify the scope of CIP Project 13-C08, Renovate first floor of Building No. 3 – Southern Nevada Adult Mental Health Services, to increase the renovation to include all of the first and second floors of Building No. 3, pursuant to NRS 341.145(1)(f), and to increase the authority to receive and expend an additional \$3,093,226 in funds transferred from the Department of Health and Human Services, Division of Public and Behavioral Health.
- J. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268.
 3. Department of Health and Human Services – Division of Public and Behavioral Health – Southern Nevada Adult Mental Health Services – Request for an allocation of \$3,093,226 to renovate Building No. 3 at Southern Nevada Adult Mental Health Services

Mike Willden, Director, Department of Health and Human Services, explained that Agenda Item J.3. was a request for \$3,093,226 to support capital improvement project 13-C08 to renovate Building No. 3 (Stein Hospital) at Southern Nevada Adult Mental Health Services (SNAMHS). Mr. Willden recalled that he had appeared at the special Interim Finance Committee meeting on August 6, 2013, to request authority to expend approximately \$2.1 million of the \$4 million reserve created by the 2013 Legislature to address the Dvoskin/Applebaum Report recommendations regarding staffing the Rawson-Neal Hospital. The Committee approved the request, which included hiring 11 new state employees and 12 contract staff, operating supplies, information technology costs, and funding to remodel Building 3A at SNAMHS to add 22 civil beds in southern Nevada.

Mr. Willden recalled that at the August 6 meeting, the Committee deferred the Department's request to cancel two public works projects at Lake's Crossing Treatment Center and one project on the SNAMHS campus. The Committee directed the Department to reconsider the request with the Governor's Office and the Board of Examiners, which on August 13, 2013, approved the Department's request for \$3,093,226 from the IFC Contingency Account.

Since the August 6 meeting, Mr. Willden said there had been a waitlist of 38 clients at Lake's Crossing, 34 of whom were from Clark County. The project for the 10-bed expansion at Lake's Crossing that was approved by the 2013 Legislature was underway and getting close to the construction phase. It was anticipated the 10 beds would be available in November.

With regard to the situation in southern Nevada, Mr. Willden said that since August 6, the waiting lists at the emergency rooms had increased from 80 to 90 to an average of 115 to 120 over the past 10 days. He said the short-term plan was to add additional beds in Building 3A at SNAMHS, and the mid-range to long-term plan was to remodel the Stein Hospital (Building No. 3), which would add 42 forensic beds and 16 civil beds.

Mr. Willden said there were still problems with the Centers for Medicaid and Medicare Services (CMS), and the Department had received notices regarding operations at both SNAMHS in the south and the Dini-Townsend Hospital in the north. He said the state's response had been filed to the public defender's lawsuit regarding Lake's Crossing.

Mr. Willden stated that the current request of \$3.1 million would modify the capital improvement project to remodel both the first and second floors of the Stein Hospital (Building 3). A letter had been sent to the Public Works Division asking for expeditious action on the project if the Committee approved the request at this meeting.

Chairwoman Smith clarified that at the August 6 meeting, the Committee had requested that the Department return with a Contingency Account request rather than cancel the projects at Lake's Crossing. She asked whether there was an explanation of the increase in patient numbers in the emergency rooms.

Mr. Willden explained that in general, the majority of the people in the emergency rooms did not need to transfer to the SNAMHS inpatient facility. The Department was continuing its efforts to resolve the situation. The 24-hour, 7-day (24-7) urgent care facility approved by the 2013 Legislature would be opening soon, and the drop-in center that was approved at the August 6 IFC meeting was in process.

Tracey Green, M.D., Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services, cited the following statistics relating to the clients visiting emergency rooms from early July through mid-August:

- Approximately 40 percent were homeless.
- 10 percent were non-Nevada residents.
- 45 percent had a primary psychiatric diagnosis.
- 17 percent had a chemical dependency disorder only.
- 38 percent had dual diagnoses, i.e., both substance abuse and psychiatric.
- 35 percent had a co-morbid medical condition such as diabetes or COPD.

Dr. Green said there were two sets of data concerning how the patients arrived at the emergency rooms. The hospitals reported that 85 percent of the clients arrived by ambulance and 15 percent were walk-ins. From the clients actually seen, the data reflected that 70 percent were coming by ambulance, with 30 percent being walk-in clientele.

Dr. Green added that less than 30 percent of the clients seen in the emergency rooms met the criteria for inpatient admission. Much of the population being evaluated needed either community services, housing, assistance getting back on their medications, or substance abuse treatment. She said the data was being used to target the intervention points.

Chairwoman Smith recalled that budget discussions during the 2013 Legislative Session indicated that all of the funding available for group homes was not being used, and she asked whether part of the problem was lack of housing.

Mr. Willden replied Chairwoman Smith was correct. There had been about an \$8 million to \$8.5 million housing (supported living arrangement) budget over the past two years, which, for a number of reasons, had been underspent by nearly \$2 million each year. He said the Department had been working to bring some additional providers online. Mr. Willden said it was critical that the housing budget be fully maximized.

Richard Whitley, Administrator, Division of Public and Behavioral Health, Department of Health and Human Services, said the housing problem was complicated: it was not just a resource issue—it was also the availability of housing units. He explained that supported living arrangements usually involved private homes with rooms for clients, and there were licensed group homes. Many residents did not want those types of facilities in their neighborhoods, and it was difficult to license facilities in certain areas. Mr. Whitley said two nonprofit organizations in Las Vegas had been working to obtain more housing units. He noted that legally, people with mental illness could live anywhere, but there was neighborhood resistance; he added that some progress had been made.

