MINUTES OF THE OCTOBER 25, 2012
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order at 9:12 a.m. on October 25, 2012, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda and Exhibit B is the Meeting Packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman
Senator Barbara Cegavske
Senator Moises Denis
Senator Ben Kieckhefer
Senator Ruben Kihuen for Senator Horsford
Senator David Parks
Senator Dean Rhoads
Senator Mike Schneider
Assemblyman Paul Aizley
Assemblywoman Teresa Benetiz-Thompson for Assemblyman Oceguera
Assemblyman David Bobzien
Assemblywoman Maggie Carlton
Assemblyman Skip Daly for Assemblyman Atkinson
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Cresent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph Hogan
Assemblywoman Marilyn Kirkpatrick for Assemblyman Conklin
Assemblyman Randy Kirner

OTHER LEGISLATORS PRESENT:

Assemblywoman Irene Bustamante Adams in Las Vegas

COMMITTEE MEMBERS EXCUSED:

Senator Steven Horsford
Assemblyman Kelvin Atkinson

Assemblyman Marcus Conklin
Assemblywoman April Mastroluca
Assemblyman John Oceguera

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

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

A. ROLL CALL.

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

Chairwoman Smith welcomed members of the audience and those listening to the meeting via the internet. She introduced Cindy Jones, the new Assembly Fiscal Analyst for the Fiscal Analysis Division of the Legislative Counsel Bureau.

B. APPROVAL OF MINUTES OF THE JUNE 21, 2012, MEETING.

SENATOR CEGAVSKE MOVED TO APPROVE THE JUNE 21, 2012, MINUTES.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED.

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

1. **Department of Public Safety - Criminal History Repository - FY 2013** - Transfer of $30,880 from the National Criminal History Improvement Project (NCHIP) Grant category to the NCHIP Final Grant category to repurpose federal funding to assist in the entry of dispositions and the scanning of paperwork associated with Brady denials. Requires Interim Finance approval since the amount added to the NCHIP Final Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25298**

2. **Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2013** - Addition of $340,659 in federal Environmental Protection Agency Clean Diesel Grant Program funds and $141,723 in funds transferred from the Air Quality Management account to assist in the replacement of old school buses with more efficient buses for school districts and provide funding to the school districts for installation of fuel operated preheaters in diesel powered school buses. Require Interim Finance Approval since the amount added to the Clean Diesel Grant Program category exceeds $75,000. **Work Program #C24548**

3. **Office of Military - Adjutant General and National Guard - FY 2013** - Addition of $36,377 in Transfer from Board of Examiners Emergency Account to cover personnel expenses incurred by the activation of the National Guard in support of the Modular Airborne Fire Fighting System (MAFFS) in support of the United States Forest Service. Requires Interim Finance approval since the amount added to the SAD - MAFFS Emergency Response category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25267**

4. **Veterans' Services - Veterans' Home Account - FY 2013** - Transfer of $61,299 from the Reserve category to the Maintenance of Buildings and Grounds category to install hot water tanks. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C24812**

Chairwoman Smith asked whether Committee members had questions on the four work program revisions in Agenda Item C; there were none, and there was no public testimony.

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced that the Committee had requested testimony on the following work program revisions in Agenda Item D:

Items 15 and 16, Department of Education; item 18, Department of Agriculture; items 27, 28, and 29, Department of Tourism and Cultural Affairs, would be heard together; item 44, Health Division, Department of Health and Human Services; item 77 would be heard in conjunction with item D-85 as well as Agenda Items G.3 and G.4, Department of Conservation and Natural Resources; item 99, Department of Wildlife; item 104 would be heard with Agenda Item M-17, Public Employees' Benefits Program; and item 109 would be heard with Agenda Item K, Silver State Health Insurance Exchange.

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

Senator Kieckhefer requested testimony on Agenda Items D-23 and D-24, Housing Division, Weatherization Program, Department of Business and Industry.

Senator Denis requested testimony on Agenda Item D-11, Enterprise Information Technology Services Division, Department of Administration.

Chairwoman Smith asked for public comment on Agenda Item D; there was none.

> ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND REQUESTS FOR RECLASSIFICATIONS IN AGENDA ITEM D.
>
> SENATOR PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED.

Work Programs

1. **Office of Economic Development - FY 2013 -** Addition of $164,079 in federal State Trade and Export Promotion (STEP) grant funds to increase the number of small businesses in the state that export or to increase the value of the state's exports. Requires Interim Finance approval since the amount added to the STEP grant category exceeds $75,000. **Work Program #C25198**

   Refer to motion for approval under Agenda Item D.

2. **Office of Economic Development - Nevada Film Office - FY 2013 -** Transfer $201,203 from the Reserve category to the Film Promotion category for the cost of promotional activities that advance the growth and success of film production in Nevada and promote the state as a filming location of choice. Requires Interim Finance approval since the amount added to the Film Promotion category exceeds $75,000. **Work Program #C24792**

   Refer to motion for approval under Agenda Item D.

3. **Office of Economic Development - Rural Community Development - FY 2013 -** Transfer $89,266 from the Reserve category to the Revolving Loans category to provide ongoing funding for the Revolving Loans program. Requires Interim Finance approval since the amount transferred to the Revolving Loans category exceeds $75,000. **Work Program #C24794**

   Refer to motion for approval under Agenda Item D.

4. **Office of Economic Development - State Small Business Credit Initiative (SSBCI) Program - FY 2013 -** Transfer of $70,000 from the Reserve category to the Program Administration category, $761,348 from the Reserve category to the Collateral Support Program (CSP) Loans category, and $400,000 from the Reserve category to the Microenterprise Loans category to fund the loan and operating costs of the SSBCI. Requires Interim Finance approval since the amount transferred to the CSP Loans category exceeds $75,000**. Work Program #C25454**

   Refer to motion for approval under Agenda Item D.

5. **Office of the Governor - Office of Energy - Energy Conservation - FY 2013 -** Deletion of $1,625,740 in Real Property Taxes and addition of $406,435 in Transfer from Renewable Energy Fund to fund the expenditures to administer programs that offset electricity costs. Requires Interim Finance approval since the amount deducted from the Transfer to Public Utilities Commission category exceeds $75,000. **RELATES TO ITEM 9**. **Work Program #C24228**

   Refer to motion for approval under Agenda Item D.

6. **Office of the Governor - Office of Energy - Energy Conservation - FY 2013 -** Addition of $2,757,014 in Nevada Retrofit Initiative (NRI) grant funds to augment Nevada's residential retrofit market by strengthening home performance with Energy Star products and practices. Requires Interim Finance approval since the amount added to the NRI Grant category exceeds $75,000. **Work Program #C25297**

   Refer to motion for approval under Agenda Item D.

7. **Office of the Governor - Office of Energy - Energy Conservation - FY 2013 -** Transfer of $99,173 from the Reserve category to the New Energy Industry Task Force category to complete development of a business case for Nevada's renewable energy industry. Requires Interim Finance approval since the amount added to the New Energy Industry Task Force category exceeds $75,000. **Work Program #C25304**

   Refer to motion for approval under Agenda Item D.

8. **Office of the Governor - Office of Energy - Energy Conservation - FY 2013 -** Addition of $300,239 in federal State Energy Program - Competitive Public Facility Retrofit grant funds to initiate energy savings performance contracting and self-funded projects, and to assist the state in achieving reductions in state facility energy usage. Requires Interim Finance approval since the amount added to the Public Facility Retrofit category exceeds $75,000. **Work Program #C25446**

   Refer to motion for approval under Agenda Item D.

9. **Office of the Governor - Office of Energy - Renewable Energy, Efficiency Authority - FY 2013 -** Addition of $1,625,740 in Real Property Taxes and $100 in Treasurer's Interest Distribution to establish authority to receive funds from abated property tax and administer programs that offset electricity costs. Requires Interim Finance approval since the amount added to the Transfer to Office of Energy category exceeds $75,000. **RELATES TO ITEM 5**. **Work Program #C24550**

   Refer to motion for approval under Agenda Item D.

10. **Department of Administration - Purchasing - FY 2013 -** Transfer of $45,450 from the Reserve category to the Information Services category to reprogram the Vendor Database to a current and supported platform. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25170**

    Refer to motion for approval under Agenda Item D.

11. **Department of Administration - Enterprise IT Services - Security - FY 2013 -** Addition of $99,500 in Department of Public Safety, Division of Emergency Management, federal State Homeland Security Program grant funds for the cost of software, computer hardware, and state employee training needed to establish a system to monitor the state's computers for cyber-attacks. Requires Interim Finance approval since the amount added to the Information Services category exceeds $75,000. **Work Program #C24492**

Chairwoman Smith noted that Senator Denis had requested testimony on Agenda Item D-11.

Senator Denis asked what was currently being done and what would be done differently with respect to cyber security for the state's computer systems.

Chris Ipsen, Chief Information Technology Security Officer, Enterprise Information Systems Technology (EITS) Division, Department of Administration, explained Agenda Item D-11 was part of the Homeland Security Program grant program, which was a competitive process through the Commission on Homeland Security. The Commission had determined that the grant was a priority over all other requests.

Mr. Ipsen said the request would provide a tool to allow the state to correlate events in a systematic manner electronically. There were millions of attempts to compromise the state's information systems per day, which generated millions of lines of code. To approach the problem in a manual fashion, the process was very cumbersome and time consuming. Mr. Ipsen said the request would provide a tool to aggregate the code

logs to derive specific events of particular interest and allow the Division to act on those events that were most significant.

Senator Denis observed the current system had been fairly secure, and the new system would allow a more efficient method of dealing with security problems. He noted cyber-attacks were becoming more frequent than in the past.

Mr. Ipsen affirmed the number of attacks was increasing significantly. The Federal Bureau of Investigation recently made a public announcement that cyber threats were viewed as the next imminent greatest threat to society above terrorism. He said the state was looking at creative ways to fund the gaps between the attacks and a response. The request in Agenda Item D-11 was an attempt to use a tool rather than a person to automate the events and present an intelligent approach to managing the increasing threats.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM D-11.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

Chairwoman Smith asked for public comment; there was none.

THE MOTION CARRIED.

12. **Department of Administration - Nevada State Library and Archives - CLAN - FY 2013 -** Transfer of $59,760 from the Reserve category to the Cooperative Libraries Automated Network (CLAN) category for the cost of replacing and upgrading wide area network and local area equipment and software applications at member libraries as authorized by the CLAN Board. Requires Interim Finance approval since the amount transferred to the CLAN category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25394**

    Refer to motion for approval under Agenda Item D.

13. **Department of Education - State Supplemental School Support Fund - FY 2013 -** Addition of $100,000 in Treasurer's Interest Distribution funds to comply with the provisions of A.B. 579 of the 2011 Legislative Session, requiring interest earned in the State Supplemental School Support Fund be credited to the fund. Requires Interim Finance approval since the amount added to the Room Tax - Aid to Schools category exceeds $75,000. **Work Program #C25013**

    Refer to motion for approval under Agenda Item D.

14. **Department of Education - Gear Up - FY 2013 -** Addition of $1,969,134 in federal Gear Up grant funds and $1,561,304 in funds transferred from the Gear Up Scholarship Trust Account. This request also transfers $2,896 from the

Operating category to the Training category to align federal and state authority. Requires Interim Finance approval since the amount added to the Gear Up Scholarship Awards category exceeds $75,000. **Work Program #C25266**

Refer to motion for approval under Agenda Item D.

15. **Department of Education - Discretionary Grants - Restricted - FY 2013 -** Addition of $401,440 in federal Longitudinal Data Systems grant funds to enhance the System for Accountability Information in Nevada to include data from the Department of Employment, Training and Rehabilitation and the Nevada System of Higher Education. Requires Interim Finance approval since the amount added to the Longitudinal Data System category exceeds $75,000. **Work Program #C25010**

Julia Teska, Administrative Services Officer, Department of Education, explained Agenda Item D-15 was a request for addition of $401,440 in grant funds for the new State Longitudinal Data System (SLDS). The grant totaled approximately $4 million over three years, and this request was the first allocation for fiscal year (FY) 2013.

Chairwoman Smith asked whether the grant would be used by the Department of Education, the Nevada System of Higher Education (NSHE), and the Department of Employment, Training and Rehabilitation (DETR).

Glenn Meyer, Information Technology Manager, Education Support Services, Department of Education, replied that Chairwoman Smith was correct. Portions of the grant would be subgranted to NSHE and DETR.

Chairwoman Smith asked how the funds would be used by those agencies. Mr. Meyer explained the subgrants would be used to staff and conduct a feasibility study to perform systems analysis to determine the best approach to connect the systems.

Chairwoman Smith recalled there had been substantial grant funding in the past for the Longitudinal Data System, and it had been supported through the General Fund by the Governor and the Legislature. However, she noted there had been problems with hiring enough staff in a timely manner, and she questioned whether staffing would continue to be difficult.

Mr. Meyer replied staffing was anticipated to be a continuing challenge. It was still difficult to attract the technical talent needed for this type of enterprise system. A portion of the funding would be used to hire external contractors to perform some of the professional work needed to complete the project.

Assemblyman Bobzien asked for an update on the overall progress of the project. He had always maintained the project was significantly complex and should never be underestimated. He asked when a useful complete product would be available.

Mr. Meyer replied the request was another piece of the SLDS. The first grant received in 2005 was used to assemble the initial database to collect all of the data from K-12 public institutions, as well as the state charter schools. The database had been in place since late 2006. Mr. Meyer further explained in the past year, a Nevada growth model was developed using the database, which was one of the products of the SLDS.

Currently, Mr. Meyer said, the project involved creation of the new Nevada school performance framework, which would be the system to evaluate schools replacing the existing process. The data for this system was also heavily dependent on the data previously collected and housed in the state's data warehouse.

Mr. Meyer further clarified that the current project was an enhancement of the existing SLDS, which would link the K-12 system that was created over the past five years with the data warehouse already in place at the Nevada System of Higher Education and the workforce database in the Department of Employment, Training and Rehabilitation. He said the project would streamline much of the cross-agency reporting, which currently involved manually exchanging data and matching records to track students as they transitioned from secondary education to higher education or the workforce.

Assemblyman Bobzien remarked that when he heard the terms "manual matching" and "data sharing," he thought of data governance and cooperation rather than technology. He noted that more funding was being provided on the technology side, but he was hearing challenges that sounded more organizational than technological. Assemblyman Bobzien said the project was more than an expansion of the program: it was an overall expensive system. He asked whether there were challenges with data sharing among the institutions that needed to be resolved or whether the technology was actually needed. He again asked when the SLDS would be completed and fully functioning.

Mr. Meyer replied that manual matching required data transport in various methods using measures to maintain security. He said building the new system would eliminate many of the manual checks, and the automated process would assure that the records were secure. He added that the system would create a way to securely match records among agencies without releasing personal identifiable information. Mr. Meyer said the system would be an encrypted one that would secure the data and return results to the agencies that would be free of personal identifiable information.

Mr. Meyer went on to say that the Governor had recently convened a P-16 Council, which worked on governance policies, including the current governance in the state and what needed to be considered in the future. He speculated there would be recommendations from the Governor's Office during the 2013 Legislative Session concerning the P-16 Council and governance recommendations to resolve some of the current questions.

Mr. Meyer reiterated the current grant request was to provide an enhancement, and different elements were being added to the database. One of the attractive aspects of the current grant project was building a hub to allow the successful and secure exchange of data among agencies, which could be expanded in the future to bring in other agencies' data that affected childhood education. In summary, Mr. Meyer said he was not sure the SLDS would ever be complete; it would always be evolving as states continued to collect more data and find new uses for the data. He said this particular project would be completed in 2015, but he could not project a completion data for the SLDS.

Assemblyman Bobzien thanked Mr. Meyer for the information, adding that everyone understood that as mandates were shifting, it was unknown what the federal government would do for education in the future. He was encouraged to hear that the P-16 Council would be providing governance recommendations to the 2013 Legislature, because the Legislature was extremely interested in the project and wanted to be kept apprised of its status.

Assemblyman Bobzien recalled he had heard references to improved reporting. Ultimately, if the parents were not able to have clean, usable access to meaningful information, whether it was about the school, classroom performance, or their students, none of the investment would mean much. He was hopeful that parental information reporting was a high priority.

Chairwoman Smith asked Senator Cegavske to provide a brief update from the P-16 Council.

Senator Cegavske said it was her sixteenth year as a legislator, and this type of system had been needed for a long time. The system was very complex, and the state could not change fast enough to keep up with technology changes. The biggest challenge was how to gather the information and share it in a comfortable manner for everyone involved.

Senator Cegavske said there was a business in Nevada that was willing to discuss housing the data, because that was a concern of the three entities. She said the P-16 Council had been working on resolving that problem, along with the other issues. The challenges were, and always had been, being able to change technology fast enough and to assure everyone that their privacy would be protected. Senator Cegavske believed an agreement was getting closer; she was optimistic that the project could be presented to the 2013 Legislature.

Assemblyman Kirner said he believed the Longitudinal Data System was absolutely necessary, and the problems needed to be resolved. He asked what would ultimately be done with the data.

Mr. Meyer replied that was a good question. He had been with the Department of Education for two and a half years, and the SLDS was near completion of its first phase. Collection of the data had been successful, and now the question was what would be done with the data. He had previously mentioned the data would be used for the Nevada growth model and the new Nevada school performance framework. Mr. Meyer said the Department of Education was currently working in coordination with the Teacher and Leaders Council to develop a teacher-performance framework; much of the data revolving around teacher performance would be derived from the SLDS.

Mr. Meyer said the data was starting to be used in various ways, and the data could start to be presented to the public. The parents now had access to their student's growth information: a student growth-level report was generated for every student in the state. He said the reports would be distributed at the beginning of the school year for use in parent-teacher conferences to explain to parents how growth worked and where their child was in relation to growth.

Mr. Meyer added that the current project would allow information to be matched with higher education and the workforce. High-school feedback reports, remediation information from higher education, and continuation data was currently being generated, and that data would be more accurate and easier to track with the enhancements. He noted improvements to the system took time and resources.

Senator Denis said he had been following the SLDS for several years, and he believed it was critical that the system be up and running. He asked why it was difficult to recruit qualified technical employees to work on the system.

Mr. Meyer responded that the difficulties were a reflection on the state's economy; many technology professionals had moved to other states that were recovering more quickly from the economic downturn. The private sector also paid higher salaries. Overall, there was a shortage of information technology professionals in the state.

Chairwoman Smith said it seemed to be difficult for the state to attract qualified employees, especially in the information technology area where they could contract for higher salaries. She had also been a supporter of funding for the SLDS, which she believed was essential to improving student achievement. It was hard for educators to know what to expect without the data to verify how students and teachers were doing. She noted the other piece of the system was professional development, and parents could use that information. Chairwoman Smith noted that funding had been eliminated for reports that used to be provided to parents every year. She said the professional development side was extremely important, and the 2013 Legislature would need to focus on it during budget discussions.

Chairwoman Smith said having a white paper report outlining the federal funding, General Fund funding, associated positions with the SLDS, and some of the benchmarks of the system would be helpful to legislators as they entered into discussions during the 2013 Legislative Session.

Assemblyman Kirner added it would be beneficial for the report to also include the milestones that were projected from the SLDS.

Chairwoman Smith asked for public comment; there was none.

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA ITEM D-15.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

16. Department of Education - State Public Charter School Authority - FY 2013 - Addition of $971,800 in federal Title I grant funds, $5,250 in federal Title III English Language Acquisition grant funds and $238,537 in federal Title IIA grant funds to establish authority for these federal programs and fund a new Management Analyst II position. Requires Interim Finance approval since the amount added to the Federal Title I category exceeds $75,000 and the request includes a new position. **Work Program #C25021**

Julia Teska, Administrative Services Officer, Department of Education, explained the work program in Agenda Item D-16 added federal Title I grant funds, federal Title III English Language Acquisition funds, and federal Title IIA Teacher Quality grant funds for use by the charter schools. The item also included a request for a Management Analyst II position for the Charter School Authority because federal grants administration was a new function for the Authority. The position would be funded with 80 percent federal funds and 20 percent from existing Charter School Authority resources, and its primary function would be administration of the federal grants.

Chairwoman Smith asked when the Management Analyst position was expected to be filled. Ms. Teska said it was her understanding that as soon as the request was approved by the Interim Finance Committee, the Authority would begin the process of filling the position.

Chairwoman Smith asked Ms. Teska to update the Committee on the status of the Business Process Analyst position that was previously approved. Ms. Teska replied recruitment had been conducted in the northern portion of the state, but there were no qualified candidates. The position would be advertised again as either a northern or a southern Nevada position, and should a qualified candidate be found in southern Nevada, the position could be housed in the Department of Education's Las Vegas office. Ms. Teska added that locating the position in southern Nevada would be convenient, as many of the schools the position would serve were located in the southern part of the state.

Chairwoman Smith remarked she had received positive feedback regarding the Charter School Authority and its staff; they were doing a very good job and were highly regarded throughout the state.

Ms. Teska introduced Brian Flanner, the newly appointed Administrative Services Officer for the Charter School Authority. She would be working with him over the next several months on the state's procedures and his role with the Authority.

Chairwoman Smith welcomed Mr. Flanner and asked him to comment. Mr. Flanner said he looked forward to working with the Charter School Authority and the Legislature during the 2013 Legislative Session.

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

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE AGENDA ITEM D-16.

SENATOR SCHNEIDER SECONDED THE MOTION

THE MOTION CARRIED.

17. **Department of Agriculture - Registration and Enforcement - FY 2013 -** Addition of $200 in payroll overpayment reimbursement from the Public Employees' Retirement System and transfer of $71,165 from the Reserve category to the Reimbursements to the U.S. Department of Agriculture (USDA) category to reimburse the USDA for unallowable charges made against the cooperative agreement. Requires Interim Finance approval since the amount transferred to the Reimbursements to the USDA category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C24727**

    Refer to motion for approval under Agenda Item D.

18. **Department of Agriculture - Registration and Enforcement - FY 2013 -** Transfer of $37,475 from the Reserve category to the Personnel Services category, $269 from the Reserve category to the Operating category, $2,024 from the Reserve category to the Information Services category, and $2,828 from the Reserve category to the Marketing Travel category to fund a Marketing Coordinator position. Requires Interim Finance approval since the request is for a new position. **Work Program #C25117**

Jim Barbee, Director, Nevada Department of Agriculture, testifying from Las Vegas, explained Agenda Item D-18 requested transfer of funds for a marketing coordinator position, which was being created to support *Nevada Revised Statutes* (NRS) 561.214, under the recommendations of the U.S. Department of Agriculture Farm and Foreign Services, the Western United States Agriculture Trade Association (WUSATA), and the

Governor's Office. The position would work to expand and promote the agriculture industry through management of the NevadaGrown branding program and the WUSATA market-access program. Mr. Barbee said the position would promote Nevada-grown agriculture products both intra- and inter-state and broker international trade opportunities for Nevada agricultural products. The position would work to increase the state's economic activity. The request for the position was being made now rather than later because of the struggles the NevadaGrown brand had undergone without consistent full-time management, and the state's dire need to ensure that Nevada agriculture developed brand recognition.

In addition, Mr. Barbee continued, the sooner the position could be filled to focus on promotion of the agriculture industry, the sooner economic activity could be increased to positively affect the $5.3 billion industry statewide. The Governor's Office on Economic Development (GOED), through work with the Northern Nevada Development Authority, would soon release an agriculture-sector study that specifically recommended development of an agriculture marketing program at the Department of Agriculture.

Mr. Barbee said it became apparent when he traveled to Asia in spring of 2012 with neighboring western states how vital marketing was to the state and its agriculture industry. Nevada was the only one of the western states that did not have an agriculture agency-specific marketing position, which put the state at a competitive disadvantage with surrounding states. When he had the opportunity to attend a food tour meeting in Singapore, every western state had booths set up except Nevada. Idaho potatoes were prominently advertised, but it was not advertised that 30 percent of those potatoes were produced in Nevada. At a press conference in Korea, the question was asked why Nevada did not market its beef internationally and whether it was an inferior product. Mr. Barbee said the reality was the state did not have the harvest facilities available, and Nevada's beef was processed in Colorado, Idaho, and several other states, which were recognized for Nevada's agriculture product.

Mr. Barbee said that, clearly, the current values and impacts of the Nevada agriculture industry were not being well represented, nor were new connections being made to help grow the state's economy. The marketing coordinator position was needed for these tasks.

Chairwoman Smith asked why the position was in the Department's Registration and Enforcement account. Mr. Barbee said NRS 561.355, 561.375, and 561.385 included authority for the Department to use fees collected in the Registration and Enforcement account to support activities of NRS Chapter 561. He said the position would be working to support commodity programs located in the Plant Industry Division, which included nursery, produce certificates, U.S.D.A. (United States Department of Agriculture) inspections, and heavy involvement in local farmers' markets. Participants in the farmers' markets had to have grower or producer certificates through the Plant Industry Division. Mr. Barbee said the new position would work with some meat products, but until the state had a large-scale ability to harvest animal protein for

consumer use, work with meat products would be limited. He noted that the position would not be involved with the other divisions of the Department. With the current statutory authority and close connection to the plant industry, it made sense to fund the position through those programs and reside under that account.

Chairwoman Smith suggested that if the Committee chose to approve the request, the motion should include direction for the Department to work with Fiscal Analysis and Budget Division staff regarding the method of funding.

Chairwoman Smith noted that Mr. Barbee had assumed his position late in the budget process the last biennium, but she wondered why the position was necessary at this time and what the ramifications would be of delaying the position until the next biennium.

Mr. Barbee said the request was being made now because of the length of time to advertise and fill the position, which would probably take until at least January 2013. The plan was for the position to work closely with the Governor's Office on Economic Development to get up to speed and receive training; the position would need to have a close connection with the GOED on the international trade side.

Mr. Barbee added that the position would also work with the NevadaGrown Board on its NevadaGrown program, which was one of the last private-industry-funded branded programs in Nevada. He said that without ongoing management of the program, the NevadaGrown brand would continue to struggle. Additionally, the U.S.D.A. market access program ran on a federal-year cycle, so that program's year would begin in October 2012, and creation of the position would be timely for the program.

Assemblyman Bobzien said he still needed more explanation of the placement of the position in the Registration and Enforcement account. He was also concerned that the position would be charged with essentially promoting an industry alongside those who were responsible for regulation and whether there would potentially be unintended consequences.

Assemblyman Bobzien referred to the previous discussion about the Greater Sage-Grouse, and he wondered how the need to have a tradeshow booth would balance with ensuring that the Sage-Grouse remained off the endangered species list. He asked whether consideration had been given to what the state's role should be with the agriculture industry. Assemblyman Bobzien questioned funding the position from the Registration and Enforcement account.

