

MINUTES OF THE APRIL 14, 2016
MEETING OF THE
INTERIM FINANCE COMMITTEE
Carson City, Nevada

Chair Paul Anderson called a regular meeting of the Interim Finance Committee (IFC) to order at 9:22 a.m. on April 14, 2016, 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.

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Senator Kelvin Atkinson
Senator Patricia Farley for Senator Roberson
Senator Pete Goicoechea
Senator Mark Lipparelli
Senator David Parks
Senator James Settelmeyer for Senator Kieckhefer
Senator Joyce Woodhouse
Assemblyman Elliot Anderson
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblyman Stephen Silberkraus
Assemblyman Michael Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin Titus

COMMITTEE MEMBERS EXCUSED:

Senator Ben Kieckhefer
Senator Michael Roberson

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Rick Combs, Director, Legislative Counsel Bureau
Cindy Jones, Fiscal Analyst, Assembly
Mark Krmpotic, Fiscal Analyst, Senate
Sarah Coffman, Deputy Fiscal Analyst
Alex Haartz, Deputy Fiscal Analyst
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Cheryl Harvey, Fiscal Analysis Division Secretary
Carla Ulrych, Fiscal Analysis Division Secretary

EXHIBITS:

- ([Exhibit A](#)): Agenda
- ([Exhibit B](#)): Meeting Packet – Volume I
- ([Exhibit C](#)): Meeting Packet – Volume II
- ([Exhibit D](#)): Meeting Packet – Volume III
- ([Exhibit E](#)): Meeting Packet – Volume IV
- ([Exhibit F](#)): Meeting Packet – Volume V
- ([Exhibit G](#)): Economic Forum Report
- ([Exhibit H](#)): Revised Proposal from the Advisory Committee to Develop a Plan to Reorganize the Clark County School District

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; all members were present, except Senator Kieckhefer and Senator Roberson, who were excused.

B. PUBLIC COMMENT.

Senator Tick Segerblom commended the Division of Public and Behavioral Health (DPBH) and the Department of Motor Vehicles (DMV) for their efforts concerning the Medical Marijuana Program. He said the number of applications for medical marijuana cards was increasing substantially and he encouraged the Committee to increase the authority of DPBH to allow the division to hire additional contract staff to ensure that applications were processed as quickly as possible. Senator Segerblom reminded the Committee that the State of Nevada earned revenue with each medical marijuana card application; therefore, it was advantageous to provide DPBH with the necessary resources.

Phillip Peckman, Principal, Thrive Cannabis Marketplace, and President, Nevada Cannabis Coalition (NCC), encouraged the Committee to help make the medical marijuana application process more user-friendly and reduce the application processing time. He said the medical marijuana law was passed during the 2013 Legislative Session and since then the industry had invested millions of dollars. Mr. Peckman said medical marijuana businesses were legitimate businesses and all owners underwent rigorous scrutiny. He said medical marijuana business owners included leaders of the community, philanthropists and owners of other large Nevada businesses. Mr. Peckman said these businesses were earning limited revenue, which meant the state was also earning limited revenue. He said medical marijuana business owners and the state could increase revenue simply by reducing the processing time of medical marijuana applications and making the process less confusing. Mr. Peckman said Marla McDade Williams, who represented the NCC, would provide some suggestions later in the meeting to improve the system and reduce the application processing time to one day.

Chair Anderson noted that the agenda items related to the Medical Marijuana Program were informational items; therefore, no action would be taken by the Committee today.

He stated that additional public comment would be heard following discussion of the agenda items.

Las Vegas City Councilman Bob Beers said he was asked to join the Board of Directors for a new charter school, Founders Academy, in Las Vegas two years ago. He said the school is located in a moderately at-risk neighborhood and a surprisingly large percentage of the students were from the surrounding neighborhood. Councilman Beers said Founders Academy was founded with the help of Hillsdale College in Michigan, which provided training for the instructors and teaching assistants. He said the legislative standard in Nevada was to have students reading by third grade; however, the goal at Founders Academy was to have students reading by Christmas of their kindergarten year. Councilman Beers noted that Principal Tim Peterson and numerous parents were present to answer any questions of the Committee.

The students of Founders Academy gave a brief demonstration.

Chair Anderson thanked Councilman Beers for bringing students from Founders Academy to the meeting today. He commended Councilman Beers for being a good example by helping the students receive a great education. Chair Anderson thanked Principal Peterson, the teachers and students for their attendance.

C. APPROVAL OF MINUTES OF THE DECEMBER 16, 2015, MEETING.

SENATOR GOICOECHEA MOVED TO APPROVE THE MINUTES OF THE DECEMBER 16, 2015, MEETING.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

D. APPROVAL OF MINUTES OF THE FEBRUARY 11, 2016, MEETING.

ASSEMBLYMAN SILBERKRAUS MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 11, 2016, MEETING.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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

Ms. Jones said Agenda Item E was an informational only work program from the Department of Agriculture, which required expeditious action within 15 days. Fiscal staff had no questions or concerns, and no action was required.

1. Department of Agriculture - Registration and Enforcement - FY 2016 - Addition of \$91,087 in Industrial Hemp Registration and Seed Fees to provide

funding to implement the pilot program to study the growth, cultivation and marketing of industrial hemp. Requires Interim Finance approval since the amount added to the Industrial Research Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35049**

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

The Committee expressed interest in hearing testimony on the following items: Agenda Items F-25, Department of Tourism and Cultural Affairs; F-33, Department of Health and Human Services (DHHS), Aging and Disability Services (ADSD); F-51, DHHS, Welfare and Supportive Services; F-66 through F-87, Nevada Department of Corrections; F-90, Department of Motor Vehicles; F-111, Department of Transportation; and F-112, Department of Transportation.

Ms. Jones said Agenda Items F-48, DHHS, Public and Behavioral Health, and F-52, DHHS, Welfare and Supportive Services, involved allocation of block grant funds, which required a public hearing.

Ms. Jones said the Division of Child and Family Services (DCFS) requested a technical correction to Agenda Item F-59 on April 12, 2016, through the Governor's Finance Office Budget Division. She directed Committee members to page 395 in Volume II of the meeting packet ([Exhibit C](#)) and stated that category 9 was being reduced from \$2,921,104 to \$733,779 and category 12 was being increased from \$5,149,298 to \$7,336,623. Staff had no questions or concerns and no additional testimony was required.

Ms. Jones said Agenda Item F-115, Commission on Off-Highway Vehicles, required further testimony. Additionally, a representative of the Governor's Finance Office Budget Division would provide several corrections to the work program during testimony.

Assemblywoman Titus requested further testimony on Agenda Items F-12, Department of Administration, Fleet Services Division, and F-56, DHHS, DCFS.

Assemblyman Armstrong requested further testimony on Agenda Items F-4, Office of the State Treasurer; and F-5, Office of the State Treasurer.

Assemblywoman Benitez-Thompson requested further testimony on Agenda Items F-2, Office of the State Treasurer; F-3, Office of the State Treasurer; and F-6, Office of the State Treasurer.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND POSITION RECLASSIFICATIONS INCLUDING THE TECHNICAL CORRECTIONS NOTED FOR AGENDA ITEM F-59.

SENATOR SETTELMAYER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

1. **Office of the Secretary of State - Secretary of State - FY 2016** - Transfer of \$58,153 from the Reserve for Replacement Equipment category to the Information Services category and \$60,868 from the Reserve for Replacement Equipment category to the Nevada Business Portal category to replace and upgrade equipment authorized during the 2015 Legislature. Requires Interim Finance approval since the amount transferred from the Reserve for Replacement Equipment category exceeds \$75,000. **Work Program #C34575**

Refer to motion for approval under Agenda Item F.

2. **Office of the State Treasurer – Nevada College Savings Trust - FY 2016** - Addition of \$150,000 in Non Cash Revenue to fund enhancement of the Silver State Matching Grant program as well as locate field representatives in Northern and Southern Nevada for Nevada's College Savings Program. Requires Interim Finance approval since the amount added to the UPromise Field Representative category exceeds \$75,000. **RELATES TO ITEM F.3. Work Program #C35082**

Agenda Items F-2 through F-6 were heard together. Refer to testimony and motion under Agenda Item F-6.

3. **Office of the State Treasurer – Nevada College Savings Trust - FY 2017** - Addition of \$200,000 in Non Cash Revenue to fund an increase in the Silver State Matching Grant, to enable the College Savings Program to have field representatives in Northern and Southern Nevada, and to provide national marketing of Nevada's College Savings Program. Requires Interim Finance approval since amount added to the UPromise Field Representative category exceeds \$75,000. **RELATES TO ITEM F.2. Work Program #C35092**

Agenda Items F-2 through F-6 were heard together. Refer to testimony and motion under Agenda Item F-6.

4. **Office of the State Treasurer – Nevada College Savings Trust - FY 2016** - Addition of ~~\$124,000~~ **\$332,540** in Transfer from Treasurer to fund marketing and women's Financial Literacy conference contracts for the Nevada College Savings Board. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM F.5. Work Program #C35023. REVISED 3-25-16.**

Agenda Items F-2 through F-6 were heard together. Refer to testimony and motion under Agenda Item F-6.

5. **Office of the State Treasurer – College Savings Trust - Endowment Account - FY 2016** - Transfer of ~~\$124,000~~ **\$332,540** from the Reserve category to the Transfer for Administration category in order to fund marketing activities approved by the Nevada College Savings Board. Requires Interim Finance

approval since the amount transferred to the Transfer for Administration category exceeds \$75,000. **RELATES TO ITEM F.4. Work Program #C35026. REVISED 3-25-16.**

Agenda Items F-2 through F-6 were heard together. Refer to testimony and motion under Agenda Item F-6.

6. **Office of the State Treasurer - Unclaimed Property - FY 2016** - Addition of \$382,576 in Transfer from Abandoned Property funds for increased auditor reimbursements for verification of unclaimed property and increased securities custodial transactions. Requires Interim Finance approval since the amount added to the Audit Services category exceeds \$75,000. **Work Program #C34774**

Assemblyman Armstrong said the Office of the State Treasurer was requesting to increase authority for the marketing of the College Savings Program. He said although the funds were being shifted within the agency's budget, there was no supporting information stating the benefits of increasing marketing efforts. He said metrics were not provided and the only justification was that the Board of Trustees of the College Savings Plans of Nevada (Board) took action to increase education and outreach authority for the College Savings Program. He noted that the Treasurer was the Chairman of the Board. Assemblyman Armstrong asked why the request was not included in the agency's budget for the 2015 Legislative Session. He also asked about the anticipated results of the increased marketing efforts.

Tara Hagan, Chief Deputy Treasurer, Office of the State Treasurer, said in terms of the requested funds, \$21,000 was for an expansion of the Financial Literacy program. She said the Board approved a Women's Financial Literacy Conference in Las Vegas and Reno, as well as a Latina Women's Financial Literacy Conference in Las Vegas. In addition, the Board approved an amendment to include a Latina Women's Financial Literacy Conference in Reno. Ms. Hagan said in June 2015 the Board elected to promote the Nevada College Savings Plans as a whole rather than separately, which required revised marketing materials. She said the Board approved \$100,000 for outreach and education.

With regard to the category 4 request of \$211,540, Ms. Hagan explained that in July 2014 the Board approved a five-year spending plan. Because of the state's budgeting process, the agency did not spend its entire authority for category 4 in FY 2014. Ms. Hagan said the previous administration chose to submit a flat budget for the 2015-17 biennium, so the FY 2014 amount in category 4 was lower than what the Board approved. She said the \$211,540 would increase the category 4 amount to the level the Board originally anticipated.

Assemblyman Armstrong said budget amendments are often accepted during the legislative session. He thought it might have been more appropriate to submit the request as a budget amendment during the 2015 Legislative Session or include it in the upcoming budget cycle for the 2017 Legislative Session, depending on how often the Board meets. Assemblyman Armstrong said he was

concerned, because the Office of the State Treasurer has requested \$11.4 million in work program requests through the IFC in FY 2016, not including items that were retracted.

Assemblywoman Benitez-Thompson said Agenda Items F-3 through F-5 were for proposed marketing funds; however, the minutes from the Board meeting did not indicate the specific details of the proposed contract amendments, including dollar amounts. She said Agenda Items F-2 and F-3 also included requests for Field Representatives, and she asked what amount would be allocated specifically for that purpose.

Ms. Hagan replied that the Field Representatives would be funded with non cash revenue as a result of negotiations with the Program Manager, Ascensus Broker Dealer Services, Inc. (Ascensus). She said during FY 2016, the Office of the State Treasurer renegotiated and lowered participant fees in the USAA 529 College Savings Plan to bring the fees more in line with the market and continue to grow the plan. Because of that, the Board agreed to forego a portion of its hard dollar fees and instead, accepted in-state benefits of \$150,000 offered by Ascensus. Ms. Hagan said \$100,000 was the cost to add an Ascensus Field Representative in Las Vegas. She said having a Field Representative in Southern Nevada, in addition to the Field Representative already located in Northern Nevada, would help increase college savings in Nevada.

In response to a question from Assemblywoman Benitez-Thompson, Ms. Hagan replied that the \$100,000 was for one Field Representative in Las Vegas.

Assemblywoman Benitez-Thompson asked if the \$100,000 would cover salary and benefits for the Field Representative for one year or the biennium. Ms. Hagan replied that the \$100,000 was non cash revenue; therefore, Ascensus would provide those funds for the Field Representative. She said whether those funds would cover the entire salary was the responsibility of Ascensus.

Ms. Hagan said \$50,000 of the total amount requested in Work Programs C35092 and C35082 would be used to increase the Silver State Matching Grant (SSMG), which had grown tremendously. She explained that the SSMG began in FY 2011 with \$35,000. The Office of the State Treasurer increased the SSMG to \$50,000 in FY 2013 and now it was up to \$100,000.

Assemblywoman Benitez-Thompson said Agenda Items F-2 and F-3 referred to national marketing for the Nevada College Savings Program. She asked about the goal of marketing the program nationally. Ms. Hagan replied that the reference to national marketing was an oversight by the agency, the entire amount of \$150,000 would be used within Nevada.

Assemblywoman Benitez-Thompson said Agenda Item F-4 referred to the Women's Financial Literacy Conference and the addition of a Women's Financial Literacy Conference specifically for Spanish-speaking women. She said the Board's meeting minutes indicated there was a proposed cost of \$116,000

per year, which totaled \$232,000 for the biennium; however, the agency was requesting \$332,540. She asked how the additional \$100,000 would be used.

Ms. Hagan said that the addition of the Latina Women's Financial Literacy Conference in Reno would cost \$21,000. She said the additional \$100,000 would be used for outreach and education of the college savings plans as a whole instead of individually.

Assemblywoman Benitez-Thompson asked what the aggregate marketing total was for all of the agency's work program requests. She said there was an initial contract for marketing, but now there were requests for amendments to that marketing contract. She said it appeared the agency was requesting an additional \$100,000 for marketing costs. If so, the cost to advertise the conferences was more than the actual cost of the conferences with 238 participants.

Ms. Hagan reiterated that the \$100,000 was for education and outreach for the College Savings Program, specifically the Prepaid Tuition and State Street Global Advisors (SSgA) 529 Plan.

Assemblywoman Benitez-Thompson asked what the total marketing budget was for the College Savings Plans if the requests were approved by the Committee. She said it appeared the Board approved amendments to the marketing contract, because the agency was now requesting funds from the IFC.

Ms. Hagan said, with regard to Amplify Relations, the contract was approximately \$727,000 for FY 2016, and with the addition of \$100,000, the total request was approximately \$827,000.

Assemblywoman Benitez-Thompson asked how much growth there had been in the number of participants in the Prepaid Tuition and SSgA 529 plans in the past year. Ms. Hagan said she did not have the participant information available; however, she would provide it to the Committee. She noted that open enrollment for the Prepaid Tuition plan had been extended through April. Ms. Hagan said, in terms of dollar amounts, there were more contributions in FY 2016 than there were in FY 2015. She said she would research the actual percentage of increased contributions and provide it to the Committee.

Assemblywoman Benitez-Thompson said she was hesitant, because the outcome of marketing efforts was unknown to the Committee. She said enrollment numbers were still fairly low considering the amount of money invested into promoting the programs. She said she would feel more comfortable if the sizeable marketing budget had produced greater enrollment success.

Assemblywoman Benitez-Thompson said there was a three-year pilot program for the College Kickstart Program. She asked how many families had taken advantage of the initial \$50 and if the efforts had been successful in encouraging families to continue their participation in the program.

Ms. Hagan said part of the reason for moving to Amplify Relations was because they provide metrics, which could then be provided to the IFC. With regard to the College Kickstart Program, she said the agency would be submitting a work program for FY 2017 at the June IFC meeting. She said the agency had made some changes to the College Kickstart Program, but currently participants would continue to receive the \$50 regardless. Ms. Hagan said the program had seen an increased “take rate”, which was approximately 1.8 percent. Approximately 1,800 families had taken the \$50 and opened their own account and continued to add to that account. She said the Office of the State Treasurer would provide additional information at the June IFC meeting.

Assemblywoman Benitez-Thompson said there was an ongoing issue of state agencies amending contracts, but failing to provide the specifics of that amendment to the IFC. The Committee was uncomfortable approving a request for funds without knowing specific details such as the length of the contract, what the amended services included, and how the situation would be handled if the contract was not honored as written.

With regard to unclaimed property, Assemblywoman Benitez-Thompson recalled that the 2015 Legislature approved a third-party vendor to manage unclaimed property claims, but expressed concern that the agency would require additional funds going forward. She said those concerns had now been realized through Work Program C34774.

Buddy Milazzo, Senior Deputy Treasurer, Office of the State Treasurer, said the Office of the State Treasurer had contracts for audit services with four vendors for several years. The vendors mostly handled multi-state large corporation audits for a variety of states and then returned the funds to the proper state. He said the vendors received approximately 10 percent of the funds they collected. Mr. Milazzo said the Office of the State Treasurer had to estimate the figure used in the budget based on previous years and assuming a certain percentage of growth. He said the funds requested in Work Program C34774 were to pay the 10 percent vendor fee for the year based on the money collected in the current year.

Mr. Milazzo said the other request in Work Program C34774 was to pay the vendor, Securities Custodial Services, for custodial services for securities and issuances. He said their fee was based on a percentage of what the state received. Mr. Milazzo said there was a contracted fee per category of security, and the state paid the vendor based on the amount of the securities and issuances the state received.

Assemblywoman Benitez-Thompson asked if the requested amount of \$382,576 represented a portion of dollars the vendors collected on behalf of the state. She asked what amount the vendors actually recovered.

Mr. Milazzo said he was unsure of the exact figure recovered by the vendors; however, he thought the outside orders brought in about 10 percent of the total number. The agency anticipated the state would receive \$13.0 million more than

FY 2015, so the agency anticipated an approximate amount of \$74.0 million for FY 2016. He said the state also had a voluntary disclosure program where people could voluntarily relinquish their unclaimed property to the state; however, he was unsure of the percentage that brought into the state.

Assemblywoman Benitez-Thompson asked if the Committee would be willing to defer Agenda Items F-2 through F-5 to get clarity on the enrollment numbers for the College Savings Program, the connection to marketing dollars, and how those funds produced increased enrollments for the state.

Assemblyman Sprinkle agreed with Assemblywoman Benitez-Thompson. He said he did not feel comfortable moving forward until supplemental information was provided by the agency.

Assemblyman Armstrong was also in agreement. He said the items could be deferred to the June IFC meeting when the metrics would be available. Specifically, he wanted to know the anticipated results from the increased marketing dollars.

Assemblywoman Benitez-Thompson requested that the agency provide the aggregate marketing budget, including the amendments, and how the marketing efforts would impact enrollment.

ASSEMBLYMAN ARMSTRONG MOVED TO DEFER
AGENDA ITEMS F-2, F-3, F-4 AND F-5 UNTIL THE
JUNE 30, 2016, MEETING OF THE INTERIM
FINANCE COMMITTEE.

SENATOR PARKS SECONDED THE MOTION.

Ms. Hagan said without the requested funding the agency would be unable to continue outreach and education efforts for the College Savings Program for FY 2016. She said any metrics the agency could provide would be based on marketing efforts within the current budget, less three months.

Assemblyman Armstrong said most of the Committee was uncomfortable with the budgeting process of the Office of the State Treasurer, because a budget had been set by the 2015 Legislature and the Board decided to increase that budget. He said the Committee wanted to see how that money was going to be spent.

Assemblywoman Benitez-Thompson recalled that the Board's meeting minutes described all of the items requested by the Office of the State Treasurer as enhancements; therefore, she was under the impression that contracts were already in place for FY 2016 and adequate funds were available. Prior to IFC approval, the Committee desired more clarity regarding what the agency had accomplished with the funds to date and what the agency hoped to accomplish through the enhancements.

Ms. Hagan said the Office of the State Treasurer would not be able to move forward with Amplify Relations without the additional funding. Although the agency had already spent approximately \$500,000, the work with the vendor would be suspended as of today.

Senator Goicoechea asked if the program would be suspended for the last quarter of FY 2016. Ms. Hagan replied that the Office of the State Treasurer would be unable to continue education and outreach efforts for the College Savings Programs without the additional funds.

Ms. Hagan said the amount the Board approved was not an increase in the Board approved budget. She stated that the agency did not spend its entire authority within FY 2014 and the previous administration made the decision to move forward with a flat budget. She said there was a slight disconnect between the budget the Board put forward and getting it memorialized into the legislatively approved budget.

In response to a question from Assemblyman Oscarson, Ms. Hagan said the previous administration submitted the 2015-17 biennium budget.

Assemblyman Oscarson asked if the agency was aware there were opportunities to amend its budget during the 2015 Legislative Session.

Mr. Milazzo said, with regard to the 2015-17 budget, the Office of the State Treasurer submitted a couple of budget amendments shortly after the new Treasurer was elected. In regard to the College Savings Program, the new Treasurer did not have full knowledge about how the program was operated. Mr. Milazzo said the new Treasurer knew how the previous Treasurer had operated the program and that the program was approved by the Board, but there was a disconnect between the Board's budget and the legislatively approved budget. He said the idea of submitting a budget less than the Board had approved was at the direction of the previous Treasurer. Mr. Milazzo said the new Treasurer was unfamiliar with the marketing and outreach plan for the College Savings Program and there was limited time during the legislative session for him to determine what changes the program would require.

Assemblyman Armstrong asked if the agency sought authority to enter into the contract with Amplify Relations before building the agency budget. He noted that the standard process was to request IFC approval prior to entering into a contract, rather than informing the Committee afterwards that the agency could not fulfill its contract.

Mr. Milazzo said \$500,000 had already been budgeted for outreach and marketing for the College Savings Program. He said the Board was under the impression it had the necessary funds of \$727,000 during contract negotiations with Amplify Relations. The Board thought the amount it approved for FY 2016 had been approved in the state budget process. Mr. Milazzo said he now

attends the Board meetings to ensure that when an item is approved by the Board that it flows through to the Legislature for approval.

Assemblyman Armstrong thought the disconnect was odd, because the Treasurer was also the Chairman of the Board. Mr. Milazzo said that was correct. He explained that the former Treasurer submitted a flat budget, which the new Treasurer was unaware of initially.

Assemblywoman Carlton said she was concerned the media would imply that the IFC refused to approve the Women's Financial Literacy Conference, when in fact, the Committee was holding the Office of the State Treasurer accountable for how the approval process was handled. She said education and outreach were important, but the agency needed to follow the correct process. Assemblywoman Carlton asked what the ramifications were with regard to the contract and the Women's Financial Literacy Conferences if approval of these work programs were deferred.

Ms. Hagan replied that without the additional funding the agency would not be able to proceed with the Latina Women's Financial Literacy Conference in Reno. Additionally, there would be a reduction in education and outreach for the Prepaid Tuition and 529 SSgA programs.

Assemblywoman Carlton remarked that the decision to hold the conferences was made prior to IFC approval. Ms. Hagan replied that was correct in regard to the Latina Women's Financial Literacy Conference in Reno.

Senator Goicoechea said it was his understanding that the Office of the State Treasurer was requesting \$300,000 in addition to the \$500,000 that was already available for marketing and outreach efforts and without those additional funds the agency would be forced to cut spending to certain programs. Ms. Hagan said that was correct.

Chair Anderson said the main concern was whether metrics were available and if those metrics would show a return on investment (ROI). Although the agency indicated there had been increased enrollment in the College Savings Programs, there was no way for the Committee to know for certain. Chair Anderson said the Committee could make a more informed decision in June when the metrics were available, and the program would not be stifled in that short amount of time.

Assemblywoman Bustamante Adams asked for the date of the Latina Women's Financial Literacy Conference. Ms. Hagan replied that the event was scheduled for early May 2016. She would verify the exact date and provide it to the Committee.

Senator Atkinson asked if the Latina Women's Financial Literacy Conference would have to be canceled if the Committee deferred approval of the agency's request. Ms. Hagan said that was correct. She said the Office of the State Treasurer would not be able to hold the Latina Women's Financial Literacy Conference in Reno; however, the agency would still hold the Women's Financial

Literacy Conference and Latina Women's Financial Literacy Conference in Las Vegas and the Women's Financial Literacy Conference in Reno.

Senator Atkinson said although he agreed with Assemblywoman Carlton that the situation was mishandled, he was concerned that the Latina Women's Financial Literacy Conference in Reno would not move forward. He said he would oppose the motion to defer Agenda Items F-2 through F-5.