Chairwoman Smith asked whether CMS certification would be received once the Stein Hospital remodel was completed.

Mr. Willden replied it would; the Stein Hospital was part of the overall license for the SNAMHS. The license was for all facilities within Southern Nevada Adult Mental Health Services. He noted that there were 290 beds licensed, but only 190 were in operation.

Building 3A at SNAMHS would provide 22 more beds, and the remodel of Stein Hospital would add 58 beds. Since it was one license, the Department would work through the CMS certification process, and all of the facilities would be able to bill for Medicaid and Medicare services.

Chairwoman Smith asked Mr. Nuñez when he anticipated the Stein Hospital project could be completed.

Gus Nuñez, Administrator, State Public Works Division, Department of Administration, replied the project could be completed in the summer of 2015.

Chairwoman Smith commented that the Department would be requesting staffing and operational costs from the 2015 Legislature.

Mr. Willden said that was true; staffing for the 58 new beds would total approximately \$12 million to \$13 million in the 2015-2017 biennium. The remodel would provide flexibility to use the beds for either forensic or civil purposes.

Chairwoman Smith asked whether there had been any progress toward filling the new positions the Committee approved on August 6, 2013. She also asked whether there was stability within the existing staff.

Mr. Willden replied progress was being made. There were 11 state staff and 12 contractors, and some had been interviewed, some had been selected, and some were still being recruited.

Dr. Green said that of the 11 state staff and 12 contract staff, the two higher-level nurses had been hired, one of whom was an internal employee interested in advancement. Recruitment and interviews were ongoing for all of the Mental Health Technicians, and the Occupational Therapist had been hired. With regard to the contract positions, both Psychiatric Nurse 3 positions had been filled, and the Psychologist positions had been posted. Dr. Green added that staffing for the Lake's Crossing annex was also well on its way. A Forensic Psychiatrist, an Activities Specialist, and three Forensic Specialists had been hired, and the remaining positions had been posted.

Dr. Green said that there had been a change in staff morale with implementation of a team approach. She had personally spent time in each unit and talking to staff on a one-to-one basis. The employees were all aware of the process the Department had been going through, and they seemed to believe the changes would improve the facilities and services provided to the patients.

Chairwoman Smith asked whether there had been much turnover. Dr. Green replied turnover had not been significant. A few employees had retired, but there had been no new resignations.

Assemblywoman Kirkpatrick asked when the new beds would be available.

Mr. Willden replied that the two short-term solutions were the 10 forensic beds at Lake's Crossing/Dini-Townsend, which were scheduled to come online in mid-November, and an additional 22 civil beds at SNAMHS would come online in November. The Stein Hospital remodel with 58 beds was nearly two years away in the summer of 2015.

Assemblyman Eisen recalled that Mr. Willden had stated that some days up to 120 emergency department beds were used for patients who were awaiting either evaluation or mental health placement. He noted that 120 beds comprised nearly a quarter of the emergency department beds in Clark County. He said adding 22 civil beds in Clark County would provide some relief, but it would not reduce the number by 20 because the clients would stay in the civil beds more than a day, and it would not address the problem that only a minority of the patients needed patient services. He asked when it was expected that the use of emergency department beds would start to decrease.

Mr. Willden replied the new beds would provide some relief, but the focus should be on implementation of the 24-7 urgent care center, which would reduce the number of patients in the emergency rooms who should not be there; the drop-in center, which would be opening soon; and early intervention to reduce the number of patients going to the emergency room when two-thirds of them should not be there. Patients not in need of emergency services needed to be directed to the 24-7 urgent care or drop-in centers. He added that additional focus would be placed on the housing, medication clinics, and social services elements.

Senator Kieckhefer asked whether the emergency room patients were all held on a Legal 2000 (72-hour hold). He assumed that the intervention point would be with whomever initiated the 72-hour hold.

Mr. Willden replied that the 72-hour holds were initiated by law enforcement. Dr. Green and others were working with the Las Vegas Metropolitan Police Department to develop other procedures for intervention.

Senator Kieckhefer asked how many on the waitlist for Lake's Crossing were from Clark County. Mr. Willden replied there were 38 on the waitlist and 34 were from Clark County. He would estimate that about 65 percent of the beds were occupied by patients from Clark County.

Senator Kieckhefer remarked that with 42 new forensic beds in Clark County, clients would still have to be flown to Lake's Crossing in Reno. Mr. Willden agreed.

Senator Kieckhefer recalled testimony at the August 6 IFC meeting indicating that some of the civil beds at Stein Hospital could be switched to forensic beds if necessary.

Mr. Nuñez replied that Senator Kieckhefer was correct: civil beds could be converted to forensic beds.

Assemblyman Oscarson asked Dr. Green whether the tele-medicine component would provide some relief to the rural residents trying to get into the system.

Dr. Green replied that tele-medicine services were being used in the rural emergency rooms and rural outpatient clinics, and a new physician had been hired who had a specialty in tele-medicine.

Assemblyman Sprinkle noted that he had been following the 24-hour clinic closely since the Legislative Session, and he assumed that conversations were ongoing concerning how it would be utilized, the timeline for implementation, the type of population it would serve, and potentially how to fund more clinics in the future. He requested that the Committee be kept apprised of the status of the clinic.

Mr. Willden replied that the Department was committed to provide periodic reports on all phases of the situation to the Committee's Fiscal Analysis Division staff.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that at the August 6 IFC meeting, the CIP request was \$34,852 less than the amount being requested at this meeting. If the Committee approved the expansion of Project 13-C08 and the allocation from the IFC Contingency Account, the new amount would be \$3,058,374, or \$34,852 less than the \$3,093,226 in the current request.