Mr. Barbee replied the NRS stated that one of the Department's primary charges was to promote and protect the agriculture industry in the State of Nevada. He said the request for the position would fall under that function. Over the past five years, the state's agricultural exports had continued to grow without a specific focus by an agricultural-trained individual. The GOED had been dedicating about 20 percent of one of its employee's time.

Moving to the second part of Assemblyman Bobzien's question, Mr. Barbee explained that funding was requested from the Registration and Enforcement account because the position would be working directly with the programs in that account. Plant Industry Division staff issued producer's certificates and worked directly with producers, and the marketing coordinator would have an opportunity to make contact with those producers to identify new potential export products from the state and ultimately increase production in the state.

Continuing, Mr. Barbee explained using the Registration and Enforcement fees for this purpose did not mean there would be less focus on the Greater Sage-Grouse issues. Through the National Association of State Departments of Agriculture, the state was working on a federal bill that would fund invasive species and habitat restoration, and invasive species of noxious weeds fell within the statutory authority of the Department of Agriculture. Mr. Barbee said if federal funding was provided, Nevada had the potential of receiving $9 million a year to support that effort, which would involve the Department of Agriculture.

Assemblywoman Carlton said she was surprised to hear about travel around the world to talk about agriculture. She said she shared Assemblyman Bobzien's concerns with conflict of interest when the regulatory industry was working hand-in-hand with the promoters of the industry. If there was a regulatory problem, the promoter would be put in a difficult position. She believed promotion was about the industry itself, and she was concerned with the conflict of interest that could arise in the future in the sale of products.

Mr. Barbee replied that the trade mission he participated in with the secretaries, directors and commissioners of agriculture from the western eleven states was funded by the Western United States Agriculture Trade Association.

Mr. Barbee noted that the request for the marketing coordinator position was more the norm in the United States than the exception. Nevada had received approximately $200,000 each year over the past several years in brokering partnerships. The Department of Agriculture wanted to provide opportunities for Nevada producers to expand their businesses and create more economic activity. Wyoming was the only state he was aware of that did not have a marketing coordinator within its Department of Agriculture.

Mr. Barbee said he believed the position would be a good way to create economic development in the state. He pointed out that the marketing coordinator would not be in the same chain of command with the regulators; the position would work with the regulation side because regulators had direct connections with local food coalitions and food groups, which had requested marketing assistance from the Department.

Assemblywoman Carlton said she always wanted to make sure that the state did not cross the line between the regulator and the association. The association had the job to promote its industry; the regulator had the job to ensure the industry was safe and the state was protected. She still had concerns about potential conflicts.

Chairwoman Smith said she would suggest that any motion for approval include that the Fiscal Analysis Division staff work with the agency on that problem.

Assemblyman Goicoechea wanted to clarify that the marketing coordinator would not have any ability to affect the enforcement side. The marketing coordinator would be housed under Registration and Enforcement to provide the position with access to that database, which would include the businesses applying for inspections. He did not understand how the position would have the ability to bring any leverage on the enforcement offices.

In addition, Assemblyman Goicoechea pointed out, the farmers' markets, NevadaGrown, and organic foods were among the entities asking for support and assistance from a marketing coordinator. Small businesses were being affected by not having the ability to reach the international market. Assemblyman Goicoechea affirmed the marketing coordinator would not be involved in any oversight on inspections.

Mr. Barbee replied that Assemblyman Goicoechea was correct: the marketing coordinator would not be in the chain of command of enforcement. Although the account was labeled Registration and Enforcement, it included funds for a variety of functions. Funds in that account also supported NRS chapter 555, which regulated the Plant Industry Division's operations. The marketing coordinator would report directly to the Plant Industry Division administrator and then to the Director of the Department of Agriculture.

Chairwoman Smith said the Fiscal Analysis Division staff would need to determine whether the Registration and Enforcement account was the proper place to fund the position.

Assemblywoman Kirkpatrick disclosed that she worked in the food industry. She said a marketing coordinator was truly a broker: he would sell the state's products. The state did not currently do enough marketing within the state, and she did not understand how the products could be marketed and exported internationally when it could not be done within the state.

Assemblywoman Kirkpatrick explained the Procurement Outreach Program (POP) was supposed to spend marketing dollars to grow Nevada products. Before budgeting became an issue, nothing was done with the program. She said typically individuals in marketing had to meet a quota, and they received bonuses or perks for sales; she wondered what rules and accountability would be provided for the position.

Assemblywoman Kirkpatrick recalled that the 2011 Legislature worked on the economic development bill in the 2011 Legislative Session and approved hiring more state employees for economic development. She hoped the GOED would submit a report to the 2013 Legislature indicating that its efforts were successful.

Mr. Barbee explained the position would fall under the rules of the State of Nevada: bonuses, perks, or gifts could not be accepted. He concurred that the state had historically not done a good job of marketing agriculture in the past. He would like to see the state expand its agricultural exports, including alfalfa hay. The state's school systems received approximately $120 million in federal funds to support child nutrition, and contracted out-of-state food processors were hired. If more Nevada products could be provided to the school systems in the state, there would be an immediate economic impact to the local producers.

Mr. Barbee reiterated that agriculture marketing had not been done well, adding that historically those doing the work had not come from agriculture-trained backgrounds, which was the purpose of the current position request.

Assemblywoman Kirkpatrick noted that the state had been trying since 2005 to work with procurements to do requests for proposals and use the state's products. She thought it was interesting that a person was going to be hired to do what the state had been trying to do for seven years; she asked what had changed.

Assemblywoman Kirkpatrick asked what the benchmarks were for the marketing coordinator. She believed the position was different from typical state positions; she wondered if there were marketing positions within other state agencies.

Mr. Barbee replied the benchmarks for the position would be performance evaluations, as with all state employees. The benchmarks would include whether the amount of exports was growing more than in the past. He could not speak to the previous contracts Assemblywoman Kirkpatrick referenced because he was not involved. Mr. Barbee said the point of the request for the marketing coordinator was to try to improve the economic activity of the agriculture industry in the state through promotion of those products.

Chairwoman Smith asked for further questions from the Committee.

Assemblyman Goicoechea noted the request involved a transfer of funds, and if the Committee did not approve the position and allowed it to go through the budget process, it would not be filled until after the next growing season. He was sympathetic to some of the Committee members' concerns, but Mr. Barbee was new in his position and was trying to move ahead. Assemblyman Goicoechea said it would be a disservice to Mr. Barbee and the industry to not approve the position.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE AGENDA ITEM D-18, WITH THE STIPULATION THAT THE DEPARTMENT OF AGRICULTURE WORK WITH FISCAL ANALYSIS DIVISION AND BUDGET DIVISION STAFF ON ORGANIZATIONAL STRUCTURE AND FUNDING.

SENATOR RHOADS SECONDED THE MOTION.

Assemblyman Bobzien said he believed the position was wholly within the Department's charge to promote the industry. He recalled past conversations about the appropriateness of putting marketing and promotion staff alongside regulatory staff in an organizational structure. He suggested that Fiscal Analysis Division staff work with the Department of Agriculture to clarify the most appropriate place to house the position. Assemblyman Bobzien said the point was made that the marketing coordinator would have access to census and registration information concerning the growers, and the marketers could have access to that information, which he believed was an essential ingredient to the success of the program. However, he did not think that would be precluded by placing the marketing coordinator in the Administration Division.

Assemblyman Goicoechea said he would be open to funding the position from another account, but he did not believe where the position was housed in the Department's budget was critical. He was focused on getting the position in place and moving ahead.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that Fiscal staff would like the opportunity to work with the Department and the Budget Division on the organizational structure and funding source for the position during the upcoming biennial budget-building process.

Assemblyman Bobzien said he understood the need for the position and he had some concerns, but he was more comfortable knowing that Fiscal staff would be working with the Department on the organizational structure.

Chairwoman Smith asked for public comment; there was none.

THE MOTION TO APPROVE THE MARKETING COORDINATOR POSITION WAS CARRIED, WITH THE STIPULATION THAT THE DEPARTMENT OF AGRICULTURE WORK WITH THE FISCAL ANALYSIS DIVISION AND BUDGET DIVISION ON ORGANIZATIONAL STRUCTURE AND FUNDING.

19. **Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2013 -** Deletion of $13,788 in UC Davis National Western Plant Diagnostic Network, U.S. Department of Agriculture grant funds, and transfer of $4,039 from the Personnel Services category to the UC Davis Program category

to align state and federal grant authority. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C24963**

Refer to motion for approval under Agenda Item D.

20. **Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2013 -** Addition of $13,387 to federal U.S. Department of Agriculture Nematode Survey grant funds to align the state and federal authority. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25251**

    Refer to motion for approval under Agenda Item D.

21. **Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2013 -** Addition of $14,741 in U.S. Department of Agriculture (USDA) Fire Ant grant funds; $23,319 in USDA Bio Control Toadflax grant funds; $42,481 in USDA Pest Detection Core grant funds; $14,796 in USDA Emerald Ash Borer grant funds; $5,288 in USDA Plant Pathology grant funds; $5,000 in USDA Palm Weevil Survey grant funds; and $19,504 in Exotic Wood Borer grant funds; and deletion of $2,242 in USDA Nursery Pest Survey grant funds; and $1,010 in USDA Gypsy Moth Survey grant funds. This request also transfers $16,062 from the Reserve category to the Personnel Services category to align state expenditure authority with USDA cooperative agreements. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C24639**

    Refer to motion for approval under Agenda Item D.

22. **Department of Agriculture - Mormon Cricket and Grasshoppers - FY 2013 -** Addition of $237,367 in U.S. Department of Agriculture (USDA) Mormon Cricket/Grasshopper grant funds to align state and federal authority. Requires Interim Finance approval since the amount added to the USDA Grasshoppers and Crickets category exceeds $75,000. **Work Program #C25205**

    Refer to motion for approval under Agenda Item D.

23. **Department of Business and Industry - Housing Division - Weatherization - FY 2013 -** Transfer of $500,000 from the Reserve category to the Universal Energy Charge category, to provide additional funding to Weatherization Assistance Program subgrantees, to provide weatherization assistance to eligible households to improve home energy efficiency through cost effective energy related measures to reduce utility costs. Requires Interim Finance approval since the amount transferred to the Universal Energy Charge category exceeds $75,000. **Work Program #C25148**

    Refer to testimony and motion for approval under Agenda Item D-24.

24. **Department of Business and Industry - Housing Division - Weatherization - FY 2013 -** Addition of $475,700 in Low Income Home Energy Assistance (LIHEA) program funds transferred from the Welfare Division to provide assistance to low income households to improve home energy efficiency through cost effective energy related measures to reduce utility costs. Requires Interim Finance approval since the amount added to the LIHEA Subgrants category exceeds $75,000. **Work Program #C24752**

Chairwoman Smith announced that Senator Kieckhefer had requested further information on Agenda Items D-23 and D-24.

Senator Kieckhefer noted that Agenda item D-23 was a request to transfer $500,000 out of the Reserve category into the Weatherization Assistance program. He asked whether the reserve was approved during the 2011 Legislative Session and, if so, whether the reserve level would be sufficient for the rest of the year. He also questioned that if there was an excess in reserve, why it was not allocated to the weatherization program in the biennial budget.

Sue Martin, Program Manager, Weatherization Assistance Program, Housing Division, Department of Business and Industry, explained there were sufficient funds during the last biennium because the program had received approximately $15 million in American Reinvestment and Recovery Act (ARRA) funding over the past three years. Ms. Martin said in fiscal year (FY) 2013, the program had only received $587,000 from the Department of Energy, which was less than the year before. She noted there had always been a reserve in the budget because of the shortfalls that could occur in the federal funding cycle. In addition, 50 percent of the funding from the Funds for Energy Assistance Conservation (FEAC) was ordinarily received between June and August of the year of funding, and the reserve level was maintained to cover any shortfall that might occur before receipt of those funds.

Senator Kieckhefer asked whether the reserve was built up over time to cover the Weatherization Assistance program after the ARRA funds expired. Ms. Martin replied that was correct.

Senator Kieckhefer noted that part of the request was to ensure funding was available to subgrantees because they had ARRA positions facing possible layoff.

Ms. Martin replied the all of the subgrantees and contractors had to lay off staff. The Housing Division also had to lay off positions: staffing had gone from eight positions to three, which was the pre-ARRA level. She said the Division was trying to maintain the pre-ARRA level in the program, which was about $4.3 million, to keep the subgrantee staff and contractors working at pre-ARRA funding levels.

Senator Kieckhefer said that was his concern. There had been one-shot ARRA funding, and now the state was trying to maintain the same levels of staffing and service without ARRA funds. Ms. Martin replied the intent was to maintain

the pre-ARRA levels. If there were 40 subgrantee staff and contractors working in the Weatherization Assistance program, the goal was to return to that level without laying off people who had jobs prior to ARRA.

Senator Kieckhefer asked whether the program was receiving less funds than it was receiving before ARRA. Ms. Martin replied that it was.

With regard to Agenda Item D-24, Senator Kieckhefer noted the request was to transfer $475,700 in Low Income Home Energy Assistance (LIHEA) program funds from the Division of Welfare and Supportive Services (DWSS) of the Department of Health and Human Services. The LIHEA program provided a direct service to clients by subsidizing energy bills for low-income Nevadans. He asked how the decision was made to transfer that funding, which was a direct benefit to Nevadans, to the Weatherization Assistance program.

Ms. Martin replied that for several years before ARRA funding, 5 percent of LIHEA funding was transferred to the Weatherization Assistance program, which in effect could provide more individuals with less benefits at the energy assistance level. Theoretically, if a property was weatherized, less energy would be used, and more homes could be served with the same amount of money.

Ms. Martin explained that during the ARRA years, an agreement was made between DWSS administrators and the Nevada Housing Division to allow the DWSS to retain the 5 percent funding because the Housing Division would receive approximately $15 million in ARRA funds for three years. The DWSS had now agreed to resume the transfer $475,700 to the Weatherization Assistance program in FY 2013, which was the same amount of funding provided during the pre-ARRA years.

Senator Kieckhefer questioned why the funding was not incorporated into the 2011-2013 biennial budget. He asked whether the shortfall in funding for FY 2013 as compared to what would have been received before ARRA funding was nearly $1 million.

Ms. Martin explained that in FY 2008, including the LIHEA transfer of $190,000, the Weatherization Assistance program had a budget of $4.9 million and in FY 2009, the budget was $5.2 million. In FY 2010, when the program received $15 million in ARRA funding, the base program budget was $5.6 million. In FY 2011, in addition to ARRA funding, the budget was $4.1 million; in FY 2012, the budget was $3.6 million. Ms. Martin said for FY 2013, the Weatherization program was budgeted at $3.87 million, without the LIHEA reserve. With the addition of the $475,700 transfer in Agenda Item D-24, the program's budget would be approximately $4.3 million, which was still less than received in fiscal years 2008 and 2009.

Senator Kieckhefer observed funding seemed to be on an ongoing downward slope. Ms. Martin replied that was the reason for the reserve. She added that the reduced funding also related to residents moving out of state, which resulted in lower utility costs.

Chairwoman Smith asked for further questions on Agenda Items D-23 and D-24; there were none. She asked for public comment and hearing none, she called for a motion.

> SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEMS D-23 AND D-24.
>
> ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.
>
> THE MOTION CARRIED.

25. **Department of Tourism and Cultural Affairs - Tourism Development- FY 2013 -** Addition of $100,000 in funds transferred from the Commission on Tourism **-** Tourism Development Fund account to allow the agency to align grant authority to meet prior year grant obligations. Requires Interim Finance approval since the amount added to the Tourism Grant category exceeds $75,000. **RELATES TO ITEM 26**. **Work Program #C25281**

    Refer to motion for approval under Agenda Item D.

26. **Department of Tourism and Cultural Affairs - Tourism Development Fund - FY 2013 -** Transfer of $100,000 from the Reserve category to the Tourism Grants category to allow the agency to meet prior year grant obligations. Requires Interim Finance approval since the amount added to the Tourism Grants category exceeds $75,000. **RELATES TO ITEM 25**. **Work Program #C25283**

    Refer to motion for approval under Agenda Item D.

Chairwoman Smith announced that Agenda Items D-27, D-28, and D-29 would be heard together.

27. **Department of Tourism and Cultural Affairs - Tourism Development Fund - FY 2013 -** Transfer of $65,600 from the Reserve category to the Transfer to Arts Council category to provide funding to artist and arts organizations for tourism related art projects intended to promote travel to and within Nevada by attracting and serving travelers. Requires Interim Finance approval since the amount added to the Transfer to Arts Council category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEMS 28 and 29**. **Work Program #C24309**

    Refer to testimony under Agenda Item D-29.

28. **Department of Tourism and Cultural Affairs - Nevada Arts Council - FY 2013 -** Addition of $65,600 in funds transferred from the Commission on Tourism - Tourism Development Fund account to provide funding to artist and arts organizations for tourism related art projects intended to promote travel to and within Nevada by attracting and serving visitors. Requires Interim Finance approval since this work program relates to another work program that requires Interim Finance approval. **RELATES TO ITEMS 27 AND 29**. **Work Program #C23517**

    Refer to testimony under Agenda Item D-29.

29. **Department of Tourism and Cultural Affairs - Nevada Arts Council - FY 2013 -**Deletion of $65,600 in federal National Endowment of the Arts grant funds to align state authority with the FY 2013 federal grant award that supports five program areas: State Arts Plan, Arts Education, Arts in Underserved Communities, Folk Arts and Poetry Out Loud. Requires Interim Finance approval since this work program relates to another work program that requires Interim Finance approval. **RELATES TO ITEMS 27 AND 28**. **Work Program #C24473**

Susan Boskoff, Executive Director, Nevada Arts Council, Department of Tourism and Cultural Affairs, introduced Linda Ficklin, Administrative Services Officer, Nevada Arts Council, and Kelly Williams, Operations and Finance Manager, Department of Tourism and Cultural Affairs.

Ms. Boskoff explained Agenda Item D-27 was a request to transfer $65,600 from the Nevada Commission on Tourism to the Nevada Arts Council; item D-28 was a request for authorization to accept the transfer to the Nevada Arts Council; and item D-29 adjusted the fiscal year (FY) 2013 Nevada Arts Council budget to reflect a reduction in grant funds from the National Endowment for the Arts (NEA).

Chairwoman Smith said that normally when federal funds were reduced, the budget would be reduced. She asked Ms. Boskoff to explain why room tax reserves should be transferred to the Nevada Arts Council.

Ms. Boskoff recalled the Department of Cultural Affairs had been disbanded, and various positions from the Department were moved to a new Department of Tourism and Cultural Affairs. Since that time, the Nevada Arts Council had been working on a number of collaborations and partnerships to develop integrated marketing strategies and programming services among the various agencies in the Department of Tourism and Cultural Affairs.

Since the formation of the new Department, Ms. Boskoff said she and Claudia Vecchio, Director, Department of Tourism and Cultural Affairs, and other division administrators had discussed ways to develop a shared integrated system. One area discussed was the various grant programs and how to assist grantees throughout the state to develop more and stronger programs to attract the cultural tourist. In addition, discussions

were held concerning how to evaluate the programs and provide the Department with data to input into its new reporting system. Ms. Boskoff noted that discussions had been ongoing for the past year.

Kelly Williams, Operations and Finance Manager, Nevada Commission on Tourism (NCOT), speaking on behalf of Claudia Vecchio, Director of the Department of Tourism and Cultural Affairs, made the following statement:

> The Nevada Commission on Tourism is dedicated to an overall effort to ensure that each agency within our Department has a tourism component and can provide maximum economic impact for Nevada. Rather than seeing the decreased funding to the Arts Council from the NEA and cutting the grant awards that the Arts Council gives to its constituents, we instead saw this as an opportunity to help strengthen cultural tourism through the Arts Council. NCOT has a history of assisting other agencies to develop their tourism products, and this distribution to the Arts Council is no different. We have already provided promotional assistance to the museums through brochure development and distribution. We have historically provided assistance to the Nevada Indian Commission and the Nevada Indian Territory through grants given through Tourism's World Marketing Grants program. Lodging tax also subsidizes State Parks by giving them over $0.5 million per year; we also just recently created some State Parks brochures for distribution, of which that, considering the time that our staff put in and the hard costs of printing and distribution, actually cost about $35,000 for those State Parks brochures.
>
> Arthur Frommer, one of the world's leading travel experts and founder of the well-known travel guide company, says that "Cities and towns that preserve their culture continue to enjoy tourism. Those that haven't receive almost no tourism at all." Frommer has been quoted as saying, "Tourists simply won't go to a city that has lost its soul." This funding to the Arts Council is an opportunity for us to help strengthen Nevada communities and the artists that comprise the soul of those communities. It is through this commitment to enhance Nevada's unique cultural experiences that we can help develop the growing tourism segment.
>
> Arts and culture is actually NCOT's focus area for its 2012 and 2013 marketing public relations program, so ensuring that we have a sustainable cultural tourism product offering is of critical importance for our PR campaign going forward.

Chairwoman Smith asked why the expenditure did not match the amount of authority to bring in the reserves. Fiscal Analysis Division staff had attempted to obtain that information but had not been able to do so.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the question related to the change in the distribution of the funds among the various categories versus the legislatively-approved budget and amounts requested in the work program.

Ms. Boskoff asked whether the question was how the reduction of federal funding through the National Endowment for the Arts was assigned to the various program areas and where replacement funds would be distributed.

Ms. Jones replied the current authority for category 20, Arts Education, was $134,211, and the reduction in federal revenue would be $9,500, but only $5,000 was being restored in that specific category. The question was why the alignment between the categories was shifted.

Ms. Boskoff said distribution of the funding from the National Endowment for the Arts related to the services provided by the Arts Council's various programs, such as community arts development, arts education, and similar activities. Within each of those programs, there were grant categories, such as workshops, technical assistance, and professional development. She said the type of funding received from the NEA did not specify how the funding was to be expended; it was distributed to the most useful areas. Ms. Boskoff said the distribution was not meant to be a one-to-one restoration.

Chairwoman Smith said she was confused as to why the Arts Council would change its priorities if the amount of money was the same.

Linda Ficklin, Administrative Services Officer, Nevada Arts Council, Department of Tourism and Cultural Affairs, reiterated the distribution was not intended to be one-to-one. Tourism was giving the Arts Council funds specifically for grants; the NEA funding was for grants and programs.

Chairwoman Smith asked whether the amount of money was the same as the amount being replaced. Ms. Ficklin replied it was the same amount of money, but it was not intended for the same uses. Tourism requested that the funds be used for grants, and the NEA allowed the money to be used for grants and programs.

Chairwoman Smith said she was frustrated because Fiscal Analysis Division staff had attempted to get the correct information and was not able to do so. She did not have a problem with the request, but specific and accurate information concerning distribution and expenditure of the funds was required. She suggested that Agenda Items D-27, D-28, and D-29 be deferred until the December meeting unless a conclusion could be reached in the next few minutes. Fiscal staff did not have sufficient information, and it was important that the information be provided by the agency in order for the Committee to approve the request.

Ms. Boskoff said she understood, and she would like to clarify the request at this meeting if possible. She and her staff would be willing to work with Fiscal staff and provide them with information that would best explain the situation

Chairwoman Smith called for a brief recess and asked Ms. Boskoff and her staff to meet with Fiscal staff during the recess to try to reach a conclusion.

Chairwoman Smith called a recess at 12:30 p.m.

Chairwoman Smith reconvened the meeting at 12:51 p.m.

Chairwoman Smith announced that the Nevada Arts Council had agreed to return to the December Interim Finance Committee to consider Agenda Items D-27, D-28, and D-29.

Ms. Boskoff said she and her staff would work with Fiscal Analysis Division staff to come to an understanding. The delay would not affect the Council's grant awards.

30. **Department of Health and Human Services - Director's Office - Public Defender - FY 2013 -** Addition of $58,267 in federal John R. Justice Student Loan Repayment Program grant funds to pay lending institutions for qualifying loans of recently-graduated attorneys working in the public sector. Requires Interim Finance approval since the amount added to the John R. Justice Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25233**

    Refer to motion for approval under Agenda Item D.

31. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2013 -** Addition of $152,778 in federal Lifespan Respite Care Program Demonstration grant funds to expand and enhance respite services in Nevada. Requires Interim Finance approval since the amount added to the Lifespan Respite category exceeds $75,000. **Work Program #C25080**

    Refer to motion for approval under Agenda Item D.

32. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2013 -** Addition of $17,174 in federal State Children's Health Insurance Program grant funds and $389,190 in federal Title XIX grant funds for development of disaster recovery and cultural change management of the Eligibility Engine. Requires Interim Finance approval since the amount added to the Payment to State Agencies category exceeds $75,000. **RELATES TO ITEM 46**. **Work Program #C25495**

    Refer to motion for approval under Agenda Item D.

33. **Department of Health and Human Services - Health Division - Radiological Health - FY 2013 -** Transfer of $62,648 from the Reserve category to the Information Services category and $2,457 from the Reserve category to the Division Cost Allocation category to allow the Radiological Health Program to continue with the approved Technology Investment Request Waiver for Enhancements to replace the Radiation Control Program database with current technology. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25179**

    Refer to motion for approval under Agenda Item D.

34. **Department of Health and Human Services - Health Division - Immunization Program - FY 2013 -** Addition of $1,988,382 in federal Prevention and Public Health Fund grant funds received from the Centers for Disease Control and Prevention to enhance interoperability between electronic medical records, Nevada immunization registry (also known as WebIZ), and the reception of Health Level Seven standard messages in the registry so information can be extracted and sent to the registry electronically. This grant will also enhance the sustainability of school located vaccinations in Nevada. Requires Interim Finance approval since the amount added to the Prevention and Public Health Performance category exceeds $75,000. **Work Program #C24537**

    Refer to motion for approval under Agenda Item D.

35. **Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2013 -** Addition of $387,326 in federal Women, Infants and Children (WIC) Breastfeeding Peer Counseling grant funds to support the 8 WIC agencies and 25 clinics that help promote the nutrition of new mothers and their infants who are eligible for the program. Requires Interim Finance approval since the amount added to the WIC Breastfeeding Program category exceeds $75,000. **Work Program #C25213**

    Refer to motion for approval under Agenda Item D.

36. **Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2013 -** Addition of $793,241 in federal ARRA Women, Infants and Children (WIC) Electronic Benefits Transfer (EBT) Project Grant funds to continue the integration efforts of the EBT system for Nevada retailers who accept WIC benefits. Requires Interim Finance approval since the amount added to the EBT/Interoperability category exceeds $75,000. **Work Program #C25223**

    Refer to motion for approval under Agenda Item D.

