

MINUTES OF THE JUNE 21, 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 10:26 a.m. on June 21, 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 Steven Horsford, Vice Chair
Senator Allison Copening for Senator Denis
Senator Barbara Cegavske
Senator Ben Kieckhefer
Senator David Parks
Senator Dean Rhoads
Senator Mike Schneider
Assemblyman Paul Aizley
Assemblywoman Teresa Benitez-Thompson for Assemblywoman Mastroluca
Assemblywoman Maggie Carlton
Assemblyman Skip Daly for Assemblyman Ocegueda
Assemblyman Jason Frierson for Assemblyman Atkinson
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph Hogan
Assemblyman William Horne for Assemblyman Bobzien
Assemblyman Kelly Kite for Assemblyman Kirner
Assemblyman Peter Livermore for Assemblyman Goicoechea

COMMITTEE MEMBERS EXCUSED:

Senator Moises Denis
Assemblyman Kelvin Atkinson
Assemblyman David Bobzien
Assemblyman Marcus Conklin
Assemblyman Pete Goicoechea
Assemblywoman Marilyn Kirkpatrick for Assemblyman Conklin

Assemblyman Randy Kirner
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

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

A. ROLL CALL.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, 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 noted that Assemblywoman Kirkpatrick was scheduled to serve as an alternate for Assemblyman Conklin but was unable to attend because of travel difficulties.

Chairwoman Smith announced that Senator Denis was not in attendance because his father had passed away, and she relayed the Committee's best wishes and condolences to Senator Denis and his family. She noted that his father had spent time in Carson City during the legislative sessions, and she and several other legislators had known him well.

B. APPROVAL OF MINUTES OF THE FEBRUARY 9, 2012, MEETING.

SENATOR HORSFORD MOVED FOR APPROVAL OF THE
FEBRUARY 9, 2012, MEETING MINUTES.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was
excused and not present for the vote.)

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

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the work program revisions in Agenda Item C had been requested under *Nevada Revised Statutes* (NRS) 353.337 for the purpose of a public hearing. He said the Committee had not requested testimony on items 1 through 4, but further explanation was requested on items 5 and 6.

1. **Department of Health and Human Services - Director's Office - Grants Management Unit - FY 2012** - Addition of \$83,935 in Title XX federal grant funds to allow for additional funding for Family Resource Centers. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the Family Resource Center category exceeds \$75,000. Work Program #C23607**
2. **Department of Health and Human Services - Director's Office - Grants Management Unit - FY 2012** - Addition of \$620,993 in federal Community Services Block Grant (CSBG) funds to provide community services to low-income families. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the CSBG category exceeds \$75,000. Work Program #C23613**
3. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2012** - Addition of \$196,443 in federal Maternal Child Health (MCH) grant funds and transfer of \$52,403 from the Personnel Services category to the Pre/Post Natal Program category and \$46,134 from the Medical/Dental Expenses category to the Pre/Post Natal Program category to improve the health of families, with an emphasis on women, infants and children, and children with special needs, by providing health education, preventative activities and quality assurance, and health care services. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the Pre/Post Natal Program category exceeds \$75,000. Work Program #C23256**
4. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2013** - Addition of \$5,391 in Chronic Disease Prevention and Health Promotion grant funds, and deletion of \$5,391 in Preventative Health and Health Services block grant funds to align funding with the actual workload for current programs and to build a coordinated organizational structure for the Chronic Disease Prevention and Health Promotion Section. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing. RELATES TO AGENDA ITEM F.97. Work Program #C23557**

Chairwoman Smith called for public testimony on Agenda Items C-1 through C-4; there was none.

SENATOR PARKS MOVED FOR APPROVAL OF AGENDA ITEMS C-1 THROUGH C-4.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 5. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2012** - Deletion of \$96,180 in General Fund appropriation, \$166 in Universal Energy Charge funds, \$49,516 in federal USDA Food Stamp program grant funds, \$111 in federal Child Support program grant funds, \$2,576 in federal Supplemental Nutrition Assistance program and Employment and Training grant funds, \$83,026 in federal Temporary Assistance to Needy Families program grant funds, \$554 in federal Child Care Development grant funds, and \$44,809 in federal Title XIX grant funds to transfer funding legislatively approved in FY 2012 to FY 2013 to relocate the Reno District Office. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and pursuant to A.B. 580, Section 32 of the 2011 Legislative Session. RELATES TO ITEM 6. Work Program C23438**

Refer to testimony and motion for approval under Agenda Item C-6.

- 6. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2013** - Addition of \$96,180 in General Fund appropriation, \$166 in Universal Energy Charge funds, \$49,516 in federal USDA Food Stamp program grant funds, \$111 in federal Child Support program grant funds, \$2,576 in federal Supplemental Nutrition Assistance program and Employment and Training grant funds, \$83,026 in federal Temporary Assistance to Needy Families program grant funds, \$554 in federal Child Care Development grant funds, and \$44,809 in federal Title XIX grant funds to transfer funding legislatively approved in FY 2012 to FY 2013 to relocate the Reno District Office. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and pursuant to A.B. 580, Section 32 of the 2011 Legislative Session. RELATES TO ITEM 5. Work Program C23448**

Steve Fisher, Deputy Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), introduced Diane Comeaux, Administrator, DWSS.

Mr. Fisher explained that Agenda Items C-5 and C-6 requested approval for the Division to transfer \$276,938 of legislatively approved funds from fiscal year (FY) 2012 to FY 2013 to relocate the DWSS district office in Reno.

Chairwoman Smith asked Mr. Fisher to provide an update on the status of the office location.

Mr. Fisher replied the Division was looking for two offices with specific requirements: close proximity to public transportation, certain demographic areas, and adequate parking for clients and staff. He said areas such as shopping malls, which would provide adequate parking, were being considered. Mr. Fisher said the Division had been working with the State Buildings and Grounds (B&G) Division, and a build-to-suit location had been identified behind the Old Town Mall in south Reno; the lease would be submitted to the Board of Examiners in July 2012.

Mr. Fisher said in April a second location had been identified at the Paradise Plaza on Oddie Boulevard in Sparks, which was an ideal location. The Division worked with B&G and the landlord for several months, but negotiations ultimately broke down because the landlord would not accept the non-appropriation clause in the contract. The Buildings and Grounds Division was looking for a second location in Sparks.

Chairwoman Smith asked when the Division anticipated opening the Reno district office. Mr. Fisher replied the targeted timeframe was November or December 2012.

Chairwoman Smith said she was not aware of processes used by B&G to search for properties. She asked whether professional associates were used.

Diane Comeaux, Administrator, Division of Welfare and Supportive Services, DHHS, replied that the B&G Division worked with a number of property managers when searching for spaces. She noted that B&G had been searching very hard for appropriate locations for the offices. There were many vacant offices available, but because of the need for sufficient parking, adequate locations were limited. A typical office space had 95 parking spots, and because the district offices had more staff than that, there would be no client parking available.

Ms. Comeaux added that B&G was also working hard to find storefronts for which the landlord would do the tenant improvements since the Division did not have budgeted funds for improvements.

Senator Kieckhefer asked what was wrong with the current location and whether the lease had expired.

Ms. Comeaux replied the lease was expiring, but the current location was not ideal for clients. It was located in the King's Row area of Reno, which was difficult for clients to access. She noted that the district office was being moved into two separate locations to better serve clients in Reno and Sparks. The two separate locations were being created in order to target the areas with high numbers of clients.

Senator Kieckhefer asked whether the Division had considered staying with one larger central location with better access since it was having trouble finding two satisfactory locations.

Ms. Comeaux said the Division was continuing to explore several options. The build-to-suit location in Reno was expandable, so one central location would be possible if necessary. However, the goal was to try to better serve both areas.

Chairwoman Smith asked for public comment on Agenda Items C-5 and C-6; there was none.

ASSEMBLYMAN DALY MOVED FOR APPROVAL OF AGENDA
ITEMS C-5 AND C-6.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. ((Assemblywoman Kirkpatrick was
excused and not present for the vote.)

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

1. **Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2012** - Addition of \$318,000 in Summer Electronic Benefits Transfer for Children (SEBTC) Summer USDA program grant funds to implement the pilot program to provide nutrition assistance to low-income children during summer months. Requires Interim Finance approval since the amount added to the SEBTC Summer USDA Food category exceeds \$75,000. **RELATES TO ITEM F.83. Work Program #C23702**
2. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2012** - Addition of \$34,162 in federal Comprehensive Cancer grant funds and transfer of \$42,826 from the Personnel Services category to the Comprehensive Cancer category to promote smoking cessation programs. Requires Interim Finance approval since the amount added to the Comprehensive Cancer category exceeds 10 percent of the legislatively approved amount for this category. **Work Program #C23465**
3. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2012** - Addition of \$79,245 in federal Colorectal Cancer grant funds and transfer of \$46,018 from the Personnel Services category to the Colorectal Cancer category, \$23 from the Operating category to the Colorectal Cancer category, and \$32,485 from the Health Division Cost Allocation category to the Colorectal Cancer category to provide outreach and education to Nevada residents and medical providers, ensure that people with a diagnosis of colorectal cancer

access specialists in a timely manner and encourage effective case management for those diagnosed with the disease. Requires Interim Finance approval since the amount added to the Colorectal Cancer category exceeds \$75,000.

Work Program #C23573

4. **Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2012** - Addition of \$3,250,000 in federal Temporary Assistance to Needy Families grant funds and \$342,000 in U.S. Department of Health and Human Services Child Care Development Fund grant funds. This request also transfers \$1.4 million from the New Employees of Nevada Child Care category to the Child Care Mandatory Matching category to meet higher caseload demands to provide child care services to qualified clients. Requires Interim Finance approval since the amount added to the Child Care Mandatory Matching category exceeds \$75,000. **Work Program #C23523**
5. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2012** - Addition of \$1,536,802 in federal Victim Assistance Formula grant program funds to provide services to victims of sexual assault, child abuse, domestic violence and various crimes including adults molested as children, assault, victims of gang violence, and survivors of homicide victims. Requires Interim Finance approval since the amount added to the U.S. Crime Victims – Victims of Crime Act (VOCA) category exceeds \$75,000. **Work Program #C23580**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the work program revisions in Agenda Item D required expeditious action within 15 days; they were informational only and no action was required by the Committee. He noted that Agenda Item D-4 would be discussed with Agenda Items F-106 and F-109.

E. WORK PROGRAM REVISIONS IN ACCORDANCE WITH
NRS 353.220(5)(c). INFORMATIONAL ONLY - REQUIRED ACTION
WITHIN 45 DAYS.

Department of Motor Vehicles - Central Services - FY 2013 - Addition of \$490,370 in funds transferred from the Administration of Off Highway Vehicle (OHV) Titling and Registration Trust Account for contract services related to the printing, preparation, and mailing of OHV registration and title documents. Requires Interim Finance approval since the amount added to the OHV category exceeds \$75,000. **Work Program #C23630**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the work program revision in Agenda Item E required action within 45 days. The Fiscal Division had no concerns with the item, and no action was required by the Committee.

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

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the Committee's work program review process for the new alternate members. Chairwoman Smith added that Committee members could request items for further testimony or discussion.

In his review, Mr. Combs indicated the following items in Agenda Item F had been withdrawn: 5, 22, 25, 59, 124, 149, and 197.

Mr. Combs noted that item 17, Office of the Secretary of State, was revised as follows: Title I should read Title II; Title II should read Title 1. Item 157, Department of Public Safety – Forfeitures, was revised to reflect a reduction in the amount of transfer from the reserve from \$682,824 to \$121,092

Mr. Combs stated that testimony would be heard on the following items: item 31, State Public Charter School Authority; item 36, Nevada System of Higher Education, would be heard with item 196, Adjutant General and National Guard; item 55, Taxicab Authority; item 57, Department of Tourism and Cultural Affairs (TCA), was revised and testimony was required; item 58 would be heard with item 60, TCA; items 67 and 69, Aging and Disability Services, would be heard together; item 77, Health Care Financing and Policy, was revised and testimony was required; items 85 and 86, Health Division Communicable Diseases, would be heard together; item 105, Division of Welfare and Supportive Services (DWSS); items 106 and 109, DWSS, would be heard together with Agenda Item D.4.; items 110 and 111, Division of Mental Health and Developmental Services, would be heard together; item 118, Division of Child and Family Services; item 119, Vocational Rehabilitation, would be heard with items 120 and 122, Services to the Blind and Visually Impaired, Department of Employment, Training and Rehabilitation; item 125, Employment Security Division; items 132 and 139, Department of Corrections; item 153 would be heard with Agenda Item J.2; item 155, Department of Motor Vehicles; item 158, Department of Public Safety; and item 194, Department of Transportation.

Mr. Combs noted that Agenda Items F-39 through F-48, Nevada System of Higher Education, required IFC approval to expend \$27.7 million in projected surcharge revenue pursuant to Senate Bill 503 of the 2011 Legislative Session. The work programs totaled \$23.4 million as a result of the financial aid set-aside provided by Board of Regents' policy, but approval was required for the total \$27.7 million. Mr. Combs noted that further testimony was not necessary on the work programs.

Chairwoman Smith asked whether Committee members had other items of concern.

Senator Cegavske requested testimony on item 17, Office of the Secretary of State.

SENATOR KIECKHEFER MOVED FOR APPROVAL OF THE REMAINING WORK PROGRAM REVISIONS AND REQUESTS FOR RECLASSIFICATIONS IN AGENDA ITEM F.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

Senator Horsford stated he would be voting no on items requesting authorization to move personnel money to other categories. He explained that during the 2011 Legislative Session, despite one of the worst financial crises the state had ever faced, the Legislature requested that agencies identify their priority areas to fund. A year later, agencies were requesting to transfer personnel funds because of vacant positions and expend those funds on furniture, computer, equipment, or vehicles that were not requested during the 2011 Session. Senator Horsford said the finance committees had worked extremely hard to give all agencies an opportunity to justify their budget requests, and now they were asking to expend surplus personnel funds in other categories.

Senator Horsford requested that Committee members who would be serving on the money committees in the 2013 Legislative Session pay attention to this issue. He said had the finance committees known that some positions were not needed, they could have been eliminated and the funds could have been allocated to other priority areas of state government. Senator Horsford noted that teachers were being laid off, children were not being served, patients were being turned away from mental health hospitals, and additional funds could have been used in those areas. He hoped the proposed new budget process would finally address the problem. Agencies should not automatically receive funding for positions that were not filled in the previous biennium.

Senator Horsford emphasized that the Legislature depended upon the state agencies to make sound policy decisions and recommendations so that it could do its job. He was disappointed in the pattern and he hoped it would be stopped.

Senator Cegavske remarked she had the same sentiments; salary savings should not be considered a slush fund. She would vote against reversion of salary savings for expenditure in other categories. She was also disappointed in the state agencies for using personnel funds for other purposes.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was excused and not present for the vote.)

Work Programs

- 1. Office of Economic Development - Nevada State Small Business Credit Initiative Program - FY 2013** - Addition of \$2,635,000 in Nevada State Small Business Credit Initiative (SSBCI) federal grant funds balanced forward from previous year to provide loans associated with the state's Credit Support Programs (CSP) and Micro Enterprise Loans programs. Requires Interim Finance approval

since the amount added to the CSP Loans category exceeds \$75,000.
Work Program #C23831

Refer to motion for approval under Agenda Item F.

2. **Office of Economic Development - Nevada Catalyst Fund - FY 2013** - Addition of \$10 million in Balance Forward from Previous Year funds to provide resources, grants, or loans to development authorities to promote economic development. Pursuant to Assembly Bill 449, Section 16(2), the Nevada Catalyst fund is a continuing fund without reversion. Requires Interim Finance approval since the amount added to the Business Assistance and Development Program category exceeds \$75,000. **Work Program #C23712**

Refer to motion for approval under Agenda Item F.

3. **Office of the Governor - Office of Energy - Energy Conservation - FY 2013** - Deletion of \$28,705 in State Energy Program (SEP) Formula grant funds and transfer of \$99,684 from the SEP Formula Grant category to the Personnel Services category to align federal and state authority. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23704**

Refer to motion for approval under Agenda Item F.

4. **Office of the Attorney General - Administrative Fund - FY 2013** - Addition of \$903,784 in Wells Fargo Court Settlement balance forward funds to continue the foreclosure relief program and prevent mortgage or loan modification fraud. Requires Interim Finance approval since the amount added to the Court Settlement Distribution to Subgrantees category exceeds \$75,000. **Work Program #C23790**

Refer to motion for approval under Agenda Item F.

5. **Office of the Attorney General - Administrative Fund - FY 2013** - Addition of \$115,495 in Transfer from the Silver State Health Insurance Exchange to add a new Deputy Attorney General to assist the Silver State Health Insurance Exchange with establishing and managing the program and prosecuting civil cases in state and federal courts. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 199. Work Program #C23858. WITHDRAWN.**
6. **Office of the Attorney General - Workers' Compensation Fraud - FY 2013** - Addition of \$75,000 in Department of Treasury Equitable Distribution Funds balance forward from previous year for supplies, training, equipment and software to support the mission of the Insurance Fraud Unit. Requires Interim Finance

approval since the amount added to the Department of Treasury Equitable Distribution Expense category is \$75,000. **Work Program #C23845**

Refer to motion for approval under Agenda Item F.

7. **Office of the Attorney General - Medicaid Fraud - FY 2013** - Addition of \$334,309 in federal Senior Medicare Patrol (SMP) grant funds for transfer to the Aging Services Division to educate beneficiaries and caretakers about suspicious situations or billings in the Medicare arena to help ensure the program's solvency. Requires Interim Finance approval since the amount added to the Medicaid Fraud Prevention category exceeds \$75,000. **RELATES TO ITEM 68. Work Program #C23837**

Refer to motion for approval under Agenda Item F.

8. **Office of the Attorney General - Consumer Advocate - FY 2013** - Addition of \$1,061,197 in Morgan Stanley Settlement funds and \$5,000 of Gifts and Donations to continue the foreclosure fraud and civil enforcement unit to prosecute civil housing and foreclosure cases. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23882**

Refer to motion for approval under Agenda Item F.

9. **Office of the Attorney General - Violence Against Women Grants - FY 2013** - Addition of ~~\$701,213~~ **Deletion of \$516,040** in federal Services, Training, Officers and Prosecutors (STOP) grant funds and ~~deletion of \$331,152~~ in federal STOP grant balance forward authority to align state and federal authority. Requires Interim Finance approval since the amount added to the STOP Administration category exceeds \$75,000. **Work Program #C23811. REVISED 6-12-12.**

Refer to motion for approval under Agenda Item F.

10. **Office of the Attorney General - Violence Against Women Grants - FY 2013** - Addition of ~~\$187,963~~ **\$40,167** in Sexual Assault Services Provider (SASP) grant funds, \$182,748 in Rural grant funds, \$319,621 in Children Exposed to Violence (CEV) grant funds, and \$73,532 in Drug Endangered Children (DEC) grant funds to continue providing services to victims of sexual assault, provide prosecution support for sexual assault cases in Esmeralda, Mineral and Nye Counties, provide services and advocacy through victim service providers, and coordinate the work of the multijurisdictional Drug Endangered Children program. Requires Interim Finance approval since the amount added to the CEV Expenditures category exceeds \$75,000. **Work Program #C23834. REVISED 6-12-12.**

Refer to motion for approval under Agenda Item F.

- 11. Office of the Attorney General - Victims of Domestic Violence - FY 2012 -** Addition of \$10,100 in Transfer from Violence Against Women funds to continue funding the Domestic Violence Fatality Review Committee through fiscal year end. Requires Interim Finance approval since the amount added to the Services, Training, Officers, Prosecutors Courts Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23827**

Refer to motion for approval under Agenda Item F.

- 12. Office of the Attorney General - Victims of Domestic Violence - FY 2013 -** Addition of \$127,221 in State Automated Victim Information and Notification System (SAVIN) grant funds to continue to update and implement the victim notification program. Requires Interim Finance approval since the amount added to the SAVIN grant category exceeds \$75,000. **Work Program #C23777**

Refer to motion for approval under Agenda Item F.

- 13. Office of the Secretary of State - FY 2013 -** Transfer of \$95,150 from the Personnel Services category to the Enforcement Services category to provide enforcement of the provisions of the Nevada Uniform Securities Act and the Nevada Commodities Code, as well as the management and coordination of the civil and administrative enforcement activities. Requires Interim Finance approval since the amount transferred to the Enforcement Services category exceeds \$75,000. **Work Program #C23568**

Refer to motion for approval under Agenda Item F.

- 14. Office of the Secretary of State - FY 2013 -** Transfer of \$216,742 from the Electronic Secretary of State (eSOS) Reporting System category to the Personnel Services category to fund two positions, which will support the eSOS System in lieu of contracting with an outside vendor. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C23642**

Refer to motion for approval under Agenda Item F.

- 15. Office of the Secretary of State - FY 2013 -** Addition of \$99,576 in balance forward from the previous year to support the Investor Education program and to maintain compliance with Senate Bill 503, Section 27 of the 2011 Legislative Session. Requires Interim Finance approval since the amount added to the Investor Education category exceeds \$75,000. **Work Program #C23694**

Refer to motion for approval under Agenda Item F.

- 16. Office of the Secretary of State - HAVA Election Reform - FY 2013** - Addition of \$465,587 in Voting Access for Individuals with Disabilities grant funds from the Department of Health and Human Services to ensure polling places are accessible to individuals with disabilities, provide the same opportunity for access and participation to individuals with disabilities, and train election officials, poll workers, and election volunteers on how to best promote the access and participation of individuals with disabilities. Requires Interim Finance approval since the amount added to the Polling Place Improvements category exceeds \$75,000. **Work Program #C23646**

Refer to motion for approval under Agenda Item F.

- 17. Office of the Secretary of State - HAVA Election Reform - FY 2013** - Transfer of \$264,000 from the Reserve Title I category to the Statewide Voter Registration category, \$163,048 from the Reserve Title II category to the Administration of Elections category, and \$659,952 from the Reserve category to the Administration of Elections category to allow the Secretary of State to implement the provisions of the Help America Vote Act of 2002 to include a statewide voter registration system, voter education, poll worker training, provisional balloting, improving the accessibility of elections, and supporting the administration of federal elections. Requires Interim Finance approval since the amount added to the Administration of Elections category exceeds \$75,000. **Work Program #C23911. REVISED.**

Ross Miller, Secretary of State (SOS), testifying from Las Vegas, introduced Nicole Lamboley, Chief Deputy Secretary of State; Ryan High, Deputy Secretary of State for Operations; and Scott Gilles, Deputy Secretary of State for Elections.

Secretary Miller explained that Agenda Item F-17 was a request to allocate \$800,000 from Help America Vote Act (HAVA) funds, the federal election account, for voter registration outreach activities during the month immediately prior to the close of registration the end of September. He said a request for proposal (RFP) had been issued, contingent upon Interim Finance Committee approval, for an advertising firm to conduct voter registration awareness and educational activities, primarily the online registration system that would be in place in all 17 counties.

Secretary Miller said the reason for the request was there were significant deficiencies in registered voters in Nevada. It was estimated there were between 600,000 and 700,000 eligible but unregistered voters in the state. He said the turnout for the primary election was dismal, and the SOS office was recently sued by several national groups for potential failure to comply with national voter registration laws.

Secretary Miller noted that Nevada was a battleground state in both the U.S. Senate contest and the Presidential race, and the state would need more resources during this election than ever before. It was important to get as many voters registered and to the polls as possible.

Senator Cegavske thanked Secretary Miller for contacting members of the Committee prior to the meeting to discuss the request. She asked what the goals were for the outreach effort, such as how many new voters were expected to register online and what types of advertisement would be used. She was aware there were entities representing both parties currently conducting voter registrations, and she questioned spending funds for something that was already being done.

Secretary Miller replied the 600,000 to 700,000 eligible but unregistered voters would be targeted, as well as individuals who had fallen into inactive voter status: they were eligible to vote, but may have incorrect addresses on file. He said most of the effort would focus on registering voters online. In states that had implemented online voter registration, voters overwhelmingly registered online.

Since implementation of online registration in Nevada, Secretary Miller said it had not become as widespread as he had anticipated. The voter registration campaign would focus on publicizing the fact that online registration was a more efficient process for the SOS office and more convenient for the voters. He said the SOS office would rely on the advice and expertise of the selected consultant under the RFP process as to what advertising platforms would be used, i.e., television and radio announcements, online, email, and Internet advertisement.

Senator Cegavske asked whether the efforts would be evenly distributed between the urban and rural areas of the state. She questioned whether an elected official would be involved in any of the advertising.

Secretary Miller replied the entire state would be targeted. Online voting was now available in Churchill, Elko, Lyon, and Clark Counties. Continued efforts would be made to make it available throughout the entire state, and a concerted outreach would focus on rural voters. He said he did not know whether elected officials would be involved in the campaign, but he assured Senator Cegavske that the efforts would be as nonpartisan and bipartisan as possible. The SOS office had contacted the Governor's office concerning partnering with the Governor and his staff as frequently as possible, to the extent that he would be available, because of his broad name recognition and support.

Senator Cegavske asked whether an agreement had been made with the Governor or his staff. Secretary Miller replied the Governor's staff expressed support for the partnership; he had not heard anything different.

Assemblyman Hickey asked Secretary Miller to outline some of the problem areas and reasons the office was being sued. He observed that the dismal turnout during the primary involved registered voters who did not vote, and he questioned whether increased voter registration would necessarily increase the percentage of voters at the polls. He asked whether certain communities would be targeted as was done in the U.S. Census, i.e., under-served and ethnic communities.

Secretary Miller replied the lawsuit was pending litigation that he could not discuss thoroughly. He said the claims were from a coalition of national groups that filed the lawsuit indicating deficiencies with the National Voter Registration Act, which mandated that there be voter registration agencies throughout the state to distribute voter registration forms and assist with the registration process. The lawsuit alleged that the Department of Health and Human Services (DHHS) had been deficient in meeting the guidelines. The SOS office had discussed the lawsuit with DHHS, and the case had been turned over to the Attorney General's office.

Secretary Miller said to his knowledge no specific groups would be targeted; the advertising firm would determine whether there were opportunities for outreach to specific groups within the state. He envisioned a broad awareness campaign concerning the availability of online voter registration.

Assemblyman Hickey commented it seemed interesting that DHHS should be responsible for registering voters. He asked whether any consideration had been given to awarding funds to the political parties to participate in the awareness efforts.

Secretary Miller explained that under federal HAVA guidelines, there were specific rules and restrictions as to how the funds could be used. Activities that included voter registration and get-out-the-vote drives, advertising for the event, setting up booths, or paying salaries of employees who registered voters, even if they were nonpartisan, were prohibited. He added that allocating funds to political parties would certainly be another restriction.

Chairwoman Smith said it was her understanding that the suit indicated voter registration had decreased by 95 percent at DHHS. The DHHS agencies had the forms available but they were not being distributed. Secretary Miller replied he was not comfortable speaking for DHHS, but he indicated Chairwoman Smith's understanding of the issue was correct. He noted that the Voter Registration Act passed in 1994 placed a mandate on state assistance agencies to distribute voter registration forms. The basis for the lawsuit was that the agencies within DHHS had been deficient in distribution of the forms, and as a result, there had been a significant decline in the number of registered voters.

Assemblyman Hardy said he appreciated the comments made by Senator Horsford and Senator Cegavske concerning expenditure of salary savings for other purposes, and he agreed with their final analysis. He believed this request fit into the same category; the money could be better spent somewhere else. Assemblyman Hardy said he understood the lawsuit and he disagreed with it. He was taught at a young age that voting was a civic responsibility and patriotic duty; he believed voting was a responsibility of the individual, and he would vote against the request. He would rather see the funds used in education to teach young people about their responsibility to vote.

Chairwoman Smith asked Secretary Miller to clarify how HAVA funds could be spent. She did not agree that this request involved the issue discussed by Senator Horsford and Senator Cegavske earlier; expenditure of HAVA funds was very restrictive.

Secretary Miller explained the HAVA funding came about after the Florida election in 2002 when the federal government implemented uniform standards for running elections in the country. Funding provided to the states was specifically earmarked and limited for use in overhauling the states' voter activities and equipment. He said to date, Nevada had received over \$23 million in HAVA funding, and there were specific requirements on how the money could be spent. Allowable expenditures were purchase of voting machines, staff salaries, and ongoing technology, as well as outreach efforts designed to educate the public about the voting system. Secretary Miller said the unveiling of the online registration system and the fact that a critical election was coming up were the major reasons for the request before the Committee. He emphasized that HAVA funds could not be used for any purpose other than administration of elections.

Senator Cegavske affirmed that the HAVA funds could be retained for maintenance and purchase of election machines, but the money could not be used for any other purpose than elections.

Secretary Miller stated Senator Cegavske was correct; he did not mean to imply that the outreach effort was a requirement to run the election. If the request were approved, approximately \$3 million would remain in the HAVA account; Nevada ranked 25th out of 55 states in the amount of HAVA funds expended to date.

Senator Cegavske asked whether Secretary Miller was disappointed in the results of online voter registration or if he believed it was successful.

Secretary Miller replied he believed it was successful and a much more efficient way to register voters, but the results to date had not met his expectations. Within one or two elections in Arizona, 75 percent of voters were registering through the online system. He noted this would be the first election that widespread use of the online system was available, which was why he believed it was imperative to educate the public concerning the system.

Senator Cegavske asked whether the SOS office had concerns with fraud. She had not heard of any, but wondered how secure the online system was.

Secretary Miller replied online registration was a much more secure system than the paper-based registration because in order to access the online system, an individual had to have a driver's license or photo identification through the Department of Motor Vehicles (DMV). The online voter registration system was integrated with the DMV database. An individual without a driver's license or valid identification would not be able to access the system.

Senator Cegavske said she was proud of the Secretary of State's efforts to encourage people to vote, but she did not agree with spending the funds at this point and believed the money could be better used for other purposes. The voter registration system was online and available, and there were numerous entities registering voters on a regular basis. She applauded the SOS's efforts, but she could not support the request.