Assemblywoman Benitez-Thompson said the Board's meeting minutes indicated that the Office of the State Treasurer had a contract in place for \$95,000 with the International Association of Working Mothers to hold the women's conferences. She said the money the Office of the State Treasurer was requesting was for Amendment 1 of the contract for an additional \$21,000 to add a second Spanish-language financial literacy conference at a cost of \$116,000 a year. Assemblywoman Benitez-Thompson said the agency was giving the Committee the impression that if the requests were not approved that there would be no conferences; however, there was already a contract in place and money had been paid for the conferences to take place. She said the agency's work program request was for an enhancement through a contract amendment that the public had not seen. She said the Committee was not forcing the conference to be cancelled, because the agency had \$95,000 available. Assemblywoman Benitez-Thompson said the Board's meeting minutes, which were approved in March, did not indicate that the funds were for a conference in May. The concept of adding the second conference was fairly recent; therefore, the Committee was not interfering with a conference that was already well into the planning stages. She said the enhancement would likely be approved at the June IFC meeting, but funds were in place for existing conferences as planned.

Ms. Hagan reiterated that the agency would still hold the Women's Financial Literacy Conference and Latina Women's Financial Literacy Conference in Las Vegas and the Women's Financial Literacy Conference in Reno as planned.

Assemblywoman Titus said she supported the Office of the State Treasurer and thought the Treasurer was working to correct things that had been previously neglected. She said she would oppose the motion to defer the agenda items.

Assemblyman Silberkraus asked if the Latina Women's Financial Literacy Conference in Reno could be postponed until after the June IFC meeting. Ms. Hagan said she would look into the possibility and provide the information to the Committee.

THE MOTION PASSED. (Senator Atkinson, Senator Goicoechea, Senator Settelmeyer, Assemblywoman Bustamante Adams and Assemblywoman Titus opposed the motion.)

ASSEMBLYMAN ARMSTRONG MOVED TO
APPROVE AGENDA ITEM F-6.

SENATOR GOICOECHEA SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

7. **Department of Administration - Enterprise Information Technology Services - Network Transport Services - FY 2016** - Transfer of \$60,076 from the Reserve category to the Operating category to fund projected expenditures through fiscal year end. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35110**

Refer to motion for approval under Agenda Item F.

8. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2016** - Transfer of \$334,053 from the Reserve category to the Utilities category to cover actual and projected expenditures through the remainder of Fiscal Year 2016. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds \$75,000. **Work Program #C35087**

Refer to motion for approval under Agenda Item F.

9. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2016** - Transfer of \$54,456 from the Reserve category to the Operating category to fund a projected budgetary shortfall within the category for Fiscal Year 2016. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35111**

Refer to motion for approval under Agenda Item F.

10. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2016** - Transfer of \$311,585 from the Reserve category to the Building Renovations category and \$150,000 from the Personnel Services category to the Building Renovations category to cover the cost of additional building maintenance projects for the remainder of Fiscal Year 2016. Requires Interim Finance approval since the amount transferred to the Building Renovations category exceeds \$75,000. **Work Program #C35114**

Refer to motion for approval under Agenda Item F.

11. **Department of Administration - Risk Management Division - Insurance and Loss Prevention - FY 2016** - Transfer of \$1,798,864 from the Reserve for Workers Comp category to the Insurance Premium Workers Comp category to pay projected claims for the balance of Fiscal Year 2016. Requires

Interim Finance approval since the amount transferred to the Insurance Premium Workers Comp category exceeds \$75,000. **Work Program #C35106**

Refer to motion for approval under Agenda Item F.

12. **Department of Administration - Fleet Services Division - Fleet Services Capital Purchase - FY 2016** - Transfer \$104,000 from the Reserve category to the Vehicle Purchase category for the purchase of three sedans and one sports utility vehicle for the Department of Business and Industry Transportation Authority. Requires Interim Finance approval since the amount transferred to the Vehicle Purchase category exceeds \$75,000. **Work Program #C34719**

Evan Dale, Division Administrator, Department of Administration, said Work Program C34719 was a request to fund an expansion of the fleet with a transfer from reserves. He said the vehicles would service a program at the Department of Business and Industry (B&I).

In response to a question from Chair Anderson, Mr. Dale replied that the need for the vehicles transpired after the division's budget closed during the 2015 Legislative Session.

Chair Anderson asked if there was a new demand for vehicles. Keith Wells, Division Administrator, Fleet Services Division, Department of Administration, said the new vehicles were associated with Assembly Bill (A.B.) 175 (2015) and A.B. 176 (2015), which was a new program for the Nevada Transportation Authority (NTA). He said the NTA did not anticipate the need for the vehicles until after the 2015 Legislative Session.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE
AGENDA ITEM F-12.

SENATOR GOICOECHEA SECONDED THE
MOTION.

THE MOTION PASSED. (Assemblywoman Carlton opposed the motion. Senator Lipparelli, Senator Settelmeyer, Assemblywoman Benitez-Thompson, Assemblywoman Bustamante Adams, Assemblyman Oscarson and Assemblyman Silberkraus were not present for the vote.)

13. **Department of Education - District Support Services - FY 2016** - Transfer of \$20,720 from the Personnel Services category to the Operating category to fund continued contract services for temporary staffing. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35137**

Refer to motion for approval under Agenda Item F.

14. **Department of Education - Student and School Support - FY 2016** - Addition of \$136,599 in federal Homeless Children grant funds to align state and federal authority to continue the coordination of education for homeless children. Requires Interim Finance approval since the amount added to the Homeless Children - Aid to Schools category exceeds \$75,000. **Work Program #C35188**

Refer to motion for approval under Agenda Item F.

15. **Department of Education - Student and School Support - FY 2016** - Addition of \$44,367,201 in federal Title I Basic funds to align state and federal authority to continue assisting Nevada's at-risk students in elementary and secondary schools. Requires Interim Finance approval since the amount added to the Title 1 Basic Aid to Schools category exceeds \$75,000. **Work Program #C35181**

Refer to motion for approval under Agenda Item F.

16. **Department of Agriculture - Registration and Enforcement - FY 2016** - Addition of \$91,087 in Industrial Hemp Registration and Seed Fees to provide funding to implement the pilot program to study the growth, cultivation and marketing of industrial hemp. Requires Interim Finance approval since the amount added to the Industrial Research Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35049. WITHDRAWN 3-21-16.**

Refer to motion for approval under Agenda Item F.

17. **Department of Agriculture - Veterinary Medical Services - FY 2016** - Addition of \$29,443 in U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Services grant funds to continue the monitoring, identifying, investigating and tracing of possible foreign animal diseases. Requires Interim Finance approval since the cumulative amount added to the USDA Animal Disease Traceability category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34137**

Refer to motion for approval under Agenda Item F.

18. **Department of Agriculture - Veterinary Medical Services - FY 2016** - Addition of \$36,732 in U.S. Department of Agriculture Animal and Plant Health Inspection Service grant funds to provide for the management of foreign animal disease control. Requires Interim Finance approval since the cumulative amount added to the USDA Animal Disease Traceability category exceeds \$75,000. **Work Program #C35119**

Refer to motion for approval under Agenda Item F.

19. **Department of Agriculture - Nutrition Education Programs - FY 2016** - Addition of \$1,791,625 in federal Child/Adult Care Program 10.558 grant funds to provide funding for child and adult care food program reimbursements for the

remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Child/Adult Care Food Program category exceeds \$75,000. **Work Program #C35129**

Refer to motion for approval under Agenda Item F.

20. **Department of Agriculture - Nutrition Education Programs - FY 2016** - Addition of \$127,327 in Federal Commodity/Cash Grant 10.558 funds to provide funding for the increase of At-Risk Afterschool Meals reimbursements under the U.S. Department of Agriculture Child and Adult Care Food Program Cash-In-Lieu program. Requires Interim Finance approval since the amount added to the Commodity Food Program category exceeds \$75,000. **Work Program #C35118**

Refer to motion for approval under Agenda Item F.

21. **Department of Agriculture - Commodity Food Program - FY 2016** - Addition of \$2,084,841 in Direct Sales - Processing funds to provide funding for the increase of National School Lunch Program food commodity orders through the end of Fiscal Year 2016. Requires Interim Finance approval since the amount added to the Food Processing Program category exceeds \$75,000. **Work Program #C35104**

Refer to motion for approval under Agenda Item F.

22. **Department of Business and Industry - Insurance Division - Insurance Regulation - FY 2016** - Addition of \$560,623 in Examination Fees and \$280,312 in Captive Administration Fees to fund additional examinations of Nevada insurers. Requires Interim Finance approval since the amount added to the Insurance Company Exams category exceeds \$75,000. **Work Program #C34973**

Refer to motion for approval under Agenda Item F.

23. **Department of Business and Industry - Housing Division - Low Income Housing Trust Fund - FY 2016** - Transfer of \$706,516 from the **Reserve Encumbered Reserve** category to the Loan Disbursements category to fund transfers to local governments through the fiscal year. Requires Interim Finance approval since the amount added to the Loan Disbursements category exceeds \$75,000. **Work Program #C35078. REVISED 3-25-16**

Refer to motion for approval under Agenda Item F.

24. **Department of Business and Industry - Housing Division - Weatherization - FY 2016** - Transfer of \$149,699 from the Reserve category to the Low Income Home Energy Assistance (LIHEA) subgrants category and \$29,840 from the Reserve category to the Governor's Office of Energy Senior Energy Program category to properly align funds balanced forward from Fiscal Year 2015. Requires Interim Finance approval since the amount transferred to the LIHEA category exceeds \$75,000. **Work Program #C34603**

Refer to motion for approval under Agenda Item F.

- 25. Department of Tourism and Cultural Affairs - Tourism Development Fund – FY 2016** - Transfer of \$2,250,000 from the Reserve category to the Marketing and Advertising category and \$250,000 from the Reserve category to the Rural Matching Grants category to increase marketing and promotional activities and increase awareness of Nevada's rural communities, attractions and special events. Requires Interim Finance approval since the amount transferred to the Marketing and Advertising category exceeds \$75,000. **Work Program #C35097**

Claudia Vecchio, Director, Department of Tourism and Cultural Affairs (DTCA), said Work Program C35097 requested the transfer of approximately \$2.5 million from reserves into the Operating fund for the Rural Marketing Grant program and advertising and promotion.

Assemblywoman Carlton asked why the Division of Tourism needed extra funds if funds were already available.

Ms. Vecchio said the requested funds were revenue from the Lodging Tax, the agency's funding source. The funds would be used for the spring/summer marketing campaign, which was scheduled to run from May through August 2016. Ms. Vecchio said using the funds for a high return on investment (ROI) program was the best use of funds. Additionally, if the money was transferred now instead of later in the year it would allow the division to take advantage of the spring/summer marketing campaign.

Assemblywoman Carlton said the 2015 Legislature approved \$11.2 million for the division, of which only \$6.2 million had been expended; therefore, sufficient funds were available for the spring/summer campaign. She asked why additional funds were necessary.

Ms. Vecchio said the dollars the division had for the overall contract came through the division's marketing agency, Fahlgren Mortine. The division did not expend the full amount of money in the last spring/summer campaign, because the division was undergoing a new creative development process. She said the Don't Fence Me In commercials in digital format were not completed until the fall/winter campaign, so the division saved money, which was the reason there were funds available on the contract with Fahlgren Mortine. Ms. Vecchio said it was a strategic decision not to spend the existing campaign assets and wait until the new campaign, which made it possible to transfer and utilize the funds during FY 2016.

Assemblywoman Carlton reiterated that the 2015 Legislature approved \$11.2 million for the Division of Tourism and the division knew there was going to be a spring/summer campaign. She asked why the division did not include the \$2.25 million in the budget, which would have provided the necessary funds for the marketing campaign. She also asked why the Committee should approve an additional \$2.25 million when there were many other needs in the state.

Ms. Vecchio replied that the tourism/marketing program was funded through the Tourism Promotion Fund, which was an elastic fund meaning that if the Lodging Tax increased then those dollars would go into the Tourism Promotion Fund. She said the Lodging Tax dollars exceeded the original expectation, because the industry had done better than anticipated and those funds could now be used toward the tourism/marketing program. Ms. Vecchio said the division could not have estimated the additional \$2.25 million when the budget was built, because it was an incremental amount based on the performance of the industry. Conversely, if the industry performed poorly, the Division of Tourism would have less money to spend.

Assemblywoman Carlton said if the additional funds were important to the success of the spring/summer campaign then the cost should have been built into the budget. The funds requested by the division were additional dollars above what the Legislature appropriated, regardless of where the funds were coming from. Assemblywoman Carlton said the funds did not need to be spent immediately just because they were available, because something else could surface that would be a better use of those funds. She said the Legislature allotted a certain amount for each agency's budget and she found it frustrating when an agency had difficulty adhering to the plan. Assemblywoman Carlton noted that the money requested by the division would be spent in out-of-state markets to promote Nevada instead of staying within the state. She was concerned with the size of the division's request, especially because it had been less than a year since the 2015 Legislative Session ended.

Ms. Vecchio thought it was worth celebrating that there were additional funds available for the marketing campaign. With regard to funds leaving the state, she thought Assemblywoman Carlton was referring to the funds that went to the marketing agency, Fahlgren Mortine. She said that amount was small in comparison to the funds that would promote Nevada domestically and internationally. Ms. Vecchio said the incremental dollars from the Lodging Tax would be invested in a campaign that would return at least \$33 for every \$1 invested. She said it was a great opportunity for the state to experience a return of \$100.0 million through those additional incremental dollars that occurred as a result of industry performance. Ms. Vecchio said the Division of Tourism viewed those additional Lodging Tax funds as an indication that the state was doing well and an opportunity to increase revenue in the state.

Assemblywoman Carlton said she was supportive of the European sales mission and the opportunity to promote Nevada to others; however, she was less supportive of other aspects of the work program. She thought the division should have included the funds for the marketing campaign in its budget rather than seeking to use the extra funds as they became available.

In response to a question from Senator Goicoechea, Ms. Vecchio replied that the Lodging Tax was three-eighths of 1 percent.

Senator Goicoechea said the amount of the Lodging Tax revenue was unknown until the tax was collected. He said the state had the good fortune to realize increased revenue, which the division wanted to utilize for its marketing campaign.

Assemblywoman Titus said Lodging Tax revenue was an unpredictable value the state looked forward to. She liked to see a ROI, because the Legislature was responsible for being a good steward of state dollars. Assemblywoman Titus thought it was encouraging that the Lodging Tax revenue was larger than anticipated. Although she had questioned how the funds had been spent in the past, she was supportive of the division's efforts, because it brought funds back into Nevada that could be reinvested into the state.

Assemblyman Sprinkle asked about the formula for the ROI that determined the 33 to 1 (33:1) ratio. He had heard about the ratio for several years; however, he had never seen a report that offered proof.

Claudia Vecchio said the Division of Tourism worked with a third-party firm, TNS, one of the largest and most well-respected firms in the industry. She said the division challenged TNS to create a methodology that would showcase total ROI based on a total program rather than paid advertising only. She said the Division of Tourism was the first state tourism bureau in the country to have a fully integrated ROI methodology. Ms. Vecchio said the division was now a fully integrated marketing organization that understood and appreciated the value of public relations. She said there was extraordinary credibility in a media story and social media, which was increasingly important. Ms. Vecchio said the reason the division had continued with a 33:1 ratio for several years was because that ratio was based on paid advertising only, therefore, it was easy to justify. She said the division was not yet comfortable providing a revised ROI based on the new fully integrated methodology, because the division wanted to ensure the number was accurate and conservative first.

David Peterson, Operations and Finance Manager, Division of Tourism, DTCA, said the methodology the division employed in FY 2013 was based specifically on paid advertising. He said in FY 2013 there were eight demographic market areas that were being measured by the division. Mr. Peterson said the division initially considered the proportion of people in those demographic areas who travelled and then the division considered individuals who were exposed to the division's advertising, which was accomplished by tagging digital ads with "K-tags". Mr. Peterson noted that the information collected was from people who gave permission to have their online ad viewing measured. He said Lightspeed Research Panel, operated by TNS, was alerted when someone viewed or interacted with a Division of Tourism ad. Mr. Peterson said the division was also provided with a report on the "recall" of print ads versus digital and television ads. He noted that the ads were for the Division of Tourism, not the Las Vegas Convention and Visitors Authority or the Reno/Sparks Convention and Visitors Authority. Afterwards, the division went through a series of questions concerning whether the ads influenced the viewer to visit Nevada, extend their visit or visit additional locations such as rural Nevada. He noted that one of the

division's challenges was encouraging people to visit other parts of the state besides Las Vegas. Mr. Peterson said the division was also able to assess the people exposed to the ads and determine the amount of their spending during their most recent trip to Nevada. The division categorized spending by lodging, food and beverage, transportation, outdoor recreation, etc. From there, the division applied the appropriate statewide aggregated tax rates for Gaming, Lodging, and Sales and Use Tax to produce the ROI figures.

Assemblyman Sprinkle asked when a ROI report was last provided to the IFC. Ms. Vecchio said she was unsure when the Committee was provided a copy of the report. She said the division issued a report after every campaign and just recently finished the report for the 2015 spring/summer campaign. She said the report for the 2015 fall/winter campaign would be complete in May and the division would provide it to the Committee. Ms. Vecchio said the division had been preparing ROI reports for more than ten years. She said the ROI had increased from 19:1 to 33:1 using the same methodology, which meant the division was seeing a much higher level of engagement and visitation based on current campaigns.

Assemblyman Sprinkle remarked that without seeing the actual report the Committee had to take the division at its word.

Assemblyman Armstrong asked if the Lodging Tax revenue was only available for marketing or if it could be used to support other functions in the state. Ms. Vecchio replied that Lodging Tax funds could be used for a number of different functions throughout the state. The three-eighths of 1 percent revenue came directly to the Division of Tourism to support its overall operation, because it was the division's only method of funding. Ms. Vecchio explained that the division's total budget, including personnel costs, operations, etc., was supported by the Lodging Tax. She said that of the \$21.0 million in Lodging Tax revenue, approximately \$10.0 million went directly to the marketing fund. She said \$1.4 million was in the Rural Grant Program, but the division was asking for authority to increase it to \$1.65 million. Ms. Vecchio said the rest of the funding remained primarily in operations. She said approximately 30 percent of the division's overall budget, which was \$4.0 million, was transferred to other agencies within and outside the DTCA.

Assemblyman Armstrong asked if Tribal functions were funded through the division as well. Ms. Vecchio replied that the division transferred funds to the Division of Museums, Arts Council and Indian Commission. She said, although not included in statute, it was determined in 2011 that the Division of Tourism would match 50 percent of the operating costs for the Arts Council and Division of Museums.

In response to a question from Assemblyman Armstrong, Ms. Vecchio replied that if the Committee approved the division's request, the funds would be used solely for marketing efforts, not for the other agencies.

Assemblyman Armstrong recalled that Assemblywoman Carlton expressed that very concern.

Assemblyman Armstrong noted the ROI for international visitor spending was 1,378:1 and he asked about the formula for determining that ROI. Ms. Vecchio replied that the ROI for international sales efforts was different than the ROI for domestic sales efforts. She said the division advertised less overseas due to the high cost, which was why the majority of the division's activities overseas were sales related. She said the European sales mission would be used to encourage tour operators and travel agents to include Nevada in their itineraries. Ms. Vecchio said the ROI was based on the number of people that take advantage of those trips, rather than a ROI based on advertising efforts. She said the opportunity to have media interviews and meet one-on-one with tour operators and travel agents in other countries was an extraordinary chance to promote Nevada.

Assemblyman Armstrong said he was often reluctant when ROI numbers were very high, such as what the division had provided. He was also concerned that the ROI number included the marketing efforts of the Las Vegas Convention and Visitors Authority causing the ROI to be duplicative.

Mr. Peterson said the division was not suggesting that the European sales mission alone would generate additional visitation. He said the ROI was based on the collective efforts within the Division of Tourism, of which the European sales mission was just one component.

Assemblyman Armstrong said the division indicated the European sales mission would increase international visits to the state by 3 percent, and he asked how many people that equated to. He said Las Vegas alone had 41 million visitors, of which 3 to 4 million were international.

Mr. Peterson replied that approximately 3.12 million overseas visitors traveled to Nevada in 2014 based on the Office of Travel and Tourism Industries (OTTI), underneath the Department of Commerce. Therefore, 3 percent equated to approximately 90,000 additional overseas visitors based on 2014 data; however, that estimate would likely increase when OTTI released the 2015 data.

Assemblyman Armstrong asked if the number of visitors would be included in the report the division would provide after the end of the cycle, and Mr. Peterson said that was correct.

With regard to the 33:1 ROI ratio, Senator Settlemeyer noted that Alaska had a ratio of 75:1. He asked what Nevada could learn from other states with higher ROI ratios to improve its own ratio.

Ms. Vecchio replied that there were several different methodologies to determine ROI. She said TNS had a state range from 10 percent to 60 percent. She said ROI was historically based on the amount of spending for a marketing campaign. Ms. Vecchio said when the division had a 33:1 ratio the division could look at the

actual dollars spent on a campaign and estimate the ROI based on what had been spent, which was why that ratio did not showcase the entirety of an integrated marketing campaign. She said ROI was based on the amount of funds available in the budget, so it was difficult to compare states. For example, Florida had a considerably higher ROI than Nevada, but their budget was \$100.0 million. Ms. Vecchio said ROI was also based on how campaigns were targeted. Overall, she said Nevada was showing a good trend based on the fact that four years ago the ROI was 19:1 and now it was 33:1.

Mr. Peterson said he asked TNS to provide the division with a range of ROI figures for domestic advertising dollars for TNC clients specifically in the tourism industry. He said the ROI range for TNS clients was between \$20 and \$50; however, those figures were not necessarily based on the same methodology that was used for Nevada. Mr. Peterson said certain marketing aspects may be measured differently. For example, Nevada used a significant amount of digital advertising whereas others may not; therefore, he said it was difficult to compare clients even within the same research firm.

Assemblyman Elliot Anderson said his comfort level regarding Work Program C35097 was based on the agency's plans for the remaining \$5.0 million that would be expended. He asked the division to provide specific detail on the use of those remaining funds.

Ms. Vecchio replied that the division had a very detailed spring/summer media plan and she would provide that information to the Committee. She said the plan included a detailed overview of the specific markets and methods, including digital channel per channel, television per channel and print advertising. She said the spring/summer plan expended the totality of the marketing dollars and the plan had been approved by the Commission on Tourism.

Chair Anderson asked if the funds requested by the division would be added to the \$5.0 million to expand the existing spring/summer plan, and Ms. Vecchio said that was correct.

Assemblywoman Carlton agreed with Assemblyman Armstrong that the money could be spent in other places such as the museums, Indian Commission or Arts Council. She said most of those agencies received single-digit increases in the past and the Division of State Parks received no increase whatsoever. Assemblywoman Carlton said the Nevada Film Office actually received less than usual during the 2015 Legislative Session and yet the Nevada Film Office promoted Nevada and provided goods jobs within the state. She said that when the 2011 Legislature consolidated tourism and cultural affairs one of her concerns was that tourism would carry more weight than cultural affairs. She thought both tourism and cultural affairs should be weighed and the funds should be apportioned appropriately toward the things that were of importance to constituents. Assemblywoman Carlton said the point of having tourism as an economic development tool was to provide resources that appealed to constituents also, not just tourists.

Assemblyman Edwards asked if it was reasonable to assume that ROI from international visitors would be higher than domestic visitors, because it was a much more substantial trip. He thought international visitors were likely to spend more money, because it was a rare opportunity. Additionally, international visitors tended to be in a higher income bracket and could afford to spend more compared to domestic travelers.

Ms. Vecchio said that was correct. She said the average amount of spending for international travelers was approximately \$7,500 per visit compared to \$2,500 for domestic travelers. She said international travelers were also more likely to visit other areas of the state. Ms. Vecchio said international travelers were highly coveted, which was a major reason for the division's European sales mission. She said the European sales mission would also be used to celebrate new flights on Norwegian Airlines and Eurowings. She said when a direct flight from China to Las Vegas was finally established it would have a significant impact on Nevada. Ms. Vecchio said it was critical to build strong relationships in the international markets, so that as new flights were created the tour operators would be familiar with Nevada and feel comfortable working with the state.

Assemblyman Edwards thought it was more cost effective to work with overseas tourist agencies, because the number of people reached would result in more per dollar than domestic advertising. Ms. Vecchio said that was correct, the amount spent by international visitors far exceeded domestic tours and general tour operators. She said there were other areas the division had not explored yet, such as the international domestic market. Ms. Vecchio said, overall, the division was striving to spend funds in the most judicial and cost-effective way to produce results. She said the division was just beginning to explore the international market and it was a tremendous opportunity.

Assemblywoman Dickman asked if the cost of the European sales mission would decrease now that only two employees would be traveling instead of three. Ms. Vecchio replied that the cost of the trip would be reduced by \$9,000; therefore, the overall request would be reduced from \$2.5 million to \$2.491 million.

Assemblywoman Swank asked how it was decided to spend the \$2.25 million in Lodging Tax revenue on the marketing campaign instead of elsewhere, aside from the large ROI. She asked how the division assessed needs to determine where to spend the funds.

Ms. Vecchio said, according to NRS 231.250, Lodging Tax revenue was placed in the Fund for the Promotion of Tourism, which was a special fund for tourism promotion development. She said the division's use of the funds were approved by the Commission on Tourism and the funds had historically been used for marketing efforts. Ms. Vecchio said the division also believed that using Lodging Tax revenue on a high ROI item such as marketing was in the best interest of the state.