37. **Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2013** - Addition of $74,028 in Civil Money Penalty (CMP) funds transferred from the Division of Health Care Financing and Policy via an interlocal contract. These funds will be used to contract with Nevada Health Care Association (Perry Foundation) to provide a series of educational and training seminars, with the goal to improve quality of care provided to residents in Nevada's long term care facilities. Requires Interim Finance approval since the amount added to the Skilled Nursing Advisory Council category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25177**

    Refer to motion for approval under Agenda Item D.

38. **Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2013 -** Addition of $49,457 in funds transferred from the Department of Education to conduct the Youth Risk Behavior Survey completed by the University of Nevada, Reno, which collects data for six types of health-risk behaviors that contribute to the leading causes of death and disability among youth and adults. Requires Interim Finance approval since the amount added to Youth Risk Behavior Survey category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25193**

    Refer to motion for approval under Agenda Item D.

39. **Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2013 -** Addition of $233,575 in federal Office of Surveillance, Epidemiology and Laboratory Services' BioSense 2.0 grant funds for syndromic surveillance, which will allow staff to see real-time emergency room and urgent care data to promote timely exchange of electronic health-related information, which will result in improved all-hazards public health situation awareness. Requires Interim Finance approval since the amount added to the BioSense Grant category exceeds $75,000. **Work Program #C25194**

    Refer to motion for approval under Agenda Item D.

40. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2013 -** Addition of $208,689 in federal Quitline Capacity in Nevada grant funds received from the Centers for Disease Control and Prevention to fund statewide tobacco cessation services. The grant will support a contract with the Nevada Tobacco Users Helpline through the University of Nevada School of Medicine, whose focus will be to answer calls live to provide quit tips, encouragement to assist with quit attempts and referrals to quit resources. Requires Interim Finance approval since the amount added to the Quitline Capacity category exceeds $75,000. **Work Program #C25189**

    Refer to motion for approval under Agenda Item D.

41. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2013 -** Addition of $296,043 in federal Chronic Disease Prevention and Health Promotion grant funds to fund chronic disease prevention and health promotion efforts statewide and support development, implementation and evaluation of existing Centers for Disease Control and Prevention funded programs to combat these chronic conditions. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C25211**

    Refer to motion for approval under Agenda Item D.

42. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2013 -** Addition of $49,609 in federal Cancer Prevention and Control grant funds received from the Centers for Disease Control (CDC) to coordinate chronic disease prevention and health promotion efforts statewide, as well as support the development, implementation and evaluations of existing CDC funded cancer programs. Requires Interim Finance approval since the amount added to the Comprehensive Cancer category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25145**

    Refer to motion for approval under Agenda Item D.

43. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2013 -** Addition of $5,010 in federal Comprehensive Cancer grant funds, and transfer of $41,698 from the Personnel Services category to the Comprehensive Cancer category and $2,304 from the Division Cost Allocation category to the Comprehensive Cancer category to increase community awareness of early detection of cancer screening programs and aid the Nevada's Comprehensive Cancer Control Program's coalition to promote activities, which encourage all Nevadans to adopt a healthy lifestyle. Requires Interim Finance approval since the amount transferred to the Comprehensive Cancer category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25207**

    Refer to motion for approval under Agenda Item D.

44. **Department of Health and Human Services - Health Division - Office of Health Administration - FY 2013 -** Transfer of $84,813 from the Personnel Services category to the Operating category to fund a temporary contract employee to assist both the Division Administrator and Statewide Medical Director with running the daily operations of the division, as well as assist with the proposed integration and realignment efforts between the Health Division and the Division of Mental Health and Developmental Services. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $75,000. **Work Program #C25187**

Stacey Johnson, Administrative Services Officer, State Health Division, Department of Health and Human Services, introduced Dr. Tracey Green, Statewide Medical Program Coordinator, Mental Health and Developmental Services, and Acting State Health Officer, Health Division, Department of Health and Human Services.

Ms. Johnson explained the work program in Agenda Item D-44 requested transfer of salary savings from the vacant State Health Officer position in the Health Division to category 04, Operating, to hire a temporary contract employee to assist the Medical Director and Administrator with proposed integration of public health and mental health activities. She said the State Health Officer position was currently vacant, and Dr. Green was performing the duties of that position as well as the Statewide Medical Program Coordinator of Mental Health and Developmental Services.

Ms. Johnson said in its 2013-2015 biennial budget request, the Health Division proposed to reclassify the State Health Officer position and the Administrator position to two new deputies for the newly integrated community and administrative sections. The contract employee would assist with the current implementation and programmatic needs.

Chairwoman Smith said she was not comfortable approving the request when the proposed reorganization had not gone through the Legislature and the budget process. It seemed to her that a current deputy or manager would normally be the person or persons to facilitate a process. She understood there had been a lot of movement and changes among agencies and departments. Chairwoman Smith asked why a contractor was being hired when funding had not been approved by the Legislature.

Tracey Green, M.D., Statewide Medical Program Coordinator for Mental Health and Developmental Services (MHDS) and Acting State Health Officer, Health Division, Department of Health and Human Services, explained the contractor would assist her in current ongoing activities during a very opportune and important time. She assumed the Committee was aware that there was an emergency-room problem with mentally ill clients. Looking at the data, it had been determined that many of the clients did not require acute inpatient admission when they came from the emergency room: they only required a step-down level of service such as an urgent care facility. Dr. Green said MHDS was in the process of restructuring some of the service delivery models at Rawson-Neal Psychiatric Hospital to incorporate the urgent care model. She said the contractor would assist her in implementation of the shift in the model to reduce the overload of clients in the emergency room. Dr. Green said the salary savings would be used to facilitate ongoing activities to improve the current service delivery system.

Chairwoman Smith asked why the position would be a contract position. Dr. Green replied the position was an interim temporary position until the Division's budget proposal could be reviewed by the 2013 Legislature. The budget included a proposed permanent deputy position that would take over the responsibilities of the contractor.

Chairwoman Smith asked whether there was a candidate for the position. Dr. Green replied there was not; she hoped that a nurse, a nurse practitioner, and/or an individual with significant program experience in some of the activities could be recruited.

Assemblyman Hardy asked whether the value of the position would be evident by the 2013 Legislative Session if the contractor position were approved at this time. Dr. Green replied the agency hoped that numbers in the emergency room would be reduced by that time.

Assemblywoman Benitez-Thompson asked why the request was being made at this time. Dr. Green replied there was an outpatient clinic that had been a primary walk-in clinic, and there was an empty building on the Rawson-Neal campus. There was currently an opportunity to use the empty building for the project.

Dr. Green explained the second project that the contractor would be involved in was school-based health centers. There were currently three or four entities interested in expanding school-based health centers, and the goal was to bring expansion proposals to the 2013 Legislature as well. She noted that the state had not been able to obtain federal funds for school-based health centers because the state did not have comprehensive school-based health centers. The Office of School-Based Health Centers had been established within the State Health Division and standards had been developed. There were active collaborative entities across the state—Clark County, Washoe County, and the rural counties—interested in school-based health centers.

In addition, Dr. Green said, she would need assistance with the oncoming Affordable Care Act. With the implementation of the Health Insurance Exchange, the state would need to be able to bill at both the state and agency levels. Many of the agencies currently funded by the state were not able to bill Medicaid: they did not have either the provider type or the skills. Dr. Green said her office was working actively with agencies and the Health Division to improve Medicaid billing. She said the work and training surrounding billing needed to begin as soon as possible, and the contract position would assist in that area.

Assemblywoman Kirkpatrick asked whether regulations had been approved for the school-based health centers. If not, she questioned why a temporary position would be hired before the program was implemented.

Dr. Green replied there were no regulations for school-based health centers. The Health Division had proposed school-based health centers during the 2011 Legislative Session, but was not successful in moving them forward. Standards were currently being developed that were neither statutory nor regulatory.

Assemblywoman Kirkpatrick asked whether public workshops were being conducted on the regulations for school-based health centers.

Dr. Green replied there were no regulations; standards were being put in place in the event the state received federal funds and standards for distribution would be necessary to issue a request for proposal. She said school-based health centers could currently be established: they were independent of any statutory or regulatory requirements.

Senator Kieckhefer affirmed that salary savings were available because Dr. Green was performing two full-time jobs. Dr. Green replied he was correct.

Senator Kieckhefer asked whether both full-time jobs would exist in the 2013-2015 biennial budget. Dr. Green said the vision was that the position would be held by a single individual, with the option that if in the future that person was not qualified, the positions could be separated. The intent would be to use the salary savings to create two deputy positions, one of which would be for the Administrator of the Health Division and the Administrator of Mental Health and Developmental Services; she noted that Richard Whitley was currently performing both of those jobs.

Senator Kieckhefer surmised that the contract position would ultimately fill the current gaps until the 2013 Legislative Session, at which time the positions could be reevaluated. Dr. Green replied he was correct.

Assemblywoman Carlton recalled there were a number of school-based health centers doing well, and then Nevada Health Centers had to pull back because of the lack of resources. She realized how valuable school-based health centers could be, but she also understood that schools were for teaching children, and there were times when a school-based clinic was not compatible with the school. Assemblywoman Carlton wondered if Nevada Health Centers, as well-run as they were, could not succeed, whether anyone else could successfully establish the centers. She asked if there were agencies interested in developing school-based health centers.

Dr. Green replied that Nevada Health Centers had reopened its North Las Vegas school-based health clinic. Over the last two years, the Washoe County School District had convened a large group of stakeholders, including the University of Nevada, Reno School of Medicine and the Health and Welfare Center (HAWC) clinic. There was an active group that hoped to open two school-based health centers in Washoe County. In southern Nevada, her office had been working with the Clark County School District, and the Wynn Las Vegas and MGM organizations were looking into school-based health centers. Dr. Green said that Southwest Medical was very interested in discussing provision of medical services within the Clark County School District. Active discussions had been held with Pahrump concerning its school district and with the hospital, which was involved in a rural health center. She said it had been a very exciting time: there was wide interest in opening school-based health centers.

Chairwoman Smith said she did not like the idea of a few people doing the jobs of more people. She was not happy to read in the media that the jobs had been combined and Dr. Green was performing the work of two people. She was concerned when agencies

requested positions from the Committee in the interim when the Legislature was not able to fund them during the legislative session.

Chairwoman Smith was most troubled that the agency was hiring a contractor and making a plan to integrate programs that the Legislature had not yet heard or approved. She said she was torn, because she wanted to give agencies the resources and staff they needed, but she was troubled that the Committee was being asked to approve a contract position to develop a plan that had not been vetted by the Legislature.

Assemblywoman Kirkpatrick said she sat on the Legislative Commission's Subcommittee to Review Regulations, which did not allow policy to be put in place that was not approved by the Legislature. She was uncomfortable with the request and would not support it because she believed the Legislature should discuss the policy as a body. She would like to have a better understanding of the request and believed other legislators would rather it be heard during the legislative session.

Senator Denis said he understood the Committee members' remarks, but he was concerned with how immediate relief could be provided if the request was not approved. He wondered if temporary relief could be provided by the contractor until the 2013 Legislature had an opportunity to discuss the plan.

Chairwoman Smith said she believed the Legislature provided funding for the positions during the 2011 Session, but they had been reorganized differently than what was approved.

Assemblyman Goicoechea agreed with Senator Denis. He said there had been a large turnover in the Department of Health and Human Services, especially in administration. Some key personnel had left, and the void needed to be filled. The state had to continue to operate, and he would be supporting the request. He realized it involved a contract employee, but the staffing would be reviewed in the 2013 Legislative Session. Assemblyman Goicoechea did not believe Dr. Green should be asked to continue working double duty and suffer the consequences, and ultimately the state and constituents would suffer.

Chairwoman Smith said the same discussions had been held during the 2011 Legislative Session. She did not have a problem with the contract position; she would rather approve a contract than put someone on payroll and have the position terminated in six months. Chairwoman Smith said numerous discussions were held during the 2011 Session concerning whether agencies were being adequately staffed, and she was troubled that the Committee was being asked to fund a staffing plan and position before the concept was even approved. It had only been a year and a half since the 2011 Legislative Session, and now the Committee was being asked to fund positions outside of the budget process, when she had consistently maintained during the Session that more staffing was needed.

Senator Kieckhefer said he appreciated Chairwoman Smith's concerns. He noted that positions were funded in the 2011 Session, there were salary savings from numerous vacant positions in MHDS, and a decision had been made to change the direction of the leadership in that Division. He did not feel the Committee was being asked to fund something that the Legislature did not necessarily agree was necessary; the positions were funded to perform the duties outlined. Senator Kieckhefer said the question was what the Committee wanted the Division to do between now and the time the administrative structure of the state's public health component could be vetted. The decision was whether to ask the Division to stay in a holding pattern or to try to make some progress in areas where there was need. It was not an ideal situation, but Senator Kieckhefer said he was as comfortable with it as he could be.

Assemblyman Kirner noted that decisions had been made over a year ago, and a lot had happened since then. The request was not to create new money: the money was in the budget. He said Chairwoman Smith had acknowledged the fact that the structure change was only temporary until the 2013 Legislative Session. Since the agency's budget was approved in 2011, circumstances had changed, people had come and gone, the agency had a mission to accomplish, and during the 2013 Session budget hearings, the Legislature would require the Division to report on how the mission was achieved. Assemblyman Kirner did not want the Division's mission to fail because the position was not approved; he would support the request.

Assemblyman Bobzien said he was troubled that this was not an isolated incident, and maybe it was causing the Committee to reach its final frustration point. He was concerned that the request was being made so late in the biennium, and he questioned why the budget process even existed. Every two years, the finance committees completed some of the most difficult work performed by the Legislature, and yet these incidents repeatedly occurred. Assemblyman Bobzien said he appreciated the fact there were funding pressures and staff had to be creative, but the Interim Finance Committee (IFC) should not be budgeting on the fly. The state's citizens understood that the Legislature met every two years to approve the budget, and relying on IFC to get through the biennium was sending a horrible message to the public. He was sympathetic to the program needs and their worthiness, but he was left wondering when it would end. He would not support the request.

Assemblywoman Kirkpatrick said she did not necessarily agree with the school-based health center standards, because she believed a policy discussion was needed. She was more concerned with the broad base of projects the contractor would be involved in, some of which she believed were policy decisions. She understood staff was doing more for less, but she did not see any benchmarks for what was expected to be accomplished. Assemblywoman Kirkpatrick said she did not necessarily agree with the scope of duties proposed for the contractor, which were mixed with policy; as a legislator, she deserved to have that policy discussion with her colleagues. She noted that in the Legislative Commission's Subcommittee to Review Regulations, state agencies tended to include some policies that were not fully discussed during the legislative session.

Assemblywoman Kirkpatrick said the entire legislature may ultimately agree on the implementation of school-based health centers; she was aware there was a need and an opportunity for federal dollars. However, a policy discussion was required before moving forward. She was opposed to the request.

Chairwoman Smith said that Dr. Green had indicated the contractor would be involved in a variety of projects, but she understood the focus would be toward integrating and combining the agencies. Those policy discussions had not been held by the Legislature, which was why she was concerned. She acknowledged that the funds were available in the Personnel category; the Legislature had provided funding in the 2011-2013 biennium for personnel. However, the contractor position was designed to plan how to combine agencies, which was the type of activity that made state employees very nervous. She encouraged Committee members to remember that personnel funding was approved by the Legislature and was in the agency's budget for employees to perform the work that the agency had outlined during the budget hearings.

Dr. Green said the contractor position was intended to work on projects that would incorporate both mental health and public health, but it was not intended to actually move the divisions toward integration.

Chairwoman Smith replied she appreciated Dr. Green's remarks, but logistically the ultimate goal was obvious, and the Legislature had not yet discussed the change in policy.

Assemblyman Goicoechea noted that the position was a support position under Dr. Green. Policy changes would not be made without approval from the Division administrator and Dr. Green. He recognized that there had been a loss of staff in the agency's budget; a contract position was being requested to avoid possible layoffs.

Chairwoman Smith stated the work program clearly read that one of the duties of the contract position was to look at realignment of these programs, and those were budget decisions that had not taken place. She wanted everyone to have all the help they needed.

Referring to earlier comments by Chairwoman Smith, Assemblywoman Carlton said the agency was allocated funding for positions through the normal budget cycle, and she understood the positions had not been filled. Now in October, just months before the 2013 Legislative Session, money for personnel was sitting idle. Assemblywoman Carlton was concerned that the positions were never filled, and she was uncomfortable that the funding would be used for a contract employee. She suggested the item be deferred until the 2013 Session; she did not believe it was appropriate for the Committee to make the decision.

Senator Cegavske recalled previous discussions concerning use of salary savings for other purposes. The positions approved by the 2011 Legislature were never filled, and she was concerned that agencies were using vacancy savings as a "slush fund" for other purposes. She concurred with Assemblywoman Kirkpatrick's remarks concerning the Legislative Commission's Subcommittee to Review Regulations. Policy changes that had been included in previous legislation and were neither passed nor signed by the Governor were approved by the Legislative Commission in the regulation process. Senator Cegavske noted that the problem was not just with the agencies; the Legislature was allowing the practice, and there was no consistency. She reiterated her concern about using vacancy savings for purposes other than for which they were intended.

Senator Denis expressed concern that there had not been any policy discussion on school-based health centers. He wanted to provide the mental health support needed, but he was uncomfortable with the policy side.

Assemblyman Kirner suggested that the agency withdraw the request and submit it at another time.

Chairwoman Smith stated that the Committee would not take action on the request.

45. Department of Health and Human Services - Health Division - Community Health Services - FY 2013 - Addition of $47,904 in United Health Settlement funds for the purchase of vaccines to provide age appropriate vaccinations at licensed child care facilities in rural and frontier Nevada counties. Requires Interim Finance approval since the amount added to the Attorney General-United Health Fund category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25100**

Refer to motion for approval under Agenda Item D.

46. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2013 - Addition of $389,190 in federal Title XIX grant funds, $17,174 in federal State Children's Health Insurance Program grant funds, and $1,663,379 in federal grant funds transferred from the Nevada Silver State Health Insurance Exchange. This request also transfers $50,780 from the Personnel Services category to the Health Care Reform Eligibility Engine category for development of disaster recovery and cultural change management of the Eligibility Engine. Requires Interim Finance approval since the amount added to the Health Care Reform Eligibility Engine category exceeds $75,000. **RELATES TO ITEMS 32 and 109**. **Work Program #C25053**

Refer to motion for approval under Agenda Item D.

47. **Department of Health and Human Services - Welfare and Supportive Services - Child Support Enforcement Program - FY 2013 -** Addition of $198,000 in federal Child Support Program grant funds and transfer of $102,000 from the Reserve category to the Information Services category to cover maintenance and operation costs for the Decision Support System to ensure no interruption of services to the program end-users. Requires Interim Finance approval since the amount added to the Information Services category exceeds $75,000. **Work Program #C25219**

    Refer to motion for approval under Agenda Item D.

48. **Department of Health and Human Services - Mental Health and Developmental Services - Mental Health Information System - FY 2013 -** Addition of $78,566 in federal State Mental Health Data Infrastructure grant funds received to support information technology services on a division-wide basis. Requires Interim Finance approval since the amount added to the Data Infrastructure Grant category exceeds $75,000. **Work Program #C25279**

    Refer to motion for approval under Agenda Item D.

49. **Department of Health and Human Services - Mental Health and Developmental Services - Substance Abuse Prevention and Treatment Agency - FY 2013 -** Addition of $287,272 in federal Strategic Prevention Framework State Prevention Enhancement grant funds to improve data gathering and to strengthen and extend the Strategic Prevention Framework by developing an integrated data dissemination system with a data warehouse that allows partners to easily upload and query data for multiple uses. Requires Interim Finance approval since the amount added to the federal Strategic Prevention Framework category exceeds $75,000. **Work Program #C24444**

    Refer to motion for approval under Agenda Item D.

50. **Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2013 -** Addition of $46,131 in Carl Perkins Corrections grant funds transferred from the Department of Education to support career and technical education improvements to the school. Requires Interim Finance approval since the amount added to the Carl Perkins Subgrant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25248**

    Refer to motion for approval under Agenda Item D.

51. **Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2013 -** Addition of $140,970 in grant funds transferred from the Fund for a Healthy Nevada, administered by the Nevada Department of Health and Human Services, to provide Nevadans with disabilities assistive

technology assessments, testing, and training to obtain employment. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds $75,000. **Work Program #C24525**

Refer to motion for approval under Agenda Item D.

52. **Department of Corrections - Prison Dairy - FY 2013 -** Addition of $1,256,432 in Bureau of Land Management Wild Horse Boarding funds to continue the wild horse program. Requires Interim Finance approval since the amount added to the Wild Horse Program category exceeds $75,000. **Work Program #C25308**

    Refer to motion for approval under Agenda Item D.

53. **Department of Motor Vehicles - Motor Vehicle Pollution Control - FY 2013 -** Transfer of $909,000 from the Reserve category to the City/County Air Quality category for distribution of excess reserve funds to county governments. Requires Interim Finance approval since the amount transferred to the City/County Air Quality category exceeds $75,000. **Work Program #C25008**

    Refer to motion for approval under Agenda Item D.

54. **Department of Public Safety - Forfeitures - Law Enforcement - FY 2013 -** Transfer of ~~$26,815~~ ***$22,903*** from the Reserve category to the Technology Upgrades category to purchase hardware to support the Nevada Criminal Justice Information System modernization project. Requires Interim Finance approval since this work program relates to another work program that requires Interim Finance approval. **RELATES TO ITEM 68**. **Work Program #C24784. REVISED 10-15-12.**

    Refer to motion for approval under Agenda Item D.

55. **Department of Public Safety - Highway Patrol - FY 2013 -** Addition of $350,212 in federal Joining Forces grant funds transferred from the Nevada Department of Public Safety - Office of Traffic Safety to provide for participation in statewide, multi-jurisdictional traffic enforcement activities that are focused on reducing fatalities and serious injury crashes in Nevada. Requires Interim Finance approval since the amount added to the Joining Forces Grant category exceeds $75,000. **Work Program #C24556**

    Refer to motion for approval under Agenda Item D.

56. **Department of Public Safety - Parole and Probation - FY 2013 -** Addition of $197,268 in federal Office of Criminal Justice Assistance - ARRA Justice Assistance grant funds transferred from the Department of Public Safety - Justice Assistance Grant Trust account to balance forward authority to continue funding substance abuse counseling. Requires Interim Finance approval since the

amount added to the ARRA Substance Abuse Counselors category exceeds $75,000. **Work Program #C24726**

Refer to motion for approval under Agenda Item D.

57. **Department of Public Safety - Parole and Probation - FY 2013 -** Addition of $87,136 in federal Office of Criminal Justice Assistance - Community Oriented Policing Services (COPS) Child Sexual Predator Program (CSPP) grant funds transferred from the Department of Public Safety - Justice Assistance Grant Trust to balance forward authority to continue improving sex offender monitoring. Requires Interim Finance approval since the amount added to the COPS CSPP Child Predator category exceeds $75,000. **Work Program #C24746**

    Refer to motion for approval under Agenda Item D.

58. **Department of Public Safety - Parole and Probation - FY 2013 -** Addition of $169,072 in federal Office of Criminal Justice Assistance, Counseling Assistance Program Grant funds transferred from the Department of Public Safety - Justice Assistance Grant Trust account to balance forward grant authority to continue funding the substance abuse counseling program. Requires Interim Finance approval since the amount added to the Substance Abuse Counseling Assistance Program category exceeds $75,000. **Work Program #C24753**

    Refer to motion for approval under Agenda Item D.

59. **Department of Public Safety - Parole and Probation - FY 2013 -** Addition of $52,157 in federal Justice Assistance Grant (JAG) Parole and Probation (P&P) Technical Advancement funds transferred from the Department of Public Safety - Justice Assistance Grant Trust account to balance forward authority to continue monitoring sex offender activity. Requires Interim Finance approval since the amount added to the JAG P&P Technical Advancement Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C24755**

    Refer to motion for approval under Agenda Item D.

60. **Department of Public Safety - Division of Investigations - FY 2013 -** Addition of $97,300 in federal Office of Criminal Justice Assistance Grant (JAG) funds transferred from the Department of Public Safety - Justice Assistance Grant Trust account to fund overtime, specialized training, and operating supplies for the purpose of narcotics enforcement. Requires Interim Finance approval since the amount added to the JAG Narcotic Training/Travel category exceeds $75,000. **Work Program #C24536**

    Refer to motion for approval under Agenda Item D.

61. **Department of Public Safety - Emergency Management - FY 2013 -** Addition of $187,500 in Department of Emergency Management and Department of Homeland Security grant funds transferred from the Nevada Department of Public Safety - Emergency Management Assistance Grant account to support statewide interoperability communications. Requires Interim Finance approval since the amount added to the State Homeland Security Program category exceeds $75,000. **Work Program #C25228**

    Refer to motion for approval under Agenda Item D.

62. **Department of Public Safety - Emergency Management - FY 2013 -** Addition of $35,668 in Department of Emergency Management and Department of Homeland Security grant funds transferred from the Nevada Department of Public Safety - Emergency Management Assistance Grant account to support the resource management program. Requires Interim Finance approval since the cumulative change to the Homeland Security Grant Program Resource Management category exceeds $75,000. **Work Program #C25264**

    Refer to motion for approval under Agenda Item D.

63. **Department of Public Safety - Emergency Management Assistance Grants - FY 2013 -** Addition of $205,187 in U.S. Department of Homeland Security Grant Program - Emergency Management Performance Grant (EMPG) funds to support comprehensive emergency management and to encourage the improvement of mitigation, preparedness, response, and recovery capabilities for all hazards at the state and local levels. Requires Interim Finance approval since the amount added to the EMPG - Aid To Locals category exceeds $75,000. **Work Program #C25225**

    Refer to motion for approval under Agenda Item D.

64. **Department of Public Safety - Emergency Management Assistance Grants - FY 2013 -** Addition of $44,199 in U.S. Department of Homeland Security - Federal Emergency Management Agency, Pre-Disaster Mitigation grant funds to support the pre-disaster mitigation program. Requires Interim Finance approval since the cumulative change to the Pre-Disaster Mitigation category exceeds $75,000. **Work Program #C25252**

    Refer to motion for approval under Agenda Item D.

65. **Department of Public Safety - State Emergency Response Commission - FY 2013 -** Addition of $54,524 in federal U.S. Department of Transportation (USDOT), Hazardous Materials Emergency Preparedness (HMEP) grant funds, and transfer of $13,631 from the Reserve category to the USDOT/HMEP category to balance forward remaining authority and meet match requirements to assist emergency planner and responder personnel throughout the state in training and

planning for hazardous materials emergencies. Requires Interim Finance approval since the amount added to the USDOT/HMEP Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C24721**

Refer to motion for approval under Agenda Item D.

