

MINUTES OF THE JUNE 30, 2016
MEETING OF THE
INTERIM FINANCE COMMITTEE
Carson City, Nevada

Chair Paul Anderson called a regular meeting of the Interim Finance Committee (IFC) to order at 9:19 a.m. on June 30, 2016, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Senator Ben Kieckhefer, Vice Chair
Senator Pete Goicoechea
Senator David Parks
Senator Michael Roberson
Senator James Settelmeyer for Senator Lipparelli
Senator Pat Spearman
Senator Joyce Woodhouse
Assemblyman Elliot Anderson
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblyman P.K. O'Neill for Assemblyman Kirner
Assemblyman James Oscarson
Assemblyman Stephen Silberkraus
Assemblywoman Dina Neal for Assemblywoman Swank
Assemblyman Michael Sprinkle
Assemblyman Jim Wheeler for Assemblywoman Titus

COMMITTEE MEMBERS EXCUSED:

Senator Mark Lipparelli
Assemblyman Randy Kirner
Assemblywoman Heidi Swank
Assemblywoman Robin Titus

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

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

EXHIBITS:

- [\(Exhibit A\)](#): Agenda
- [\(Exhibit B\)](#): Meeting Packet – Volume I
- [\(Exhibit C\)](#): Meeting Packet – Volume II
- [\(Exhibit D\)](#): Meeting Packet – Volume III
- [\(Exhibit E\)](#): Meeting Packet – Volume IV
- [\(Exhibit F\)](#): Testimony – Christine Miller, Attorney, Legal Aid Center of Southern Nevada, Inc.
- [\(Exhibit G\)](#): Report to the Interim Finance Committee from the Economic Forum, provided by the Fiscal Analysis Division of the Legislative Counsel Bureau
- [\(Exhibit H\)](#): Social Workers in Schools Grants (S.B. 515), provided by the Office for a Safe and Respectful Learning Environment, Nevada Department of Education

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; all members were present, except Senator Lipparelli, Assemblyman Kirner, Assemblywoman Swank and Assemblywoman Titus, who were excused, and Senator Roberson, who joined the meeting in progress.

B. PUBLIC COMMENT.

Joan Hall, President, Nevada Rural Hospital Partners, and board member, HealthHIE Nevada, which was the state's only operating health information exchange (HIE), urged the Committee to consider Agenda Items F-52 and F-53 that provided for infrastructure for health information technology in Nevada. She explained that HIE connectivity to an increased range of the state's registry and reporting services was important to Nevada Rural Hospital Partners, as it assisted in decreasing reporting burdens. She said state staff was specifically important to supporting the integration of this vital process, as was managing the 90/10 high tech funding opportunities.

C. APPROVAL OF MINUTES OF THE APRIL 14, 2016, MEETING.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE
THE MINUTES OF THE APRIL 14, 2016, MEETING.

SENATOR KIECKHEFER SECONDED THE MOTION.

Assemblywoman Carlton noted that there was no item on the agenda to follow up on the discussion that took place at the April 14, 2016, meeting with Claudia Vecchio, Director, Department of Tourism and Cultural Affairs, regarding advertising and promotion funding.

Chair Anderson reported that the agency was preparing for further discussion with the Committee. The agency would approach the Committee when it had completed its review of the options for discussion.

THE MOTION PASSED UNANIMOUSLY.
(Senator Roberson was 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.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said Agenda item D consisted of informational only work programs, which required expeditious action within 15 days. Fiscal staff had no questions or concerns, and no action was required.

1. **Department of Education - Student and School Support - FY 2016** - Addition of \$1,393,110 in federal Safe Schools/Healthy Students grant funds to continue programs to promote mental health among students and create safe and secure schools. Requires Interim Finance approval since the amount added to the Safe Schools/Healthy Students category exceeds \$75,000. **Work Program #C35930**

There was no discussion on this item.

2. **Governor's Office of Economic Development - Rural Community Development - FY 2016** - Addition of \$719,287 in federal Community Development Block Grant funds in order to fund awards to subgrantees. Requires Interim Finance approval since the amount added to the Rural Communities Grant Program category exceeds \$75,000. **Work Program #C35776**

There was no discussion on this item.

3. **Department of Health and Human Services - Public and Behavioral Health - Women, Infant, and Children Food Supplement - FY 2016** - Addition of \$308,672 in federal Summer Electronic Benefits Transfer for Children (SEBTC) Program grant funds to provide low income children in nine counties with nutritious food during the summer months when free or reduced lunches are not available through their school. Requires Interim Finance approval since amount added to the Summer EBT for Children category exceeds \$75,000. **RELATES TO ITEM F.56. Work Program #C35502**

There was no discussion on this item.

4. **Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2016** - Addition of \$5,220,000 in federal Child Care Development Mandatory and Matching grant funds to provide childcare subsidies to qualified working families to help attain a level of self-sufficiency adequate to avoid dependency on public assistance.

Requires Interim Finance approval since the amount added to the Child Care Client Benefits category exceeds \$75,000. **Work Program #C35501**

There was no discussion on this item.

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

Ms. Jones said Agenda Item E consisted of informational only work programs, which required expeditious action within 45 days. She noted that most of the work programs were requests from the Department of Corrections to transfer money between various accounts in order to complete the department's business for the remainder of FY 2016. Fiscal staff had no questions or concerns, and no action was required.

1. **Department of Corrections - Director's Office - FY 2016** - Deletion of \$12,377 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35584**

There was no discussion on this item.

2. **Department of Corrections - Prison Medical Care - FY 2016** - Addition of \$105,516 in Budgetary Transfers and transfer of \$210,883 from the Personnel Services category to the Inmate Drivens category and \$52,769 from the Professional Services category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C35649**

There was no discussion on this item.

3. **Department of Corrections - Correctional Programs - FY 2016** - Deletion of \$83,409 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35598**

There was no discussion on this item.

4. **Department of Corrections - Ely State Prison - FY 2016** - Addition of \$299,602 in Budgetary Transfers and transfer of \$440 from the Uniform Allowance category to the Personnel Services category and \$72,023 from the Inmate Drivens category to the Personnel Services category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C35633**

There was no discussion on this item.

5. **Department of Corrections - High Desert State Prison - FY 2016** - Deletion of \$86,354 in Budgetary Transfers and transfer of \$40,000 from the Utilities category to the Maintenance of Building and Grounds category and \$126,792 from the Personnel Services category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35637**

There was no discussion on this item.

6. **Department of Corrections - Northern Nevada Correctional Center – FY 2016** - Deletion of \$215,952 in Budgetary Transfers and transfer of \$13,702 from the Personnel Services category to the Maintenance of Buildings and Grounds category, \$4,763 from the Personnel Services category to the Maintenance Contracts category and \$71,123 from the Personnel Services category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35617**

There was no discussion on this item.

7. **Department of Corrections - Nevada State Prison - FY 2016** - Deletion of \$3,998 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35609**

There was no discussion on this item.

8. **Department of Corrections - Southern Desert Correctional Center - FY 2016** - Deletion of \$8,399 in Budgetary Transfers and transfer of \$1,400 from the Utilities category to the Operating category and \$49,074 from the Utilities category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to Inmate Drivens category exceeds \$75,000. **Work Program #C35635**

There was no discussion on this item.

9. **Department of Corrections - Lovelock Correctional Center - FY 2016** - Deletion of \$9,303 in Budgetary Transfers and transfer of \$6,620 from the Personnel Services category to the Equipment category, \$84,032 from the Personnel Services category to the Inmate Drivens category, \$14,430 from the Maintenance Contracts category to the Inmate Drivens category and \$62,336 from the Utilities category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires

Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35613**

There was no discussion on this item.

10. **Department of Corrections - Warm Springs Correctional Center - FY 2016 -** Deletion of \$97,959 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35601**

There was no discussion on this item.

11. **Department of Corrections - Florence McClure Women's Correctional Center - FY 2016 -** Addition of \$128,889 in Budgetary Transfers and transfer of \$758 from the Maintenance Contracts category to the Inmate Drivens category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C35620**

There was no discussion on this item.

12. **Department of Corrections - Casa Grande Transitional Housing - FY 2016 -** Deletion of \$5,786 in Budgetary Transfers and transfer of \$2,178 from the Personnel Services category to the Operating Category, \$16,726 from the Personnel Services category to the Equipment category and \$33 from the Personnel Services category to the Open Program category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35595**

There was no discussion on this item.