Assemblywoman Swank recalled that near the end of the 2015 Legislative Session there was discussion about an urgent need for museum building repairs to avoid water damage to exhibits in storage. She said the museums were part of promoting Nevada and she did not think the state promoted the museums enough. Assemblywoman Swank was concerned that other needs, such as museum repairs, were being overlooked in favor of marketing due to the ROI. She recalled that Assemblywoman Carlton had stated that the funds should not always default to marketing. Assemblywoman Swank thought that when Lodging Tax revenue became available the division should take into consideration all urgent needs with regard to promoting Nevada.

Ms. Vecchio noted the division had an infrastructure grant program, but the division could also consider using Tourism Promotion Fund dollars for infrastructure needs during the next budget cycle. She said that particular conversation during the legislative session would be significant, because it would differ from the usual spending of tourism promotion dollars.

Assemblyman Oscarson stated that Lodging Tax revenue could be used for things within the division other than advertising, and Ms. Vecchio said that was correct.

Assemblyman Oscarson agreed with Assemblywoman Swank in regard to museums repairs. He added that the Division of State Parks did not have enough money for necessary repairs and there were other similar circumstances throughout state agencies. He thought there was a significant difference between what the division wanted and what the state needed, especially infrastructure needs.

Ms. Vecchio agreed there were extraordinary infrastructure needs in the state. She said one of the division's six key initiatives was infrastructure and ensuring that the infrastructure in the state matched the needs of tourists and residents. Although the division had not considered using Lodging Tax revenue for infrastructure needs, she said the division would keep it in mind in the future. However, Ms. Vecchio said the division would cooperate if it was the will of the Committee to utilize the funds for infrastructure at the present time.

Assemblyman Oscarson said he would prefer if the division reconsidered how it planned to utilize Lodging Tax revenue. He was not opposed to the division using the funds for marketing; however, there were other needs in the state that could also benefit from the funds. For example, the Division of State Parks was having difficulty getting brochures and the Mormon Fort had significant issues. He said he would feel more comfortable if the division reevaluated the best use of Lodging Tax revenue and distributed the money to support the resources, structure and assets within the state.

Ms. Vecchio thanked Assemblyman Oscarson for his suggestion. She said the Division of State Parks was outside the realm of the DTCA and the funds could only be used within the department itself. She said the statute would have to be reexamined to include the Division of State Parks.

Assemblyman Oscarson said the DTCA provided brochures and other informational resources for the Division of State Parks. Ms. Vecchio said that was correct, the department worked closely with the Division of State Parks.

Chair Anderson said, for clarification purposes, the 2013 study that resulted in a ROI ratio of 33:1 was for the 2013 spring/summer campaign and the funds being requested by the division had become available due to higher than expected Lodging Tax revenue. He remarked that Committee members had suggested other possible uses of the funds. Chair Anderson asked if the division planned to include the funds in the next budget cycle or if the marketing dollars were a one-shot appropriation.

Ms. Vecchio replied that the division was beholden to the Lodging Tax, but if it remained stable or continued to grow then the revenue would be included in the division's 2017-19 budget with FY 2016 as a base for the upcoming year.

Chair Anderson asked if the division's budget would decrease if the Lodging Tax fell below the current \$2.5 million. Ms. Vecchio said that was correct, the division would respond accordingly.

Chair Anderson said ROI diminished over time and the ROI would not necessarily remain the same if more money were invested. He asked how the division would be impacted if the Committee did not approve its request. He said another option would be for the Committee to approve a portion of the request and ask the division to reconsider other uses for the funds. Lastly, the Committee could chose to approve the request as is. He asked the division to comment on the options.

Ms. Vecchio replied that the spring/summer campaign would remain solid and robust as originally planned and the campaign would create great opportunity for the state. She said the Lodging Tax dollars would allow the division to make the campaign even stronger and place additional money in the Rural Marketing Grant program, both with the goal of increasing the state's revenue. Ms. Vecchio said the division would use the funds in the best possible manner, regardless of how much the Committee approved. She reassured the Committee that the division would also take the Committee's spending recommendations into consideration.

Chair Anderson said the Committee was considering the possibility of approving a portion of the division's request and then asking the division to return to the June IFC meeting with a proposal for alternative uses of the remaining funds based on the Committee's suggestions. He asked how the division's marketing campaign would be impacted if the Committee approved a portion of the request.

Ms. Vecchio replied that the marketing campaign would begin on May 2, 2016. She said the advantage of a digitally-focused campaign was that it could be adjusted at any point and changes would take effect immediately, which allowed

the division to be flexible; therefore, delaying a portion of the funding would not have an impact on the campaign.

Ms. Jones said the six items that were requested through Work Program C35097 were:

- \$650,000 to increase television advertising
- \$1.3 million to increase digital advertising
- \$125,000 to enhance the NevadaTravel.com website
- \$100,000 for the European sales/marketing mission (which would be reduced to \$91,000 as previously discussed)
- \$50,000 to enhance the NevadaCulture.org website
- \$25,000 for Highway 50 Loneliest Road 30th Anniversary Celebration.

Ms. Jones noted that all six items were in category 31, Advertising and Promotion. In addition, the work program requested \$250,000 for category 40 to increase Rural Matching Grants.

Chair Anderson asked the division if there were certain items that were higher priority than others.

Ms. Vecchio replied that television advertising needed to be purchased as far in advance as possible for the best rates. She said that television ads were a good driver of website traffic and also enhanced awareness; therefore, it was a high priority item. With regard to digital advertising, it was very fragmented; therefore, the division could remove certain digital channels and maintain only the highest performing channels.

Ms. Vecchio said the Highway 50 Loneliest Road 30th Anniversary was a large celebration and the division was working with many partners; therefore, it was a high priority as well. Likewise, the funds for Rural Matching Grants were important, because it also involved partners.

Ms. Vecchio said the website development for NevadaCulture.org was a work in progress to add an online shopping cart to allow the museums, Arts Council and Indian Commission to sell merchandise. Overall, she thought the digital advertising component would be the easiest item to trim back.

Chair Anderson said after further discussion he was more comfortable with the division's request; however, he was aware that some Committee members had differing opinions. He was willing to consider the option of decreasing the digital advertising piece and then request that the division return to the June IFC meeting with other spending options. Chair Anderson said the other item to consider was spending Lodging Tax revenue to promote museums and state parks, thereby generating revenue for those agencies. He thought increasing museum and park attendance may be more effective than infrastructure repairs.

Senator Goicoechea made a motion to approve all aspects of Work Program C35097, except the digital advertising piece. If the division thought it

was necessary to enhance digital advertising then he encouraged the division to provide justification at the June IFC meeting.

Senator Goicoechea thought any discussion about utilizing Lodging Tax revenue for museum or state park repairs should be handled during the legislative session.

Chair Anderson clarified that the motion excluded the digital advertising component for \$1.3 million and reduced the European sales mission from \$100,000 to \$91,000. He said the division should return to the June IFC meeting with suggestions for alternative uses of the remaining funds unless the division determined that marketing efforts were the best use of funds.

Ms. Jones clarified that the total amount of the request would be reduced from \$2.5 million to \$1,191,000.

SENATOR GOICOECHEA MOVED TO APPROVE
AGENDA ITEM F-25 IN THE REVISED AMOUNT OF
\$1.191 MILLION AND REQUEST THE DEPARTMENT
OF TOURISM AND CULTURAL AFFAIRS TO
RETURN TO THE INTERIM FINANCE COMMITTEE
ON JUNE 30, 2016, WITH A REVISED WORK
PROGRAM REQUEST FOR THE REMAINING
FUNDS.

ASSEMBLYWOMAN TITUS SECONDED THE
MOTION.

Assemblywoman Carlton encouraged the division to provide the Committee with viable options that would allow discussion of agency transfers including cultural affairs.

Assemblyman Sprinkle said he was still uncomfortable with the ROI and where the money was being spent. He thought there was value and benefit in promoting rural Nevada, but preferred to wait until June to see proof of the ROI; therefore, he opposed the motion.

Assemblyman Elliot Anderson said he also opposed the motion. He knew the unused funds would revert, but there was already talk of Lodging Tax revenue proposals during the 2017 Legislative Session. Because the division already had a robust marketing plan in place, he thought it was better to save the funds and use them as part of the regular budget cycle.

Assemblyman Oscarson thanked the agency for reevaluating the request and the willingness to be flexible.

THE MOTION PASSED. (Assemblyman Elliot Anderson, Assemblywoman Bustamante Adams, Assemblywoman Carlton and Assemblyman Sprinkle opposed the motion. Assemblywoman Benitez-Thompson was not present for the vote.)

- 26. Department of Health and Human Services - Director's Office - Upper Payment Limit Holding Account - FY 2016** - Addition of \$2,309,798 in Contract funds transferred from divisions within the Department of Health and Human Services to allow for private Upper Payment Limit supplemental payments to private hospitals. Requires Interim Finance approval since the amount added to the Transfer to Other State Agency category exceeds \$75,000. **RELATES TO ITEMS F.36 and 45. Work Program #C34957**

Refer to motion for approval under Agenda Item F.

- 27. Department of Health and Human Services - Director's Office - Developmental Disabilities - FY 2016** - Addition of \$46,577 in federal Development Disabilities (DD) Councils grant funds to continue to provide services to people with developmental disabilities so they may fully participate in and contribute to all aspects of community life. Requires Interim Finance approval since the amount added to the DD Council category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34905**

Refer to motion for approval under Agenda Item F.

- 28. Department of Health and Human Services - Aging and Disability Services - Senior Rx and Disability Rx - FY 2016** - Transfer of \$77,750 from the Senior Prescription Program to the Disabled Prescription (Rx) Program to cover a projected shortfall in program expenditures due to a shift in demand from the eligible populations. Requires Interim Finance approval since the amount transferred to the Disabled Rx Program category exceeds \$75,000. **Work Program #C35053**

Refer to motion for approval under Agenda Item F.

- 29. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2016** - Addition of \$45,000 in federal Developmental Disabilities Council grant funds transferred from the Developmental Disabilities Account for the implementation of the 2015 Strategic Plan on Integrated Employment Services (IES). Requires Interim Finance approval since the amount added to the Developmental Disabilities Council - IES category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34967**

Refer to motion for approval under Agenda Item F.

30. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2016** - Addition of \$459,253 in federal Nutrition Services Incentive grant funds to continue to provide efficient delivery of nutritious meals to older adults. Requires Interim Finance approval since the amount added to the Nutrition Services Incentive category exceeds \$75,000. **Work Program #C34978**

Refer to motion for approval under Agenda Item F.

31. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2016** - Addition of \$1,640,348 in federal Title III-B Projects grant funds; \$13,016 in federal Title III-C Training grant funds, \$3,283,996 in federal Title III-C Nutrition grant funds; \$97,721 in federal Title III-D Prevention/Health grant funds and \$757,343 in federal Title III-E Caregiver grant funds to continue to provide services to older people to maintain health, independence and quality of life. Requires Interim Finance approval since the amount added to the Title III-B Social Services category exceeds \$75,000. **Work Program #C35001**

Refer to motion for approval under Agenda Item F.

32. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2016** - Addition of \$53,711 in federal Senior Medicare Patrol grant funds to continue to educate Nevadans on how to detect and report health care fraud in Medicare billing to protect vital health care programs. Requires Interim Finance approval since the amount added to the Senior Medicare Patrol category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35052**

Refer to motion for approval under Agenda Item F.

33. **Department of Health and Human Services - Aging and Disability Services - Early Intervention Services - FY 2016** - Transfer of \$1,074,001 from the Personnel Services category to the Medical Contract/Payments category, \$426,223 from the Personnel Services category to the Private/Community Sector category, \$112,573 from the Operating category to the Private/Community Sector category and \$17,981 from the Information Services category to the Private/Community Sector category to cover a projected shortfall due to caseload growth and increased costs. Requires Interim Finance approval since the amount transferred to the Medical Contract/Payments category exceeds \$75,000. **Work Program #C35006**

Todd Myler, Administrative Services Officer, ADSD, DHHS, said Work Program C35006 requested authority to transfer projected savings from several categories into categories 12 and 14 within the Early Intervention Services (EIS) budget to cover a portion of a projected shortfall.

Assemblyman Armstrong asked about the impact of a hiring freeze on the caseload backlog.

Julie Kotchevar, Deputy Administrator, ADSD, DHHS, said EIS did not currently have a waitlist and had not had a waitlist in approximately two years, which was the first time in EIS history. She said the division was currently serving the number of children it had expected to serve at the end of FY 2017. When ADSD realized that the caseload had grown significantly it tried to determine a way to manage the caseload over the short term without establishing a waitlist. Ms. Kotchevar said the division had been working with Medicaid to increase revenue; however, the revenue had not materialized, which was why the division opted for a hiring freeze in the short term. She said, of the positions the ADSD froze, 16 were direct support staff, because the division thought the caseload could be managed with Quality Assurance staff, managers, supervisors and Service Coordinators while still maintaining the 50 percent state/50 percent community partner caseload and ensuring that all children still received services.

Assemblyman Armstrong said the state had asked agencies to consider options internally to correct issues and he appreciated the division's efforts to honor the state's request.

Assemblywoman Dickman asked how the agency would address a funding shortfall in FY 2017.

Ms. Kotchevar replied that ADSD had been working with Medicaid to receive higher revenue for its services. Historically, services provided by EIS were considered habilitative, because the children were born with their disability; therefore, services were not reimbursable through Medicaid and most private insurance companies. However, she said the rules had changed about a year and a half ago and some habilitative services were now reimbursable. Ms. Kotchevar said ADSD was not accustomed to billing for those services, so the division did not initially have the capacity, and it took longer to realize the revenue. She added that it was difficult to bill and receive reimbursement from Medicaid. Ms. Kotchevar said Medicaid had been a good partner and the division hoped to eventually bring in enough revenue to offset some of the General Fund in the EIS budget.

Assemblyman Sprinkle asked if the transfer to the private community sector was short term. Ms. Kotchevar replied that the division was not transferring children to the community partners. She explained that the caseload had increased, so there was a shortfall in what ADSD budgeted to spend both on community partners and within the state program; however, the caseload was still split 50/50, it was just higher than expected.

Assemblyman Sprinkle said he wanted to ensure the division was looking at the bigger picture and the cause of the increased caseload. He said increased staffing and similar measures may need to be considered during the 2017 Legislative Session.

Ms. Kotchevar replied that the division began receiving significantly more referrals when ADSD eliminated the EIS waitlist and as a result, they were considering long-term solutions to handling the increased caseload.

Assemblywoman Carlton said there were a number of agencies utilizing vacancy savings to fill other needs, which was resourceful; however, she was concerned about the fact that there were vacancies. She said although EIS did not have a waitlist, caseload staffing ratios would increase due to fewer staff, which meant the level of service may not be the same as it had been in the past. She said an employee was bound to provide a different level of service when faced with a significantly increased caseload. Assemblywoman Carlton said it was especially important that children received the appropriate level of services at the appropriate age. She was concerned that the division had stopped searching for effective staff by instituting a hiring freeze, because lower caseload staffing ratios would result in better service for children.

Ms. Kotchevar replied that one of the best recruiting times for EIS was after the university graduations. She said the division chose to institute a hiring freeze between February and May, because fewer graduates would be available. The ADSD was also considering methods to retain employees. She said DHHS had implemented work/life policies such as Infant-at-Work, which was significant for EIS, because a lot of EIS staff were younger people who were having children. Ms. Kotchevar said the Infant-at-Work program had lowered the division's vacancy rate by increasing the retention rate for people coming back to work after having a child. She said ADSD regularly maintained between 10 and 11 vacancies and the division was considering other efforts to help with the underlying problem. Ms. Kotchevar said ADSD was also reexamining the classification of the Developmental Specialist to make sure the requirements had not become a barrier, were relevant to current degree trends, and made sense from a licensing perspective.

Assemblywoman Carlton said when the community providers partnered with the state and the caseloads were divided, there were instances where the community providers became overwhelmed and as a result, there were problems. She said it was important to ensure that community providers could handle the increased caseloads the division was currently experiencing. Assemblywoman Carlton said the community providers may not have realized the extent of the caseload when they partnered with the state. She said she would rather bring children back into the state system than overwhelm the community providers and have another issue to address.

Ms. Kotchevar said EIS had regular communication with the community providers and occasionally the division removed a community provider from the rotation if the division thought the provider may not be able to meet the service needs. She said there were also instances when community providers voluntarily removed themselves from the rotation. Ms. Kotchevar said ADSD implemented a quality assurance system for the division and the community partners that considered best practices, and their ability to implement best practices, so children receive

quality services. She said it was important to ensure that both the division and community partners were providing high-quality services for children.

ASSEMBLYWOMAN DICKMAN MOVED TO
APPROVE AGENDA ITEM F-33.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not
present for the vote.)

34. **Department of Health and Human Services - Aging and Disability Services - Sierra Regional Center - FY 2016** - Transfer of \$52,000 from the Personnel Services category to the Family Support category to fund projected respite caseload expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Family Support category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34900**

Refer to motion for approval under Agenda Item F.

35. **Department of Health and Human Services - Aging and Disability Services - Sierra Regional Center - FY 2016** - Addition of \$296,636 in federal Title XIX - Waiver grant funds to support an increase in Residential Supports/Supported Living Arrangement and Jobs and Day Training caseloads through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Residential Supports category exceeds \$75,000. **Work Program #C34993**

Refer to motion for approval under Agenda Item F.

36. **Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2016** - Addition of \$1,639,071 in Contract funds transferred from the Director's Office to continue private Upper Payment Limit supplemental payments to private hospitals. Requires Interim Finance approval since the amount added to the Transfer to BA 3243 - Medicaid category exceeds \$75,000. **RELATES TO ITEMS F.26 and 37. Work Program #C35008**

Refer to motion for approval under Agenda Item F.

37. **Department of Health and Human Services - Health Care Financing and Policy - Medicaid - FY 2016** - Addition of \$2,524,366 in federal Title XIX grant funds and \$1,639,071 in Contract funds transferred from the Intergovernmental Transfer Program account to allow for private Upper Payment Limit supplemental payments to private hospitals. Requires Interim Finance approval since the amount added to the Offline category exceeds \$75,000. **RELATES TO ITEM F.36. Work Program #C35021**

Refer to motion for approval under Agenda Item F.

38. **Department of Health and Human Services - Health Care Financing and Policy – Nevada Medicaid, Title XIX - FY 2016** - Addition of \$128,121,289 in federal Title XIX funds and transfer of \$12,607,136 from the County Indigent Program category to the Waiver category and \$32,734,414 from the Offline Category to the Expanded Medicaid category to pay providers for projected medical services. Requires Interim Finance approval since the amount added to the Newly Eligible category exceeds \$75,000. **Work Program #C34972**

Refer to motion for approval under Agenda Item F.

39. **Department of Health and Human Services - Public and Behavioral Health - Radiation Control - FY 2016** - Transfer of \$10,185 from the Reserve category to the In-State Travel category and \$172,860 from the Reserve category to the Equipment category to fund projected travel expenditures and replace radiation inspection equipment to continue to provide mandated inspections throughout the state. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$75,000. **Work Program #C34742**

Refer to motion for approval under Agenda Item F.

40. **Department of Health and Human Services - Public and Behavioral Health - Cancer Control Registry - FY 2016** - Addition of \$45,632 in federal Cancer Prevention and Control Program (CPCP) in Nevada grant funds transferred from the Chronic Disease Account within the division to continue to collect and maintain a record of reportable cases of cancer. Requires Interim Finance approval since the amount added to the National Cancer Prevention and Control category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34502**

Refer to motion for approval under Agenda Item F.

41. **Department of Health and Human Services - Public and Behavioral Health - Health Care Facilities Regulation - FY 2016** - Transfer of \$124,936 from the Personnel Services category to the Operating category to fund contracted health facility inspector registered nurses through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C34897**

Refer to motion for approval under Agenda Item F.

42. **Department of Health and Human Services - Public and Behavioral Health - Public Health Preparedness Program - FY 2016** - Addition of \$306,005 in federal Homeland Security Biowatch Program grant funds and transfer of \$2,636 from the Personnel Services category to the Biowatch category and \$193 from the Division Cost Allocation category to the Biowatch category to continue to pay the University of Nevada, Las Vegas for collecting and analyzing air samples in Clark County and submitting performance reports to the U.S. Department of

Homeland Security. Requires Interim Finance approval since the amount added to the Biowatch category exceeds \$75,000. **Work Program #C34505**

Refer to motion for approval under Agenda Item F.

43. **Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2016** - Addition of \$83,997 in federal National Cancer Prevention and Control grant funds and transfer of \$14,590 from the Cancer Prevention Management Leadership Coordination category to the National Cancer Prevention and Control category to continue to provide support for a comprehensive breast and cervical cancer screening program. Requires Interim Finance approval since the amount added to the National Prevention and Control category exceeds \$75,000. **Work Program #C34879**

Refer to motion for approval under Agenda Item F.

44. **Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2017** - Transfer of \$124,088 from the National Cancer Prevention and Control category to the Personnel Services category to hire two state staff to provide support to the Women's Health Connection Program to meet its Minimum Data Element Core Indicators. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C34899**

Refer to motion for approval under Agenda Item F.

45. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2016** - Addition of \$687,005 in Metabolic Screening Fees to continue operations of the Newborn Screening Program until regulations are amended to allow the transfer of the program to the University of Nevada, Reno. Requires Interim Finance approval since the amount added to the Medical/Dental Expenses category exceeds \$75,000. **RELATES TO ITEM F.26. Work Program #C34927**

Refer to motion for approval under Agenda Item F.

46. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2016** - Addition of \$54,931 in federal Sexual Violence Prevention Education grant funds to continue to promote sexual violence prevention and education awareness throughout the state. Requires Interim Finance approval since the amount added to the Rape Prevention and Education category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34938**

Refer to motion for approval under Agenda Item F.

47. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2016** - Addition of \$667,077 in federal Maternal, Infant and Early Childhood Home Visiting Program grant funds to continue to promote improvements in maternal and prenatal, infant and childhood health through home visiting services. Requires Interim Finance approval since the amount added to the Home Visiting Program category exceeds \$75,000. **Work Program #C34846**

Refer to motion for approval under Agenda Item F.

48. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2016** - Addition of \$104,719 in federal Maternal and Child Health (MCH) Services grant funds to continue to improve the health of families by providing health education, prevention activities, and quality assurance and health care services. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the MCH Program category exceeds 10 percent of the legislatively approved amount for that category. Work Program #C34834**

Agenda Item F-48 involved allocation of block grant funds, which required a public hearing. Chair Anderson opened the public hearing. There being no requests to testify, Chair Anderson closed the public hearing.

49. **Department of Health and Human Services - Public and Behavioral Health - Office of Health Administration - FY 2016** - Transfer of \$66,222 from the Reserve category to the Operating category to fund projected expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34890**

Refer to motion for approval under Agenda Item F.

50. **Department of Health and Human Services - Public and Behavioral Health - Community Health Services - FY 2016** - Addition of \$4,009 in federal Family Planning grant funds and transfer of \$87,724 from the Personnel Services category to the Family Planning category and \$58,829 from the Division Cost Allocation category to the Family Planning category to continue to provide support to the rural community health clinics. Requires Interim Finance approval since the amount transferred to the Family Planning category exceeds \$75,000. **Work Program #C34874**

Refer to motion for approval under Agenda Item F.

51. **Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2016** - Transfer of \$435,092 from the Personnel Services category to the Supplemental Nutrition Assistance Program (SNAP) Reinvestment Plan category to support initiatives designed to improve the SNAP

eligibility error rates for the State of Nevada. Requires Interim Finance approval since the amount transferred to the SNAP Reinvestment Plan category exceeds \$75,000. **Work Program #C35126**

This agenda item was heard in conjunction with Agenda Item P-11e.

Steve Fisher, Division Administrator, Division of Welfare and Supportive Services (DWSS), DHHS, introduced Naomi Lewis, Deputy Administrator, DWSS, DHHS.

Ms. Lewis said she was responsible for the Program and Field Operations area of DWSS. She said the agency administered the big safety net programs in the state, which included the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and Medicaid, to assist needy Nevadans, including children, pregnant women, nursing home residents, homeless, disabled, working poor and elderly by determining eligibility for temporary assistance. Ms. Lewis said DWSS was required to meet certain performance expectations including SNAP payment accuracy and program timeliness. The agency was pleased to report that DWSS had met and exceeded the performance expectations for FY 2015 as a result of the generous support of the Legislature and hard work and dedication of DWSS staff.

Ms. Lewis said the state-reported SNAP error rate improved from 7.61 percent in FY 2014 to 4.95 percent in FY 2015, which was below the 6 percent threshold and would avoid any financial liabilities for FY 2015. She said SNAP timeliness improved from 73.59 percent timely to 97.83 percent timely. On March 17, 2016, the agency received notification that the timeliness benchmarks required by the United States Department of Agriculture Food and Nutrition Service (FNS) had been achieved and FNS would be lifting the advance warning notification from September 2014. Ms. Lewis said the agency was no longer under a corrective action plan for timeliness issues for the first time since 2007, and DWSS was among the nation's most improved in both timeliness and accuracy. She said the Medicaid processing time to provide assistance to children and families was reduced from 52 days to less than 14 days, allowing Nevada citizens a path to Medicaid services an average of 38 days sooner. Likewise, the agency currently averaged 14 days for determining SNAP eligibility, which was less than the 30 days allowed by regulation, and 50 percent of households had SNAP benefits within 5 days.