66. **Department of Public Safety - State Emergency Response Commission - FY 2013 -** Addition of $142,173 in federal U.S. Department of Transportation (USDOT), Hazardous Materials Emergency Preparedness (HMEP) grant funds, and transfer of $35,543 from the Reserve category to the USDOT/HMEP category to balance forward remaining authority and meet match requirements to assist emergency planner and responder personnel throughout the state in training and planning for hazardous materials emergencies. Requires Interim Finance approval since the amount added to the USDOT/HMEP Grant category exceeds 75,000. **Work Program #C24725**

    Refer to motion for approval under Agenda Item D.

67. **Department of Public Safety - Criminal History Repository - FY 2013 -** Addition of $20,699 in federal Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering and Tracking (SMART) grant funds transferred from the Department of Public Safety - Justice Assistance Grant Trust account to balance forward authority to continue improving the technical capabilities of the state to collect, store, and analyze digital data associated with the Nevada sex offender registration program. Requires Interim Finance approval since the cumulative change to the SMART Grant category exceeds 75,000. **Work Program #C24751**

    Refer to motion for approval under Agenda Item D.

68. **Department of Public Safety - Criminal History Repository - FY 2013 -** Addition of $63,185 in federal Justice Assistance grant funds transferred from the Nevada Department of Public Safety - Justice Assistance Grant Trust account to support the Nevada Criminal Justice Information System modernization project. Requires Interim Finance approval since the cumulative amount added to the Modernization Project category exceeds $75,000. **RELATES TO ITEM 54**. **Work Program #C24179**

    Refer to motion for approval under Agenda Item D.

69. **Department of Public Safety - Highway Safety Plan and Administration - FY 2013 -** Addition of $80,000 in Click-It-Or-Ticket grant funds transferred from the Office of Traffic Safety to fund advertising campaigns. Requires Interim Finance approval since the amount added to the Occupant Protection category exceeds $75,000. **Work Program #C24873**

    Refer to motion for approval under Agenda Item D.

70. **Department of Public Safety - Highway Safety Plan and Administration - FY 2013 -** Addition of $101,602 in Nevada Department of Transportation (NDOT) flex funds transferred from the Department of Public Safety - Office of Traffic Safety to fund statewide programs aimed at improving highway safety. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds $75,000. **RELATES TO ITEM 74**. **Work Program #C25181**

    Refer to motion for approval under Agenda Item D.

71. **Department of Public Safety - Highway Safety Plan and Administration - FY 2013 -** Addition of $241,332 in federal Office of Traffic Safety grant funds, $44,740 in federal Office of Traffic Safety - Motorcycle Safety Awareness grant funds, $104,563 in federal Office of Traffic Safety - 410 Alcohol grant funds, $418,725 in federal Office of Traffic Safety - 408 Traffic Safety Information System Improvement grant funds, and $579,933 in federal Office of Traffic Safety - 406 Incentive grant funds, and deletion of $124,155 in Nevada Department of Transportation flex funds from the Department of Public Safety - Office of Traffic Safety to align state and federal authority. Requires Interim Finance approval since the amount added to the 406 Incentive Grant category exceeds $75,000. **Work Program #C24802**

    Refer to motion for approval under Agenda Item D.

72. **Department of Public Safety - Traffic Safety - FY 2013 -** Addition of $936,682 in federal Traffic Safety grant funds, $2,549,298 in federal 410 Incentive grant funds, $260,250 in federal 2010 Incentive grant funds, $232,486 in federal 405 Incentive grant funds, $802,497 in federal 408 Incentive grant funds, $837,241 in federal 406 grant funds, and $80,565 in flex funds transferred from the Department of Transportation to align revenue and expenditure authority to continue providing pass-through funding for highway safety programs. Requires Interim Finance approval since the amount added to the 410 Incentive Grant Funds category exceeds $75,000. **Work Program #C24754**

    Refer to motion for approval under Agenda Item D.

73. **Department of Public Safety - Traffic Safety - FY 2013 -** Addition of $54,630 in National Highway Safety Administration, federal 405 Occupant Protection grant funds to continue mitigating traffic safety problems outlined in the agency's Highway Safety Plan. Requires Interim Finance approval since the cumulative change to the Occupant Protection Grant category exceeds $75,000. **Work Program #C24793**

    Refer to motion for approval under Agenda Item D.

74. **Department of Public Safety - Traffic Safety - FY 2013 -** Deletion of $101,602 in Nevada Department of Transportation (NDOT) flex funds transferred to the Highway Safety Plan and Administration account to fund statewide programs aimed at improving highway safety. Requires Interim Finance approval since the amount deleted from the NDOT Flex Funds category exceeds $75,000. **RELATES TO ITEM 70**. **Work Program #C25040**

    Refer to motion for approval under Agenda Item D.

75. **Department of Public Safety - Justice Assistance Act - FY 2013 -** Addition of $165,944 in federal Congressionally Selected Justice Assistance Grant (JAG) Reid Appropriation funds, $247,923 in federal ARRA Rural Law Enforcement Grant Index funds, $400,986 in federal Residential Substance Abuse Treatment (RSAT) grant funds, $67,899 in federal Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking grant funds, $136,896 in federal Community Oriented Policing Services Child Sexual Predator Program grant funds, $142,659 in federal Forensic Science Improvement grant funds, $109,515 in federal National Criminal History Improvement Program grant funds, $15,084 in federal National Instant Criminal Background Check System grant funds, $39,741 in federal JAG Parole and Probation Technology Advancement grant funds, and deletion of $16,633 in federal Project Safe Neighborhood grant funds, and $11,564 in federal Bulletproof Vest grant funds to align authority and continue providing pass-through funding to subrecipients. Requires Interim Finance approval since the amount added to the RSAT Aftercare - Federal Portion category exceeds $75,000. **Work Program #C25086**

    Refer to motion for approval under Agenda Item D.

76. **Department of Public Safety - Justice Assistance Grant Trust - FY 2013 -** Deletion of $1,000,000 in federal ARRA Justice Assistance Grant (JAG) funds and $2,232,780 in Justice Assistance Grant funds, and transfer of $1,883,757 from the Reserve for Federal Funds category to the ARRA JAG category and $109,132 from the Reserve for Federal Funds category to the Justice Assistance Grant category to align revenue and expenditure authority and continue to provide pass-through funding to state and local government agencies for various law enforcement projects and programs. Requires Interim Finance approval since the amount transferred to the ARRA JAG category exceeds $75,000**. Work Program #C25055**

    Refer to motion for approval under Agenda Item D.

77. **Department of Conservation and Natural Resources - Administration - FY 2013 -** Addition of $40,000 in federal U.S. Fish and Wildlife Service grant funds to establish the Nevada Sagebrush Ecosystem Council and provide for the initial operating support of the council. Requires Interim Finance approval since the amount added to the Sagebrush Ecosystem Council category

exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 85 AND AGENDA ITEMS G.3. AND G.4. Work Program #C25079**

Refer to testimony and motion for approval under Agenda Item D-85.

78. **Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of $108,597 in U.S. Forest Service Insects and Diseases grant funds for the continuation of various programs including public information projects to inform the public of the potential destruction the insects and diseases have on our forests; projects to treat the infestations throughout the state; sanitation treatments to remove stressed and beetle infested trees; and high-value tree insecticide treatments to assist in mitigating the effects of insect caused mortality on these high-value landscapes. Requires Interim Finance approval since the amount added to the Insects and Diseases Grants category exceeds $75,000. **Work Program #C25045**

Refer to motion for approval under Agenda Item D.

79. **Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of $76,377 in federal U.S. Forest Service (USFS) Consolidated Payment Grant (CPG) 08 funds; $315,290 in USFS CPG 09 funds; $203,838 in USFS CPG 10 funds; $299,213 USFS CPG 11 funds; and $125,300 in USFS CPG 12 funds to align state and federal authority. Requires Interim Finance approval since the amount added to the CPG 09 category exceeds $75,000. **Work Program #C25195**

Refer to motion for approval under Agenda Item D.

80. **Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of $184,683 in federal U.S. Fish and Wildlife Service (USFWS) grant funds for the Tahoe Yellow Cress Stewardship program and to align remaining prior-year authority for the Vulnerability Models grant. Requires Interim Finance approval since the amount added to the USFWS Vulnerability Models category exceeds $75,000. **Work Program #C25271**

Refer to motion for approval under Agenda Item D.

81. **Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of $110,104 in funds transferred from the Nevada Division of Environmental Protection (NDEP) to align existing authority with remaining prior-year grants received by NDEP from the U.S. Department of Energy and U.S. Environmental Protection Agency. Requires Interim Finance approval since the amount added to the NDEP Federal Radio Grant Pass Through category exceeds $75,000. **Work Program #C25274**

Refer to motion for approval under Agenda Item D.

82. **Department of Conservation and Natural Resources - Forestry - Forest Fire Suppression - FY 2013 -** Addition of $1,636,653 in Federal Emergency Management Agency (FEMA) Fire Management Assistance Grant (FMAG) funds for reimbursable fire costs paid for by the state, as well as those paid for by and subsequently passed through the state to local governments. The required match of 25 percent is met by the portion of the fire costs paid for by either the state and/or the local government. Requires Interim Finance approval since the amount added to the FEMA Fire Assistance Grants category exceeds $75,000. **Work Program #C25109**

    Refer to motion for approval under Agenda Item D.

83. **Department of Conservation and Natural Resources - Forestry Nurseries - FY 2013 -** Addition of $636,991 in Seed Sales revenue authority to purchase and provide seed to the Nevada Department of Wildlife and other governmental entities for fire rehabilitation and restoration efforts. This additional authority is requested in anticipation of increased demand for seed due to the heavier than normal fire season. Requires Interim Finance approval since the amount added to the Seed Bank category exceeds $75,000. **Work Program #C24704**

    Refer to motion for approval under Agenda Item D.

84. **Department of Conservation and Natural Resources - State Parks - FY 2013 -** Transfer of $152,242 from the Reserve category to the State Trails category to fund the administration of the RecTrails federal grant program including operating expenditures for the RecTrails program manager. Requires Interim Finance approval since the amount transferred to the State Trails category exceeds $75,000. **Work Program #C24685**

    Refer to motion for approval under Agenda Item D.

Chairwoman Smith announced that Agenda Items D-77, D-85, G.3., and G.4., would be heard together.

85. **Department of Conservation and Natural Resources - Conservation Districts - FY 2013 -** Addition of $84,795 in federal grant funds and $28,265 in funds transferred from the Interim Finance Contingency Account for three new Conservation Staff Specialist II positions. These positions are being requested to implement recommendations contained in the Governor's Greater Sage-grouse Advisory Committee's Strategic Plan, dated July 31, 2012. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category and the request includes new positions. **RELATES TO ITEM 77 AND AGENDA ITEMS G.3. AND G.4. Work Program #C25122**

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

3. State Department of Conservation and Natural Resources–Director's Office–Request for an allocation of $289,109 to fund the creation of a state multidisciplinary technical Sagebrush Ecosystem Team to coordinate and maximize Nevada's efforts to avoid listing the Greater Sage-Grouse as a threatened or endangered species pursuant to the federal Endangered Species Act of 1973.

4. State Department of Conservation and Natural Resources–Conservation Districts Program–Request for an allocation of $28,265 for three new Conservation Staff Specialist II positions.

Gerald Gardner, Chief of Staff, Office of the Governor, introduced Bob Crowell, Carson City Mayor; Leo Drozdoff, Director, Department of Conservation and Natural Resources; and Jim Lawrence, Administrator, Division of State Lands, Department of Conservation and Natural Resources.

Mr. Gardner explained that on March 30, 2012, Governor Sandoval issued an Executive Order establishing the Greater Sage-Grouse Advisory Committee. The Committee was formed in response to the U.S. Fish and Wildlife Service's announcement that the Greater Sage-Grouse species, which inhabited much of Nevada and the entire Mountain States region, warranted listing as an endangered or threatened species under the Endangered Species Act.

Mr. Gardner said the implications of the Sage-Grouse being listed could not be overstated. There was inherent value in not allowing an iconic Nevada species to be threatened if, in fact, it did face endangerment. Additionally, there were major implications to the customs, culture, and economy of the State of Nevada if the Sage-Grouse were listed, to include ranching, residential development, mining, energy policy, recreation, and the enjoyment of Nevada's wild lands. Mr. Gardner noted many stakeholders who held those issues dear to them were in attendance.

Mr. Gardner went on to explain that over the course of a very short period of time, the Greater Sage-Grouse Advisory Committee, a ten-member panel chaired by Mayor Crowell and comprised of a broad and diverse group of citizens, put forth sound and feasible recommendations in the *Strategic Plan for Conservation of Greater Sage-Grouse in Nevada* (Strategic Plan). The Legislative Committee on Public Lands, which included Senator Dean Rhoads and Assemblywoman Maggie Carlton, approved the *Strategic Plan* in a unanimous vote.

Mr. Gardner said the request before the Interim Finance Committee (IFC) was to request approval of allocations from the IFC Contingency Account to keep the plan moving forward by funding two important aspects of the Strategic Plan: (1) the creation of a state multidisciplinary technical team, the Sage-Grouse Ecosystem Team,

and (2) the addition of three new Conservation Staff Specialist 2 positions in the Department of Conservation and Natural Resources.

Mr. Gardner pointed out that the Governor's Office and the State Budget Division were committed to establishing funding mechanisms from existing accounts and revenue sources that they believed would adequately fund the long-term needs of the Strategic Plan. He said the request was one of urgency: action was needed to move quickly to maintain credibility with the U.S. Fish and Wildlife Service and the U.S. Department of Interior to show that the state was responsive to the issue, taking the challenge seriously and willing to put a stake in the issue. He added that the implications for Nevada were too great not to do so.

Mr. Gardner respectfully asked for approval of Agenda Items G.3. and G.4., and he thanked the Committee members for their time.

Bob Crowell, Carson City Mayor and Chairman of the Governor's Greater Sage-Grouse Advisory Committee, reported that the Advisory Committee had concluded its work earlier in the year. The Governor executed his Executive Order in March and meetings began in May. The Committee was tasked with developing a strategic plan that would conserve the Greater Sage-Grouse and also preserve the economic ability of the state to move forward. The Strategic Plan was completed by the established deadline of June 2012.

Mayor Crowell said the Advisory Committee believed the Strategic Plan, if adopted, would sufficiently conserve the species and enable the economy in Nevada to thrive. He was proud to say that the Advisory Committee arrived at its decision in Carson City after nearly 80 hours of expert testimony, discussion, deliberation, and public comment held throughout the state with simultaneous videoconferencing to Winnemucca, Elko, Ely, and Las Vegas. The recommendations of the Advisory Committee were unanimously approved by the Committee, which was comprised of a diverse membership.

Mayor Crowell listed the members of the Advisory Committee:

Carson City Mayor Bob Crowell, Chairman
Bevan Lister, Agriculture Representative
Tina Nappe, Conservation/Environmental Representative
Jeff Ceccarelli, Energy Representative
Kent McAdoo, General Public Representative
Carl Erquiaga, Local Government Representative
Allen Biaggi, Mining Representative
JJ Goicoechea, Ranching Representative
Jack Robb, Sportsmen Representative
Beverly Harry, Tribal Nations Representative

Mayor Crowell said that the request before the Committee was an essential step toward implementation of the Advisory Committee's recommendations, and the members believed it was imperative that the state move to adopt them as quickly as possible to demonstrate the ability to conserve and manage the habitat that the Sage-Grouse species depended upon.

Mayor Crowell acknowledged that funding requests from all Nevadans were important, but funding was an important matter for the Sage-Grouse Advisory Committee. To effectively and timely address the issues related to the Sage-Grouse, it must be demonstrated that the state was committed to approving conservation measures sufficient to preclude the listing of the Greater Sage-Grouse. For that reason, Mayor Crowell urged the IFC to support the recommendations outlined by Mr. Gardner.

Leo Drozdoff, Director, Department of Conservation and Natural Resources (DCNR), thanked Mr. Gardner and Mayor Crowell for their support. He explained that the Department had two IFC Contingency Account requests, Agenda Items G.3. and G.4., to respond to its assignment to expeditiously implement the recommendations of the Governor's Greater Sage-Grouse Advisory Committee.

Mr. Drozdoff said it was well known that if the U.S. Fish and Wildlife Service made a finding that listed the Greater Sage-Grouse, the damage to Nevada's economy would be substantial. He believed the state had been given an opportunity by the federal agencies to demonstrate that it had the abilities and mechanisms to conserve the species and preclude the need for listing, but the demonstration timeframe was very short, and the state's effort must be evidenced by accomplishments and results. Mr. Drozdoff explained that three initial recommendations were made by the Advisory Committee, the components of which would bring focus, transparency, and coordination to the state's efforts to protect and conserve both the Greater Sage-Grouse and its sagebrush ecosystem.

Mr. Drozdoff clarified that two of the three components were listed in the IFC Contingency Account request, Agenda Items G.3. and G.4., which were accompanied by Agenda Item D-85. There was also a third component, Agenda Item D-77, which recommended the creation of a Governor-appointed Sagebrush Ecosystem Council to reflect the same cross-section of representatives found on the short-term Advisory Committee.

Mr. Drozdoff said because the U.S. Fish and Wildlife Service had committed $40,000 to assist Nevada with formation of the Sagebrush Ecosystem Council, the work program in item D-77 did not require funds from the IFC Contingency Account. Item D-77 was a request for approval to accept the $40,000, and upon approval, an Executive Order would be issued by the Governor's Office to establish the Council. Mr. Drozdoff pointed out that Ted Cook, State Director, U.S. Fish and Wildlife Service, was in attendance and had been very helpful to all of the Nevada agencies involved. The state was very appreciative of the $40,000 to assist in the endeavor.

Mr. Drozdoff went on to explain that in addition to the Sagebrush Ecosystem Council, the other two components were the multi-disciplinary agency Sagebrush Ecosystem Technical Team requested in Agenda Item G.3., which would work full-time on sagebrush ecosystem and Sage-Grouse issues, and Agenda Item G.4., which was a request for 25 percent General Funds for three Conservation Staff Specialist positions to strengthen on-the-ground efforts throughout key areas of the state.

The Sagebrush Ecosystem Technical Team would be comprised of five members and was modeled after the successful Interagency Tahoe Environmental Improvement Program (EIP) Team. That team had achieved much success in coordinating Nevada's efforts in the Tahoe Basin related to restoration, mitigation, and habitat improvement.

The three Conservation Staff Specialists would reside in rural Nevada: Elko, Winnemucca, and Ely. They would serve as coordinators on the ground to work closely with the technical team to bring forward restoration projects, help implement the projects, get project clearances, and communicate monitoring information. They would also be eyes and ears on the ground to hear what local-area efforts were being requested. Mr. Drozdoff said it was a very important step to ensure that all entities involved were working toward the state's strategic goals.

Mr. Drozdoff said the Department was committed to working closely with the State Budget Office, the Governor's Office, and the Legislative Counsel Bureau to consider long-term funding, but now time was of the essence.

Mr. Drozdoff further explained that the Sagebrush Ecosystem Council would work with its Technical Team to establish a Mitigation Bank Credit Program, which would consolidate funding sources and direct expenditures through a prioritized statewide list of projects identified by the Technical Team. The Mitigation Bank Credit Program would serve as a forum for coordination, discussion, and participation by federal, state, and local entities involved in the sagebrush ecosystem and Sage-Grouse programs.

Mr. Drozdoff recalled that when the DCNR was asked to assume a greater role with the Sage-Grouse issue in late August 2012, it was apparent that a lot of good work was being done, but it was sometimes not as transparent or consistent as it could be. He believed one of the positive aspects of the Council was that decisions would be made in a public setting, subject to the Nevada Open Meeting Law, which would allow everyone involved in the issue an opportunity to discuss their activities, and there would be a reasonable and predictable path to resolve conflicts.

Continuing, Mr. Drozdoff explained the Sagebrush Ecosystem Technical Team would be comprised of five positions that would be housed together in Carson City:

- Working Team Coordinator
- Wildlife Staff Specialist from the Division of Wildlife
- Forester Fire Specialist from the Division of Forestry
- Agricultural Conservation Specialist from the Department of Agriculture
- State Lands Environmental Scientist

Mr. Drozdoff said a similar structure had been the key to the success of the Tahoe Environmental Improvement Plan, and it would work well for this purpose. The members of the Technical Team would not be located in their respective agencies; they would be together to deal with the many issues.

Mr. Drosdoff explained that the IFC Contingency Account request to fund the Technical Team for the remainder of fiscal year (FY) 2013 was $289,109. The request included $28,265 for the Conservationist Staff Specialist positions, which represented 25 percent General Fund, and the remainder would come from federal sources. Federal funding was authorized, but the status of the funds needed to be clarified. When the funds became available, the Elko position would be filled in January 2013, and the other two positions would be filled in spring 2013.

Mr. Drozdoff said it was important to note that while the Contingency Account request was from the Department of Conservation and Natural Resources, the effort and coordination among other departments in the state, specifically the Department of Wildlife (NDOW) and the Department of Agriculture, would continue to expand. Current NDOW efforts would continue during the establishment of the management infrastructure: the Department's expertise was critical to educate and inform the Technical Team and the Sagebrush Ecosystem Council.

Continuing, Mr. Drosdoff said that the Technical Team would also partner with federal agencies and the counties. Discussions had taken place with the Bureau of Land Management, the Fish and Wildlife Service, the U.S. Forest Service, and the Nevada Association of Counties (NACO). It was hoped those agencies would also be part of the Technical Team. The response received from the federal agencies and NACO had been positive.

In conclusion, Mr. Drozdoff wanted to address the Conservation Districts program. There was a lot of work being done at the local level, but there was no coordination. The Technical Team would be able to coordinate the efforts of the local governments and the Conservation Districts program to bring projects to bear and integrate them into a larger plan. He said a very key component would be the ability to work more closely with local governments throughout the state.

Chairwoman Smith said she wanted to be sure that the Committee had heard all testimony regarding the program. Mr. Drozdoff replied all testimony had been provided, and he noted that Jim Lawrence, Administrator, Division of State Lands, was in the audience. He was not prepared to make remarks, but he was available to further explain the Interagency Tahoe Environmental Improvement Team model and answer specific questions.

Chairwoman Smith asked Ted Cook, U.S. Fish and Wildlife Service, if he wished to address the Committee.

Ted Cook, Nevada State Supervisor, U.S. Fish and Wildlife Service (Wildlife Service), testified that he agreed with Mr. Drozdoff's analysis. Under the federal Endangered Species Act, the Wildlife Service had the responsibility to determine whether a species warranted protection under the Act, and Sage-Grouse was currently being evaluated. Mr. Cook said many things needed to be pulled together, and he did not foresee that happening unless the state, federal, and local governments and private citizens all worked together.

Mr. Cook said a recent example of success was celebrated in Beatty, Nevada, concerning the Amargosa Toad, which was precluded from being listed under the Endangered Species Act. The Wildlife Service made the decision, and the groups that normally sued the agency to try to list a species as endangered agreed that the toad was adequately conserved.

Mr. Cook went on to say that the Great Basin Restoration Initiative observed that after 150 years of cheat grass invasion in the Great Basin, which was the northern two-thirds of the state of Nevada plus portions of California, Oregon, Idaho, and Utah, the Great Basin was on the verge of ecological disaster. It was estimated that native plant communities in the Great Basin were lost to cheat grass at the rate of 4,000 acres a day: that was the threat to Sage-Grouse. Mr. Cook pointed out that Nevada did not cause the threat, but it had an opportunity to provide leadership to address the problem in a way that would meet the needs of Nevadans. He stressed that the problem and the request were very important.

Assemblyman Goicoechea asked whether more funds could be anticipated from the federal government. Mr. Cook replied he could not say more could be anticipated; the $40,000 came from his office's budget, which was declining, and positions were being cut. Providing the $40,000 to the state meant that he could not replace a position this year, but he was happy to do it as a token of appreciation and respect for the efforts of the Governor and the Greater Sage-Grouse Advisory Committee.

Mr. Cook compared the funding needs to address the loss of 4,000 acres a day of ecosystem in the country to a project on the scale of the Everglades or the Chesapeake Bay restoration projects. He believed that was the scale of funding that would be necessary to turn the tide. Mr. Cook said he would try to provide $40,000 in the next fiscal year, and he hoped everyone involved would set their sights higher as well.

Assemblyman Goicoechea thanked Mr. Cook, adding that his efforts reflected the level of concern and support from the U.S. Fish and Wildlife Service, and he hoped the Committee realized the value of having a federal agency's support.

Assemblywoman Carlton remarked she was glad that Mr. Cook had pointed out the problem was not just in Nevada: it was a multistate problem. She asked whether a multi-state approach was being considered and what other states were doing about the problem.

Mr. Cook replied the range of Sage-Grouse covered eleven western states, and the western half of the range was acutely threatened from fire and invasive species. All states were working toward a solution, and members of Congress were aware of the problem. He said that NDOW Director Ken Mayer had been providing leadership at the national level through the Western Association of Fish and Wildlife Agencies and the North American Sagebrush Ecosystem Conservation Act (SECA). Mr. Cook said the U.S. Fish and Wildlife Service had also been working in other states to try to develop a vision for how to address the problem.

Assemblywoman Carlton asked where Nevada stood in relation to the other western states. She was concerned that if Nevada moved forward and three or four other states were behind in the effort, the entire area would be in the same predicament. The other states' efforts could cause the listing regardless of what Nevada did; if all states were not on board, the effort could not move forward.

Mr. Drozdoff explained there was a federal/state task force consisting of the eleven states, including the Acting Director of the Bureau of Land Management and a number of senior officials of the Fish and Wildlife Service. He sat on that task force as well, and he said the problem was being taken very seriously by all eleven states. To date, the approaches had varied: Wyoming had led the way with a state plan, and many of the states were trying to emulate Wyoming, although their state plans differed. Nevada, Oregon, Utah, and Idaho were moving ahead with state plans; Colorado and Montana were still considering state plans. Other states believed they had mechanisms in place, such as the Dakotas and California, to deal with the problem, which was not as serious as in Nevada and other states. Mr. Drozdoff assured the Committee that the eleven states recognized that it was a range-wide problem that required range-wide solutions.

Assemblywoman Carlton asked whether the other states had committed the same time and funding as being requested in Nevada. Mr. Drozdoff replied every state was slightly different, but he would say that for the majority of the states, the problem was front-and-center, and they had invested time and resources. The state of Wyoming paid its staff to come to Nevada and educate the Governor's advisory committee and help the NDOW staff; it was definitely a multistate effort being buffeted by more than just existing resources.

Senator Rhoads remarked that he had served on the Board of Directors and was a past Chairman of the Board of the Public Lands Council, representing eleven western states, and this issue was the number one priority. All states were spending a sizeable amount of money toward the sagebrush invasion problem.