Assemblywoman Benitez-Thompson remarked that the circumstances cited by Senator Cegavske were the reasons a nonpartisan outreach effort was needed. She believed money and energy should be provided to ensure that voters were registered in a valid, legal, and nonpartisan manner, and those efforts would be an appropriate use of the funds.

Assemblyman Grady asked how many counties would be requesting funds for new or updated voting machines for the next two elections. He understood the machines were expensive, and he questioned whether HAVA funds would be better spent on voting machines rather than the registration promotion.

Secretary Miller replied the annual maintenance and support of machines, along with operating and personnel expenses, was estimated to cost approximately \$895,000 in the 2014 cycle. There would be a remaining balance for future elections should voting machines need to be replaced. He said the problem with the voting machines was that it was an aging system. During the last election cycle, the SOS office investigated several reports that the touchscreen mechanisms on the voting machines were not operating very well. Secretary Miller said many of the machines were aging and would need to be replaced; the cost to replace all of the voting machines was estimated to be \$18 million. In addition to the fact the SOS only had about \$3.7 million remaining in the HAVA account, in order for the machines to be used in a federal election, they must all be certified by the federal Election Assistance Commission, which had not yet certified the next generation of machines. Therefore, Secretary Miller pointed out, the state could not buy and overhaul the new system even if it were able to because there was no assurance that the system would be certified for future elections.

Assemblywoman Carlton said she supported the request. It was a lot of money, but there were too many people in the state who were not registered to vote, and an education effort was needed. She was concerned that a valid driver's license or DMV identification was required to use online voter registration because of the associated cost. She asked whether there was a way to participate in online registration that did not have a cost associated with it, such as some other form of identification.

Secretary Miller replied that currently if an individual did not have a driver's license or any form of DMV identification, he would have to find a copy of the registration form online, fill it out, and send it to the registrar. The reasons for requiring the DMV identification were twofold. First, it provided a much more secure system by verifying the individual's identity, and secondly, Nevada was an initiative petition state; an individual was entitled to sign initiative petitions when he became a registered voter.

Secretary Miller said there had to be a means to verify the signature with the signature on file with the DMV to retain as part of the voter registration database.

Assemblywoman Carlton reiterated that she was concerned that the only method to participate in online voter registration had an associated cost. She did not want potential voters precluded from registering online because of the cost of a valid identification. She respected the need for security, but she was hopeful that another form of identification could be developed without an associated cost.

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

ASSEMBLYMAN DALY MOVED FOR APPROVAL OF AGENDA
ITEM F-17.

SENATOR SCHNEIDER SECONDED THE MOTION.

Senator Kieckhefer said he appreciated and fully understood the concerns expressed concerning the request, and he shared many of them, especially the future need for maintenance and enhancement of the voting system. However, he also believed it was completely within the realm of the Secretary of State's authority to manage elections and, as a part of that duty, to attempt to increase the number of voters to turn out for elections. Senator Kieckhefer said it was what the Secretary of State had been elected to do, and he believed without any valid reasons to disagree with the request, the Committee should allow the Secretary of State to discharge his duties as he saw fit. He would support the request.

THE MOTION CARRIED. (Senator Cegavske and Assemblymen Grady, Hambrick, Hardy, Hickey, Kite, and Livermore voted no. Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 18. Department of Administration - Motor Pool - FY 2012** - Transfer of \$66,921 from the Reserves category to the Vehicle Operation category to provide for higher than anticipated fuel expense for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Vehicle Operation category exceeds \$75,000. **Work Program #C23679**

Refer to motion for approval under Agenda Item F.

- 19. Department of Administration - Purchasing - Commodity Food Program - FY 2012** - Addition of \$1,576,996 in Direct Sales Processing funds to provide commodity food to schools. Requires Interim Finance approval since the amount added to the Food Processing Program category exceeds \$75,000. **Work Program #C23687**

Refer to motion for approval under Agenda Item F.

- 20. Department of Administration - Enterprise IT Services - Computer Facility - FY 2012** - Addition of \$98,732 in Department of Homeland Security - Federal Emergency Management Agency, Drivers License Security grant funds transferred from the Department of Motor Vehicles (DMV) for costs associated with upgrades to the Enterprise Information Technology Services (EITS) mainframe computer. The EITS provided resources to include three additional features to the mainframe upgrade that were specifically requested by DMV to improve workload and provide a significant increase in the processing power and function of various DMV applications residing on the mainframe. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000.
Work Program #C23504

Refer to motion for approval under Agenda Item F.

- 21. Department of Administration - Nevada State Library and Archives-FY 2012** - Addition of \$157,962 in federal Library Services and Technology Act (LSTA) Title I grant funds to fund projected subgrant expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Library Development Title I category exceeds \$75,000.
Work Program #C23699

Refer to motion for approval under Agenda Item F.

- 22. Department of Administration - Nevada State Library and Archives - Archives and Records - FY 2012** - Addition of \$16,511 in Microfilming Charges and deletion of \$30,900 in Imaging Sales and \$2,489 in Lab Sales. This request also transfers \$30,741 from the Reserve category to the Equipment/Software Purchase and Repair category and \$5,016 from the Reserve category to the Reserve for Reversion category to allow revenue received from local government agencies to be used to purchase, repair and/or update equipment/software as needed in support of the Imaging and Preservation Services program. Requires Interim Finance approval since the amount added to the Equipment/Software Purchase and Repair category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 25. Work Program #C22812. WITHDRAWN.**

- 23. Department of Administration - Nevada State Library and Archives - CLAN - FY 2013** - Addition of \$100,000 in User Charges balanced forward to provide sufficient cash to purchase equipment benefiting all member libraries. Requires Interim Finance approval since the amount added to Cooperative Libraries Automated Network (CLAN) Operating Expenses category exceeds \$75,000.
Work Program #C23547

Refer to motion for approval under Agenda Item F.

- 24. Department of Administration - Nevada State Library and Archives - CLAN - FY 2013** - Addition of \$41,115 in County Participation to fund an increase in an Administrative Aid position from .45 FTE to 1.00 FTE as approved by the Cooperative Libraries Automated Network board. Requires Interim Finance approval since the request includes position changes. **Work Program #C23515**

Refer to motion for approval under Agenda Item F.

- 25. Administration - Nevada State Library and Archives - Imaging and Preservation Services Equipment/Software - FY 2012** - Addition of \$30,741 in funds transferred from the Nevada State Library and Archives budget account to provide the Imaging and Preservation Services (IPS) program a means to collect and use revenue from local governmental entities to purchase, repair and/or update equipment/software as needed. Requires Interim Finance approval since the amount added to the IPS Equipment/Software Purchase and Repair category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 22. Work Program #C23766. WITHDRAWN.**

- 26. Department of Education - Other State Education Programs - FY 2012** - Deletion of \$133,314 in General Fund Appropriation to carry forward unspent Educational Technology funds to FY 2013. Requires Interim Finance approval pursuant to Assembly Bill 579, Section 20, Subsection 3 of the 2011 Legislative Session. **RELATES TO ITEM 27. Work Program #C23915**

Refer to motion for approval under Agenda Item F.

- 27. Department of Education - Other State Education Programs - FY 2013** - Addition of \$133,314 in General Fund Appropriation to carry forward unspent Educational Technology funds from FY 2012. Requires Interim Finance approval pursuant to Assembly Bill 579, Section 20, Subsection 3 of the 2011 Legislative Session. **RELATES TO ITEM 26. Work Program #C23916**

Refer to motion for approval under Agenda Item F.

- 28. Department of Education – GEAR UP - FY 2012** - Addition of \$511 in federal GEAR UP grant funds and transfer of \$7,655 from the Operating category to the Indirect Costs category and \$24,789 from the Operating category to the GEAR UP Aid to Schools category to fund anticipated shortfalls. Requires Interim Finance approval since the cumulative amount added to the GEAR UP Aid to Schools category exceeds \$75,000. **Work Program #C23788**

Refer to motion for approval under Agenda Item F.

- 29. Department of Education - Elementary and Secondary Education Titles II, V, & VI - FY 2013** - Addition of \$2,790,727 in Math and Science Partners grant funds and \$14,337,680 in Striving Readers Initial grant funds to continue these programs to support improved academic achievement and increase literacy skills. Requires Interim Finance approval since the amount added to the Striving Readers Aid to Schools category exceeds \$75,000. **Work Program #C23872**

Refer to motion for approval under Agenda Item F.

- 30. Department of Education - Nutrition Education Programs - FY 2012** - Addition of \$165,887 in federal Commodity/Cash grant funds, ~~\$4,472,632~~ **\$6,604,579** in federal School Breakfast Program grant funds, \$19,583 in federal Special Milk Program grant funds, \$1,268,579 in federal Child/Adult Care Program grant funds, \$3,633,926 in federal School Lunch Program grant funds, and \$11,376 in federal Child/Adult Care Audit grant funds due to an increase in rates and program participation in these programs. Requires Interim Finance approval since the amount added to the School Breakfast Program category exceeds \$75,000. **Work Program #C23739. REVISED 5-31-12.**

Refer to motion for approval under Agenda Item F.

- 31. Department of Education - State Public Charter School Authority - FY 2013** - Addition of \$1,102,682 in Charter School Fees to establish the State Public Charter School Authority account pursuant to Senate Bill 212 of the 2011 Legislative Session, and adds two new positions. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23765**

Steve Canavero, Director, State Public Charter School Authority, introduced Julia Teska, Director of Finance and Planning, Nevada Department of Education.

Mr. Canavero recalled that his last appearance before the Committee involved a work program that provided funding for the State Public Charter School Authority from its inception, October 2011 through June 30, 2012. He explained Agenda Item F-31 was a request to establish the Authority's fiscal year (FY) 2013 budget, which included two new positions, an Administrative Services Officer (ASO) 2 and a Business Process Analyst 2. The budget was based on revenues generated from a sponsor fee on charter schools of 1.5 percent.

Chairwoman Smith noted that Mr. Canavero was well liked and respected by her contacts and constituents in the public education area, particularly with regard to charter schools. She asked for an explanation of the indirect cost support the Authority provided to the Department of Education and why it would continue after the new positions were created.

Julia Teska, Director of Finance and Planning, Nevada Department of Education, explained the first focus of the two new positions would be on providing assistance to the charter schools, but they would ultimately assume support responsibilities currently provided by the Department. Ms. Teska said the Department was continuing to provide accounting, personnel, budget, and information technology services and support, which would ultimately be transferred to the Charter School Authority. She said because the Authority was such a small agency, it would need assistance in establishment of internal controls to provide segregation of duties, as well as staff training, which could take a period of time. Ms. Teska noted that the Department of Education's 2013-2015 biennial budget would not include cost allocation with the Authority; necessary ongoing services would be provided by the Department on a fee-for-service basis.

Chairwoman Smith asked for an explanation of the stipend funds for reviewers included in the work program. She understood that the stipend funds were previously paid with grant funds that were no longer available.

Mr. Canavero said the Authority anticipated using the stipend funds for external reviewers in FY 2013; the future need for stipends would be revisited in FY 2014.

Chairwoman Smith asked whether the Department would be able to fund the reviewers without stipend funds.

Mr. Canavero replied review of charter school applications was performed by internal reviewers and external reviewers outside of the Department of Education to hopefully bring a national perspective to the application review process. He said some reviewers had agreed to a quid pro quo volunteer arrangement between the Authority and other committees. Overall, the reviewers tended to work as consultants and were paid a contract rate.

Chairwoman Smith asked how long it took to review an application. Mr. Canavero said he had prepared an analysis for the Legislative Counsel Bureau breaking down the expenses for training, preliminary phone conference debriefing, review of an application, review of a resubmitted application if previously denied, and the final telephone conference. Review of three applications at \$1,000 per application amounted to approximately 38 hours at approximately \$26.00 per hour. Mr. Canavero added review of four applications was more common for one stipend, which would require 51 total hours and amount to \$19.60 per hour.

Chairwoman Smith asked when the two new positions being requested would begin. Mr. Canavero replied that the ASO position was open for recruitment with selective criteria of experience with charter school or public school finance. He was informed that there were no applicants that passed the selective criteria, and the position was being reopened for a short-term recruitment notifying the prior applicants. Mr. Canavero said he hoped to have the ASO position in place by the end of July.

Mr. Canavero said recruitment for the Business Process Analyst position would begin after approval by the Interim Finance Committee; he hoped to have that position in place by the end of August.

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

ASSEMBLYMAN HARDY MOVED FOR APPROVAL OF AGENDA
ITEM F-31.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Schneider was not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 32. Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2012** - Addition of \$129,996 in Registration Fees and \$300,008 in Student Surcharges to pay mandated service purchase agreements on instructional and academic support faculty separating due to budget reductions, as submitted to the Board of Regents at the June 2012 meeting. ***This request also includes the addition of \$53,000 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid.*** Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23755. REVISED 6-12-12.**

Refer to motion for approval under Agenda Item F.

- 33. Nevada System of Higher Education (NSHE) - University of Nevada - Las Vegas - FY 2012** - Addition of \$570,807 in Student Surcharges and \$454,281 in Non-Resident Tuition to offset reductions of other revenues, as presented to the Board of Regents at the June 2012 meeting. ***This request also includes the addition of \$89,000 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid.*** Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23746. REVISED 6-12-12.**

Refer to motion for approval under Agenda Item F.

- 34. Nevada System of Higher Education (NSHE) - Great Basin College - FY 2012** - Addition of \$102,684 in Non-Resident Tuition and \$6,796 in Miscellaneous Student Fees to fund part-time instructors, as presented to the Board of Regents at the June 2012 meeting. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23744**

Refer to motion for approval under Agenda Item F.

- 35. Nevada System of Higher Education (NSHE) - Truckee Meadows Community College - FY 2012** - Addition of \$93,127 in ~~Student Surcharges~~ **Non-Resident Tuition** and \$23,151 in ~~Non-Resident Tuition~~ **Miscellaneous Student Fees** to cover the costs for part-time instructors, as presented to the Board of Regents at the June 2012 meeting. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23747. REVISED 6-12-12.**

Refer to motion for approval under Agenda Item F.

Chairwoman Smith announced that Agenda Items F-36 and F-196 would be heard together.

- 36. Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2013** - Deletion of \$889,953 in Budgetary Transfers to transfer the operating costs associated with the former Fire Science Academy to the Office of the Military Carlin Armory. Requires Interim Finance approval pursuant to Assembly Bill 580, Section 51 of the 2011 Legislative Session. **RELATES TO ITEM 196. Work Program #C23885**

- 196. Adjutant General and National Guard - Carlin Armory - FY 2013** - Addition of \$889,953 in Budgetary Transfers and \$118,035 in Federal Receipts funds to assume the operations and maintenance of the Carlin Readiness Center from the Nevada System of Higher Education pursuant to the Assembly Bill 580, Section 51 of the 2011 Legislative Session. Requires Interim Finance approval since the amount added to the Carlin Facility category exceeds \$75,000. **RELATES TO ITEM 36. Work Program #C23840**

Ron Zurek, Vice President, Administration and Finance, University of Nevada, Reno, Nevada System of Higher Education (NSHE), said he was pleased to report that after a long and arduous process, the University was nearing completion of the sale of the Fire Science Academy to the Office of the Military. The federal funds had been received, and escrow was anticipated to close on June 30, 2012. He explained that Agenda Items F-36 and F-196 requested approval to transfer \$889,953 and five full-time equivalent positions to the Office of the Military for the operation and maintenance (O&M) of the physical plant of the former Fire Science Academy effective July 1, 2012.

Mr. Zurek noted that with the close of escrow, the NSHE would be terminating a lease for the facility since the Fire Science Academy was shut down. Under the six-month termination notice, NSHE was required to conduct a site restoration project, for which \$4.1 million had been budgeted.

Chairwoman Smith asked what would occur in the event escrow did not close on June 30, 2012. Mr. Zurek replied that was very unlikely to happen, but a minimum

amount of O&M funding had been determined for the Office of the Military to continue maintenance of the facility. He said if the sale fell out of escrow long-term, NSHE would return to IFC in August asking for return of the funds.

Assemblyman Aizley asked whether the transaction meant the end of funding for the Fire Science Academy. Mr. Zurek replied the program ended on December 31, 2011, when the Board of Regents made the decision to terminate the Fire Science Academy program.

Senator Rhoads asked whether the student fees would be eliminated. Mr. Zurek replied the student capital improvement fee of \$6.50 per credit hour, which was the same for the two universities, would continue. The portion of the fees that was dedicated toward debt reduction at the Fire Science Academy would now be applied toward student center funds on campus.

Senator Horsford confirmed the \$4.1 million for restoration of the property did not include student fees. Mr. Zurek replied he was correct. He added that a portion of funds from the sale to the National Guard and some institutional funds would be applied toward the debt, reducing it from \$24 million to \$6 million. Some additional capital would remain, but it was a priority of the University to pay the rest of the debt down as quickly as possible.

Jennifer McEntee, Administrative Services Officer, Office of the Military, remarked the Office was happy to acquire the facility and excited for the opportunity to start the Carlin Armory Readiness Center.

SENATOR RHOADS MOVED FOR APPROVAL OF AGENDA
ITEMS F-36 AND F-196.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was
excused and not present for the vote.)

- 37. Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2013** - Deletion of \$4,539,082 in Budgetary Transfers to mitigate budget reductions at the University of Nevada School of Medicine, as proposed to the Board of Regents at the June 2012 meeting. Requires Interim Finance approval pursuant to Assembly Bill 580, Section 50 of the 2011 Legislative Session.
RELATES TO ITEM 38. Work Program #C23730

Refer to motion for approval under Agenda Item F.

- 38. Nevada System of Higher Education (NSHE) - School of Medical Sciences - FY 2013** - Addition of \$4,539,082 in Budgetary Transfers from the University of Nevada Reno to mitigate budget reductions, as proposed to the Board of Regents

at the June 2012 meeting. Requires Interim Finance approval pursuant to Assembly Bill 580, Section 50 of the 2011 Legislative Session. **RELATES TO ITEM 37. Work Program #C23732**

Refer to motion for approval under Agenda Item F.

- 39. Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2013** - Addition of \$1,959,373 in Student Fees and \$6,677,532 in Student Surcharges to record a permanent 8 percent fee increase and partially offset budget reductions, as submitted to the Board of Regents at the June 2012 meeting. This request also includes the addition of \$1,178,388 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23697**

Refer to motion for approval under Agenda Item F.

- 40. Nevada System of Higher Education (NSHE) - School of Medical Sciences - FY 2013** - Addition of \$148,191 in Registration Fees and \$303,240 in Non-Resident Tuition to record permanent fee increases that offset General Fund reductions as presented to the Board of Regents at the June 2012 meeting. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8, of the 2011 Legislative Session. **Work Program #C23734**

Refer to motion for approval under Agenda Item F.

- 41. Nevada System of Higher Education (NSHE) - University of Nevada - Las Vegas - FY 2013** - Addition of \$2,690,868 in Registration Fees and \$9,188,595 in Student Surcharges to provide for a permanent 8 percent fee increase and partially offset budget reductions, as presented to the Board of Regents at the June 2012 meeting. This request also includes the addition of \$1,776,190 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23757**

Refer to motion for approval under Agenda Item F.

- 42. Nevada System of Higher Education (NSHE) - UNLV Law School - FY 2013** - Addition of \$914,354 in Registration Fees to record permanent fee increases that offset the impact of General Fund reductions to the school's instruction mission as presented to the Board of Regents at the June 2012 meeting. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8, of the 2011 Legislative Session. **Work Program #C23764**

Refer to motion for approval under Agenda Item F.

- 43. Nevada System of Higher Education (NSHE) - Great Basin College - FY 2013 -** Addition of \$150,658 in Registration Fees and \$400,874 in Student Surcharges to record a permanent 8 percent fee increase and partially offset budget reductions, as presented to the Board of Regents at the June 2012 meeting. This request also includes the addition of \$70,743 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23758**

Refer to motion for approval under Agenda Item F.

- 44. Nevada System of Higher Education (NSHE) - Dental School - UNLV - FY 2013 -** Addition of \$1,051,732 in Student Fees and \$471,640 in Non-Resident Tuition to book permanent fee increases that partially offset budget reductions as presented to the Board of Regents at the June 2012 meeting. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23767**

Refer to motion for approval under Agenda Item F.

- 45. Nevada System of Higher Education (NSHE) - Nevada State College at Henderson - FY 2013 -** Addition of \$223,248 in Registration Fees and \$727,688 in Student Surcharges to record a permanent 8 percent fee increase and partially offset budget reductions, as presented to the Board of Regents at the June 2012 meeting. This request also includes the addition of \$128,415 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23759**

Refer to motion for approval under Agenda Item F.

- 46. Nevada System of Higher Education (NSHE) - College of Southern Nevada - FY 2013 -** Addition of \$1,722,579 in Registration Fees and \$4,446,190 in Student Surcharges to record a permanent 8 percent fee increase and partially offset budget reductions, as presented to the Board of Regents at the June 2012 meeting. This request also includes the addition of \$784,622 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23760**

Refer to motion for approval under Agenda Item F.

- 47. Nevada System of Higher Education (NSHE) - Western Nevada College - FY 2013 -** Addition of \$232,152 in Registration Fees and \$600,075 in Student Surcharges to record a permanent 8 percent fee increase and partially offset

budget reductions, as presented to the Board of Regents at the June 2012 meeting. This request also includes the addition of \$105,896 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23762**

Refer to motion for approval under Agenda Item F.

48. **Nevada System of Higher Education (NSHE) - Truckee Meadows Community College - FY 2013** - Addition of \$522,877 in Registration Fees and \$1,348,769 in Student Surcharges to record a permanent 8 percent fee increase and partially offset budget reductions, as presented to the Board of Regents at the June 2012 meeting. This request also includes \$238,018 in Student Surcharges to be booked in the NSHE self-supporting budgets for student financial aid. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C23763**

Refer to motion for approval under Agenda Item F.

49. **Department of Agriculture - Registration and Enforcement - FY 2012** - Transfer of \$180 from the Reserve category to the Environmental Protection Agency Pesticide Certification category and \$45,551 from the Reserve category to the Department Cost Allocation category to align indirect costs charged to grants. Requires Interim Finance approval since the amount added to the Department Cost Allocation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23476**

Refer to motion for approval under Agenda Item F.

50. **Public Utilities Commission - FY 2013** - Addition of \$168,354 in State Electricity Regulators Assistance American Recovery and Reinvestment Act (ARRA) of 2009 federal grant funds from the Department of Energy and transfer of \$59 from the Personnel Services category to the State Electricity Regulators Assistance category to build the Public Utilities Commission's capacity to ensure timely consideration by appropriate regulatory processes for ARRA electricity-related topical areas including energy efficiency, electricity-based renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, demand response equipment, and coal with carbon capture and storage, and transmission. Requires Interim Finance approval since the amount added to the State Electricity Regulators Assistance category exceeds \$75,000. **Work Program #C23588**

Refer to motion for approval under Agenda Item F.

51. **Department of Business and Industry - Athletic Commission - FY 2012** - Transfer of \$49,700 from the Reserve category to the Amateur Boxing Program category to fund grants ~~for amateur boxing clubs and medical service providers~~

to promote amateur contests and exhibitions of unarmed combat pursuant to NRS 467.108. Requires Interim Finance approval since the amount transferred to the Amateur Boxing Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23546**

Refer to motion for approval under Agenda Item F.

- 52. Department of Business and Industry - Insurance Regulation - FY 2013 -** Addition of \$151,195 in U.S. Department of Health and Human Services, Health Insurance Premium Review Grant, Cycle I funds to review health benefit plan rates within Nevada. Requires Interim Finance approval since the amount added to the Rate Review Grant category exceeds \$75,000. **Work Program #C23604**

Refer to motion for approval under Agenda Item F.

- 53. Department of Business and Industry - Insurance Regulation - FY 2013 -** Addition of \$444,210 in U.S. Federal Department of Health and Human Services, Health Insurance Premium Review, Cycle II grant funds to continue the enhancement program started in Cycle I to review health benefit plan rates within Nevada. Requires Interim Finance approval since the amount added to the Cycle II Grant category exceeds \$75,000. **Work Program #C23625**

Refer to motion for approval under Agenda Item F.

- 54. Department of Business and Industry - Industrial Relations - Occupational Safety and Health Enforcement - FY 2013 -** Addition of \$173,500 in U.S. Department of Labor, Occupational Health and Safety grant funds to accept one-time funding to purchase vehicles, computers, inspection equipment, and publications and attend training. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$75,000. **Work Program #C23415**

Refer to motion for approval under Agenda Item F.

- 55. Department of Business and Industry - Taxicab Authority - FY 2013 -** Transfer of \$318,955 from the Reserve category to the Relocation Expenses category to allow the Taxicab Authority to relocate to the McCarran Center and purchase furnishings and equipment for the new location. Requires Interim Finance approval since the amount added to the Relocation Expenses category exceeds \$75,000. **Work Program #C23750**

Charles Harvey, Administrator, Nevada Taxicab Authority, testifying from Las Vegas, introduced Pete Davis and Grant Reynolds, Information Technology Services, Department of Business and Industry.

Mr. Harvey stated that shortly after becoming Administrator of the Taxicab Authority in 2011, he became aware that the lease for the agency's facility, which it had occupied for over 30 years, would expire in late November 2011. He began working with the State Buildings and Grounds (B&G) Division to explore options for resigning a lease at the current location. After combined efforts of both agencies, it was determined that it was in the best interest of the Authority to relocate to the Thomas and Mack Development located near McCarran Airport. Mr. Harvey said the new location was preferred to better meet the needs of the Authority, as the existing location no longer met satisfactory conditions.

Mr. Harvey explained that Agenda Item F-55 was a request to transfer funds for the purchase of furnishings and equipment for the new facility. He said the Authority would utilize the existing furniture and equipment wherever possible; however, new furniture and equipment was required because some of the existing furniture and equipment was worn, outdated, and/or broken.

Chairwoman Smith remarked that requests for furniture and equipment should take place in budget hearings during a legislative session. She questioned the proposal to add more space than the Authority currently occupied and increasing the rental cost, particularly during a time of poor economy. Chairwoman Smith asked whether any portion of the request could be postponed until the 2013 Legislative Session.

Mr. Harvey explained the Authority and B&G had looked at approximately ten different facilities throughout the City of Las Vegas. Some of the prices per square foot were less, but the facility that best met the Authority's needs came in higher than the price currently being paid. Mr. Harvey said due diligence was taken in considering the current location and ultimately determining that it did not meet the Authority's needs. He noted the request was being submitted at this time because the current lease was expiring, which offered a window of opportunity to consider other locations. Mr. Harvey said funding was not being requested for any items that were not necessary at this time. Rather than making multiple requests to the Legislature, the Authority thought it would be more appropriate to compile the requests into one for the Committee.

Chairwoman Smith asked why 3,000 square feet of additional space was required.

Mr. Harvey reiterated that the current facility no longer met the needs of the Authority. He explained that as the economy had been improving in Las Vegas, the number of taxicabs had increased, and the Taxicab Authority Board had allowed for more medallions [metallic permit plates], which meant more drivers needed to be permitted.

Mr. Harvey said that ultimately the Authority would have to request more positions from the Legislature to handle the hundreds of drivers who came into the office everyday. The Authority was currently serving approximately 9,000 drivers and 3,000 taxicabs, and the current facility no longer accommodated the number of drivers coming into the office on a daily basis for the licensing and permitting process, as well as to receive training.

Chairwoman Smith asked why the upcoming expiration of the lease was not addressed during the 2011 Legislative Session.

Mr. Harvey replied he had joined the Authority in May 2011 and could not speak to the 2011 Session. Upon becoming aware that the lease would expire in November 2011, he began to pursue either extending the lease, signing a new lease, or looking for another location.

Bill Maier, Administrative Services Officer, Director's Office, Department of Business and Industry, testified from Carson City that although he was not directly involved during the legislative session, he recalled that there was a concerted effort to stay at the existing location. He noted the space was divided throughout two floors, and there were several problems with design and infrastructure, including plumbing. Mr. Maier said B&G had attempted to work with the building owner but was unable to resolve most of the problems.

Chairwoman Smith asked whether the Authority had assumed it would renew the lease and remain in its current location during the 2011 Legislative Session.

Mr. Maier said he could not confirm that; he was aware of discussions at the departmental level during the past two legislative sessions concerning moving out of the space. He said the building owner had tried to make adjustments to the lease in the past, such as opening other spaces within the building, to address the issues. Mr. Maier was not aware of discussions concerning a new location.

Lisa Figueroa, Administrative Services Officer, Department of Business and Industry, testified she was new to the Authority, but in her review of historical legislative session paperwork, there was no mention of relocation. There was discussion about centralization of the entire Department as a whole, and she understood that the Authority would remain in its current location until a departmental decision was made. Ms. Figueroa noted there were several health issues related to the air conditioning as well as plumbing problems. She added that there was a mental health facility in the same building that operated 24 hours a day, 7 days a week (24-7), which posed safety concerns and parking issues.

Chairwoman Smith said she understood the agency's reasons for justifying the decision and that the staff was new to the budget discussion. She was frustrated that the discussion did not take place earlier.

Assemblywoman Carlton noted \$318,000 from reserves was being requested, and she asked how much remained in reserve. Ms. Figueroa replied the Authority had a \$2.3 million reserve for fiscal year (FY) 2012.

Assemblywoman Carlton asked whether the mental facility had been in the same building since the inception of the Authority's lease. Ms. Figueroa did not know.

Assemblywoman Carlton asked how many staff members were in the Taxicab Authority. Ms. Figueroa replied there were 62 full-time-equivalent staff members consisting of licensing staff, investigators, and administrative staff.

Assemblywoman Carlton remarked she understood the agency's desire to move to a better facility. However, she was also concerned that there was not an in-depth discussion during the 2011 Legislative Session. She asked whether the relocation had to be done at this time or if it could be delayed until after the 2013 Legislative Session.

Ms. Figueroa replied B&G staff had worked collaboratively with the previous Administrator to find an appropriate location. The current Administrator was not opposed to staying in the current facility if the property owner would correct the plumbing and air conditioning problems. She noted that Buildings and Grounds usually determined where state agencies should be located, and B&G had assured the agency that the price per square foot was within the acceptable range.