Ms. Lewis said Work Program C35126 requested transfer of authority from category 1 (Personnel) to category 40 (SNAP Reinvestment) to implement the reinvestment plan, which was mutually agreed upon and officially approved by FNS, to reinvest the required amount of \$435,091.50 into three areas to further improve the accuracy rate of DWSS in delivering benefits in the current fiscal year. Ms. Lewis said the reinvestment plan focused on improved training and training products. Additionally, the plan provided for additional business model improvements and included a quality assurance conference.

Assemblywoman Carlton said DWSS accuracy and timeliness had been an ongoing issue and she wanted to clarify for the Committee the rate settlement

process the state would undergo. Her understanding was that General Fund dollars would be used for the reinvestment plan, which were funds that could have been used elsewhere. She asked if the cause of the poor performance ratings was due to inadequate training of community providers. Assemblywoman Carlton recalled there had been a big push several years ago to have community providers assist with benefits and completion of the forms. She thought it was important to determine the cause of the poor performance ratings to avoid a similar situation in the future. Assemblywoman Carlton said it was important to bring SNAP, TANF and Medicaid benefits into the state, but it needed to be done correctly.

Ms. Lewis agreed with Assemblywoman Carlton in that some of the initiatives had been ongoing since 2010 and it continued to be a concern for everyone. She said in 2014 the Affordable Care Act went into effect and the 7.61 percent error rate had multiple causal factors. Ms. Lewis said she was very confident that through the initiatives implemented by the division the error rate would not continue to be a problem and the division would maintain the appropriate accuracy level going forward.

Assemblywoman Carlton asked if the community providers were trained at the same level as state employees. Ms. Lewis said that was correct. She did not believe the community providers contributed to the error rate in 2014. She said the division appreciated the assistance of the community providers.

Assemblywoman Carlton said if the community providers had contributed to the error rate then it was important to invest in training, because it was a valuable program.

Assemblyman Sprinkle said the liability of the error rate should not be minimized and the division should be commended for addressing the issue. He thought it was important to note the division had made significant enough improvement to be removed from the warning list. With regard to causal factors, Assemblyman Sprinkle asked if staffing had been a contributing factor to the error rate. He also asked if the division needed to reexamine staffing levels to determine whether it had an adequate number of competent staff to avoid repeating the problem in the future.

Ms. Lewis replied that staffing had been an issue in 2014 when the division had 818 authorized positions, of which 404 were trainees. She said currently 23 percent of division staff were trainees, which was less than in 2014. Ms. Lewis said the training process, not staffing levels, was the primary issue in 2014.

Assemblyman Sprinkle, said with only 23 percent trainees, the division had a sufficient number of trained staff to avoid repeating the error rate from 2014, unless there was significant employee turnover. He asked if employee retention was a problem for the division.

Ms. Lewis replied that the division built training academies into its process. She said the division was regularly replacing employees due to the high number of staff required to run DWSS; therefore, the division had a permanent unit in place to interview and keep the academies full so the division vacancy rate would remain as low as possible.

In response to a question from Assemblyman Elliot Anderson regarding the financial penalty for federal fiscal year 2015, Ms. Lewis replied that the federal government, under the SNAP program requirements, measures the performance of each state agency and determines the average performance level nationwide. She said the results were typically available in June. She said payment error rates above 105 percent of the national average initiated a corrective action status, with error rates above 6 percent resulting in a fiscal sanction. Ms. Lewis said the performance measurement was complete for FY 2015 and the agency-reported rate for Nevada was 4.95 percent. She said FNS would perform a "regression" to confirm whether Nevada's error rate was truly 4.95 percent. Ms. Lewis said the agency would not receive a financial penalty if FNS confirmed that the division was below 6 percent.

In response to a question from Assemblyman Elliot Anderson, Ms. Lewis replied that the initial data had been accurate in previous years.

SENATOR GOICOECHEA MOVED TO APPROVE
AGENDA ITEM F-51.

ASSEMBLYMAN SPRINKLE SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not
present for the vote.)

52. **Department of Health and Human Services - Welfare and Supportive Services - Energy Assistance Program - FY 2016** - Addition of \$770,000 in federal Low Income Home Energy Assistance (LIHEA) grant funds to provide assistance to eligible households with their heating and cooling needs. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the LIHEA Payments category exceeds \$75,000. Work Program #C34802**

Agenda Item F-52 involved allocation of block grant funds, which required a public hearing. Chair Anderson opened the public hearing. There being no requests to testify, Chair Anderson closed the public hearing.

53. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2016** - Addition of \$81,421 in federal Victim Assistance Discretionary Grant Training Program for Victims of Crime Act (VOCA) funds to provide training and technical assistance for victim

assistance grantees and others who work with crime victims. Requires Interim Finance approval since the amount added to the VOCA Training category exceeds \$75,000. **RELATES TO ITEM F.54. Work Program #C34777**

Refer to motion for approval under Agenda Item F.

- 54. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2017** - Addition of \$162,841 in federal Victim Assistance Discretionary Grant Training Program for Victims of Crime Act (VOCA) funds to provide training and technical assistance for victim assistance grantees and others who work with crime victims. Requires Interim Finance approval since the amount added to the VOCA Training category exceeds \$75,000. **RELATES TO ITEM F.53. Work Program #C34944**

Refer to motion for approval under Agenda Item F.

- 55. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2016** - Addition of \$2,151,819 in federal Victims of Crime Act grant funds to allow direct service providers to respond to the emotional and physical needs of crime victims, assist primary and secondary victims of crime to stabilize their lives after a victimization, assist victims to understand and participate in the criminal justice system and provide victims of crime with a measure of safety and security. Requires Interim Finance approval since the amount added to the U.S. Crime Victims category exceeds \$75,000. **RELATES TO ITEM F.56. Work Program #C34555**

Refer to motion for approval under Agenda Item F.

- 56. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2017** - Addition of \$9,444,758 in federal Victims of Crime Act grant funds to allow direct service providers to respond to the emotional and physical needs of crime victims, assist primary and secondary victims of crime to stabilize their lives after a victimization, assist victims to understand and participate in the criminal justice system and provide victims of crime with a measure of safety and security. Requires Interim Finance approval since the amount added to the U.S. Crime Victims category exceeds \$75,000. **RELATES TO ITEM F.55. Work Program #C34896**

Kelly Wooldridge, Administrator, Division of Child and Family Services (DCFS), DHHS, said Work Program C34896 was a request to increase authority for FY 2017 for the federal Victims of Crime grant. She said Nevada had received over \$17.0 million in funding for victims of crime to provide community-based services such as domestic violence, sexual assault and rape services; hospital and emergency room victim services; religious organization services; social and public health services; and nonprofit self-help services. Ms. Wooldridge said DCFS submitted a request for proposal (RFP) for grant distribution of the award and received 49 applications totaling \$50.0 million in requests. The DCFS planned to allocate funding using a distribution formula and award letters would soon be sent to recipients.

Assemblywoman Titus said she had some concern regarding large federal grants that required a certain amount of match, as well as the viability of the programs; however, she thought it was important to assist victims of crime. She noted that the 20 percent match requirement would be met by subgrantees. She asked how that process would work and if there was a guarantee the subgrantees would be capable of providing the match.

Ms. Wooldridge replied that the grant was managed by the DCFS Grant Management Unit and DHHS Director's Office. She said one of the questions on the RFP was how community providers planned to maintain the sustainability with the 20 percent match and to describe the scoring mechanisms on that prospect. She said there were quite a few quality assurance and fiscal reviews to determine if the community provider would be able to sustain the 20 percent match, and, if not, if there was some way the division could assist.

Assemblywoman Titus asked if the division intended to utilize all of the grant funds. Ms. Wooldridge said that was correct. She said the RFP requests totaled almost \$50.0 million; however, the division only had \$17.0 million, all of which would be disbursed and monitored.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE
AGENDA ITEM F-56.

SENATOR SETTELMAYER SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not
present for the vote.)

57. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2016** - Transfer of \$43,044 from the Personnel Services category to the Operating category, \$26,688 from the Personnel Services category to the In-State Travel category and \$498 from the Out-of-State Travel category to the In-State Travel category to support increased travel and operating expenditures resulting from revised operating projections and reopening of the Summit View Juvenile Correctional Facility. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35039**

Refer to motion for approval under Agenda Item F.

58. **Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2016** - Addition of \$2,384,137 in federal Title IV-E grant funds and \$115,190 in Child Support Enforcement funds to continue to support child welfare services. Requires Interim Finance approval

since the amount added to the Child Welfare category exceeds \$75,000. **Work Program #C34730**

Refer to motion for approval under Agenda Item F.

59. **Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2016** - Addition of \$8,070,402 in federal Title IV-E grant funds to continue to provide support for adoptions and foster care activities due to increased Title IV-E eligible reimbursements. Requires Interim Finance approval since the amount added to the Subsidized Adoptions category exceeds \$75,000. **Work Program #C34698**

Refer to motion for approval under Agenda Item F.

60. **Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2016** - Transfer of \$5,913 from the Reserve category to the Elks Activities category and \$35,534 from the Reserve category to the Caregiver Testing and Evaluation category to realign authority. Requires Interim Finance approval since the cumulative amount transferred to the Caregiver Testing and Evaluation category exceeds \$75,000. **Work Program #C34764**

Refer to motion for approval under Agenda Item F.

61. **Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2016** - Transfer of \$24,047 from the In-State Travel category to the Caregiver Testing and Evaluation category and \$14,000 from the Non XIX Medical category to the Caregiver Testing and Evaluation category to fund a projected shortfall due to an increase in the need for complex parental capacity assessments. Requires Interim Finance approval since the amount transferred to the Caregiver Testing and Evaluation category exceeds 10 percent of the legislatively approval amount for that category. **Work Program #C34589**

Refer to motion for approval under Agenda Item F.

62. **Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2016** - Addition of \$103,816 in General Fund appropriation from FY 2017 and \$119,456 in federal Title IV-E grant funds to support adoption subsidies. Requires Interim Finance approval, pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.63. Work Program #C34916**

Refer to motion for approval under Agenda Item F.

63. **Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2017** - Deletion of \$103,816 in General Fund appropriation to FY 2016 to support adoption subsidies. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.62. Work Program #C34917**

Refer to motion for approval under Agenda Item F.

64. **Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2016** - Transfer of \$65,816 from the Operating category to the Mental Health Placements category to continue support for uninsured children and adolescents in need of acute mental health placements. Requires Interim Finance approval since the amount added to the Mental Health Placements category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35093**

Refer to motion for approval under Agenda Item F.

65. **Department of Corrections - Prison Medical Care - FY 2016** - Transfer of \$19,354 from the Personnel Services category to the Uniform Allowance category and \$13,264 from the Personnel Services category to the Utilities category to provide protective clothing and dispose of hazardous medical waste for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35016**

Refer to motion for approval under Agenda Item F.

66. **Department of Corrections - Director's Office - FY 2016** - Deletion of \$208,902 in Budgetary Transfers and transfer of \$997 from the Employee Physical Costs category to the Video Conferencing category and \$25,732 from the Employee Physical Costs category to the Operating category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Employee Physical Costs category exceeds \$75,000. **Work Program #C35040**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

67. **Department of Corrections - Correctional Programs - FY 2016** - Deletion of \$690,775 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C35028**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

68. **Department of Corrections - Ely State Prison - FY 2016** - Deletion of \$206,448 in Budgetary Transfers and transfer of \$3,109 from the Utilities category to the Personnel Services category, \$10,593 from the Utilities category to the Operating category, \$20,757 from the Utilities category to the Maintenance of Buildings and Grounds category and \$177,409 from the Utilities category to the Inmate Driven category to fund a projected shortfall within the department for the remainder of

the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C35048**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

69. **Department of Corrections - High Desert State Prison - FY 2016** - Addition of \$675,395 in Budgetary Transfers, deletion of \$4,902 in the Room, Board and Transportation Charges and transfer of \$612,091 from the Utilities category to the Inmate Drivens category, \$24,635 from the Uniform Allowance category to the Operating category and \$20,000 from the Uniform Allowance category to the Maintenance of Building and Grounds category to cover projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C34839**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

70. **Department of Corrections - Northern Nevada Correctional Center - FY 2016** - Deletion of \$14,683 in Budgetary Transfers and transfer of \$40,000 from the Personnel Services category to the Maintenance of Buildings and Grounds category, \$19,921 from the Personnel Services category to the Inmate Drivens category, \$23,039 from the Utilities category to the Inmate Drivens category and \$21,491 from the Agency Issue Uniform Allowance category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35030**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

71. **Department of Corrections - Southern Desert Correctional Center - FY 2016** - Addition of \$339,043 in Budgetary Transfers and transfer of \$504 from the Equipment category to the Inmate Drivens category, \$3,947 from the Maintenance Contracts category to the Inmate Drivens category, \$2,639 from the Uniform Allowance category to the Inmate Drivens category and \$76,244 from the Utilities category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C34841**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

72. **Department of Corrections - Lovelock Correctional Center - FY 2016** - Deletion of \$63,880 in Budgetary Transfers and transfer of \$15,448 from the Utilities category to the Operating category and \$35,050 from the Utilities

category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C34997**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 73. Department of Corrections - Southern Nevada Correctional Center – FY 2016** - Deletion of \$13,443 in Budgetary Transfers and transfer of \$3,259 from the Utilities category to the Personnel Services category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35005**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 74. Department of Corrections - Warm Springs Correctional Center - FY 2016** - Deletion of \$66,721 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35041**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 75. Department of Corrections - Florence McClure Women's Correctional Center - FY 2016** - Addition of \$442,170 in Budgetary Transfers, deletion of \$231,959 in Room, Board, and Transportation Charges and transfer of \$2,371 from the Equipment category to the Personnel Services category and \$9,219 from the Agency Issued Uniform Allowance category to the Personnel Services category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C34990**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 76. Department of Corrections - Casa Grande Transitional Housing - FY 2016** - Deletion of \$126,311 in Budgetary Transfers and transfer of \$2,100 from the Personnel Services category to the Operating category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35029**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

77. **Department of Corrections - Northern Nevada Transitional Housing – FY 2016** - Addition of \$34,654 in Budgetary Transfers and transfer of \$5,660 from the Utilities category to the Inmate Drivens category to help fund a projected shortfall within the department for the remainder of this fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35042**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

78. **Department of Corrections - Stewart Conservation Camp - FY 2016** - Addition of \$61,830 in Budgetary Transfers and transfer of \$43,836 from the Personnel Services category to the Inmate Drivens category, \$7,452 from the Equipment category to the Inmate Drivens category and \$264 from the Maintenance Contracts category to the Inmate Drivens category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000 **Work Program #C35031**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

79. **Department of Corrections - Pioche Conservation Camp - FY 2016** - Deletion of \$72,647 in Budgetary Transfers and transfer of \$1,987 from the Personnel Services category to the Operating category and \$44,820 from the Personnel Services category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35032**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

80. **Department of Corrections - Three Lakes Valley Conservation Camp – FY 2016** - Deletion of \$52,901 in Budgetary Transfers and transfer of \$2,554 from the Personnel Services category to the Operating category, \$1,250 from the Personnel Services category to the Maintenance of Building and Grounds category and \$109,266 from the Personnel Services category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C34842**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

81. **Department of Corrections - Wells Conservation Camp - FY 2016** - Deletion of \$52,117 in Budgetary Transfers and transfer of \$2,170 from the Personnel Services category to the Operating category, \$3,501 from the Personnel Services

category to the Maintenance of Buildings and Grounds category and \$4,759 from the Personnel Services category to the Maintenance Contracts category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35033**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 82. Department of Corrections - Humboldt Conservation Camp - FY 2016 -** Deletion of \$5,597 in Budgetary Transfers and transfer of \$9,970 from the Utilities category to the Personnel Services category, \$1,821 from the Utilities category to the Operating category, \$4,600 from the Utilities category to the Maintenance Contracts category and \$14,599 from the Utilities category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Utilities category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34985**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 83. Department of Corrections - Ely Conservation Camp - FY 2016 -** Deletion of \$26,786 in Budgetary Transfers and transfer of \$14,352 from the Personnel Services category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35034**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 84. Department of Corrections - Jean Conservation Camp - FY 2016 -** Deletion of \$65,562 in Budgetary Transfers and transfer of \$3,986 from the Personnel Services category to the Operating category and \$38,292 from the Personnel Services category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C34986**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 85. Department of Corrections - Silver Springs Conservation Camp - FY 2016 -** Deletion of \$364 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35050**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 86. Department of Corrections - Carlin Conservation Camp - FY 2016** - Addition of \$115,198 in Budgetary Transfers and transfer of \$1,119 from the Equipment category to the Operating category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C34996**

Agenda Items F-66 through F-87 were heard together. Refer to testimony and motion for approval under Agenda Item F-87.

- 87. Department of Corrections - Tonopah Conservation Camp - FY 2016** - Deletion of \$1,153 in Budgetary Transfers and transfer of \$541 from Personnel Services category to the Inmate Drivens category, \$5,118 from the Equipment category to the Inmate Drivens category, \$26,906 from the Utilities category to the Inmate Drivens category and \$233 from the Personnel Services category to the Maintenance Contracts category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34840**

Scott Sisco, Deputy Director, Nevada Department of Corrections (NDOC), introduced newly appointed Director, James Dzurenda, and John Borrowman, Chief of Fiscal Services.

James Dzurenda, Director, NDOC, said he had worked for 30 years in prisons around the country, specifically New York City and Connecticut. He said he also performed 32 studies on mental health, reentry, isolation and segregation in different agencies around the country. Mr. Dzurenda said his philosophy was that inmates needed to be held accountable from day one at the institution, but the reentry process also began on day one. He hoped to meet with as many Committee members as possible to explain his philosophy and to hear the members' thoughts and concerns.

Mr. Dzurenda said he was new to Nevada and was impressed with its vastness and beauty. He looked forward to serving the citizens of Nevada. Chair Anderson welcomed Mr. Dzurenda to Nevada.

Mr. Sisco said Agenda Items 66 through 87 consisted of 22 NDOC budget transfer work programs. He said each biennium the Appropriations Act allowed the NDOC, with IFC approval, to transfer funds and authority to coincide with the movement of inmates based on actual inmate population and classification level changes during the course of any given year. Mr. Sisco said that process was the first step in determining which institution or facility inmates would be placed based on their security and/or risk levels. He said funds and authority were transferred as necessary, because inmates could end up in lower cost facilities,

such as conservation camps, or higher cost facilities, such as the larger institutions, due to higher risk or threat level. Mr. Sisco said NDOC may need to request additional funds at the June IFC meeting if the department was unable to absorb costs due to increased intake of high-risk inmates, higher population numbers or higher medical costs than expected.

Chair Anderson inquired about the outstanding billings for the Division of Forestry and whether there would be any ramifications as a result. Mr. Sisco replied that all of the outstanding billings had been received by the Division of Forestry with the exception of three billings that required additional clarification. He said the delay by NDOC caused a brief holdup for the Division of Forestry; however, it was unlikely that reimbursements would be delayed as a result, because it typically took the federal government between two and three years to issue reimbursements.

Assemblywoman Carlton noted the inmate population at Florence McClure Women's Correctional Center had fluctuated and the numbers were higher than projected; however, she recalled the institution had a closed module. She asked about the future plans for Florence McClure Women's Correctional Center.

Mr. Sisco said Florence McClure Women's Correctional Center currently exceeded projections by 97 inmates and overall statewide NDOC exceeded projections by 554 inmates. He said when the department reassumed Florence McClure Women's Correctional Center there were two unoccupied units; however, one of the units was currently in partial use. Mr. Sisco said NDOC staff was working overtime at the moment until the department could determine how long the population increase would continue. If the inmate population continued to grow then the department may need to utilize the entire unit, which would require additional staffing in FY 2017.

Assemblywoman Carlton said she was trying to comprehend why the inmate population projections were so far off. She asked the reason for the increased inmate population.

Mr. Sisco replied that the projections by JFA Associates had historically been accurate when the state remained static; however, Nevada had started growing again and, as a result, violent crime was increasing as well. He said increases in state population and violent crime had a large impact on NDOC.

Mr. Dzurenda said the national trend from February to July historically showed an overall increase in the general population. He said the department was hopeful the population increase would taper off before the state reached a crisis situation.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE
AGENDA ITEMS F-66 THROUGH F-87.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not present for the vote.)

88. **Department of Corrections - Offenders' Store Fund - FY 2016** - Addition of \$1,305,000 in Store Sales and \$360,000 in Telephone Commissions to allow for continued offenders' store activities for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inventory Purchase for Resale category exceeds \$75,000. **Work Program #C35099**

Refer to motion for approval under Agenda Item F.

89. **Department of Corrections - Prison Industry - FY 2016** - Transfer of \$34,829 from the Personnel Services category to the Northern Nevada Correctional Center (NNCC) Mattress Factory category to provide raw materials and inmate payroll for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the NNCC Mattress Factory category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34845**

Refer to motion for approval under Agenda Item F.

90. **Department of Motor Vehicles - System Modernization - FY 2016** - Addition of \$2,000,000 in Technology Fee revenue to allow for continued software implementation of the System Modernization project. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000. **RELATES TO ITEM M. Work Program #C35293**

This agenda item was heard in conjunction with Agenda Items K and M.

Terri Albertson, Director, Department of Motor Vehicles (DMV), said the Legislature approved the system modernization project during the 2015 Legislative Session and set aside funds for the project in the IFC Contingency Account. The DMV completed the RFP process and selected Tech Mahindra as the vendor. Ms. Albertson introduced Izzy Hernandez, Program Manager, DMV System Modernization, Mark Froese, Information Technology Division Administrator, DMV, and Arvind Malhotra, Tech Mahindra.

Ms. Albertson said Work Program C35293 addressed an additional \$2.0 million collected is technology fee revenue. She said those funds would be used to offset the department's requests for IFC Contingency Account funds. Ms. Albertson was confident that implementation of the system modernization project would be successful, and the DMV was excited about the opportunity to bring the DMV of the future to Nevada and hopes to set the example for the rest of the nation.

With regard to Agenda Item K, Senator Settlemeyer was pleased that Nevada would finally be in compliance with the National Voter Registration Act. He said he had received more than one frantic telephone call from county clerks

regarding the proposed voter registration forms. He also understood the American Civil Liberties Union (ACLU) had expressed concern regarding Nevada's proposed voter registration forms. Senator Settlemeyer asked if all parties were in agreement with the proposed voter registration form.

Ms. Albertson replied that the parties had not yet agreed on the voter registration form. The DMV needed to present something for consideration for the Contingency Account request; however, the department would not utilize any of the funding until all parties agreed to an acceptable format. The DMV would continue to work with the Office of the Secretary of State, ACLU, and county clerks and recorders to come to a consensus before implementation of the form. Ms. Albertson said the DMV hoped to move to an automated process, but revisions to the paper form would occur regardless.

Senator Settlemeyer said he appreciated the department's efforts.

Assemblyman Armstrong asked if there was a timeline for the implementation of the system modernization project, so constituents would know when to expect the changes.

Ms. Albertson said it was anticipated the project would take approximately five and one-half years. The DMV negotiated with Tech Mahindra for a three-phase implementation; however, the full planning phase had not begun so the implementation phases were high level. She said the first phase would consist of core components such as the financial system, customer relationships and management. She said the second phase related to vehicle registration and the final phase related to driver's licenses and identification cards. Ms. Albertson said detailed project planning would begin when Tech Mahindra staff were available in Carson City to begin working with the DMV project management team. She said the department would provide updated reports to the IFC as required.

Assemblyman Armstrong asked when Tech Mahindra staff would be in place. Ms. Albertson replied that with the Committee's approval, Tech Mahindra staff planned to be in Carson City on May 2, 2016.

Assemblywoman Bustamante Adams said Project NEON, through the Nevada Department of Transportation (NDOT), recently launched in Las Vegas to revamp I-15. She said one of the components of Project NEON was to keep the community abreast of changes. She asked if the DMV had a similar communication component, especially in light of the lengthy implementation period.

Mr. Hernandez said the majority of communications regarding implementation of the system modernization plan would be handled through the DMV website; however, the department would also work with its Public Information Officer to inform customers about DMV products and services offered through the DMV offices, website, and mobile applications and platforms. He said communication

and outreach planning would begin in conjunction with the project implementation plan.

ASSEMBLYWOMAN DICKMAN MOVED TO
APPROVE AGENDA ITEM F-90.

SENATOR GOICOECHEA SECONDED THE
MOTION

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not
present for the vote.)

Senator Settlemeyer indicated the DMV was required to come into compliance with the National Voter Registration Act within 90 days and he asked if the department was on target to meet that deadline. Ms. Albertson said the DMV could not move forward until the parties came to an agreement concerning the voter registration form, so she was hopeful the parties would not hold the DMV firmly to the 90-day deadline. Also, the department would have to go through the RFP process to have the new form printed, which would add to the challenge of meeting the 90-day compliance requirement. However, Ms. Albertson said the DMV would strive to become compliant within 90 days, even if the process had to be expedited.

ASSEMBLYMAN ARMSTRONG MOVED TO
APPROVE AGENDA ITEM M.

SENATOR SETTELMAYER SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not
present for the vote.)

ASSEMBLYMAN SILBERKRAUS MOVED TO
APPROVE AGENDA ITEM K.

SENATOR SETTELMAYER SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not
present for the vote.)