Assemblyman Hardy asked what caused the invasion of cheat grass.

Mr. Cook replied the cause was an introduction of a species of cheat grass that was not native to North America. Given its lack of pathogens or other control measures that may be indigenous to Asia, where cheat grass came from, it spread rapidly. The cycle

began with soil disturbance through a variety of forms, especially fire, that destroyed native plant communities, and cheat grass would outcompete the native plant communities in the presence of fire. Mr. Cook noted that fire cycles used to be over hundreds of years or many decades in native sagebrush communities, and now the cycle was over just a few decades. Sagebrush and other plants did not have an opportunity to grow back before they burned again, and the community would become a cheat gross monoculture.

Mr. Cook said the goal was to prevent soil disturbance. There were other specific techniques; the University of Nevada, Reno had experts on staff who had educated him in the last few months on some of the tools that could be used to turn the tide. He said if Nevada could get ahead of the problem on its own with the support of the U.S. Fish and Wildlife Service, even if the Sage-Grouse were listed under the Endangered Species Act range-wide, the Wildlife Service would recognize Nevada's efforts as sufficient so that any listing would have little or no regulatory effect beyond what would be developed over the next three years. Nevada had a chance to control its own destiny in this effort.

Assemblyman Grady recalled that three positions were mentioned—one each in Elko, Winnemucca, and Ely—but he did not recall hearing anything about Bi-state Sage-Grouse in south Lyon County, which was scheduled to be listed first. He asked Mr. Drozdoff to explain the status of that listing.

Mr. Drozdoff explained there were two species of Sage-Grouse being evaluated: the Greater Sage-Grouse in the eleven states, and a second species that the Wildlife Service had determined to be uniquely different: the bi-state population between California and Nevada. The Bi-state population was on a faster timeline. Mr. Drozdoff said that when the Greater Safe-Grouse program was in place, it could help with the Bi-state population, which was why it was important to bring the program forward as soon as possible. Mr. Drozdoff said the Bi-state Sage-Grouse population was not being ignored: the ecosystem efforts would help both species.

Assemblyman Goicoechea observed that the Bi-state habitat was clearly a smaller area; several efforts were underway to improve that situation, and there had been some recovery because it was an area of only approximately 100,000 acres. He was sympathetic to Assemblyman Grady's concerns, but he did not believe the Bi-state species was ever intended to be excluded from the Sage-Grouse efforts. If the same efforts being made in Lyon County could be applied statewide, he believed the Greater Sage-Grouse effort would be successful as well.

Mr. Drozdoff agreed with Assemblyman Goicoechea's remarks. He had neglected to say that the Advisory Council and the Technical Team would be able to identify with the efforts of NDOW and others in the Lyon County effort.

Assemblyman Aizley asked how success of the program would be measured and what it would take to ultimately remedy the situation.

Mr. Drozdoff replied the plan was to measure success primarily through the efforts of NDOW. The Department had been evaluating and refining, through mapping and other methods, where the nesting areas were and what needed to be done to protect them. If the restoration component was combined with the mitigation efforts, he believed mapping would improve and real-time decisions could be made on whether a funded project realized its intended benefit. Mr. Drozdoff pointed out that the Technical Team would not only be assigning projects, it would be evaluating their effectiveness and reporting the results to the Advisory Council.

Chairwoman Smith invited Ken Mayer, Director, Nevada Department of Wildlife, to the testimony table because he and the Department had been referred to several times during the Committee's discussion.

Ken Mayer, Director, Nevada Department of Wildlife (NDOW), recalled he had addressed the Committee in 2007 concerning Sage-Grouse. In 2008, the decision to list the bird was not warranted, and in 2010, a new decision was made to reevaluate whether listing was warranted. The bird was currently listed, but it was precluded from receiving the full protection of the Endangered Species Act.

Mr. Mayer said 40 people in the Department had been working on the Sage-Grouse problem at some level every day, every week, or every month. He said NDOW staff was working with the federal land management agencies and private landowners to determine what was needed to coordinate and disseminate information on both the federal and state levels.

With regard to measuring success, Mr. Mayer said the U.S. Fish and Wildlife Service had made it clear in the national policy call for the BLM that the outcome should be no net loss. There must be stable-to-increasing populations; there were ways to measure success, but they would require many people to be focused and organized. Mr. Mayer said NDOW would work with Director Drozdoff to develop procedures, and he looked forward to positive activities in the future.

Assemblyman Grady said as he traveled his district, he was repeatedly asked why hunting Sage-Grouse was still allowed when there was an attempt to place it on the Endangered Species list.

Mr. Mayer replied the State of Nevada had been working actively to see that the bird was not put on the list. He believed, professionally and personally, that placing it on the list would be the worst thing that could happen to the bistate and the Greater Sage-Grouse range-wide. Mr. Mayer said the Western Association of Fish and Wildlife Agencies (WAFWA) Service Technical Team had conducted a survey on the amount sportsmen had spent over the twelve years on Sage-Grouse surveys, monitoring, and habitat work, and found that approximately $130 million had been spent on those efforts.

With regard to hunting, Mr. Mayer said hunting was looked at biologically worldwide, and hunting Sage-Grouse was either additive or compensatory. When he became Director, he made the commitment that the agency would be science-based, and the fact was that hunting was compensatory: if a certain number of birds were going to die each year, hunting replaced one mortality factor for the other. Mr. Mayer explained hunting was not additive: hunting did not add to normal winter mortality. He said Sage-Grouse were hunted in every western state except Washington, and the hunting was managed at a compensatory level.

Mr. Mayer said the state had a track record over the years: 22 BLM Sage-Grouse planning units had been closed. The Department looked at every unit every year to assure compliance with the WAFWA guidelines that no more than 10 percent of the fall population was harvested. If that limit was approaching, it was recommended to the Wildlife Commission that the unit be closed. The hunting community had been dealing with hunting seasons for a long time based on the biology of the bird, which kept sportsmen involved in the funding of Sage-Grouse habitat restoration and surveys.

Mr. Mayer went on to explain that there were wing barrels scattered throughout the hunting areas. Hunters put the birds' wings in the barrels, and the Department could determine the male-to-female ratio, the chicks-per-hen ratio, and other information that was input to the population model for forecasting bird numbers. He did not know how the demographic information would be obtained if hunting were discontinued. He and the directors of the other western states strongly believed that hunting was a compensatory activity that did not contribute to the decline of the species. He had seen a letter from the U.S. Fish and Wildlife Service Director urging the states to continue their hunting programs.

Chairwoman Smith acknowledged that the subject was complex and the science was important. She thanked Mr. Mayer for his thorough explanation.

Assemblyman Bobzien said he looked at the effort as a positive development. The program would make a positive impact; however, he saw gaps: there were holes in the science and holes in the mapping. He recalled there was a bill in the 2011 Legislative Session that authorized the Department of Wildlife to collect more money by conducting energy plan reviews, which was bringing in thousands of dollars every quarter. Assemblyman Bobzien assumed there would be additional funds for other activities, and he would like to see a preview of what would be included in the Governor's Executive Budget for the other areas. He suggested there would need to have a serious discussion in the 2013 Legislative Session to ensure there was funding for all of the needs.

Mr. Drozdoff said one of this things that came out of the Advisory Council, which had been well known for some time, was that the top two threats in Nevada were fire and invasive species. The 2013-2015 Executive Budget would reflect a significant positive change in how the Division of Forestry conducted itself in terms of wild-land fires. He said the Sage-Grouse was a consideration when developing the ecosystem

concept over two years ago, but other drivers of the effort were the winter fires of 2011-2012 and the realization that the strategy of fighting fires to just put them out was not sufficient.

Working closely with local governments, Mr. Drozdoff said the Department would propose a streamlined program to not just put out fires, but to conduct pre-suppression activities in the winter seasons to fight wild-land fires and control invasive species, including working with local firefighters. Mr. Drozdoff believed the proposal would fill a major gap and provide a number of other major benefits.

Mr. Mayer recalled that the 2011 Legislature had approved the Gift Account within Department of Wildlife, which had become the key funding mechanism for the Nevada Partners for Conservation and Development to share resources and make decisions collectively, and Sage-Grouse was the number one priority. He said in September 2012, NDOW was notified by BLM that the state would have $200,000 in year-end funds available to work on sagebrush ecosystems, and the funds would be placed in the Gift Account. Mr. Mayer said a funding mechanism was being created: Nevada Partners for Conservation and Development and both sportsmen's organizations, the Nevada Big Horn Unlimited and the Chukar Foundation, were contributing money, and some funding from the Ruby Pipeline was directed toward Sage-Grouse and pygmy rabbit habitat restoration. He hoped that Congress would realize the scope of the problem and enact legislation similar to the wetland preservation and water fowl management plan acts to fund the sagebrush ecosystem.

Chairwoman Smith asked why some of Ruby Pipeline funding could not be used to fund the ecosystem activities rather than the IFC Contingency Account.

Mr. Mayer replied that Ruby Pipeline funding had been allocated to several projects: the cattlemen received $15 million, the western watershed received $15 million, and the Sheldon Hart foundation received $15 million. He explained that BLM had received $8.6 million specifically for Sage-Grouse and pygmy rabbit restoration that must be spent on the ground for those purposes. The BLM had tight restrictions on the use of the funds, and they had to be spent in the county where the pipeline existed within a BLM district.

Chairwoman Smith affirmed the Ruby Pipeline funds must be used for projects on the ground versus for such things as the Technical Team and the Advisory Committee, but the funding would go toward mitigation of the problems being worked on by those groups.

Mr. Mayer added that instead of the Ruby Pipeline sending a check to BLM, the BLM asked Ruby Pipeline to write the check directly to the NDOW Gift Account. Those dollars were now state dollars being used to leverage federal grant money, so the $8.6 million had expanded several times for the projects that were funded.

Chairwoman Smith asked whether there was a designated group in charge of how money was to be expended. Mr. Mayer replied there was, and it included the NDOW staff and the BLM field staff. That group made recommendations for funding, and a senior-level group made a final determination and submitted recommendations to him. Mr. Mayer said NDOW had provided oversight, and there had not been any disagreements on expenditure of the funds.

Assemblyman Goicoechea said the project needed to move forward. Waiting until the next budget cycle would mean another breeding cycle, another nesting cycle, another fire season, and continued declines. He thanked Mayor Crowell and his group for their recommendations, but not everyone agreed with everything they brought forward. There was still a need in some of the rural counties, and those local governments felt that they had been slighted in this effort. Assemblyman Goicoechea said that the request for $289,109 was a small investment for what it would mean economically for the state of Nevada.

Assemblyman Goicoechea added that he was concerned that there was a lack of oversight over the Ruby Pipeline funding, and there were differing views on how the funds could be spent. As the 2013 Legislature worked through the biennial budget process, it should be determined how the Ruby Pipeline funding was intended to be spent. He believed that $4 million to $5 million would go far toward developing a true Sage-Grouse plan for the state to avoid listing. He urged the Committee's support of the request for funds from the IFC Contingency Account.

Assemblyman Bobzien said he appreciated the identification of the threats of fire and invasive species, but the Ruby Pipeline project was a perfect example of what could exacerbate those conditions. He said that the effort also needed to have a serious conversation about large landscape protections on federal and public lands. He had been observing action at the federal level, and he was convinced that U.S. Interior Secretary Salazar understood how precarious the situation was: he had made it clear that he wanted the BLM and U.S. Fish and Wildlife Service to work together. Assemblyman Bobzien said the state was doing its part, but there must be national conversations concerning landscape protections.

Senator Kieckhefer noted that the Nevada Sagebrush Ecosystem Team was comprised of five new positions in Carson City representing multiple agencies, and he asked whether they would be employees of their respective departments or divisions and who would provide central leadership.

Mr. Drozdoff replied the team members would be employees of their specific departments and divisions, but they would be co-located and working together, similar to the Tahoe Environmental Improvement Program (EIP) team structure. The employees would bring all sides of the issue together and become a conduit for information and education for their respective departments or divisions.

Senator Kieckhefer asked whether the request for the positions would be in the 2013-2015 Governor's recommended budget under the individual departments. Mr. Drozdoff replied they would be.

Chairwoman Smith asked who would be the conductor of the program and ultimately responsible for the overall effort. She said that in other projects involving multiple agencies and departments across the state, it was important to know who was in charge.

Mr. Drozdoff replied the program was a function of the Department of Conservation and Natural Resources, he was the Director, and the buck would stop with him. He added that there were some unique and capable managers within his department and the other departments involved. He believed the program was the best way to implement the Advisory Committee's recommendations, judging from the feedback he had received over the past two months from local governments, industries, and federal agencies. Mr. Drozdoff added that Jim Lawrence [Administrator, Division of State Lands] had done an excellent job of managing the Tahoe EIP team, and he would be the day-to-day manager of the ecosystem team.

Chairwoman Smith asked whether the three Conservation Staff Specialist positions requested in Agenda Item G.4. would be eliminated if federal funding was not received. Mr. Drozdoff replied that was correct: if federal funds were not received, the positions would not be filled in the short term. However, he wanted to assure Assemblyman Goicoechea that if that were to occur, funding for the positions would be found for fiscal year 2014. He agreed that the rural counties had been excluded, but he was optimistic that the federal funds would be received.

Assemblywoman Carlton said she had served on the Legislative Committee on Public Lands, in which there were a number of similar discussions, and in some cases, the Committee siloed itself on some issues. She believed the committees should start involving each other in their conversations. She asked whether this was the first request for money or if other sources of funding had been pursued, adding that funding would be a topic of discussion for many interims to come; she believed the ecosystem was a huge economic development issue.

Mr. Gardner [Chief of Staff, Office of the Governor] replied the answer was no, the IFC was not the first stop: there had many conversations with the Budget Division concerning alternative funding. The critical factor was how quickly the program had to move forward. There were concerns with flexibility and restrictions on other budget sources that had been considered. Mr. Gardner said the real factor currently was the short timeline; the Governor's recommended budget was in its early phases, and funds were very limited.

Assemblywoman Carlton said she had some concerns about funding the program. There were a lot of needs in the state, and when small amounts of money were being debated in some budgets that would disseminate whole programs, $300,000 would

have allowed some of them to survive. No amount of money was too small: everything was on the table.

Assemblywoman Carlton recalled that the Legislative Committee on Public Lands had unanimously approved the Ecosystem Council's recommendations. A number of members on the committee had concerns with some aspects of the program, but they realized how important it was for the state to have a united voice on the issue. She would vote for approval to reflect a united voice, but she still had concerns.

Senator Cegavske asked whether there had been discussion concerning a sunset provision for the program. She thanked the rural area legislators who had been working on the program; she had been contacted by several constituents in the rural areas.

Mr. Drozdoff said the Department had been asked similar questions concerning the need for the program, but in this case, he believed it was the right thing to do. He did not believe the program could sunset, for two reasons: First, the issue today was Sage-Grouse, but the issue tomorrow would be another species followed by another, and second, the Department had looked for another existing commission or agency that was range-focused, but there was none. He recalled that the Advisory Board on Natural Resources was disbanded in the 2011 Legislative Session. When considering ways to demonstrate results to the U.S. Fish and Wildlife Service, the Department was always careful about the growth of government, but he believed in this case, the proposal was the right one.

Chairwoman Smith asked for public comment.

Doug Busselman, Executive Vice President, Nevada Farm Bureau Federation, testified he was a member of the original Sage-Grouse committee under Governor Kenny Guinn that first met in August 2000. In 2004, that committee finalized Nevada's first Sage-Grouse conservation plan. Mr. Busselman believed the plan was not fully effective because it did not have the necessary linkage to the various federal land management plans taking place around the state. He said BLM was currently involved with a National Environmental Policy Act (NEPA) process to update land management plans that would take into account the necessity for Sage-Grouse conservation.

Mr. Busselman said the Nevada Farm Bureau Federation strongly supported Nevada having a conservation plan effectively engaged in and driven by Nevadans. If there was no engagement on the part of the state, the state would be at the whim of federal agencies to decide how the state should be managed. He believed that this type of program, with local conservation districts and other engaged citizens participating, was essential, and the proposal before the Committee would allow the plan to move forward. From the Federation's standpoint, while it was important to demonstrate confidence in the federal agencies, there were a number of Nevada citizens who had spent time and energy developing and participating in the state's conservation

activities. The Committee owed those citizens assurance that it would move forward with a legitimate plan.

Tina Nappe, Conservation/Environmental Representative, Governor's Greater Sage-Grouse Advisory Committee, testified that she had served on the Nevada Board of Wildlife Commissioners for 14 years, she was a native resident of Washoe County, and she had been involved in conservation issues for a very long time. Ms. Nappe said the current proposal was one of the most exciting developments she had seen in a long time.

Ms. Nappe said she was appointed by Governor Sandoval to represent conservation on the Advisory Committee, but she believed everyone on the Committee was a conservationist who cared about Nevada and was concerned with what was happening on the state's public lands. Hundreds of thousands of acres were being burned every year, and the spread of cheat grass, red brome, and other invasives was destroying the lands and making them unfit for agriculture and viewing. She added that the piñon and juniper invasions were also affecting the sagebrush ecosystem.

Ms. Nappe said she was glad that all of the agencies that had previously been siloed were now working together, including federal, state, and local government agencies, the private sector, and nonprofit organizations. She hoped the program would go beyond the Sage-Grouse and be viewed as Nevada's responsibility to protect and maintain the quality values of the public lands. Ms. Nappe again thanked the Governor and the Committee for taking a positive step forward.

Jeff Fontaine, Executive Director, Nevada Association of Counties (NACO), thanked the Committee for the opportunity to express NACO's support of the request and appreciation to the Governor's Office for bringing the proposal forward. He also thanked Mayor Crowell and the members of Governor's Advisory Committee for their extraordinary effort under severe time constraints. Mr. Fontaine said the problem was of critical importance to Nevada's counties, and NACO appreciated being asked to be involved in the implementation process and looked forward to being a part of the team. He urged the Committee's support of the request.

Don Henderson, Resource Concepts, Inc. in Carson City, stated he represented the Wildfire Conservation Group (WCG), which had submitted a written letter of support to the Committee. Mr. Henderson noted that the WCG had been recognized for its innovation and accomplishments in Senate Concurrent Resolution No. 5 of the 75th Legislature (2009 Session).

Mr. Henderson said the WCG was supportive of the modest funding proposal. The State of Nevada was entering into an equal partnership with federal and local governments to manage the sagebrush ecosystem in Nevada. He said the problem was not a single species issue: it was a habitat issue, and the notion of a sunset clause was the wrong way to view the program. Mr. Henderson said that Nevada needed to play a leadership/partnership role in the management of the state's public lands and

habitat resources. This was the first step in that process, but it was a very important and timely step. He congratulated the Governor and the Department of Conservation and Natural Resources for bringing the proposal forward.

Continuing, Mr. Henderson said there had been discussion concerning what the cost would be if the Sage-Grouse were listed in Nevada. He cited some important statistics:

- In 2010, cattle and sheep sales in Nevada approached $322 million as the annual sales receipts circulated through the local economies.

- Most, if not nearly all, livestock raised and sold in Nevada spent a significant portion of their lives on public lands.

- Hunting expenditures in Nevada approached $1 billion a year.

- The listing of the Sage-Grouse as a federally protected species would adversely affect the sale and revenues generated from the upland game stamps sold by the Nevada Department of Wildlife. This state licensing currently generated an annual agency revenue of nearly $300,000, and the revenues were leveraged with federal and private funding sources and reinvested back into Nevada to support monitoring and habitat improvements for upland game species. A large portion of the funding was now prioritized to conserve Sage-Grouse in Nevada.

- Although often overlooked, outdoor recreation represented a $1 billion annual expenditure in Nevada. Much of the outdoor recreation occurred on Nevada's public lands. Access to public lands for recreation and other uses could be restricted in large areas across the state if the Greater Sage-Grouse were listed as a federally protected species.

- Mining, which was also heavily dependent upon access to public lands, represented a $12.3 billion industry in Nevada. This industry provided about 64,000 jobs in the state.

Mr. Henderson said that because of the potential loss of access and development possibilities on the public-land resources in Nevada, the Wildlife Conservation Group strongly urged the Committee to approve the investment to allow the state to play a vital leadership role in efforts to prevent the listing of the Greater Sage-Grouse. He said that because of the threats of increasing wildfires in future conservation of sagebrush ecosystems and the Greater Sage-Grouse, the WCG would also support future funding proposals to strengthen the state's role in wildfire management.

Mr. Henderson added that because the problem was about habitat management, it was not limited to northern Nevada. Southern Nevada had its cheat grass and red brome, which were also increasing fire frequency. He noted that the Mojave Desert ecosystem could not handle fire damage as well as the more moist northern Great Basin could.

Jeremy Drew, Vice Chair of the Nevada Board of Wildlife Commissioners, testified he was speaking on his own behalf and wanted to express his appreciation for the work of the Governor's Advisory Council and the Public Lands Committee and their support of the recommended plan. A lot of work had been accomplished in a short time period, and he admired the members of the Committee who had developed a very good plan.

Mr. Drew expressed support for Agenda Items G.3. and G.4. Sage-Grouse was still a state-managed resource, and this was a unique opportunity for the state to take an immediate and much-needed leadership role. He recalled that Assemblyman Grady had earlier asked about the Bi-state Sage Grouse population, and he noted that the Bi-state population already had a technical team in place. Mr. Drew said many of the efforts in the Bi-state population had been prioritized and well-coordinated, which, in his opinion, was due to the technical committee. Taking that model that was already proven to work and expanding it to the entire state was very much on point. He echoed Mr. Henderson's comment that the problem was a habitat issue and not necessarily a single species issue.

Jack Robb, Chairman, Nevada Board of Wildlife Commissioners, testified he was also speaking on his own behalf. Having served on the Board of Wildlife Commissioners prior to sitting on the Governor's Greater Sage-Grouse Advisory Committee, he was aware that the problem had been on the Wildlife Commissioners' radar for a long time. He thought if the subject had been addressed ten years earlier, the problem being faced today could have been prevented. Mr. Robb said that time was lost every day that went by without doing something proactive to manage piñon, juniper, cheat grass, fire, and other elements. He would support going forward with funding for the proposal.

Joe Sicking, Chairman, State Conservation Commission, Department of Conservation and Natural Resources, testified there were 28 conservation districts in the State of Nevada, each comprised of from five to seven members. The members were knowledgeable about the problems in their areas, and they were looking forward to assisting in this effort. Mr. Sicking said there were local working groups in every county in the state, and he voiced the groups' support.

Chairwoman Smith asked for further public comment; there was none.

Chairwoman Smith observed that many people in the room, both legislators and those in the audience, worked on legislation called the Dream Tag legislation, and the funds raised from the program would be used for habitat restoration. After the first round of ticket sales, grant applications had just been awarded, and the program had raised well over $300,000 in three months of existence. She thanked everyone who had worked on the legislation; it should make a difference in the coming years.

Assemblyman Bobzien said he was always frustrated that the Sage-Grouse listing was viewed as a northern issue when in many ways it was a statewide issue. The southern impacts were significant to the entire eleven-state region and to what listing the Greater

Sage-Grouse would mean for the Colorado River Basin allocation. He absolutely agreed with Mr. Henderson that the problem was state-wide.

Unless there was a request to move one of the agenda items separately, Chairwoman Smith said she would entertain one motion on all four agenda items: D-77, D-85, G.3., and G.4.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE AGENDA ITEMS D-77, D-85, G.3., AND G.4.

SENATOR KIECKHEFER SECONDED THE MOTION.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that Fiscal staff had revised the costs calculated for the five new positions in Agenda Item G.3. because they did not reflect the 2.5 percent salary reduction and the 2.3 percent reduction for furloughs in effect during the 2011-2013 biennium. Therefore, staff requested that the total requested allocation in Agenda Item G.3. of $289,109 be reduced by $10,164 to $278,945. Ms. Jones said the revision would also require an adjustment to Agenda Item D-85; Fiscal staff would work with the Budget Division to make the appropriate changes to the work program.

Ms. Jones said the same issues existed in the calculation of the salary costs in Agenda Item G.4., and a minor adjustment was also needed to operating costs. Therefore, Fiscal staff recommended that the allocation of $28,265 in Agenda Item G.4. be reduced by $2,730 to $25,535.

ASSEMBLYMAN BOBZIEN AND SENATOR KIECKHEFER AGREED TO INCLUDE IN THE MOTION AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS TO AGENDA ITEMS G.3. AND G.4.

THE MOTION CARRIED.

86. **Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2013 -** Addition of $135,863 in funds transferred from the Air Quality Management account to cover the ongoing cost of a Supervisory Professional Engineer position that was transferred from the Bureau of Administrative Services account in FY 2012. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $75,000. **Work Program #C25127**

    Refer to motion for approval under Agenda Item D.

87. **Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2013 -** Addition of $80,000 in Chemical Accident Prevention Program (CAPP) funds transferred from the Nevada Division of Environmental Protection (NDEP) - Chemical Hazard Prevention account

and $593,906 in funds transferred from the NDEP - Air Quality Management account to balance forward unexpended contract authority for explosive manufacturing/engineering support associated with the CAPP. Requires Interim Finance approval since the amount added to the Operating category exceeds $75,000. **Work Program #C24993**

Refer to motion for approval under Agenda Item D.

88. **Department of Conservation and Natural Resources - Environmental Protection - Water Pollution Control - FY 2013 -** Addition of $20,650 in federal Environmental Protection Agency (EPA) 106 grant funds, $116,200 in funds transferred from the Nevada Division of Environmental Protection Administration account, and $133,039 in funds transferred from the State Revolving Fund to balance forward unexpended contract authority in support of the division's well head programs and regulatory activities. Requires Interim Finance approval since the amount added to the Well Head Program category exceeds $75,000. **RELATES TO ITEM 90**. **Work Program #C25218**

    Refer to motion for approval under Agenda Item D.

89. **Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2013 -** The addition of $246,571 in federal Department of Energy grant funds; $26,540 in federal Department of Defense grant funds; $96,655 in federal Environmental Protection Agency (EPA) Exchange Network grant funds; $90,097 in federal EPA Underground Storage Tank grant funds; $132,860 federal EPA Super Fund grant funds; $10,000 in Civil Penalties; and $57,896 in funds transferred from the Hazardous Waste Management account to balance forward authority in support of the programs within the Bureaus of Waste Management, Corrective Actions, Federal Facilities, and Environmental Information and Planning. Requires Interim Finance approval since the amount added to the Super Fund category exceeds $75,000. **Work Program #C24950**

    Refer to motion for approval under Agenda Item D.