13. **Department of Corrections - Northern Nevada Transitional Housing - FY 2016 -** Addition of \$18,343 in Budgetary Transfers and transfer of \$1,664 from the Operating category to the Personnel Services category and \$7 from the Uniform Allowance category to the Personnel Services category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35602**

There was no discussion on this item.

14. **Department of Corrections - Stewart Conservation Camp - FY 2016 -** Addition of \$9,240 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35631**

There was no discussion on this item.

15. **Department of Corrections - Pioche Conservation Camp - FY 2016** - Addition of \$33,015 in Budgetary Transfers and transfer of \$80 from the Equipment category to the Personnel Services category, \$4,772 from the Inmate Drives category to the Personnel Services category and \$29,513 from the Utilities category to the Personnel Services category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Utilities category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35623**

There was no discussion on this item.

16. **Department of Corrections - Three Lakes Valley Conservation Camp – FY 2016** - Deletion of \$14,403 in Budgetary Transfers and transfer of \$6,753 from the Personnel Services category to the Utilities category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35627**

There was no discussion on this item.

17. **Department of Corrections - Wells Conservation Camp - FY 2016** - Deletion of \$12,414 in Budgetary Transfers and transfer of \$2,080 from the Utilities category to the Operating category, \$1,787 from the Utilities category to the Maintenance of Buildings and Grounds category and \$10,086 from the Utilities category to the Inmate Drives category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35632**

There was no discussion on this item.

18. **Department of Corrections - Humboldt Conservation Camp - FY 2016** - Deletion of \$17,112 in Budgetary Transfers and transfer of \$3,074 from the Utilities category to the Maintenance of Buildings and Grounds category and \$4,491 from the Utilities category to the Inmate Drives category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Utilities category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35610**

There was no discussion on this item.

19. **Department of Corrections - Ely Conservation Camp - FY 2016** - Deletion of \$23,919 in Budgetary Transfers and transfer of \$6,700 from the Utilities category to the Personnel Services category and \$4,000 from the Utilities 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 transferred from the Utilities category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35624**

There was no discussion on this item.

- 20. Department of Corrections - Jean Conservation Camp - FY 2016** - Addition of \$2,580 in Budgetary Transfers and transfer of \$8,000 from the Personnel Services category to the Equipment category, \$7,446 from the Personnel Services category to the Inmate Drivens category and \$5,514 from the Personnel Services category to the Utilities category to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C35611**

There was no discussion on this item.

- 21. Department of Corrections - Carlin Conservation Camp - FY 2016** - Addition of \$27,123 in Budgetary Transfers and transfer of \$1,615 from the Utilities 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 this work program includes a budgetary transfer that balances against other work programs. **Work Program #C35612**

There was no discussion on this item.

- 22. Department of Corrections - Tonopah Conservation Camp - FY 2016** - Deletion of \$32,923 in Budgetary Transfers to fund a projected shortfall within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Utilities category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35636**

There was no discussion on this item.

- 23. Department of Wildlife - Fisheries Management - FY 2016** - Addition of \$18,015 in Federal Sportfish funds and \$6,006 in Transfer Sportsmen Revenue to support the purchase of warm water fish species for fishery restoration projects. Requires Interim Finance approval since the amount added to the Sportfish Management category exceeds \$75,000. **Work Program #C35566**

There was no discussion on this item.

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

The Committee expressed interest in hearing testimony on the following items: Agenda Items F-2, Office of the Attorney General; F-4, Office of the Secretary of State; F-5, F-6, F-7, F-8, F-10 and F-11, Office of the State Treasurer; F-49, Department of Health and Human Services (DHHS), Aging and Disability Services Division; F-52, DHHS, Division

of Health Care Financing and Policy; F-52 and F-53, DHHS, Division of Public and Behavioral Health (DPBH); F-71 and F-72, DHHS, DPBH; F-86, DHHS, Division of Child and Family Services; F-102 and F-103, Department of Employment, Training and Rehabilitation; F-105, Department of Corrections; and F-127, Department of Public Safety.

Ms. Jones said Agenda Item F-47, DHHS, Director's Office, involved allocation of block grant funds, which required a public hearing. Fiscal staff had no questions or concerns on this item.

Ms. Jones noted that the Department of Transportation's request to reclassify a Supervisor 1 position was withdrawn on June 28, 2016.

Assemblywoman Carlton requested further testimony on Agenda Items F-26 through F-36, Nevada System of Higher Education.

Assemblywoman Carlton, on behalf of Assemblywoman Bustamante Adams, requested further testimony on Agenda Item F-44, Department of Business and Industry, Nevada Transportation Authority.

Senator Kieckhefer requested further testimony on Agenda Items F-77 and F-79, Department of Health and Human Services, Division of Public and Behavioral Health.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE
AGENDA ITEM F-47, INVOLVING THE ALLOCATION
OF BLOCK GRANT FUNDS, AND THE REMAINING
WORK PROGRAM REVISIONS AND POSITION
RECLASSIFICATIONS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

1. **Office of the Attorney General - Victims of Domestic Violence - FY 2017** - Transfer of \$159,456 from STOP Violence Against Women (STOP)/Victim Information Notification Everyday (VINE) category to the State/Local VINE category to account for state and local funding separately from federal funding for the VINE program. Requires Interim Finance approval since the amount transferred to the State/Local Vine category exceeds \$75,000. **Work Program #C35593**

Refer to motion for approval under Agenda Item F.

2. **Office of the Attorney General - National Settlement Administration – FY 2017** - Transfer of \$824,093 from the Reserve category to the Personnel Services category, \$8,024 from the Reserve category to the Out of State Travel category, \$37,024 from the Reserve category to the In State Travel category, \$14,717 from the Reserve category to the Operating category, \$28,720 from the Reserve category to the Equipment category, \$402,352 from the Reserve category to the Transfer to Legal Aid Center of Southern Nevada category,

\$50,553 from the Reserve category to the Information Services category, and \$34,267 from the Reserve category to the Training category to enhance enforcement efforts for the investigation, prosecution and prevention of financial fraud as well as assist vulnerable senior citizens and adults with disabilities with the guardianship process. This work program includes ten new positions. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **Work Program #C35460**

Adam Laxalt, Nevada Attorney General, said approval of Work Program C35460 would bolster the ability of the Office of the Attorney General (OAG) to fight financial fraud statewide. He said, initially the work program requested the transfer of \$824,093 from the Reserve category to the Personnel Services category; \$14,717 from the Reserve category to the Operating category; \$50,553 from the Reserve category to the Information Services category; \$8,024 from the Reserve category to the Out of State Travel category; \$37,024 from the Reserve category to the In State Travel category; \$28,720 from the Reserve category to the Equipment category; \$34,267 from the Reserve category to the Training category; and \$402,352 from the Reserve category to the Transfer to Legal Aid Center of Southern Nevada category.

Attorney General Laxalt said, should the work program be approved, the OAG, in consultation with the Legislative Counsel Bureau (LCB), agreed to some slight modifications to the travel, office and information technology (IT) budgets.

Attorney General Laxalt said he would provide Committee members with background on the need for the work program. He said consumer fraud complaints were dramatically on the rise. On a national scale, the Federal Trade Commission received over three million consumer fraud complaints in calendar year 2015, which represented a 20 percent increase from calendar year 2014, and a 46 percent increase from calendar year 2013. Similarly, consumer fraud complaints specific to Nevada had increased. In Fiscal Year (FY) 2014 the OAG received 600 consumer fraud complaints, and in FY 2015, that number increased to 952. So far, in FY 2016, the OAG had received 870 fraud complaints. He said, behind those statistics were vulnerable Nevadans around the state that had experienced major or minor fraud. The dramatic increase in the number of consumer fraud complaints demonstrated a compelling need for law enforcement to devote greater investigative and prosecutorial resources to combat financial fraud.