91. **Department of Motor Vehicles - Central Services - FY 2016** - Transfer of \$150,000 from the Personnel category to the Operating category, \$50,000 from the Information Services category to the Operating category and \$100,000 from the Electronic Dealer Report of Sale category to the Operating category to cover projected shortfalls due to increased postage costs. Requires Interim Finance

approval since the amount added to the Operating category exceeds \$75,000.
Work Program #C35019

Refer to motion for approval under Agenda Item F.

- 92. Department of Motor Vehicles - Field Services - FY 2016** - Transfer of \$71,093 from the Personnel Services category to the Operating category and \$10,303 from the Utilities category to the Operating category to cover rent costs for four offices and moving costs to relocate one office. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000.
Work Program #C35018

Refer to motion for approval under Agenda Item F.

- 93. Department of Public Safety - Forfeitures - Law Enforcement - FY 2016** - Addition of \$189,245 in Reimbursement revenue and transfer of \$3,676 from the Reserve category to the Rifle Scopes category to fund the replacement of 520 defective rifle scopes. Requires Interim Finance approval since the amount added to the Rifle Scopes category exceeds \$75,000. **Work Program #C34968**

Refer to motion for approval under Agenda Item F.

- 94. Department of Public Safety - Parole and Probation - FY 2016** - Transfer of \$85,000 from the Personnel Services category to the Operating category, \$10,000 from the Personnel Services category to the Equipment category, \$38,000 from the Personnel Services category to the Psychosexual Evaluations category and \$10,000 from the Personnel Services category to the Training category to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C34726**

Refer to motion for approval under Agenda Item F.

- 95. Department of Public Safety - Division of Investigations - FY 2016** - Addition of \$655,188 in federal Homeland Security Program grant funds to align state and federal authority in support of the ongoing threat and data analysis efforts at the Nevada Threat Analysis Center. Requires Interim Finance approval since the amount added to the Division of Emergency Management (DEM) Fusion Center Grants category exceeds \$75,000. **Work Program #C34689**

Refer to motion for approval under Agenda Item F.

- 96. Department of Public Safety - Emergency Management Division - FY 2016** - Addition of \$121,000 in Federal Emergency Management Agency Pre-Disaster Mitigation grant authority transferred from the state Emergency Management Assistance Account to support the cost of managing and updating the State's Hazard Mitigation Plan. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **Work Program #C32469**

Refer to motion for approval under Agenda Item F.

- 97. Department of Public Safety - Criminal History Repository - FY 2016 -** Transfer of \$93,500 from the Reserve category to the Operating category to fund an increase in additional leased space and projected operating expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C34724**

Refer to motion for approval under Agenda Item F.

- 98. Department of Public Safety - Criminal History Repository - FY 2016 -** Transfer of \$482,314 from the Reserve category to the Information Services category to fund projected expenditures associated with services provided by the Department of Administration Enterprise Information Technology Services Division through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C34725**

Refer to motion for approval under Agenda Item F.

- 99. Department of Conservation and Natural Resources - Forestry - FY 2016 -** Addition of \$32,055 in federal U.S. Environmental Protection Agency - Clean Water Act grant funds transferred from the Nevada Department of Environmental Protection (NDEP) for stream bank stabilization and meadow restoration projects. Requires Interim Finance approval since the amount added to the NDEP 319(h) Agreements category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34844**

Refer to motion for approval under Agenda Item F.

- 100. Department of Conservation and Natural Resources - Forestry Division - Forest Fire Suppression - FY 2016 -** Transfer of \$1,136,509 from the Prior Year Claims category to the Fire Suppression Costs category to cover projected claims through the fiscal year and for necessary supplies in preparation for the 2016 fire season. Requires Interim Finance approval since the amount transferred to the Fire Suppression Costs category exceeds \$75,000. **Work Program #C34854**

Refer to motion for approval under Agenda Item F.

- 101. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2016 -** Addition of ~~\$317,618~~ **\$287,126** in Federal Environmental Protection Agency - State Response grant funds for State Response and Environmental Assistance programs. Requires Interim Finance approval since the amount added to the State Response Program category exceeds \$75,000. **Work Program #C34945. REVISED 3-25-16**

Refer to motion for approval under Agenda Item F.

- 102. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2016** - Addition of \$1,260,876 in Petroleum Discharge/Clean-Up Trust Funds to support the environmental cleanup of petrochemicals (dry cleaning solvents) at three former dry cleaner sites. Requires Interim Finance approval since the amount added to Senate Bill 89 - Petrochem/Petroleum Fund category exceeds \$75,000. **Work Program #C34976**

Refer to motion for approval under Agenda Item F.

- 103. Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund - Administration - FY 2016** - Transfer of \$206,222 from the Drinking Water State Revolving Fund 15 Percent Set Aside Local Assistance category to the Drinking Water State Revolving Fund 10 Percent Set Aside category to properly align grant funds. Requires Interim Finance approval since the amount transferred to the Drinking Water State Revolving Fund 10 Percent Set Aside category exceeds \$75,000. **Work Program #C34994**

Refer to motion for approval under Agenda Item F.

- 104. Department of Wildlife - Operations - FY 2016** - Addition of \$104,572 in Cost Allocation for Utilities revenue to cover utility costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$75,000. **Work Program #C34918. WITHDRAWN 3-25-16.**

Refer to motion for approval under Agenda Item F.

- 105. Department of Wildlife - Operations - FY 2016** - Deletion of \$75,000 in federal U.S. Fish and Wildlife Services - Sport Fish Boating Access grant funds to align funding for boating access improvement activity. Requires Interim Finance approval since the amount deleted from the Boating Access Improvement category is \$75,000. **Work Program #C35084**

Refer to motion for approval under Agenda Item F.

- 106. Department of Wildlife - Operations - FY 2016** - Addition of \$81,764 in Electronic Duck Stamp revenue transferred from the Wildlife Account for costs associated with the Electronic Federal Duck Stamp Sales Program. Requires Interim Finance approval since the amount added to the Nevada Wildlife Database System category exceeds \$75,000. **Work Program #C35125**

Refer to motion for approval under Agenda Item F.

- 107. Department of Wildlife - Game Management - FY 2016** - Addition of \$37,936 in federal U.S. Bureau of Land Management grant funds for Greater Sage-Grouse conservation projects. Requires Interim Finance approval since the cumulative amount added to the Sage Grouse Conservation category exceeds \$75,000. **Work Program #C35086**

Refer to motion for approval under Agenda Item F.

- 108. Department of Wildlife - Fisheries Management - FY 2016** - Addition of \$93,082 in Sportsmen Revenue transferred from the Wildlife Account to fund an increase in vehicle operation and utilities costs. Requires Interim Finance approval since the amount added to the Cost Allocations category exceeds \$75,000. **Work Program #C34932. WITHDRAWN 3-25-16.**

Refer to motion for approval under Agenda Item F.

- 109. Department of Transportation - Transportation Administration - FY 2016** - Addition of \$55,000,000 in Highway Fund Authorization and \$40,000,000 in Federal Highway Administration grant funds for road construction and maintenance projects. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds \$75,000. **Work Program #C35127**

Refer to motion for approval under Agenda Item F.

- 110. Department of Transportation - Transportation Administration - FY 2016** - Addition of ~~\$725,000~~ **\$610,000** in Highway Fund Authorization to cover projected in-state travel costs through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the In-State Travel category exceeds \$75,000. **Work Program #C35083. REVISED 3-21-16.**

Refer to motion for approval under Agenda Item F.

- 111. Department of Transportation - Transportation Administration - FY 2016** - Addition of \$200,000 in Highway Fund Authorization for an operational audit of the department to improve internal processes and controls. Requires Interim Finance approval since the amount added to the Operations category exceeds \$75,000. **RELATES TO ITEMS F.112 and N. Work Program #C35098**

Refer to motion for approval under Agenda Item F-112.

- 112. Department of Transportation - Transportation Administration - FY 2017** - Addition of \$677,875 in Highway Fund Authorization to fund an operational audit of the department to improve internal processes and controls. Requires Interim Finance approval since the amount added to the Operations category exceeds \$75,000. **RELATES TO ITEM F.111 and N. Work Program #C35100**

Rudy Malfabon, Director, Nevada Department of Transportation (NDOT), said when he first became Director of NDOT he wanted to address issues he had

observed during his career with the department. Additionally, there had been an issue involving employee embezzlement, which had since been resolved through a conviction and subsequent restitution payments. However, he was concerned whether the proper controls were in place and if NDOT was following its policies. Mr. Malfabon said the department was audited after the embezzlement issue. However, one of the primary motivations to conduct a self-imposed audit was to modify procedures involving procurement and purchasing. He said NDOT had a large budget and it was important to ensure the money was being spent correctly and that the department was following NDOT policies and internal controls. Mr. Malfabon said he also wanted the Transportation Board of Directors (Board) and the Legislature to trust that NDOT was spending funds properly and examining its internal processes in various areas.

Mr. Malfabon said another area of concern he wanted to audit was NDOT equipment and the cost to maintain that equipment, which was a significant part of the budget. He said NDOT equipment had to be reliable, because NDOT staff relied on that equipment to plow snow and perform maintenance operations. Also, staff traveled throughout the state in NDOT equipment to perform work duties and functions. Mr. Malfabon said he wanted to evaluate whether NDOT was adequately maintaining equipment and if outside services could be used in certain areas to support maintenance of the NDOT equipment fleet in a more economical and efficient manner.

Mr. Malfabon said after discussions with the Board, 12 audit areas were identified to determine if state funds were being utilized properly and if those areas were being handled in an efficient and effective manner. For example, overtime would be evaluated to ensure proper use; the equipment rebuild program would be evaluated for cost effectiveness; the interlocal agreements process would be examined for efficiency; and professional service contracts would be evaluated for appropriate use.

Mr. Malfabon said overall, he hoped to improve the credibility of NDOT and address some key issues by way of an independent audit. He said the request for proposal (RFP) process was used to procure an audit firm and approximately seven proposals were received. Interviews were held for the final two proposals and ultimately, Eide Bailly, LLP was selected and approved by the Board.

Assemblywoman Carlton asked who would receive the audit findings and how those findings would be used. Mr. Malfabon said the findings would be presented to the Board periodically throughout the audit. He said the audit reports could also be provided to the Legislature.

In response to a question from Assemblywoman Carlton, Mr. Malfabon replied that the audit was expected to be completed in approximately two years.

Robert Nellis, Assistant Director, NDOT, added that the department anticipated 12 to 15 months to audit all 12 areas.

Assemblywoman Carlton said it would be very helpful if the Assembly Committee on Ways and Means and the Senate Committee on Finance were kept up to date during the 2017 Legislative Session in case something needed to be addressed. Because the audit completion date would be after the end of the legislative session, the department would have to wait until the 2019 Legislative Session to implement changes or improvements. Assemblywoman Carlton said it would be helpful to get information during the 2017 Legislative Session so the Legislature could be prepared for any possible changes with NDOT.

Chair Anderson suggested that the motion require NDOT to provide audit reports and updates to the IFC to keep the Committee apprised of its progress. Mr. Malfabon agreed to provide the information to the Committee.

Assemblyman Oscarson agreed with Assemblywoman Carlton that NDOT should provide updates during the 2017 Legislative Session.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE AGENDA ITEMS F-111, F-112 AND AGENDA ITEM N AND REQUEST THE NEVADA DEPARTMENT OF TRANSPORTATION TO PROVIDE AUDIT REPORTS TO THE INTERIM FINANCE COMMITTEE.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

- 113. Public Employees Benefits Program - FY 2016** - Transfer of \$145,174 from the Reserve category to the Operating category to fund projected expenses through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C35017**

Refer to motion for approval under Agenda Item F.

- 114. Office of the Military - FY 2016** - Addition of \$168,274 in federal Department of Defense grant funds to align federal and state grant authority in support of the agency's ongoing environmental programs statewide. Requires Interim Finance approval since the amount added to the Environment category exceeds \$75,000. **Work Program #C34813**

Refer to motion for approval under Agenda Item F.

- 115. Commission on Off-Highway Vehicles - FY 2016** - Addition of \$1,979,811 in Off-Highway Vehicle revenue to establish the Commission on Off-Highway Vehicles per NRS 490.069 and add one part-time position per NRS 490.067. Requires Interim Finance approval since the amount added to the Trails and

Facilities category exceeds \$75,000. **Work Program #C35298.**
REVISED 3-22-16.

Janet Murphy, Deputy Director, Governor's Finance Office, said after further review of the statute for the Commission on Off-Highway Vehicles (OHV Commission) and meeting with Fiscal staff and the Deputy Attorney General several changes to Work Program C35298 were required to remain in compliance with NRS 490.069. Ms. Murphy said the first adjustment was to establish revenue source 3604 in the amount of \$521,942 and then place those funds in reserve category 25 for use in FY 2017. Also, reserve category 86 needed to be established in the amount of \$94,041. Additional adjustments included an increase in category 4, Operating, from \$58,799 to \$72,491, a reduction in category 8, Law Enforcement, from \$615,032 to \$376,164, an increase in category 9, Safety and Education, from \$255,896 to \$282,123, and an increase in category 10, Trails and Facilities, from \$1,023,584 to \$1,128,492.

Assemblywoman Titus noted that the OHV Commission account was funded by fees paid by the citizens of Nevada. Considering that, she asked whether that fee revenue would be used for facilities or services for the citizens paying those fees.

Greg McKay, Chairman, OHV Commission, replied that the funds would be used for the purposes outlined in statute. He said the OHV Commission awarded several project grants with the funds. For example, a grant was awarded for the removal of a nonfunctional restroom facility and the construction of a new restroom facility for an OHV area near Logandale, Nevada, and a second grant was awarded for trail restoration work in the Lake Tahoe Basin on the Nevada side. He said the work program adjustments would not change the purpose of the funds or how they would be spent, instead the allocations impacted the FY 2017 spending balance for the OHV Commission and would ensure that funds were available in the reserve categories to complete projects for which the funds were committed.

Assemblywoman Titus said the OHV Commission showed a commitment of \$3 to Mineral County on page 207 in Volume IV of the meeting packet ([Exhibit E](#)). She asked for an explanation of the funds. Mr. McKay indicated that the \$3 commitment for Mineral County was printed in error. He said Mineral County originally requested \$24,000 but the OHV Commission agreed to \$10,000, which Mineral County initially declined and then later accepted.

In response to a request from Assemblywoman Titus, Mr. McKay said he would provide a revised commitment list to the Committee.

Assemblywoman Titus recalled the OHV Commission had requested a law enforcement officer during the 2015 Legislative Session and she asked if the position had been filled. Mr. McKay replied that the agency had not hired a law enforcement officer.

Assemblywoman Titus inquired about the \$615,000 for the Law Enforcement category. Mr. McKay replied that 20 percent of the OHV Commission's January 1 account balance must be used for law enforcement as specified in statute. He said the first round of law enforcement grant requests and awards in 2015 totaled approximately \$141,000. He said the OHV Commission would consider another round of law enforcement grant requests on April 21, 2016, totaling \$292,000. Mr. McKay said the OHV Commission was striving to utilize the remaining funds committed to law enforcement by soliciting the Nevada Sheriffs' and Chiefs' Association and offering additional training.

Chair Anderson clarified the amount for the Law Enforcement category had been reduced from \$615,000 to \$376,164.

In response to a question from Assemblywoman Titus, Mr. McKay replied that the funds committed for law enforcement were set aside specifically for that purpose.

Assemblywoman Titus asked if the OHV Commission requested that law enforcement enforce the requirement of off-road vehicle registration, and Mr. McKay said that was correct.

Assemblywoman Titus asked if law enforcement was currently enforcing the off-road vehicle registration requirement. Mr. McKay said the requirement was being enforced in part; however, the OHV Commission would meet with the Nevada Sheriffs' and Chiefs' Association in May to discuss the issue further. He said one of the grant requirements was that law enforcement had to report enforcement activities with respect to inspections and registrations to the OHV Commission, but that was still a work in progress.

In response to a question from Assemblywoman Titus, Mr. McKay replied that off-road vehicle registrations were being enforced to a certain degree. He said to the best of his knowledge very few violations had been written by the Bureau of Land Management (BLM) and the U.S. Forest Service since the 2015 Legislative Session.

Senator Goicoechea said he represented a significant portion of rural Nevada and off-road vehicle registration stickers were rarely seen. He asked what the status was regarding off-road vehicle registration compliance. Mr. McKay replied that the OHV Commission was working on several components related to compliance, one of which was law enforcement. He said although sheriff and police chiefs had higher priorities than vehicle inspections and registration requirements, the OHV Commission was working with those groups and others on a statewide public education effort of off-road vehicle registration and inspections. Mr. McKay said the OHV Commission was also working in conjunction with the Clark County Desert Conservation District to perform statewide education. He said law enforcement preferred education before enforcement, which had been a problem.

In response to a question from Senator Goicoechea, Mr. McKay replied that it was probably a fair assessment to say that 20 to 25 percent of off-road vehicles were registered with the state. He said one of the grants recently awarded by the OHV Commission was to fund an economic impact study for off-highway vehicle recreation in Nevada. The grant recipient would be working with all the OHV manufacturers to review sales data specific to Nevada to determine an accurate count of off-road vehicles in the state.

Senator Goicoechea said until the state had consistent enforcement, the OHV Commission would only be capturing new sales of off-road vehicles. He said there were very few renewals, because a significant number of vehicles were unregistered, which was a problem. He remarked that the majority of those unregistered vehicles were in the pristine areas of Nevada carving new roads.

Mr. McKay said he shared Senator Goicoechea's assessment. He said law enforcement and public education were key to increasing registration rates, and the OHV Commission was exploring all avenues.

Assemblyman Edwards asked how much money had been collected in OHV registration fees and how much was being spent in tangible ways that could be seen by constituents. He said one of the problems he noticed was that constituents did not see the benefit of the money collected by the OHV Commission.

Mr. McKay said he understood Assemblyman Edwards' concerns, because he had heard similar comments. He said the grant process was still new and would take some time to gain momentum. Mr. McKay said the OHV Commission was working diligently to advertise that grants were available for the state and as a result, interest was growing. He thought there would be even more interest in the second round of grants. Mr. McKay said the OHV Commission received eight applications in the first round of grants, four of which were rejected, because they were not suitable for funding. He said the four grants approved by the OHV Commission totaled approximately \$250,000. Overall, the OHV Commission had only utilized approximately one-third of its account balance for the year between regular and law enforcement grants; consequently, the OHV Commission was working to increase the expenditure of those funds.

Assemblyman Edwards asked about the grant application process. Mr. McKay replied that, currently, applications could be submitted through the Nevada State Grant Office; whom will soon be administering the OHV Commission's grants. He said from the first round of grants the OHV Commission learned how to improve the grant process and trained people to complete an effective application. As a result, the OHV Commission was hopeful the percentage of applications would increase in the second round of grants.

Mr. McKay indicated the OHV Commission had experienced some problems in the early days of the program and there was skepticism whether a viable program could be established; however, he thought that had been accomplished

through the assistance of others. Although the process had been slow, Mr. McKay thought the OHV Commission would continue to see improvement.

Assemblywoman Titus thought Clark County had allocated funds to the OHV Commission, and she asked if the county had received reimbursement.

Mr. McKay replied that Marci Henson, Administrator, Clark County Desert Conservation District, indicated that the original agreement was that Clark County would allocate \$500,000 to get the OHV program started, but the OHV Commission was not obligated to reimburse those funds. However, there was an agreement that the Clark County Desert Conservation District would receive conservation credits for work that occurred in their area. Mr. McKay did not have the contract, but would provide it to the Committee upon receipt from the Clark County Desert Conservation District.

Mr. McKay said he appreciated the funds provided by Clark County, because the OHV Commission may not have been established without them. He noted the OHV Commission was currently discussing potential projects that would significantly improve OHV recreation in Southern Nevada.

Assemblywoman Titus said she was encouraged to hear that OHV recreation projects were being discussed for Clark County. She said there were significant off-road vehicle areas in Southern Nevada, and OHV recreation was enjoyed by people throughout the state. Assemblywoman Titus said improved access to OHV recreation areas was important to citizens and should be kept in mind by the OHV Commission when considering grant applications. She requested updates on the progress of the OHV Commission.

With regard to OHV-related projects in Southern Nevada, Mr. McKay said BLM was considering a 250,000 acre OHV-designated area adjacent to Primm, Nevada. Also, a project was being revived that would connect numerous existing trails for easier accessibility. He said connectivity was also being taken into consideration for the previously mentioned Logandale project. He said the grant award of \$133,000 for the Logandale project was twice the commitment of any other grant awarded in the first round. Mr. McKay said the OHV Commission had been in contact with the top officials at BLM, U.S. Forest Service and the Division of State Parks to determine opportunities and problems at the top ten heavily-used OHV areas in the state and create a rough plan of how to best serve the population.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE
AGENDA ITEM F-115.

SENATOR GOICOECHEA SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not
present for the vote.)

- 116. Department of Education - Student and School Support - FY 2016** - Addition of \$252,860 in federal Migrant Education Grant funds to align state and federal authority to continue assisting Nevada school districts with children of migratory agricultural workers or educationally disadvantaged students with limited English. Requires Interim Finance approval since the amount added to the Migrant Aid category exceeds \$75,000. **Work Program #C35192. RECEIVED AFTER SUBMITTAL DEADLINE, 3-25-16.**

Refer to motion for approval under Agenda Item F.

RECLASSIFICATIONS

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Administration – Fleet Services	084/1354	0004	Program Officer 1 Code:07.649 Grade:31/07 Employee/Employer Paid Retirement \$50,195.52	Equipment Mechanic 4 Code:09.322 Grade:33/07 Employee/Employer Paid Retirement \$54,747.36
Department of Business and Industry – Real Estate Division – Ombudsman Office	748/3820	0021	Compliance/Audit Investigator 2 Code: 11.365 Grade:33/01 Employee/Employer Paid Retirement \$42,323.76	Program Officer 1 Code:07.649 Grade:31/01 Employee/Employer Paid Retirement \$38,899.44
Department of Corrections	440/3710	0634	Agency Loss Control Coordinator Code:11.565 Grade:35/01 Employee/Employer Paid Retirement \$46,019.52	Program Officer 3 Code:07.643 Grade:35/01 Employee/Employer Paid Retirement \$46,019.52
Department of Motor Vehicles – Motor Carrier	810/4717	CC7021	Administrative Assistant I Code:02.213 Grade:23/01 Employee/Employer Paid Retirement \$28,167.12	Tax Examiner 2 Code:07.255 Grade:30/01 Employee/Employer Paid Retirement \$37,291.68
Department of Conservation of Natural Resources	704/4162	0044	Parks Regional Manager (Non-Commissioned) Code:01.907 Grade:39/01 Employee/Employer Paid Retirement \$54,747.36	Parks Regional Manager (Commissioned) Code:03.131 Grade:41/01 Employee/Employer Paid Retirement \$59,779.44
Department of Wildlife – Operations WITHDRAWN 3-29-16	702/4461	0009	Maintenance Repair Specialist 2 Code:09.445 Grade:31/01 Employee/Employer Paid Retirement \$38,899.44	Project Manager 1 Code:06.763 Grade:38/01 Employee/Employer Paid Retirement \$52,387.92
Department of Transportation – Storm Water Division	800/4660	930-163	Manager 1, Professional Engineer Code:06.224 Grade:43/01 Employee/Employer Paid Retirement \$65,354.40	Management Analyst 2 Code:07.625 Grade:35/01 Employee/Employer Paid Retirement \$46,019.52

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Transportation – Storm Water Division	800/4660	008-010	Cartographic/Graphics Technician 3 Code:06.364 Grade:31/01 Employee/Employer Paid Retirement \$38,899.44	Employee Development Manager Code:07.513 Grade:38/01 Employee/Employer Paid Retirement \$52,387.92

Refer to motion for approval under Agenda Item F.

- G. ECONOMIC FORUM** – Report required pursuant to NRS 353.228(1)(f) regarding the Economic Forum meeting conducted on December 10, 2015, on the status of actual State General Fund revenue collections compared to the current forecast, current economic conditions, and factors that may impact future economic conditions and State General Fund revenue collections. INFORMATIONAL ONLY.

This agenda item was taken out of order.

Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB, presented for Ken Wiles, Chair of the Economic Forum, who was not available due to a scheduling conflict. Mr. Guindon noted that all five members of the Economic Forum were reappointed to the committee by Governor Sandoval, and he thought it was good to have continuity going into the next forecast cycle.

Mr. Guindon said legislation required the Economic Forum to hold interim meetings in December of odd numbered years and June of even numbered years and present a report to the Interim Finance Committee (IFC). He said the report he was presenting was from the December 10, 2015, meeting of the Economic Forum. Mr. Guindon noted that December 10, 2015, was also the day that Faraday Future announced that Nevada had been selected as the location for its production plant. He said it was ironic because one of the items on the meeting agenda for that day was a presentation on new and expanding business development in the state based on economic development activities of the Governor's Office of Economic Development (GOED) and the regional economic development entities.

Mr. Guindon said the December meeting of the Economic Forum was to provide the committee with an update on the current state of Nevada's economy. Topics at the December 10, 2015, meeting included the state employment and unemployment outlook, state population outlook, state enrollment related to the Affordable Care Act and Silver State Health Insurance Exchange, new and expanding business development in the state based on economic development activities of GOED and the regional economic development entities, and the Nevada New Markets Jobs Act from Senate Bill (S.B.) 357 (2013). He noted that a reforecast of General Fund revenues did not take place at the December meeting of the Economic Forum; however, the committee was provided updates concerning the status of the actual collections in relation to the Economic Forum's May 2015 forecast that was adjusted for the legislative actions approved during the 2015 Legislative Session, including adjustments for the various tax credit programs.