90. **Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund Administration - FY 2013 -** Addition of $133,039 in federal Environmental Protection Agency - Drinking Water State Revolving Loan Fund Administration grant funds to balance forward unexpended contract authority to cover the division's contractual obligations and in support of the agency's regulatory activities. Requires Interim Finance approval since the amount added to the Well Head Program category exceeds $75,000. **RELATES TO ITEM 88**. **Work Program #C25237**

    Refer to motion for approval under Agenda Item D.

91. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2013 - Addition of $342,082 in federal Environmental Protection Agency (EPA) Clean Water Act Section 106 grant funds, $33,961 in federal EPA Clean Water Act Section 604B grant funds, and $1,717,237 in federal EPA Clean Water Act Section 319H - Non Point Source grant funds to balance forward unexpended contract authority to support the division's ongoing state water quality regulatory and enforcement activities. Require Interim Finance approval since the amount added to the Federal 319 Clean Water Act category exceeds $75,000. **Work Program #C25250**

Refer to motion for approval under Agenda Item D.

92. Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2013 - Addition of $335,596 in federal Department of Energy grant funds transferred from the Nevada Division of Environmental Protection Administration account to accept and expend funds in support of the division's Bureau of Safe Drinking Water programs. Requires Interim Finance approval since the amount added to the Operating category exceeds $75,000. **Work Program #C25212**

Refer to motion for approval under Agenda Item D.

93. Department of Conservation and Natural Resources - Historic Preservation - FY 2013 - Addition of $110,000 in federal Bureau of Land Management grant funds to allow the State Historic Preservation Office to take over management of the Site Stewardship program in Clark County. Requires Interim Finance approval since the amount added to the Site Stewardship Program exceeds $75,000. **Work Program #C24813**

Refer to motion for approval under Agenda Item D.

94. Department of Conservation and Natural Resources - Historic Preservation - FY 2013 - Addition of $50,000 in federal Bureau of Land Management grant funds to cover the cost of scanning documents into the state's Cultural Resource Information System. Requires Interim Finance approval since the cumulative amount added to the Cultural Resources Information category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25363**

Refer to motion for approval under Agenda Item D.

95. Department of Wildlife - Wildlife Fund - FY 2013 - Transfer of $7,411 from the Reserve category to the Transfer to Fisheries Management category and $78,810 from the Reserve category to the Transfer to Habitat category to support the Meadow Valley Wash Geomorphic Study Phase 2 and to reimburse the Nevada Division of Forestry for the Storey County Sheep Wildland Fire. Requires Interim

Finance approval since the amount transferred to the Transfer to Habitat category exceeds $75,000. **RELATES TO ITEMS 101 and 102**. **Work Program #C25417**

Refer to motion for approval under Agenda Item D.

96. Department of Wildlife - Wildlife Fund - FY 2013 - Transfer of $18,099 from the Transfer to Fisheries Management category to the Transfer to Habitat category and $18,099 from the Reserve category to the Transfer to Habitat category to reflect associated ongoing operating costs for a Wildlife Staff Specialist for coordinating and implementing the Natural Resource Conservation Service Farm Bill Conservation program. Requires Interim Finance approval since the cumulative change to the Transfer to Habitat category exceeds $75,000. **Work Program #C25428**

Refer to motion for approval under Agenda Item D.

97. Department of Wildlife - Fisheries Management - FY 2013 - Addition of $31,750 in federal Bureau of Reclamation (BOR) grant funds to augment and maintain the native razorback sucker population in Nevada. Requires Interim Finance approval since the amount added to the BOR Razorback category exceeds 10 percent of the legislatively approved level for that category. **Work Program #C24884**

Refer to motion for approval under Agenda Item D.

98. Department of Wildlife - Fisheries Management - FY 2013 - Addition of $76,639 in U.S. Fish and Wildlife Service, Statewide Wildlife Grant (SWG) funds to implement and coordinate management, monitoring, and conservation actions for the relict leopard frog in the efforts to delist the endangered species. Requires Interim Finance approval since the amount added to the SWG Aquatic Conservation category exceeds $75,000. **Work Program #C25072**

Refer to motion for approval under Agenda Item D.

99. Department of Wildlife - Fisheries Management - FY 2013 - Addition of $14,800 in funds from Trout Unlimited, Incorporated to accelerate the participation and delivery of conservation partnerships on lands with Lahontan Cutthroat Trout populations. Requires Interim Finance approval since the amount added to the Fisheries Small Grants category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25076**

Patrick Cates, Deputy Director, Nevada Department of Wildlife, explained the purpose of Agenda Item G-99 was to establish a Safe-Harbor Program in the Fisheries Division to aid in the recovery of the Lahontan Cutthroat Trout (LCT), which was currently listed as endangered under the Endangered Species Act. The Safe-Harbor Program was

made possible by a grant from Trout Unlimited, which provided 100 percent funding for a Fisheries Biologist position and associated costs.

Mr. Cates said the purpose of the Safe-Harbor Program was to work with willing landowners on LCT recovery. Several landowners were willing to enter into safe-harbor agreements with the U.S. Fish and Wildlife Service, and it was hoped there would be other willing landowners. Mr. Cates said the program was a "win-win" for landowners and LCT recovery. Extensive work had been conducted on the recovery of the species on public lands, and the Safe-Harbor Program would help facilitate recovery on private lands.

Mr. Cates explained a safe-harbor agreement would afford some protection for the private landowner. Because the LCT species was listed as endangered, if a landowner's actions resulted in damage to the species, the landowner could be held liable by the federal government. However, through the safe-harbor agreement, the federal government recognized the landowners' current land-use practices and afforded them some protection, while at the same time allowing the Department of Wildlife to work with the landowners to recover LCT habitat on their properties.

Mr. Cates said the Fisheries Biologist would specifically work on identifying landowners, craft the safe-harbor agreements, provide technical assistance to the landowners and allow the Department an opportunity to provide funding for habitat restoration on their properties. He said the Safe-Harbor Program was similar to the existing program, Landowner Incentive Program, which was for terrestrial species, such as sage-grouse.

Mr. Cates noted that the analogy between the Lahontan Cutthroat Trout and sage-grouse was significant. There had been discussion about the consequences on landowners of having the sage-grouse listed as an endangered species; the LCT was already listed, and the consequences could be severe for private landowners. The Safe-Harbor Program would help to protect the LCT and the landowners.

Chairwoman Smith observed there seemed to be a shift in focus for the fisheries management program with the creation of the Fisheries Biologist, and she asked whether Mr. Cates had any concerns.

Mr. Cates replied current staff was working on LCT recovery. The position to be used for the Fisheries Biologist was a current vacant position at the Lake Mead Hatchery, which was closed. The position had been vacant for some time and was going to be eliminated in the next biennium; it would now be put to good use with the federal grant, which was funded 100 percent from Trout Unlimited with no state match.

Assemblyman Bobzien remarked the request involved an instructive situation with regard to the sage-grouse because it was, in many ways, the other end of the entire process. The sage-grouse was reclassified as a threatened endangered species in 1975, and the populations had continued to decline, which raised the possibility of it

being reclassified as endangered. Assemblyman Bobzien said he had been a critic in the past of the Department of Wildlife's plan to have the LCT removed from the endangered species list, and he welcomed the partnership with the sportsmen organizations. It was a great example of the support sportsmen could provide, and the shift in focus was a positive development. He said the plan was a "win-win" for landowners, sportsmen, and the species.

Assemblyman Bobzien disclosed that he was a former board member and chapter president of Trout Unlimited, but he was now only a life member and had no interest other than to see the LCT removed from the endangered species list.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE AGENDA ITEM D-99.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED.

100. Department of Wildlife - Fisheries Management - FY 2013 - Addition of $65,000 in federal U.S. Fish and Wildlife Service grant funds for research and analysis of the Wall Canyon Sucker and removal of crayfish from its habitat. Requires Interim Finance approval since the cumulative change to the Fisheries Small Grants category exceeds $75,000. **Work Program #C25235**

Refer to motion for approval under Agenda Item D.

101. Department of Wildlife - Fisheries Management - FY 2013 - Addition of $45,425 in federal Bureau of Land Management grant funds and transfer of $7,411 in unrestricted funds from the Wildlife Fund account to support the Meadow Valley Wash Geomorphic Study Phase 2. Requires Interim Finance approval since the amount added to the Fisheries Small Grant category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 95. Work Program #C24865**

Refer to motion for approval under Agenda Item D.

102. Department of Wildlife - Habitat - FY 2013 - Transfer of $78,810 in unrestricted funds transferred from the Wildlife Fund account to reimburse the Nevada Division of Forestry for the Storey County Sheep Wildland Fire. Requires Interim Finance approval since the amount added to the Wildlife Water Development category exceeds $75,000. **RELATES TO ITEM 95**. **Work Program #C25249**

Refer to motion for approval under Agenda Item D.

103. Department of Transportation - FY 2013 - Addition of $213,786 in Highway Fund Authorization to reestablish unexpended FY 2012 authority for regular department mobile and fleet equipment that will be delivered in FY 2013. Requires Interim Finance approval since the amount added to the Equipment category exceeds $75,000. **Work Program #C24481**

Refer to motion for approval under Agenda Item D.

104. Public Employees' Benefits Program - FY 2013 - Transfer of $541,000 from the Self Insured Medical Cost category to the Incurred but not Reported Reserve category; $2,970,462 from the Health Savings Account/Health Reimbursement Account (HSA/HRA) Contributions category to the HRA Contributions - Medicare Retirees category; $11,431,000 from the Catastrophic Reserve category to the HRA Contributions - Medicare Retirees category; $9,904,962 from the Reserve category to the HRA Reserve category; and $369,000 from the Reserve category to the HRA Contributions - Medicare Retirees category to comply with the Public Employees' Benefits Program Board action of March 29, 2012, and actuarial estimates provided for Fiscal Year 2013. Requires Interim Finance approval since the amount transferred to the HRA Contributions - Medicare Retirees category exceeds $75,000. **Work Program #C25231**

Roger Rahming, Operations Officer, Public Employees' Benefits Program, introduced Celestena Glover, Chief Financial Officer, and Nancy Spinelli, Public Information Officer.

Celestena Glover, Chief Financial Officer, Public Employees' Benefits Program (PEBP), explained the purpose of the work program in Agenda Item D-104 was to make adjustments to the PEBP Reserve category based on actuarial estimates provided by Aon Hewitt Consulting and to comply with the decisions made by the PEBP Board at its March 29, 2012, meeting, which reduced the amount of excess reserves.

Assemblywoman Carlton asked how the excess reserves were accumulated. She recalled there had been discussion at the PEBP Board meeting about using some of the reserves to offset increased costs.

Mr. Rahming explained the reserves were accumulated over a period of time, beginning in plan year 2009, which was a long plan year that went through October, followed by a short plan year. Plan year 2009 went through October rather than June, and to recover the dollars spent in the long plan year, the actuaries developed rates for the short plan year. A normal plan year followed, using the short plan year rates, and reserves had been accumulating over time. Mr. Rahming said the high-deductible plan was implemented in plan year 2012, and there was less utilization than what was expected in the actuarial estimates.

Mr. Rahming said to bring the high reserves down, the PEBP Board took a number of actions at its March meeting: retain $6.3 million as a reserve; blend the rates for plan years 2012 and 2013, thereby mitigating the medical inflation for plan year 2013, which consumed about $7 million. It was also planned to give $2 per month per year of service to the Medicare retirees, which was equivalent to approximately $4 million. Additional one-time contributions would be added to the Health Reimbursement Arrangements (HRAs) and Health Savings Accounts (HSAs): $400 per participant; $100 per dependent up to 3; $200 for active employees over 45 years of age; and $200 for non-Medicare retirees with over 20 years of service.

Assemblywoman Carlton said she believed it was unfair that the state subsidized different employees at different rates; she had voiced her concerns over the last decade. She asked what the logic was for the actions taken; she did not understand why $200 would be given to every active employee 45 years of age or older. There were many young families with children who had paid into the reserves who could probably use the extra money as well. Younger employees were making $34,000 to $36,000 annually, but an increased subsidy was being given to employees who were 45 or older. Assemblywoman Carlton was concerned that young families would drop their children from their healthcare plans, especially with the salary cuts and furloughs over the past few years.

Mr. Rahming replied the Board rationalized that employees over 45 years of age did not have as much time to accumulate funds in their HSAs or HRAs. The subsidies did not apply to Health Maintenance Organization (HMO) participants, but their rates were decreased. Mr. Rahming explained the HMOs received a larger percent of the surplus reserves because the HMO and Preferred Provider Organization (PPO) rates were blended. The HMOs had greater medical inflation, and because of low utilization, the PPO did not have a large increase. The 2012 and 2013 rates were divided in half, and through that calculation, the HMOs received a larger percentage of the savings.

Assemblywoman Carlton again expressed concern that all state employees paid into the system and only certain employees were receiving the benefits; she did not understand the logic behind the additional subsidy to employees 45 years or older. She did not think that public hearings had been conducted, and she believed that more oversight of the PEBP Board was needed. She said the fact that there were surplus reserves because utilization had decreased indicated to her that people were not going to the doctor because they could not afford it, and she did not think that was appropriate for state employees. Assemblywoman Carlton acknowledged that the PEBP Board had instituted the new policies and nothing could be done, but she believed it was unfair to the young families who were not being treated equally, even though they had paid into the system.

Chairwoman Smith asked whether public meetings were conducted regarding the decisions on how to use the surplus reserves.

Mr. Rahming replied the decisions were made at the PEBP Board meeting on March 29, 2012.

Assemblywoman Carlton questioned whether the decision to increase the subsidy to employees 45 years or older was made at that meeting; she had not been able to obtain a copy of the minutes.

Chairwoman Smith asked Mr. Rahming to discuss the plan going forward for the remaining $30 million.

Mr. Rahming said rate mitigation was being considered, and by the end of plan year 2014, the reserve balance was estimated to be $10 million and zero by the end of plan year 2015. If there were excess reserves, they would be distributed to the participants in the system.

Chairwoman Smith affirmed that PEBP would recommend a rate reduction in the 2013 Legislative Session. Mr. Rahming replied that given the plan had excess reserves, the rates would again be blended and premium reductions would be implemented; medical inflation would be kept in check and the excess reserves would be further reduced.

Assemblyman Aizley stated he was a Medicare retiree and he had worked for the State of Nevada for 40 years. He found that the treatment for Medicare retirees and non-Medicare retirees was unequal. The subsidy for a similarly structured retirement was $500 a month for a non-Medicare retiree who worked for 40 years, but a Medicare retiree who worked for 40 years received $200 a month. He would like to know if it was true, and if so, why.

Mr. Rahming did not know the answer, but he would get the information to Fiscal staff.

> ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA ITEM D-104.
>
> SENATOR KIECKHEFER SECONDED THE MOTION.

Chairwoman Smith clarified that the decisions of the PEBP Board were not within the scope of the motion; the motion was only to approve the work program in item D-104.

> THE MOTION CARRIED. (Assemblywoman Carlton and Assemblyman Grady voted no.)

105. Public Employees' Benefits Program - Retired Employees Group Insurance - FY 2013 - Transfer of $360,348 from the Reserve category to the Retired Employee Group Insurance (REGI) category to account for the expenditure authority in the correct category. Requires Interim Finance approval since the amount transferred to the REGI category exceeds $75,000. **Work Program #C25229**

Refer to motion for approval under Agenda Item D.

106. Public Employees' Benefits Program - Active Employees Group Insurance - FY 2013 - Transfer of $4,714,643 from the Reserve category to the Active Employees Group Insurance (AEGIS) category to account for the expenditure authority in the correct category. Requires Interim Finance approval since the amount transferred to the AEGIS category exceeds $75,000. **Work Program #C25230**

Refer to motion for approval under Agenda Item D.

107. Adjutant General and National Guard - Military - FY 2013 - Transfer of $764,535 from the Army Security category to the Communications category to provide for telecommunications improvements and Army security provisions for the National Guard. This will correct transfers approved in a prior work program. Requires Interim Finance approval since the amount transferred to the Communications category exceeds $75,000. **Work Program #C25481. WITHDRAWN 10-11-12.**

Refer to motion for approval under Agenda Item D.

108. Adjutant General and National Guard - Military-Patriot Relief Fund-FY 2013 - Deletion of $7,607 in Treasurer's Interest Distribution and transfer of $49,555 from the Patriot Relief Fund category to the Reserve category to reflect the lower interest rate and to reflect the projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Patriot Relief Fund category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25345**

Refer to motion for approval under Agenda Item D.

Chairwoman Smith announced that Agenda Items D-109 and K would be heard together.

109. Silver State Health Insurance Exchange - Administration - FY 2013 - Addition of $1,870,759 in federal First Level One Establishment grant funds to align authority with the grant for the establishment of a state-based Exchange and request a new Information Technology Analyst position to assist with the management of information technology operations and implementation of the

Exchange. Requires Interim Finance approval since the amount added to the Exchange Implementation Grant category exceeds $75,000**. RELATES TO ITEM 46 AND AGENDA ITEM K. Work Program #C24954**

K. ESTABLISHMENT OF SALARIES FOR UNCLASSIFIED POSITIONS PURSUANT TO SENATE BILL 505, SECTION 2 (2011 SESSION) – Silver State Health Insurance Exchange – Senate Bill 440 (2011 Session).

Jon Hager, Executive Director, Silver State Health Insurance Exchange (Exchange), introduced Shawna DeRousse, Chief Operating Officer of the Exchange. Mr. Hager explained Agenda Item K was a request to balance forward grant authority from fiscal year (FY) 2012 and to approve one unclassified position starting January 1, 2013. He noted that all of the positions in the Exchange were required under Chapter 695I of *Nevada Revised Statutes* (NRS) to be unclassified. The new position would be an information technology (IT) position equivalent to an Information Technology Analyst 1 and would assist in the implementation of the Exchange to ensure it would be up and running by October 1, 2013.

Chairwoman Smith asked how the position would work with the IT Officer previously approved by the Committee. Mr. Hager replied the new position would report to the IT Officer and would assist with management of contracts and the review of deliverables, and creation of test-case scenarios. He said many of the current functions were in process: meetings were held nearly every day with the Exchange's vendor and the Division of Welfare and Supportive Services (DWSS) vendor. There were often two meetings at one time, and the new position would assist the Exchange in participating in both.

Mr. Hager went on to explain that once the implementation phase was completed, the new position would assist the IT Officer as described in the Exchange's original staffing plan provided to the Committee in April 2012. The Committee had approved four positions to start in May 2012, and the remaining positions had been delayed until the full Legislature could review them. He said the IT position was needed now to help with implementation of the Exchange.

Shawna DeRousse, Chief Operating Officer, Silver State Health Insurance Exchange, testified that she had met with employees of the DWSS and the respective contractors the previous day, and DWSS staff had commented that they did not know how the Exchange staff was doing its job with only four employees when the Division had 100 staff members assisting in the implementation of the eligibility engine. She said the additional position would be of great help and benefit.

Chairwoman Smith asked whether the position would be included in the 2013-2015 biennial budget. Ms. DeRousse replied the Budget Division had indicated that if the position were approved by the Committee, it would be included in the Exchange's 2013-2015 biennial budget.

Chairwoman Smith asked whether the position would terminate when the federal grant expired. Ms. DeRousse explained the position would be included in the Exchange's ongoing budget and would be paid for with fee revenue, as would all of the positions in the Exchange when federal grant funding expired.

Senator Denis affirmed the new position would be involved in routine activities rather than overall policy. Mr. Hager replied that Senator Denis was correct. He said a budget had been created out to 2020-2021, and obviously there would be some changes along the way. A total of 13 positions were included in the ongoing budget in order to project the long-term rates and fees to carriers after the grant funding expired.

Mr. Hager went on to clarify that the new IT position would perform numerous support activities, including management, during the implementation phase. As the Exchange transitioned into operations, the position would assist with management of the carrier feeds and work with vendors to ensure information was appropriately entered into the Exchange web portal.

Mr. Hager pointed out that the Exchange was in the implementation phase and there would be changes over the next several years. Most of the Exchange would be completed by October 1, 2013—at least the minimum required to implement the requirements of the Affordable Care Act and Senate Bill 440 from the 2011 Legislative Session. He said several other activities would be undertaken after the initial implementation. Full implementation would take approximately two years, and once the Exchange moved into full operation, all of the positions, including his, would be fully analyzed to determine whether they were still needed. He added it may not be appropriate to have an Executive Director once the Exchange was completely implemented. All employees of the Exchange were aware that their positions may not last forever. Mr. Hager assured the Committee that the IT positions would be hired with the understanding that their positions may ultimately be transferred to the Division of Enterprise Information Technology Services in the Department of Administration.

Chairwoman Smith asked for public comment; there was none.

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA ITEMS D-109 AND K.

SENATOR PARKS SECONDED THE MOTION.

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

Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Motor Vehicles	810/4742	CC2007	DMV Services Manager III, Code 11.420, Grade 39, Step 01, Employee/Employer Paid Retirement $52,847.28	Business Process Analyst III, Code 07.655, Grade 38, Step 01, Employee/Employer Paid Retirement $50,571.36
Department of Transportation Performance Analysis	800/4660	006-005	Transportation Planner/ Analyst III, Code 07.720, Grade 38, Step 01, Employee/Employer Paid Retirement $50,571.36	Professional Engineer, Code 06.226, Grade 40, Step 01, Employee/Employer Paid $55,206.72

Refer to motion for approval under Agenda Item D.

E. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION – Information regarding the Project Exception Report pursuant to NRS 341.100(8)(g).

Ward Patrick, Chief of Planning, State Public Works Division, Department of Administration, stated that because Gus Nuñez, Manager, State Public Works Division (PWD), was unable to attend the meeting, he was present to answer questions.

Chairwoman Smith asked for questions from the Committee concerning the PWD Capital Improvement Program Project Exception Report; there were none. She asked for public comment and hearing none, she called for a motion.

> ASSEMBLYMAN BOBZIEN MOVED TO ACCEPT THE PUBLIC WORKS DIVISION CAPITAL IMPROVEMENT PROGRAM PROJECT EXCEPTION REPORT AS PRESENTED.
>
> SENATOR DENIS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Cegavske and Assemblymen Hardy and Kirkpatrick were not present for the vote.)

F. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred Committee members to the balance statement of the Interim Finance Contingency Account in the meeting packet (copy attached as Exhibit C), which reflected the following balances as of October 25, 2012:

Unrestricted General Fund Balance	$11,774,049
Unrestricted Highway Fund Balance	$ 1,690,085
Restricted Funds Balance	$21,019,001

Ms. Jones said requests totaling approximately $4.8 million from Unrestricted General Funds were pending before the Committee. She noted that Agenda Items G.3. and G.4. allocations totaling $317,374 to the Department of Conservation and Natural Resources had been approved by the Committee, and the request from the Department of Education in the amount of $19,800 had been withdrawn. If the remaining requests for allocations were approved by the Committee, the Unrestricted General Fund balance would be approximately $7 million. There were no requests for allocation from the Unrestricted Highway Fund.

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

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

1. Department of Administration – Board of Examiners – Request for an allocation of ~~$580,000~~ ***$380,000*** to replenish the Reserve for Statutory Contingency Account. **REVISED 10-4-12.**

Mike Torvinen, Deputy Director, Budget and Planning, Department of Administration, explained Agenda Item G.1. was a request to replenish the Reserve for Statutory Contingency Account. The Department determined that the current balance of approximately $140,000 was too low, and an allocation of $380,000 would be sufficient to pay the estimated claims for the remainder of fiscal year (FY) 2013. Mr. Torvinen said that, historically, the Public Defender's Office had requested about $500,000 annually from the Account for post-conviction relief payments.

Chairwoman Smith said she understood the need for the allocation, but she questioned the payment of the $1.25 million Washoe County tax settlement from the Reserve for Statutory Contingency Account, which appeared to be outside of the normal realm of use of the Account.

Jeff Mohlenkamp, Director, Department of Administration, explained that prior to assuming his position, the Supreme Court had ruled on the Clean Water Coalition case. Subsequently, demand letters were received from Clark County and Washoe County requesting that the state reimburse them for taxes they believed were diverted improperly. The requests came before the Board of Examiners, and the Governor directed Chief of Staff Heidi Gansert and Mr. Mohlenkamp to determine whether there was a way to reach any kind of settlement with the counties. Mr. Mohlenkamp said a settlement was reached with Washoe County, which was approved by the Board of Examiners, and $1.25 million of the settlement was paid from the Reserve for Statutory Contingency Account.

Chairwoman Smith said it appeared to be an unusual situation. Mr. Mohlenkamp agreed; his office had researched the history of the Statutory Contingency Account, and there had never been significant settlements paid from the Account. However, he noted, the situation was unusual, and it was decided to take the prudent course to relieve the state of any significant liability.

Chairwoman Smith asked how much would be needed to replenish the Reserve for Statutory Contingency Account in the 2013 Legislative Session. Mr. Mohlenkamp said his office would be looking at historical balances to determine what amount would be required. He noted that typically the funds had been used for legal fees: the tax settlement was unusual. He anticipated the request from the 2013 Legislature would be based on the normal balances to keep the account sustainable.

Chairwoman Smith asked for public comment; there was none.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM G.1.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

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

2. Department of Education – Education State Programs – Request for an allocation of ~~$35,171~~ ***$19,800*** to cover the costs of travel for the Superintendent of Public Instruction. **REVISED 10-4-12. WITHDRAWN.**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that Agenda Item G.2. had been withdrawn.

3. State Department of Conservation and Natural Resources – Director's Office – Request for an allocation of $289,109 to fund the creation of a state multidisciplinary technical Sagebrush Ecosystem Team to coordinate and maximize Nevada's efforts to avoid listing the Greater Sage-Grouse as a threatened or endangered species pursuant to the federal Endangered Species Act of 1973.

   Refer to testimony and motion for approval under Agenda Item D-85.

4. State Department of Conservation and Natural Resources – Conservation Districts Program – Request for an allocation of $28,265 for three new Conservation Staff Specialist II positions.

   Refer to testimony and motion for approval under Agenda Item D-85.

5. State Department of Conservation and Natural Resources – Division of Forestry – Request for an allocation of $3,933,663 to cover the claims associated with firefighting expenditures through the remainder of fiscal year 2013.

Pete Anderson, State Forester, Nevada Division of Forestry (NDF), Department of Conservation and Natural Resources, introduced David Prather, Deputy Administrator, Nevada Division of Forestry.

Mr. Anderson testified that Agenda Item G.5. was a request for $3,933,663 to cover the estimated fire suppression expenses through the end of fiscal year (FY) 2013. He said 2012 was an extremely active fire season, with wildfires occurring nearly every month through the winter of 2012. To date, 689,519 acres had burned in the state; 386 fires were human-caused, burning a total 90,486 acres, and 620 were lightning fires that burned 599,033 acres. Of the total, 821,358 acres or 12 percent were non-federal lands.