Assemblyman Frierson asked whether there had been any reported or documented incidents with clients of the mental health facility or if staff was just fearful because it was a 24-7 facility.

Mr. Maier replied he did not believe there was actual fear of the mental health facility clientele. The issue was there was nowhere for the Authority to expand because of the facility's location. The building had two floors, and the Taxicab Authority was located on the second floor and the restrooms were on the first floor.

Assemblyman Frierson asked whether there was a safety concern for Authority employees because of the proximity of the mental health facility. Mr. Maier replied there had been problems with damage to vehicles in the parking lot; he reiterated that it was a 24-7 facility and the perimeter was not secure.

Assemblyman Frierson asked if the Authority had historical numbers of drivers and taxis to compare with the current number of 9,000 drivers and 3,000 taxis in order to determine the percentage of growth.

Mr. Harvey replied the numbers of drivers and taxicabs increased in September 2011. The Taxicab Authority Board conducted an annual review of the number of medallions on the street. As the economy had improved, there was a record number of taxicab trips in 2011, over 27 million, and in response, the Board approved more medallions and the companies had to hire more drivers, bringing the total number of drivers to 9,000.

Assemblyman Frierson asked whether 9,000 was the highest number of drivers. Mr. Harvey said the number exceeded all previous records, and the Authority was on pace to exceed that number again this year.

Senator Kieckhefer remarked he took issue with the Committee casting the mentally ill in the state as posing a threat to public safety. Living with the stigma of mental health was challenging enough without the state making official statements reinforcing such perceptions. For future reference, Senator Kieckhefer would prefer that those types of aspersions be taken out of the Committee's backup material.

Chairwoman Smith agreed, adding that if there was a threat, the Committee would have to take the public's safety into consideration.

Senator Parks said he was quite familiar with the facility and the challenges the facility presented. However, he was confused that knowing the lease was going to expire in the first half year of the biennium, why the Authority did not address the issue in the 2011 Legislative Session budget hearings.

Mr. Harvey reiterated that the majority of staff had just recently joined the Taxicab Authority and did not have historical information as to why the problem was not addressed in 2011.

Assemblyman Hardy asked who was responsible for reviewing facility leases and notifying the Legislature that an expiration was pending. Mr. Harvey replied the State Buildings and Grounds Division was responsible; he apologized that B&G staff was not in attendance.

Assemblyman Hardy remarked that the Committee received informational reports and updates from other agencies, and he suggested that the Legislature receive information concerning the state's facilities at least two years in advance in order to plan accordingly for the future.

Jeff Mohlenkamp, Director, Department of Administration, said there appeared to be confusion concerning the process. He explained that when an agency submitted its biennial budget, it would identify the continuation of an existing lease. The cost of a continuing lease or proposed relocation or expansion would be built into the budget. Mr. Mohlenkamp said he had been advised that there was no information suggesting that additional dollars were included in the Authority's budget for lease costs or that the Authority had indicated that it would require new and expanded space.

Chairwoman Smith requested clarification of the role of the landlord in the repairs and the current status of the facility. She also asked what the ramifications would be to the Authority if the Committee asked it to submit the request to the 2013 Legislature.

Mr. Harvey responded that the Buildings and Grounds representative was the primary contact with the landlord concerning repairs. There were numerous efforts to correct the air conditioning problems, and the Authority was still experiencing noise from the air conditioning units, as well as periods of both heat and cold; the units were not working properly. He said the primary problem with the restrooms was there was an inadequate number of facilities for the staff and customers of the Taxicab Authority and

the other tenants in the building. He noted there were no restroom facilities dedicated to staff. The restroom facilities were locked and members of the public had to obtain a key from the front office to use them. In his opinion, there was no space to build additional facilities for staff.

Chairwoman Smith said she was not sure that the restroom situation was different from other state offices in rented facilities. She asked for additional questions from the Committee; there were none.

Chairwoman Smith suggested that the item be deferred until the August meeting. She requested that the Authority return with more information from the Buildings and Grounds Division and the status of the landlord and repairs. She noted that there could be similar problems in any other rented or leased spaces. Chairwoman Smith surmised there were methods to rectify those problems.

Chairwoman Smith stated that the request would be deferred and placed on the agenda for the August meeting. She thanked the Authority staff for attending and asked them to work with the Fiscal Analysis Division staff concerning the requested information. She cautioned that the Committee had sent a very clear message to all state agencies that these types of discussions needed to be anticipated and conducted in the budget hearings during regular legislative sessions. Chairwoman Smith said the Legislature was looking long-term to plan for the future and anticipate future needs.

56. Department of Tourism and Cultural Affairs - Tourism Development Fund - FY 2012 - Transfer of \$100,000 from the International Trade/Tourism category to the Promotion and Advertising category to fund anticipated international advertising expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Promotion and Advertising category exceeds \$75,000. **Work Program #C23026**

Refer to motion for approval under Agenda Item F.

57. Department of Tourism and Cultural Affairs - Tourism Development Fund - FY 2013 - Addition of \$931,218 in funds balanced forward from the previous fiscal year and \$2,675,229 in Lodging Tax revenue. This request also transfers \$135,830 from the Reserve category to the Promotion and Advertising category to expand the agency's promotional activities, including the continuation of in-market international sales missions and press trips; advertising, evaluation and website usability research; sesquicentennial research; an integrated marketing contract to: increase public relations, website development and maintenance, host the U.S. travel industry's key international sales and marketing show, Olympics bid, and advertising and marketing brand launch; to expand the Rural Marketing grant program; and to increase and continue investment in international marketing and advertising activities. Requires Interim Finance approval since the amount added to the Promotion and Advertising category exceeds \$75,000. **RELATES TO ITEM 59. Work Program #C23719**

Claudia Vecchio, Director, Nevada Department of Tourism and Cultural Affairs (DTCA), explained Agenda Item F-57 was a request to add \$931,218 in funds balanced forward from fiscal year (FY) 2012 and \$2,675,229 in lodging tax revenue, and to transfer \$135,830 from the Reserve category to the Promotion and Advertising category to expand promotional activities to encourage tourists to come to the state.

Ms. Vecchio noted this was her first Interim Finance Committee meeting, and she introduced Steve Woodbury, Deputy Director, and Kelly Williams, Operations and Finance Officer, DTCA, who would be available to provide information and answer questions from Committee members.

Chairwoman Smith welcomed Ms. Vecchio to the meeting. She noted the request involved an allocation of 25 percent over the amount approved by the 2011 Legislature. She said it was a large allocation of room tax dollars, but she understood room tax funds should be used for these purposes. Chairwoman Smith said she was curious about the sizeable increase in projections.

Ms. Vecchio agreed the amount was an increase over the previous request. Fortunately, she said, the tourism industry in Nevada was doing well. Additional tourism tax dollars, all performance based, had been received through an industry that was working very hard and being very successful. She said the projections were based on tourism activity, both short-term and long-term. The projections in long-term travel decisions were primarily based on conventions and meetings that took time to plan. Ms. Vecchio said the projections were fairly conservative; the DTCA had been making projections for many years and had been successful, and the projection models being used would be ongoing.

Steve Woodbury, Deputy Director, Nevada Department of Tourism and Cultural Affairs, testified that the Department had historically worked with Fiscal Analysis Division and Budget Division staff in making projections, and they had been fairly accurate. He noted this was uncharted territory, and it had been difficult to make projections in the current economy. Mr. Woodbury said room taxes had come back stronger than expected, the average daily rates had been much higher than expected, long-term convention sales had been greater than expected, and international spending had increased significantly. Cash/complimentary mixes had historically been about a 80/20 split in Las Vegas, and cash was higher now. He said many variables were taken into account when making projections, such as visitor volume, occupancy, and room rates. He was glad that the state was in a position to be able to request additional room tax revenue.

Chairwoman Smith said the Legislature was glad to be in that position as well; it was good to be adding something rather than cutting. She asked how the marketing activities included in the request would be different from those previously done by the marketing department and whether the existing marketing department would be eliminated.

Ms. Vecchio replied the internal marketing department would focus on activities that it did well. The internal department included public relations professionals, creative advertising professionals, and digital professionals. There would be a separation of duties and responsibilities between the internal department and the external marketing agency. The Commission on Tourism internal staff would perform in-state activities; the staff knew the state and how to promote it and deliver what it offered. They would continue to focus on the in-state audience, which was extremely important. Ms. Vecchio said the public relations (PR) staff would primarily work with in-state media on reactive kinds of activities, as well as continue to develop programs such as the Discover Your Nevada program that was recently launched to create momentum among in-state audiences.

Continuing, Ms. Vecchio explained the external marketing agency would reach out to the feeder markets and national markets to develop and enhance tourism efforts. Because the agency was now the Department of Tourism and Cultural Affairs, it was critical that it create synergy among the various agencies. Ms. Vecchio said the digital component was most important; there would be seven websites, seven social media pieces, and seven digital components to be developed, manned, and optimally working. She said internal staff would not be capable of performing those tasks; instead, they would be managing the administration to ensure that the partners had their events uploaded and important aspects of the tourism industry were being addressed.

Ms. Vecchio said from an advertising standpoint, the Department was sorely in need of many components of advertising. The Department did not have a sales video or internal communication tools needed for sales presentations at global tradeshow. The advertising section of the Department would be working on creating and launching a new brand and other critical activities to promote the region globally.

Chairwoman Smith asked whether the advertising effort would require one contract or multiple contracts.

Ms. Vecchio replied the marketing piece would be an integrated effort, and one contractor would be preferable. Messages that made sense from a public relations standpoint would also make sense from an advertising standpoint; they would have to be the same consistent messages digitally. Ms. Vecchio said that across the board, the integration effort would provide for the creation of something that would be very vibrant and critical for promoting what the state had to offer.

Chairwoman Smith asked if there was a way to award the contract to an in-state contractor.

Ms. Vecchio said the Department had worked with the State Purchasing Division to identify a contractor, Burson-Marsteller, which was an out-of-state firm with a Nevada component, Red Rock Strategies in Las Vegas. She said the Commission on Tourism knew the state, and Burson-Marsteller knew the feeder markets and could convey the state's messages in a way that would work with the feeder markets.

Senator Horsford said the Committee was pleased that the tourism industry was recovering and therefore resources were available to invest. He recalled that the Commission on Tourism was one agency that the 2011 Legislature strategically invested in because of the need to market the state and continue to support tourism. However, he had a problem with the contract. He respected Ms. Vecchio's justification for selecting the contractor, but he respectfully disagreed with her. He did not understand why a Nevada-based firm could not be found to promote the state, and he asked for further explanation of the process, criteria, and justification for the selection. Senator Horsford said he knew other firms had bid on the contract, and there were firms that had previously worked with the Commission. He asked why there was a need to change approaches when the tourism plan in the past had not been bad. He had strong reservations about hiring a national firm from out of state to promote rural communities in Nevada.

Ms. Vecchio replied the approach being taken was very different from the approaches taken in the past. Historically, contracts had been advertising-based, which meant the contractor would develop advertisements and the Department would use them to promote the state. She said that was not the way to conduct marketing in the tourism industry in 2012. From a cost-effective standpoint, it was important to conduct an educational public-relations-driven campaign through media and stories generated, whether they be through print, digital, or television media. Ms. Vecchio said that Burson-Marsteller had the contacts and could generate stories that would resonate with them; the opportunity to take advantage of those contacts did not currently exist in any agency in the state.

Continuing, Ms. Vecchio said the Department had followed the Purchasing Division rules, and the evaluation committee reported that of all the responses to the RFP, Burson-Marsteller provided something so new, so special, and so different that the revenue coming into the state would reflect the different approach, which would be a public relations approach as opposed to a straight advertising approach. She said currently there were no agencies in the state that provided the insight and experience to bring that piece to life. Ms. Vecchio said she had been in the public relations business for 25 years and worked with local, national, and state agencies, and she knew that the value of working with the best in the business was twentyfold over what it was with just a local perspective.

Ms. Vecchio went on to say that it would make a big difference in what the state would be able to realize through the efforts of Burson-Marsteller. The company had submitted out-of-the-box creative ideas for mobile applications that would provide connectivity throughout the state in cell service areas and non-cell service areas. She said that understanding visitor needs was important to the state's success. Ms. Vecchio said the Department would provide the knowledge of Nevada; Burson-Marsteller would provide the understanding of how the industry was evolving from a social media standpoint. She noted that 51 percent of individuals in the state's feeder markets planned their vacations on a smart phone.

Senator Horsford remarked that cell service was not available between Ely and southern Nevada.

Ms. Vecchio explained that when the application was downloaded in a place with cell service, it would be built into the phone and be available in locations without cell service. Visitors could travel anywhere in the state and have access to services and opportunities.

Senator Horsford acknowledged the application was a great tool. He asked whether that component was included in the request for proposals or if the company proposed it. He asked whether the RFP was focused on public relations or advertising. He did not agree that there were no PR firms in Nevada that had a regional or national focus. There were firms with expertise and knowledge in the state, and he wished state money would be invested in Nevada businesses. The Legislature set a policy that 5 percent preference should be given to Nevada-based businesses. This was a policy that the Governor and the Legislature believed was important, particularly at a time when so many businesses needed work.

Ms. Vecchio said she would invite anyone to look at the RFP responses and compare the differences in the recommendations from Burson-Marsteller and the other firms. The evaluation committee was comprised of tourism professionals in the state, and they unanimously chose Burson-Marsteller.

Chairwoman Smith asked whether the company had a local connection. Ms. Vecchio replied the company had an office in Las Vegas, Red Rock Strategies, which would be the state's connection from a public affairs and collaboration standpoint. The driver of the entire project would be a woman in Los Angeles who had experience in creating the most creative public relations campaigns in the world. Ms. Vecchio again noted the contract was public-relations driven.

Assemblyman Aizley asked whether the proposal included methods to measure the effectiveness of the company's efforts and whether Burson-Marsteller had historical documentation that its efforts resulted in improvements and benefits.

Ms. Vecchio replied that in its proposal, the company provided measurements of how it was able to increase whatever it was tasked with increasing. The company had created Hotels.com commercials, which had increased activities and revenue based on the advertising campaigns. She acknowledged that the company would only report its successful campaigns, but the Department also had a robust set of tools in place to measure advertising effectiveness and overall revenue coming into the state.

Chairwoman Smith noted the Department still had \$4 million available that was authorized but not yet spent. She asked why today's request was necessary.

Kelly Williams, Operations and Finance Manager, Department of Tourism and Cultural Affairs, replied the Department still had FY 2012 funds, the bulk of which were obligated to advertising and campaign activities. The summer campaign just began in May and would probably consume most of the remaining funds in category 31, Promotion and Advertising, by the end of the fiscal year.

Chairwoman Smith asked whether the Department had considered using added room tax revenues to offset General Fund need for Museums and History, the Nevada Arts Council, and the Indian Affairs Commission.

Ms. Williams replied the Department had not offset General Fund money, but additional room tax dollars were allocated to support those programs. Room tax revenue was approved at the last Interim Finance Committee meeting to fund three museum positions through FY 2013, and today's meeting included a request to transfer one position to the Nevada Arts Council, which would also be supported with room tax dollars.

Chairwoman Smith noted that if the request were approved, the Department's spending authority would increase to \$9.6 million, which was higher than all previous years except 2008, which was \$11.5 million. She was pleased to hear about the Department's activities and Ms. Vecchio's leadership and passion for tourism in the state.

Chairwoman Smith asked where the Department was in the contract process with Burson-Marstellar.

Ms. Vecchio replied the Department had been working with the State Purchasing Division, and the contract had been signed by both parties, contingent upon Committee approval.

Senator Horsford asked how much of the \$2.6 million request was for the contract.

Ms. Vecchio replied the contract was for \$3.2 million for two years and \$1.85 million for FY 2013. She noted the amount was higher for FY 2013 because a new campaign and brand would be launched, which would require a creative effort.

Senator Horsford asked who would be developing the brand. Ms. Vecchio said the Department had been working with GreenRubino Public Relations to develop a brand. She noted this would be the first-ever statewide brand for Nevada; it would be used for all marketing by all agencies, including Economic Development and Education.

Senator Horsford asked whether GreenRubino was a separate entity from Burson-Marstellar.

Ms. Vecchio explained once the brand was developed by GreenRubino, it would be given to Burson-Marstellar, which would create the campaign to launch the brand.

Senator Horsford affirmed the actual development and design of the brand was being done by a third party and was not part of the \$1.85 million contract. Ms. Vecchio replied he was correct.

There were no further questions from the Committee, and Chairwoman Smith asked for public testimony; there was none.

Chairwoman Smith said the Committee needed additional time to clarify the request with Fiscal staff, and action on the item would be postponed until later in the meeting.

Chairwoman Smith subsequently announced that the Committee would recess until the call of the chair. She called the meeting back to order at 2:52 p.m.

Chairwoman Smith announced that during the recess she had discussions with Fiscal Analysis Division staff concerning action that could be taken to move forward on Agenda Item F-57. The Committee had expressed concerns about the marketing contract with an out-of-state company, and she had been looking for a solution to be able to move the item and address some of the concerns. She asked Assemblywoman Carlton to present her proposed solution.

Assemblywoman Carlton thanked Ms. Vecchio for her good presentation. She had been searching the Internet during Ms. Vecchio's testimony and had some concerns. Assemblywoman Carlton recommended that Agenda Item F-57 be approved, but reduced by the amount of marketing contract, \$1.85 million, to provide an opportunity for the Committee to obtain additional information for reconsideration at the August meeting. She noted that the contract process was lengthy, and it was important for the Department to move ahead with the other tourism activities that were so important to the state.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said he understood the motion would be to reduce category 31, Promotion and Advertising, in the work program by \$1.85 million, which would not affect the remaining requests in the work program.

ASSEMBLYWOMAN CARLTON MOVED TO REDUCE CATEGORY 31, PROMOTION AND ADVERTISING, BY \$1.85 MILLION AND APPROVE AGENDA ITEM F-57 AS AMENDED, AND TO RECONSIDER THE \$1.85 MILLION REQUEST FOR A MARKETING CONTRACT AT THE AUGUST MEETING.

SENATOR COPENING SECONDED THE MOTION.

Assemblyman Hickey asked Assemblywoman Carlton to clarify the information she had researched on the Internet concerning the contract.

Assemblywoman Carlton said she did not want to make any statements without checking other sources. However, she was unable to find Burson-Marstellar listed as a registered company on the Secretary of State's website. She would like to investigate further to ensure the Committee was acting appropriately.

Assemblyman Hickey asked Ms. Vecchio for further details on the RFP bidders. He asked whether other Nevada companies bid on the project.

Ms. Vecchio replied 19 companies bid on the project, 11 of which were Nevada companies. There were no Nevada companies in the top five selected by the evaluating committee. She was hesitant to reveal any further information because of confidentiality.

Jeff Mohlenkamp, Director, Department of Administration, stated the contract had been processed through all of the Purchasing Division procurement requirements. It was competitively bid through an RFP process, an evaluation was completed, and the protest period had expired with no protests. The RFP was properly processed and vetted.

Senator Kieckhefer said he believed the Committee was making a mistake; it was effectively inserting itself as the arbiter of what was or was not a good contract. He said that was not the function of the Committee; its role was to decide whether a service needed to be provided and appropriate funds for it. Another branch of government had the responsibility and obligation to perform that service and duty; that was not the Committee's responsibility. Senator Kieckhefer believed a dangerous precedent would be set if the Committee appropriated money based on which bidders were awarded contracts; it would give any company that lost out on an RFP the opportunity to appeal to the Legislature to do the same for them. Senator Kieckhefer said the Committee was overstepping its bounds, and he would be voting no on the motion.

Chairwoman Smith recalled there had been several similar Committee discussions in the past in which concerns were expressed about contracts. She agreed that agencies needed to be given the latitude to do their work, but this was an issue that would weigh heavily on the minds of constituents. Chairwoman Smith had received concerns about the issue, and she was sure other members had as well. The public expected the Committee to be concerned about \$1.85 million in public money being spent for an out-of-state contract.

Chairwoman Smith noted there was no suggestion to deny the request. The motion was to obtain further information and reconsider it at the next meeting. She was comfortable with approving the motion.

Chairwoman Smith asked for public comment; there was none.

Chairwoman Smith restated the motion, which was to reduce the amount of the work program by \$1.85 million and request the Department work with Fiscal Analysis Division staff to resolve and answer the Committee's questions for reconsideration of the item at the next IFC meeting.

With regard to the work program document, Mr. Combs further clarified that no concerns had been expressed regarding the lodging tax revenue forecast, and it was assumed that the revenue would be realized in FY 2013. The motion would reduce augmentation of category 31, Promotion and Advertising, from \$3,079,000 to \$1,229,000, and \$1.85 million would be placed in category 86, Reserve. Instead of being deaugmented by \$135,830 as reflected on the current work program, the Reserve category would be augmented by \$1,714,170.

Assemblyman Hardy asked what the cause and effect would be of approving only half of the request and whether there would be unmet obligations.

Ms. Vecchio replied the Department had made no obligations that would not be met. She said there would always be dollars not realized by the state by reducing a marketing program. The current program began in 2007, and the Department needed to start creating the fall/winter marketing program and advertising as soon as possible. She said the return on investment was generally about 23:1 from the marketing campaigns. A decision needed to be made in order to start the campaign by October or November at the very latest.

Assemblyman Hardy affirmed that the contract was for two years and the \$1.85 million was only a portion of the contract amount. He asked whether there would be ramifications for the Purchasing Division.

Ms. Vecchio confirmed the contract was for two years, and there would not be any ramifications at this point.

Mr. Mohlenkamp said he understood that the Committee was approving only a portion of the dollars necessary to implement a contract. If only a portion of the contract could be implemented, the contract would have to implement the non-appropriation clause for the remainder of the contract. He observed the Committee was allowing a certain amount of money to be funded, and it would be the Department's decision how to expend the funds and implement the contract.

Chairwoman Smith replied she understood the technical aspects of the revision, but as a good-faith effort, the motion would allow expenditure of the other items in the request.

Mr. Mohlenkamp asked whether the motion was to approve certain contracts and not approve others.

Chairwoman Smith replied the motion was to reduce the amount of the integrated marketing contract; the other recommendations for spending the added revenue met the approval of the Committee.

Ms. Vecchio affirmed only one contract was not being approved; the Department could move forward with the rest of the activities and programs. Chairwoman Smith replied she was correct.

THE MOTION CARRIED. (Senators Kieckhefer and Rhoads and Assemblymen Grady, Hambrick, Hardy, Hickey, Kite, and Livermore voted no. Senator Cegavske was not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

Chairwoman Smith announced that Agenda Items F-58 and F-60 would be heard together.

- 58. Department of Tourism and Cultural Affairs - Tourism Development Fund - FY 2013** - Transfer of \$45,669 from the Personnel Services category to the Transfer to Arts Council category, \$132 from the Operating category to the Transfer to Arts Council category and \$164 from the Information Services category to the Transfer to Arts Council category to fund the transfer of an Administrative Assistant position from the Commission on Tourism to the Nevada Arts Council. Requires Interim Finance approval since the request includes position changes. **RELATES TO ITEM 60. Work Program #C23689**

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

- 59. Department of Tourism and Cultural Affairs - Tourism Development - FY 2013** - Addition of \$100,000 in funds transferred from the Commission on Tourism to increase the community grants program to provide additional funding to develop publicly owned property, facilities, and infrastructure within Nevada to support and attract visitors to the state. Requires Interim Finance approval since the amount added to the Tourism Grants category exceeds \$75,000. **RELATES TO ITEM 57. Work Program #C23892. WITHDRAWN.**

- 60. Department of Tourism and Cultural Affairs - Nevada Arts Council - FY 2013** - Addition of \$45,965 in Transfer from Commission on Tourism to fund the transfer of an Administrative Assistant position from the Commission on Tourism to the Nevada Arts Council. Requires Interim Finance approval since the request includes position changes. **RELATES TO ITEM 58. Work Program #C23518**

Claudia Vecchio, Director, Nevada Department of Tourism and Cultural Affairs (DTCA), explained items 58 and 60 concerned a transfer of \$45,669 from the Personnel Services category to the Transfer to Arts Council category, \$132 from the Operating category to the Transfer to Arts Council category, and \$164 from the Information Services category

to the Transfer to Arts Council category to support the transfer of an Administrative Assistant position from the Commission on Tourism to the Nevada Arts Council.

Chairwoman Smith asked why room tax dollars were not being used to provide more support in this area rather than General Fund.

Ms. Vecchio replied there was discussion concerning using room tax dollars rather than General Fund, but she believed room tax dollars were being used for purposes that would most benefit state agencies, which was to create synergistic efforts to develop agency websites and marketing materials. She said putting marketing dollars back into marketing efforts appeared to be a reasonable way to expend room tax dollars.

Susan Boskoff, Executive Director, Nevada Arts Council, stated the Arts Council had been working closely with Ms. Vecchio and her team to analyze the need for the Administrative Assistant position that was discussed a year before. The decision to transfer the position to the Arts Council would help serve the Council's constituents, which was in the best interest of everyone involved. Ms. Boskoff was glad that new solutions were found to some challenging problems. She noted conversations were ongoing about how to best accommodate the mission of the Nevada Arts Council and to serve the needs of the Department's shared constituencies, including community members, arts and cultural organizations, schools, and cultural providers.

Ms. Boskoff added that the Nevada Arts Council had just completed three days of grants panel hearings. Out-of-state specialists and panelists were brought in to adjudicate the applications, which were received from 10 counties and about 20 communities. The ratings for the applicants were extremely high, and Ms. Boskoff was impressed with the work of a number of volunteer organizations for the state's communities and educational system. She noted that unfortunately, limited funding would be provided because of the budget situation and she hoped funding would be increased in the future.

Chairwoman Smith thanked Ms. Boskoff for her remarks and her hard work to rectify past problems.

Chairwoman Smith called for public testimony; seeing none, she called for a motion.

SENATOR KIECKHEFER MOVED FOR APPROVAL OF AGENDA
ITEMS F-58 AND F-60.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was
excused and not present for the vote.)

61. **Department of Health and Human Services - Director's Office - Administration - FY 2012** - Addition of \$96,000 in federal Youth Suicide Prevention Grant funds to transform the Nevada behavioral health system to reduce youth suicide. Requires Interim Finance approval since the amount added to the Youth Suicide Federal Grant category exceeds \$75,000. **Work Program #C23661**

Refer to motion for approval under Agenda Item F.

62. **Department of Health and Human Services - Director's Office - Administration - FY 2013** - Addition of \$645,150 in Health Information Exchange Network grant funds to implement Nevada's federally approved State Health Information Technology (HIT) Strategic and Operational Plan. Requires Interim Finance approval since the amount added to the HIT Grant category exceeds \$75,000. **Work Program #C23735**

Refer to motion for approval under Agenda Item F.

63. **Department of Health and Human Services - Director's Office - Consumer Health Assistance - FY 2013** - Addition of \$519,613 in Transfer of Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchange funds for continued support for the establishment of a state-operated health insurance exchange. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 200. Work Program #C23662**

Refer to motion for approval under Agenda Item F.

64. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2012** - Addition of \$1,781,504 in federal Title III-B Projects funds, \$13,644 in federal Title III-C Training funds, \$1,956,180 in federal Title III-C Nutrition grant funds, \$55,871 in federal Administrative Cost Allowance funds, \$103,086 in federal Title III-D Prevention Health funds, and \$718,927 in federal Title III-E Caregiver funds to align available grant funds that allow senior citizens to remain independent; provide nutrition services to maintain health, independence and quality of life for older Americans; develop and strengthen preventive health services; and provide caregiver information, training and access to services for family caregivers and older individuals who are relative caregivers. Requires Interim Finance approval since the amount added to the Title III-C Nutrition category exceeds \$75,000. **Work Program #C23272**

Refer to motion for approval under Agenda Item F.

65. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2012** - Addition of \$119,442 in federal Nutrition Services Incentive grant funds to reward effective performance in the efficient delivery of nutritious meals to older adults. Requires Interim Finance approval since the amount added to the Nutrition Services Incentive Program category exceeds \$75,000. **Work Program #C23243**

Refer to motion for approval under Agenda Item F.

66. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2013** - Addition of \$106,927 in Medicare Improvements for Patients and Providers Act (MIPPA) for Beneficiary Outreach and Assistance grant funds to improve beneficiary access to preventive and mental health services; to enhance low-income benefit programs; and to maintain access to care in rural areas, including pharmacy access for the Medicare program. Requires Interim Finance approval since the amount added to the MIPPA Grant category exceeds \$75,000. **Work Program #C23621**

Refer to motion for approval under Agenda Item F.

Chairwoman Smith announced that Agenda Items F-67 and F-69 would be heard together.

67. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2013** - Transfer of \$61,000 from the Personnel Services category to the Information Services category to cover the cost of Master Service Agreement (MSA) contractors to support the division's Case Management System. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 69. Work Program #C23600**

Refer to testimony and motion for approval under Agenda Item F-69.

68. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2013** - Addition of \$334,309 in Senior Medicare Patrol (SMP) grant funds Transferred from the Attorney General and deletion of \$52,815 in SMP funds to educate Nevadans on how to detect and report health care fraud in Medicare billing in order to protect vital health care programs for the future. Requires Interim Finance approval since the amount added to the SMP Grant category exceeds \$75,000. **RELATES TO ITEM 7. Work Program #C23805**

Refer to motion for approval under Agenda Item F.

69. Department of Health and Human Services - Aging and Disability Services - Community Based Services - FY 2013 - Transfer of \$133,000 from the Personnel Services category to the Information Services category to cover the cost of Master Service Agreement (MSA) contractors to support the division's Case Management System. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **RELATES TO ITEM 67. Work Program #C23601**

Mary Liveratti, Administrator, Aging and Disability Services Division, Department of Health and Human Services, explained items 67 and 69 were for the purpose of transferring funds from the Personnel Services category to the Information Services category. She clarified that vacancy savings were not being transferred; the funds were salary savings from step variances realized when a position was filled at a lower step than the previous incumbent. As an example, the Division had Social Worker 2 positions, and often when enough Social Worker 2 applicants could not be recruited, the positions would be under-filled at the Social Worker 1 level, which was two grades below the Social Worker 2 level.