Mr. Guindon said Table 1 reflected the current year-to-date information versus the information presented to the Economic Forum at its December 10, 2015, meeting ([Exhibit G](#)). He said the table was modified to account for the various tax credit programs and legislation passed during the 2015 Legislative Session. Mr. Guindon said the bottom of the table reflected the various tax credit programs, including estimates for FY 2016 and the actual amount taken for the New Markets Jobs Act in FY 2015. He said the orange column on Table 1 reflected the funds used to build the General Fund budget.

Mr. Guindon said the yellow column on Table 2 reflected the FY 2015 actual year-to-date and the orange column reflected FY 2016 year-to-date ([Exhibit G](#)). He said the green column reflected the FY 2016 forecast year-to-date, which provided a comparison between the actual and forecasted amounts.

Mr. Guindon noted that the tables reflected major General Fund revenue sources, including the Commerce Tax, non major General Fund revenues and all other General Fund revenues. Additionally, a percentage difference amount was provided to highlight the magnitude of the difference between the actual and forecasted numbers.

Mr. Guindon said at the bottom of Table 2 the General Fund revenues before tax credits were listed, which included the year-to-date actual for FY 2015, FY 2016 and the forecast. He said actual revenue was approximately \$4.3 million below the forecast based on seven to nine months of monthly revenue sources and the first two quarters of quarterly revenue sources, which accounted for about 56 percent of the state's total General Fund revenue. In comparison, the actual revenue in December 2015 was \$27.0 million below the forecast based on three to five months of monthly revenue and the first quarter of quarterly revenue. He said staff would have a better idea of the difference between actual and forecasted revenue after the third quarter. Mr. Guindon said a little more than half of the General Fund revenues remained to be collected and the Commerce Tax revenue would be significant, but he thought the state would be in good condition. Mr. Guindon said the forecast was not designed to ensure that the actual figures came in above forecast; nonetheless, all the major General Fund revenues except sales tax were currently running above forecast. He said the forecasted growth rate for FY 2016 sales tax was 6.3 percent, but to date, it had been tracking below the forecasted amount. Mr. Guindon said although a certain amount of volatility was expected month-to-month, it was still perplexing and staff would continue to monitor it.

Mr. Guindon said Table 4 ([Exhibit G](#)) provided General Fund revenue information after tax credits were allocated to specific revenues. He said the General Fund sources that tax credits could be used against and the tax credit programs themselves were highlighted in this table. He explained that certain tax credit programs could only be used against one of three major General Fund sources, which meant it was unknown which General Fund source the tax credits would be used against until the credits were awarded and applied.

Mr. Guindon said Table 5 ([Exhibit G](#)) was similar to Table 2, except it provided revenue information after tax credits were allocated to specific revenues. He said the reason the

actual revenue remained \$4.3 million below forecast after tax credits were applied was because it was assumed that any tax credit taken against Gaming Percentage Fees or the Modified Business Tax (MBT) would have been forecasted, because the agencies reported net amounts. He said agencies were required to report to staff how much in tax credits were actually taken for any month and quarter, and for which tax credit program, and that amount was added to determine the gross amount. Mr. Guindon said the decision to do so was made by Fiscal staff and the Budget Office for more effective tracking and reporting to the Economic Forum. He said when the fiscal year officially closed in September 2016 staff would be able to determine more accurate gross and net amounts. Mr. Guindon said the Economic Forum would continue to forecast the gross amounts and staff would adjust for tax credits.

Mr. Guindon said Table 6 represented a general ledger table for the tax credit programs and how those credits could be applied. He said the MBT had three components, nonfinancial, financial and mining, and some tax credits could be taken against any of those three components. Mr. Guindon said the table included the actual year-to-date and the forecast for FY 2015 and FY 2016 for each of the different tax credit programs. The table also included Gaming Percentage Fees and Insurance Premium Tax. He said Table 6 allowed staff to track tax credits, review the net amounts reported by the Department of Taxation and Gaming Control Board to determine gross amounts, and monitor the year-to-date figures in relation to the forecast.

Assemblyman Armstrong thanked Mr. Guindon and his staff for their efforts. He thought the Economic Forum was a great tool for the state. He said the fact that the forecast was off by only 0.2 percent was absolutely critical for developing the budget.

Chair Anderson echoed Assemblyman Armstrong's comments.

Assemblywoman Bustamante Adams asked why the Live Entertainment Tax (LET) was down 9.1 percent.

Mr. Guindon replied that gaming and non-gaming revenue amounts were driven by the effective date of the tax increase, which was October 1, 2015. He explained that some event tickets were intentionally sold prior to October 1, 2015, to avoid the tax increase. Mr. Guindon said the LET for gaming was currently \$3.9 million above the forecast amount; however, in December 2015 the LET for gaming was nearly \$10.0 million above the forecast amount due to those advance ticket sales. Mr. Guindon said the same phenomenon occurred with the LET for non-gaming. He said the LET for non-gaming was driven by special events and it was difficult to predict the timing of those events when the forecast was created. Additionally, the actual revenue collected from escort services was less than the projected amount based on information provided by the Department of Taxation.

In response to a question from Assemblywoman Carlton, Mr. Guindon replied that there appeared to be compliance issues with regard to escort services according to the Department of Taxation.

Assemblywoman Carlton thought that issue needed to be addressed. She said other businesses were paying the appropriate taxes; therefore, the state could not allow one group to remain noncompliant.

Assemblywoman Bustamante Adams said it was projected that cigarette tax revenue would have a large deficit; however, it appeared that was not the case. Mr. Guindon replied that the cigarette tax was one of the main reasons the actual amounts were below the forecast in the non-major General Fund revenues category. He said the cigarette tax was \$10.2 million below the forecast. When staff generated the forecast to reflect the cigarette tax increase, a factor was built in that indicated for every 10 percent increase in price there would be a 4 percent reduction in demand. However, the actual amounts were still below the forecasted amount even with the 10 percent factor. Mr. Guindon said only two out of seven months reported for the cigarette tax were at or above the forecasted amount. He explained that the cigarette tax was not collected when someone purchased cigarettes, instead stamps were placed on individual packs of cigarettes at the wholesale level and then the cigarettes were distributed to retailers for sale. Mr. Guindon said a significant number of stamps were purchased in May and June of 2015 to avoid the July 1, 2015, effective date of the cigarette tax increase. As a result, the state received more cigarette tax revenue in FY 2015 than anticipated, but will receive less than the forecast in FY 2016.

Assemblywoman Titus said she had some concern that cigarette sales would decrease due to the cigarette tax increase and she asked for further explanation of the factor that was built into the forecast.

Mr. Guindon said there was academic literature that looked at the elasticity of demand for cigarettes specifically related to price increases. He said the state first started using the factor during the 2003 Legislative Session when there was a cigarette tax increase. Mr. Guindon said there were different studies with different results, but Fiscal staff chose to use one where the results fell in the middle range. He said the factor that Fiscal staff used indicated that for every 10 percent increase in price there would be a reduction in demand of approximately 4 percent. Although that elasticity was based on the intermediate to long run, Fiscal staff chose to include it at the beginning, using it for the short term, intermediate and long run. Mr. Guindon said staff built that factor into the forecast through a table that calibrated the percentage increase in price based on various cigarette tax increase proposals that were a pure pass through and then reduced it by 4 percent. He said the total estimate of \$175.4 million reflected on Table 1 included the elasticity of demand; however, the actual amounts were tracking below that figure. Mr. Guindon said the original forecasted amount became more elastic due to increased cigarette sales prior to the July 1 tax increase.

Assemblywoman Titus appreciated that the elasticity of the numbers were taken into consideration to provide the most accurate information. She asked if there were similar studies for other taxes.

Mr. Guindon replied that there was some literature available for other taxes, but the cigarette tax was the only tax for which staff had actively used the elasticity demand. He said limited literature was available in 2003 when the liquor tax was increased, so staff was not comfortable including it in the estimates. Mr. Guindon said staff referred to

analysis done by other states, or academic literature, whenever the Legislature considered any type of tax increase. He said during the 2015 Legislative Session staff referenced academic literature regarding the potential impact of an increased Business License Fee. Mr. Guindon said staff used a 20 percent reduction as the potential elasticity for corporations that would be required to pay \$500 for their Business License Fee instead of \$200. He said when the Legislature was considering an increase in the Business License Fee there was discussion about the possibility of corporations leaving the state, which was also a type of elasticity. Mr. Guindon said a “C” corporation could feasibly change to a limited liability company (LLC) to avoid paying the higher fee, which meant the state would receive less revenue rather than losing revenue altogether. He said there appeared to be some statistical results indicating that LLCs were increasing and corporations were decreasing in Nevada; however, the 20 percent elasticity only considered corporations leaving the state and did not take into account corporations changing to a LLC, because that information was not available at the time the measure was being considered.

Assemblywoman Titus thought staff did a thorough job, often in an unpredictable climate, and she appreciated their efforts.

- H. DEPARTMENT OF ADMINISTRATION – State Public Works Division –**
Request to accept and expend \$1,500,000 in federal funds from the Office of Veterans Services for CIP project 09-C18, Southern Nevada Veterans’ Cemetery expansion, pursuant to NRS 341.121, and to modify the scope of the project to include additional grass removal, grading, marker realignment, irrigation and paver work pursuant to NRS 341.145(1)(f).

Chris Chimits, Deputy Administrator, State Public Works Division (SPWD), said the division was requesting authority to spend up to \$1.5 million to expand the scope of work at the Southern Nevada Veterans’ Cemetery in Boulder City, Nevada. He said the division received IFC approval in December 2015 to spend \$3.5 million to expand the scope of work, which included grass removal, grade adjustments, installation of grass pavers, raising and realigning markers, miscellaneous irrigation work and sod reinstallation. Mr. Chimits said the current request was to expand the scope of work by adding a couple phases due to additional funds received from the federal government.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE
AGENDA ITEM H.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Assemblywoman
Benitez-Thompson was not present for the vote.)

I. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, said there were two requests from the unrestricted General Fund before the Committee. The first request was from the Department of Motor Vehicles for \$38,317 and the second request was from the Advisory Committee to Reorganize Clark County School District, as

allowed for in A.B. 394, Section 27 (2015), for \$150,000. The balance of the unrestricted General Fund was approximately \$13.7 million; however, the balance would be reduced to \$13.5 million if both requests were approved by the Committee.

Ms. Jones said there were also two requests from the restricted General Fund before the Committee. The first request was for the DMV Modernization Project, as provided for in S.B. 514, Section 83 (2015). She said \$11.2 million was set aside for the modernization project; however, if the Committee approved the request of approximately \$1.0 million that balance would be reduced to \$10.2 million, which would be available for future requests. Ms. Jones said the second request, which was not included on the Contingency Account statements, was for approximately \$3.0 million for the Nevada Department of Corrections for FY 2017, as provided for in S.B. 514, Section 63 (2015).

J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO ASSEMBLY BILL 394, SECTION 27 (2015 Legislature). Request for an allocation for the Advisory Committee to Develop a Plan to Reorganize the Clark County School District to contract with a qualified independent consultant to assist the advisory committee with developing the plan, and to study the distribution of federal, state and local funds and the impact of local school precincts on public school.

Senator Harris said A.B. 394 (2015) created the Advisory Committee to Develop a Plan to Reorganize the Clark County School District as well as its Technical Advisory Committee. Senator Harris, Chair of the Technical Advisory Committee, was standing in for Senator Roberson, Chair of the Advisory Committee, due to a scheduling conflict.

Senator Harris said the Advisory Committee had five meetings and each meeting had a different focus as the committee delved into learning more about the structure and operation of Clark County School District (CCSD). She said testimony was provided from a variety of sources including the CCSD Superintendent, educators, parents, top staff within the district and various experts. She said A.B. 394 directed the Advisory Committee to contract with a qualified independent consultant to perform a study, assist in developing a plan to reorganize CCSD, and study the distribution of funding and the impact of the plan on public school financing. Senator Harris said the issue of distribution of funding and the impact of the plan on school financing had been dealt with in the Advisory Committee and the Technical Advisory Committee. Senator Harris said the Technical Advisory Committee had an equity funding hearing and sent it to various communities for input. The Technical Advisory Committee also heard presentations from various cities, public interest groups, parent groups, the National Parent Teacher Association and others regarding funding.

Senator Harris said during the Advisory Committee meeting held on April 13, 2016, the committee voted unanimously to move forward with the hiring of consultant, Michael Strembitsky, to assist in developing a plan to reorganize CCSD. Senator Harris said Mr. Strembitsky served Edmonton Public Schools for 38 years, the last 22 years as the Superintendent of Schools. She said Edmonton Public Schools was a district with 210 schools, 90,000 students and a staff of 8,000. Senator Harris said Mr. Strembitsky initiated "school site decision-making" in seven schools in 1976, which was incredibly

successful. Because of that, Mr. Strembitsky spearheaded a district restructuring. She noted that Edmonton Public Schools was highly centralized, similar to CCSD. Senator Harris said Mr. Strembitsky's proposal in 1976 required a total change in the administrative structure and practices, as well as support systems within that district. The restructuring resulted in Edmonton Public Schools becoming a lighthouse in public education. She said forty years later, Edmonton Public Schools continues to operate under this organizational model, has a high level of support from staff and the community, and received international acclaim from *Time Magazine*. She said Edmonton Public Schools was labeled the most emulated and visited school district in North America. Senator Harris said prior to retirement Mr. Strembitsky served as a consultant in both Clark and Washoe Counties with a focus on Empowerment schools. Internationally, Mr. Strembitsky has consulted with the governments of Australia, New Zealand, Hong Kong, Israel, England, and has served as a consultant to the Department of Defense Schools in Washington, D.C., Germany, Panama and Japan. Senator Harris said Mr. Strembitsky had already worked with CCSD and had relationships in place to help facilitate success in Clark County. She said Mr. Strembitsky had a high level of support from the CCSD Superintendent and others within CCSD as he proposed to look at reorganization of the district.

Senator Harris said the Advisory Committee voted unanimously to hire Mr. Strembitsky during its meeting on April 13, 2016. Mr. Strembitsky also spent time in the Technical Advisory Committee meeting on April 13, 2016, where the committee heard from a variety of teachers who have already worked with Empowerment schools in Clark County and feel that an Empowerment model would greatly enhance education in CCSD. Senator Harris said the testimony was overwhelmingly positive. The Technical Advisory Committee also had an opportunity to hear from principals who worked under the Empowerment model when CCSD had it as a fully operational program. She said the various principals also spoke to the benefits of the Empowerment program and looked forward to a proposal that might include that model. Senator Harris said during Mr. Strembitsky's consultation with CCSD several years ago, he took on a pilot project in which certain schools were operating under the Empowerment model. Mr. Strembitsky would be working directly with CCSD to reach an agreement as to how to best convert schools within CCSD to the Empowerment model. He would be working with the LCB Legal Division to help develop any regulations that may be needed and assist in presenting the plan to the Board of County Commissioners of Clark County as required by A.B. 394. Senator Harris said the Advisory Committee to Develop a Plan to Reorganize the Clark County School District was requesting \$150,000 to cover Mr. Strembitsky's fees, travel and additional resources to conduct his work. Senator Harris said the LCB Legal Division would be available to assist Mr. Strembitsky, but he would also have an opportunity to employ others to assist him with research, report writing, etc. She said all expenses would have to be approved by LCB staff in order for Mr. Strembitsky to utilize those expenditures, and staff would also have to approve any additional work deemed necessary by Mr. Strembitsky. Senator Harris said any remaining funds would revert to the IFC Contingency Account.

Chair Anderson noted to the Committee that the proposal by the Advisory Committee to Develop a Plan to Reorganize the Clark County School District was provided as a handout and was not in the meeting packet ([Exhibit H](#)).

In response to a question from Assemblyman Armstrong, Senator Harris explained that the work would take place through the summer with an anticipated completion date of August 2016.

Mr. Strembitsky said he indicated to the Advisory Committee that if he was the contractor for the project, he would require the active involvement of people within Clark County. Having ascertained that, he was confident the project could be completed by August. He said there had been a lot of support from community groups, the CCSD Superintendent, teachers and principals, and more people continued to express a desire to be involved in the project. Mr. Strembitsky said he wanted to reach out to as many people as possible; however, that would be challenging with an August deadline.

Senator Goicoechea said he was supportive of the work of A.B. 394; however, because of the changes in the hold-harmless provision, there were rural school districts that were struggling without base-level funding. He found that frustrating.

Senator Lipparelli asked if the contract took into account all of Mr. Strembitsky's time or if there was a cap and an overage fee. Mr. Strembitsky said he would be paid a daily rate plus expenses and the amount would not exceed the budget.

Senator Lipparelli asked if it was plausible that additional funds would be required, and Mr. Strembitsky said no.

In response to a question from Assemblywoman Titus, Chair Anderson explained that the Advisory Committee to Develop a Plan to Reorganize the Clark County School District was a legislative committee. He said A.B. 394 required the Advisory Committee to hire an outside consultant to build a plan, which was now being presented to the IFC for approval.

Assemblywoman Titus asked if the funds to hire an outside consultant were already budgeted. Chair Anderson replied that the funds were required to come from the Contingency Account per A.B. 394 (2015).

Senator Harris said Mr. Strembitsky was the Advisory Committee's choice of a consultant; however, the contract would not move forward without IFC approval.

Assemblywoman Titus agreed with Senator Goicoechea's comments regarding the rural school districts. She said the rural area schools were suffering due to decisions made by the state concerning education policies meant to improve urban area schools. Assemblywoman Titus thought urban area schools were in great need; however, an unintended consequence of the state's new education policies was that rural area schools had to cut back on certain things unexpectedly.

Assemblyman Silberkraus said he was a member of the Advisory Committee to Develop a Plan to Reorganize the Clark County School District. He noted that Moapa Valley was one of the more active communities involved in the Advisory Committee. He said the rural areas were being well represented at the meetings. Assemblyman Silberkraus stated A.B. 394 was fair to all schools across Clark County.

Assemblywoman Bustamante Adams asked for a breakdown of Mr. Strembitsky's fees, travel and additional resources. She also asked if it was normal practice for LCB staff to approve expenditure requests and which staff member would be assigned that responsibility.

Senator Harris replied that Risa Lang, LCB Legal Division, would be the contract administrator responsible for approving invoices and additional work.

Risa Lang, Legal Division, LCB, said Mr. Strembitsky would be paid a daily amount and his per diem expenses would be determined in the same way as state employees. She said his intent was to perform most of the work in Clark County and, to the extent possible, Mr. Strembitsky would work offsite to prepare reports and other things. Ms. Lang said there was not a set dollar amount. She said the funds would be available to pay Mr. Strembitsky, but the amount would not exceed \$150,000.

In response to a question from Assemblywoman Bustamante Adams, Ms. Lang replied that Mr. Strembitsky's daily rate was \$1,200 and per diem expenses would be approximately \$200 per day.

Assemblywoman Bustamante Adams asked if there was an estimate for travel and additional resources as well, because she wanted to understand how the Advisory Committee determined an amount of \$150,000.

Ms. Lang said \$150,000 was more than what Mr. Strembitsky anticipated would be necessary, but the Advisory Committee wanted to anticipate any additional assistance that Mr. Strembitsky might require for research or report writing. She said although Mr. Strembitsky would primarily be working alone, there may be a point when he requires assistance. Ms. Lang said Mr. Strembitsky would contact her, as the contract administrator, if he required additional assistance. If the LCB could not provide the necessary resources, Ms. Lang would assist Mr. Strembitsky in finding the appropriate assistance.

Assemblywoman Bustamante Adams asked the amount of Mr. Strembitsky's request. Mr. Strembitsky replied that a number of community resources had expressed a desire to contribute gratuitous resources. He said the entire project could be done for less than \$150,000, depending on how much community outreach could be incorporated. Mr. Strembitsky said the approved budget amount would determine the extent of the possible community outreach. Having worked in Clark County for five years previously with the Empowerment schools, Mr. Strembitsky felt that he could create a plan using half the requested amount (\$75,000). He said the success of the plan was not the plan itself, but how it was translated into practice.

Mr. Strembitsky said to a certain degree, reorganizing a school district was simple, because it used existing people and resources and reorganized them in such a way that the results were dramatically different. What had happened in the past in Clark County was the responsibility for results and the funding were misaligned. He added that this problem was typical across the nation. He said reorganizing CCSD would be an upheaval of the present structure, with the resources and accountability for results

aligned in the same place. Mr. Strembitsky said the changeover itself would be traumatic. He said there were three ways to move forward with the reorganization process. The first option, reorganizing a piece at a time, would likely result in ongoing disputes within the school district. The second option was a pilot, which would have to be tested in Clark County for legitimization. He said Clark County previously went through a pilot program with 18 schools. The Empowerment model was a success; however, there was conflict between the pilot and non-pilot schools. Mr. Strembitsky said he recommended a third option, which was a complete rollout of the plan at the beginning of the school year for the entire county.

Senator Goicoechea said Moapa Valley Schools had a quality program and he hoped it would be considered for the pilot program.

Assemblyman Oscarson said Moapa Valley High School had been an Empowerment school in the past and had done very well. He looked forward to Mr. Strembitsky's work and would follow it closely to see the interaction between the consultant and the rural schools in CCSD. He said he also looked forward to empowering the schools to know what was best for their students.

Assemblyman Edwards said there was a very active Community Education Advisory Board in Moapa Valley that was eager to work with Mr. Strembitsky and would provide great advice and recommendations.

Assemblyman Edwards said the contract was a typical, fixed-price contract with a not-to-exceed amount of \$150,000. He said travel and other expenses were an expense claim item within the contract, so overall the cost was approximately \$3,200 per day. Assemblyman Edwards said the cost was reasonable considering the level of professional services being provided, and he thanked Mr. Strembitsky for his economical fees.

In response to a question from Assemblyman Sprinkle, Chair Anderson replied that a specific amount was not placed in the Contingency Account to cover the cost of an outside consultant, because the Legislature wanted to avoid bidding up to that particular amount. He said there were funds available in the Contingency Account to cover the costs.

Assemblyman Sprinkle asked if the Legislature gave the Advisory Committee the authority to vet a prospective consultant, and Chair Anderson said that was correct.

Assemblyman Elliot Anderson encouraged Mr. Strembitsky to work with the people in Clark County who had previous experience with Empowerment schools.

Senator Harris said the Technical Advisory Committee received a significant amount of input from teachers and principals who had worked within the Empowerment model in Clark County. She said from the pilot program that Mr. Strembitsky performed several years ago, it was evident that those relationships were strong and valued, and he welcomed their input.

Assemblyman Silberkraus thanked Mr. Strembitsky for being at the meeting today. He told Committee members that Mr. Strembitsky gave his presentation multiple times for the Advisory Committee and Technical Advisory Committee. He thought Mr. Strembitsky was very impressive and both committees learned a great deal from his presentation. Assemblyman Silberkraus said he looked forward to seeing the results of Mr. Strembitsky's hard work.

SENATOR GOICOECHEA MOVED TO APPROVE
AGENDA ITEM J.

ASSEMBLYMAN SILBERKRAUS SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

- K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268.** (Note: IFC may approve a different amount for an allocation than the amount requested) – **Department of Motor Vehicles – Field Services** – Request for an allocation of \$38,317 to implement new voter registration forms to bring the agency into compliance with the National Voter Registration Act. **RECEIVED AFTER SUBMITTAL DEADLINE, 3-21-16.**

This item was heard in conjunction with Agenda Item F-90 and Agenda Item M. Refer to testimony and motion for approval under Agenda Item F-90.

- L. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO SENATE BILL 514, SECTION 63** (2015 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested) – **Department of Corrections** – Request for an allocation of \$3,030,649 to fund the salaries, benefits and related operation expenditures associated with adding 55 protective services positions in Fiscal Year 2017.

Scott Sisco, Deputy Director, NDOC, said Agenda Item L was pursuant to S.B. 514, Section 63 (2015 Legislature). He said the Governor's recommended budget for the 2015-17 biennium included the first update to the correctional officer shift relief factor since 1979 and resulted in 100 new correctional officer positions. Mr. Sisco explained that the shift relief factor was a mathematical calculation of the actual number of full-time equivalent (FTE) positions required to staff the legislatively approved and designated posts at each institution and facility. He said the new positions were meant to be phased in over four hiring periods. The first 45 positions were scheduled to be hired October 1, 2015, and January 1, 2016. The remaining 55 positions were to be held, along with the appropriated funding, and released by the IFC upon receipt of a report outlining NDOC's hiring implementation for FY 2016 and hiring strategy for FY 2017.

Mr. Sisco said NDOC had successfully hired the first 45 new shift relief factor positions. He said the October 1, 2015, and January 1, 2016, positions were filled and those correctional officers had completed the academy and assigned a position.