Mr. Anderson pointed out that the five-year average fire season consisted of 625 fires and 304,873 acres, and fires in 2012 nearly doubled the five-year average. The majority of the fire activity occurred during the month of August because of significant lightning events. At the same time, there was extensive fire activity in the Rocky Mountains, Eastern Great Basin, and the Northwest. Nationally, shortages were occurring daily for aircraft, hand crews, and middle-management agency staff, all of which added to the challenges in Nevada through the month of August.

Mr. Anderson added that for over two weeks, NDF had every qualified conservation camp fire crew committed to incidents, and all three Sonoma kitchens [portable cooking stations] were assigned to feed firefighters; at one point there were over 3,000 firefighters in Elko. Mr. Anderson said he was happy to report that the Division survived the season safely, efficiently, and successfully.

Chairwoman Smith asked Mr. Anderson for an update on the status of outstanding claims. Mr. Anderson said one of the challenges of the 2012 summer was the magnitude of wildfires nationally, and the two federal land-management agencies, Bureau of Land Management and the U.S. Forest Service, would be processing claims for thousands of fires. He asked Mr. Prather to discuss the status of the state's current claims.

David Prather, Deputy Administrator, Nevada Division of Forestry, Department of Conservation and Natural Resources, stated an estimate of current outstanding claims was approximately $8 million, but as overwhelmed as the federal agencies had been in 2012, NDF was still dealing with claims from the end of FY 2011 and the fires in FY 2012; there was no guarantee that the estimated $8 million would be received, since it was beyond the state's control.

Chairwoman Smith asked for further questions from the Committee; there were none. She said Fiscal Analysis Division staff had recommended that a motion for approval include a provision that any unused funds be reverted, and if funds were needed in the future, NDF could request them at that time.

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

> ASSEMBLYMAN DALY MOVED TO APPROVE AGENDA ITEM G.5., WITH THE PROVISION THAT THE REMAINING BALANCE OF FUNDS WOULD BE REVERTED AT THE END OF THE FISCAL YEAR.
>
> SENATOR RHOADS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Cegavske and Assemblymen Hardy and Kirkpatrick were not present for the vote.)

6. Office of Veterans' Services – Commissioner for Veterans' Affairs – Request for an allocation of $83,030 to fund the addition of two new Veterans' Services Representative I positions.

Kat Miller, Deputy Executive Director, Nevada Office of Veterans' Services, testified from Las Vegas that Executive Director Caleb Cage was attending a conference out of state and was unable to attend the meeting. She introduced Jo Cantrell, Veterans' Advocacy and Support Team Program Manager, who was in Las Vegas, and Joe Palmer, Administrative Services Officer, Nevada Office of Veterans' Services, in Carson City.

Ms. Miller explained Agenda Item G.6. was a request for funding for two Veterans' Services Representative (VSR) positions in support of a 2007 Executive Branch audit. If funding was approved, the VSRs would support veterans living in the Las Vegas metropolitan area, as well as southern Nevada rural and frontier outreach initiatives. Ms. Miller said there was a current client backlog of over eight weeks in Las Vegas, and with about 100 clients on the waiting list and over 500 referred cases yet to begin, the Office of Veterans' Services was unable to keep abreast of the needs of Nevada veterans and their families.

Ms. Miller said that in addition to serving the needs of Nevada veterans and helping with wellness, educational and employment claims, issues, and concerns, the VSRs helped to improve the earning potential of veterans. Each of the Las Vegas-based VSR positions generated an average of $5.2 million annually in compensation and pensions for veterans living in Nevada. She said the income was largely spent in Nevada and benefitted the entire state. In short, Ms. Miller said, for every dollar spent on a Veterans' Services Representative, $130 was brought into Nevada's economy.

Ms. Miller said currently the national Veterans' Administration benefit utilization rate was 16.5 percent. In Nevada, the VA benefit utilization rate was only 10 percent, which was costing Nevada veterans millions of dollars in missed benefit payments. She said more VSRs would assist in moving VA benefits closer to the national average.

In conclusion, Ms. Miller said hiring two more Veterans' Services Representatives, a need first identified in 1999 and raised several times over the years, would improve both the quality of life and earning potential for Nevada veterans and bring more money into the state.

Chairwoman Smith asked whether the positions were included in the 2013-2015 biennial budget request.

Joe Palmer, Administrative Services Officer, Nevada Office of Veterans' Services, replied the positions were not included in the next biennial budget because the Office was instructed to request the positions from the Interim Finance Committee.

Jeff Mohlenkamp, Director, Department of Administration, testified that if the Committee approved the positions, they would be included in the 2013-2015 biennial base budget.

Chairwoman Smith asked the Office of Veterans' Services to discuss its estimate of the influx of returning veterans and the impact on the Office. Ms. Miller said that, based on Veterans' Administration and U.S. Census estimates, the Office anticipated a significant increase in the number of veterans needing support, for several reasons:

- The winding down of the two wars, with the downsizing of 300,000 veterans as a start.

- Agent Orange presumptive diseases—veterans who served in certain areas during certain periods did not have to prove that their diagnoses were a result of Agent Orange simply by being in that theater in that timeframe; they were allowed to file a disability claim presumptively based on Agent Orange. This factor was causing a significant increase in the Office's workload.

- The Veterans' Administration and the Department of Defense were aggressively providing program information to service members and recent retirees and informing them about disability claims and other eligible benefits.

Ms. Miller said the three factors combined to increase the number of veterans requiring services from the Office every day. Not only had the workload increased, the VA was now asking Veterans' Services Representatives to fully complete cases, which required twice the time to process a claim than it did in the past. The amount of time to process claims had increased, the number of claimants had increased, and the workforce of the Office had remained static.

Chairwoman Smith thanked Ms. Miller for her testimony. She wholeheartedly supported the request; she had made the same comments when the finance committees closed the budgets in the 2011 Legislative Session. Veterans' Services brought a lot of money into the state and provided services to those who needed them. She noted the funding was not new: it was available in the last budget. She was frustrated and angry that veterans were waiting eight weeks for services when money was available in the last budget cycle that could have been used to provide services. The veterans should be funded the way they deserved to be funded.

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

> SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEM G.6.
>
> ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Cegavske and Assemblymen Grady, Hardy, and Kirkpatrick were not present for the vote.)

H. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 396.545 – Nevada System of Higher Education – Request for an allocation of $14,000 to cover a shortfall in the Trust Account for the Education of Dependent Children for registration and laboratory fees and expenses for textbooks and course materials for eligible students.

Renee Davis, Director of Student Affairs, Nevada System of Higher Education (NSHE), explained the request in Agenda Item H was revised from $14,000 to $15,286.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said that Fiscal staff had recommended that the adjustment be made based on a recalculation of the need by NSHE.

Ms. Davis said the Trust Account for the Education of Dependent Children was designed to pay higher-education costs—registration fees, lab fees and books—for children of slain peace officers. The program had only a few, but very deserving, students.

Chairwoman Smith explained that funds were placed in the IFC Contingency Account for the Trust Account and were requested by NSHE as needed.

ASSEMBLYMAN AIZLEY MOVED TO APPROVE AGENDA ITEM H.

SENATOR DENIS SECONDED THE MOTION.

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

I. REQUEST FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c).

1. Department of Administration – Nevada State Library and Archives – Request for approval to accept an $87,942 monetary gift from the Nanno and Irene Maarsingh Trust.

Daphne Deleon, Administrator, Nevada State Library and Archives Division, Department of Administration, explained Agenda Item I.1. was a request for Committee approval to accept a gift of $87,942 from the Nanno and Irene Maarsingh Trust for the Nevada Talking Book Services program.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM I.1.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

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

2. State Department of Conservation and Natural Resources – Division of State Parks – Request for approval to accept a $20,250 monetary gift from the American Automobile Association.

David Morrow, Administrator, Division of State Parks, Department of Conservation and Natural Resources, explained Agenda Item I.2. was a request for Committee approval to accept a donation of $20,250 from the American Automobile Association (AAA) of Nevada to the Division of State Parks. The donation was part of a program conducted by the Division during the summer of 2012. Mr. Morrow said not only did AAA make the financial donation to the Division, it also promoted state parks in all of the AAA offices throughout the state.

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

ASSEMBLYMAN DALY MOVED TO APPROVE AGENDA ITEM I.2.

SENATOR PARKS SECONDED THE MOTION.

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

J. REQUEST FOR EXTENSION OF PERIOD WITHIN WHICH TO PROVIDE ADDITIONAL DOCUMENTATION REQUESTED BY THE BOARD OF EXAMINERS IN SUPPORT OF A REQUEST FOR A GRANT OR LOAN FROM THE DISASTER RELIEF ACCOUNT PURSUANT TO NRS 353.2755(2) – Department of Public Safety – Division of Emergency Management.

1. For requests related to the Caughlin Fire.

2. For requests related to the Washoe Drive Fire.

Chris Smith, Chief, Division of Emergency Management and Homeland Security, Department of Public Safety, explained that as outlined in *Nevada Revised Statutes* (NRS) 353.2755, the Division of Emergency Management (DEM) was requesting an extension on behalf of the eligible applicants of the Caughlin fire to June 1, 2013, and to August 1, 2013, for the Washoe Drive fire.

Mr. Smith said the original costs were being examined by the Department of Homeland Security and the Federal Emergency Management Agency (FEMA) for the Fire Management Assistance grants, and as the State Forester had mentioned earlier, the past year had been an exceptionally active fire season and there was a backlog for processing the federal Fire Management Assistance grants.

Mr. Smith went on to explain that all of the information concerning the two fires was currently being processed through the Nevada Division of Forestry (NDF), which was the grantee for the funds, and as soon NDF received information from FEMA, the applicants would be informed.

Chairwoman Smith noted that the request was not unusual; the claims process could go on for a very long time.

Chairwoman Smith recalled that the school districts had used their schools and resources for site and command centers, and she wondered whether the schools were able to apply for reimbursement for their expenses.

Mr. Smith said the schools were eligible to apply if they chose to do so. He did not believe any of the schools had applied or know if they were aware that they were eligible.

Chairwoman Smith said she would check with the school district; the schools used many resources during both fires.

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

> ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA ITEM J.
>
> SENATOR KIECKHEFER SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Cegavske and Assemblymen Hardy and Kirkpatrick were not present for the vote.)

K. ESTABLISHMENT OF SALARIES FOR UNCLASSIFIED POSITIONS PURSUANT TO SENATE BILL 505, SECTION 2 (2011 SESSION) – Silver State Health Insurance Exchange – Senate Bill 440 (2011 Session).

Refer to testimony and motion for approval under Agenda Item D-109.

L. REPORT FROM THE IFC'S SUBCOMMITTEE ON EARLY INTERVENTION SERVICES.

Assemblyman Bobzien, Chairman, Interim Finance Committee's (IFC) Subcommittee on Early Intervention Services, said the Fiscal Analysis Division staff would review the report from the Interim Finance Committee's Subcommittee on Early Intervention Services meeting held on October 12, 2012.

Laura Freed, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred the Committee to the Chairman's Report of the Meeting Held October 12, 2012 (Exhibit D). Ms. Freed recalled that discussion concerning the Early Intervention Services (EIS) program started when two work programs were submitted at the April 24, 2012, IFC meeting to address a shortfall in the expenditure category for the state-contracted therapy providers. The IFC requested ongoing information updates, which were submitted at the June 21 and August 23 meetings, but time did not allow for a full discussion of the program, and the IFC Chairwoman appointed the IFC's Subcommittee on Early Intervention Services. Assemblyman Bobzien served as the chair, and the members included Assemblywoman Carlton, Assemblyman Hambrick, Senator Kieckhefer, and Senator Parks.

Ms. Freed reported that the Subcommittee met on October 12, 2012, and the Department of Health and Human Services (DHHS) staff provided information on the current EIS caseload and the fiscal status of the budget. She recalled that at the June IFC meeting, the Committee was informed that DHHS would start a pilot program on or about October 1, 2012, to transition an unspecified portion of the EIS caseload to the community providers. The community providers would conduct the therapy services and the state EIS staff would provide case management.

At the October 12 EIS Subcommittee meeting, however, Ms. Freed said the Subcommittee was informed that DHHS had suspended the pilot program and planned to move forward with the proposed service-provision model change in the upcoming biennium. In the agency's biennial budget request, the EIS program was proposed to be transferred from the Health Division to the Aging and Disability Services Division (ADSD) to provide better continuity of care for persons with disabilities across their lifespans.

Ms. Freed went on to explain that discussions were held concerning the trifurcated system of the current EIS service model. Currently, the state EIS clinics provided therapy services, the state contracted with specialty therapists that could not be hired in-house, and the state had agreements with community providers to handle a set number of caseload slots. Ms. Freed noted there was some budget unpredictability inherent in the system. The DHHS had expressed the desire to retain program management to guarantee consistency in therapy provision training so that both the state workers and the community providers would be aware of federal Individuals with Disabilities Education Act (IDEA) Part C regulations. The Department would act as the fiscal agency and provide quality assurance and case management.

Ms. Freed said that DHHS had indicated it was still working on a transition plan and was negotiating provider rates for fiscal years 2014 and 2015. Over the course of the 2012 interim, the Health Division had conducted a series of rate studies, which were nearly completed, but there were no agreed-upon rates with the providers. Ms. Freed said that DHHS would have both a rate and transition plan in the upcoming Governor's recommended 2013-2015 biennial budget.

Ms. Freed added that the agency's requested 2013-2015 biennial budget was prepared on the assumption that community providers would assume approximately 55 percent of the caseload in fiscal year (FY) 2014 and 75 percent of the caseload by the end of FY 2015. The caseload enhancement decision unit in the agency-request budget was built on a provider rate of $527 per slot per month, and the current rate was $565. Ms. Freed said that depending upon the outcome of the rate negotiations with the community providers, the caseload enhancements in the budget would also change.

Ms. Freed recalled that community providers had testified at the Subcommittee meeting, but their perspective on the service model differed from that described by DHHS. Some providers expressed concern that they might be unable to serve additional children with the attention they were accustomed to giving their clients, whereas others were eager and willing to expand their capacities and believed they could do so.

Finally, Ms. Freed noted, a group of physicians who worked with medically fragile EIS children expressed their opposition to privatizing EIS. However, DHHS testified that the Department would not eliminate or prioritize EIS, nor would it eliminate any of the wraparound services, which was also a concern expressed by the physicians. Furthermore, DHHS indicated it would not lay off any state employees,

and Ms. Freed confirmed the agency-request budget did not contain any position eliminations.

Assemblyman Bobzien reported the meeting involved an exhaustive amount of data and testimony. He said the physicians had expressed a list of concerns regarding the future of EIS. It appeared there had been a breakdown in communications between DHHS and the physicians, and the physicians were anxious about the future of the program.

Assemblyman Bobzien said his major concern was that, clearly, a reorganization was occurring during the interim and there was a change in models, leaving a question of what role the Legislature was to play in the process of moving services from one agency to another. He said the Legislature had adjourned the 2011 Legislative Session with assumptions of how EIS services were going to be delivered, and the Subcommittee learned during the interim that changes were being made. Assemblyman Bobzien noted DHHS had assured the Subcommittee that the Legislature would have a chance to review the program restructure during the 2013 Legislative Session. However, he was struggling with what the proper role should be for the Legislature and whether the shift of services to community providers outside of a legislative session was proper.

Chairwoman Smith noted that the Subcommittee had spent a great deal of time considering the matter during its meeting, and it was not her desire to recreate the meeting. The Fiscal Division staff had an opportunity to gain a fuller understanding of what was taking place, and the public had an opportunity to voice its support and opposition. Although public testimony would be taken, Chairwoman Smith said the agenda item was informational only and Committee action would not be required. She asked Legislative Counsel to opine on the legality of DHHS taking action that was not included in the legislatively approved budget.

Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau, stated that there seemed to be three basic components of the question. The way the DHHS divisions were currently being managed, there was overlap or movement among the heads of the divisions because there had been a loss of senior managers in DHHS. Ms. Erdoes said the DHHS Director had the prerogative to assign staff and shift duties.

The other two components involved the contemplation of a complete shift of division functions into a different division, i.e., shift of a Health Division function to the Aging and Disability Services Division. Ms. Erdoes said the gray area was the planning of the shift and how it should occur. Because of the two-year budgeting cycle and the timing of the budget process, she said often an agency would begin the planning process before it actually requested approval from the Legislature for the move.

Ms. Erdoes said it appeared DHHS was at the end of that planning process and the shift in activities was actually taking place. If duties and functions were being moved and employees were to be paid from different categories, Ms. Erdoes said changes in *Nevada Revised Statutes* (NRS) would be required. She said the bigger problem was that the 2011-2013 budget was built according to the existing plan, and she did not know how those changes could be made. The changes could not be made through work programs because of the way the activities were budgeted.

With respect to the community providers, Ms. Erdoes said the same issues applied. Pursuant to NRS, the Legislature should have vetted the changes and budgeted for them prior to making them.

Ms. Erdoes said it was not clear that anyone had stepped over any lines, but the planning was in a gray area.

Chairwoman Smith remarked it appeared there was some uncertainty concerning the future of the program. She asked Mr. Willden to provide the Committee with an update on the EIS program. She said the Committee was looking for assurance that everything approved by the Legislature in the 2011 Legislative Session was not being disregarded or dismantled.

Mike Willden, Director, Department of Health and Human Services, testified there was a lot of misinformation concerning the EIS program. He would try to provide clarification and assurance to the Committee.

Mr. Willden explained that budget account 3208, Early Intervention Services, was currently in the Health Division and would remain there at least through the 2013 Legislative Session. The budget account was managed by Richard Whitley, the Administrator of the Health Division; Dr. Green was the State Health Officer, and Mary Wherry was the administrative official responsible for the account. He said the Department was proposing to transfer budget account 3208 to the Aging and Disability Services Division in the 2013-2015 biennium.

Mr. Willden recalled that over the last two legislative sessions, a number of disability programs had been integrated within the Aging and Disability Services Division to provide a continuum of services for people with disabilities. The Autism Treatment Assistance program, independent living programs, traumatic brain injury, and a number of other programs were included in the Aging and Disability Services Division. Mr. Willden said the Department had developed a proposal to move the Early Intervention Services budget from the Health Division to the Aging and Disability Services Division.

Mr. Willden said another rumor circulating was that Early Intervention Services would be privatizing the 169 full-time-equivalent (FTE) authorized positions currently in the Nevada Early Intervention Services (NEIS) budget. He said that all 169 positions, plus one new one, were being requested in the 2013-2015 biennial budget: not a

single FTE would be eliminated. He noted that some positions had been frozen over the current biennium, but the rationale for freezing those positions no longer applied, and they were now unfrozen.

Mr. Willden explained positions were frozen because NEIS currently operated in a trifurcated system, which meant that the 169 state employees performed certain duties to help children and families. The Health Division had a legislatively approved budget category 12 to hire temporary employees if qualified state employees could not be hired, and category 14, Community Providers, to pay for contract services with community providers. He said there was a projected shortfall in the category 12 budget, and a work program would be submitted at the December IFC meeting requesting augmentation of category 12 for temporary hires. Mr. Willden said it was thought the shortage would be solved by salary savings, but it would not be resolved by revenue enhancements,

Mr. Willden said the Department believed it was abiding by legislative intent: state employees, temporary employees, and contract community providers were providing services. The Department always submitted work program revisions to the Committee when it was necessary to shift funds among the three delivery systems.

Mr. Willden added that there were current waitlists of approximately 300 children waiting for services, and the caseload would probably grow in FY 2014 and FY 2015. The 2013-2015 biennial budget included requests to maintain the 169 existing and new state employees to decrease category 12 temporary services by about $1.5 million over the biennium, and to grow the community provider programs by about $14 million. He said the budget proposal submitted to the Governor would maintain the current number of state employees and grow the community-delivery system over the next biennium. Between 30 and 35 service slots per month, or 350 to 360 per year, would be added over the 2013-2015 biennium.

Mr. Willden said he understood the reasons for the misinformation. He did not realize that the community physicians were left out of the planning process, and he apologized to them. The Department was in the process of trying to clarify the program and address the physicians' concerns about quality of services and community providers.

In summary, Mr. Willden said it was not the intent of DHHS to privatize state's Early Intervention Services program.

Chairwoman Smith thanked Mr. Willden for his clarification. She asked what the dollar amount would be to serve the waitlist of 300 children.

Mr. Willden would get the information for the Committee. He estimated it would be approximately $4.5 million.

Senator Kieckhefer asked whether, without having a negotiated rate for the community providers set, Mr. Willden was confident that the increase in the budget for NEIS would be able to accommodate the current waitlists.

Mr. Willden replied he was confident that $15 million would serve 300 children, but there would be caseload growth. He surmised Senator Kieckhefer was asking whether he was confident that $527 per month would be adequate for the community providers. He was not yet confident; there was more work to be done in the Governor's recommended budget phase. It needed to be established in the model exactly what state employees would do and what the community providers would do. He recalled discussion indicating that the community providers were not providing enough services, and if that was the case, $527 per month would not be sufficient. He said more rate studies would be required as the duties of the state employees and community providers were more clearly defined. Mr. Willden noted that two audits had reported that hiring more state staff would be more expensive.

Chairwoman Smith thanked Mr. Willden for his testimony and Laura Freed for her report on the Subcommittee meeting. She asked for public comment.

Senator Kieckhefer disclosed that Dr. Hendrickson and Dr. Yup had cared for his children, and Assemblyman Bobzien stated he had a similar disclosure with Dr. Yup.

Debra Hendrickson, M.D., testified she was a pediatrician in Reno and on the clinical faculty at the University of Nevada, Reno Medical School. With all due respect to the testimony that just occurred, she said one of the major concerns of the physicians' group was the reduction in NEIS-contracted providers and transfer of services to community providers. The core of their objection was not being heard: there was a major quality difference between the care children received at NEIS with the contracted providers and what they received from some of the community providers. Dr. Hendrickson said the physicians were disturbed by the shift from NEIS contract providers because some of them had expertise that none of the community providers would have in locations where it was not possible to provide needed services. She had submitted a list of 43 physicians who objected to the shift in services to the IFC Subcommittee on Early Intervention Services, and the list had grown to over 70 physicians and represented every physician in northern Nevada who provided pediatric care.

Dr. Hendrickson acknowledged that some of the community providers were good. She cited an example of a current patient who was visually and hearing impaired who could not get services anywhere but through the contract providers at NEIS. Dr. Hendrickson said she had seen children who had major medical issues and diagnoses missed by the community providers until a NEIS contracted provider was finally consulted.

Dr. Hendrickson said if millions of dollars were going to be invested in Early Intervention Services, she would prefer that the existing centralized service model be strengthened.

Dr. Gary Yup, Medical Director of the Neonatal Intensive Care Unit at Renown Hospital in Reno, testified the physicians had a long-standing collaboration with NEIS, which had worked very well. The NEIS program had come into the hospital program setting and started a program with follow-up. In the discussion of shifting NEIS into an administrator role, his fear was that those employees who had the expertise would be taken out of the workforce and no longer provide direct care to patients. Dr. Yup said education had continued between and among the physicians and NEIS employees.

Dr. Yup said he had appeared before the Legislature years before to speak on privatization, and at that time the community service providers were needed because the state did not have enough staff. Only a certain percentage of services were delegated to community service providers, and now he was hearing that percentage would be escalated. He was concerned that Early Intervention Services was being decentralized and fragmented.

Dr. Yup pointed out that when services were delegated to community service providers, there was no audit to verify their qualifications. He did not feel the state was supporting Early Intervention Services. He recalled that the state had a freeze on hiring, which attributed to the delay in services. When the program was fully funded before 2010 and 2011, there were no waitlists.

Dr. Yup said there were no guidelines as to how many times the patients were being seen, and there was no incentive to see patients when a stipend was being paid. The state EIS employees had that interest. Dr. Yup was also concerned that the plan was going forward without any regulations in place, and he did not want the state EIS to just be in an oversight role.

Dr. Hendrickson added that wraparound care was still being provided because of EIS staff, but many of the contracted providers talking about reducing services were on the physicians' list of providers submitted to the Subcommittee at its October meeting (Exhibit E).

Dr. Jason Crawford, Medical Director, Community Health Alliance, and Associate Professor at the University of Nevada, Reno School of Medicine, testified he was appearing before the Committee on behalf of the family physicians in conjunction with his pediatric and neonatal colleagues. He had emailed a letter in support of the Nevada Early Intervention Services clinics from the Nevada Academy of Family Physicians and the Department of Family Medicine, University of Nevada, Reno School of Medicine.

Dr. Crawford said he was the Medical Director for the Community Health Alliance for Federally Qualified Health Centers in the Reno area, and he provided care to a large volume of low-income families, many of which had special-needs children. He wanted to attest to the quality and comprehensiveness of the Nevada Early Intervention Services clinic. Without the clinic, Dr. Crawford believed the quality of care and the

standards of care to the most complex and most complicated cases would be significantly decreased.

Dr. Crawford said he was in opposition to fragmenting the care to multiple community agencies, as were many of his colleagues in the Nevada Academy of Family Physicians and the 70-plus physicians who had signed the letter of opposition. He said the standards of care of the community service providers were not always up to the level expected by the community physicians. Dr. Crawford said as part of his residency training in Reno, he trained with Dr. Lynn Kinman, the area's only developmental pediatrician. Dr. Kinman's comprehensive quality care and the trained specialists at the NEIS clinic were unsurpassed. He could not imagine providing care to the low-income special needs and most complicated cases in Reno and Sparks without the EIS clinic and its above-standard quality care.

Chairwoman Smith thanked the physicians for their testimony. She noted that Director Willden had testified on the record that he now understood that the physicians' concerns had not been included in the planning conversations. She said the Committee trusted that Director Willden would pursue conversations with the physicians, and Committee members would continue to follow the issue during the 2013 Legislative Session.

Dr. Yup recalled there were discussions in the 2011 Legislative Session about some services being provided by community providers because the state was not equipped to handle all of the services. Only a certain percentage of services were going to shift to community services, and he did not understand why that policy had been surpassed. He noted the transition had taken place without legislative approval, and physicians were uncertain as to who was providing services.

Dr. Yup explained that feeding issues were the first thing in a baby's life, which led to oral motor and speech. If problems were not resolved early on by qualified service providers, they would linger on; early intervention may alleviate special-needs care later in life. He added that costs increased as services were delayed, and he was concerned whether enough efforts were being made toward Early Intervention Services.

Chairwoman Smith replied the Committee had the same concerns, and the Legislature would continue to monitor the program. Mr. Willden had also agreed to meet with the physicians to discuss their concerns.

Dr. Hendrickson added she wanted the Committee to be aware that the physicians believed the capitated rate was a disincentive to providing services.