Ms. Liveratti went on to explain the transfer to the Information Services category would cover the cost of master service agreement (MSA) contractors to support the Division's case management system. The vendor for the system was moving to a next-generation software, and the Division did not have adequate in-house support to facilitate the change.

Chairwoman Smith asked when the software change was identified and how the master service agreement contractors would be funded going forward.

Ms. Liveratti replied the contractor started working toward the next generation software in this fiscal year. Problems were found with the current system that needed to be addressed, and as work began toward the move, it was necessary to correct some existing problems.

Tina Gerber-Winn, Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services, said the Division was fortunate to have had enough funding to implement new modules into the database, and with technical resources, problems with security rules and organization within the database were identified. Ways were found to correct the problems, but the process was not complete. Ms. Gerber-Winn said the problems would not have been discovered if the Legislature had not allowed the Division to have MSAs in the first place.

Assemblywoman Benitez-Thompson asked for clarification of the Division's staffing needs. She served on the Legislative Committee on Senior Citizens, Veterans and Adults with Special Needs, and it seemed to her the Division could never have enough Social Workers. She wondered how the benefits of information technology outweighed the benefits of more staff.

Ms. Liveratti replied the upgraded technology would make it easier for staff to complete their work more efficiently, as well as allow better reporting. Reports were needed to compile accurate data to generate caseload projections. She said many staff were hired directly from college and had no experience, and a more efficient system would help with training.

Ms. Gerber-Winn added that the Division conducted ongoing recruitment, and retention was a problem. Private companies and other entities in the industry paid higher salaries than the state. She said the work programs were not suggesting that Social Workers would be eliminated or not hired; the purpose of the request was to maintain the information technology system to be able to project the Division's needs for the 2013 Legislature.

Chairwoman Smith asked for public comment; there was none.

SENATOR KIECKHEFER MOVED FOR APPROVAL OF AGENDA ITEMS F-67 AND F-69.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 70. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2012** - Addition of \$525,300 in School District Reimbursements to pay the non-federal share of medical services provided to Medicaid recipients by the school districts. Requires Interim Finance approval since the amount added to the Transfer to Budget Account 3243-Medicaid category exceeds \$75,000. **RELATES TO ITEM 76. Work Program #C23874**

Refer to motion for approval under Agenda Item F.

- 71. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2012** - Transfer of \$411,626 from the Reserve category to the Transfer to Nevada Check Up category to pay projected program expenditures due to a federally required Managed Care Organization rate evaluation. Requires Interim Finance approval since the amount transferred to the Transfer to Nevada Check Up category exceeds \$75,000. **RELATES TO ITEM 75. Work Program #C23658**

Refer to motion for approval under Agenda Item F.

72. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2012** - Addition of \$901,221 in federal Title XIX funds to pay allowable costs for Medicaid administrative services retroactive to FY 2011 to Clark County, Washoe County and University of Nevada School of Medicine - Nevada Family Practice Residency Program Inc. as a result of State Plan Amendment 08-006. Requires Interim Finance approval since the amount added to the Pass Thru to Local Government category exceeds \$75,000. **Work Program #C23411**

Refer to motion for approval under Agenda Item F.

73. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2013** - Addition of \$363,432 in Medicaid Incentives for Prevention Chronic Diseases grant funds to balance forward remaining authority to continue encouraging participants to use preventive services and adopt healthy behaviors that can potentially improve outcomes and reduce utilization of acute health care services and subsequent costs. Requires Interim Finance approval since the amount added to the Prevent Chronic Disease Grant category exceeds \$75,000. **Work Program #C23714**

Refer to motion for approval under Agenda Item F.

74. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2013** - Addition of \$677,808 in Money Follows the Person grant funds to balance forward remaining authority to continue improved individual access to community support and independent living arrangements. Requires Interim Finance approval since the amount added to the Money Follows the Person Grant category exceeds \$75,000. **Work Program #C23770**

Refer to motion for approval under Agenda Item F.

75. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Check Up Program - FY 2012** - Addition of \$896,785 in federal Title XXI funds and \$411,626 in Transfer from Intergovernmental Transfer funds to cover the shortfall due to the federally required Managed Care Organizations annual rate evaluation. Requires Interim Finance approval since the amount added to the Program Medical Expenditures category exceeds \$75,000. **RELATES TO ITEM 71. Work Program #C23659**

Refer to motion for approval under Agenda Item F.

76. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2012** - Addition of \$674,015 in federal Title XIX funds and \$525,300 in Transfer from Intergovernmental Transfer Account

to fund medical services provided to Medicaid recipients by the school districts. Requires Interim Finance approval since the amount added to the School Based Services category exceeds \$75,000. **RELATES TO ITEM 70. Work Program #C23873**

Refer to motion for approval under Agenda Item F.

- 77. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2012** - Transfer of \$5,195,264 from the Child Welfare Services category to the Temporary Assistance for Needy Families/Child Health Assurance Program (TANF/CHAP) category, \$901,717 from the Child Welfare Services category to the County Indigent Program category, and \$1,105,050 from the Medical Aid for the Aged, Blind and Disabled (MAABD) category to the County Indigent Program category to cover a shortfall for medical claims due to the federally required Managed Care Organization rate evaluation and the expansion of the county match population. Requires Interim Finance approval since the amount transferred to the TANF/CHAP category exceeds \$75,000. **Work Program #C23682**

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services (DHHS), introduced Leah Lamborn, Administrative Services Officer, Division of Health Care Financing and Policy, DHHS. Mr. Duarte explained the work program in Agenda Item F-77 was a revision of the original work program that was submitted. It included a number of transfers to augment and deaugment specific budget categories for different reasons. He requested that Ms. Lamborn explain the work program in detail.

Leah Lamborn, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, explained the purpose of the request was to augment the Temporary Assistance for Needy Families (TANF) program and category 12, the Child Health Assurance Program (CHAP), in the amount of \$11,652,645, and to deaugment category 14, the Medical Assistance for the Aged and Blind (MAAB) program, by the same amount. In addition, the request would deaugment category 15, Waiver, in the amount of \$3,001,672 and augment category 17, the County Indigent program, by the same amount.

Ms. Lamborn further explained the original work program amounts had been revised based on recent expenditure projections. The original projections did not take into consideration that there were 53 Fridays in state fiscal year (SFY) 2012. The Medicaid Management Information System (MMIS) adjudicated Medicaid claims every Friday, and the state fiscal year started Friday, July 1, 2011.

Ms. Lamborn said the projected shortfall in budget category 12, CHAP, was further attributed to an overall 2.4 percent rate increase for managed care organizations. The rate change was retroactive to January 1, 2012. A surplus was projected in budget category 14, MAAB, resulting from a lower-than-budgeted cost per eligible, as well as

changes made to nursing facility rates. She explained that prior to October 1, 2011, nursing facility per-diem rates were enhanced using provider tax as a non-federal share. Nursing facilities were now paid a supplemental payment in a lump sum rather than an enhanced per-diem rate.

Continuing, Ms. Lamborn explained a surplus was projected in the Waiver category due to the County Match program expansion, in which the counties were responsible for the non-federal share of certain waiver recipients whose incomes were at 142 percent to 300 percent of the federal benefit rate.

Ms. Lamborn offered to answer questions from the Committee.

Chairwoman Smith remarked the budget was very difficult for the Committee to understand. She said the Fiscal Analysis Division staff was concerned about the reliability of the figures since revisions were just recently received and some work program revisions that were approved by the Committee in April 2011 were being partially reversed.

Ms. Lamborn replied the work program approved in April deaugmented category 12 by \$26 million, and the current request was to recover some of those funds because the projections in April did not include the additional provider run; they were based on a 52-week provider run schedule. In addition, Ms. Lamborn said the projections did not include the managed care rate increase that was effective January 1, 2012. Approximately \$11.6 million too much was deaugmented in the last work program.

Chairwoman Smith asked Ms. Lamborn to discuss the waiver expenditures that were projected to be over \$10 million less than the amount that was legislatively approved.

Ms. Lamborn explained the waiver expenditures were less as a result of Senate Bill 45 (2011 Legislature), which approved the expansion of the County Match program. The County Match program expanded the federal benefit rate (FBR) to include individuals between 142 percent and 300 percent, and it included the waiver recipients that were not institutionalized at 142 percent to 300 percent of the federal benefit rate. The waiver expenditures were lowered because the expenses were moved to the County Match category for reimbursement by the counties.

Chairwoman Smith asked Ms. Lamborn to work with Fiscal staff to ensure everyone understood the matter completely. She asked the status and reasons for the General Fund surplus for fiscal years 2012 and 2013

Ms. Lamborn replied the original work program projections reflected a larger surplus because they were based on caseloads lower than those approved by the 2011 Legislature in all categories except category 17 (County Indigent Program) and category 14 (MAAB).

Mr. Duarte explained the reasons for the differences between what was previously projected in terms of General Fund need and the current projections. The caseload had changed; the data that was used for the original projections was based on data through December 2011, and the Division now had more information and more data on caseload projections. He said particularly in the TANF/CHAP population, there had been a deceleration of the rate of growth of individuals in the group. A deceleration in the rate of growth affected the out years at the end of the projection. Mr. Duarte said staff in the DHHS Director's Office was analyzing the economic impact and reasons for a slower growth rate in the TANF/CHAP population. He pointed out the population was not declining; the rate of growth was slowing down, which affected the caseload projections in the out months. It was a major reason for the change in the General Fund revenue.

Chairwoman Smith thanked Mr. Duarte and Ms. Lamborn for their explanation; it helped to resolve some of the Committee's concerns. She noted that Fiscal staff would be following up on any other questions. She asked for further questions from the Committee; there were none.

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

SENATOR HORSFORD MOVED FOR APPROVAL OF ITEM 77.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 78. Department of Health and Human Services - Health Division - Statistics and Planning - FY 2012** - Addition of \$512,630 in National Center for Health Statistics Contract funds and \$17,762 in federal Social Security Administration fees per the data sharing agreement with the federal agencies and to provide for the technology required to support the agreement. Deletion of \$1,186,953 in Office of Vital Records fees to comply with NRS 440.690 requiring fees to be deposited into the General Fund and transfer three positions to Budget Account 3223 - Administration to be funded with indirect revenues. Requires Interim Finance approval since the amount deleted from the Vital Records Program category exceeds \$75,000. **RELATES TO ITEMS 100 in FY 2012 and 79 and 102 in FY 2013. Work Program #C22965**

Refer to motion for approval under Agenda Item F.

- 79. Department of Health and Human Services - Health Division - Statistics and Planning - FY 2013** - Addition of \$519,243 in Advances from the General Fund and deletion of \$1,188,890 in Office of Vital Records fees to comply with NRS 440.690 requiring fees to be deposited into the General Fund and to transfer three positions to Budget Account 3223 - Administration to be funded with indirect

revenues. Requires Interim Finance approval since the amount deleted from the Vital Records Program category exceeds \$75,000. **RELATES TO ITEMS 102 in FY 2013 and 78 and 100 in FY 2012. Work Program #C23560**

Refer to motion for approval under Agenda Item F.

- 80. Department of Health and Human Services - Health Division - Immunization Program - FY 2012** - Transfer of \$279,863 from the Reserves category to the Vaccines category to promote immunizations among infants, children, and adults. Requires Interim Finance approval since the amount transferred to the Vaccines category exceeds \$75,000. **Work Program #C23860**

Refer to motion for approval under Agenda Item F.

- 81. Department of Health and Human Services - Health Division - Immunization Program - FY 2013** - Addition of \$447,989 in federal Immunization Billing grant funds to support the development of the Carson City Health and Human Services system to become an in-network provider with private health insurance plans. Requires Interim Finance approval since the amount added to the Federal Immunization Billing Plan category exceeds \$75,000. **Work Program #C23520**

Refer to motion for approval under Agenda Item F.

- 82. Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2013** - Addition of \$100,531 in ARRA - Electronic Benefits Transfer (EBT) grant funds to continue the integration efforts of the EBT system for Nevada retailers who accept Women, Infant and Children (WIC) Benefits. Requires Interim Finance approval since the amount added to the EBT/Interoperability category exceeds \$75,000. **Work Program #C23446**

Refer to motion for approval under Agenda Item F.

- 83. Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2013** - Addition of \$636,000 in Summer Electronic Benefits Transfer for Children (SEBTC) Summer USDA Program grant funds to implement the pilot demonstration project to provide nutrition assistance to low-income children during the summer months. Requires Interim Finance approval since the amount added to the SEBTC USDA Summer Food category exceeds \$75,000. **RELATES TO AGENDA ITEM D.1. Work Program #C23710**

Refer to motion for approval under Agenda Item F.

- 84. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2012** - Addition of \$101,636 in federal Housing and Urban Development (HUD) Contract funds to support the Housing Opportunities for Persons with AIDS (HOPWA) program to provide housing assistance to

HIV infected and affected individuals at risk of homelessness. Requires Interim Finance approval since the amount added to the HOPWA category exceeds \$75,000. **Work Program #C23516**

Refer to motion for approval under Agenda Item F.

Chairwoman Smith announced that Agenda Items F-85 and F-86 would be heard together.

- 85. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2012** - Addition of \$3,083,556 in Rebate funds and transfer of \$1,840,198 from the Medications category to the Reserve for Reversion category to align authority and balance forward excess rebate funds to FY 2013. Requires Interim Finance approval since the amount transferred from the AIDS Medication category exceeds \$75,000. **RELATES TO ITEM 86. Work Program #C23228**

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

- 86. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2013** - Addition of \$3,083,556 in Rebate Balance Forward from Previous Year funds and transfer of \$1,844,797 from the Medications category to the Reserve for Reversion category to improve the quality, availability, and organization of HIV/AIDS AIDS Drug Assistance Program Health Care and related support services and cover AIDS medication costs with rebate funds. Requires Interim Finance approval since the amount transferred from the AIDS Medications category exceeds \$75,000. **RELATES TO ITEM 85. Work Program #C23570**

Phil Weyrick, Administrative Services Officer, State Health Division, Department of Health and Human Services (DHHS), introduced Mary Wherry, Director for Clinical Services, State Health Division, DHHS.

Mr. Weyrick apologized for submitting revisions to the work programs to the Fiscal Analysis Division late. He explained that Agenda Item F-85 was revised to increase revenue authority by \$3,126,721; category 86, Reserve, would be reduced from \$3,083,556 to \$1,288,605; and category 25, Rebates, would be increased by \$1,838,116.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the Fiscal Analysis Division had received revisions to Agenda Items F-85 and F-86 the previous evening. Fiscal staff had some concerns with the fiscal year (FY) 2013 work program balance forward because it had never been done in this account before, and staff wanted to confirm that it was allowed under *Nevada Revised Statutes* (NRS). After meeting with Fiscal staff and the Budget Division, Mr. Combs said the Health Division would resubmit item 86 at the August IFC meeting. He recommended the Committee approve item 85 as amended and defer action on item 86 until the August meeting.

Mr. Weyrick indicated Mr. Combs' recommendation was acceptable to the Division.

Senator Parks asked whether moving rebate funds from Medications to another category would present revenue problems, and if anyone would be placed on a waitlist.

Mr. Weyrick replied one of the reasons for the late submission of the revisions was that he had concerns with the federal guidelines regarding the program income, which was the rebate revenue. He noted the rebate revenue had increased from \$100,000 to over \$4 million since 2008 due to staff diligence in pursuing the rebates. The increased revenue had caused a problem in the budget because a lower amount was budgeted based on previous years' experience. Mr. Weyrick pointed out that federal guidelines for rebate revenue were through the Ryan White program, and the General Fund was appropriated specifically for medications. He also had some concerns, and he would work with Fiscal staff to resolve them and ensure the transfer was in compliance with both federal and state regulations.

Chairwoman Smith asked for public comment; there was none.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM F-85
AS AMENDED AND WITHHOLD ACTION ON AGENDA
ITEM F-86.

ASSEMBLYMAN DALY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was
excused and not present for the vote.)

- 87. Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2013** - Addition of \$367,594 in federal Background Data Utilization grant funds to support continued development of background checks for direct patient access employees of long term care facilities and providers to further enhance the safety and quality of care of the state's long term care population, reduce statutory barriers, and increase efficiencies through electronic verification. Requires Interim Finance approval since the amount added to the Background Check Grant category exceeds \$75,000.
Work Program #C23457

Refer to motion for approval under Agenda Item F.

- 88. Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2013** - Deletion of \$134,786 in Transfer from the Division of Health Care Financing and Policy to reflect the expiration of the revenue contract to fund a physician from UNLV addressing infectious diseases. The balance of authority will establish the Methicillin-Resistant Staphylococcus Aureus (MRSA) Studies in a separate expenditure category to continue to assist in the prevention of multi-drug resistant organisms through the implementation of

best practices based on evidence from nationally recognized guidelines such as the Centers for Disease Control and Preventions Management of Multi-Drug Resistant Organisms in Healthcare Settings. Requires Interim Finance approval since the amount deducted from the Contracts with UNLV category exceeds \$75,000. **Work Program #C23481**

Refer to motion for approval under Agenda Item F.

- 89. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2012** - Addition of \$87,007 in federal Health Resources and Services Administration (HRSA) Hospital Preparedness grant funds to accept carry forward funds for the HRSA Hospital Preparedness program. Transfer of \$443 from the Personnel Services category to the HRSA Hospital Preparedness category and \$28 from the Division Cost Allocation category to the HRSA Hospital Preparedness category to engage in activities at the state, tribal and local jurisdictional levels to support, enhance and improve Nevada's public health, hospital, and emergency response system capacities, mitigating negative outcomes and fostering improved recovery from such events. Requires Interim Finance approval since the amount added to the HRSA Hospital Preparedness category exceeds \$75,000. **Work Program #C23386**

Refer to motion for approval under Agenda Item F.

- 90. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2013** - Addition of \$143,975 in federal Emergency System for Advanced Registration - Volunteer Health Professionals (ESAR-VHP) grant funds to enhance the electronic volunteer registry. This will be used to verify credentials of health professional volunteers by creating links in the Health Volunteer Registry to national data verification sources. Requires Interim Finance approval since the amount added to the ESAR-VHP Grant category exceeds \$75,000. **Work Program #C23299**

Refer to motion for approval under Agenda Item F.

- 91. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2013** - Addition of \$104,134 in federal ARRA Primary Care Office (PCO) grant funds to strengthen Nevada's efforts to increase the primary care workforce in Nevada through the National Health Service Corp. Requires Interim Finance approval since the amount added to the ARRA PCO Grant category exceeds \$75,000. **Work Program #C23310**

Refer to motion for approval under Agenda Item F.

- 92. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2013** - Addition of \$183,620 in federal Strengthening Public Health Infrastructure for Improved Health Outcomes grant funding to increase Nevada's capacity and ability to meet national public health standards, such as those of the National Public Health Performance Standards Program, Public Health Accreditation Board, and National Quality Forum. Requires Interim Finance approval since the amount added to the Public Health Infrastructure category exceeds \$75,000. **Work Program #C23495**

Refer to motion for approval under Agenda Item F.

- 93. Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2012** - Deletion of \$118,263 in federal ARRA Behavioral Risk Factors Surveillance System (BRFSS) grant funds to collect baseline and follow up data for evaluation of the Clark County Communities Putting Prevention to Work (CPPW) Tobacco Initiative project. The balance of the project will occur in SFY 2013 since the grant was extended. Requires Interim Finance approval since the amount deleted from the ARRA BRFSS category exceeds \$75,000. **RELATES TO ITEM 94. Work Program #C23507**

Refer to motion for approval under Agenda Item F.

- 94. Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2013** - Addition of \$118,263 in federal ARRA Behavioral Risk Factors Surveillance System (BRFSS) grant funds to collect baseline and follow-up data for evaluation of the Clark County Communities Putting Prevention to Work (CPPW) Tobacco Initiative project. Requires Interim Finance approval since the amount added to the ARRA BRFSS category exceeds \$75,000. **RELATES TO ITEM 93. Work Program #C23506**

Refer to motion for approval under Agenda Item F.

- 95. Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2013** - Addition of \$68,331 in federal Epidemiology and Laboratory Capacity (ELC) Supplemental grant funds to add one Health Facility Surveyor position to continue to address five interrelated areas of concern in Nevada: Epidemiology Capacity, Laboratory Capacity, Health Information Systems Capacity, Healthcare Associated Infection Prevention Infrastructure, and Healthcare Associated Infection Prevention Collaboratives, which are fully consistent with and build upon the existing Epidemiology and Laboratory Capacity (ELC) program activities. This request continues the project originally approved in SFY 2012. Requires Interim Finance approval since the amount added to the ELC Supplemental category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23534**

Refer to motion for approval under Agenda Item F.

96. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2013** - Addition of \$72,207 in federal Tobacco Control grant funds to continue to support the state's effort to reduce tobacco use among adults, reduce the exposure to second-hand smoke, and to reduce the incidence of teens starting to smoke. Requires Interim Finance approval since the amount added to the Tobacco Control Supplemental category exceeds 10 percent of the legislatively approved amount for this category. **Work Program #C23536**

Refer to motion for approval under Agenda Item F.

97. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2013** - Addition of \$97,311 in federal Public Prevention Health Fund grant funds to continue to fund three new positions to coordinate 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 chronic conditions. Requires Interim Finance approval since the amount added to the Chronic Disease Prevention Program category exceeds 10 percent of the legislatively approved amount for this category. **RELATES TO AGENDA ITEM C.4. Work Program #C23542**

Refer to motion for approval under Agenda Item F.

98. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2013** - Addition of \$283,182 in federal Abstinence Education grant funds to develop and implement an Abstinence Education Program focusing on high-risk youth. Requires Interim Finance approval since the amount added to the Abstinence Education category exceeds \$75,000. **Work Program #C23412**

Refer to motion for approval under Agenda Item F.

99. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2013** - Addition of \$665,203 in federal Personal Responsibility Education Program grant funds to continue to reduce teenage pregnancies and reduce sexually transmitted infections such as HIV/AIDS in the regions with the highest rates and the highest risk factors. Requires Interim Finance approval since the amount added to the Personal Responsibility Education Program category exceeds \$75,000. **Work Program #C23445**

Refer to motion for approval under Agenda Item F.

100. **Department of Health and Human Services - Health Division - Office of Health Administration - FY 12** - Transfer of \$150,328 from the Reserve category to the Personnel Services category to support the transfer of three positions from the Office of Vital Records. Requires Interim Finance approval since the amount

transferred to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 78 in FY 2012 and 79 and 102 in FY 2013. Work Program #C23558**

Refer to motion for approval under Agenda Item F.

- 101. Department of Health and Human Services - Health Division - Office of Health Administration - FY 2013** - Transfer of \$470,333 from the Reserve category to the Operating Expenses category to support contracted temporary employees for fiscal support of the division. Requires Interim Finance approval since the amount added to the Operating Expenses category exceeds \$75,000. **Work Program #C23355**

Refer to motion for approval under Agenda Item F.

- 102. Department of Health and Human Services - Health Division - Office of Health Administration - FY 2013** - Transfer of \$153,223 from the Reserve category to the Personnel Services category to support the transfer of three positions from the Office of Vital Records. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 79 in FY 2013 and 78 and 100 in FY 2012. Work Program #C23572**

Refer to motion for approval under Agenda Item F.

- 103. Department of Health and Human Services - Health Division - Community Health Services - FY 2013** - Addition of \$93,139 in Gifts and Donations funds to use United Health settlement funds to continue to support the reduction in vaccine preventable disease and allow for the provision of age appropriate immunizations to children in licensed childcare facilities. Requires Interim Finance approval since the amount added to the Attorney General - United Health Fund category exceeds \$75,000. **Work Program #C23425**

Refer to motion for approval under Agenda Item F.

- 104. Department of Health and Human Services - Health Division - Community Health Services - FY 2013** - Addition of \$118,162 in County Participation funds to support the transfer of liability and oversight for administrative support, provide replacement equipment, and improve data communication lines to enable the Lytec software to run correctly. Requires Interim Finance approval since the amount added to the County Participation category exceeds \$75,000. **Work Program #C23444**

Refer to motion for approval under Agenda Item F.

105. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2012 - Transfer of \$535,000 from the Personnel Services category to the Information Services category to cover a projected shortfall due to mainframe utilization exceeding projections. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C23586**

Steve Fisher, Deputy Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), introduced Diane Comeaux, Administrator, Division of Welfare and Supportive Services, DHHS, and Jack Zenteno, Chief, Child Care Assistance and Development, Division of Welfare and Supportive Services, DHHS.

Mr. Fisher explained Agenda Item F-105 requested Committee approval to transfer \$535,000 from the Personnel Services category to the Information Services category to cover a projected shortfall caused by mainframe utilization exceeding projections.

Chairwoman Smith asked Mr. Fisher to discuss what was expected going forward with regard to the adequacy of the funding and how it would be addressed in fiscal year (FY) 2013.

Mr. Fisher replied that DWSS had been cleansing and archiving the database to reduce utilization on the mainframe, which in turn would reduce the cost of utilization and the mainframe over FY 2013.

Chairwoman Smith asked for further details concerning personnel problems with recruitment and filling vacancies and what was anticipated in the future.

Mr. Fisher said the Division was having difficulty filling specific information technology positions. The list of candidates obtained from the Division of Human Resource Management did not include applicants with the exact experience needed. A recruitment for an Information Technology Specialist might result in a list with several network specialists and desktop specialists, but no application developers.

Chairwoman Smith observed recruitment difficulties might not improve; the Committee was consistently hearing that state agencies could not recruit qualified applicants.

Diane Comeaux, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, testified that the Division had filled a number of information technology positions in the last several months by working extensively with the Division of Human Resource Management to narrow recruitment to the specific needs of the Division. The number of qualified applicants had increased recently. Ms. Comeaux noted that information technology was a high area of turnover, but the Division would continue to work with Human Resource Management to recruit in the same manner as positions turned over.

Chairwoman Smith remarked she had heard from business representatives that the educational requirements may be too high in the information technology area. She and others involved in economic development had speculated that community college certificates and associate degrees might be a more appropriate requirement in the information technology area.

Ms. Comeaux explained that the Division was having difficulty because the Legacy computer program was older and the languages were no longer being taught in the community colleges, making it necessary to recruit more experienced individuals. In the areas of network development and other activities, the Division had more current equipment and languages, and it was easier to recruit from the community colleges for those positions.

Chairwoman Smith asked for public comment; seeing none, she called for a motion.

ASSEMBLYMAN HARDY MOVED FOR APPROVAL OF AGENDA
ITEM F-105.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Horsford voted no.
Assemblywoman Kirkpatrick was excused and not present for the
vote.)

Chairwoman Smith announced that Agenda Item F-106 would be heard with Item F-109, as well as Agenda Item D.4.

106. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2012 - Deletion of \$750,000 in Budgetary Transfers to fund projected shortfalls in the Child Assistance and Development budget account due to higher demands and commitments to contracted providers of child care services. Requires Interim Finance approval pursuant to A.B. 580, Section 44 of the 2011 Legislative Session. **RELATES TO ITEM 109. Work Program #C23541**

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

107. Department of Health and Human Services - Welfare and Supportive Services - Child Support Enforcement Program - FY 2013 - Addition of \$1,463,181 in federal Incentive Revenue funds to implement initiatives to improve the efficiency of the Child Support Enhancement Program. Requires Interim Finance approval since the amount added to the federal Incentive Award category exceeds \$75,000. **Work Program #C23377**

Refer to motion for approval under Agenda Item F.

- 108. Department of Health and Human Services - Welfare and Supportive Services - Child Support Federal Reimbursement - FY 2013** - Addition of \$2,213,854 in federal Incentive Revenue funds to implement initiatives sponsored by county Child Support Enhancement Program offices to improve the efficiency of the program. Requires Interim Finance approval since the amount added to the Incentives – In-State category exceeds \$75,000. **Work Program #C23288**

Refer to motion for approval under Agenda Item F.

- 109. Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2012** - Addition of \$750,000 in Budgetary Transfers from the Field Services budget account to fund projected shortfalls due to higher demands and commitments to contracted providers of childcare services. Requires Interim Finance approval pursuant to A.B. 580, Section 44 of the 2011 Legislative Session. **RELATES TO ITEM 106. Work Program #C23692**

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

- 4. Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2012** - Addition of \$3,250,000 in federal Temporary Assistance to Needy Families grant funds and \$342,000 in U.S. Department of Health and Human Services Child Care Development Fund grant funds. This request also transfers \$1.4 million from the New Employees of Nevada Child Care category to the Child Care Mandatory Matching category to meet higher caseload demands to provide child care services to qualified clients. Requires Interim Finance approval since the amount added to the Child Care Mandatory Matching category exceeds \$75,000. **Work Program #C23523**

Steve Fisher, Deputy Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), explained that Agenda Items F-106, F-109, and Agenda Item D.4. were for the purpose of transferring funds to cover a fiscal year (FY) 2012 shortfall in the Child Assistance and Development budget caused by higher demand and commitments to contractor providers of child-care services.

Mr. Fisher said that Agenda Item D.4. added \$3.25 million in Temporary Assistance for Needy Families (TANF) grant funds and \$342,000 in DHHS Child Care Development grant funds to the Child Assistance and Development budget account. The Division was also requesting a transfer of \$1.4 million from the New Employees of Nevada (NEON) Child Care category to the Child Care Mandatory Matching category to meet higher caseload demands to provide child-care services to qualified clients.

Mr. Fisher went on to explain that Agenda Items F-106 and F-109 were requesting approval to transfer \$750,000 from the Field Services budget account to the Child Assistance and Development budget account. The funds would also be used to meet higher caseload demands.

Chairwoman Smith recalled that there had been discussions during the past two Committee meetings concerning the waitlists and need for child-care subsidies, and she was glad to hear that funding was now available to help the program. She asked Mr. Fisher to discuss what effect the funding would have on the families that needed the services and the waitlists, including what was anticipated for FY 2013.

Mr. Fisher replied the additional funds would allow providers to be paid at the current service levels through June 2012, as well as start reducing the waitlist in FY 2013 sooner rather than later.