Mr. Sisco said the main concern of committee members during the 2015 budget closings was the department's ability to fill positions in rural areas, particularly Ely. He explained that NDOC regularly struggled to fill positions at Ely State Prison, and the department typically lost a certain percentage of new staff shortly after being hired. The NDOC had limited recruitment tools available and it competed with other law enforcement agencies, the mines and other higher paying employers, because affordable, adequate housing was an issue in Ely. However, Mr. Sisco said NDOC was encouraged with the recruitment prospects for FY 2017. The department would continue participating in job fairs, especially military job fairs. Additionally, with the help of the department's new Public Information Officer, NDOC was very active in numerous social media recruitments. Mr. Sisco said NDOC also made changes to its transfer policy, allowing a correctional officer trainee to request a transfer to an urban area after completing one year on the job in Ely. New correctional officer recruits were also permitted use of administrative leave to attend training academy in Carson City or Las Vegas and then to relocate to Ely. He said the department was also working to complete the construction of the first five RV spaces at the institution that would allow newly hired correctional officers to use their personal RV as temporary living quarters until they could obtain appropriate housing. Lastly, the Board of Examiners approved a necessary critical labor shortage designation in March that would allow NDOC to rehire retired public employees. He said under the critical labor shortage designation retired state employees would continue to collect retirement benefits while working at one of the department's rural institutions or facilities. Mr. Sisco said, thus far, 30 retired public employees expressed an interest in the opportunity and were in the process of completing paperwork and background checks. He said retired state employees who did not want to work full-time could be used on an on-call basis to cover for absent employees, which would reduce overtime expenditures and provide relief to current employees required to work double shifts.

Assemblywoman Titus thought the department's ideas for recruiting and retaining employees were encouraging. She said she was shocked to learn in the department's last report how short staffed the institutions and facilities were. She appreciated that the department was finding ways to compete with higher paying employers other than increasing pay, because a larger salary was not always a solution for retaining employees.

Mr. Dzurenda agreed with Assemblywoman Titus that there were other methods of retaining staff without money. He recently spent the entire day in Ely with the staff and learned that when employees were overworked, morale played a big part in retention. He said he would be spending more time in Ely to help staff understand that leadership was concerned for their well-being. Mr. Dzurenda said people were often willing to accept less pay if they were happier at work and felt like they had a voice.

Senator Goicoechea remarked that there were still too many vacancies in Ely. He asked if the critical labor shortage applied to all retired state employees or just retired law enforcement. Mr. Sisco replied that NDOC specifically requested the designation for correctional officers and correctional officer trainees; therefore, the opportunity was available to any retired state employee.

Senator Goicoechea thought that would be beneficial; however, he thought the department would be more successful recruiting retired state employees from the local community. With regard to NDOC's request for eight additional staff, he was unsure how the department justified the need when there were currently 49 vacancies.

Mr. Sisco said most of the department's ideas were only recently approved by the Board of Examiners; therefore, the ideas were just now being made known to the public. The department was encouraged and excited by the opportunities. He said if the department was unable to fill the positions, the funds reverted back to the Contingency Account. Mr. Sisco said the vacancies at Ely State Prison were concerning, but there were some areas with vacancies as high as 50 percent, such as Carlin Conservation Camp. He said when an institution or facility was short staffed to begin with, it made it even more challenging if an employee was on sick leave or annual leave. Mr. Sisco said the critical labor shortage designation was meant for the rural areas. He said the department's intention was to continue recruiting full-time permanent staff for those positions while utilizing retired state employees in the interim.

Senator Goicoechea said he knew several of the guards at Ely State Prison and many of them chose to work there because of the overtime pay; however, that was not helpful for the budget. He recalled during the 2015 Legislative Session that Ely State Prison was on the verge of being unsafe due to staff shortages.

Assemblywoman Carlton said in the interest of full disclosure her husband temporarily returned to the Division of Parole and Probation (P&P) during its critical shortage. She said P&P handled returning retired state employees in a modified way in that her husband was primarily processing paperwork, not carrying a weapon or performing house or court visits. She said there were still some safety concerns, because he was in a correctional atmosphere where anything could happen. Assemblywoman Carlton asked how the department would ensure the safety of retired state employees.

Mr. Sisco replied that retired correctional officers may have to repeat training depending on when they retired from state service. He said retired state employees who were not previously employed as correctional officers would attend a familiarization program that had been very successful for the department. Mr. Sisco explained that if an academy was not scheduled for an extended length of time, newly hired employees were partnered with an experienced correctional officer in an institution. He said the familiarization program was extremely helpful in determining if an individual was suited for the position prior to completing eight weeks of training. Mr. Sisco said NDOC had specific guidelines for determining if and when an employee required a physical, retraining, etc. He said some of the retired state employees may end up with less than desirable posts in an effort to reduce some of the mandatory double shifts, but the department had to consider the safety and security of the institution first. Mr. Sisco noted that NDOC was working to establish a list of frequently asked questions pertaining to the critical labor shortage.

Assemblywoman Dickman said it appeared that overtime expenditures were close to exceeding the prior year in spite of the additional 45 employees in FY 2016.

Ms. Sisco replied that NDOC anticipated reducing overtime expenditures by approximately 20 percent when the full shift relief factor was in place, particularly for institutions that did not have extraordinary vacancy situations. The department hired less than a quarter of the new staff in October 2015 and another quarter in January 2016 and those correctional officers had just recently finished the academy and were entering institutions. He said the department was working to address the overtime issue. He said there were several areas where overtime was an issue, including vacancy and hospital coverage, and training. Mr. Sisco explained that extra travel time and overtime were required due to the loss of Carson Tahoe Regional Medical Center in Carson City and Valley Hospital Medical Center in Las Vegas. He said overtime was also accrued as a result of a study on use of force, which stemmed from an incident at one of the prisons. The updated training was a mandatory 40-hour training class for all employees throughout the department. Mr. Sisco said correctional officers were not removed from their posts for training without accruing overtime. Overall, the department hoped to experience decreased overtime in the near future.

Chair Anderson asked how it was helpful to add more vacancies to the 49 that already existed at Ely State Prison.

Mr. Sisco said NDOC acknowledged that the vacancies in Ely were a problem and the department was striving to rectify the problem. He said the 30 retired state employees mentioned earlier would be working at Ely State Prison. He said the department would prefer to receive the Committee's approval on the full request and he reiterated that unused funds would revert to the Contingency Account. Mr. Sisco said the department had to have position control numbers to recruit for positions. If the Committee chose not to authorize the eight positions for Ely until sometime in 2017, the department's concern was that it would be unable to actively recruit for those eight positions after the others were filled.

Chair Anderson said he was still uncertain about authorizing additional positions when Ely State Prison had a 20 percent staff vacancy rate.

Mr. Sisco said there were several things in effect that had not been in place a month ago that would assist with filling vacancies. Those items included the ability to use administrative leave, RV spaces for temporary housing accommodations, and the critical labor shortage designation. The department was working diligently to reduce vacancies in Ely and felt confident about filling vacancies in other locations.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE
AGENDA ITEM L.

SENATOR GOICOECHEA SECONDED THE MOTION.

Senator Goicoechea said increasing the vacancies would only look worse for Ely State Prison and the department. He said the eight positions would still be available to the department when it needed them and he encouraged Assemblywoman Dickman to amend her motion.

Chair Anderson thought that 8 additional positions was minor in the scope of the 55 overall positions being approved by the Committee. He said he was pleased to hear about the ongoing efforts to recruit for Ely State Prison. Although the ideas were short term, such as allowing employees to transfer after one year, he thought the department would find long-term solutions in the future.

In response to a question from Senator Goicoechea, Mr. Sisco replied that the RV spots were located at the institution. The department ultimately hoped to have ten spaces available, because in the past employees have walked off the job due to the lack of affordable housing.

THE MOTION PASSED UNANIMOUSLY. (Assemblywoman Benitez-Thompson was not present for the vote.)

- M. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO SENATE BILL 514, SECTION 83** (2015 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested) – **Department of Motor Vehicles – System Modernization** – Request for an allocation of \$1,042,941 for software implementation for the system modernization project. **RELATES TO ITEM F.90.**

This item was heard in conjunction with Agenda Item F-90 and Agenda Item K. Refer to testimony and motion for approval under Agenda Item F-90.

- N. REQUEST FOR APPROVAL TO ENTER INTO A SERVICE AGREEMENT– Nevada Department of Transportation** – Request for approval of the process used to select the vendor and to enter into an agreement for an operational audit of the department, pursuant to NRS 408.118. **RELATES TO ITEMS F.111 and 112.**

Refer to motion for approval under Agenda Item F-112.

- O. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335 – Department of Tourism and Cultural Affairs – Division of Museums and History** – Request approval to accept a donation of \$48,000 from the Henry Family Trust for the East Ely Railroad Depot Museum.

Peter Barton, Division Administrator, Division of Museums and History, DTCA, said the division was requesting approval to accept a gift of \$48,000 from the Henry Family Trust for the East Ely Railroad Museum. He said NRS 381.0031 allowed the division to accept donations into its non-executive budget. Mr. Barton said the funds would be invested and spent according to the instructions of the donor and at the discretion of the Board of Museums and History.

ASSEMBLYMAN SILBERKRAUS MOVED TO APPROVE
AGENDA ITEM O.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Assemblywoman Benitez-Thompson and Assemblyman Oscarson were not present for the vote.)

P. INFORMATIONAL ITEMS.

The Committee expressed interest in hearing testimony on the following items: Agenda Item P-2a, Office of the Attorney General (OAG); P-5, Nevada Department of Education (NDE); P-6, Nevada System of Higher Education (NSHE); P-8b, Department of Business and Industry (B&I), Taxicab Authority; P-8d, B&I, Athletic Commission; P-11e, DHHS, Division of Welfare and Supportive Services; P-16a, DHHS, Division of Public and Behavioral Health; and P-16b, Department of Motor Vehicles.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, said Agenda Item P-11a(2), DHHS, Director's Office, was a summary of the State Plan for the Community Services Block Grant. Federal rules required a legislative hearing for the State Plan for the Community Services Block Grant every three years and the agency requested its public hearing to be held at the IFC meeting today. Ms. Jones said Agenda Item P-11a(2) required no additional action from the Committee.

Assemblywoman Bustamante Adams requested further testimony on Agenda Items P-10, Governor's Office of Economic Development and P-11a(1), DHHS, Director's Office.

1. OFFICE OF THE GOVERNOR

- a) Office of Science, Innovation and Technology – Semiannual report on the award and outcomes of the STEM Challenge Grants and the broadband mapping contract for the period ending December 31, 2015 (letter of intent, 2015 Legislature).
- b) Governor's Finance Office – Budget Division – Quarterly report of the agency activity relating to contracting with current or former employees of the state, for the period ending March 31, 2016, pursuant to NRS 333.705.

There was no discussion on this item.

2. OFFICE OF THE ATTORNEY GENERAL

- a) National Mortgage Settlement Administration – Status report regarding the Home Again Program administered by the Office of the Attorney General for the period ending December 31, 2015.

Ernest Figueroa, Chief Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General (OAG), noted that he was standing in for the person originally scheduled to provide testimony.

Mr. Figueroa said in August 2012 the Home Again program was approved with a budget of \$33.0 million set aside from mortgage settlements to fund various programs to assist Nevada consumers with financial counseling and mortgage-related issues that resulted from the mortgage crisis. He said the funds under the Home Again program had been reasonably managed and

monitored and as of July 1, 2015, approximately \$25.0 million still remained. Mr. Figueroa said there was a general consensus among many economists that the housing crisis Nevada had experienced was on the brink of recovery and the Home Again program experienced a decline in usage. As a result, the OAG expected it would still be able to provide services until the end of June 2017, but at reduced levels. He said the OAG anticipated underspending the approved budget amounts in both FY 2016 and FY 2017. Mr. Figueroa said the OAG would also need to reallocate remaining surplus funds in a manner consistent with the National Mortgage Settlement terms to serve the needs of Nevadans. Furthermore, the OAG expected it would be making proposals through the IFC and the budget process for approval to spend the settlement funds to meet various needs that required attention.

Assemblywoman Bustamante Adams noted that there was an article released today stating that Nevada still ranked third highest in foreclosure rates (Eli Segall, "Nevada has third-highest foreclosure rate, repossessions rise," *Las Vegas Sun*, April 13, 2016, <<http://lasvegassun.com/news/2016/apr/13/nevada-has-third-highest-foreclosure-rate-reposses>>, accessed on April 14, 2016). She added that the article stated 1 in every 236 homes in Nevada were still in the foreclosure process. Considering that, she was unsure how the OAG made its assessment.

Mr. Figueroa said the OAG was currently monitoring all reports being released and there was an increase in foreclosures being processed by the servicers in the State of Nevada; however, the levels were much lower than when the crisis first began. He said under its current structure the Home Again program would continue to meet the needs of people currently being foreclosed upon; however, the OAG would eventually need to request a reallocation of funds to determine how to best maximize the use of the remaining funds to meet the needs of those in foreclosure while trying to determine the best use of any remaining funds.

Assemblyman Elliot Anderson asked what measure was being used to determine the volume of foreclosures. He asked if the OAG was reviewing the quarterly notices of default.

Mr. Figueroa replied that the OAG currently monitored all economic reports concerning the foreclosure crisis, levels of foreclosure, and housing recovery. The OAG also listened to economic discussions concerning the housing crisis and potential recovery on political shows. He said the OAG recognized there were continued foreclosures, but the data provided to the Committee by the OAG demonstrated that there was a declining response to the services provided by the Home Again program.

Assemblyman Elliot Anderson replied that the data provided by the OAG did not necessarily mean foreclosures were decreasing. He said it could mean that outreach efforts were ineffective. He said notices of default would provide a more precise indication of the foreclosure levels, and without that

information the Committee was not being provided an accurate update of the Home Again program.

Mr. Figueroa replied that when Nevada first started the Home Again program and it was in the midst of litigation and investigation concerning the housing crisis, it became evident that Nevada had no central resource for tracking foreclosure and housing data. He said the OAG continued to struggle with how to get the necessary data and other information to make an educated choice with regard to litigation strategy and determining the best use of funds received as a result of the multi-state settlement. Mr. Figueroa said he understood Assemblyman Elliot Anderson's point, and he would also like to have access to data so the OAG could make a better, more informed choice for the best use of the funds.

Assemblyman Elliot Anderson asked if the OAG had contacted the recorder's offices. Mr. Figueroa said at one point the OAG had access to the recorder's notices of default data, but currently the OAG relied on Corelogic and other data to help track the foreclosure crisis and recovery status.

Assemblywoman Swank said that a slight improvement did not mean the housing crisis was fixed. If the OAG was unsure of the foreclosure rates prior to the crisis, she asked how the state would know when the rates were back to normal. She said there had to be some nationwide data at least, because there would always be people who purchase a house beyond their means and end up in foreclosure. Assemblywoman Swank said the state had an average unemployment rate, therefore, the state should also have an average foreclosure rate as well, because it was important to know where the state was in relation to that rate.

Mr. Figueroa agreed with Assemblywoman Swank's assessment. He said after experiencing a housing boom it was difficult to determine the normal foreclosure rate, but at some point Nevada would reach an equilibrium with foreclosures. He did not think Nevada had reached that point yet, but he thought it was close.

Assemblywoman Swank said people had been buying homes in Nevada for many years, so there had to be some data to track foreclosures.

Mr. Figueroa replied that there was some data as part of the early monetary requests that was provided by the UNLV Lied Institute for Real Estate Studies. He thought the OAG would request continued monitoring of the real estate market in the next budget cycle to provide adequate data for policy makers.

Chair Anderson said data was publicly available for anyone wanting to track foreclosure data. He said the Home Again program allowed a central repository for people to call for assistance, and fewer people were

contacting the Home Again program based on the report provided by the OAG. Mr. Figueroa said that was correct.

Chair Anderson said he did not discount the comments or concerns made by Committee members. He said the current agenda item was an opportunity to discuss Nevada's foreclosure status, but the information was also available through realtor tracking systems. Chair Anderson said the OAG would need to provide hard data to back up future requests for funds or reallocation of funds. He recalled in 2013 the IFC had approved an allocation of funds to UNLV and the Brookings Institution to develop a database system to track foreclosures.

- b) Crime Prevention – Human Sex Trafficking Prosecutions Unit – Semiannual report on the number of human sex trafficking cases reported, investigated and prosecuted for the period ending December 31, 2015 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- 3. **OFFICE OF THE SECRETARY OF STATE** – Semiannual report on the progress of the eSoS replacement project for the period ending December 31, 2015 (letter of intent, 2015 Legislature).

There was no discussion on this item.

4. **DEPARTMENT OF ADMINISTRATION**

- a) Enterprise Information Technology Services – Notice to increase a vacant 0.49 to a 1.00 FTE position to provide additional support for statewide telecommunications.
- b) Division of State Library, Archives and Public Records – Notice to add one FTE IT Technician IV to provide information technology and server support to the Cooperative Libraries Automated Network Board (CLAN).

There was no discussion on this item.

- 5. **DEPARTMENT OF EDUCATION** – Reports summarizing Class Size Reduction Variances for the period ending June 30, 2015, of the 2014-15 school year and the period ending September 30, 2015, of the 2015-16 school year, pursuant to NRS 388.700(5).

Mindy Martini, Deputy Superintendent, Nevada Department of Education (NDE), said there were two Class-Size Reduction reports before the Committee for FY 2015 and the first quarter of FY 2016. Overall, there had been a decreased number of variances from FY 2015 to the first quarter of FY 2016. She said the improvement was directly tied to school districts implementing a goal to eliminate all variances in their lowest performing schools, which were one- and two-star schools. Ms. Martini said in FY 2015 the number of schools with variances remained stable throughout the year at 290 schools, but the total variances over the year increased. She said in the first quarter of 2015 there were

720 variances in classrooms, which increased to 832 by the end of FY 2015. In the first quarter of FY 2016 the number of schools with variances decreased from 295 to 255. More importantly, variances overall decreased from 832 to 647. Ms. Martini said although there were still a significant number of variances, the decrease was substantial. She said variances by school, sorted by one- and two-star schools, English Language Learners and low income, were located in Volume V of the meeting packet beginning on pages 83 and 97 ([Exhibit F](#)). Ms. Martini said in the first quarter of FY 2016 there were still 33 schools in six school districts that had variance requests in one- and two-star schools; however, most of the variances were very small, typically only one over. She said higher variances were normally tied to schools in a rural school district that struggled to hire licensed teachers, but many of the rural school districts brought in unlicensed teachers to reduce the ratio. Unfortunately, schools did not receive credit for the reduced ratio if the teacher was unlicensed.

Ms. Martini said pursuant to S.B. 515, Section 32 (2015), the recommended pupil-to-teacher ratio for full-day kindergarten was 21:1. The ratio could be extended up to a ratio of 25:1 with approval from the superintendent of the school district, but under no circumstances were schools allowed to exceed the 25:1 ratio in full-day kindergarten classes. Ms. Martini noted there were a few exceptions for remote or rural schools. She said in the first quarter of 2016 there were two schools that exceeded the 25:1 ratio, Carlin Elementary School (Elko County) and Riverview Elementary (Lyon County); however, Carlin Elementary had subsequently reduced its ratio. Ms. Martini said for the first time charter schools were included in the Class-Size Reduction program by having full-day kindergarten. She said unfortunately, there were five charter schools that exceeded the 25:1 maximum ratio in the first quarter of FY 2016 and none of those schools were remote or rural schools. The schools that exceeded the ratio included Founders Academy, Imagine Schools, Nevada Connections, Nevada Virtual and Quest Academy. Ms. Martini said because those schools had not complied with the law by exceeding the full-day kindergarten ratio, they were required to return the funding provided to them for the first quarter. She said Founders Academy and Nevada Virtual came into compliance in the second quarter of FY 2016 and they would have funding going forward if they continued to maintain the ratio. The NDE was hopeful that with the assistance of the State Public Charter School Authority the three remaining charter schools would come into compliance and would be able to maintain their funding.

Chair Anderson asked how students in the charter schools that had exceeded the full-day kindergarten ratio were impacted by the lack of funding. Ms. Martini replied that those schools would have to revert to a half-day kindergarten program due to the lack of funding.

In response to a question by Chair Anderson, Ms. Martini replied that the charter schools still received 0.6 funding for half-day kindergarten. If the charter schools wanted to continue with a full-day kindergarten program they would have to make up the cost internally or comply with the full-day kindergarten ratio requirement.

Assemblyman Elliot Anderson asked the NDE to discuss its obligations under A.B. 278 (2015) regarding the accuracy of Class-Size Reduction reports.

Ms. Martini replied that NDE had reviewed A.B. 278 and complied with all sections of the bill. The NDE was working very closely with all the school districts to ensure the data provided to the NDE was accurate. She said NDE changed to average daily enrollment for the 2015-2016 school year, which required the department to work very closely with the school districts and charter schools to ensure the counts were accurate and certified. Ms. Martini said NDE also completed and signed off on all its policies and procedures relating to the Class-Size Reduction program. Overall, she thought the Class-Size Reduction program was sound, with the exception of variance requests, which needed to continually decrease.

Senator Farley said she agreed that, in general, smaller class sizes were better; however, she believed the teacher made a big difference. She said her children were in the beginning class at Founders Academy, which was an excellent school. Senator Farley said she was highly impressed with Ms. Bythe, a teacher with 27 students in her classroom. She asked if there was a process to appeal the 25:1 ratio if the program and students were meeting or exceeding expectations.

Ms. Martini replied that charter schools were not required to have a full-day kindergarten program; however, any charter school that requested a full-day kindergarten program was required, by law, to maintain a 21:1 ratio and up to a 25:1 ratio with approval from their Board members. She said students were not required to attend a full-day kindergarten program during the transition process, but parents could request it for their children. Ms. Martini said the 21:1 class-size ratio was tied to the full-day program by law.

Senator Farley asked if NRS would have to be revised to include an appeal process. Ms. Martini said charter schools were not originally included in the Class-Size Reduction program, because many of the schools were innovative and able to institute practices to increase academic achievement without complying with certain requirements like class size. She said the 2015 Legislative Session was the first time charter schools were included in the Class-Size Reduction program and the program was approved with a limited class-size ratio; however, the Legislature could contemplate a change during the 2017 Legislative Session.

6. NEVADA SYSTEM OF HIGHER EDUCATION – Semiannual report on the development efforts, progress made, and milestones established and achieved in the implementation of the new medical school at the University of Nevada, Las Vegas (UNLV) for the period ending December 31, 2015 (letter of intent, 2015 Legislature).

Dr. Barbara Atkinson, Dean, UNLV School of Medicine (SOM), said the school was on track with accreditation and a site visit would be performed by the accrediting agency July 17, 2016, through July 20, 2016. The school was

planning a mock site visit in June to make any necessary adjustments. Dr. Atkinson said if the site visit went well then the school should receive approval in October to accept the first class of students in the summer of 2017. She said UNLV SOM also submitted its accreditation documents for residency programs and the school should know by October if it would be permitted to sponsor graduate medical education (GME) programs.

Dr. Atkinson said the 2015 Legislature provided \$10.0 million for a grant program to increase and fill the number of accreditor-approved residency positions in existing programs, and/or establish new GME programs with positions. She said she was appointed to the Governor's Task Force for GME, which is responsible for reviewing all grant applications. Dr. Atkinson said UNLV SOM was submitting proposals for its programs through the University of Nevada, Reno School of Medicine (UNSON). She said the three proposals would add an Emergency Medicine Pediatrics program and 34 slots in the psychiatry and obstetrics/gynecology programs. She said there were proposals from MountainView Hospital, Universal Health System and Valley Hospital Medical Center in Las Vegas, as well as proposals from the Reno area. Dr. Atkinson said it would be a difficult decision for the Governor's Task Force.

Dr. Atkinson said UNLV SOM had 6 employees, faculty and staff in July 2015 and now there were 29. She said the school was currently recruiting for staff who would begin after July 1, 2016. She said the budget was on track and the school would have the necessary staff for next year. Dr. Atkinson said several staff and faculty that had been recruited thus far were very impressive, such as Dr. Tracey Green, Vice Dean for Clinical Affairs. The school also recruited Dr. Parvesh Kumar, Associate Dean of Research. Dr. Atkinson noted that Dr. Kumar was recently made the Principal Investigator of the Clinical and Translational Research - Infrastructure Network (CTRIN) grant. She said the CTRIN grant was a five-year grant from the National Institutes of Health (NIH) that would bring \$20.0 million into the state. Dr. Atkinson said the grant was spread among seven mountain states in a consortium to build research infrastructure. Dr. Kumar took over the CTRIN grant and was approved by NIH as of April 1, 2016.

Dr. Atkinson said, to date, UNLV SOM raised approximately \$19.5 million from philanthropy since February 2015 when the school began accepting donations. She said UNLV SOM just announced a \$3.0 million grant from the United Health Foundation, which is UnitedHealth Group and includes OptumHealth, Southwest Medical Group and UnitedHealthcare. Dr. Atkinson said the grant would be used to recruit three more faculty to help build the clinical practices that would be Medicaid hospitality practices. She said the three faculty would be in Population Health Management, which involved keeping people healthy, out of the hospital, and using minimal hospital and doctor services. The grant would also help build the hospitality piece of the practice and perform bioethics in the practice and with students for the whole four years.

Dr. Atkinson said one of the important pieces currently in progress was the transfer of land from Clark County. A memorandum of understanding had been

in place for a year and there had been several delays, but the agreement was nearing completion. She said the agreement included the transfer of 9.5 acres of land adjacent to the UNLV Shadow Lane campus. Dr. Atkinson said UNLV SOM would also be leasing office space from the county through a real affiliation agreement.

Dr. Atkinson said UNLV SOM would begin an autism and neurodevelopment clinic scheduled to open in July 2016. Lastly, Dr. Green would begin a telemedicine program with University Medical Center (UMC) and one in the UNLV SOM practice as well.

Assemblywoman Titus asked how many total residency slots currently existed in the State of Nevada. She recalled there was a “match day” in March and asked if all the spots had been filled. Assemblywoman Titus also asked what percentage of the slots were filled with United States graduates and what percentage were international graduates.