Attorney General Laxalt said, currently, the resources allocated to the Investigations Division could not be used to investigate general, complex financial fraud; crimes against older persons; and public integrity matters. Even though there were structural issues within the OAG that had historically limited the OAG's responsiveness in these cases, the Fraud Unit and the Investigations Division had made great strides in the past year. For instance, in 2015, the number of fraud prosecutions increased 97 percent when compared to 2014. He said the OAG developed a robust strategy, with the limited resources for financial fraud already in place, to protect Nevada's people and businesses from the harmful effects of financial fraud. The strategy included targeting sophisticated criminal enterprises that victimize on a large scale; integrating with

federal, state and local law enforcement agencies to leverage resources; increasing flexibility in order to quickly respond to emerging trends in financial fraud; and immediately increasing existing funding levels to legal aid centers to provide pro bono civil representation in guardianship cases. He noted that Work Program C35460 had a civil and criminal component to target both sides of the issue. The OAG was seeking to use \$1,288,705 in settlement dollars, which the Committee was aware were non-taxpayer and non-General Fund monies, to create investigator and prosecutor positions to augment the ability of the OAG to combat financial fraud.

Attorney General Laxalt said, further included in the request, and consistent with the fraud mission, was a full-time Criminal Investigator dedicated to the Joint Terrorism Task Force (JTTF). In the wake of the terrorist attacks within the United States, including San Bernardino, and most recently Orlando, local and state law enforcement must remain vigilant to combat these threats. He noted that in the fall of 2015 the OAG joined the Federal Bureau of Investigation's (FBI) JTTF, and had dedicated a prosecutor to prosecute fraud cases from the task force. He explained that approximately 90 percent of all cases pursued by the JTTF were related to financial fraud. He said the FBI's tactic was to disrupt the terrorist networks by targeting their money.

Attorney General Laxalt said the work program also included \$400,000 for the Legal Aid Center of Southern Nevada to enhance the ability to assist with consumer protection efforts in civil guardianship matters. Current trends indicated a civil guardianship caseload in excess of 100 individuals per year.

Attorney General Laxalt said the OAG planned to request permission to maintain the criminal financial fraud mission outlined herein for the four years following FY 2017. Even after the financial fraud unit was funded, and all the other programs that the National Mortgage Settlement dollars were currently funding, there would still be approximately \$4.0 million surplus remaining in this budget. The availability of settlement funds provided the OAG with a rare opportunity to enhance its ability to protect Nevadans in an effective and integrated manner without adding burden to the General Fund. He said there was an urgent need for the funding, and the OAG could not afford to postpone the request until the 2017 Legislative Session.

Rod Swanson, Chief of Investigations, Office of the Attorney General, said that on September 19, 2015, he retired as a special agent of the FBI after more than 32 years of combined federal law enforcement and military service. He assumed the role of Chief of Investigations for the OAG on September 21, 2015. He said that during his career, he led investigations on violent crime; transnational criminal enterprise, organized crime; and national security matters domestically, in Europe, the Middle East and North Africa. He also led and conducted public integrity investigations.

Mr. Swanson said, over the past nine months he evaluated the internal operations of the OAG Investigations Division, and determined the following:

- Criminal complaints and referrals that involved an array of financial fraud activity had doubled in the last two years.
- The OAG did not have adequate staff to effectively address the volume of complex financial fraud activity in Nevada.
- The Investigations Division lacked the flexibility to move investigative resources from other programs to adequately address emerging crime problems.

Mr. Swanson said the work program was requesting additional resources to investigate and prosecute complex financial fraud crimes in Nevada. The OAG was requesting two Supervising Criminal Investigators, three Criminal Investigators, one investigator dedicated to the JTTF, and one Management Analyst. He envisioned that the proposed staff would investigate complex financial fraud matters, including mortgage fraud, timeshare fraud, exploitation of the elderly and vulnerable, identity theft, telemarketing fraud, money laundering and other crimes. The additional resources would allow the OAG to increase investigative capacity to keep pace with the needs of Nevada's citizens, partner with the Guardianship Taskforce in Clark County, address elder exploitation in the rural counties of the state, and partner with federal law enforcement to investigate and prosecute state crimes.

Mr. Swanson said, with approval of the work program, the OAG could better address the volume of financial fraud activity that was occurring across Nevada.

Jeff Segal, Bureau Chief, OAG Bureau of Criminal Justice, said that in 2015 the number of financial fraud cases opened for prosecution by the OAG fraud unit increased by 97 percent over the previous year. This work program, if approved, would add two critically needed Senior Deputy Attorney Generals to prosecute complex financial fraud. One prosecutor, along with a new Legal Secretary, would be stationed in either the Carson City or Reno office, where the OAG had no dedicated financial fraud prosecutor. The other prosecutor would be stationed in Las Vegas, where the majority of financial fraud in Nevada occurred.

Mr. Segal said the prosecutors would work with OAG Criminal Investigators and other law enforcement agencies to prosecute all forms of financial fraud. These were among the most challenging cases to prosecute. The cases often required collection and analysis of thousands of pages of financial documents in order to identify perpetrators and establish the elements of crimes. That information must then be synthesized into a compelling presentation in order to prove a case in court. He stated that the complex nature of these cases was the reason it was necessary to add senior level prosecutors.

Mr. Segal explained that it was necessary to add these positions now because financial fraud was increasing at a troubling rate. The perpetrators of these crimes were not going to wait for Nevada to act, and the victims of their crimes could not afford to wait for Nevada to act.

Christine Miller, Attorney, Legal Aid Center of Southern Nevada, provided written testimony concerning Agenda Item F-2 ([Exhibit F](#)). Ms. Miller thanked the OAG

for including the Legal Aid Center of Southern Nevada in its request for funding. She pointed out that Barbara Buckley of the Legal Aid Center of Southern Nevada wished she could have been at the meeting, but had a prior commitment that took her out of state. Ms. Buckley fully supported the request.

Ms. Miller said the request for funding was for an urgent need: the representation of vulnerable senior citizens and others with disabilities whose civil rights and property were at significant risk for exploitation and loss. One need to only turn on the news to see case after case of guardianship abuse. The guardian, instead of being a trusted fiduciary, sought to separate the individual from their income, life savings and belongings. The guardian ignored relatives and trusted friends. They isolated the person, and before long, the guardian would bill the estate for their services, leaving the senior or person with disability destitute.

Ms. Miller said many people wondered how this could happen. She explained that in each of the cases the process began with the filing of a petition for guardianship. Often the guardian failed to notify friends and relatives of the filing. She said the guardian often relied on a doctor with whom they have established a relationship to provide proof of the need for a guardianship: this proof being skeptical at best. With no opposition to the filing, the court routinely granted the guardianship and an attorney would not be appointed for the individual, because there was no funding source to provide an attorney. The individual then found themselves being removed from their home, their cherished belongings liquidated, and their golden years forever changed. Often the relatives who cared for the person tried to fight the guardianship, however, hiring an attorney to do this was often cost prohibitive, and relatives and friends quickly gave up.

Ms. Miller said, most cruelly, the guardian, who had access to all of the money of the senior citizen or vulnerable person, used those funds to hire their own attorney to fight the wishes of their ward, which meant the person under their guardianship funded their own exploitation.

Ms. Miller explained, there was no better way to combat the abuse than to have an attorney appointed to represent the senior citizen or the person with the intellectual disability as soon as the initial guardianship petition was filed. If appointed at the outset, the attorney had the opportunity to meet with the person to establish whether a guardianship was even needed or wanted. In recent cases, it became apparent that the person neither needed nor wanted a guardianship, even though those things were represented to the court by the guardian. Ms. Miller said that if the person wanted and needed a guardianship, but preferred someone else, those wishes could be presented to the court by the attorney.

Ms. Miller explained that the voice of the individual, whose civil liberties and assets were at risk, would no longer be unheard. The attorney would ensure that there would be no exploitation of the client's assets, or that exploitation was stopped at the earliest opportunity. Through direct communication with the ward, and with a thorough examination of the documents that were required to be filed by the guardians, such as accounting and inventory, an attorney representing the person under the guardianship would ensure that the income and life savings of

that person were not stolen and that those assets were protected, because the attorney was there to ensure that the client's legal rights, including the finances and estate, were protected.

Ms. Miller said, at the present time, nobody represented the individual under the guardianship, which meant that incomplete or inaccurate filings could potentially be approved by the court if there were no objections raised. It was clear that funding for a program to ensure that proposed wards had legal representation was critically needed, and the Legal Aid Center of Southern Nevada respectfully asked for the Committee's support in this request.

Assemblyman Sprinkle asked why there was a significant increase in the number of felony prosecutions.