Chairwoman Smith asked whether the Division anticipated any additional TANF funds in the 2012-2013 biennium.

Diane Comeaux, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, replied the Division was monitoring TANF funds until the caseload numbers were known. She said the Division was not comfortable transferring additional money at this point in time, but the situation was being monitored on a regular basis.

Chairwoman Smith remarked she hoped to see the Division return to a future Committee meeting with a request to expend more funds in this area because it was an important program for helping people return to work.

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

ASSEMBLYMAN DALY MOVED FOR APPROVAL OF AGENDA
ITEMS F-106 AND F-109.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was
excused and not present for the vote.)

Chairwoman Smith announced that Agenda Items F-110 and F-111 would be heard together.

110. Department of Health and Human Services - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services – FY 2012 - Deletion of \$250,000 in Budgetary Transfers to provide funding for a projected shortfall in the Division of Mental Health and Developmental Services Lake's Crossing Center's budget account. Requires Interim Finance approval

pursuant to A.B. 580, Section 49 of the 2011 Legislative Session. **RELATES TO ITEM 111. Work Program #C23672**

111. Department of Health and Human Services - Mental Health and Developmental Services - Facility for the Mental Offender - FY 2012 - Addition of \$250,000 in Budgetary Transfers to provide funding for a projected shortfall. Requires Interim Finance approval pursuant to A.B. 580, Section 49 of the 2011 Legislative Session. **RELATES TO ITEM 110. Work Program #C23664**

Elizabeth Neighbors, Director, Lake's Crossing Center, Division of Mental Health and Developmental Services, Department of Health and Human Resources, explained that Agenda Items F-110 and F-111 were requests for Committee approval to transfer \$250,000 from Northern Nevada Adult Mental Health Services to cover a shortfall in category 1, Personnel Services, which was largely driven by extreme medical acuity in the Lake's Crossing facilities requiring increased coverage that had generated staff overtime.

Chairwoman Smith surmised the Lake's Crossing Center (Center) had sicker patients who required more one-on-one staffing, which was driving more overtime. Ms. Neighbors replied she was correct, adding that Center staff had been aggressive in completing medical clearances and negotiating with the courts about sending clients with severe medical problems to the Center. Those problems should be identified and taken care of in advance of transfer to Lake's Crossing for restoration of competency. However, she said identification of the medical problems was not always successful, and over the past fiscal year, approximately a dozen clients had to be taken to Renown Hospital, some of them for periods of time that required a Center officer to maintain security.

Chairwoman Smith asked whether the Center had enough staff to fulfill the needs or if it was necessary to contract for staff.

Ms. Neighbors replied 11 forensic staff had been lost over the course of the budget cuts. It was difficult to maintain staffing for two units rather than one with the existing staff, particularly with clients hospitalized outside of the facility. She added that there had been an increased number of transports who were incompetent to southern Nevada, which required two officers. Ms. Neighbors said the Center did not use contract security, so staff needed to be called back to provide coverage.

Assemblyman Horne asked whether Ms. Neighbors anticipated the increased costs would continue through FY 2013. Ms. Neighbors replied yes, but the Center was working hard to monitor the costs in order to be able to anticipate future costs in the 2013-2015 biennial budget.

Assemblyman Horne asked from where the \$250,000 was being transferred, and Ms. Neighbors replied the funds were coming from the Dini-Townsend Hospital of Northern Nevada Adult Mental Health Services (NNAMHS), which was located on the same campus as the Lake's Crossing Center.

Assemblyman Horne asked whether the transfer would have an adverse effect on the Dini-Townsend Hospital. Ms. Neighbors said she did not believe so.

Robin Hager, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, explained typically NNAMHS reverted funds due to vacancies or other unforeseen circumstances. The transfer would not have a negative impact.

Chairwoman Smith asked for public testimony; there was none.

ASSEMBLYMAN HORNE MOVED FOR APPROVAL OF ITEMS F-110 AND F-111.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 112. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2013** - Addition of \$47,500 in Balance Forward from Previous Year funds to provide emergency placement for abused, neglected and/or abandoned children in rural Nevada pending court hearings. Requires Interim Finance approval since the amount added to the Elks Activities category exceeds 10 percent of the legislatively approved amount for that category.
Work Program #C23670

Refer to motion for approval under Agenda Item F.

- 113. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2013** - Addition of \$943,255 in federal Adoption Incentive Payments program grant funds to provide additional incentives for adoptions of children from foster care, foster children with special needs and older child adoptions. Requires Interim Finance approval since the amount added to the Adoption Incentive Payments category exceeds \$75,000.
Work Program #C23716

Refer to motion for approval under Agenda Item F.

- 114. Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2012** - Transfer of \$75,000 in General Fund Appropriation to FY 2013 to ensure sufficient budget authority is available for an

approved deferred maintenance project. Requires Interim Finance approval pursuant to A.B. 580, Section 36 of the 2011 Legislative Session. **RELATES TO ITEM 115. Work Program #C23593**

Refer to motion for approval under Agenda Item F.

- 115. Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2013** - Transfer of \$75,000 in General Fund Appropriation from FY 2012 to ensure sufficient budget authority is available for an approved deferred maintenance project. Requires Interim Finance approval pursuant to A.B. 580, Section 36 of the 2011 Legislative Session. **RELATES TO ITEM 114. Work Program #C23594**

Refer to motion for approval under Agenda Item F.

- 116. Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2012** - Transfer of \$41,528 in General Fund Appropriation to FY 2013 to ensure sufficient budget authority is available for an approved deferred maintenance project. Requires Interim Finance approval pursuant to A.B. 580, Section 36 of the 2011 Legislative Session. **RELATES TO ITEM 117. Work Program #C23574**

Refer to motion for approval under Agenda Item F.

- 117. Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2013** - Transfer of \$41,528 in General Fund Appropriation from FY 2012 to ensure sufficient budget authority is available for an approved deferred maintenance project. Requires Interim Finance approval pursuant to A.B. 580, Section 36 of the 2011 Legislative Session. **RELATES TO ITEM 116. Work Program #C23575**

Refer to motion for approval under Agenda Item F.

- 118. Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2012** - Transfer of \$80,136 from the Operating category to the Information Services category for the purchase of replacement computer equipment. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C23717**

Danette Kluever, Deputy Administrator, Division of Child and Family Services, Department of Health and Human Services (DHHS), introduced Amber Howell, Administrator, and Kelly Wooldridge, Deputy Administrator, Children's Mental Health, Division of Child and Family Services, DHHS.

Ms. Kluever explained Agenda Item F-118 was a request to move \$80,136 from the Operating category to the Information Services category to purchase computers for the Division's Southern Nevada Child and Adolescent Services program for Mental Health Services. Ms. Kluever said the Division had savings in pharmacy costs of approximately \$121,000, from which half of the 168 computers that were currently out of warranty or over seven years old would be purchased. She said the priority was to replace the oldest computers to increase the productivity of line staff and clinicians using computers for case notes and documentation to bill for children's mental health services. Computers for the Medicaid billing staff would also be replaced.

Chairwoman Smith understood that the costs were down because the census at Desert Willow Treatment Center was down. She asked the reasons for the reduction in costs.

Kelly Wooldridge, Deputy Administrator, Children's Mental Health, Division of Child and Family Services, Department of Health and Human Services, said Chairwoman Smith was correct; the census at Desert Willow Treatment Center was 9 percent lower than it was in fiscal year (FY) 2011. She explained several unfortunate events had caused the decrease. Prior to FY 2012, there had been discussion about changing the children's acute unit to a co-occurring mental health and substance abuse unit. The Division started doing the research and purchasing training materials for the change, but three of the four Clinical Social Workers left the agency, and it was difficult to fill nursing positions. Ms. Wooldridge said the decision was made to use the existing staff of the children's acute unit to cover other units in order to meet federal regulations.

Ms. Wooldridge went on to say that in March 2012, the Division became aware of a federal regulation from the Center for Medicaid Services (CMS) dealing with nursing coverage. Historically, she said Desert Willow Treatment Center had used one nurse to cover two units for a graveyard shift, but the regulation required one nurse to cover every unit. Existing nursing staff now had to fill vacancies and cover graveyard shifts.

Ms. Wooldridge added that the census in the children's acute unit was also low, and the census was held low in one of the three residential units because the Division did not have a Clinical Social Worker that specialized in treating adolescent sex offenders on staff. She said the Division had contracted with a private facility to continue providing treatment to ensure that children needing acute care received services.

Senator Horsford remarked the Children's Mental Health staff had an enormous amount of responsibility with the type of clientele they served. It was his understanding that because of federal regulations, existing staff were shifted to areas of the most acute need, and the other areas with adolescents who were not at an acute stage were not being served at the Desert Willow facility and the census was down.

Ms. Wooldridge replied the children's acute unit was closed and the contracted private facility served those clients. It was necessary to keep the census low, primarily in the unit that treated adolescent sex offenders, because of the lack of a Clinical Social Worker, which was a difficult position to recruit because it was so specialized.

Senator Horsford asked how many adolescents were being served by the private contractor and whether there was a waitlist beyond the number being served.

Ms. Wooldridge replied she did not have exact numbers; she would provide them. She said a child needing acute care who was uninsured or underinsured and would have otherwise gone to Desert Willow Treatment Center would be admitted to the contracted psychiatric hospital. There was currently a waitlist of five adolescents waiting to get into residential treatment.

Senator Horsford affirmed there were a limited number of psychiatric beds. Ms. Wooldridge replied he was correct.

Senator Horsford asked what would happen to the adolescents if there was more need than beds. Ms. Wooldridge said they would be admitted to a private psychiatric facility.

Senator Horsford asked whether there was a limit on the number of funded beds in the private psychiatric facilities. Ms. Wooldridge replied the current contract served acute adolescents or children at a private psychiatric hospital, and there had been no patients turned away; funding was still available.

Senator Horsford asked where the funds to purchase computers were in the budget currently. Ms. Wooldridge said the funds would be transferred from pharmacy and lab costs in Operating (category 04); because of the low census, those costs were lower. She noted the computer system was outdated and staff working in the hospital and clinical settings could face safety issues if reliable computers were not available.

Senator Horsford noted the situation was unique. It was different from other requests in that due to the Legislature's budget decisions, Desert Willow Treatment Center was forced to basically change its method of operation, and now staff had been shifted to the more acute areas; as a result, the Operating budget had gone unutilized. Ms. Wooldridge said he was correct.

Senator Horsford said he would support the request, but the larger point was the Legislature needed to adequately fund the services for children who were most in need of treatment. He hoped the Committee recognized the need in the coming Legislative Session. Senator Horsford said this was an example of why a flat-funded budget in the next biennium should not be acceptable. In some areas of the budget, flat funding would have serious consequences on the citizens of the state.

Amber Howell, Administrator, Division of Child and Family Services, Department of Health and Human Services, said there was a huge need for sex-offender treatment in Nevada. A large number of children were sent out of state for that service, when the state had the building and the expertise to serve a certain number of youth. Ms. Howell said adequate staff and resources were essential to keep adolescents needing services in the state. She said Division staff strongly believed in the need, and it would be submitted as an item for special consideration in the next biennial budget.

Ms. Howell said another area of need was the three residential treatment centers, which had not been at maximum capacity because of the nursing staff situation. Beds were available, but there was not enough nursing staff, even when the Division was fully staffed. She said the Division would most likely be requesting additional nursing staff in the 2013 Legislative Session.

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

SENATOR HORSFORD MOVED FOR APPROVAL OF AGENDA
ITEM F-118.

ASSEMBLYMAN DALY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was excused
and not present for the vote.)

Chairwoman Smith announced that Agenda Items F-119, F-120, and F-122 would be heard together.

- 119. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2012** - Transfer of \$118,474 from the Personnel Services category to the Section 110 Special Projects category to provide funding for the purchase of replacement furniture. Requires Interim Finance approval since the amount transferred to Section 110 Special Projects category exceeds \$75,000.
RELATES TO ITEMS 120 and 122. Work Program #C23284

Refer to testimony and motion for approval under Agenda Item F-122.

- 120. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2013** - Addition of \$2,627,304 in federal Section 110 grant funds to fund an increase in client services and special projects consisting of an orientation DVD and kiosks, an advertising and outreach campaign, and enhancements to the Rehabilitation Automation Information System of Nevada (RAISON) paperless system. Requires Interim Finance approval since the amount added to the Section 110 Special Projects category exceeds \$75,000.
RELATES TO ITEMS 119 and 122. Work Program #C23775

Refer to testimony and motion for approval under Agenda Item F-122.

- 121. Department of Employment, Training and Rehabilitation - Services to the Blind and Visually Impaired - FY 2013** - Deletion of \$34,123 in funds transferred from the Blind Business Enterprise Program and transfer of \$14,701 from the Personnel Services category to the Client Services category, \$10,293 from the

Operating category to the Client Services category, \$164 from the Information Services category to the Client Services category, and \$410 from the Utilities category to the Client Services category to permanently transfer an Administrative Assistant position from the Services to the Blind and Visually Impaired Program to the Blind Business Enterprise Program. Requires Interim Finance approval since the cumulative amount added to the Client Services category exceeds \$75,000. **RELATES TO ITEM 123. Work Program #C23056**

Refer to motion for approval under Agenda Item F.

- 122. Department of Employment, Training and Rehabilitation - Services to the Blind and Visually Impaired - FY 2013** - Addition of \$656,826 in federal Section 110 grant funds to fund an increase in client services and special projects consisting of an orientation DVD and kiosks; an advertising and outreach campaign; enhancements to Rehabilitation Automation Information System of Nevada (RAISON) paperless system; and the purchase of replacement furniture. Requires Interim Finance approval since the amount added to Section 110 Special Projects category exceeds \$75,000. **RELATES TO ITEMS 119 and 120. Work Program #C23836**

As announced earlier by Chairwoman Smith, Agenda Items F-119, F-120, and F-122 would be heard together.

Frank Woodbeck, Director, Department of Employment, Training and Rehabilitation, (DETR), testifying from Las Vegas, said he and his staff recognized and respected the fact that there were some budget difficulties that needed to be resolved. The Department had worked with the Director of the Department of Administration, Jeff Mohlenkamp, to resolve the budget problems going forward into the next federal fiscal year. Mr. Woodbeck noted the major problem had been partially caused by a bulge in American Recovery and Reinvestment Act (ARRA) funding.

With respect to the transfer of funds from Personnel Services in Agenda Item F-119, Mr. Woodbeck pointed out that most of the amount being transferred was federal funds. He noted the three items were comprised of 79 percent federal funds and 21 percent state funding. If the federal dollars were not used by the end of federal fiscal year (FFY) 2012, a certain amount would revert to the federal government.

Mr. Woodbeck went on to explain that item 119 was the result of the Department not being able to attract a qualified applicant with a master's degree. In FFY 2013, there would be Section 110 funding available for hiring, but the FFY 2012 funds needed to be moved to another category to avoid reversion.

The three work programs, Mr. Woodbeck continued, were the result of planned program enhancements; some were technology enhancements and others would provide greater support for the Department's clients. He said that expanding the business development

unit would enhance connection with businesses to promote hiring persons with disabilities.

Chairwoman Smith asked whether the \$735,000 had to be relinquished because of lack of matching funds or the inability to provide the services.

Mr. Woodbeck replied the reason was not a lack of matching funds. During the ARRA funding period, funds were received that the Department could not use at the pace they were being allocated. He said instead of using ARRA funds for some programs, the Department probably should have recognized that there would be a funding bulge at some point, and a better method of accounting could have been developed. Mr. Woodbeck explained the Department was asking for a one-time forward funding mechanism to fund program enhancements, which would be completed by March 31, 2013. He added that federal funds and matching state funds would be in synch by September 30, 2012.

Chairwoman Smith noted the Department had several vacancies, but additional funds were being requested to provide client services. She asked what impact the vacancies had on the Department's ability to provide services.

Maureen Cole, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), testified there was a bulge in federal funding and it was not possible to spend the funds within the time they had to be spent. She said discussions had been held with the Fiscal Analysis Division and the Budget Division concerning how the funds could be utilized for the betterment of the program and individuals with disabilities. It was decided to devote approximately \$1.5 million to additional client services in FFY 2013. Ms. Cole said it might have been possible to use those funds if they had been accessible sooner in the fiscal year, but the funds must be spent by March 31, 2013.

Chairwoman Smith asked whether the Division was providing adequate services with the large number of vacant positions.

Ms. Cole replied it was a struggle; there were a number of Counselor vacancies. The Division was working diligently with the Division of Human Resource Management and the DETR personnel section to recruit qualified applicants. She explained that Counselors required a master's degree in counseling or a related field, and if they did not have a master's degree, they were required to take courses to bring them to that level within a three-year period. Ms. Cole said there was a large demand for Counselors, Nevada was currently not the most attractive place to work, and there was a lot of competition for only a few qualified applicants. However, she added, the Division was doing its best and was having some success in filling the vacancies.

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

ASSEMBLYMAN HOGAN MOVED FOR APPROVAL OF AGENDA ITEMS F-119, F-121, AND F-122.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 123. Department of Employment, Training and Rehabilitation - Blind Business Enterprise Program - FY 2013** - Transfer of \$34,559 from the Transfer to Bureau of Services to the Blind category to the Personnel Services category, \$14,265 from the Reserve category to the Personnel Services category, \$10,293 from the Reserve category to the Operating category, \$164 from the Reserve category to the Information Services category, and \$410 from the Reserve category to the Utilities category to permanently transfer an Administrative Assistant position from the Services to the Blind Program to the Blind Business Enterprise Program. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 121. Work Program #C23053.**

Refer to motion for approval under Agenda Item F.

- 124. Department of Employment, Training and Rehabilitation - Employment Security - FY 2012** - Transfer of \$225,000 from the Reserve category to the Client Services category to fund projected Silver State Works expenditures through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Client Services category exceeds \$75,000. **Work Program #C23756. WITHDRAWN 6-6-12.**

- 125. Department of Employment, Training and Rehabilitation - Employment Security - FY 2013** - Addition of \$1,250,000 in federal ARRA State Energy Sector Partnership (SESP) grant funds to establish a series of green career training programs and jobs in support of established and prospective Nevada businesses. Requires Interim Finance approval since the amount added to the ARRA SESP category exceeds \$75,000. **Work Program #C23748.**

Dennis Perea, Deputy Director, Department of Employment, Training and Rehabilitation (DETR), explained Agenda Item 125 proposed to balance forward the remainder of the state's \$6 million State Energy Sector Partnership (SESP) grant. He said since the last time he reported to the Committee, the Department had made considerable progress in moving the grant forward. The federal government had granted the Department an opportunity to apply for a six-month no-cost extension to the grant, primarily because of problems across the country in administering the grant and putting the funds to good use. Mr. Perea said the grant would probably continue through June 30, 2013.

Mr. Perea reported that there had been 376 jobseekers enrolled and served, 200 full-time placements and 176 pending completion of services. The program had served 726 incumbent workers in the southern part of the state through Workforce Connections and 468 in the north through Nevadaworks, and 886 youth had received additional training with the "What It Means to Be Green" curriculum added to their regular classes.

Chairwoman Smith affirmed that the grant would have to be expended by June 30, 2013. Mr. Perea said at the present time, without approval of the Department of Labor, the grant would have to be expended by January 2013, but by all indications, the grant would be extended until June 30, 2013.

Chairwoman Smith asked whether the Department had the ability to apply for the grant extension. Mr. Perea replied the Department was working with its regional partner, Region VI out of San Francisco, to submit a request for extension that was expected to be approved.

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

ASSEMBLYMAN HORNE MOVED FOR APPROVAL OF AGENDA
ITEM F-125.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Kieckhefer, and
Schneider were not present for the vote; Assemblywoman
Kirkpatrick was excused and not present for the vote.)

- 126. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2012** - Deletion of \$8.0 million in federal Reed Act grant funds to establish authority in FY 2013 to provide for the continuation of Phase II of the department's Unemployment Insurance (UI) Modernization Project. Requires Interim Finance approval since the amount deducted from the UI Modernization Phase II category exceeds \$75,000. **RELATES TO ITEM 127. Work Program #C23789**

Refer to motion for approval under Agenda Item F.

- 127. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2013** - Addition of \$8.0 million in federal Reed Act grant funds to establish authority in FY 2013 to provide for the continuation of Phase II of the department's Unemployment Insurance (UI) Modernization Project. Requires Interim Finance approval since the amount added to the UI Modernization Phase II category exceeds \$75,000. **RELATES TO ITEM 126. Work Program #C23769**

Refer to motion for approval under Agenda Item F.

- 128. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2013** - Transfer of \$831,631 from the Reserve category to the Maintenance of Buildings and Grounds category to complete building maintenance projects funded, but not completed in FY 2012. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds \$75,000. **Work Program #C23771**

Refer to motion for approval under Agenda Item F.

- 129. Department of Corrections - Director's Office - FY 2012** - Transfer of \$4,916 from the Personnel Services category to the Operating category and \$74,607 from the Personnel Services category to the Equipment category to fund a projected shortfall and the purchase of cameras. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C23741**

Refer to motion for approval under Agenda Item F.

- 130. Department of Corrections - Prison Medical Care - FY 2012** - Addition of \$215,157 in Budgetary Transfers and transfer of \$16,101 from the Operating category to the Personnel Services category, \$2,401 from the Equipment category to the Personnel Services category and \$55,470 from the Inmate Drivens category to the Personnel Services category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23808**

Refer to motion for approval under Agenda Item F.

- 131. Department of Corrections - Correctional Programs - FY 2013** - Addition of \$362,015 in U.S. Department of Justice (DOJ), Bureau of Justice Assistance for the Second Chance Act Reentry Demonstration Project grant funds to continue statewide prison reentry programs through pre-and post-release assistance. Requires Interim Finance approval since the amount added to the DOJ Reentry Demonstration Project category exceeds \$75,000. **Work Program #C23332**

Refer to motion for approval under Agenda Item F.

- 132. Department of Corrections - Correctional Programs - FY 2013** - Addition of \$166,080 in grant funds transferred from Public Safety Residential Substance Abuse Treatment (RSAT) program and \$24,360 in funds transferred from the Inmate Welfare account and deletion of \$93,000 in funds transferred from DMV to provide funding for two Substance Abuse Counselor positions to support the RSAT program and align revenue authority. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23618**

Deborah Reed, Deputy Director, Support Services, Nevada Department of Corrections (NDOC), explained Agenda Item 132 was a request to add two Substance Abuse Counselors at the Casa Grande facility. The positions would be funded from the Residential Substance Abuse Treatment (RSAT) grant through the U.S. Office of Justice. The federal portion of the RSAT grant was \$293,000, the state match was \$163,000, and its main purpose was to allow NDOC to expand the intensive drug program to the male population at Casa Grande. Ms. Reed offered to answer questions from the Committee.

Assemblywoman Carlton noted that 48 beds would be used for the program at Casa Grande, and she asked how the 48 beds were currently being used and what impact the new program would have on the facility.

Greg Cox, Director, Nevada Department of Corrections, explained the inmate population at Casa Grande had been hovering at between 290 and 320, and the facility was built for 400 beds. There was space for the new treatment program, which would provide the wraparound and continuum of care and service in the community that had been lacking. Director Cox said considering the history of the Department in the area of substance abuse, the program was a step in the right direction; it should have been proposed some time ago. The RSAT funding provided an opportune time to implement the program.

Director Cox noted similar programs were operating at High Desert State Prison on Cold Creek Road, at Florence McClure Women's Correctional Center in North Las Vegas, and at Warm Springs Correctional Center in Carson City. He apologized that the Substance Abuse Director, Darcy Edwards, was not present due to health issues; she wanted the opportunity to discuss the program with the Committee. Director Cox noted that Ms. Edwards was hired out of Oregon and was top-notch in corrections substance abuse. In her analysis of the NDOC programs, she recommended that more treatment programs be implemented in southern Nevada.

Assemblywoman Carlton asked what would happen to the program when the grant expired in September 2014.

Ms. Reed replied the Department hoped to fund the Substance Abuse Counselor positions through the Inmate Welfare Fund and there would be no General Fund impact. She noted the Inmate Welfare Fund was providing the 25 percent matching funds for the proposed positions. Ms. Reed added that, as Director Cox had indicated, the program was vital to the continuum of care the Department was trying to implement.

Assemblywoman Carlton surmised the Department would evaluate the success of the program and make necessary adjustments. She asked how the RSAT program and the Purpose, Respect, Integrity, Determination, and Excellence (PRIDE) program would fit together.

Director Cox replied both programs provided wraparound services to the community. He believed that programs needed to be implemented in the facilities that would reach into the community, which was the purpose of the PRIDE program. He wanted the Committee to understand that the subject matter experts, specifically Dr. Edwards, were considering the moderate to high risk of criminal recidivism with substance abuse and high substance abuse treatment needs of offenders. Director Cox added that it was a very difficult group that the program would target, which he believed needed to be done and should have been done long ago.

Director Cox said the beds for the program were available and it was an opportune time to begin the PRIDE program vocational job readiness skills program. The long-term goal was to reduce recidivism, but the primary and the short-term goals were to decrease offenders' criminal thinking and rationalization to meet the criteria to transition to a lesser level of care from prison-based treatment to community-based aftercare.

In the long-term, Director Cox anticipated that the Department would be shifting funding toward programs in the communities, reducing funding for facilities, and moving toward wraparound community care to reduce recidivism and provide the programs and treatment in the community.

Senator Horsford commended Director Cox for leading the Department in a new direction; it had been a long time coming. He asked why the positions were being established as temporary rather than permanent. He realized they were grant funded, but he noted other non-profit organizations hired employees through grants with the understanding that the positions may or may not continue depending upon funding. Senator Horsford also asked what would be done for the participants in the program once they were released from Casa Grande in order to continue receiving services as they integrated into the community.

Ms. Reed replied when the grant application was originally written, the plan was to use a temporary employment service, but the cost exceeded the program's budget and it was decided to hire permanent state positions through the grant. She said hopefully the grant would continue and the positions could be funded with grant monies so there would be no impact on the Inmate Welfare Fund or the General Fund.

In response to Senator Horsford's second question, Director Cox said that performance tracking was a critical function of the program. As noted earlier, the eligibility criteria for participants included a moderate to high risk of criminal recidivism and high substance abuse treatment needs. Performance tracking would involve assessment of the clients:

- At intake into the program to establish baseline procedures
- Every two months during the program and at planned discharge
- For level of treatment need at the time of planned discharge

Director Cox pointed out that wraparound services would be provided through the entire process. He added that Casa Grande would have the ability to provide continued treatment for clients who had been released or were on parole within the community. He reiterated that he wished the program had been started years ago.

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

SENATOR HORSFORD MOVED FOR APPROVAL OF
AGENDA ITEM F-132.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was
excused and not present for the vote.)

- 133. Department of Corrections - High Desert State Prison - FY 2012** - Deletion of \$2,133,035 in Budgetary Transfers, \$729 in Employee Service Charges, \$48,613 in Room, Board, Transportation Charges, and \$11,561 in Reimbursement for Utilities. This request also transfers \$9,992 from the Inmate Drivens category to the Operating category and \$3,700 from the Inmate Drivens category to the Maintenance of Buildings and Grounds category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C23804**

Refer to motion for approval under Agenda Item F.

- 134. Department of Corrections - Northern Nevada Correctional Center - FY 2012** - Addition of \$1,175,301 in Budgetary Transfers and deletion of \$7,162 in Employee Service Charges, \$22,034 in Room, Board, Transportation Charges, \$1,672 in Laundry Service Charges, and \$45,717 in Reimbursement for Utilities. This request also transfers \$29,183 from the Maintenance Contracts category to the Personnel Services category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23799**

Refer to motion for approval under Agenda Item F.

- 135. Department of Corrections - Southern Desert Correctional Center - FY 2012** - Addition of \$18,706 in Budgetary Transfers and \$251 in Room, Board, Transportation Charges and deletion of \$3,920 in Reimbursement for Utilities. This request also transfers \$14,455 from the Personnel Services category to the Utilities category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C23743**

Refer to motion for approval under Agenda Item F.

- 136. Department of Corrections - Lovelock Correctional Center - FY 2012** - Addition of \$8,689 in Jail Meals and deletion of \$40,000 in Budgetary Transfers, \$1,008 in Employee Service Charges, \$3,693 in Room, Board, Transportation Charges, \$516 in Meal Sales, and \$4,275 in Reimbursement for Utilities. This request also transfers \$11,750 from the Utilities category to the Operating category, \$63,707 from the Personnel Services category to the Equipment category and \$8,970 from the Utilities category to the Maintenance of Buildings and Grounds category to fund projected shortfalls and security cameras for this facility. Requires Interim Finance approval since the amount added to the Equipment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23565**

Refer to motion for approval under Agenda Item F.

- 137. Department of Corrections - Warm Springs Correctional Center - FY 2012** - Addition of \$548,533 in Budgetary Transfers and transfer of \$424 from the Equipment category to the Personnel Services category, \$11,968 from the Uniform Allowance category to the Personnel Services category, \$637 from the Inmate Drivens category to the Personnel Services category and \$20,553 from the Utilities category to the Personnel Services category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23653**

Refer to motion for approval under Agenda Item F.

- 138. Department of Corrections - Florence McClure Women's Correctional Center - FY 2012** - Addition of \$71,266 in Budgetary Transfers and transfer of \$1,014 from the Maintenance Contracts category to the Personnel Services category and \$33,738 from the Utilities category to the Personnel Services category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23657**

Refer to motion for approval under Agenda Item F.