Mr. Nuñez explained why the amount was reduced and said he agreed with Mr. Krmpotic's recommendation.

Mr. Willden stated that he wanted the Committee to know that this problem was the Department's highest priority. Staff understood the seriousness of the issues and that the Department was under public scrutiny.

Chairwoman Smith asked how the Department staff was dealing with spending time on information requests and the media, which took time away from their normal work.

Mr. Willden said it was very difficult, and he praised the staff for the excellent job they were doing on their normal work in addition to media requests, records requests, accreditation issues, and CMS reviews. He did not believe there was a mental health system in the country that had seen the extent of reviews, investigations, and oversight that Nevada's system had seen. He believed the Department was rebuilding and would come out of the situation a better organization.

Chairwoman Smith asked for public comment and hearing none, she called for a motion on Agenda Items H.2. and J.3.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM H.2. IN THE ADJUSTED AMOUNT OF \$3,058,374. AS RECOMMENDED BY THE FISCAL ANALYSIS DIVISION STAFF.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick, Hardy, and Hickey were not present for the vote.)

SENATOR KIECKHEFER MOVED TO APPROVE THE REQUEST IN AGENDA ITEM J.3. FOR AN ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT OF \$3,058,374, AS RECOMMENDED BY THE FISCAL ANALYSIS DIVISION STAFF.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick, Hardy, and Hickey were not present for the vote.)

Chairwoman Smith thanked Mr. Willden for his testimony and asked him to relay the Committee's appreciation to the Department's staff.

Chairwoman Smith asked Mr. Nuñez to discuss Agenda Item H.3., the Capital Improvement Project Exception Report.

3. Information regarding the Project Exception Report pursuant to NRS 341.100(8)(g).

Mr. Nuñez reported that the Project Exception Report was for the Committee's information and included two ongoing projects: Project 09-M02A, Water Supply Backflow Prevention at the Bradley Building in Las Vegas, and Project 11-E02, Advance Planning for the Department of Motor Vehicles Building in south Reno. Mr. Nuñez said there had been no change in status for the two projects since the last IFC meeting.

I. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided the current balances in the Interim Finance Committee Contingency Account (as shown on Contingency Account balance statement on page 175 of volume III of the meeting packet; copy attached as [Exhibit C](#)), which reflected the balances for fiscal year (FY) 2013 and FY 2014 as of August 29, 2013:

Fiscal Year 2013

Unrestricted General Fund Balance	\$15,182,714
Unrestricted Highway Fund Balance	\$ 1,690,085
Restricted Funds Balance	\$31,166,053

Fiscal Year 2014

Unrestricted General Fund Balance	\$15,179,706
Unrestricted Highway Fund Balance	\$ 1,690,085
Restricted Funds Balance	\$ 8,900,000

Mr. Krmpotic recalled that the Contingency Account balance was increased significantly through an appropriation of \$8.3 million approved by the 2013 Legislature. There was one FY 2013 request on the agenda from the Office of the Attorney General for a total of \$3,008, and if approved, the balance of Unrestricted General Funds would be \$15,179,706.

Mr. Krmpotic noted that the Committee had earlier approved an allocation of \$529,226 to the Department of Taxation for implementation of Senate Bill 374 (2013 Session). If the Committee approved Agenda Item J.3., a request for an allocation of \$3,093,226 as submitted to renovate Building No. 3 at Southern Nevada Adult Mental Health Services, Division of Public and Behavioral Health, there would be a balance of Unrestricted General Funds of \$11,557,254.

Mr. Krmpotic reported there were no requests for allocations from the Highway Fund portion of the Contingency Account.

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

1. Office of the Attorney General – Crime Prevention – Request for an allocation of \$3,008 to cover a revenue shortfall in license plate fees in Fiscal Year 2013.

Keith Munro, Assistant Attorney General, Office of the Attorney General, explained that the request for \$3,008 from the IFC Contingency Account was for the Crime Prevention Fund budget in the Attorney General's (AG's) Office. The Crime Prevention Unit consisted of three employees and served as Nevada's clearing house for missing and exploited children.

Mr. Munro said the Crime Prevention budget relied on the sale of license plates. The projected revenue for fiscal year 2013 from the sale of license plates was \$46,122, but there was a revenue shortfall of \$4,666. The \$3,008 Contingency Account request was primarily needed because of the inaccurate revenue projection. He explained another reason for the shortage was that one of the employees in the unit had not taken all of the mandated furlough time, which cost an additional \$1,005. The employee would be paying that amount back to the state, and the AG's Office was in process of putting additional policies and procedures in place to ensure that it would not happen again.

Senator Kieckhefer asked whether there was a prohibition from using reserves in the AG's budget to pay the shortage or if it had to come from the Contingency Account.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, replied that because the account was funded in part with General Funds, there was a provision to supplement the funding from the Contingency Account. He did not know whether reserves in the AG's Office could be used as a funding source for the shortage.

Mr. Munro said when it was recognized that there was going to be a revenue shortfall, the Budget Division advised the Office to make a request from the IFC Contingency Account, even though the AG's Office had reverted nearly \$500,000 to the General Fund.

Chairwoman Smith noted it was a small amount of money, but the problem was the internal controls over the furlough payment.

Assemblyman Sprinkle asked how the furlough incident occurred; it appeared to be a payroll problem.

Mr. Munro explained that in the 2009-2011 biennium, the Legislature implemented a process by which the furlough funds were taken from the agency budgets. There were fewer furlough days in the 2011-2013 biennium, and the furlough plan was put on an honor system. The AG's Office had advised employees to complete their furloughs by the end of the fiscal year, but this employee continued to come to work, which was not discovered until the shortage occurred. He said the employee recognized that she had made a mistake and had agreed to pay the amount back to the state.