Dr. Atkinson said UMC had about 279 total resident slots; however, she did not know the exact number of statewide slots, but would provide it to the Committee. She said the match day went well and there were some international graduates, but fewer than usual. Dr. Atkinson said the residency programs were improving and becoming more competitive. She said there were only two slots in the state that did not match and both were in Family Medicine for Winnemucca. She said it was possible the positions remained vacant, because Winnemucca was a rural area and it had not been well advertised. She said in previous years advertising for residents in Winnemucca had not been necessary. Dr. Atkinson said Elissa Palmer, Chair of Family and Community Medicine, had 400 United States graduates and over 1,000 international graduates who were interested in the two residency slots in Winnemucca and she was currently interviewing candidates. Dr. Atkinson said the residency slots were part of the bids for the first \$5.0 million of the Governor’s Task Force GME funds. Submission of new proposals for the remaining \$5.0 million would begin around July 1, 2016.

Assemblywoman Titus asked how many projected new slots were needed in the state. Dr. Atkinson replied that the state was in need of a significant number of residency slots. She said there would be approximately 300 medical students graduating and there were 170 first year residency slots; therefore, the state required approximately 150 additional residency slots to avoid exporting students to other states for their residencies.

Assemblywoman Titus agreed that it was necessary to train medical students within Nevada in order to keep them in the state after graduation and residency. She said residents were also needed to help with teaching, which was important to consider when determining figures.

Dr. Atkinson said approximately 70 percent of medical graduates remained in the location of their residency, whereas only 40 percent remained in the location of their medical school. She said UNLV SOM was going to be very focused on

increasing the percentage of medical students who remained in Nevada by selecting students from within the state and embedding them in the community.

7. **DEPARTMENT OF AGRICULTURE – Commercial Feed** – Report on the progress of the commercial animal feed labeling fees (letter of intent, 2015 Legislature).

There was no discussion on this item.

8. **DEPARTMENT OF BUSINESS AND INDUSTRY**

- a) Office of the Director – Nevada Home Retention Program
- 1) Quarterly report regarding the status of the program's implementation and the ongoing management and success of the program for the period ending June 30, 2015 (letter of intent, 2013 Legislature).
 - 2) Semiannual report on the status of the mortgage loan agreements purchased for neighborhood stabilization efforts; and the status of the closing of the Home Means Nevada program for the period ending December 31, 2015 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- b) Taxicab Authority – Report on the status of the replacement of the core legacy systems, implementation and operation of the computerized real-time data system; progress made to address the long-haul issues in Las Vegas (letter of intent, 2015 Legislature).

Ron Grogan, Division Administrator, Taxicab Authority, B&I, introduced Annette Watson, Management Analyst, Taxicab Authority, B&I, to address the status of the replacement of the Core Legacy System.

With regard to the Core Legacy System replacement, Ms. Watson said the Taxicab Authority hoped to finalize the requirements for the RFP within a couple weeks so the RFP process could begin.

Senator Goicoechea asked if the Taxicab Authority had a more specific timeframe for the Core Legacy System replacement.

Mr. Grogan replied that the agency anticipated beginning the bid process in late April or early May 2016. He said it was difficult to determine when the new system would be operational, because the Taxicab Authority was still waiting for input regarding the scope of the project; however, he thought it would be early 2017. Mr. Grogan said the Taxicab Authority issued licenses and permits, and it also had an enforcement staff of nine that inspected more than 3,000 taxicabs every year and enforced statute. He said the updated Core Legacy System would be used for licensing, inspections, dispatch and medallion tracking to reduce the labor-intensive manual processes.

Senator Goicoechea asked about the status of the agency's compliance with long-haul enforcement and the Compliance Enforcement Investigator vacancies.

Mr. Grogan said, similar to other agencies, the hiring process had been difficult. He hired two Compliance Enforcement Investigators over the past four or five months, but lost four. He said that trend was likely to continue, because many agencies were recruiting enforcement officers. Mr. Grogan said the Taxicab Authority was a category II agency, so it was generally not the first choice for people seeking employment in law enforcement. Additionally, the agency was not part of the police and fire retirement program and compensation was less than other agencies. However, Mr. Grogan said the Taxicab Authority was working with B&I to create a training program for category II officers, which would help fill vacant positions. He said the Compliance Enforcement Investigator positions within the Taxicab Authority entailed mostly compliance, with some enforcement responsibilities, and the training program would prepare candidates for those unique circumstances. Mr. Grogan said the agency would like to attract individuals who wanted a law enforcement career, but lacked Peace Officer Standards and Training (POST) certification and then put them through the POST certification in exchange for a commitment to remain with the Taxicab Authority for a certain number of years. Overall, he said the Taxicab Authority was treading water on long-haul enforcement while struggling to fill the four additional positions provided by the 2015 Legislature.

Terry Reynolds, Deputy Director, B&I, said there were several points that were important to the current discussion. First, many of the taxicab companies were investing in smart meters, and the Taxicab Authority was exploring ways to integrate its new computer system with smart meters to access taxicab data. He said both Verifone and Creative Mobile Technologies, two smart meter manufacturers, were installing sophisticated technology in the smart meters. Secondly, Mr. Grogan had been authorized to change the shift schedules for the department, moving to five eight-hour shifts. Mr. Grogan also instituted specific enforcement zones, which helped get enforcement into the necessary areas. Mr. Reynolds said, overall, the Taxicab Authority was making progress with regard to enforcement and there would probably be enhancements requested in the next budget cycle to continue carrying out the agency's efforts.

Assemblyman Elliot Anderson noted the Taxicab Authority had two separate recruitment periods, which resulted in only one qualified candidate. He thought the agency's unsuccessful recruitment efforts might be because there had not been enough recruitment periods or due to the lack of an experienced recruiter. He said assistance from another state agency might help the Taxicab Authority recruit additional qualified candidates.

Mr. Grogan replied that the Taxicab Authority used the Human Resource Management Division for its recruitments. He said many agencies were recruiting for positions requiring similar skills and there was a finite number of candidates. He said the Compliance Enforcement Investigator position required POST certification as well as a clean criminal record. Mr. Grogan said the agency identified approximately 101 candidates during the recruitment process; however, more than 80 percent did not meet the criteria. He said the Taxicab Authority interviewed 5 of the 18 candidates who met all the criteria and passed the background check. Mr. Grogan said he understood Assemblyman Elliot Anderson's comments regarding the recruitment process, but the Taxicab Authority was using the same recruitment process as other state agencies; therefore, he thought it was a supply and demand issue.

Assemblyman Elliot Anderson suggested that the Taxicab Authority advertise its recruitments at various veterans offices, because the Compliance Enforcement Investigator position might be of interest to veterans who would also pass a background check. Mr. Grogan said the agency would keep that under consideration.

- c) Nevada Transportation Authority – Report on the status of the implementation and operation of the computerized real-time data system (letter of intent, 2015 Legislature).

There was no discussion on this item.

- d) Nevada Athletic Commission – Notice to add one Full Time Equivalent (FTE) Program Officer II and one FTE Administrative Assistant II, both to be located in Las Vegas, to support the expansion of the regulation of unarmed combat. **RECEIVED AFTER SUBMITTAL DEADLINE, 3-25-16.**

Chair Anderson said the 2015 Legislature changed the fee structure for the Athletic Commission and the IFC wanted to confirm that a comprehensive plan was going to be presented at the June IFC meeting to discuss drug testing and how the fees would be put to use.

Anthony A. Marnell III, Chairman, Nevada Athletic Commission (NAC), replied that the plan would be presented to the IFC in June. He noted the regulations for the NAC had to be completely overhauled, because they had not been revised in nearly 17 years. Mr. Marnell said the IFC would be presented with a high-level plan, because a significant portion of the content had to remain confidential to avoid revealing the drug testing process to fighters.

- 9. **DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS – Division of Museums and History** – Museum Dedicated Trust Funds – Semiannual report regarding the investment and expenditure of private funds, for the period ending December 31, 2015, pursuant to NRS 381.0033(b).

There was no discussion on this item.

10. GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT – Semiannual report regarding the Battle Born Capital Program for the period ending December 31, 2015, pursuant to NRS 218E.400.

Assemblywoman Bustamante Adams noted that the Battle Born Investment Advisory Committee appointed new members in September and November 2015 and the membership was now made up of four voting members and five non-voting. She asked about the rationale for having more non-voting members than voting members.

Cathy Crocket, Director of Administration, Governor's Office of Economic Development (GOED), replied that the non-voting members were representatives of the universities who provided input on research activities conducted by Desert Research Institute, UNLV and UNR and considered methods of commercializing existing projects.

Assemblywoman Bustamante Adams noted the Battle Born Venture Program had teamed up with The Mill in Las Vegas and she asked the agency to provide further information about that collaboration. Ms. Crocket said she was standing in for GOED's Program Manager who was also the Technology Commercialization Director; therefore, she had limited information with which to answer the question. Ms. Crocket said she would research the matter and provide the information to the Committee.

11. DEPARTMENT OF HEALTH AND HUMAN SERVICES

a) Director's Office

- 1) Consumer Health Assistance – Report on the efforts made and recommendations for alternate funding sources to supply the salary and operating costs of three Ombudsman positions in future biennia (letter of intent, 2015 Legislature).

Janise Wiggins, Consumer Health Advocate, Office for Consumer Health Assistance (OCHA), said OCHA provided access to care information for all Nevadans as well as Nevada injured workers. The OCHA also provided information about benefits, appeal assistance and billing assistance.

Assemblywoman Bustamante Adams said the goal of OCHA's report was to provide recommendations on how the additional funding would support salaries; however, the report did not include hard numbers.

Ms. Wiggins replied that OCHA was unable to provide exact dollar amounts until the agency allocated and billed for services provided by its ombudsmen. She explained that the agency would utilize time tracking for its six ombudsmen as they assisted consumers with Medicaid, Health Care Quality and Compliance (HCQC) and

Substance Abuse Prevention and Treatment Agency (SAPTA) programs.

In response to a question from Assemblywoman Bustamante Adams, Ms. Wiggins replied that specific dollar amounts were unavailable, because OCHA was using FY 2016 as its baseline year.

- 2) A summary of the State Plan for the Community Services Block Grant (CSBG) for the two-year period beginning October 1, 2015, pursuant to Section 676(a)(3) of the CSBG Act.

Laurie Olson, Chief, Grants Management Unit, Director's Office, DHHS, said the federal government required a public hearing for the State Plan for the Community Services Block Grant (CSBG). She said a non-legislative hearing for the CSBG State Plan had been held and the federal government had approved the state plan.

Ms. Olson said the CSBG funds were allocated directly to 12 specially-designated community action agencies around the state that used the funds for community and agency capacity building, as well as direct services. Last year the community action agencies served over 21,000 people with emergency services like rent and utility assistance, food vouchers, employment and other direct services that help people become more self-sufficient.

Chair Anderson opened the public hearing. There being no requests to testify, Chair Anderson closed the public hearing.

- b) Aging and Disability Services Division – Quarterly report for the Senior Rx and Disability Rx Prescription Caseload Data, for the period ending December 31, 2015, pursuant to NRS 439.630(1)c.

There was no discussion on this item.

- c) Division of Health Care Financing and Policy
 - 1) Quarterly report on the state's Title XXI allotment and related program expenditures for the period ending December 31, 2015 (letter of intent, 2015 Legislature).
 - 2) Report on the Medicaid coverage for telemedicine, community paramedicine and community health worker services (letter of intent, 2015 Legislature).
 - 3) Semiannual report on cost savings over the 2015-17 biennium related to the Health Care Guidance Program, basic skills training policy changes, personal care services policy changes, and the new electronic asset verification system for the period ending December 31, 2015 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- d) Division of Public and Behavioral Health
 - 1) Behavioral Health Prevention and Treatment – Quarterly report on the maintenance of effort requirements for the federal Substance Abuse Prevention and Treatment block grant funds for FY 2015 and FY 2016 for the period ending December 31, 2015 (letter of intent, 2015 Legislature).
 - 2) Report on alternate funding sources(s) for two new Primary Care Office positions (letter of intent, 2015 Legislature).

There was no discussion on this item.

- e) Division of Welfare and Supportive Services – Semiannual report on the progress in meeting Nevada’s Supplemental Nutrition Assistance Program (SNAP) timeliness and quality standards for the period ending December 31, 2015 (letter of intent, 2015 Legislature).

This item was heard in conjunction with Agenda Item F-51. Refer to Agenda Item F-51 for testimony.

12. DEPARTMENT OF PUBLIC SAFETY

- a) Division of Parole and Probation
 - 1) Semiannual report on the number of offenders in the Low-Risk Supervision (LRS) unit by category of offense and the number of officers and other personnel assigned to manage LRS for the period ending December 31, 2015 (letter of intent, 2015 Legislature).
 - 2) Quarterly report on the status of the agency’s pre-sentence investigations backlog for the period ending December 31, 2015 (letter of intent, 2015 Legislature).
 - b) Division of Emergency Management – Request for approval of a grant from the Disaster Relief Account to Clark County to cover cost of the activation of the Nevada National Guard in support of the security activities associated with the 2015 New Year’s Eve events that took place in Clark County.
- WITHDRAWN 3-30-16.**

There was no discussion on this item.

- 13. TAHOE REGIONAL PLANNING AGENCY** – Annual report of audited expenditures and progress achieving performance measures and benchmarks pursuant to A.B. 480 of the 2013 Legislative Session (NRS 277.220(2)).

There was no discussion on this item.

14. NEVADA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

- a) Division of State Lands – Semiannual report on the status of the state’s Environmental Improvement Program (EIP)/Fund to Protect the Lake Tahoe Basin (FPLTB) for the periods ending March 20, 2015, and December 31, 2015, pursuant to Chapter 514, Statutes of Nevada 1999.
- b) Nevada Division of Environmental Protection – Semiannual report on the implementation of the new Bureau of Industrial Site Cleanup budget and

oversight of the Nevada Environmental Response Trust for the period ending December 31, 2015 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- 15. DEPARTMENT OF TRANSPORTATION** - Report on the activities of the Advisory Committee on Transportational Storm Water Management and the implementation and efficacy of the department's storm water program pursuant to S.B. 324, Section 10.3 (2015 Legislature).

There was no discussion on this item.

- 16.** Responses to Request for Information from the February 11, 2016, Interim Finance Committee meeting, regarding the schedule for implementation of the medical marijuana registry data interface between the Department of Health and Human Services, Division of Public and Behavioral Health and the Department of Motor Vehicles.
- a) Department of Health and Human Services, Division of Public and Behavioral Health
 - b) Department of Motor Vehicles

Chair Anderson said the Division of Public and Behavioral Health (DPBH) and the Department of Motor Vehicles (DMV) were asked to provide an update on the status of the medical marijuana registry implementation. He noted that he would open the hearing to public comment after the Committee's discussion.

Chad Westom, Health Bureau Chief, DPBH, DHHS, said the division appreciated the opportunity to update the Committee on the progress made in recent weeks and the future plans to improve program efficiencies. He said the division provided a written response to the February IFC meeting on March 1, 2016 (page 451, [Exhibit F](#)).

Mr. Westom said demand for patient cards continued to grow rapidly and currently there were more than 16,000 active registered patient cardholders in Nevada. He said the program's total caseload included requested applications, submitted applications and annual renewal applications. Mr. Westom said the program experienced a 46 percent increase in total caseload in March. He said the average time to process a new application and issue a letter of acceptance was 15 days, which was a reduction in processing time despite the increased number of applications. Mr. Westom said the division continued to streamline operations to further decrease the processing time.

Mr. Westom said since February the division revised its procedures to allow approval of patient applications prior to receiving the results of the background check from the Department of Public Safety (DPS), which had reduced the processing time by five days. Also, he said the division would begin utilizing a new patient database within a week, thereby decreasing processing times even more. Mr. Westom said the division's interface with the DMV would be complete by June 13, 2016, which would eliminate the need for a patient to visit a DMV office to receive their patient card. He said systems would also be in place by

June 30, 2016, to send letters of acceptance electronically. Patients would be able to download and print the letter to purchase products at a dispensary for up to 60 days while waiting for their medical marijuana card to arrive by mail. Also by June 30, 2016, patients would be able to electronically upload their applications and documents and pay fees online. Mr. Westom said, overall, the processing time would be reduced to eight days, possibly less, with the aforementioned improvements in place. He noted that the eight-day processing time was based on a straightforward application.

Mr. Westom said the division had devoted a lot of time and effort developing the new systems. The DPBH was appreciative of its partnerships with other agencies, the industry and the Legislature, and would continue to collaborate with them for improved solutions for medical marijuana patients and establishments.

In response to a question from Senator Goicoechea, Mr. Westom replied that the division implemented the process of issuing patient cards prior to background checks based on the legal opinion of the LCB. He said the division could revoke a patient's approval per NRS 453A if the patient failed to pass a background check. Mr. Westom said DPBH was responsible for notifying patients of a failed background check.

Senator Goicoechea asked if the patient would be required to surrender their letter of acceptance to prevent them from purchasing medical marijuana products at a dispensary.

Mr. Westom replied that patients were assigned a "P-number" (patient number), which could be accessed through the state portal by dispensaries to verify if a patient was approved to purchase product. Although the division would request that the patient surrender their letter of acceptance or patient card, the P-number could be deactivated electronically to prevent further purchases.

Senator Farley thanked the division for its efforts. She said she was contacted regularly by people in the industry who spoke highly of the division's efforts to get the Medical Marijuana Program underway. She said there were still instances of people waiting as long as 60 days to receive their patient card, and she asked if DPBH had an internal process for measuring processing times.

Mr. Westom replied that the division currently used a database to measure processing times; however, a new database would be instituted shortly that would provide even more functionality for reports. He said one thing that added to the processing time was sending a hard copy of the letter of acceptance through the postal service.

Senator Farley thought the medical marijuana caseload would only continue to grow in Nevada. She said Colorado had over 100,000 medical marijuana cardholders and California had more than a million cardholders. Senator Farley asked if the division was accounting for the continually growing caseload in its budget, forecasting and contract help.

Mr. Westom replied that DPBH was tracking the caseload counts very closely. The division was given the authority to hire additional contract staff at the February IFC meeting. He said the contract staff had been hired and trained and were assisting with the current caseload. Mr. Westom said the division was keeping the caseload numbers in mind while building its budget for FY 2018 and FY 2019.

Senator Farley asked for the division's definition of a functional equivalent and what DPBH accepts as a functional equivalent to a medical marijuana card.

Mr. Westom said non-residents were permitted to purchase product at a Nevada dispensary using their state-issued medical marijuana card. He said *Nevada Revised Statutes* 453A.364 defined a non-resident card as a card or other identification issued by a state or jurisdiction other than Nevada and was the functional equivalent to a Nevada registry identification card. Mr. Westom said the division generally referred to NRS and the Office of the Attorney General on such matters.

Senator Farley said many states had medical marijuana laws that differed from Nevada's laws. Also, some states provided Doctor Recommends documents or letters of approval in lieu of a medical marijuana card. She asked how the division would handle the reciprocity laws and people with a functional equivalent of a Nevada registry identification card who wanted to purchase medical marijuana product in Nevada.

Mr. Westom said the division had been working on the issue of functional equivalents, and providing as clear communication as possible. He said the division was enforcing the current laws as it understood them, with direction from the Office of the Attorney General.

Senator Farley thanked the division again for its efforts. She appreciated that DPBH provided her with an immediate response to questions and concerns. She said she would continue to bridge the gap between the public and the division as long as the division was committed to growing the industry and not deterring people from entering the market and/or hindering business.

Assemblywoman Titus asked if the division had received complaints from potential patients who could not find a doctor to issue a physician's statement to apply for a medical marijuana card. Also, she said the DPBH website stated the attending physician's statement must be completed by a board certified medical doctor or osteopathic doctor; however, there was no indication of the type of board certification that was required and whether the physician had to be licensed in Nevada.

Steve Gilbert, Manager of the Medical Marijuana Program, DPBH, DHHS, replied that the division referred to the Nevada Board of Medical Examiners website to verify that the physician's registration or license number was registered and active.

Assemblywoman Titus said she performed an internet search for doctors in Nevada who could recommend medical marijuana and no doctors were listed in Northern Nevada. She asked if the division had received any complaints with regard to this issue. Mr. Westom replied that the division had not received complaints concerning that issue.

Assemblyman Armstrong said he was trying to learn more about the medical marijuana industry, because it was still new in Nevada. He recalled that the division was approving applications as conditional upon the background check. He asked if there were other equivalent items on the medical marijuana application that could further reduce the processing time.

Mr. Westom said the division was taking everything into consideration to decrease the application processing time. He said the division had to review and evaluate the physician's recommendation, driver's license, patient attestation and other documents. The division was streamlining the process as much as possible and had even utilized outside resources to further evaluate its processes. Mr. Westom noted that the electronic improvements mentioned earlier would help reduce the application processing time. Additionally, staff would be able to automate more of the process by scanning driver's licenses and applications, which would reduce the application processing time further.

Assemblyman Armstrong said other states had much faster processes and he asked if there were any legislative changes that could be made that would help reduce the medical marijuana application processing time to same day or one-day approvals.

Mr. Westom said the division had begun working on its budget proposals, taking into consideration all possible opportunities to streamline the process for medical marijuana applications. Additionally, DBPH was researching medical marijuana processing methods of other states to determine what those states were doing differently and whether Nevada's laws would allow the division to adopt similar processes.

Assemblyman Armstrong asked about the current method for verifying physician's recommendations. Mr. Gilbert replied that the physician's recommendation page must include the diagnosed condition, and the physician's signature, license number and date of signature. The division verified the physician's license number through the websites of the Nevada Board of Medical Examiners and the Nevada State Board of Osteopathic Medicine.

Assemblyman Oscarson commended the division on its efforts and noted that great strides were being made to correct past issues.

Assemblyman Oscarson said people were unable to get their medical marijuana cards at the rural DMV locations, because the rural offices often lacked an appropriately qualified individual. He asked if training would be provided for the

rural DMV offices so people could avoid traveling to urban locations to get their medical marijuana cards.

Jude Hurin, Administrator, Management Services and Programs, DMV, said the new interface would eliminate the need for an individual to visit a DMV office. He said the DMV was hopeful the June 13, 2016, implementation date for the interface would eliminate a lot of those issues, as well as expedite the card process. Mr. Hurin said after the DMV received an electronic medical marijuana card request from DPBH, another verification was performed through the DMV system to ensure the individual was in the DMV system and then the request was sent electronically to the card vendor. He said the turnaround time was approximately 7 to 10 days for the patient to receive the card in the mail. Mr. Hurin said the only reason an individual would need to visit a DMV office would be to replace a lost or stolen card. However, there would still be mechanisms in place for an individual to obtain their card by visiting a DMV office or apply through the online verification system with DPBH.

Assemblyman Oscarson said there had been some challenging aspects to the Medical Marijuana Program and he appreciated the efforts of the DMV and DPBH in that regard. He was hopeful the people who had contacted him with concerns were listening to the meeting today.

Chair Anderson opened the hearing for public comment.

Marla McDade Williams, contractor, Nevada Cannabis Coalition (NCC), said NCC appreciated the efforts of DPBH. As a result, the Medical Marijuana Program had made significant progress. However, as Mr. Peckman testified earlier, the industry was currently struggling and patient purchases were key. She said it was important for everyone that the medical marijuana application process flowed smoothly. Ms. McDade Williams said that one of the reasons that third-party entities were flourishing in Nevada was because the in-state card processing system was not processing cards quickly enough. She said the LCB legal opinion from February indicated that an application could serve as approval for a patient, and she encouraged the division to allow patients to purchase medical marijuana products as soon as the application is submitted. The DPBH still retained the authority to revoke a card if something was found to be remiss in a patient's application. Ms. McDade Williams encouraged that process to supersede some of the current processes so that patients in Nevada could obtain the medicine they needed in a timely fashion and to avoid creating incentives for third-party entities.

Riana Durrett, Nevada Dispensary Association (NDA), said the NDA was comprised of approximately 18 owner groups of dispensaries that were vertically integrated with cultivation and production facilities. Among those groups were multiple licenses, so over 60 percent of dispensary owners were represented between the NDA and the NCC.

Ms. Durrett said the medical marijuana industry was made up of a variety of people including doctors, lawyers and entrepreneurs who had invested their life

savings into their business. She said the application to get a medical marijuana business license was thousands of pages long and prospective owners were thoroughly vetted by the state. Medical marijuana business owners were committed to the industry and self-policing as much as possible. Ms. Durrett said the NDA and NCC were committed to working with the division to ensure that the medical marijuana industry made Nevada proud. She said the NDA and NCC were thankful for the legislators who were committed to helping the industry meet its needs, as well as DPBH for the time and effort it dedicated to ensuring the industry was successful.

Ms. Durrett said the medical marijuana application processing time was not just about business owners, it was also about patients who should be able to get their medicine quickly. She recalled one such woman with breast cancer who wanted to try the medical benefits of marijuana before relying on pain killers. Ms. Durrett said although the application processing time had decreased, she encouraged the leaders of the state to continue working to shorten the process enough to allow patients to get their medication as quickly as any other medication.

Chair Anderson thanked the agencies and industry for working together. He said it was difficult to sustain an entire industry in a short amount of time, but everyone had gone above and beyond to make quick progress in a short period of time.

Q. PUBLIC COMMENT.

There was no public comment.

Assemblyman Sprinkle introduced the Advanced Placement Government class from Reed High School in Reno, Nevada.

R. ADJOURNMENT.

Chair Anderson adjourned the meeting at 3:54 p.m.

Assemblyman Paul Anderson, Chairman
Interim Finance Committee

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