- 139. Department of Corrections - Casa Grande Transitional Housing - FY 2013** - Addition of \$550,000 in Department of Rehabilitation and Training (DETR) Contract Services Charges to accept Career Enhancement Program funds to administer the Purpose, Respect, Integrity, Determination, and Excellence (PRIDE) program, which provides pre and post release training and assistance to inmates and former inmates. This request also transfers \$96,000 from the Operating category to the Reserve for Reversion category to account for rent savings. Requires Interim Finance approval since the amount added to the PRIDE Program category exceeds \$75,000. **Work Program #C23728**

Deborah Reed, Deputy Director, Support Services, Nevada Department of Corrections (NDOC), explained the work program in Agenda Item F-139 established revenue and expenditure authority to accept and expend career enhancement program funds from the Department of Employment, Training and Rehabilitation (DETR) to expand a program at the Casa Grande facility called PRIDE (Purpose, Respect, Integrity, Determination, and Excellence). She said the additional funds would be used to serve an estimated 2,000 individuals statewide by expanding the program to the Northern Nevada Restitution Center, Florence McClure Women's Correctional Center, Southern Desert Correctional Center, Warm Springs Correctional Center, and Northern Nevada Correctional Center.

Assemblywoman Carlton asked whether the program would involve temporary employees from the ManpowerGroup (Manpower) employment agency.

Bradford Glover, Program Officer, Nevada Department of Corrections, testified from Las Vegas that the program currently had two Manpower employees at Casa Grande. To expand the program statewide, four additional staff would be hired through Manpower.

Mr. Glover said that in fiscal year (FY) 2012, the program served 295 individuals at Casa Grande from November 2011 through June 22, 2012. He reviewed the performance measurements for the program for FY 2012:

- 12 classes were conducted from November 2011 through June 22, 2012.
- 295 individuals were served; the proposal was for 270.
- 201 individuals, or 70 percent, were employed; the proposal was 216, or 80 percent.
- 0 percent recidivism rate for FY 2012 program participants; the proposal was 16 percent.
- Average wage was \$8.40 per hour; the proposal was \$9.01 per hour.

Mr. Glover commended the staff for doing a great job considering the current economy and job market. He believed expanding the program statewide would be beneficial to the state and the communities to which the inmates were returning.

Assemblywoman Carlton remarked she appreciated the success of the program, although she was concerned about using Manpower employees rather than establishing permanent positions. According to her calculations, the current cost of the program was approximately \$4,000 per inmate, but the cost appeared to decline to \$287 per inmate for the expanded program. She was glad the program was expanding, but she questioned the difference in the cost per inmate.

Mr. Glover explained that the staff member in every facility would be required to teach two classes per month with no more than 20 inmates per class. Currently in the pre-release centers throughout the state, the re-entry staff taught classes consistently. Individuals who were ready to be released would also teach. Additional Manpower staff

would be used strictly to provide job readiness training. The first classes would start in August at each facility.

Assemblywoman Carlton asked what services currently being provided at the higher cost per inmate would not be provided to the 1,900 additional inmates funded at the lower amount.

Mr. Glover replied nothing would change; the services would remain the same. The cost per client changed because the number of participants had increased substantially.

Assemblywoman Carlton understood that inmate referrals would be made from the Division of Parole and Probation Officers. She asked whether Mr. Glover had discussed the program with the Division since its officers were already overloaded.

Mr. Glover replied the Division of Parole and Probation was not involved in the program because it was entirely a pre-release program.

Director Cox explained Assemblywoman Carlton was referring to the Opportunity for Probation Enforcement in Nevada (OPEN) program, which was different than the PRIDE program. He pointed out that approximately 4,000 inmates were released per year from NDOC, and serving 2,000 inmates equated to only 50 percent of those released. He believed more should be done, but the current proposal was a beginning. Director Cox noted that the program was being expanded throughout the state; it had only been focused in southern Nevada in the past.

Director Cox went on to say that the staff in the program had done an excellent job at Casa Grande, and he was confident the staff would be successful in expanding the program throughout the Department's facilities. He believed the PRIDE program would help to improve the overall inmate recidivism rate.

Assemblywoman Carlton reiterated she was concerned that Manpower employees were hired. She believed the Department should hire state employees if the program was to be ongoing; it would benefit the state and everyone in general.

Chairwoman Smith asked Director Cox to stay in contact with Fiscal Analysis Division staff concerning the program. She was also curious about the dramatic decrease in the cost per inmate and would like to have a better understanding of how it was developed. She agreed that more should be done in substance abuse treatment for the inmates.

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

ASSEMBLYMAN HORNE MOVED FOR APPROVAL OF
AGENDA ITEM F-139.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Kirkpatrick was
excused and not present for the vote.)

- 140. Department of Corrections - Northern Nevada Restitution Center - FY 2012 -**
Addition of \$17,453 in Budgetary Transfers and transfer of \$1,424 from the Utilities
category to the Personnel Services category to fund projected shortfalls for the
remainder of the fiscal year. Requires Interim Finance approval since this work
program includes a budgetary transfer that balances against other work programs.
Work Program #C23655

Refer to motion for approval under Agenda Item F.

- 141. Department of Corrections - Three Lakes Valley Conservation Camp -**
FY 2012 - Addition of \$52,989 in Budgetary Transfers and transfer of \$2,525 from
the Maintenance Contracts category to the Inmate Drivens category and \$11,103
from the Utilities category to the Inmate Drivens category to fund projected
shortfalls for the remainder of the fiscal year. Requires Interim Finance approval
since the cumulative amount added to the Inmate Drivens category exceeds
10 percent of the legislatively approved amount for that category.
Work Program #C23742

Refer to motion for approval under Agenda Item F.

- 142. Department of Corrections - Wells Conservation Camp - FY 2012 -** Addition of
\$31,753 in Budgetary Transfers and deletion of \$751 in Room, Board,
Transportation Charges. This request also transfers \$834 from the Equipment
category to the Utilities category to fund projected shortfalls for the remainder of
the fiscal year. Requires Interim Finance approval since this work program
includes a budgetary transfer that balances against other work programs.
Work Program #C23791

Refer to motion for approval under Agenda Item F.

- 143. Department of Corrections - Jean Conservation Camp - FY 2012 -** Addition of
\$21,653 in Budgetary Transfers and transfer of \$21,810 from the Personnel
Services category to the Inmate Drivens category to fund projected shortfalls for
the remainder of the fiscal year. Requires Interim Finance approval since the
cumulative amount added to the Inmate Drivens category exceeds 10 percent of
the legislatively approved amount for that category. **Work Program #C23656**

Refer to motion for approval under Agenda Item F.

- 144. Department of Corrections - Carlin Conservation Camp - FY 2012** - Addition of \$15,220 in Budgetary Transfers and transfer of \$756 from the Equipment category to the Utilities category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C23795**

Refer to motion for approval under Agenda Item F.

- 145. Department of Corrections - Tonopah Conservation Camp - FY 2012** - Addition of \$5,004 in Budgetary Transfers and transfer of \$4,739 from the Inmate Drives category to the Personnel Services category and \$2,100 from the Inmate Drives category to the Maintenance of Buildings and Grounds category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C23803**

Refer to motion for approval under Agenda Item F.

- 146. Department of Corrections - Prison Industry - FY 2012** - Transfer of \$15,001 from the Utilities category to the Northern Nevada Correctional Center (NNCC) Printing/Bindery Shop category to fund a projected shortfall through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the NNCC Printing/Bindery Shop category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23903**

Refer to motion for approval under Agenda Item F.

- 147. Department of Corrections - Prison Dairy - FY 2012** - Transfer of \$25,533 from the Retained Earnings category to the Wild Horse Program category to fund a projected shortfall. Requires Interim Finance approval since the cumulative amount added to the Wild Horse Program category exceeds \$75,000. **Work Program #C23934**

Refer to motion for approval under Agenda Item F.

- 148. Department of Motor Vehicles - REAL ID - FY 2013** - Addition of \$90,000 in federal Department of Homeland Security FY 2010 Security grant funds to continue utilizing federal funds to improve security of drivers licenses and identification cards. Requires Interim Finance approval since the amount added to the 2010 Drivers License Security Grant category exceeds \$75,000. **Work Program #C23737.**

Refer to motion for approval under Agenda Item F.

149. Department of Motor Vehicles - Automation - FY 2013 - Addition of \$313,398 in federal Commercial Drivers License (CDL) Improvement grant funds to continue to enhance the CDL program to deter and prevent fraud during the CDL testing process. Requires Interim Finance approval since the amount added to the CDL Program Grant Travel category exceeds \$75,000. **Work Program #C23722. WITHDRAWN 5-29-12.**

150. Department of Motor Vehicles - Administrative Services - FY 2012 - Addition of \$165,139 in Drivers Licenses fees due to collecting more revenue than budgeted. Requires Interim Finance approval since the amount added to the Drivers License Photos category exceeds \$75,000. **Work Program #C23674.**

Refer to motion for approval under Agenda Item F.

151. Department of Motor Vehicles - Compliance Enforcement - FY 2012 - Transfer of \$15,000 from the Personnel Services category to the Operating category due to higher than anticipated vehicle maintenance and repair costs, as well as higher than anticipated gasoline costs. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23815**

Refer to motion for approval under Agenda Item F.

152. Department of Motor Vehicles - Central Services - FY 2012 - Transfer of \$120,000 from the License Plate Factory category to the Operating category due to higher than budgeted certified letters being mailed. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C23736**

Refer to motion for approval under Agenda Item F.

153. Department of Motor Vehicles - Central Services - FY 2013 - Addition of \$12,850 in Registration Fees and \$39,313 in funds transferred from the Highway Contingency Fund for one Program Officer I position with graphic design experience for the License Plate Factory. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEM J.2. Work Program #C23745**

Refer to testimony and motion for approval under Agenda Item J.2.

154. Department of Motor Vehicles - Central Services - FY 2013 - Deletion of \$40,613 in Highway Fund Authorization and \$36,138 in reimbursements from the Assistance of Off Highway Vehicle (OHV) Titling and Registration Trust Fund and addition of \$118,380 in reimbursements from the Administration of OHV Titling and Registration Trust Account for expenditures related to the start-up and administration of the program. Requires Interim Finance approval since the

cumulative amount added to the Off Highway Vehicle category exceeds \$75,000.
Work Program #C23677

Refer to motion for approval under Agenda Item F.

- 155. Department of Motor Vehicles - Verification of Insurance - FY 2013** - Transfer of \$374,400 from the Reversion to Highway Fund category to the Operating category to fund two contract programmers that will continue to resolve and correct outstanding issues in the Insurance Verification Program. Contract programmers are necessary because staff programmers are unable to absorb this task due to ongoing projects and other priorities. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000.
Work Program #C23373

Rhonda Bavaro, Administrator, Central Services and Records Division, Department of Motor Vehicles, introduced Amy McKinney, Administrative Services Officer, Department of Motor Vehicles (DMV).

Ms. Bavaro explained Agenda Item F-155 was a request to fund a 12-month extension of contracts for two existing contract programmers in the NVLIVE (Nevada Liability Insurance Validation Electronically) program. She said the two contract programmers were requested and approved at the December 2011 Interim Finance Committee meeting. The intent was to hire the programmers for six months to address the outstanding NVLIVE programming issues, and any further need for programmers would then be reevaluated based upon what was accomplished and remained outstanding.

Ms. Bavaro stated the Department had difficulty filling the positions. The programmers started on March 26 and April 9, 2012, and they completed their initial training and were assigned smaller tasks to familiarize themselves with the NVLIVE program. They were currently working on the top priority for the program, which was to allow the Department to accept information from the insurance companies' books of business on new insurance policies and changes to existing policies.

Ms. Bavaro said the program would drastically reduce the number of postcards being sent out to registered owners of vehicles when DMV was unable to confirm insurance coverage. Oftentimes individuals had insurance coverage, but they may have changed companies or made a change to their existing policy, and if the individual or insurance company did not send an update to DMV, it was not possible for the Department to request confirmation of insurance. Ms. Bavaro said that by having the companies' books of business, DMV would be able to access the most recent updates and revisions and a request for verification of coverage could be sent.

Continuing, Ms. Bavaro said it was estimated that 480 programming hours were needed to complete the project, and the Department had a list of priorities and enhancements that would increase the efficiency of the program. An additional 7,000 programming hours were estimated to be needed to complete the priority list.

Chairwoman Smith asked what had caused the need for the large number of programming hours. Ms. Bavaro replied she could provide the list of priorities and outstanding program issues, in addition to the books of business.

Chairwoman Smith asked Ms. Bavaro to provide the Fiscal Analysis Division staff with the priority list; Ms. Bavaro agreed to do so.

Chairwoman Smith remarked that agencies had testified throughout the meeting about the difficulties in recruiting information technology positions, and she asked whether DMV had encountered the same problems. Ms. Bavaro replied recruitment of qualified staff was difficult, especially in the area of information technology.

Chairwoman Smith asked whether recruitment was difficult because the criteria was too high, the state's compensation package was lacking, or there were no qualified applicants.

Ms. Bavaro replied she did not think the problem was attributable to one particular circumstance. There were several problems, including the fact that private industry paid higher salaries.

Assemblywoman Smith said it appeared problems with insurance verification were being resolved and there were fewer complaints. Ms. Bavaro said the number of complaints had been decreasing and progress had been made with the program over the past year.

Chairwoman Smith asked for public comment; there was none.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Fiscal Analysis Division staff had suggested the work program be amended to change the additional authority from category 04, Operating, to category 28, Online Insurance Verification Program, to isolate expenditures associated with developing the NVLIVE program.

SENATOR RHOADS MOVED FOR APPROVAL OF AGENDA
ITEM F-155 AS AMENDED.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION FAILED ON THE SENATE SIDE. (Senator Horsford voted no. Senators Cegavske, Kieckhefer, and Schneider and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

Chairwoman Smith announced later in the meeting that the Committee would reconsider Agenda Item F-155. She noted the motion for approval had failed because it was necessary for some members to leave the meeting and one member voted against the motion.

SENATOR HORSFORD MOVED TO RECONSIDER AGENDA
ITEM F-155.

ASSEMBLYMAN DALY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Kieckhefer and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

SENATOR HORSFORD MOVED FOR APPROVAL OF AGENDA
ITEM F-155 AS AMENDED.

ASSEMBLYMAN DALY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Kieckhefer and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

Chairwoman Smith thanked Senator Horsford for agreeing to reconsider the item. She noted the item affected two contract employees who were performing an important function.

Chairwoman Smith reminded members that the Interim Finance Committee meetings were generally very lengthy, and losing members toward the end of the meeting caused quorum problems. She encouraged members to plan on staying through the entire meeting.

156. Department of Motor Vehicles - Field Services - FY 2013 - Addition of \$172,000 in federal American Association of Motor Vehicle Administrators (AAMVA) Commercial Drivers License (CDL) Model Testing grant funds to continue to enhance the CDL testing locations statewide. Requires Interim Finance approval since the amount added to the AAMVA CDL Testing Model category exceeds \$75,000. **Work Program #C23752**

Refer to motion for approval under Agenda Item F.

157. Department of Public Safety - Forfeitures - Law Enforcement - FY 2013 - Transfer of ~~\$682,824~~ **\$121,092** from the Reserve category to the Records Management Support (RMS) category to support the Department of Public Safety's

statewide multijurisdictional public safety system. Requires Interim Finance approval since the amount transferred to the RMS Support category exceeds \$75,000. **Work Program #C23847. REVISED.**

Refer to motion for approval under Agenda Item F.

- 158. Department of Public Safety - Parole and Probation - FY 2012** - Transfer of \$85,246 from the Personnel Services category to the Information Technology category to replace computers, which have exceeded the state recommended five-year replacement cycle and purchase three new laptop computers for Parole and Probation Specialists located in non-urban offices. Requires Interim Finance approval since the amount transferred to the Information Technology category exceeds \$75,000. **Work Program #C23488**

Bernie Curtis, Chief, Division of Parole and Probation, Department of Public Safety, introduced Rick Gimlin, Administrative Services Officer, Division of Parole and Probation, Department of Public Safety.

Mr. Curtis explained Agenda Item F-158 requested transfer of \$85,000 from Personnel Services to purchase computers that were not included in the 2011-2013 biennial budget.

Chairwoman Smith asked why funds were available in Personnel Services. Mr. Curtis replied the Division had ongoing vacancies that it was unable to fill. He said the Division continued to actively recruit on an ongoing basis. Currently there were 41 vacant positions statewide, 14 employees had left the agency since May 1, and 3 more employees would be leaving by the first of July.

Chairwoman Smith asked where the employees were going. Mr. Curtis replied that 4 of the 14 transferred to other agencies that paid higher salaries, and there were 3 retirements, 5 separations, and 2 resignations.

Chairwoman Smith noted Nevada had one of the worst parolee-to-officer ratios in the nation. Mr. Curtis said the ratio was 80:1. In April, there were 18 cadets admitted to the Peace Officers Standards and Training (POST) academy, and 3 had dropped out. The 15 remaining students represented half of the student population at the academy. He said 5 applicants had been offered academy training at this point. In addition, Mr. Curtis said he knew of 3 more line officers in northern Nevada who were undergoing background investigations to transfer to other agencies.

Chairwoman Smith noted that if item 158 was approved, the Division would continue to recruit for the same number of positions, but the salary savings available at this point would be used to purchase computers. She asked whether the Division had submitted a request to purchase computers in its last biennial budget.

Mr. Curtis replied the Division had to eliminate 45 positions in its 2011-2013 biennial budget to reach the targeted amount as directed by the Administration, and there were no fixed assets requested. He recalled that the Legislature had reinstated 44 of the 45 positions on an incremental basis, which was very much appreciated.

Chairwoman Smith asked whether the Division intended to request computers in the 2013-2015 biennial budget or if the current request would fill the need.

Rick Gimlin, Administrative Services Officer, Division of Parole and Probation, Department of Public Safety, replied the Division planned to replace more than 100 computers in the next biennium as long as the request would fit within the budget cap. He said frequently Parole and Probation had to make a choice between choosing things or people, and it always tried to choose people.

If the request to purchase the computers was approved, Chairwoman Smith asked whether licensing and software would be needed.

Mr. Gimlin replied the current need was only for hardware; existing software and licensing were available.

Senator Horsford said he appreciated the Division's position. Officers were required to go through POST training and there was competition with other law enforcement agencies. However, he was concerned that the Legislature had funded positions, and he believed the state needed a strategy for filling its vacant positions. There were currently 140,000 unemployed Nevadans, and he did not understand why the state could not match their skill sets against the skill sets of the open positions and recruit accordingly. He was sorry he could not support the request; the Legislature had pushed to restore funding for the 44 positions.

Mr. Curtis replied that 10 of the vacant positions had just come online June 1, 2012. The number of sworn line officers was down by 14, which was an improvement over the year before. He noted recruitment and hiring was a slow process in law enforcement; it often took well over a year to complete the process. Mr. Curtis noted that part of the salary savings was because he had transferred to another agency for nine months; the savings from his salary would probably pay the cost of the computers.

Assemblyman Horne commented that the problem was not just recruitment. One of the realities was that the state was paying to train employees to laterally transfer to other municipalities, and the state could not match their salaries and benefits. He had just attended a Department of Corrections graduation ceremony, and one of the oldest officers was about 55 years old. People of all ages were looking for work. Assemblyman Horne said recruitment and hiring were a problem, but retention mechanisms were needed.

Assemblywoman Carlton said she was disappointed that the request was being made and she knew how difficult it was to hire officers, but she was also aware that officers needed good computers to be effective. She would support the request.

Chairwoman Smith asked for public comment; there was none.

ASSEMBLYMAN HORNE MOVED FOR APPROVAL OF AGENDA
ITEM F-158.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION FAILED ON THE SENATE SIDE. (Senator Horsford and Assemblyman Hardy voted no. Senators Cegavske, Kieckhefer, and Rhoads and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 159. Department of Public Safety - Division of Investigations - FY 2013** - Addition of \$44,013 in Black Rock City Reimbursement and Bureau of Land Management Reimbursement to cover costs associated with law enforcement participation in the 2012 Burning Man event. Requires Interim Finance approval since the amount added to the Burning Man/Black Rock City category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23635**

Refer to motion for approval under Agenda Item F.

- 160. Department of Public Safety - Division of Investigations - FY 2013** - Addition of \$80,000 in Transfer from Department of Public Safety Criminal Justice - Narcotics Enforcement grant and Community Oriented Policing Services Child Sexual Predator Program grant funds to partially balance forward authority to continue in the gathering and sharing of intelligence vital to counter drug operations and continue enhancing programs to increase the effectiveness against child sexual predators. Requires Interim Finance approval since the amount added to the Sexual Predator grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23711**

Refer to motion for approval under Agenda Item F.

- 161. Department of Public Safety - Emergency Management - FY 2012** - Addition of \$41,636 in Transfer from Department of Emergency Management - Interoperable Emergency Communications grant program funds to cover projected travel and contract labor costs to support efforts related to improving interoperable emergency communications, as well as providing the coordination of National Preparedness Priorities efforts to prevent, respond to, and recover from natural disasters, acts of terrorism, and other man-made disasters. Requires Interim Finance approval since the amount added to the Interoperable Emergency

Communications category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23455**

Refer to motion for approval under Agenda Item F.

- 162. Department of Public Safety - Emergency Management - FY 2013** - Addition of \$5,000 in Prior Year Refunds, \$25,000 in Transfer from Department of Emergency Management (DEM) Interoperable Emergency Communications grant program funds, \$66,760 in Transfer from DEM - Emergency Management program grant funds, and \$255,374 in Transfer from DEM - Department of Homeland Security grant funds to balance forward authority to continue supporting planning, training, and exercise through Interoperable Communications funding and the State Situational Awareness System for emergency support coordination. Requires Interim Finance approval since the amount added to the Emergency Operations Center Upgrades category exceeds \$75,000. **Work Program #C23740**

Refer to motion for approval under Agenda Item F.

- 163. Department of Public Safety - Emergency Management Assistance Grants - FY 2012** - Addition of \$524,224 in Homeland Security grant program - Emergency Management Performance Grant (EMPG) funds to align federal and state authority. Requires Interim Finance approval since the amount added to the EMPG Aid to Locals category exceeds \$75,000. **Work Program #C23731**

Refer to motion for approval under Agenda Item F.

- 164. Department of Public Safety - Emergency Management Assistance Grants - FY 2013** - Addition of \$500,000 in Prior Year Refunds to account for proceeds from the sale of equipment purchased with federal grant funds to be reimbursed to the federal awarding agency. Requires Interim Finance approval since the amount added to the Federal Refunds category exceeds \$75,000. **Work Program #C23647**

Refer to motion for approval under Agenda Item F.

- 165. Department of Public Safety - Emergency Management Assistance Grants - FY 2013** - Addition of \$250,000 in Interoperable Emergency Communications funds, \$100,000 in Urban Area Security Initiative Non-Profit Security grant funds, \$1,577,776 in Public Safety Interoperable Communications (PSIC) grant funds, \$85,000 in Transit Security grant program supplemental funds, \$500,000 in federal Pre-Disaster Mitigation funds, \$100,000 in federal Emergency Management Assistance 1540 - Waterfall Fire funds, and \$250,000 in Hazard Mitigation grant program 2007 funds to balance forward a portion of the remaining SFY 2012 amounts to ensure subgrantees are reimbursed in a timely manner as it relates to the various federal program. Requires Interim Finance approval since the amount added to the PSIC Grant category exceeds \$75,000. **Work Program #C23726**

Refer to motion for approval under Agenda Item F.

- 166. Department of Public Safety - Criminal History Repository - FY 2012** - Transfer of \$108,000 from the Reserve category to the Federal Bureau of Investigation (FBI) Fingerprint category to cover projected expenditures, which pays for the processing of civil applicant fingerprint based criminal background checks, through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the FBI Fingerprint category exceeds \$75,000. **Work Program #C23698**

Refer to motion for approval under Agenda Item F.

- 167. Department of Public Safety - Criminal History Repository - FY 2013** - Addition of \$87,200 in Transfer from Department of Public Safety Criminal Justice, Office of Justice Programs' Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking (SMART) grant funds to balance forward authority to continue 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 amount added to the SMART Grant category exceeds \$75,000. **RELATES TO ITEMS 168 and 172. Work Program #C23597**

Refer to motion for approval under Agenda Item F.

- 168. Department of Public Safety - Criminal History Repository - FY 2013** - Addition of \$165,000 in Transfer from Department of Public Safety Criminal Justice - National Instant Criminal Background Check System (NICS) Act Record Improvement Program (NARIP) funds to balance forward authority to continue improving the accuracy and completeness of Nevada's criminal history records. Requires Interim Finance approval since the amount added to the NARIP Grant category exceeds \$75,000. **RELATES TO ITEMS 167 and 172. Work Program #C23612**

Refer to motion for approval under Agenda Item F.

- 169. Department of Public Safety - Criminal History Repository - FY 2013** - Addition of \$423,498 in Brady/Point of Sale Fees to support two positions and associated costs to support the Point of Sale Firearms Program (Brady) Unit. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23627**

Refer to motion for approval under Agenda Item F.

- 170. Department of Public Safety - Criminal History Repository - FY 2013** - Addition of \$30,880 in Transfer from the Department of Public Safety Criminal Justice - National Criminal History Improvement Project (NCHIP) grant funding to assist the Criminal History Repository with employment suitability determinations and with obtaining missing court dispositions. Requires Interim Finance approval since the

amount added to the NCHIP category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23727**

Refer to motion for approval under Agenda Item F.

- 171. Department of Public Safety - Justice Grant - FY 2013** - Addition of \$42,120 in Transfer from the Department of Public Safety Criminal Justice to continue funding a temporary employment services contract to assist staff with ongoing grants management. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23531**

Refer to motion for approval under Agenda Item F.

- 172. Department of Public Safety - Justice Assistance Act - FY 2013** - Addition of \$500,000 in ARRA Rural Law Enforcement grant, \$40,000 in Sexual Offender Sentencing Monitoring, Apprehending, Registering, and Tracking grant, \$15,000 in Community Oriented Policing Services - Child Sexual Predator Program, \$165,000 in National Instant Criminal Background Check System, and \$15,000 in Justice Assistance Grant (JAG) Parole and Probation Technological Advancement funds to balance forward authority to continue these programs without interruption. Requires Interim Finance approval since the amount added to the JAG category exceeds \$75,000. **RELATES TO ITEMS 167 and 168. Work Program #C23680**

Refer to motion for approval under Agenda Item F.

- 173. Department of Public Safety - Justice Assistance Grant Trust - FY 2013** - Addition of \$1.0 million in ARRA Justice Assistance Grant (JAG) and \$1.0 million in JAG funds to partially carry forward grant authority to meet financial obligations that contribute to reducing and preventing crime, violence and drug abuse, and improving the functioning of the criminal justice system. Requires Interim Finance approval since the amount added to the ARRA JAG category exceeds \$75,000. **Work Program #C23668**

Refer to motion for approval under Agenda Item F.

- 174. Department of Public Safety - Homeland Security - FY 2013** - Addition of \$33,509 in Transfer from Department of Emergency Management Citizen Corps program funds to support costs related to improving public awareness in emergency preparedness. Requires Interim Finance approval since the amount added to the Citizen Corps category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23592**

Refer to motion for approval under Agenda Item F.

- 175. Department of Conservation and Natural Resources - Forestry - FY 2013 -**
Addition of \$191,866 in federal U.S. Forest Service (USFS) 2009 ARRA Stimulus grant funds to support the agency's ongoing urban forest management activities and to promote job stimulation in the State of Nevada. Requires Interim Finance approval since the amount added to the USFS 2009 ARRA Stimulus category exceeds \$75,000. **Work Program #C23391**

Refer to motion for approval under Agenda Item F.

- 176. Department of Conservation and Natural Resources - Forestry - FY 2013 -**
Addition of \$58,000 in federal U.S. Forest Service Insects and Diseases grant funds to support the agency's ongoing educational outreach activities; insect infestation eradication efforts; sanitation treatments to remove stressed and beetle-infested trees; insecticide treatments to assist in mitigating the effects of insect-caused mortality on trees; and to develop a Master Gardener-led volunteer urban forest monitoring program to educate and involve Nevada citizens in monitoring invasive bark beetles. Requires Interim Finance approval since the amount added to the Insects and Diseases Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23392**

Refer to motion for approval under Agenda Item F.

- 177. Department of Conservation and Natural Resources - Forestry - FY 2013 -**
Addition of \$202,978 in U.S. Bureau of Land Management (BLM), Southern Nevada Public Land Management Act (SNPLMA) grant funds to complete fuel breaks in the Franktown Creek and Clear Creek Watershed areas of Lake Tahoe Nevada State Park. Requires Interim Finance approval since the amount added to the U.S. BLM SNPLMA Grant category exceeds \$75,000. **Work Program #C23394**

Refer to motion for approval under Agenda Item F.

- 178. Department of Conservation and Natural Resources - Forestry - FY 2013 -**
Addition of \$191,005 in U.S. Forest Service Hazardous Fuels Reduction grant funds to continue to develop and maintain efficient and effective fire protection services through the Cooperative Fire Program of the State of Nevada. Funds are used to assess, plan and implement fuels treatment projects to create defensible space and improve forest health. Requires Interim Finance approval since the amount added to the Fuels Reduction Grant category exceeds \$75,000. **Work Program #C23395**

Refer to motion for approval under Agenda Item F.

- 179. Department of Conservation and Natural Resources - Forestry - FY 2013 -**
Addition of \$34,000 in Insurance Recovery funds balanced forward from the previous fiscal year to fund the ongoing efforts associated with the Terrasante

Land Conservation (TLC) Rehabilitation project. Requires Interim Finance approval since the amount added to the Terrasante TLC Rehabilitation expenditure category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23398**

Refer to motion for approval under Agenda Item F.

- 180. Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of \$1,295,350 in Indirect Cost authority to continue the funding structure for the agency in accordance with direction from the division's cognizant agency, the U.S. Department of Agriculture, Forest Service. This new indirect cost structure is revenue neutral to the overall grant/program awards and merely provides for the transfer authority from the grants/programs to fund the indirect cost structure. Requires Interim Finance approval since the amount added to the Indirect Cost Allocation category exceeds \$75,000. **Work Program #C23595**

Refer to motion for approval under Agenda Item F.

- 181. Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of \$110,000 in grant funds transferred from the Nevada Division of Environmental Protection (NDEP) to fund ongoing projects, which perform stream-bank stabilization and weed management activities and accomplish the installations/repair of the agency's radio communications needs. Requires Interim Finance approval since the cumulative amount added to the NDEP Federal Radio Grant Pass Through category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23603**

Refer to motion for approval under Agenda Item F.