Assemblywoman Kirkpatrick asked whether the employee could pay the amount back to the Contingency Account.

Mr. Krmpotic said that if the Committee approved the request, Fiscal staff recommended that the motion include a requirement that the AG's Office reimburse the IFC Contingency Account once reimbursement was received from the employee.

Mr. Munro said the Office had no objection to the recommendation.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEM J.1. AND TO REQUIRE THE ATTORNEY
GENERAL'S OFFICE TO REVERT ANY RECOVERED FUNDS TO
THE IFC CONTINGENCY ACCOUNT.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick, Hardy, and
Hickey were not present for the vote.)

2. Department of Taxation – Request for an allocation of \$529,226 to implement the excise tax imposed by Senate Bill 374, Section 24.4 (2013 Legislature) relating to the sale of marijuana, edible marijuana products and marijuana-infused products.

Chris Nielsen, Director, Nevada Department of Taxation, testified that the Department was currently working on regulations for the excise tax piece of the medical marijuana program. The draft regulations had been submitted to the Legislative Counsel Bureau Legal Division for review, and workshops would be scheduled soon. He said the regulations should be in place by April 1, 2014.

Mr. Nielsen said Agenda Item J.2. was a request for an allocation from the IFC Contingency Account to administer the excise tax imposed pursuant to Senate Bill (S.B.) 374 (2013 Session). He explained the tax would be imposed at both the wholesale and retail levels of medicinal marijuana. The bill specifically required the imposition of an excise tax at the rate of 2 percent of the sales price of medical marijuana sold by a cultivation facility to a medical marijuana establishment and a 2 percent excise tax on a medical marijuana product manufacturing facility sale to a medical marijuana establishment or on the retail sale by a medical marijuana dispensary. Mr. Nielsen explained that 75 percent of the excise tax revenues collected by the Department of Taxation would be deposited in the Distributive School Account (DSA) and 25 percent would be directed to the Health Division to pay the program costs.

Mr. Nielsen said that the \$529,226 in the request included one permanent Tax Examiner position at the Department to begin on January 1, 2014, and the balance of the funding related to information technology (IT) programming costs for the Unified Tax System. Existing staff would be used in conjunction with four contract staff through the Master Services Agreement to implement the new taxes.

Chairwoman Smith asked why the new Tax Examiner was being hired in January when collection of the tax would not be in place until April 1, 2014.

Mr. Nielsen replied that recruiting for the position would take some time, and if an individual outside of state service were selected, he or she would have to give notice to his or her current employer and be available to receive basic training on the Department's computer system and the program. He said the position would probably not be filled until at least February, which would provide sufficient time to educate the growers, the wholesalers, and the dispensaries concerning collection of the taxes, audit processes, and other program requirements.

Assemblyman Hickey noted that because marijuana was still a controlled substance under federal law, there had been problems with dispensaries setting up certain kinds of accounts with some banks, and credit card purchases had been disallowed in a number of states. He speculated that the program would probably be a cash business and

some cash businesses found ways to hide cash transactions; he asked whether the Department anticipated that a percentage of revenues would be affected.

Mr. Nielsen replied the Department faced that problem with existing businesses, such as “mom and pop” restaurants; there was always potential for a cash-only business to not report all sales. He assumed that if a dispensary did not report all income, it would also not be truthfully reporting its income to the federal government. It was a concern, but the only way to address the problem would be to send Department of Taxation staff to inspect the entity and eventually conduct a full audit; there were ways for Department staff to determine whether a business was accurately reporting the amount of sales and taxes.

Chairwoman Smith affirmed that the request was to fund the Tax Examiner position and five IT Programmers.

Mr. Nielsen explained that the Programmers would not be permanent employees of the Department: they would be temporary contract employees employed through the Master Services Agreement to assist full-time Department staff.

Chairwoman Smith said she understood why the Programmers had to be hired sooner, but, she reiterated, she was not sure why the Tax Examiner had to be hired in January when the program would not begin until April and the taxes would not be collected until July 1, 2014. She asked whether there was any flexibility on the hire date for the Tax Examiner.

Mr. Nielsen replied the hire date was flexible. The important part of the request was to complete the necessary IT programming to get the program into place. He agreed that the hire date for the Tax Examiner could be pushed back, adding that if an existing state employee were hired, there would not be such a large learning curve.

Chairwoman Smith noted that recruitment could begin immediately, which would be helpful, and she asked whether a March 1 hire date would be realistic, which would save two months’ salary.

Mr. Nielsen replied that March 1 would be acceptable.

Chairwoman Smith asked for further questions from the Committee; there were none. She asked for public testimony and hearing none, she called for a motion to approve Agenda Item J.2., with the caveat that the hire date for the Tax Examiner position be moved to March 1, 2014.

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA
ITEM J.2., WITH THE HIRE DATE FOR THE TAX EXAMINER
POSITION REVISED TO MARCH 1, 2014.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Grady, and Hickey voted no. Assemblyman Hambrick was not present for the vote.)

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that a dollar amount needed to be identified in the Contingency Account request, and he suggested that Fiscal staff calculate and report the adjusted amount back to the Committee. Later in the meeting, Mr. Krmpotic reported that the adjusted amount of the Contingency Account allocation to the Department of Taxation would provide a savings of \$8,814, and the revised amount of the allocation was \$520,412.

3. Department of Health and Human Services – Division of Public and Behavioral Health – Southern Nevada Adult Mental Health Services – Request for an allocation of \$3,093,226 to renovate Building No. 3 at Southern Nevada Adult Mental Health Services.

Refer to discussion and motion for approval under Agenda Item H.2.