Nick Trutanich, First Assistant Attorney General, OAG, explained that the OAG underwent a reorganization that was approved by the 2015 Legislature. He said the increased felony prosecutions were attributed to the ability of the OAG to be more proactive and improve its reporting structure, in addition to the hard work of the OAG prosecutors and investigators.

Assemblyman Sprinkle asked why none of the funding would be used in Northern Nevada.

Mr. Trutanich explained that the OAG partnered in a significant way with the Legal Aid Center of Southern Nevada with issues related to consumer protection. He said the Legal Aid Center of Southern Nevada was a trusted partner for which the OAG felt comfortable putting forward this emergency request. He said there was guardianship abuse in other parts of the state; however, an uptick in activity in Southern Nevada, which was the state's "ground zero" in guardianship cases, caused the OAG to decide to move as fast as possible to involve the Legal Aid Center of Southern Nevada.

Mr. Trutanich noted, on the criminal guardianship side, primary jurisdiction rested with local law enforcement officers and district attorneys; the OAG did not have primary jurisdiction. He explained that the OAG was trying to target guardianship abuse on the civil side, and assist where it could on the criminal side.

Assemblyman Sprinkle asked if there would be support for Northern Nevada in this area in the future.

Mr. Trutanich said that the OAG was always looking for partners in pro bono legal services. He said one of the primary priorities of the OAG was pro bono services. He noted that the OAG started the Office of Military Legal Assistance, which was a pro bono office inside the OAG. Mr. Trutanich said the OAG partnered in a significant way with Nevada Legal Services in Northern Nevada and the Legal Aid Center of Southern Nevada.

Assemblyman Armstrong asked if this was an appropriate use of the settlement funds. Mr. Trutanich explained the use was consistent with the terms of the National Mortgage Settlement. The OAG could request to use the funding for

legal aid, consumer protection, financial fraud, and training for those topics. The specific language was included in the material provided to the Committee starting on page 65 of Volume II of the meeting packet ([Exhibit C](#)).

Assemblyman O'Neill noted there was an increase of 97 percent in prosecutions. He asked for the number of cases that represented.

Mr. Trutanich recalled that 47 cases were brought in 2014, and over 90 were brought in 2015. In response to a question from Assemblyman O'Neill as to how the cases were selected from among the hundreds of complaints, Mr. Trutanich explained that the complaints were evaluated by the OAG. The complaints that had merit were pursued. The reason for the work program was that financial fraud was expanding at an exponential rate; the number of complaints doubled in the last couple of years. The OAG wanted to augment its office and get better at targeting financial fraud. Mr. Trutanich said this was part of the Attorney General's remaking of the OAG over the last year and a half.

Assemblyman O'Neill asked if the OAG would have been able to review and pursue more cases if it had more investigators.

Mr. Trutanich said he would answer that question, but first wanted to note that he had been a supervisory federal prosecutor. He said that if one investigator was assigned to 20 cases, then any one case could only move forward a small increment at one time, especially if the case was complex. If the office was augmented with more staff per case, more forward progress could be made on each case.

In response to a question from Assemblyman O'Neill, Mr. Swanson said that the OAG must base its investigative priorities upon the available resources. He said only 23 percent of the investigative resources available in the Investigations Division could be used to combat financial fraud matters. The rest of the investigative complement was "stovepiped" in specific budget lines devoted to support specific programs. Almost 78 percent of the division budget was mandated to other work. If there were additional investigators in the division, Mr. Swanson said he would be able to evaluate, open, assign and investigate more complaints and referrals that came into the OAG.

Assemblyman O'Neill asked whether the OAG had statutory authority for all the assignments, including the JTTF. Mr. Swanson replied that the OAG was represented on the JTTF prior to 2007, but had not been represented since 2007. There was precedent and practice for the integration of the OAG to the JTTF.

Assemblyman O'Neill asked if the OAG reduced the number of investigators during the 2015 Legislative Session in order to use the funding for other purposes.

Mr. Trutanich recalled that the investigator position that was eliminated during the 2015 Legislative Session was an insurance fraud investigator that was not funded with General Fund dollars. He reminded the Committee that the OAG

reorganization was budget neutral. Similarly, the current work program involved non-taxpayer settlement funds.

Senator Kieckhefer said this was a fairly large substantive change that he would rather address during a legislative session. However, he did not want for elderly victims of crime to wait to have their issues addressed.

Senator Kieckhefer said the majority of the mortgage settlement funds were used for the Home Means Nevada and Home Again programs. He noted the funds being requested were in excess of that funding. Fiscal staff indicated that some of the remaining funds were allocated to the Department of Business & Industry (B&I), Real Estate Division, Consumer Affairs Unit and Foreclosure Mediation program. If the work program was approved, a decision would need to be made whether to find another way to fund those programs.

Mr. Trutanich said, assuming funding levels at FY 2016 actual expenses for the next two biennia, the budget account would still have a \$4.0 million surplus in its reserve in FY 2021. There would still be sufficient resource in the budget to continue the existing programs and fund the work program request.

Mr. Trutanich said there was a request to fund the B&I transfer with settlement dollars for the 2017-19 biennium budget, and the OAG was evaluating that request. The demand for the Home Again program was diminishing, so it would not need funding at the same level in the next biennium.

Senator Settelmeyer asked if the positions being funded through the work program would be requested to continue in the OAG's budget for the 2017-19 budget. He said he supported the project, and thought this was a good utilization of the funds.

Mr. Trutanich said, for the next five years, the plan was to fund the positions in the AG National Settlement Administration budget (1045).

Senator Settelmeyer noted that Home Again program funding was specifically intended to keep people in their homes. He asked how much was expended to keep people in their homes who were underwater in their mortgages, how many homeowners had received help, and how many of those people remained in their homes.

Ms. Miller said she did not have foreclosure statistics with her, but would provide that information. Chair Anderson asked Ms. Miller to provide that information to LCB staff, who would forward the information to Committee members.

Assemblywoman Neal noted that the OAG hosted a summit in February 2016 which resulted in seven referrals regarding criminal activity, but as a shared relationship for the investigations. There was a joint relationship with the Las Vegas Metropolitan Police Department and the Clark County District Attorney's Office, who maintained primary jurisdiction over the matter. She noted that the OAG was requesting six additional Criminal Investigators, but the primary responsibility rested with the Clark County District Attorney.

Mr. Trutanich said the work program was focused on financial fraud. A subset of financial fraud was guardianship and elder exploitation and abuse. The OAG did not have primary jurisdiction with respect to that specific subset of financial fraud. In statute, the primary jurisdiction rested with local district attorneys and local law enforcement. He said one of the OAG investigators and a Management Analyst would be assigned to a guardianship taskforce. He said if the Clark County District Attorney elected to decline a prosecution, the OAG would take over. Currently, there was a joint investigation going on with a guardianship case in Southern Nevada with the district attorney's office.

Mr. Trutanich said some of the seven cases referenced by Assemblywoman Neal were from other parts of the state. The new investigators, in addition to their other financial fraud cases, would also help investigate very complex cases, should the district attorney's offices refer them to the OAG. He clarified that this was not the OAG's role, but the OAG was stepping in to help and raise awareness to the vulnerable victims who were being exploited.

In response to a question from Senator Spearman, Mr. Swanson explained that the JTTF and the fusion center were separate entities. He said the fusion center was run by the Las Vegas Metropolitan Police Department, and the JTTF was a statewide national security investigative entity. The JTTF investigator position would be located in Las Vegas, and would be a full-time member of the FBI's JTTF. In addition, that person would work national security-related investigations as part of the task force.

Mr. Swanson explained that the JTTF and the fusion center had a close relationship in the state; however, there was a distinction between the FBI and the fusion center concept that existed in Nevada.

Assemblyman O'Neill noted, by statute, the OAG charged the counties for prosecuting cases referred to them by the counties. He asked whether the counties would be charged for these prosecutions.

Mr. Trutanich understood that the counties were charged for prosecutions by the OAG in limited instances in cases where there was a conflict of interest with the district attorney. He said for guardianship cases, the counties would not be billed.

Attorney General Laxalt said there would not be changes to the current process for guardianship cases.

Assemblyman O'Neill wanted to ensure that the counties could refer these guardianship cases to the OAG, and not have it impact their budgets.