Robert Burns, Therapy Management Group, testified that Therapy Management Group was a community provider in both the northern and southern parts of Nevada. He agreed with the comment that misinformation had found its way to the Committee, and

he trusted that eventually the essential and accurate information to ensure children and their families received needed services would be available.

Mr. Burns said that, based on what he had heard so far, a couple of points were not resonating with the Committee in the way that they should. First, there was obviously a shortage of financial capital to meet the needs, but there was also a shortage of specialists and therapists with the expertise to meet the needs of this population. Mr. Burns said there was an opportunity to share skill sets among individuals providing services to the children. The contractors that provided therapy services were some of the same clinicians with whom the physicians testified that they enjoyed a strong working relationship. Many of the same contracted therapists and clinicians also worked for the community providers, and he did not believe there would be a difference in their diligence, regardless of whether they were contracting with NEIS or with the community providers.

Mr. Burns explained he was an occupational therapist and the other owners of the company were a speech pathologist and an occupational therapist. All three had worked for NEIS for approximately five years; they understood the state's fiduciary responsibility, but ultimately they understood the state's responsibility to children and their families. It was critical that attention be directed to the children and their families and not on control issues. He said every moment of every day spent kicking the can down the road was wasting an opportunity to intervene in a positive way in children's lives. Mr. Burns thanked the Committee for its indulgence during his comments and for its time.

Chairwoman Smith said that, speaking for her colleagues, the number one goal was to ensure that kids and their families received services. There were many issues involved, and the situation was fragile.

Julia Ortiz testified that she was a speech language pathologist and owner of Advanced Pediatric Therapy, and she had been a community partner for EIS in the northern part of the state. She acknowledged and recognized the physicians' concerns with some of the community providers, but it was important to know that all community providers were held accountable: they all went through readiness and followed the Part C regulations. The community providers contracted with Dr. Kinman and the state's nutritionist, Dr. Riley, and used many of the same quality professionals that the state used. Ms. Ortiz said the IFSPs were individualized in her company, and the specialists wrote them based on the needs of the children without any knowledge of the amount or rate received per child. She said there might be a perception that fewer services were provided because of the rates, but services were based on what the child and family needed. It was important to note that providers were working very hard on the needs of the children and their families: that was the goal each day.

Written testimony submitted by Sonia Budhecha, M.D., Medical Director, Renown Hospital Cystic Fibrosis and Airway Clinics, is attached as Exhibit F.

Chairwoman Smith called for further public comment; there was none.

M. INFORMATIONAL ITEMS.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Committee requested to hear testimony on Informational item M.3.b., Division of Risk Management; item M.7.c., Division of Insurance; item M.9.b., Health Care Financing and Policy; and item M.12, Department of Motor Vehicles. Item M.14., Board of Parole Commissioners, was withdrawn on October 5.

Chairwoman Smith requested testimony on Item M.17, Public Employees' Benefits Program.

3. DEPARTMENT OF ADMINISTRATION
   b. Division of Risk Management—Semi-annual report on the status of the implementation of the Captive Insurance program (letter of intent, 2011 Legislature).

Ana Andrews, Administrator, Division of Risk Management, Department of Administration, explained that after her appointment as Division Administrator, she had considered the feasibility of implementing the Captive Insurance program. After consulting with the Department of Administration, she recommended to not proceed with the program for two reasons: (1) the lack of participation by the municipalities that were initially interested in participating, and (2) a budget shortfall in the Workers' Compensation category. Ms. Andrews recalled she had appeared before the Interim Finance Committee in February 2012 requesting approval of a work program to transfer funds from reserves to the Workers' Compensation category.

Ms. Andrews said she was not giving up on establishing a Captive Insurance program for the heart, lung, hepatitis, and cancer presumptive benefits for the public safety entities. However, as of March when she was appointed Administrator, she did not consider it to be fiscally responsible to place $500,000 into a bank account, untouched and separate from the rest of the state's accounts, when the Division was facing a budget shortfall. Ms. Andrews said the presumptive benefits were very important for public safety personnel, but they were also the cost-driving factor for the Workers' Compensation program.

Ms. Andrews added that there was merit and value in implementing the Captive Insurance program, but she thought a lot of networking and marketing with other political subdivisions would be required to determine whether they would participate in the program with the state.

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

7. DEPARTMENT OF BUSINESS AND INDUSTRY
   c. Insurance Division--Report on the costs of administering the Self-Insured Workers' Compensation program in FY 2012 based on actual time and effort reports of staff funded through the Insurance Regulation account (letter of intent, 2011 Legislature).

Scott Kipper, Nevada Insurance Commissioner, Division of Insurance, Department of Business and Industry (B&I), reported on a legislative letter of intent that had been in place since 2009. He said the Division of Insurance was an enterprise-funded agency within the Department of Business and Industry that regulated a $12 billion industry in the state. Mr. Kipper said the entities regulated by the Division generated $260 million in premium taxes and an additional $40 million in fees for the General Fund.

Mr. Kipper explained that Agenda Item M.7.c. related to a function that was funded by the Division of Industrial Relations (DIR) for the Division of Insurance, which was the review of worker's compensation rates. For several years, the Division of Insurance had received a transfer of funds from DIR for conducting the review, but there had been some question concerning the actual costs of the review.

Mr. Kipper said that the Division of Insurance had undertaken a time-tracking study over the last several years to identify the costs. Unfortunately, the Fiscal Analysis Division of the Legislative Counsel Bureau had received inaccurate information in the development of the Division's budgets, but Mr. Kipper said the review had determined the correct figure was approximately $13,720. The budget was allocated $150,000, beginning in fiscal years 2000 and 2001, and the funds had carried forward year after year since then.

Mr. Kipper thanked Fiscal Analysis Division staff for working with B&I staff to ensure the calculations were correct. It was the intent of the Department to revert the overpayments back to DIR and adjust the Division of Insurance's budget going forward.

Chairwoman Smith thanked Mr. Kipper for the Division's efforts and urged him to continue to work with the Fiscal Analysis Division staff regarding the overpayment and reversions. She said there appeared to be some question concerning the cost of the program for fiscal year 2012, and she requested that the Division forward necessary information to the Fiscal Division. Mr. Kipper said he would see that the information was provided.

9. DEPARTMENT OF HEALTH AND HUMAN SERVICES
   b. Division of Health Care Financing and Policy
      2) Semi-annual report regarding the requirement to report on the impact of the 2011 Legislature's approval to expand the Upper Payment Limit (UPL) program to non-county-owned (private) hospitals to generate $10 million for the State Government Fund (letter of intent, 2011 Legislature).

Mike Willden, Director, Department of Health and Human Services (DHHS), explained the Division of Health Care Financing and Policy planned to run two different Upper Payment Limit (UPL) hospital programs. A public hospital UPL system had been in existence for many years, and the private hospital UPL program had been under development since 2009.

Mr. Willden said expansion of the UPL program required federal approval. The state submitted a State Plan Amendment for the program for private hospitals in March 2009, but it took until November of 2011 to obtain State Plan authority to implement the program. He recalled the back language of the 2011 Legislative Session Authorizations Act provided authority to implement the program.

Mr. Willden explained the concept of the expansion was that enough revenue would be generated to allow the state to revert $10 million to the State General Fund: $2.5 million in fiscal year (FY) 2012 and $7.5 million in FY 2013. There was no reversion in FY 2012, and no funds had been reverted so far in FY 2013. Although State Plan approval was obtained, there were two major problems causing delay:

- The Department of Health and Human Services believed that all private hospitals needed to have the ability to participate, and that was not occurring in the first year. The Department notified the founding hospitals that all hospitals must have the opportunity to participate in the Needy Care Collaborative and benefit from the program, which did not occur until June or July 2012 when all hospitals were able to come to the table.

- The Department believed the state had full authority to implement the program, but the Attorney General's Office thought there were some liability issues to be resolved. Specifically, there were problems with *Nevada Revised Statutes* (NRS) 433.350 and NRS 433B.220, which should have been vetted in the 2011 Legislative Session, dealing with the contractual relationship among the Needy Care Collaborative, the Mental Health and Developmental Services (MHDS) Division, and the Division of Child and Family Services. There were ongoing legal questions concerning whether the Department could comply with those two statutes. Mr. Willden did not yet have the answer. It was possible that legislation would be needed early in the 2013 Legislative Session to correct the problem.

Mr. Willden noted that implementation of the program was still ongoing 15 months after authorization by the 2011 Legislature, and the first transaction had not yet been processed 2 years after federal authorization.

Chairwoman Smith recalled that the concern had been about the federal authorization. Mr. Willden responded that Nevada patterned its program after the State of Louisiana, and there were still legal concerns in that state, which was being audited by the Office of Inspector General and Centers for Medicare and Medicaid Services. There was some fear that if Louisiana's program was not accepted, Nevada's would not be accepted either. He believed the program could be implemented once the NRS limitations were resolved.

Senator Kieckhefer affirmed the Department had expected to revert $10 million to the General Fund in fiscal year 2012, and that would not occur. He asked whether the Division of Health Care Financing and Policy would require a supplemental appropriation in the 2013 Legislative Session.

Mr. Willden explained the reversion would not come from the Health Care Financing and Policy budget: the reversion would come from a special account in the DHHS Director's Office. The savings that were supposed to occur were primarily in MHDS, which currently provided a number of services. State General Fund dollars were used to support those contracts; the Needy Care Collaborative would take over paying for those services on behalf of DHHS, and the state would stop paying for the services in the MHDS budget. Mr. Willden said the General Fund savings would then be freed up and transferred into the Director's Office, and part of the funds would be used to help finance the Needy Care Collaborative. There would be a reversion to the General Fund from the Director's Office.

Chairwoman Smith thanked Mr. Willden for the information.

12. DEPARTMENT OF MOTOR VEHICLES—Verification of Insurance—Final report for the Nevada LIVE (Liability Insurance Validation Electronically) Insurance Verification Program for FY 2012 (letter of intent, 2011 Legislature).

Chairwoman Smith remarked the Department of Motor Vehicles verification of insurance program, Nevada LIVE, had been followed by the Committee over a long period of time and was one for which legislators received the most constituent contacts. She said she had not received any calls or complaints recently.

Rhonda Bavaro, Administrator, Central Services Division, Department of Motor Vehicles, introduced Doreen Rigsby, DMV Services Manager, Nevada LIVE system. Ms. Bavaro reported implementation of the program had advanced smoothly over the past two years. Several milestones had been reached:

- All of the insurance companies were now using web-based reporting. In February 2011, only 45 percent of the companies were using web-based reporting, and now 100 percent were participating, which allowed DMV to send an e-confirmation and receive a response back in real time from the insurance companies.

- The implementation of Senate Bill 323 (2011 Legislative Session), which was the tiered system of penalties for lapsed insurance coverage. Previously, drivers were getting their insurance, renewing and registering their vehicles, and then canceling their insurance until the renewal cycle. They would pay the $250 fine because it was cheaper than paying the insurance for the year. During the first fiscal year of implementation of S.B. 323, DMV collected over $12 million in reinstatement fees and fines.

- Acquisition of the insurance companies' books of business. Often when an unconfirmed response was received from an insurance company concerning coverage, the registered owner was not necessarily without insurance: he may have changed insurance companies or policy numbers. Without updated information, DMV would not have the most recent insurance information to send an electronic request for confirmation. A program was being developed that would allow the insurance companies to send DMV their books of business, which were their data files. The DMV would be able to extract the most current registration information for the vehicle and send an electronic request for confirmation to the insurance company. The program would drastically reduce the number of postcards currently being sent.

Chairwoman Smith asked Ms. Bavaro how she thought the program was working and whether there were fewer complaints from the public.

Ms. Bavaro replied the Department was receiving fewer legitimate complaints, and when there was a complaint, it usually involved misinformation from the insurance company. The problems were able to be easily resolved, and they should be eliminated once the books of business program was implemented.

Senator Denis asked whether there were still instances of incorrect notices being sent. Ms. Bavaro said to her knowledge, postcards were no longer being sent incorrectly.

Senator Denis asked what occurred when an owner received an incorrect postcard. Ms. Bavaro said the DMV would contact the insurance company to determine whether there had been a change.

Doreen Rigsby, DMV Services Manager, Department of Motor Vehicles, explained once the DMV was notified that an incorrect postcard had been received, the customer had the option to either go online to correct the information, call his agent who had access to the policy information, or send the card back. She said if DMV entered the information and it did not confirm the way the policy was currently written, DMV staff would call the customer to correct the conflicting information. Ms. Rigsby said once the information was corrected in the DMV and insurance company's records, a disregard notice was sent to the customer to let him know the problem had been resolved.

Assemblyman Aizley asked whether a postcard was sent to the customer when DMV received a change in information from the insurance company.

Ms. Rigsby replied insurance companies did not provide DMV with changes in information. It was the customer's responsibility to notify DMV of any changes.

Ms. Bavaro added that when an insurance agent or an individual updated policy information with DMV, a verification request of the updated information would be sent to the insurance carrier for confirmation.

Chairwoman Smith said it would be helpful to remind constituents that it was their responsibility to notify DMV of any policy changes. She thanked Ms. Bavaro and Ms. Rigsby for their testimony.

17. PUBLIC EMPLOYEES' BENEFITS PROGRAM – Semi-annual report on the status of the effects of moving Medicare retirees from PEBP to the Medicare Exchange (letter of intent, 2011 Legislature).

Chairwoman Smith requested that the Committee receive an update on the status of Medicare retirees' shift from the Public Employees' Benefits Program (PEBP) to the Extend Health Medicare Exchange (Exchange).

Roger Rahming, Operations Officer, Public Employees' Benefits Program, said the semi-annual report required by the letter of intent from the 2011 Legislature was forwarded to the Fiscal Analysis Division on September 28, 2012. The data in the report covered the period from September 2011 to June 30, 2012, and Mr. Rahming reviewed the following information concerning the Exchange:

Approximately 1,800 retirees and Medicare-eligible dependents were moved into the Exchange. There were two primary problems with the move: (1) retirees did not send all of their appropriate documents to PEBP once they had contacted the Exchange, and (2) they enrolled in medical coverage outside of the Exchange.

(1) PEBP sent a communication with a Medicare guide to all retirees 90 days before they became eligible for Medicare and then sent the retirees' information to Extend Health. Extend Health sent an enrollment guide to the retirees 30 days later, and if no response was received, numerous phone calls were made and a certified letter sent if necessary. Once the retiree acknowledged receipt of the enrollment materials, Extend Health would send confirmation with further details of enrollment.

(2) Enrollees were changing insurance carriers outside of Extend Health, which was because of the current Medicare enrollment period and extensive solicitation. A letter was sent to all Medicare retirees informing them that any changes to their medical coverage had to be made through Extend Health,

Mr. Rahming said two surveys of the retirees had been conducted. One was from Extend Health, which simply asked for the enrollee's satisfaction level of the service provided by Extend Health during the enrollment process. The survey was based on a point scale of 10, and the average score was 8.4.

The second survey was conducted by PEBP to measure Extend Health satisfaction levels and consisted of approximately 15 questions based on a 5-point scale. The second survey indicated that enrollees were fairly satisfied with the enrollment process, with scores of 3.2 to 3.5. However, nearly a third of the respondents had problems with reimbursement, and the scores were much lower.

Mr. Rahming said that PEBP had an audit performed on the Exchange's health reimbursement account (HRA) claims administrator, Payflex. The audit covered from June 2011 through March 2012, and the results were received in August 2012. He said the results of the audit were below PEBP's expectations, and PEBP requested a comprehensive corrective action plan be submitted by October 1, 2012. Additionally, a second audit would be performed on December 17, 18, and 19, 2012, to be paid for by Payflex. The results of that audit were expected to be received in February 2013.

Mr. Rahming said the October audit report pointed out the following problems:

- Lower-than-expected payment accuracy.
- Issues with tracking incoming claims.
- Issues with consistent treatment of similar claims.
- Issues with the print format of the Explanation of Benefits.
- Issues surrounding the payment or denial of claims when there were not sufficient HRA funds to pay a claim.

Mr. Rahming said another issue was the timing of reimbursement files. Various carriers were sending their files at different frequencies, some weekly and some monthly, causing delays of over a month for reimbursement. Extend Health had asked the primary carriers to submit reimbursement files more frequently.

Chairwoman Smith remarked the report was very detailed and contained a lot of important information for the Committee. Unfortunately, time would not allow a complete review of the material. She said it was an important issue to the retirees, and the Committee would look forward to hearing the results of the next audit in order to consider what decisions could be made in the 2013 Legislative Session to make needed improvements.

Assemblyman Kirner recalled Mr. Rahming had said that some retirees had switched insurance during open enrollment without going through Extend Health.

Nancy Spinelli, Public Information Officer, Public Employees' Benefits Program, replied that was correct. During the Medicare open-enrollment period from October through early December 2011, some retirees enrolled in a different Medicare supplemental insurance plan without going through the Exchange.

Assemblyman Kirner affirmed the reason participants had to use the Exchange was wholly and entirely related to the health reimbursement account. Ms. Spinelli replied yes: if a retiree enrolled in a Medicare medical plan through the Exchange, he would receive the HRA contribution.

Assemblyman Kirner said he had heard complaints that participants wanted to use their own broker and not have to go through a company in Utah. He saw a perpetual problem with individuals wanting to use their own broker, and he asked whether there

would be another option that could be kept within the state. He asked whether the PEBP Board had considered the problem.

Ms. Spinelli recalled that the PEBP Board had discussed the problem, but allowing participants to use their own brokers would be very difficult to administer.

Assemblyman Kirner said the biggest complaints he had heard concerning the Exchange were freedom of choice and the lack of effective and efficient reimbursement. He would encourage PEBP to try to resolve those problems.

Chairwoman Smith thanked Mr. Rahming and Ms. Spinelli for their testimony. She asked for public comment, and there was none. The item was informational only and did not require action by the Committee.

N. PUBLIC COMMENT.

Chairwoman Smith asked for public comment on any of the items on the agenda; there was none.

Chairwoman Smith asked Mr. Mohlenkamp, Director of the Department of Administration, to approach the testimony table.

Chairwoman Smith explained that a new system had been implemented for transmittal of the agencies' requested biennial budgets to the Fiscal Analysis Division. Apparently budget information that had previously been provided to the Division was not being transmitted from the Department of Administration. She asked Mr. Combs to explain further.

Rick Combs, Director, Legislative Counsel Bureau, explained that *Nevada Revised Statutes* (NRS) 353.210 required state agencies to submit their budgets to the Director of the Department of Administration by September 1 of every even-numbered year. The agency requests were to be provided to the Fiscal Analysis Division by that same date. Whatever was provided to the Department of Administration was also to be provided to the Fiscal Analysis Division.

Mr. Combs said when he was the Assembly Fiscal Analyst during the last biennium, the Fiscal Analysis Division agreed to start receiving the agency-request budgets electronically rather than in hard-copy form. Sending them electronically would save the agencies money and time. He said typically the agency-request budget included proposed expenditures within the cap established by the Governor, in addition to other items for special consideration.

Mr. Combs said because the Fiscal Analysis Division agreed to receive the agency budget information electronically and was now unable to access the Budget Division's electronic Nevada Executive Budget System (NEBS) version that included the items for special consideration, the Fiscal staff did not have access to the items for special

consideration, even though NRS required that the information be provided to the Division.

Mr. Combs said another concern was that on October 15, 2012, the budget was supposed to be transmitted to the Fiscal Analysis Division electronically. In the past, the budget included both an AO-1 version that included the agency requests that fit within the Governor's cap, and an AO-2 version that included the agencies' items for special consideration. When the budget was transmitted to the Fiscal Division on October 15, 2012, only the AO-1 version was provided, which raised two concerns: Fiscal staff did not have access to some information, and the information that was provided was supposed to be open for public dissemination, pursuant to NRS 353.211.

As a result, Mr. Combs explained, if a legislator or a member of the public asked the Fiscal Analysis Division for information on requests that were made by the agencies in items for special consideration, the Division did not have it, even though NRS required the information be available. Mr. Combs said he had directed the Fiscal Analysis Division staff to contact Mr. Mohlenkamp to request that the Division, at a minimum, be allowed access to the NEBS version of the items for special consideration; there had been no response from Mr. Mohlenkamp at this point.

Mr. Combs said the public disclosure of the items for special consideration was a matter for the Committee to decide, but NRS required that all agency-request budget information was to be available for public dissemination.

Chairwoman Smith said the information was important for the Fiscal Analysis Division staff to be able analyze the agency budget requests.

Jeff Mohlenkamp, Director, Department of Administration, said that pursuant to NRS 353.210, the Department of Administration was required to provide the agency budget requests to the Fiscal Analysis Division by October 15, and the AO-1 version of the proposed budget was provided. Mr. Mohlenkamp said at the Governor's direction, agencies were required to submit a flat budget, which would only allow for caseload growth and inflationary pressures. The AO-1 version essentially reflected what was to be submitted to the 2013 Legislature as directed by the Governor.

Mr. Mohlenkamp said the Executive Branch did not view items for special consideration, which were not part of the agency-request budget, as part of the agency-request budget, because they were not included in what the Department of Administration ultimately determined would be in the budget. He said there were items in other working versions that were available for consideration by the Governor during the Governor's recommended phase. If he decided to include some of those funding requests, then he could do so. Similarly, if he determined there were items in the agency-request budgets that he did not want to fund, they could be removed and held.

Mr. Mohlenkamp said the process was very dynamic and fairly fluid. The working versions of the budget included the items for special consideration to allow the

Department to move items in and out of the budget if needed. He said at this point in time, the Executive Branch did not deem the other versions as part of the agency-request budget. The decision was yet to be made whether to provide NEBS access to the Fiscal Analysis Division; he was coordinating with the Governor's Office.

Chairwoman Smith affirmed that historically the budget information had been provided as part of the agency request budgets.

Mr. Combs replied yes, both AO-1 and AO-2 versions had been provided, in addition to an unfunded decision units in the Governor's recommended budget that reflected items that were requested by the agencies but not funded in the Governor's recommended budget. He observed it was odd that the agency-request information would not be included as required by the statute.

Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau, said that the *Nevada Revised Statutes* stated in NRS 353.205 that each part of the proposed budget as it was prepared must be transmitted to the Fiscal Analysis Division, and NRS 353.211 stated that each agency-requested budget for the following two fiscal years must be submitted to the Division on or before October 15 of each even-numbered year. Ms. Erdoes noted that Mr. Mohlenkamp had referred to only items that ultimately would be included in the Governor's recommended budget, and she believed that statement illustrated the miscommunication. Historically, as provided by NRS, the Legislature wanted to see the requests proposed by the agencies and be able to compare those to the Governor's recommended budget.

Ms. Erdoes observed if the agency-request budget included only the items that the Executive Branch would ultimately decide would be in the Governor's proposed budget, the NRS would not include the requirement that the information be transmitted by the set deadlines, because all that would be submitted would be the Governor's actual budget.

Chairwoman Smith said the issue was ongoing and one that needed to be resolved. There was a lot of precedent, and historically the Legislature had always received the proposed budget in a different format.

Mr. Mohlenkamp reiterated the Executive Branch believed it was in compliance with the statutes; agency-request budgets were provided by the deadline. It had not been determined whether the items for special consideration would be provided to the Fiscal Analysis Division.

Chairwoman Smith asked why the process was different than in previous budget years. Mr. Mohlenkamp said the Executive Branch wanted only those items that were part of the Governor's budget to be considered–not items that were not included in the budget. He did not believe the Legislature should speculate on what was not included in the budget; the Governor directed the agencies to provide a flat budget, and that is what

they did. The Governor's guidelines were followed in administration of the agency-request budget.

Chairwoman Smith remarked the guidelines were different than they had been in the past.

Senator Kieckhefer said that normally during review of the Governor's recommended budget, items for special consideration that were not funded by the Governor were available to the legislators. He asked whether those items would no longer be part of the proposed budget moving forward. It was his understanding that the Medicaid expansion was an item for special consideration, which had been calculated but not made public. Without public disclosure of an item for special consideration, and if the Governor decided not to include it in the Governor's recommended budget, there would never be an opportunity for disclosure of what the estimated cost would be. He had a problem with that. He asked whether Mr. Mohlenkamp anticipated items for special consideration being included in the budget going into the 2013 Legislative Session even if they were not made public at this time.

Mr. Mohlenkamp replied a final decision had not yet been made.

Jeff Dornan approached the testimony table and testified that he was a newspaper reporter who had been covering the state and the budget process for 30-plus years, and he had formerly worked in the State Budget Division as an analyst. Mr. Dornan said the items for special consideration had always been made available to the public and the Legislature. He said the new policy completely changed how the law had been interpreted for longer than Mr. Mohlenkamp had been working for the state.

Mr. Dornan said the items for special consideration should not only be made available to the Fiscal Analysis Division, but to the media as well. He questioned why if the items for special consideration were not part of the agency-request budget, the budget instructions directed the agencies to include items for special consideration as part of the agency-request budget.

Chairwoman Smith asked for further public comment, and there was none.

Chairwoman Smith announced that this was the last meeting for Senator Rhoads after decades of valuable service to the state and to the Committee. On behalf of the Committee, she thanked him for his dedicated service and the thousands of miles he had driven back and forth for many years. She wished him the very best in his non-legislative life.

Senator Rhoads recalled that when he was first elected to the Legislature, there were 5 Republicans and 35 Democrats in the Assembly, and he was the only Republican on the Ways and Means Committee, representing all the Republicans in Washoe, Clark, and the rural counties. He said he had met many great people and staff over the years; the staff did an excellent job of making the legislators look good, and he thanked them very much.

Chairwoman Smith noted this was her last Interim Finance Committee meeting, and she extended her thanks to the staff. She had learned so much and would not have been able to function without staff support; it had been an amazing experience.

O. ADJOURNMENT.

Chairwoman Smith announced the next meeting of the Interim Finance Committee was scheduled to be held on December 11 in Las Vegas. She noted the location of the meeting could change, but members would be notified as soon as possible.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 4:16 p.m.

_____
Assemblywoman Debbie Smith, Chairwoman
Interim Finance Committee

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

EXHIBITS INTERIM FINANCE COMMITTEE October 25, 2012		
Exhibit	**Witness/Agency**	**Description**
A	**********	Agenda
B	**********	Meeting Packet
C	Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	IFC Contingency Account Balance Statement
D	Laura Freed, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Chairman's Report of October 12, 2012 Meeting of IFC Subcommittee on Early Intervention Services
E	Nevada Academy of Family Physicians	Letter in Opposition to Privatization of Early Intervention Services
F	Sonia Budhecha, M.D., Medical Director, Renown Hospital Cystic Fibrosis and Airway Clinics	Written Testimony in Opposition to Privatization of Early Intervention Services