- K. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF FORESTRY – Request for an extension of the reversion date of the Contingency Account allocation approved October 25, 2012, to cover claims associated with firefighting expenditures.

Refer to discussion and motion for approval under Agenda Item G-61.

- L. NEVADA SYSTEM OF HIGHER EDUCATION – DESERT RESEARCH INSTITUTE – Request approval to redirect annual electric utility appropriations of up to \$97,031 over the 2013-15 biennium towards repayment of a State Office of Energy loan to fund a portion of the installation of a photovoltaic electric power generation system, pursuant to NRS 353.220.

Ellen “Ellie” Oppenheim, Senior Vice President and Chief Operating Officer, Desert Research Institute (DRI), Nevada System of Higher Education, explained that Agenda Item L was a request for approval to redirect annual electric utility savings of up to \$97,031 over the 2013-2015 biennium toward repayment of a State Office of Energy loan approved by the Interim Finance Committee at its June 27, 2013, meeting. The funds would be used to fund a portion of the installation of the new photovoltaic (PV) electric power generation system.

Chairwoman Smith asked for an update on the progress of the project.

Peter Ross, Assistant Vice President for Campus Planning, Desert Research Institute, said that the State Public Works Board, acting as the project and construction manager, had awarded the project to Bombard Electric of Las Vegas, and construction should be begin with the next two weeks.

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

ASSEMBLYMAN AIZLEY MOVED TO APPROVE AGENDA
ITEM L.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick, Hardy, and
Hickey were not present for the vote.)

M. NEVADA SYSTEM OF HIGHER EDUCATION – NEVADA STATE
COLLEGE – Request to modify the scope of the lease-purchase agreement
for an increase from 100,000 square feet to 120,000 square feet, pursuant to
NRS 353.555.

Bart Patterson, President, Nevada State College (NSC), Nevada System of Higher Education (NSHE), recalled that in January 2013, the NSC had appeared before the Committee to request funds for campus expansion and stated that construction would begin by the end of the summer, but that timeline was not going to be met.

Mr. Patterson explained that the College had been working with the State Treasurer's Office, the Deputy Attorney General for the Treasurer's Office, NSHE staff, and the construction company, and the costs of the project had been reduced. The request in Agenda Item M was for an expansion in the square footage of the project; the amount being borrowed would be less, but the project would be expanded from 100,000 square feet to 120,000 square feet, which would allow three stories on both buildings.

Mr. Patterson noted that the project was not funded with state funds; it was being funded by transferring what were lease payments in the prior year. Since all of the College's facilities would be consolidated on one location on the main campus site. Additional student fees would also contribute to the cost, and with the 2013 Legislature's approval, about \$1.26 million in student fees would be deferred until the buildings were actually constructed.

Mr. Patterson said approvals of the lease-purchase project were in process, and the final approval by the Board of Regents would occur the following week, after which the Board of Finance approval would be sought. The project would be submitted to the Board of Examiners for approval the first week of October, financing would be arranged in November, and construction should begin in January 2014.

Chairwoman Smith asked Mr. Patterson to explain how the sizeable savings, 20 percent, were achieved.

Mr. Patterson explained that originally the projects were planned separately; the nursing and science building had already been planned and a student center and administrative building was proposed. Combining the timelines for both projects saved a significant amount: all of the infrastructure and much of the construction would be done at the same time. The second major savings was realized by the way in which the structure of the project was going forward. Originally it was a developer-initiated project, and now it was more of a construction-manager-at-risk project. Project oversight would be performed by the University of Nevada, Las Vegas, which had the facilities staff that could manage the construction and save a substantial amount of money.

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

ASSEMBLYMAN AIZLEY MOVED TO APPROVE AGENDA
ITEM M.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Hambrick,
Hardy, and Hickey were not present for the vote.)

N. STATEMENT OF DISASTER RELIEF ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the current balance in the Disaster Relief Account was \$5,989,129, and there were two pending requests for allocations from the account.

Mr. Krmpotic explained that additions to the Disaster Relief Account were triggered by the balance in the Rainy Day Account, which was transferred to the General Fund at the beginning of fiscal year 2014 through action by the 2013 Legislature. Currently there were no funds in the Rainy Day Account. Two allocations from the Disaster Relief Account were being requested from the Division of Emergency Management, Department of Public Safety. The first request related to the Caughlin fire and totaled \$267,547, and the second request for the Washoe Drive Fire totaled \$116,164. Mr. Krmpotic said that if both requests were approved, the remaining balance in the Disaster Relief Account would be \$5,605,418.

O. DEPARTMENT OF PUBLIC SAFETY – DIVISION OF EMERGENCY MANAGEMENT – REQUESTS FOR GRANTS FROM THE DISASTER RELIEF ACCOUNT IN ACCORDANCE WITH NRS 353.2755.

1. Caughlin Fire
 - a) City of Reno - \$162,548.75
 - b) City of Reno-Non-FMAG - \$42,330.57
 - c) Sierra Fire Protection District - \$23,132.00
 - d) Truckee Meadows Fire Protection District - \$39,536.00

2. Washoe Drive Fire
 - a) Sierra Fire Protection District - \$18,429
 - b) Truckee Meadows Fire Protection District - \$97,735

Chris Smith, Chief, Division of Emergency Management, Department of Public Safety, reported that firefighters from Carson City, Tahoe-Douglas, Reno-Sparks, Storey County, North Lake Tahoe, Mason Valley, and north Lyon County were deployed at fires in Idaho and the Rim Fire in California. He explained that the Division of Emergency Management (DEM) coordinated and tracked local fire resources for deployment out of state.