In response to a question from Assemblywoman Carlton, Mr. Swanson said the hiring process would be the same as for any position in the OAG's office. The position announcements would be posted in accordance with state policy. Interviews would be conducted and offers would be made to the most qualified

candidate for each of those positions and then a letter of hire would be prepared, and the background investigation process would begin.

Assemblywoman Carlton noted that the positions were very specialized, and she anticipated difficulty in filling them. It would take time to hire the individuals, and there would be significant training involved. She was confused about the statement that the JTTF position had been vacant since 2007, because a part-time Deputy Attorney General (DAG) was assigned to the JTTF. She asked if the positions would work together, and whether the part-time DAG position would remain.

Mr. Trutanich said the DAG worked full-time in the OAG, but some of his time was spent taking cases from investigations that originated from the JTTF, which had been going on since about November 2015. He clarified that, on the investigative side, 2007 was the last time the OAG had a representative on the JTTF. He explained that the position would work with the JTTF to bring cases to the OAG prosecutor to help the federal law enforcement prosecutors with any violations of state law.

Assemblywoman Bustamante Adams noted that in Attorney General Laxalt's opening comments he made a statement that the plan was robust, but she had not heard anything about preventing financial fraud. She said investigations and prosecutions were reactive rather than proactive.

Attorney General Laxalt said he believed the uptick in investigations and prosecutions would provide a strong deterrent effect. He said the word would get out that investigations were taking place, resulting in people receiving jail time.

Assemblywoman Bustamante Adams said she was concerned that not enough was being done to deter this type of crime. She asked what kind of reporting would be provided to the Committee to ensure that it was a deterrent, and that the number of complaints was not increasing.

Mr. Trutanich did not want to give Committee members the idea that seven investigators, two prosecutors, and some support staff would eradicate financial fraud in the state. He said the OAG would do its part on the criminal side to deter the crime, and on the civil side to be proactive. He noted that Ms. Miller's testimony indicated that having an attorney involved in the guardianship process on the civil side at the very beginning would prevent criminal exploitation later, so there was a proactive element to the work program request. He stated that just the approval of the work program by the Committee would act as a deterrent. The message would get out that the Legislature was looking at financial fraud, and the OAG would go after it with its resources.

Mr. Trutanich added that the OAG would comply with any reporting requirements requested by the Committee.

Assemblywoman Bustamante Adams noted that the OAG indicated there were enough funds to handle the increase in staff for the next five years. She asked what would happen after that.

Mr. Trutanich replied that the OAG would either find additional resources through settlements to fund the positions, or more likely, the positions would sunset.

Ms. Miller said, to address the issue of being proactive versus reactive, the civil component would be handled within the guardianship proceedings. By providing the funding to have an attorney appointed to the person under the guardianship, that attorney would stay on the case until the case was closed. At that point, the attorney would monitor all of the filings by the guardian, which included inventory and accounting, which was where fraud could occur. If an attorney was scrutinizing the filings, the attorney could prepare the proper pleadings for the court to address those filings. The OAG believed the civil component for individual representation of the guardianship would be proactive.

Ms. Miller noted that the Legal Aid Center of Southern Nevada established a guardianship commission chaired by Justice Hardesty that was scheduled to continue work through September 2016. The guardianship commission was looking for long-term funding ideas to provide lawyers for persons under guardianship. She said that funding did not yet exist and would take time to implement if approved.

Chair Anderson asked if there was an indication of what was driving the increase in financial fraud, and whether it was a national trend.

Mr. Segal said the increase in financial fraud was a national trend. He said part of the reason for the increase was that tough economic times often led to more financial fraud. He noted that the housing and mortgage crisis left many people in desperate situations and vulnerable to people who exploited those situations. He thought there was a significant correlation between the tough economic times and the increase in financial fraud. The prevalence of technology was making it easier for criminals to engage in more sophisticated and profitable types of fraud.

Chair Anderson asked if other workloads would be allocated to investigators if the trend decreased due to the enforcement mechanism.

Mr. Swanson said the investigators could essentially work on any crime issue dealing with financial fraud. The majority of the investigative work done by the OAG involved financial fraud in some form.

Mr. Trutanich noted that 75 percent to 78 percent of the Investigations Division was siloed. For example, insurance fraud investigators and workmen's compensation fraud investigators had a very narrow scope of operation. General financial fraud investigators, could, in theory, do that type of work, but could also investigate money laundering or telemarketing timeshare fraud.

Chair Anderson recognized that law enforcement was generally reactive to cases that came forward and complaints. He noted that the B&I Consumer Protection Unit might be well fitted to coordinate with the OAG. There may be educational or other aspects of financial fraud that could be addressed proactively by a non-investigative unit.

Attorney General Laxalt thought that was a great idea, and said he would be in touch with the B&I Consumer Protection Unit to discuss providing data for analysis so that the issue could be addressed proactively.

In response to a question from Chair Anderson, Mr. Trutanich indicated there were 850 complaints through the first three quarters of calendar year 2016.

Mr. Swanson noted that was the total number of complaints that came in to the OAG, before they were vetted and considered for further investigation. In his experience, the OAG had the resources to address approximately 10 percent of complaints. He noted that many complaints potentially had merit for which the OAG did not have the resources to address.

Chair Anderson asked if the funding for the Legal Aid Center of Southern Nevada was built into the five-year plan.

Mr. Trutanich confirmed that funding for the Legal Aid Center of Southern Nevada was built into the five-year plan; however, he had been candid with the agency that the funding could increase or decrease depending on priorities over the next biennia and whether a more permanent solution was determined by the guardianship commission. In theory, if the OAG decided not to fund the Legal Aid Center of Southern Nevada with the emergency funding, there would be even more in surplus. He said the OAG believed that funding the Legal Aid Center of Southern Nevada and pro bono lawyers was a priority, so there would be some funding for the Legal Aid Center of Southern Nevada in the next AG National Settlement Administration budget (1045) request.

Chair Anderson said, if the Committee approved the work program, he would like to see the ongoing funding requested as an enhancement in the next budget cycle. That would allow the 2017 Legislature to hear a report as to the progress of the guardianship representation approach.

Mr. Trutanich noted that the deadline to submit enhancements was the day after the meeting, July 1, 2016. He did not know whether it would be possible to meet that deadline.

Assemblyman Wheeler asked how long it took to vet each one of the 850 complaints received in 2016. He asked if the reformation would help the OAG to vet more of the complaints.

Mr. Swanson said the OAG was working to streamline the vetting process. He said the OAG was able to vet a certain number of complaints very quickly. Others required due diligence work in order to validate those complaints. Once the complaints were validated, the OAG did its best to determine which complaints had the largest financial impact to the largest number of citizens, and to assign the complaints to an investigator to move forward through the investigation and prosecution process.

Assemblyman Elliot Anderson asked Ms. Miller whether the Legal Aid Center of Southern Nevada provided any services offering proactive education on guardianship financial abuse.

Ms. Miller replied that the Legal Aid Center of Southern Nevada offered community outreach and education courses regarding guardianship and consumer issues. The Legal Aid Center of Southern Nevada did its best to make it known to the public that the courses were offered free of charge, and people were welcome to attend as often as they would like. The Legal Aid Center of Southern Nevada also operated the civil law self-help center inside the district court in Las Vegas, as well as the self-help center in the family law courthouse. There were also many forms available free of charge for people to file to get things on the record in a case.

Assemblywoman Carlton asked for clarification that the funding was not state dollars, but mortgage settlement dollars. She asked if the funds would be used to supplant other divisions of the OAG.

Attorney General Laxalt replied that the funding was not state dollars, and the funding would not be used to supplant other divisions of the OAG.

Assemblyman O'Neill noted there would be \$4.0 million left over. He asked if that money could be used to provide education in Northern Nevada and the rural areas.