- 182. Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of \$400,000 in federal U.S. Forestry Service (USFS) Consolidation Payment Grant (CPG) 08 funds, \$1,500,000 in USFS CPG09 funds, \$1,000,000 in USFS CPG10 funds, \$1,500,000 in USFS CPG11 funds, and \$896,660 in USFS CPG12 funds to continue these programs without any lapse in services. This request also transfers \$10,453 from the Information Services category to the CPG12 category to correct an error that occurred in the legislatively approved budget. Requires Interim Finance approval since the amount added to the CPG09 category exceeds \$75,000. **Work Program #C23393**

Refer to motion for approval under Agenda Item F.

- 183. Department of Conservation and Natural Resources - Forestry - FY 2013 -** Addition of \$339,839 in U.S. Forest Service (USFS) State Fire Assistance (SFA) National Fire Plan (NFP) Community Protection on Priority Landscapes grant funds to complete hazardous fuels reductions projects for priority landscapes as determined by the State Forest Resources Assessment. Requires Interim Finance

approval since the amount added to the USFS SFA-NFP Community Protection Grant category exceeds \$75,000. **Work Program #C23396**

Refer to motion for approval under Agenda Item F.

- 184. Department of Conservation and Natural Resources - Forestry - Nurseries - FY 2013** - Addition of \$20,000 in Forest Product Sales revenue and \$302,680 in Rental Income - Non-Executive Budgets to establish authority for a new Forest Product program. Instead of burning off generated biomass product produced from the agency's Forest Fuels Reduction and Forest Health projects, the agency will sell off the woody biomass in the form of chips, whole logs and/or firewood generated from these projects. The agency will also rent out the agency-owned wood harvesting equipment. Requires Interim Finance approval since the amount added to the Forest Products Program category exceeds \$75,000. **Work Program #C23669**

Refer to motion for approval under Agenda Item F.

- 185. Department of Wildlife - Operations - FY 2013** - Addition of \$257,491 in federal Wildlife Restoration W48 funds, \$20,266 in federal Wildlife Restoration W64 funds, \$72,525 in federal Wildlife Restoration FW4D funds, \$64,116 in federal Sport Fish F-32 funds, \$51,333 in federal Boating Access funds, \$200,780 in federal Coast Guard grant funds, \$299,163 in Cost Allocation for Utilities funds, \$35,953 in Cost Allocation for Information Technology funds, \$91,831 in Transfer of Boating Revenue funds, and \$438,276 in Transfer Application fees; deletion of \$274,276 in federal Boat Aid U.S. Coast Guard funds, \$16,822 in federal Statewide Wildlife grant funds, \$363,251 in federal Pittman Robertson Aid, \$18,822 in federal Dingell Johnson Aid, \$31,757 in federal Landowner Incentives funds, \$332,965 in Cost Allocation for Indirect Cost funds, \$52,949 in Transfer from the Wildlife Fund, and \$219,185 in Transfer of Unrestricted Revenues; and transfer of \$125,638 from the Administrative Services category to the Administration category to increase transparency and align funding of programs. Requires Interim Finance approval since the amount added to the Cost Allocations category exceeds \$75,000. **Work Program #C23550**

Refer to motion for approval under Agenda Item F.

- 186. Department of Wildlife - Conservation Education - FY 2013** - Addition of \$608,392 in federal Wildlife Restoration W51HSH funds, \$80,000 in federal Wildlife Restoration W51HSJ funds, \$373,423 in federal Sport Fish AE30 funds, and \$513,046 in Transfer of Unrestricted Wildlife Funds; deletion of \$694,287 in federal Hunter Safety Aid, \$365,359 in federal Dingell Johnson Aid, \$219,573 in Indirect Cost Allocation funds, and \$380,801 in Transfer from Wildlife Fund; and transfer of \$40,928 from the Public Affairs category to the Administration category and \$19,157 from the Public Affairs category to the Volunteer Program category to increase transparency and align funding of programs. Requires Interim Finance

approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C23551**

Refer to motion for approval under Agenda Item F.

- 187. Department of Wildlife - Law Enforcement - FY 2013** - Addition of \$123,790 in Boat Fuel Taxes, \$378,480 in federal Sport Fish Boat Access funds, \$918,598 in federal Coast Guard grant funds, \$46,410 in federal BLM Contract Dispatch funds, \$22,598 in Transfer of Guide Fees, and \$27,642 in Transfer Operation Game Thief funds; deletion of \$867,543 in federal Boat Aid funds, \$46,410 in federal BLM Contract Dispatch funds, \$461,391 in federal Dingell Johnson Aid, \$7,932 in Boating State and federal Partnership Program funds, \$1,695 in Transfer from Wildlife Funds, \$31,302 in Transfer of Unrestricted Revenue, and \$431,435 in Transfer Boating Revenue funds; and transfer of \$3,577 from the Law Enforcement Boating Safety category to the Transfer to Other Agencies category to increase transparency and align funding of programs. Requires Interim Finance approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C23552**

Refer to motion for approval under Agenda Item F.

- 188. Department of Wildlife - Game Management - FY 2012** - Addition of \$30,000 in federal Wildlife Restoration W64 funds and \$10,000 in Transfer from the Wildlife Fund to conduct the feasibility of integrating wind energy projects and restore sage grouse habitat. Requires Interim Finance approval since the cumulative amount added to the Sage Grouse Conservation category exceeds \$75,000. **Work Program #C23703**

Refer to motion for approval under Agenda Item F.

- 189. Department of Wildlife - Game Management - FY 2013** - Addition of \$1,829,746 in federal Wildlife Restoration W48 funds, \$253,365 in federal Wildlife Restoration W64 funds, \$75,000 in federal Wildlife Restoration W68 funds, \$229,344 in federal Small Grant funds, and \$2,111 in Transfer Elk Damage funds; deletion of \$120,015 in federal U.S. Fish and Wildlife/Bureau of Land Management/U.S. Department of Agriculture funds, \$61,411 in U.S. Department of Agriculture Chronic Wasting Disease funds, \$64,268 in federal Southern Nevada Public Land Management Act funds, \$2,221,988 in federal Pittman Robertson Aid funds, \$875 in Transfer from Wildlife Funds, \$144,915 in Transfer of Unrestricted Revenue, \$34,929 in Transfer from Predator Fees, and \$6,442 in Transfer of Upland Game funds; and transfer of \$1 from the Elk Damage Program category to the Elk Damage category to increase transparency and align funding of programs. Requires Interim Finance approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C23553**

Refer to motion for approval under Agenda Item F.

- 190. Department of Wildlife - Fisheries Management - FY 2013** - Addition of \$1,603,518 in federal Sport Fish F-20 funds, \$1,585,719 in federal Sport Fish F-32 funds, \$700,000 in federal Sport Fish F-38 funds, \$294,348 in federal Endangered Species Section 6 funds, \$105,765 in federal State Wildlife grant funds, \$286,224 in federal Small Grant funds, and \$1,421 in Transfer of Trout Stamp funds; and deletion of \$42,871 in federal U.S. Fish and Wildlife/U.S. Department of Agriculture grant funds, \$168,310 in federal U.S. Department of the Interior Pupfish funds, \$290,568 in Cooperative Endangered Species Section 6 funds, \$12,967 in National Park Service federal grant funds, \$73,449 in federal Bureau of Reclamation grant funds, \$6,419 in federal Southern Nevada Public Land Management Act funds, \$140,916 in federal Statewide Wildlife grant funds, \$1,563,749 in federal Dingell Johnson Aid, \$1,671,664 in Sport Fish Production and Distribution funds, \$700,000 in Sport Fish Hatchery Refurbishment funds, \$1,289 in Transfer from Wildlife Funds, and \$197,561 in Transfer Unrestricted Revenue funds to increase transparency and align funding of programs. Requires Interim Finance approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C23554**

Refer to motion for approval under Agenda Item F.

- 191. Department of Wildlife - Diversity - FY 2012** - Addition of \$37,028 in federal Landowner Incentive program funds for habitat improvements in Southern Nevada for the Amargosa toad and in Northern Nevada for the Lahontan cutthroat trout. Requires Interim Finance approval since the amount added to the Landowner Incentive Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C23718**

Refer to motion for approval under Agenda Item F.

- 192. Department of Wildlife - Diversity - FY 2013** - Addition of \$54,167 in federal Endangered Species Section 6 funds, \$121,426 in federal Landowner Incentive grant funds, \$148,910 in Federal and State Wildlife Grant FW3T funds, \$14,605 in Federal and State Wildlife Grant U8 funds, \$444,280 in Federal and State Wildlife Grant T-1-1 funds, \$72,430 in Federal and State Wildlife Grant T3P1P funds, \$231,533 in Federal and State Wildlife Grant FW24 funds, and \$84,040 in Transfer of Unrestricted Revenues; deletion of \$57,926 in Section 6 Endangered Species Act funds, \$1,104,189 in State Wildlife Grant Plan and Implementation funds, \$47,394 in Landowner Incentive Program funds, \$30,641 in Transfer from Conservation funds, and \$207,983 in Transfer Habitat Conservation Fees; and transfer of \$1,084 from the Tahoe Environmental Impact Program category to Tahoe Environmental Impact Program Bond category to increase transparency and align funding of programs. Requires Interim Finance approval since the amount deducted from the State and Wildlife Plan Implementation category exceeds \$75,000. **Work Program #C23555**

Refer to motion for approval under Agenda Item F.

193. Department of Wildlife - Habitat - FY 2013 - Addition of \$686,306 in Federal Wildlife Restoration FW3T funds, \$1,061,433 in Federal Wildlife Restoration FW4D, \$152,496 in federal Wildlife Restoration W61 funds, \$506,085 in federal Wildlife Restoration W58 funds, \$414,515 in Federal Restoration FW24 funds, \$245,890 in Federal Sport Fish FW3T funds, and \$224,425 in Federal Sport Fish FW4D funds; and deletion of \$123,859 in Statewide Wildlife funds, \$2,656,729 in federal Pittman Robertson Aid, \$417,926 in federal Dingell Johnson Aid, \$117,163 in Transfer of Unrestricted Revenues, \$148,032 in Transfer of Habitat Conservation fees, \$5,022 in Transfer of Duck Stamp fees, \$20,354 in Transfer of Mining Assessment fees, and \$12,306 in Transfer of Upland Game Stamp funds to increase transparency and align funding of programs. Requires Interim Finance approval since the amount deducted from the Cost Allocations category exceeds \$75,000. **Work Program #C23556**

Refer to motion for approval under Agenda Item F.

194. Department of Transportation - FY 2012 - Addition of ~~\$1,840,000~~ **\$13,640,000** in Highway Fund Authorization and ~~\$34,960,000~~ **\$70,460,000** in federal Highway Administration grant funds to ensure adequate authority to cover anticipated road construction expenditures for approved federally-funded projects obligated at this time for the remainder of the fiscal year. Requires Interim Finance approval since the Land and Building Improvements category exceeds \$75,000. **Work Program #C23684. REVISED 5-24-12.**

Rick Nelson, Assistant Director of Operations, Nevada Department of Transportation (NDOT), explained Agenda Item F-194 was a request for approval to increase category 06, Capital Outlay, in the amount of \$84,100,000 to cover approved road construction and maintenance projects. The request included \$70,460,000 for federal aid reimbursements and \$13,640,000 in Highway Fund authorization to cover the state match for federally reimbursed projects.

Chairwoman Smith asked what action should be taken to maintain the ending fund balance of \$100 million in the Highway Fund.

Mr. Nelson replied that NDOT, in cooperation with the Department of Motor Vehicles, the Department of Public Safety, the Department of Administration, and the Legislative Counsel Bureau Fiscal Analysis Division staff, met quarterly to analyze the revenue projections from user fees, as well as estimates of contractor pay based on projects underway and projections associated with future projects. Mr. Nelson explained the goal was to maximize the utilization of federal funds, which required state matching funds. The NDOT program was balanced with state-funded projects, which served as a pressure relief to control the amount of expenditures from the Highway Fund. As contractor pay increased, the number of state-funded projects put out for bid would be decreased, which helped to control the amount of cash in the Highway Fund.

Mr. Nelson said \$100 million was the amount used for many years. The Department wanted to be sure that the amount of cash in the Highway Fund was sufficient to cover the ebb and flow that occurred through revenue from user fees and reimbursements from the Federal Highway Administration. In summary, the amount of money in the Highway Fund would be controlled by delaying or accelerating state-funded highway projects.

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

ASSEMBLYMAN HARDY MOVED FOR APPROVAL OF AGENDA
ITEM F-194.

SENATOR SCHNEIDER SECONDED THE MOTION

THE MOTION CARRIED. (Senators Cegavske, Kieckhefer, and Rhoads and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

- 195. Adjutant General and National Guard - Military - FY 2013** - Addition of \$48,500 in Transfer from the Department of Public Safety, Emergency Management Division funds to improve the capability to detect illicit radiological and nuclear materials. Requires Interim Finance approval since the amount added to the Homeland Security Grant category exceeds 10 percent of the legislatively approved amount for this category. **Work Program #C23576**

Refer to motion for approval under Agenda Item F.

- 196. Adjutant General and National Guard - Carlin Armory - FY 2013** - Addition of \$889,953 in Budgetary Transfers and \$118,035 in Federal Receipts funds to assume the operations and maintenance of the Carlin Readiness Center from the Nevada System of Higher Education pursuant to the Assembly Bill 580, Section 51 of the 2011 Legislative Session. Requires Interim Finance approval since the amount added to the Carlin Facility category exceeds \$75,000. **RELATES TO ITEM 36. Work Program #C23840**

Refer to testimony and motion for approval under Agenda Item F-36.

- 197. Office of Veterans' Services - Commissioner for Veterans' Affairs - FY 2013** - Addition of \$176,210 in Cemetery/Internment Fee revenue to cover the cost of three additional Veteran Service Representative positions and associated costs. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C23951. WITHDRAWN.**

- 198. Silver State Health Insurance Exchange - Administration - FY 2013** - Addition of \$15,295,271 in Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchange funds for the development and design implementation of the Eligibility Engine housed within the Division of Welfare and Supportive Services. Requires Interim Finance approval since the amount added to the Transfer to Welfare Division category exceeds \$75,000. **Work Program #C23779.**

Refer to motion for approval under Agenda Item F.

- 199. Silver State Health Insurance Exchange - Administration - FY 2013** - Addition of \$4,397,926 in federal Cooperative Agreement to Support Establishment of State-Operated Insurance Exchanges funds to establish the operating budget for FY 2013 to implement the requirements of the Affordable Care Act and NRS 695I. Requires Interim Finance approval since the amount added to the Exchange Implementation Grant category exceeds \$75,000. **RELATES TO ITEM 5. Work Program #C23818**

Refer to motion for approval under Agenda Item F.

- 200. Silver State Health Insurance Exchange - Administration - FY 2013** - Addition of \$519,613 in Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges funds to continue support for the Office of Consumer Health Assistance in the establishment of a state-operated health insurance exchange. Requires Interim Finance approval since the amount added to the Transfer to Consumer Assistance category exceeds \$75,000. **RELATES TO ITEM 63. Work Program #C23938**

Refer to motion for approval under Agenda Item F.

Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Health and Human Services Division of Welfare and Supportive Services	407/4862	0200	Family Services Specialist II Code 12.376; Grade 31, Step 01 Employee/Employer Paid Retirement \$ 37,563.12	Program Officer I Code 07.649; Grade 31, Step 01 Employee/Employer Paid Retirement \$37,563.12
Department of Motor Vehicles	810/4722	SA4018	Training Officer I Code 07.519; Grade 34, Step 01 Employee/Employer Paid Retirement \$42,553.44	Environmental Scientist II Code 10.536; Grade 35, Step 01 Employee/Employer Paid Retirement \$44,411.76
Department of Conservation and Natural Resources Environmental Protection	709/3173	0530	Administrative Assistant III Code 02.211; Grade 27, Step 01 Employee/Employer Paid Retirement \$31,862.88	Management Analyst I Code 07.637; Grade 33, Step 01 Employee/Employer Paid Retirement \$40,862.16

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Transportation	800/4660	70006	Administrative Assistant III Code 02.211; Grade 27, Step 01 Employee/Employer Paid Retirement \$31,862.88	Management Analyst II Code 07.625; Grade 35, Step 01 Employee/Employer Paid Retirement \$44,411.76

Refer to motion for approval under Agenda Item F.

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

Chairwoman Smith asked Gus Nuñez to briefly review the May Capital Improvement Project (CIP) Status Exception Report ([Exhibit C](#)). She noted the items required no Committee action, but members should be kept informed.

Gus Nuñez, Administrator, Public Works Division, Department of Administration, reported on CIP Project 09-P02a, Advance Planning for the Hotel College Academic Building at the University of Nevada, Las Vegas (UNLV). The proposed site required mitigation of drainage problems, which Clark County Public Works had agreed to fund. Mr. Nuñez said the county would be advertising for bids to enclose the water channel on the site by the end of June or beginning of July. He said bids would be solicited for two months, and assuming the project came in within budget and a contract was awarded, the project to enclose the channel should start in September.

Mr. Nuñez added that a new capital improvement project request had been received for the UNLV Hotel College. The University now planned to move the location of the college from its proposed site to a new location. The existing location was going to involve a new building plus some remodel of the Stan Fulton building to accommodate the program. The new location would be next to the Beam building, which would require some planning and design modifications. The project would be submitted for consideration during the Capital Improvement Program process for the 2013 Legislative Session. Mr. Nuñez said currently Clark County Public Works was proceeding with the channel enclosure at the existing location adjacent to the Stan Fulton building.

Continuing, Mr. Nuñez explained CIP 11-E02 was an advance-planning project for a Department of Motor Vehicles building in south Reno. A meeting was scheduled in July with the Director of the Department of Motor Vehicles to obtain his final approval of two proposed locations in Reno, one in the south part of the city and one in the north. It appeared that the size of the building in the north would be increased by more than 10 percent, which would require IFC approval. Mr. Nuñez said a request for change of scope would be submitted to the Committee at its August meeting.

There were no questions from the Committee, and Mr. Nuñez's report was for information only.

H. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred Committee members to the balance statement of the Interim Finance Contingency Account in the IFC meeting packet (copy attached as [Exhibit D](#)), which reflected the following current balances:

Unrestricted General Fund Balance	\$ 9.6 million
Unrestricted Highway Fund Balance	\$ 1.7 million
Restricted Funds Balance	\$24.3 million

Mr. Combs said if the allocations requested at this meeting were approved, the remaining balance in Unrestricted General Funds would be approximately \$9.5 million, the balance in the Unrestricted Highway Fund would be \$1.6 million, and the balance in Restricted Funds would be \$6.9 million.

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

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

1. Department of Public Safety – Nevada Highway Patrol – Request for an allocation of \$15,766 to fund costs associated with visiting dignitary protection in FY 2012.

Todd Ellison, Lieutenant Colonel, Nevada Highway Patrol, Department of Public Safety, introduced John Morrison, Administrative Services Officer, Department of Public Safety.

Lieutenant Colonel Ellison explained Agenda Item I.1. was a request for an allocation from the Interim Finance Committee (IFC) Contingency Account in the amount of \$15,766 to reimburse the Department of Public Safety for protection assignments performed earlier in the year for the Governor and visiting dignitaries.

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

SENATOR HORSFORD MOVED FOR APPROVAL OF AGENDA ITEM I.1.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Kieckhefer, and Rhoads and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

2. Department of Corrections – High Desert State Prison and Northern Nevada Correctional Center – Request for an allocation of \$32,791 to cover a claim for Military Leave at High Desert State Prison and to cover the personnel costs associated with the reinstatement of an employee at Northern Nevada Correctional Center.

Deborah Reed, Deputy Director, Support Services, Nevada Department of Corrections, explained the request in Agenda Item I.2. from the Interim Finance Committee (IFC) Contingency Account was based on four stale claims for two different individuals. One claim represented a court settlement from the District Court of Nevada and the other represented military differential pay. Ms. Reed said the request was necessary because the Department did not have sufficient reserve funds to pay the stale claims in the years that they were incurred. She said there was no alternative other than to submit a request from the Contingency Account, and the Fiscal Analysis Division and Budget Division staff suggested that the request be made.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that detailed information concerning the request was included in the IFC meeting packet (copy attached as [Exhibit D](#)). The claim for High Desert State Prison was a military leave claim in the amount of \$23,950, and the other was a Northern Nevada Correctional Center claim related to salaries owed in the amount of \$7,930.

Mr. Combs explained the Board of Examiners had called a special meeting to consider a \$911 increase to the claim for High Desert State Prison, and the Fiscal Analysis Division was just notified that the amount of the request was increased by \$143. The revised total for the High Desert State Prison claim was \$25,004, increasing the total request from \$31,880 to \$32,934.

ASSEMBLYMAN HOGAN MOVED FOR APPROVAL OF AGENDA
ITEM I.2 AS AMENDED.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Kieckhefer, and Rhoads and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

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

1. Department of Business and Industry–Nevada Transportation Authority–
Request for an allocation of \$37,802 due to an anticipated shortfall in
the Personnel Services category in FY 2012.

Bill Maier, Administrative Services Officer, Director's Office, Department of Business and Industry, explained that Agenda Item J.1. was a request from the Highway portion of the IFC Contingency Account to cover the Nevada Transportation Authority's (NTA) anticipated shortfall in Personnel Services. He said the shortfall would be partially offset by additional revenues being collected by the NTA, and as a result of discussions with the Fiscal Analysis Division and the Budget Division, the amount of the original request was reduced from \$37,802 to \$31,002.

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

SENATOR PARKS MOVED FOR APPROVAL OF AGENDA
ITEM J.1. AS AMENDED.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Kieckhefer, and Rhoads and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

Chairwoman Smith announced that Agenda Items J.2. and F-153 would be heard together.

2. Department of Motor Vehicles – Central Services – Request for an allocation of \$39,313 for a new position for the License Plate Factory in FY 2013.

F. 153. Department of Motor Vehicles - Central Services - FY 2013 - Addition of \$12,850 in Registration Fees and \$39,313 in funds transferred from the Highway Contingency Fund for one Program Officer I position with graphic design experience for the License Plate Factory. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$75,000. **RELATES TO AGENDA ITEM J.2. Work Program #C23745**

Rhonda Bavaro, Administrator, Central Services and Records Division, Department of Motor Vehicles, introduced Amy McKinney, Administrative Services Officer, Department of Motor Vehicles (DMV). Ms. Bavaro explained Agenda Item J.2. was a request for Contingency Account funds for a Program Officer I position for the license plate factory. The new position would specialize in graphic design as well maintain database records and spreadsheets for the license plate factory. In addition, the position would be responsible for training and supervision of the inmate staff.

Ms. Bavaro went on to explain that prior to the closure of the Nevada State Prison (NSP), the inmates working at the license plate factory had an average of 20 years'

experience in graphic design, as well as all aspects of manufacturing license plates. Ms. Bavaro said the NSP inmates had been replaced with inmates having two years or less of their sentence remaining, resulting in a constant turnover in positions and a need for continuous training.

Chairwoman Smith asked how the Program Officer position would differ from the existing positions in the license plate factory – the Factory Manager and existing Program Officer I.

Ms. Bavaro replied the new position would focus more on the supervision and training of the inmates, as well as graphic design and fiscal reporting and spreadsheets that were previously maintained by inmate staff. Existing staff would focus on warehouse logistics and production and distribution of the license plates.

Chairwoman Smith said she was frustrated because during discussions concerning closure of NSP during the 2011 Legislative Session, she recalled being told more than once that the license plate program would not be affected.

Ms. Bavaro responded that there were problems with the graphic design of the plates in particular because of lack of experience. Existing staff tried to teach themselves or other staff, but there were problems with the quality of the plates. She said a Program Officer with that specialization would benefit the program.

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

Chairwoman Smith asked what the consequences would be if the request was not approved. Ms. Bavaro said existing staff would have to be trained in graphic design or volunteers who may have experience would be solicited from other divisions. She noted there had been a slowdown in production because of the training required for new inmate staff.

Chairwoman Smith said she understood the problem with the graphic design expertise; she did not understand the change in the supervisory function when she could not see what had changed in that environment. She did not understand the need for another person to provide supervision when there was an existing Factory Manager.

Ms. Bavaro acknowledged the supervision could be absorbed by existing staff; however, there were no staff members trained in the spreadsheets and statistical reporting performed in the past by inmates.

Chairwoman Smith remarked she felt the Committee had been misled during the 2011 Legislative Session. However, the license plate factory was extremely important to the state.

Chairwoman Smith asked for public comment and seeing none, she called for a motion. A motion was not made, and she announced that no action would be taken..

Chairwoman Smith announced that Agenda Item K would be heard with Agenda Item O.7.a.

- K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO ASSEMBLY BILL 484, SECTIONS 3 AND 4 (2011 SESSION) – Request for allocation of \$23,900,000 in FY 2012 and \$40,100,000 in FY 2013 for interest payments due the federal government for the loan made available to the state upon depletion of Nevada's Unemployment Compensation Fund.

O. INFORMATIONAL ITEMS

7. Department of Employment, Training and Rehabilitation

- a. Monthly reports on the status of the Unemployment Insurance Trust Fund balance for March 2012 and April 2012, pursuant to the request of the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight, A.C.R. 34 of the 2009 Legislature.

David Schmidt, Economist, Department of Employment, Training and Rehabilitation, explained Agenda Item K was a request to allocate funds from the Interim Finance Committee Contingency Account to pay the interest required on the state's loan from the federal government to pay unemployment benefits. He suggested that he provide an update of the Unemployment Insurance Trust Fund as required in Agenda Item O.7.a.

Chairwoman Smith agreed that would be helpful since the media had been reporting that a large number of individuals would be losing their extended benefits because of the new state unemployment rate.

Mr. Schmidt explained that because the unemployment rate had decreased in Nevada, the state extended benefits (SEB) program would expire, according to federal and state law. In order to keep the program active, the state had to have an unemployment rate 10 percent higher than the same period in one of the three prior years. In 2009, the lowest of the three years, the rate was 10.9 percent; in order to be 10 percent higher, the three-month average unemployment rate would have to be at 12 percent. On June 15, 2012, the unemployment rate was reported to be 11.8 percent, which caused a trigger-off of the SEB program that would terminate after three weeks.

Mr. Schmidt said cessation of the SEB program would affect approximately 5,500 claimants; approximately 75 percent were in Clark County, 15 percent were in Washoe County, and 10 percent were distributed throughout the remainder of the state. He explained that the SEB program extended benefits for 20 weeks, so consequently the maximum available benefits would be reduced from 99 weeks to 79 weeks. However, Mr. Schmidt said cessation of the program would affect only about 8 percent of the claimants because it was near the end of the SEB program, and many claimants had found jobs or had otherwise fallen off the program. Those claimants represented approximately \$1.7 million per week in unemployment payments.

Continuing, Mr. Schmidt said as of June 18, 2012, the outstanding loan balance for the Unemployment Insurance Trust Fund was \$712 million. The loan balance on June 18, 2011, was \$702 million. He pointed out that the loan balance had increased by only \$10 million over the year, and the federal fiscal year started with over \$200 million more in loans. Compared to the previous year, the state had been paying the loans down to the point where the balance was essentially flat, which Mr. Schmidt attributed to an improving economy, some employment and wage growth, and less benefits being paid out. He noted the amount of interest to be paid for the current year would also be reduced by the September 30, 2012, payment deadline .

Returning to Agenda Item K, the allocation request for interest payments, Mr. Schmidt said the figures he had were \$23.9 million in fiscal year (FY) 2012 and \$40.1 million in FY 2013. After talking with Fiscal Analysis Division staff, it was determined that \$26 million should be sufficient to cover the estimated interest expenses, as well as any increases that may occur between now and the end of FY 2013. The interest payment due September 30, 2012, was estimated to be approximately \$24.4 million.

Mr. Schmidt further explained that the interest payment for FY 2012 was due on June 30, 2012, and thus two payments were due three months apart for two different years. Because of Nevada's high unemployment rate, the payment originally due on September 30, 2011, was deferred for nine months from September 30, 2011, to June 30, 2012. That amount was \$22,552,947.02, which covered the interest for FY 2012. Mr. Schmidt said it was not expected that the \$24.4 million estimated payment due September 30, 2012, would be deferred. The deferral last year was because the state had an average unemployment rate just over 13.5 percent, which was a provision in federal law. He said Nevada did not qualify for a deferral this year; in order to meet that 12-month average rate, the unemployment rate would have to increase to about 16 percent over the next two months, which would be catastrophic.

Chairwoman Smith asked for questions from the Committee; there were none. She asked for public comment and seeing none, she called for a motion on Agenda Item K.

SENATOR HORSFORD MOVED FOR APPROVAL OF AGENDA
ITEM K AS AMENDED.

ASSEMBLYMAN DALY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Aizley was not present
for the vote; Assemblywoman Kirkpatrick was excused and not
present for the vote.)

- L. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT
PURSUANT TO ASSEMBLY BILL 580, SECTION 38 (2011 SESSION) –
Office of the Governor – Office of Economic Development – Request for
allocation of \$5,429,068 in FY 2013 to encourage the creation and expansion
of businesses in Nevada and the relocation of businesses to Nevada.

Steve Hill, Director, Governor's Office of Economic Development (GOED), testified from Las Vegas. He explained Agenda Item L. was a request to transfer funds from the Interim Finance Committee Contingency Account to fund the GOED in fiscal year (FY) 2013. During the 2011 Legislative Session, a certain portion of the GOED budget was allocated, and additional funds were set aside through Assembly Bill 449 and placed in the Contingency Account rather than allocated to the agency.

Mr. Hill reviewed the major items in the request. The two largest categories were Personnel, slightly over \$2.3 million, and Grants to Regional Development Authorities (RDAs), just over \$3.0 million, which totaled approximately \$5.4 million of the agency's \$7.5 million budget.