Mr. Smith recalled that the Caughlin Fire began on November 8, 2011, and threatened several neighborhoods in Reno. Considerable amounts of local, state, and California resources responded, and he thanked everyone associated with the response and their efforts to save lives and property. On January 19, 2012, the Washoe Drive Fire began, and the same responders were called to protect lives and property.

Mr. Smith said that after both fires, he had the opportunity to meet with several citizens, who were all grateful for the responders' commitment to the community and their rapid response to save property and lives.

After the fires, the DEM conducted preliminary damage assessments for both fires. Both state and local applicants were briefed by the Division to instruct them about the application process for the Disaster Relief Account. Mr. Smith recalled that he had appeared before the Committee several times to request extensions on behalf of the applicants, and Agenda Item O included the final recommendation from the Board of Examiners to grant funds from the Disaster Relief Account.

Mr. Smith stated that the Division of Emergency Management had determined that the incidents did constitute a disaster, and the costs were eligible for the Committee's consideration. The Department of Taxation conducted a review of the financial status of the applicants, which included the City of Reno, the Sierra Fire Protection District, and the Truckee Meadows Fire Protection District. The review was reported to the Department of Administration, and each jurisdiction applying for assistance met the criteria to apply for the amounts submitted.

Assemblyman Grady questioned why the request from the Regional Emergency Medical Services Authority (REMSA) for \$23,018.20 was initially determined to not be reimbursable, but the charges were now eligible for reimbursement.

Mr. Smith explained that the REMSA request was reviewed, and it was determined the charges were not appropriate because REMSA had self-deployed. Upon further investigation by DEM staff, in cooperation with the City of Reno and REMSA, documentation confirmed that the incident commander on the fire did indeed request REMSA resources, and the charges were legitimate.

Cadence Matijevich, Assistant City Manager, City of Reno, explained that that this was the first time the City of Reno had submitted a request for funds from the Disaster Relief Account, and the City did not understand all of the criteria required to request 100 percent of the 25 percent of the total event costs that were not covered by the federal government. She said it was now understood that if the City wished to request 100 percent of the remaining costs for the disaster, it must meet financial thresholds to qualify for a hardship waiver. Ms. Matijevich said the City did not find it necessary to request the financial hardship waiver, and therefore the request for reimbursement of \$42,331 should be reduced by 25 percent, or \$10,583.

Chairwoman Smith said the reduction by the City of Reno was appreciated; there were still outstanding costs, and funds must be available in the account for any future disasters. She asked whether there had been any discussion with NV Energy about potential liability for the cause of the Caughlin Fire.

Ms. Matijevich replied there were findings that as a result of the weather, the fire was caused by arcing power lines, but she did not believe the City was seeking reimbursement.

Chairwoman Smith requested that the motion for approval include that the City of Reno be required to reimburse the Disaster Relief Account for any future settlement received from NV Energy.

Chairwoman Smith asked for further questions from the Committee.

Senator Kieckhefer noted that the Federal Emergency Management Agency (FEMA) would reimburse 75 percent of the costs to the local jurisdictions, and he recommended that of the remaining 25 percent not reimbursed by FEMA, the state pay 75 percent and the local entities pay 25 percent, since they had not claimed a financial hardship.

Chairwoman Smith recommended that everyone be treated equally, and that the local jurisdictions be required to pay 25 percent of the FEMA match, as provided in *Nevada Revised Statutes (NRS) 353.2771*.

Mary Walker, representing the Truckee Meadows Fire Protection District and the Sierra Fire Protection District, would be willing to pay 25 percent of the 25 percent FEMA match.

In response to a question from Assemblyman Oscarson, Mr. Smith explained that REMSA did not have the opportunity to apply directly to the Disaster Relief Account. Its request for reimbursement was included in the City of Reno's application and therefore would also be reduced by 25 percent.

SENATOR KIECKHEFER: MOVED THAT ALL OF THE REQUESTS BE APPROVED AT 75 PERCENT OF THE AMOUNTS REQUESTED, WITH THE LOCAL GOVERNMENT ENTITIES CONTRIBUTING 25 PERCENT OF THE FEMA MATCH.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley, Anderson, Hambrick, Hardy, and Hickey were not present for the vote.)

Chairwoman Smith thanked the local jurisdictions for working with the Committee on the requests.

- P. REQUEST FOR EXTENSION OF PERIOD WITHIN WHICH TO PROVIDE ADDITIONAL DOCUMENTATION REQUESTED BY THE BOARD OF EXAMINERS IN SUPPORT OF A REQUEST FOR A GRANT OR LOAN FROM THE DISASTER RELIEF ACCOUNT PURSUANT TO NRS 353.2755(2) – Department of Public Safety – Division of Emergency Management – For requests related to the Clark County Flood Recovery, September 11, 2012.

Chris Smith, Chief, Division of Emergency Management, Department of Public Safety, explained that pursuant to NRS 353.2755 and on behalf of Clark County, the Division was requesting that the original extension of September 11, 2013, be extended until March 31, 2014, because the County still needed time to identify all of the costs of the flood damage and pending insurance claims for damaged infrastructure from various agencies.

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

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA ITEM P.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley, Anderson, Hambrick, Hardy, and Hickey were not present for the vote.)

- Q. APPOINTMENT OF THE COMMITTEE ON INDUSTRIAL PROGRAMS – NRS 209.4817.

Chairwoman Smith reported that Michael McKenzie, who had been serving as a manufacturing representative, could no longer serve. No recommendations for his replacement had yet been received.