Attorney General Laxalt replied that if there was an entity that was willing to help in the situation, the OAG would be happy to work with them. He said there was not an organization in Northern Nevada and the rural areas that had a pro bono program as robust as the one in Southern Nevada. He did not think the Legal Aid Center of Southern Nevada performed outreach in Northern Nevada or the rural areas.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, said, as Attorney General Laxalt indicated, there was an amendment to the work program. The numbers that he provided appeared to be the original amounts. Staff noted that the request for Category 2 of \$8,024 would be reduced to zero. The request for Category 3 of \$30,024 would be reduced to zero. Within its approved budget for the 2015-17 biennium, \$100,000 was set aside to address financial fraud. Fiscal staff worked with the Governor's Finance Office and the OAG, who agreed to support those costs with existing funds. She noted Category 5 for equipment was being reduced by half from \$28,720 to \$14,360. Category 12 for legal services was being reduced by \$3,000 to \$399,352, rather than the \$402,352 originally requested. Category 26 was also being reduced from \$50,553 to \$36,183. The request from Category 30 for \$34,207 was being eliminated, and would be funded from the \$100,000 previously approved for financial fraud activities in this account. The total work program was adjusted to \$1,288,705.

Chair Anderson said he would like to see the program as an enhancement to the OAG's 2017-19 biennium budget. He understood that there was an internal

deadline for the budget, but he was sure that the Governor's Finance Office would allow a change to the budget after the deadline. He noted that it was unusual for the Committee to approve the addition of so many positions in the interim period. The full Legislature was not available to provide input on the decision. The OAG should report to the 2017 Legislature as to the status of the hiring process and the progress of the program.

Ms. Jones noted that the Governor's Chief of Staff, Mike Willden, and Governor's Finance Office, Deputy Director, Janet Murphy indicated they would work with OAG staff to create an enhancement for this program.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE AGENDA ITEM F-2 WITH THE REVISIONS OUTLINED BY FISCAL STAFF, AND WITH THE STIPULATION THAT THE POSITIONS WOULD BE INCLUDED AS AN ENHANCEMENT IN THE OFFICE OF THE ATTORNEY GENERAL'S 2017-19 BIENNIUM BUDGET.

SENATOR ROBERSON SECONDED THE MOTION.

Assemblywoman Bustamante Adams asked how the reporting would be handled. Chair Anderson said the OAG would report on its progress as part of the enhancement request to the 2017 Legislature so that the full body could review the program.

Assemblyman Sprinkle indicated that he supported the motion, particularly as it related to guardianship. He sits on the Supreme Court Commission on Guardianship and knew that legal representation from the onset of the guardianship process was a top priority. He would like to see something similar for Northern Nevada, but he believed the OAG's work with the Legal Aid Center of Southern Nevada was an important first step.

Assemblyman Silberkraus agreed with Assemblyman Sprinkle and Assemblyman O'Neill's concerns that a similar program was necessary in Northern Nevada.

THE MOTION PASSED UNANIMOUSLY.

3. **Office of the Secretary of State - Secretary of State - FY 2016** - Transfer of \$77,060 from the Personnel category to the Elections category to cover projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Elections category exceeds \$75,000. **Work Program #C35458. WITHDRAWN 6-15-16.**

Refer to motion for approval under Agenda Item F.

4. **Office of the Secretary of State - Secretary of State - FY 2016** - Transfer of \$770,000 from the Personnel category to the Operating category to cover additional credit card discount fees for the remainder of the fiscal year. Requires

Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C35459**

Scott Anderson, Chief Deputy, Office of the Secretary of State (SOS), introduced Cadence Matijevich, Deputy Secretary for Operations, SOS. He said the work program for the Committee's consideration related to credit card discount fees and a minor amount of toll free phone line changes relating to SOS business services. Mr. Anderson said the credit card discount fees were extremely difficult to estimate. He recalled that the SOS testified during the 2015 Legislative Session that there were some expected increases. He reported that funding had fallen short due to increases in the following: the use of credit cards as the preferred method of payment by consumers; fees relating to the annual list of officers for corporations and other business entities; and usage of Nevada's business portal, SilverFlume.

Mr. Anderson said the SOS was requesting approval of the work program, as the SOS had personnel savings related to salaries of open positions in FY 2016. There were a number of difficult to fill high-level positions; therefore there were some salary savings. Rather than dip into FY 2017 funds, the SOS preferred to utilize the budget authority for FY 2016. If the SOS used FY 2017 reserves, it would run out of budget authority in about six months, based on the credit card discount fees alone.

Mr. Anderson said the SOS incurred toll free charges related to the changes in the fees. There were a significant number of phone calls related to the Commerce Tax. The toll free number was published on SilverFlume, which also increased the charges.

Senator Kieckhefer noted that originally, \$2.1 million was approved for the current fiscal year for credit card processing fees. The work program request would increase the amount to about \$2.9 million for FY 2016. He asked about the anticipated budget for FY 2017.

Ms. Matijevich expected credit card processing fees of \$2.2 million in FY 2017, which would result in a shortfall. She indicated that part of the reason the SOS was requesting to use the budget authority in the Personnel category was so the shortfall was not exacerbated.

Senator Kieckhefer noted that \$770,000 was a large amount of vacancy savings.

Ms. Matijevich agreed, and added that if the positions were filled, the SOS would have the full resources to meet the mission of the office. She noted a number of those vacancies were in criminal investigator and high-level information technology positions, which were very difficult to fill.

Senator Kieckhefer asked the Governor's Finance Office to discuss the credit card processing fees issue.

Janet Murphy, Deputy Director, Governor's Finance Office, noted that Paul Nicks, Budget Analyst, Governor's Finance Office, had reviewed credit card

and merchant fees with the SOS. She said the data from the period July 2015 and October 2015 was reviewed, which revealed that the interchange fees charged to the state were about 1.48 percent for the total transaction amount of credit cards. The interchange fees made up about 94 percent of credit card transaction fees that were charged to the state. They were charged by card type, and the state had no control over the charges.

Ms. Murphy said not all agencies were able to differentiate between credit cards and debit cards. Surcharges could only be applied to credit cards, not debit cards. She said convenience fees must be charged on all payment types that are available for the convenience of the consumer; for example, Internet transactions were available, so that the consumer did not need to come in to the SOS office.

Ms. Murphy noted that the Office of the State Treasurer changed the banking contract, which was now under Wells Fargo. With the new contract, the float time had improved for both cash and check transactions. The float time was reduced to one day versus three days with the previous bank. The funds were in the state coffers two days earlier, and could be invested to earn interest. Ms. Murphy said credit card transactions with Wells Fargo that were processed by 9:00 p.m. were credited to the state's account for the next day. The Office of the State Treasurer moved the lock box services to San Francisco, which reduced mail time and fees, resulting in further savings.

Ms. Murphy said the review performed by Mr. Nicks considered the complexity of charging a fee, and compliance to regulations and the efficiencies of receiving credit cards. She noted credit cards were the most efficient way for state agencies to receive payments. Checks could result in non-sufficient funds and there were courier fees associated with cash. She said, at this time, it was not recommended that a fee be charged for using credit cards. However, Wells Fargo was providing better, more detailed reporting. That data would be reviewed quarterly with the goal to create a model to better project the fees.

Senator Kieckhefer asked if the regulations were mandated at the federal or state level. Ms. Murphy explained that the regulations differed depending on card type. She noted that Visa was the most widely used credit card. She confirmed that the state had no control over the regulations.

Senator Kieckhefer noted that the expense was under-projected by about \$3.0 million over the biennium. It was hard to justify the expenditure of \$3.0 million for a convenience fee. He recommended looking at how the expenses could be recouped rather than being paid from the General Fund.

Ms. Murphy said the Governor's Finance Office would continue to work with the Office of the State Treasurer on the matter.

Assemblywoman Carlton said the Legislature had been discussing this issue for too long. She noted it was a convenience for the public to use a credit card. She realized that the state received the money quicker, and it could be invested faster, but that money would be received anyway, so getting the money earlier

did not justify the \$3.0 million that could be put toward another program. She said, if the convenience fee could not be paid by each credit card user, then the expense should be shared by the whole group. Assemblywoman Carlton reiterated that this was not a good use of state dollars.

Assemblyman Edwards said, if there were more credit card charges, there was more business activity, and more revenue coming in. He asked why the additional revenue would not be adequate to provide the money for the charges. He asked why vacancy savings were being used rather than revenue from the applications.

Mr. Anderson explained that the SOS fees were added to the General Fund, the SOS did not have the authority to use those funds.

Senator Settlemeyer noted that the Department of Motor Vehicles applied a technology fee for business conducted via the Internet. He suggested the SOS look into charging a similar fee for the utilization of the web-based system. He noted that 1.48 percent of the \$500 that he paid was about \$7, which was fairly significant. He suggested the SOS look into another electronic method of payment that had a better rate.