Mr. Hill recalled that at the December 2011 Interim Finance Committee meeting, the GOED had presented an initial plan for personnel. Since that time and after consideration of available funds, the number of employees within the GOED had been reduced. In December 2011, 28 or 29 employees were projected, and that number was reduced to 25. He said in December the intention was to hire seven Industry Specialists, one for each of the sectors outlined in the Brookings Plan and the State Plan for Economic Development. Five Sector Specialists had been hired, and the plan was to cost-share the other two positions, one in the northeast part of the state to help with mining and the other in southern Nevada in conjunction with the RDAs. Mr. Hill pointed out that the funding for those two positions was not in the Personnel category; it was in the Grants to Development Authorities category.

Mr. Hill said in FY 2012, slightly more than \$2.6 million was provided to the current regional development authorities. He noted that a new process had been put in place involving a request for proposals (RFP). Agencies and entities around the state had responded to the RFP, and 10 regional development authorities had been selected, which was a reduction from 14 RDAs in FY 2012.

Mr. Hill explained that based on the plans submitted to the GOED, total grants to the RDAs were increased to \$2.8 million. The 2013 budget request was for slightly over \$3 million; \$2.8 million would be granted to the RDAs for operating purposes, about \$110,000 would go toward cost-sharing the two Industry Specialist positions, and approximately \$140,000 would be available for a competitive grant process. Mr. Hill said the competitive grant process would generate ideas and was an inexpensive way to help move the economic development process forward quickly.

Continuing, Mr. Hill reviewed other budget line items:

- \$337,000 – Marketing and Advertising; included the state's dues of \$84,000 in the National Governor's Association
- \$ 80,000 – Contracts for the public relations marketing consultant and website maintenance. Remaining funds would be available for marketing efforts throughout the state.

- \$ 94,000 – In-State Travel for employees with statewide responsibilities.
- \$ 70,000 – Out-of-State Travel for visits and meetings with businesses located outside of Nevada to discuss opportunities in the state, as well as participation in trade shows and conventions to develop leads and staff training.
- \$300,000 – Allocations and Grants to pursue opportunities that might arise throughout the year. Mr. Hill cited one example in which the state was pursuing designation as a test site for unmanned aerial vehicles with the Federal Aviation Association (FAA). A solicitation from the FAA was expected in July 2012, and GOED would need to respond to the solicitation in the fall. In order to respond appropriately to the opportunity, contracts with organizations with expertise in the area would be necessary.

Mr. Hill also said a grant solicitation had come from the Department of Energy involving critical materials and the Nevada System of Higher Education. It was a sizeable grant for an innovation hub, and being able to respond to that opportunity would also take some outside expertise.

- \$214,700 – Legislatively approved funding for inner-city economic development effort several sessions ago through an organization known as Valley Center Opportunity Zone (VCOZ). The purpose was to fund micro-grants for small businesses in distressed areas of the state.
- \$186,000 – Operating expenses, largely rent.

In conclusion, Mr. Hill offered to answer questions from the Committee members.

Senator Cegavske noted that the documentation for the request did not include salaries for the Regional Directors in the north and south and the assistants. She asked Mr. Hill to further explain the requests. She had received repeated requests from the rural areas because they felt they were not being addressed. Senator Cegavske said one of the concerns in looking at eight new positions was the future of the Commission on Economic Development and how long it would exist.

Mr. Hill responded that GOED was structured somewhat differently than most state agencies in that the office had authority, once the dollar amount for personnel was allocated by the Legislature, to determine the number of employees and how they would be paid. He did not believe that a number of full-time employees was presented in the 2011 Legislative Session. There had been several discussions with the Committee concerning how the office should be structured, and Mr. Hill was sensitive to the state's limited resources, which was why the number of employees had been reduced.

As far as outreach and participation with the rural areas of the state, Mr. Hill had recently received an email from a number of the rural Nevada areas complimenting GOED for the amount of time and energy GOED staff had spent in rural Nevada.

He realized there were needs throughout the state and the attention and effort by the GOED needed to be distributed as equally and fairly as possible. He believed GOED was doing a good job of not just focusing on the larger metropolitan areas. He noted all of the Industry Specialists and several other GOED representatives met in Virginia City with most of the rural regional development authorities to talk through economic development planning; it was the third or fourth meeting with the rurals. The State Board of Economic Development would be meeting in Elko in July. Mr. Hill said GOED was engaging with rural Nevada in a variety of ways.

Senator Cegavske asked whether more positions were being requested for FY 2013. It appeared that salaries were increased from those set previously by the Committee. She asked again how long the Commission on Economic Development would exist or if it would be permanent.

Mr. Hill said the intention was for the GOED to be a permanent organization. In December 2011, he presented a projected organizational chart that represented what was considered at the time to be full employment for GOED. It was understood that it would take time to fill the positions, so the dollars needed to ramp up over the next seven months were projected. Mr. Hill reiterated that the number of positions had been reduced from the number projected in December, and for the most part, the salaries for each position had also been reduced. He said most of the positions had also been filled at salaries somewhat less than what were originally projected. Industry Specialists were filled at \$103,000 rather than \$110,000; the Regional Director position was hired at \$105,000 rather than \$110,000; and the Analyst position salaries were reduced as well.

Mr. Hill stated that the current request represented full and stable employment through FY 2013. He noted that 12 of the 25 positions reported to him directly. He had been with GOED for 8 months, and he had hired 11 of the 12 employees. There had been significant changes in the way the state approached economic development; the proposed staffing and additional funds were required to fully fund the agency for FY 2013.

Senator Cegavske asked Mr. Hill to further explain the advertising and marketing expenses and pass-through funding for the regional development authorities.

Mr. Hill said there was approximately \$337,000 budgeted for marketing. The major components were \$84,000 for the National Governor's Association dues and \$80,000 for consultant services, which included \$50,000 for public relations and marketing guidance and \$30,000 for ongoing maintenance of the new website. The remaining funds would be used to design and publish marketing materials on behalf of GOED for economic development efforts at the state level. The office was currently in the process of creating a video that would be placed at airports and convention centers throughout the state to remind businesses to come to Nevada. Presentations were being prepared for each of the sectors describing the sector assets and workforce and targeting specific companies both in and out of the state. Mr. Hill said additional marketing activities

could include small advertisements in targeted site selector magazines or industry-specific publications and sponsorship of booths at tradeshow and conventions.

With regard to the regional development authority grants, Mr. Hill explained that a series of approvals must be obtained to finalize the RDA contracts, including the Economic Development Board and the Board of Examiners. In addition to the GOED, Dan Klaich, Chancellor, Nevada System of Higher Education, and Frank Woodbeck, Director, Department of Employment, Training and Rehabilitation, reviewed the grant proposals. He noted that Chancellor Klaich and Mr. Woodbeck were non-voting members of the GOED Board. Mr. Hill said contracts were in place to allocate \$10.8 million to the 10 RDAs across the state.

Mr. Hill said as a part of the contracts, the development authorities were required to provide quarterly reports, to include scope of work and work performance measurements. Each of the contracts included a standard set of metrics, which mirrored the metrics being used to measure performance in the GOED at the state level. He said since the RDAs were partners in the economic development effort, it was important that their metrics matched those at the state level. The metrics included four in the area of recruiting; one in the effort to help existing businesses sustain and grow in Nevada; one related to start-ups in Nevada; workforce development; global exports; and foreign direct investment. Another measurement was the number of site visits from companies looking at Nevada; if they chose not to come to Nevada, data would be gathered documenting the reasons they made that decision.

Mr. Hill added there were two other areas in the regional development authority grant allocation: the competitive grants, approximately \$140,000, and the employee cost-sharing of approximately \$110,000.

Chairwoman Smith recalled discussion during the 2011 Legislative Session concerning how funds would flow to the RDAs. She asked how the current method of funding the RDAs differed from the previous method.

Mr. Hill replied there were two differences, and one related primarily to the major metropolitan areas. Through June 2012, the Clark County and Washoe County area RDAs were granted funds from the General Fund without a contracting process and without any delineated accountability; that process had been changed. He said the rest of Nevada went through a request for proposal (RFP) process similar to what had recently taken place for FY 2013. Mr. Hill noted that the accountability and metrics in past years, even for those RDAs that went through the RFP process, were not as specific or numerical as they were now.

Mr. Hill went on to explain that the second difference relating to RDAs was the goals were tied to what the state believed should be accomplished over the year. The RDAs were being asked to put forth efforts specific to regions, as well as efforts that would benefit the state as a whole. He said in the past the RFP process had been fairly competitive, but currently there was a lot of cooperation within and among the regions.

A recent example was Lander and Elko Counties worked together to conduct a seminar in Reno to outline the opportunities in northeastern Nevada. Mr. Hill said it was a good working relationship, over 200 people participated, and there had been significant results; it exhibited the potential ability of the regions to work together going forward.

From a funding standpoint, Mr. Hill continued, there had been some changes and changes would continue as GOED was better able to analyze the metrics, reporting and performance of the RDAs. He said GOED would continue to encourage regionalization of efforts; he would prefer to have 7 RDAs rather than 10. Efforts were being made toward consolidation, and GOED was encouraging regionalization financially. The RDAs that chose not to consider the regionalization process would receive slightly less funding from the GOED. Conversely, those RDAs that were attempting to regionalize were receiving additional funding in order to consolidate. Mr. Hill said regionalization, when it made sense, would be a more effective use of funding and produce better results.

Chairwoman Smith asked what the total staffing of GOED would be if the request before the Committee was approved.

Mr. Hill said the General Fund portion of the personnel budget would be 25 staff. He pointed out that the April spreadsheets distributed to the Committee had been updated and refined. There were an additional 14 positions in the Community Development Block Grant (CDBG) program, the Purchase Outreach program, and the Nevada Film Office that were not funded with General Fund. The CDBG and Purchase Outreach programs were federally funded, and the Film Office was funded with tax dollars.

Chairwoman Smith asked Mr. Hill to further explain the Regional Director positions. She understood the position would be filled in the north and the position in the south would be eliminated. She asked who would assume the responsibilities of the position in the south.

Mr. Hill replied the Regional Director position in the north had been filled the previous week. The position would not be filled in the south; he would assume some of the responsibilities and Chris Sanchez in the GOED would take the remaining responsibilities.

Chairwoman Smith asked whether Chris Sanchez was currently the Liaison to the Governor's Office. Mr. Hill replied he was, and he had been an excellent choice for the position. He was able to accept more responsibility, and a title change was being considered because Mr. Sanchez's role was broader than the title indicated.

Chairwoman Smith asked Mr. Hill to explain the purpose of the Liaison position, its connection to economic development, and why it was funded from the GOED.

Mr. Hill replied the original function of the position was to provide better coordination between the GOED and the Governor. The Governor's office needed to be kept fully informed in order to avoid duplication of effort when working with potential companies.

Chairwoman Smith asked Mr. Hill to explain the Allocations of Grants category in the amount of \$300,000.

Mr. Hill recalled his earlier reference to the GOED response to the RFP from the Federal Aviation Administration and to the grant opportunity for critical materials. He said those opportunities arose on a regular basis, and it was difficult to anticipate what they might be and when they would arise. Mr. Hill speculated it would be difficult to respond to all of the opportunities with a budget of only \$300,000 available.

Chairwoman Smith affirmed that there had not been a funding source for those types of responses in the past. Mr. Hill replied she was correct; the process was started to some extent during FY 2012. He noted that Assembly Bill 449 (2011 Legislature) recognized the issue and included provisions for grants and allocation authority for the Director of the GOED

Chairwoman Smith said she was a proponent of paying dues to organizations that supported the state, but she was not sure that dues for the National Governor's Association should be paid from the GOED budget. She suggested that the item be included in the Governor's budget in the 2013-2015 biennium. For the record, she did not believe it was appropriate to pay the dues from the GOED budget.

Assemblyman Grady noted that agriculture was the third largest industry in Nevada, but he was surprised that it was not mentioned in the Brookings Report or the information distributed by the GOED. Of the 39 staff members in the GOED, he asked whether anyone was knowledgeable in agriculture. He added that agriculture was continuing to grow as an industry in Nevada.

Mr. Hill replied Assemblyman Grady was correct; agriculture was a significant and growing portion of the economy in Nevada. He said part of the acceleration projects recently launched by GOED included an agricultural study, and input should start to come in the end of July. Mr. Hill said there were three areas mentioned in the State Plan for Economic Development that deserved additional attention, and agriculture was one. He said a project had been undertaken to look at a broad range of agricultural opportunities in new crops, new animals, and export opportunities. Mr. Hill said it was anticipated that a GOED employee working in the manufacturing area would combine manufacturing with efforts to further agricultural activities such as crops, animals, and exports. He noted agriculture was one of the leading exports in the state.

Senator Horsford asked which of the Industry Specialists were specifically assigned to agriculture and/or rural interests generally.

Mr. Hill replied that Mike Skaggs, Deputy Director, was leading the agricultural effort in the GOED. He noted that usually five or six of the industry sectors tended to apply in all areas of the state, and the Industry Specialists would cover all areas of the state where their sectors matched with regional plans in those areas.

Senator Horsford noted the Committee's information indicated that the manufacturing Industry Specialist was not being funded. He asked whether the position would be filled.

Mr. Hill said originally the sector was titled Mining and Manufacturing. There were ties between mining and manufacturing, but obviously manufacturing had ties to other industry sectors, and staff had discussed whether to separate the two sectors. He said the reason the position was not filled was lack of funding. It was planned to cost-share the Mining and Manufacturing Industry Specialist position with the regional development authority in Elko.

Senator Horsford said he would challenge that thought process. He noted there was a recent newspaper article ranking Nevada lowest in the country in the major indicators needed for manufacturing. Focusing on only one region of the state for manufacturing would cause missed opportunities throughout the entire state. He suggested the GOED Board reconsider the decision.

Senator Horsford noted that GOED listed Valley Center Opportunity Zone (VCOZ) under the Nevada Development Authority (NDA) Inner-City Economic Development. He did not believe that was an appropriate definition because NDA was not the pass-through entity for funds to the VCOZ; he understood funding was directly from the GOED. Senator Horsford explained VCOZ was a partnership between the Urban and Latin Chambers of Commerce in Las Vegas, which did micro lending to small and start-up minority women-owned businesses in a particular geographic area. Beyond the funding VCOZ was allocated from the GOED, he asked whether it would be able to compete for funds like any other regional authority. Mr. Hill replied Senator Horsford was correct.

Senator Horsford commended the GOED on its coordination of the recent Governor's Consulate General event. It was the first time that Nevada ever had 32 Consulate General offices represented to focus on industry, economic development and diversification, and investment. He noted a number of legislators in both parties attended; it was a great event.

Senator Horsford remarked the GOED was in start-up mode, but when adopting the new approach to economic development, the 2011 Legislature focused on performance and being able to measure the activities of the GOED and its employees in order to document the return on investment. Measures would include the number of jobs created, the number of new businesses to the state, and the number of expansions of existing businesses. He asked Mr. Hill when the GOED would be able to obtain

measurable outcomes, particularly as they related to the Governor's goal of 50,000 jobs by 2014.

Mr. Hill said the GOED Board would be meeting that afternoon, and he would be presenting data through the first quarter of calendar year 2012; the second quarter information would be presented in July. He said some of the metrics had not been in place in the past, but they had been defined and were required in the GOED office and the RDAs. Mr. Hill said measurement in relocations and expansions would include the leads generated; in the first quarter of 2012, 201 leads were generated throughout the state, compared to an average of 140 in the three prior quarters. He observed the efforts of GOED and the RDAs were starting to generate additional leads. There were approximately 60 site visits by companies interested in Nevada in the first quarter. As leads continued to increase, it was expected the number of site visits would increase as well. Also in the first quarter, companies that were directly assisted by the economic development effort in the state experienced the highest number of jobs created in a couple of years. Mr. Hill observed that the numbers were starting to improve, and results were being realized from the additional efforts and investment during the 2011 Legislative Session.

Chairwoman Smith reminded the Committee and the audience that the budget for GOED was different from other agency budgets. A large sum of money was allocated by the 2011 Legislature to the IFC Contingency Account, and GOED was required to request funding through IFC. A thorough discussion similar to a regular budget hearing was needed, and she appreciated the Committee's attention and indulgence.

Chairwoman Smith asked that legislators be invited to GOED functions in advance; they would appreciate the opportunity to be included. She asked Mr. Hill to make closing remarks.

Mr. Hill said invitations to legislators would be extended in the future. He noted that the Nevada Commission on Economic Development met for the last time two days earlier, which, in conjunction with the conclusion of the RDA process, signaled the end of the restructuring process that had taken nearly a year and a half to accomplish. He extended his appreciation to the Legislature for its work and cooperation throughout the process.

Chairwoman Smith thanked Mr. Hill and said the Committee would look forward to future presentations.

Chairwoman Smith asked for public comment; seeing none, she called for a motion.

SENATOR HORSFORD MOVED FOR APPROVAL OF AGENDA
ITEM L.

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote;)

M. 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.

Rick Martin, Grants Manager, Division of Emergency Management, Department of Public Safety, introduced Joyce Garrett, Chief Financial Officer, Division of Emergency Management. Mr. Martin explained the Division was requesting three grant extensions, pursuant to *Nevada Revised Statutes* (NRS) 353.2755.

Mr. Martin explained the first request, on behalf of all eligible applicants that had submitted applications, was to extend the Caughlin fire grant until November 18, 2012, to allow capture of actual costs and submission of a thorough application to the Interim Finance Committee.

Mr. Martin reported the following totals for the two fires:

The Caughlin Fire:	Total Amount Available: \$1,610,869
	Total Amount Requested: \$ 480,000
The Washoe Drive Fire:	Total Amount Anticipated: \$1,577,500
	Total Amount Requested: \$ 625,000
	Extension granted until January 19, 2013

Mr. Martin noted that some eligible applicants had not submitted costs to the Fire Management Assistance Grants Program, and the Division would have a clearer picture of the total requests once a determination was made from the Federal Emergency Management Agency (FEMA).

Chairwoman Smith advised the new members to the Committee that the requests were not uncommon. Extensions were granted to accommodate the gathering of more information and receiving information from FEMA.

Mr. Martin added that some disasters were very complicated and took an extended period of time before they could be settled.

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

ASSEMBLYMAN HARDY MOVED FOR APPROVAL OF AGENDA ITEM M.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Kieckhefer, and Rhoads and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

- N. DISASTER RELIEF ACCOUNT – City of Caliente – Request for a second extension of the reversion date of grant funds allocated at the February 3, 2010, Interim Finance Committee meeting.

Rick Martin, Grants Manager, Division of Emergency Management, Department of Public Safety, explained that a retroactive extension to June 30, 2012, was being requested to allow the Division to make the last reimbursement to the City of Caliente for its projects. The amount requested was \$175,926.81, which would allow the disaster to be closed.

ASSEMBLYMAN GRADY MOVED FOR APPROVAL OF AGENDA ITEM N.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske, Kieckhefer, and Rhoads and Assemblyman Hambrick were not present for the vote; Assemblywoman Kirkpatrick was excused and not present for the vote.)

- O. INFORMATIONAL ITEMS.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that only one informational item in Agenda Item O had been requested for further testimony, which was item 6.a., Health Division, Early Intervention Services.

6. Department of Health and Human Services – Health Division
 - a. Early Intervention Services (EIS) – Follow-up information from the April 24, 2012, Interim Finance Committee meeting regarding the EIS program.

Chairwoman Smith recalled there was extensive discussion at the April Interim Finance Committee (IFC) meeting concerning waitlists and the plan going forward for Early Intervention Services (EIS) clients. The Committee had requested that the Health Division provide an update at the June meeting.

Phil Weyrick, Administrative Services Officer, Nevada State Health Division, Department of Health and Human Services (DHHS), introduced Merry Wherry, Deputy Director for Clinical Services, Nevada State Health Division, DHHS.

Mr. Weyrick reminded Committee members that at the April IFC meeting, the Division had submitted two work programs to realign funds to the Division's operational categories to (1) prepare a plan to become compliant with the Individuals with Disabilities Education Act (IDEA) Part C regulations, (2) measure the impact of possibly not accepting the federal Part C funds, (3) estimate the cost of the options, and (4) consider how changing the service delivery model might affect the costs.

Mr. Weyrick said the Division submitted a report to the IFC which attempted to answer the Committee's questions. However, he apologized, some key pieces of information were missing and the report was incomplete. He noted that phase 4 of the rate study was currently in process and would hopefully provide a key missing component, which was the cost of case management.

Assemblywoman Benitez-Thompson asked whether there had been an analysis of the types of children receiving services from community providers and their level of acuity.

Merry Wherry, Deputy Director for Clinical Services, State Health Division, Department of Health and Human Services, replied to the extent possible financially, parents were able to choose which provider they preferred. There was no filter related to acuity. She said if the parents did not want to make an informed choice or preference, the placement was determined by location.

Assemblywoman Benitez-Thompson affirmed there was not a determination of acuity as the children entered the system. Ms. Wherry reiterated the children were placed wherever the parents chose, where they were rotated, or to the state if funds were not available.

Assemblywoman Benitez-Thompson noted the Division's report stated that 43 percent of the children served in fiscal year 2010 were covered by private insurers. However, less than half of the children had authorized consent to bill their private insurer source. She questioned why billing private insurers was not mandatory.

Ms. Wherry replied if the state were not to reapply for Part C funding, then that federal restriction would not be applicable. Currently, the state could not require families to allow the Division to bill their private insurers. She was frustrated because the Part C regulations were developed by the Department of Education at the federal level, and the Department was not necessarily in synch with the Department of Health and Human Services and the federal Health Care Reform Act. Ms. Wherry said the Early Intervention Services program was considered educational, but most of the services provided were medical. At this point in time, the Health Care Reform Act regulations had lifted the out-of-pocket maximum and pre-existing conditions, which were the two reasons there was a disincentive for the Division to bill insurance companies; clients

were afraid they would reach their out-of-pocket maximum. Ms. Wherry said although the restrictions no longer applied, the federal regulations had not changed.

Chairwoman Smith asked how much it cost on a monthly basis for a community service provider to provide the services, as well as how many hours of service were provided and whether all of the clients' needs were met.

Ms. Wherry replied the rate studies that had been done this fiscal year were posted on the Health Division's website. One of the studies itemized the specific costs associated with each community partner; the average range was from mid-\$400 per month to the highest of \$702 per month. Ms. Wherry said the state paid a flat \$565 per month regardless of the child's acuity. If a child had autism and was at high risk and needed a number of services, the state paid the same amount as would be paid if the child only needed to receive three IFSP (Individualized Family Service Plan) services a month.

Chairwoman Smith asked whether there was an adequacy level of how many hours of treatment per month a child should receive.

Ms. Wherry replied that, unfortunately, there were no national guidelines. The number of hours of treatment was established through the IFSP; every child could appear unique. She noted that a child with Downs Syndrome may have co-occurring disorders, and therefore diagnostically, one child did not look like another child. Ms. Wherry said she was not aware of an average time required for a specific clinical condition.

Chairwoman Smith asked when the Division would institute the pilot program whereby case management would be provided by the state and only the community service providers would provide services.

Ms. Wherry said a meeting with the community partners, the state, Part C staff, and developmental services staff was held earlier in the week to determine how the pilot program could be more seamless with the developmental services program. All of the services in that program had been privatized for years and the state had provided all of the service coordination. She said the Health Division could benefit from the learning experiences of the developmental services program, which had also experience with regard to the risks and benefits of hourly reimbursement rates. Ms. Wherry said some decisions were made at the meeting, and the group would meet again on July 9, 2012. Subcommittees were working on developing procedures to ensure that the parents and children would have the least amount of negative impact during the pilot.

Continuing, Ms. Wherry said several audits had been conducted on the program, and one of the findings was that the state tended to provide more services and more costly services than the private sector; there was some concern that the private sector was not providing enough services. The thought was that with the state partnering with the private sector, and with family input, the child would receive the needed services.

Chairwoman Smith asked whether the pilot would begin in fall 2012. Ms. Wherry replied the goal was to start in October, but it would not begin until all of the details were worked out in order to avoid as many unintended consequences as possible. The pilot would begin with new children coming into the system before transitioning children currently receiving services from the state to services provided by community partners. Ms. Wherry said the goal was to have sufficient experience with the pilot before the 2013 Legislative Session in order to speak to the success of the program. Evaluation criteria and measurements were being developed to determine whether adequate progress was being made and goals were being met.

Chairwoman Smith asked how much of the client base would be moved to the community providers in the pilot. Ms. Wherry said the number had not been determined. The Division had asked the community partners to determine what they would need from a volume perspective to do a successful pilot program. She said everyone was approaching the pilot cautiously to ensure that the children would receive essential services in the time allowed.

Ms. Wherry noted that a rate analysis was being conducted to determine the private-sector costs associated with service coordination. The state's reimbursement rate would be reduced by that amount because the state would be doing the service coordination and the private sector would provide the services.

Chairwoman Smith said it appeared to the Fiscal Analysis Division staff that if all of the early intervention services were moved to community providers, it would cost the state nearly \$5 million more. She stressed that continued discussions were needed; the program was still in the development phase. If the cost would be increased by \$5 million, the program did not make sense to her.

Ms. Wherry replied she understood the concerns. At this point, without knowing the cost of the private sector providing the service coordination piece and the reduction in the state reimbursement rate, it was premature for the Division to project the additional costs.

Chairwoman Smith asked the Division to work with the Fiscal Analysis Division staff and report back at the August Interim Finance Committee meeting with an update on the pilot. She would also like to have historical information concerning the reimbursement rates paid to service providers over time to see if there had been a rate change.

Chairwoman Smith asked whether the Division knew what it would cost for the state to provide all of the early intervention services to clients and those on the waitlists.

Ms. Wherry replied one of the challenges of the state providing the delivery services was that the audit of the state had indicated the state was over-providing services, and the Health Division staff had no incentive to consider the dollar amount. The staff were the delivery providers, so there was almost a conflict of interest. If a developmental

service provider also created the IFSP, the provider would have a high value of the work that could be done with the family. There was not a fixed cost that could be controlled.

Chairwoman Smith asked whether a fixed amount could be developed.

Ms. Wherry said in her discussions with the Part C staff, the amount was based on what was on the IFSP developed by staff. She could not determine how many services they could provide for a specific type of child; that would be a violation of federal intent.

Chairwoman Smith asked how the costs were determined for the community providers. Ms. Wherry replied their rate was capped.

Chairwoman Smith asked whether the community providers could decide to provide fewer services in order to make their capped rate. She did not understand the difference.

Ms. Wherry said that was one of the reasons the state would want to retain service coordination; the service coordinator was a state employee who would ensure that the community providers were not providing fewer services to maximize their profit.

Chairwoman Smith said the discussion would be continued. She would provide her questions and concerns to the Fiscal Analysis Division staff.

Chairwoman Smith recalled that the Division had indicated that it would cost \$3.5 million to serve the current waitlist. She understood that funding was a huge aspect of the program and the 2011-2013 budget was closed without enough funding to serve all of the clients. She was aware the Division was in a difficult position trying to serve a waiting list with insufficient funding. Chairwoman Smith affirmed for the record that the estimate to serve the current waiting list was \$3.5 million. Ms. Wherry replied she was correct.

For clarification, Mr. Weyrick added that the amount of \$3.5 million was based on what services were required on the IFSP for each child, the duration of the services, and the cost for each service. However, he added, there were other variables, including the fact that over half of the waitlist was waiting for speech therapy services. There were no speech therapists in the state to be hired, even if funds were available; there was a national shortage of speech therapists. In summary, Mr. Weyrick said there were factors affecting the waitlists other than funding.

Chairwoman Smith said she was recently at a conference listening to Secretary of Education Duncan, and he stated that as much as a job shortage, the country had a skill shortage. She noted that had been the theme heard over and over at this meeting.

Chairwoman Smith thanked Ms. Wherry and Mr. Weyrick for their testimony. She acknowledged the Division had a lot of work to do, and the Fiscal Division staff would be working with them to bring information forward.

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

P. PUBLIC COMMENT.

Keith Uriarte, Chief of Staff, American Federation of State, County and Municipal Employees (AFSCME) Local 4041, stated the testimony just heard was very troubling. He said the Early Intervention Services program should be about one thing, and that was kids. Today's discussion was not about the kids. He said the discussion was about deceit and manipulation at the cost of critical services for kids, and this could not be taken lightly. On behalf of the kids, he requested that the Committee immediately direct an independent audit and investigation of the Nevada Early Intervention Services and Part C programs, including Independent Family Service Plans and billings for services, to determine whether:

- Community partners were being paid for services not provided.
- Services being provided by community partners were being provided in compliance with Part C.
- All services currently provided by NEIS were the same services currently being provided by community partners.
- All eligible children were being made eligible by community partners.
- Conflicts of interest existed between NEIS administrative staff, policymakers, legislators, and community partners,

Mr. Uriarte closed his testimony by saying, "Please, for the kids. Thank you."

Greg Cox, Director, Nevada Department of Corrections, announced that all employees affected by the closure of Nevada State Prison were back to work. He thanked the Department's Human Resource Division staff for doing an outstanding job of placing those that had been laid off with other state agencies or in other NDOC positions.

Chairwoman Smith announced that a retirement program for former Legislative Counsel Bureau Director Lorne Malkiewich was taking place on the Legislative grounds. She also noted that Rick Combs, Assembly Fiscal Analyst, had been appointed as the new Director of the Legislative Counsel Bureau, and today was his last IFC meeting. She extended the Committee's gratitude for his work for the Fiscal Division and the Interim Finance Committee.

Q. ADJOURNMENT

Chairwoman Smith announced the next meeting of the Committee would be held on August 23, 2012, in Las Vegas. There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 5:49 p.m.

Assemblywoman Debbie Smith, Chairwoman
Interim Finance Committee

Tammy Grace, Acting Director,
Legislative Counsel Bureau and
Secretary, Interim Finance Committee

EXHIBITS
INTERIM FINANCE COMMITTEE
April 24, 2012

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Gus Nuñez, Administrator, State Public Works Division, Department of Administration	May 2012 Public Works Project Status Exception Report
D	Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Statement of Interim Finance Contingency Account Balance as of June 21, 2012
E	Deborah Reed, Deputy Director, Support Services, Department of Corrections	Request from IFC Contingency Account for Stale Claims