Chairwoman Smith recommended the appointment of the following members to the Committee on Industrial Programs:

- Senator David Parks
- Senator Ben Kieckhefer
- Assemblyman Crescent Hardy
- Assemblyman Michael Sprinkle

- Bruce Aguilera, Representing Business
- Mike Magnani, Representing Organized Labor
- Allen Puliz, Representing Manufacturing
- Robert Conway, Representing Organized Labor

- Greg Cox, Director, Department of Corrections
- Greg Smith, Administrator, Purchasing Division, Department of Administration

Chairwoman Smith said that Senate Bill 478 (2013 Session) added a labor representative to the Committee, and the labor industry had recommended Robert Conway as its appointee.

Chairwoman Smith noted that alternate members were appointed by the chair, and the chair was selected at the first meeting.

Chairwoman Smith asked Committee members to solicit names of a potential manufacturing representative to serve on the Committee. Assemblywoman Kirkpatrick recommended that a female representative from the northern part of the state be considered for the additional manufacturing representative.

SENATOR ROBERSON MOVED TO APPROVE CHAIRWOMAN SMITH'S RECOMMENDATIONS FOR APPOINTMENT OF MEMBERS TO THE COMMITTEE ON INDUSTRIAL PROGRAMS FOR THE 2013-2015 BIENNIUM.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Aizley, Anderson, Hambrick, Hardy, and Hickey were not present for the vote.)

R. INFORMATIONAL ITEMS

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that there had been no requests from the Committee to hear testimony on the informational items. Chairwoman Smith asked whether Committee members wished to hear testimony on any of the items.

Chairwoman Smith requested that testimony be received on Agenda Item R.4.b.(1), Health Care Financing and Policy.

Assemblywoman Kirkpatrick requested testimony on Agenda Item R.3, Nevada System of Higher Education, in conjunction with the related work programs to be discussed under Agenda Item G.

Assemblywoman Flores asked for testimony on Agenda Item R.1, Office of the Secretary of State.

1. OFFICE OF THE SECRETARY OF STATE – Request to increase an Administrative Assistant II from .51 FTE to 1.0 FTE to address staffing needs required to implement Assembly Bill 74 (2013 Legislature).

Assemblywoman Flores explained that Assembly Bill 74 (2013 Session) required various new requirements for preparers of legal documents, and anyone preparing a legal document now had to register with the Secretary of State, maintain a \$50,000 bond, and comply with disclosure and records retention requirements. She said it was important that the Secretary of State's Office have a plan in place to ensure that businesses were notified and the general public was informed of the new requirements. She asked whether the Administrative Assistant II position would be assigned those duties.

Ryan High, Deputy Secretary of State, Office of the Secretary of State, replied the position would not be involved in the process. The Public Information Office would be assigned those duties, and a plan was still being formulated. He said that Chief Deputy Secretary of State Lamboley was responsible for implementation of A.B. 74, and she was not present at the meeting. He would ask her to follow up with Assemblywoman Flores when she returned to the office.

Assemblywoman Flores wanted to emphasize that progress needed to be made toward notifying the public before the effective date of March 1, 2014.

Chairwoman Smith requested that the Secretary of State's Office provide a brief update to the Committee's Fiscal Analysis Division staff for the next Committee meeting.

3. NEVADA SYSTEM OF HIGHER EDUCATION – Quarterly report on the progress made by the School of Medicine in obtaining federal approval for the research program on the medical use of marijuana, as well as the status of activities and information received through the program for the period ending June 30, 2013, pursuant to NRS 453A.600.

Chairwoman Smith announced that Assemblywoman Kirkpatrick had requested testimony on Information Item R.3., which also related to the medical marijuana program.

R. INFORMATIONAL ITEMS

3. NEVADA SYSTEM OF HIGHER EDUCATION – Quarterly report on the progress made by the School of Medicine in obtaining federal approval for the research program on the medical use of marijuana, as well as the status of activities and information received through the program for the period ending June 30, 2013, pursuant to NRS 453A.600.

Assemblywoman Kirkpatrick asked what role the School of Medicine would play in applying for the federal grant and conducting the research on the medical use of marijuana going forward.

James Kenyon, Senior Associate Dean for Research, University of Nevada School of Medicine (UNSOM), Nevada System of Higher Education, said he had assumed his position after the sudden death of the former incumbent, Dr. Lupan, who had been forwarding status reports to the Committee as required. Dr. Kenyon had prepared a report outlining the efforts and progress made on the research program, but little progress had been made. He said that UNSOM had been working to develop clinical research, but currently the school did not have the clinical faculty, expertise, or financial support to develop the essential clinical program that such a study would entail.

Dr. Kenyon said he had been investigating the program since he had assumed his position, and he had contacted regional and national researchers in the area to develop an appropriate approach for UNSOM. He said the mandate provided by the Legislature put UNSOM in a difficult position. In order to proceed, a clinical program must be developed, which the School of Medicine did not have, to be able to prepare a competitive grant proposal to the National Institutes of Health (NIH). He explained the proposal would be an investigator-initiated grant proposal, and those grants were very competitive. In order to succeed, UNSOM would need a nationally recognized authority to carry the research forward, and there was no one with the required expertise on the current faculty. Dr. Kenyon said he was hesitant to pursue a program that might result in third-rate or worse research, because it would be a dereliction of his duty and responsibility to advance the research mission and reputation of the School of Medicine.

Assemblywoman Kirkpatrick asked whether any progress had been made and an application had been submitted. It appeared to her that the situation had been evaluated over the last quarter, and UNSOM had determined there was no interest in proceeding. She hoped that was not the case.