Chair Anderson said that people used credit cards because it was convenient. The state had a better rate than most merchants. He said he accepted credit cards at his own business, and every card had a different rate. Some cards charged up to 3.5 percent. He said some credit cards, and federal law, prohibited certain additional charges to offset the amount.

SENATOR KIECKHEFER MOVED TO APPROVE
AGENDA ITEM F-4.

ASSEMBLYMAN ARMSTRONG SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Anderson called a recess at 11:04 a.m. The meeting was reconvened at 11:16 a.m.

5. **Office of the State Treasurer - College Savings Trust - FY 2016** - Addition of \$150,000 in Non Cash Revenue to fund an increase in the Silver State Matching Grant program as well as locate Field Representatives in both Northern and Southern Nevada for Nevada's College Savings Program. Requires Interim Finance approval since the amount added to the UPromise Field Representative category exceeds \$75,000. **RELATES TO ITEM F.6. Work Program #C35082**

Agenda Items F-5, F-6, F-8 and F-11 were heard together. Refer to testimony and motion for approval under Agenda Item F-11.

6. **Office of the State Treasurer - College Savings Trust - FY 2017** - Addition of \$200,000 in Non Cash Revenue to fund an increase in the Silver State Matching Grant, to enable the College Savings Program to have Field Representatives in both Northern and Southern Nevada and provide national marketing of Nevada's College Savings program. Requires Interim Finance approval since the amount added to the UPromise Field Representative category exceeds \$75,000. **RELATES TO ITEM F.5. Work Program #C35092**

Agenda Items F-5, F-6, F-8 and F-11 were heard together. Refer to testimony and motion for approval under Agenda Item F-11.

7. **Office of the State Treasurer - College Savings Trust - FY 2017** - Addition of \$2,511,329 in Transfer from Treasurer to continue the Nevada College Kick Start program. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM F.10. Work Program #C35367**

Agenda Items F-7 and F-10 were heard together. Refer to testimony and motion for approval under Agenda Item F-10.

8. **Office of the State Treasurer - College Savings Trust - FY 2017** - Addition of \$277,446 in Transfer from the Endowment Account in order to fund additional marketing expenses for Nevada's College Savings Plans. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM F.11. Work Program #C35532**

Agenda Items F-5, F-6, F-8 and F-11 were heard together. Refer to testimony and motion for approval under Agenda Item F-11.

9. **Office of the State Treasurer - College Savings Trust - FY 2017** - Addition of \$100,000 in Transfer of Investment Fee Funds from the Treasurer's Endowment Account to fund outside counsel for Nevada's 529 College Savings programs and the Prepaid Tuition program. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM F.12. Work Program #C35573**

Refer to motion for approval under Agenda Item F.

10. **Office of the State Treasurer - College Savings Trust - Endowment Account - FY 2017** - Transfer of \$2,511,329 from the Reserve category to the Transfer to Budget Account 1092 category to continue the Nevada College Kick Start program. Requires Interim Finance approval since the amount transferred to the Transfer to Budget Account 1092 category exceeds \$75,000. **RELATES TO ITEM F.7. Work Program #C35359**

Agenda Items F-7 and F-10 were heard together.

State Treasurer Dan Schwartz thanked Chair Anderson and members of the IFC for allowing him to address the Committee this morning. He said, the Office of the State Treasurer was requesting approval for five college savings work

programs, including the continuation of the Nevada College Kick Start program, all of which were administered by the Office of the State Treasurer. He said the items had already been approved by the Board of Examiners, subject to funding authority approval by the IFC.

Treasurer Schwartz said the programs were critical to the mission of the Office of the State Treasurer to ensure Nevadans were financially prepared when the time came for post-secondary education. He used the term “post-secondary,” because it was a reality that not all children would have the opportunity of a traditional college path. However, the mission of the Office of the State Treasurer was to educate Nevadans on how crucial saving for post-secondary education was to their entire lives. He said it was often assumed that the Nevada college savings programs could only be used to achieve a traditional four-year university education, but that was categorically false. He explained the programs could be used at community colleges and technical schools as well. He said, ensuring Nevada families know about these important programs and have access to the incredible incentives approved by the Board of Trustees of the College Savings Plans of Nevada (Board) and supported by its investment partners was a duty that he took seriously, and should be of utmost importance to all elected officials.

Treasurer Schwartz said Nevada has climbed from 50th to 49th in education among the 50 states. He said, while the Office of the State Treasurer could not do much to change those statistics, it could improve awareness that these statistics would not help Nevada grow its economy or provide post-retirement security for Nevadans.

Treasurer Schwartz said, the Nevada College Savings Plans program ranked among the top programs in the country. The Vanguard 529 Plan was one of four savings programs to have earned a gold star rating by MorningStar.

Treasurer Schwartz emphasized that the appropriations requested by the Office of the State Treasurer were not from the General Fund, but rather from the Endowment Fund. Thus, no taxpayer funds were involved. He noted that did not reduce the fiduciary responsibility that he and the members of the Board took very seriously as they decided how to spend the dollars. As chairman of the Board, he wished to ensure that the Endowment Fund had the resources for the future to ensure its mission was carried out.

Treasurer Schwartz turned the agenda items over to the Office of the State Treasurer staff to answer any specific programmatic or technical questions. He thanked the Committee for its time. He said he sincerely hoped the Committee would join him and the Board on its mission to ensure Nevadans had the tools and resources to be financially prepared for their post-secondary education.

Grant Hewitt, Chief of Staff, Office of the State Treasurer, noted that Nevada’s 529 programs were not just sold in Nevada, they were sold nationwide. He said the various entities that offered Nevada’s 529 programs must have an agreement with the state. There were fees paid to the state into the Endowment account by the various plan participants. He said 98.6 percent of the assets in the programs

were from outside the state. The monies that were being utilized to fund the programs were from outside of Nevada, and were not burdensome to Nevada citizens. He noted that former Nevada State Treasurers put the programs into a position to provide a steady revenue stream.

Assemblywoman Carlton noted the College Kick Start program was a pilot project when it started under the previous Nevada State Treasurer, and that it would be expiring. She was a little concerned about making it permanent outside of the regular legislative session. She thought the discussion should be had with the full Legislature to decide whether it should move forward. She understood that the funding being requested were not state dollars; however, the Committee was being asked to make a policy decision outside of the policy committees that should have input on the decision.

Assemblywoman Bustamante Adams asked if the agreed upon contribution amounts with the state were equal for all 529 providers.

Mr. Hewitt said each individual plan had its own structure and contract, so each one was slightly different. Some were in assets under a management basis point fee and others were a flat fee plus consumer price index, depending upon when the contracts were renewed and the contract negotiations. He said a new 529 plan was being added that was a hybrid between a flat fee and a basis point fee at a certain level of assets.

In response to a question from Assemblywoman Bustamante Adams, Mr. Hewitt said 98 percent of out-of-state funds in the 529 plans were from people who are out of state who invest in the Nevada plans. He noted there were 33,160 accounts that were held by Nevada residents, for total assets under management of \$229.0 million for Nevada residents. Because the plans were sold nationwide, there were 707,444 accounts belonging to residents of other states, with total assets of \$16.5 billion.

Assemblyman Edwards asked if the \$16.5 billion invested by residents of other states was held outside of Nevada. Mr. Hewitt explained that the assets were held by Nevada for account holders who live outside the state. He explained that in the College Savings Plans program there was a total of \$16.8 billion.

Assemblyman Edwards asked how the Board went about finding a marketing agency for the plans, whether there was a non-compete contract, and how often they were updated. Mr. Hewitt said there was a request for proposal (RFP) process in FY 2015 to acquire an education outreach firm. The firm that was selected was Amplify Relations in Reno. The contract would continue for four years, assuming marketing appropriations continued. He explained that there were a number of bidders in response to the RFP. The contract was initially awarded to another vendor who rejected the offer, and then Amplify Relations was selected as the vendor.

Assemblyman Armstrong noted that only 1.4 percent of participants in the College Kick Start program had actually opened a college savings account. Now, a permanent plan was proposed, with increased funding. He asked for an

explanation as to why the Office of the State Treasurer would recommend the continuation of this program.