Dr. Kenyon said he would welcome the opportunity to work with Assemblywoman Kirkpatrick and the Committee offline; the legislative mandate was very problematic for UNSOM. The faculty was not prepared to undertake an appropriate study, and he had been involved for less than a year. However, he noted, the subject was of interest to him: his research background was in primary pain-sensing neurons. Little progress had been made in advancing federal approval, but he said he had a good idea of where the process needed to be, and he would appreciate the opportunity to work with the Committee to identify real deliverables that could be produced.

Chairwoman Smith noted that there was a new directive from President Obama that states that legalized medical or recreational marijuana were not to be cited or prosecuted. She noted that the UNSOM progress report referred to the problematic situation with the federal government regarding prosecution of medical marijuana use. She suggested that Dr. Kenyon might want to pursue whether the National Institutes of Health would change its position and free up resources.

Dr. Kenyon said he had been focusing on NIH-supported and funded research for the project because it was the type of first-class research he believed UNSOM should be conducting.

Assemblyman Horne said it appeared that UNSOM was unable to complete the task unless a clinician with the appropriate credentials could be hired in order to be competitive in obtaining federal approval. He asked what steps UNSOM had taken toward recruiting a clinician.

Dr. Kenyon replied that no steps had been taken directed toward a clinical study for this purpose.

Assemblyman Horne said he understood not wanting to do third-rate or worse research, but one of the first tasks would be to reach out for an individual who would meet the required criteria.

Dr. Kenyon explained that UNSOM was a community-based school of medicine. The clinical faculty earned their salaries effectively by patient care, and they typically spent 80 percent to 90 percent of their time in patient care. The billing for patient care through UNSOM covered faculty salaries. Their second job was to teach medical students, which involved 10 percent to 40 percent of their efforts. Because their salaries were so dependent upon patient care, clinical faculty were extremely limited, and in some cases unable, to conduct a world-class clinical project. He said support would need to be provided to the clinical faculty to provide release time to conduct such a study.

Dr. Kenyon added that the Committee needed to understand that it was not just the marijuana initiative in question; there were no investigator-initiated studies at UNSOM because of faculty focus on patient care and teaching. It was an issue that he and Dean Schenk were working to resolve, and this initiative would be a high priority when it could be managed.

Assemblyman Horne said, in other words, UNSOM did not have the funds to conduct the program. Dr. Kenyon replied that was true.

Assemblyman Eisen said he was familiar with Dr. Kenyon's comments on the responsibilities of the clinical faculty at UNSOM. He was more concerned with what, if any, steps had been taken toward conducting the study. He asked whether consideration had been given to participating in a multi-center study rather than trying to

conduct it within the state. He recalled that Dr. Kenyon had said UNSOM did not have the required clinical faculty to obtain NIH funding, but he suggested that Dr. Kenyon would be a solid candidate as a primary investigator for an NIH-funded study.

Dr. Kenyon explained that he was a basic scientist; the wording of the legislation was quite clear: the study must be clinical, which was outside of his expertise. He had been pursuing contacts with NIH-funded researchers across the country concerning possible collaboration. A similar study was being conducted in San Francisco, California, and the possibility of collaborating in studies had been discussed. Dr. Kenyon said collaboration would get UNSOM over some important hurdles in submitting a fundable grant proposal to NIH.

Assemblyman Eisen he would like to further discuss potential multi-center studies: he suspected there were several studies beginning throughout the country and that the research could be conducted by a team of clinical and basic science faculty.

Dr. Kenyon said he would look forward to meeting with Assemblyman Eisen offline to discuss possible alternatives.

Chairwoman Smith thanked Dr. Kenyon for his testimony,

4. DEPARTMENT OF HEALTH AND HUMAN SERVICES

b. Health Care Financing and Policy

- 1) Semi-annual report on the impact of the 2011 Legislative approval to expand hospitals (letter of intent, 2011 Legislature).

Leah Lamborn, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, reported that additional progress had been made since a report on expanding the Upper Payment Limit (UPL) program to private hospitals was submitted on June 26, 2013. The contract template had been approved and deemed appropriate for the Division to move forward. The Division was in the process of preparing companion work programs to be submitted to the Interim Finance Committee in October or December.

Chairwoman Smith thanked Ms. Lamborn for the update; she was glad to hear that the Division had been moving forward with the program.

Mike Willden, Director, Department of Health and Human Services, explained the Care Collaborative contract should go before the Board of Examiners' at its next meeting, and the first payments would be made in December; The Department was still considering conversion of several contracts, which would have to be submitted to IFC for approval, unless the Committee wanted to grant the Department the authority to convert them without IFC approval.

Mr. Willden noted there was no General Fund reversion included in the 2013-2015 biennium. In the 2011-2013 biennium, there was \$10 million of projected General Fund savings, which was not attained. The net state benefit from the expansion of the UPL program would be deposited to an account in the Director's Office, and after the private hospital UPL payments were made, funds would be reverted to the General Fund from the Director's Office. He anticipated the first transaction would create a \$250,000 to \$300,000 General Fund reversion.

Mr. Willden pointed out that the private hospitals were being treated in the same way as the University Medical Center/Clark County on the public UPL. It was important to note that when starting to process claims, the Department could go back and pick up two years of private hospitals' UPL gap.

S. PUBLIC COMMENT.

Chairwoman Smith called for public comment; there was none.

T. ADJOURNMENT.

Chairwoman Smith announced the next Interim Finance Committee meeting would be held in Las Vegas on October 22, 2013. She thanked the Committee members, Fiscal Analysis Division staff, and agency staff for their efforts.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 4:14 p.m.

Senator Debbie Smith, Chairwoman
Interim Finance Committee

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

EXHIBITS
INTERIM FINANCE COMMITTEE
August 29, 2013

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Mark Krmpotic, Senate Fiscal Analyst	Statement of IFC Contingency Account Balance as of August 29, 2013.