Mr. Hewitt said that when the College Kick Start program started in 2013, it began as a rural program and quickly moved to a statewide pilot. The outline of the program was that every kindergarten student in a public school would receive \$50 in a College Kick Start account. That would provide teachers a baseline to speak about savings in the classrooms, because every kindergarten student had the same account. Studies at the time showed that a student was seven times more likely to attend college if they knew someone was saving for them, whether it was the state or their parents.

Mr. Hewitt said, when Treasurer Schwartz took office, the College Kick Start program was in its final year of the pilot. Because a study indicated that students were more likely to attend college if they were aware they had a college savings account, modifications were proposed to the program. First, the student account would have to be claimed by the third grade. Second, in order to create a culture of savings, other incentives would be offered. For example, \$200 would be added to the College Kick Start account when parents opened a separate college savings account linked to the College Kick Start account; \$100 would be contributed to the College Kick Start account when parents established an automatic investment plan within six months of opening the account; and another \$100 would be contributed to the College Kick Start account for each six-month period in which three or more contributions were made into the child's personal account. He said, families that maximized their use of the incentives would have a head start on college savings, because incentives from the state could amount to \$1,000.

Assemblyman Armstrong asked if the study included both public and private school students. He said it would seem that private school students' families would already have a stronger culture of saving for higher education.

Mr. Hewitt said the statistic was the same across the education sphere. He said private school students were included to create a truly universal program across all kindergarten students in the state, not just those in public school. It created an opportunity for a teacher in a classroom, whether it was a public school or private school, to talk about the account as an educational tool. He noted that not every family with a child in private school was saving for college. Many families were struggling to make payments for private schools, and were choosing to pay private school tuition rather than saving for college.

Assemblyman Armstrong noted that the program was extended to first, second and third graders. He asked if the changes to the program had been modeled to determine whether it would be viable going forward, or whether the program would run out of money.

Mr. Hewitt said the goal was to establish a self-sustaining program in the long term. He said the program was not self-sustaining under the previous administration, because there was no ability for the program to reclaim funds that were not claimed by parents.

Tara Hagen, Chief Deputy Treasurer, Office of the State Treasurer, referred to the revenue and expenditure information that was provided to the Committee members on page 188, Volume II of the meeting packet ([Exhibit C](#)). The revenue and expenditures took into account the college savings, in addition to the 2 percent rate. Calculations were also performed using other percentages to determine what level could be sustained before the accounts were reclaimed in 2019. Ms. Hagen said the plan could easily handle a 5 percent take rate, and still have \$2.1 million remaining for the next year. At 6 percent, the remaining amount would be \$1.1 million, which was less than the Office of the State Treasurer would want.

Assemblyman Armstrong noted that at the April 14, 2016, IFC meeting, the Committee deferred action on some of the marketing requests. He understood that the Office of the State Treasurer used money from the College Kick Start program to fund the marketing.

Buddy Milazzo, Senior Deputy Treasurer, Office of the State Treasurer, explained that the Office of the State Treasurer used savings from the College Kick Start program, a consulting contract that was not fully utilized, and other cost savings to fund the marketing.

Assemblyman Armstrong noted that the funding for the College Kick Start program was being increased \$2.5 million in FY 2017. He believed that funding should be restricted to the program, and not be utilized for other purposes. He was concerned about making the program permanent, and increasing the funding.

Mr. Milazzo said the Office of the State Treasurer spoke with the Governor's Finance Office, Budget Division, about developing a separate category solely for the College Kick Start program, and the Office of the State Treasurer was open to the idea.

Senator Kieckhefer said he preferred that pilot programs did not end in the middle of a biennium. He believed a discussion should take place with the full Legislature, especially when substantive policy changes were involved.

Senator Kieckhefer noted that the purpose of the College Kick Start program was to incentivize saving for college. He asked for the percentage and gross number of people who have opened a 529 or prepaid tuition account. He asked what number of those would not have otherwise opened an account, if not for the College Kick Start program.

Mr. Hewitt said there were approximately 1,400 accounts opened over the three-year period. It would be difficult to ascertain the number of people who would not have otherwise opened an account if not for the College Kick Start program without contacting every person to ask what caused them to open a 529 account.

In response to a question from Senator Kieckhefer as to how many accounts would have regularly been opened on an annual basis, Linda English, Deputy Treasurer for Southern Nevada, Office of the State Treasurer, explained that there were approximately 1,000 prepaid accounts per year, and 600 to 800 college savings accounts per year.

Senator Kieckhefer said he did not understand the return on investment in the College Kick Start program. There was no direct correlation between the number of accounts that had been opened, and what would have happened otherwise as a baseline. He understood the added incentives provided an opportunity to attract more people to open accounts, but he did not know the starting point. He asked if the goal was to increase the rate from 1.4 percent to 2 percent.

Mr. Hewitt said that was what was modeled and there were funds to allow a 5 percent take rate. He noted that the previous College Kick Start program offered a one-time \$50 incentive, but parents were not required to take any further action. Under the new program, the parent must claim the account by the time the child was in third grade, which would provide the Office of the State Treasurer with accurate contact information to reach parents and talk about opening subsequent accounts.

Mr. Hewitt said the reporting structure did not exist three years ago when the pilot began. Currently, the Office of the State Treasurer was using a vendor called VistaShare through one of its 529 partners, which would allow a database to easily monitor and track by socioeconomic levels and other means. That information would give the Legislature good data about the growth of the program. The data would also help the Office of the State Treasurer provide better outreach based upon which parents were more likely to claim accounts, to help increase the number of people saving for college in Nevada. He said it was very difficult to convince someone to invest in a college savings account. It could take eight to ten contacts for an individual to begin considering a college savings plan. He thought the incentives would make it easier for individuals to decide to open an account.

Senator Kieckhefer noted that the College Kick Start pilot program expired on June 30, 2016. He would like to have a broader discussion as to how the incentives were benchmarked and whether they were derived from a similar program.

Mr. Hewitt said the Office of the State Treasurer brought up the issue of an interim request during the 2015 Legislative Session. He said the Office of the State Treasurer would be happy to come back and have a full discussion about the merits of the program. He did not know how much data would be available by the start of the 2017 Legislative Session to show results.

Mr. Hewitt continued, saying that Nevada was on the cutting edge of college savings. He noted the College Kick Start program in its original form, or the enhancements that were being proposed to the Committee, as examples. Boards across the country wanted to know about the programs Nevada was offering. He noted there was a new Wealthfront 529 plan, which was the first

automated advisor program to target the millennial generation of parents who would rather go online to review graphs and analytics to make a decision and did not want to talk to their own parent's financial advisor or a bank. Mr. Hewitt noted that Nevada was the first state in the country to offer that type of millennial-targeted plan. He could not compare the College Kick Start program to another state's program, because Nevada was on the forefront.

Senator Kieckhefer said he liked the College Kick Start program and wanted to see it succeed. He noted Senator Becky Harris' bill (S.B. 412, 2015) allowed tax incentives for employers to contribute to their employees' college savings plan. He did not feel confident funding an entire revision of the program in the interim period. Senator Kieckhefer suggested the Committee fund the program as it currently existed, and return to the issue during the 2017 Legislative Session.

Assemblyman Sprinkle noted that the program would be expanded to allow students up to third grade to participate in the program, retroactively. Then, additional incentives would be offered to increase the number of accounts. With those changes, would the program be self-funded at a level of 5 percent participation? If the program was not self-funded, would the Board approach the Legislature for funding to continue the program?

Mr. Hewitt said the program would be self-funded up to a level of 5 percent participation. He said, if there were a shortfall, the Board would need to make changes to the program. For example, reducing the total incentives from \$1,000 to \$750. He explained that a 5 percent take rate would make the program the leader in the country. He noted that in FY 2019 the program would begin reclaiming the \$50 per student for those who had not established an account, which would create the cyclical funding to go forward. A 5 percent rate could be supported until that time. There was a larger issue at stake in that people were not focused on saving for college in the younger years, and it was a difficult choice.

Assemblyman Sprinkle said he was very skeptical. He liked the program as a whole, but would prefer the changes to be fully vetted in a legislative session. He asked if there was some way to continue the pilot program until the 2017 Legislative Session. He thought that maybe by then some data would be available to present to the Legislature.

Mr. Hewitt said the request would be submitted as an enhancement, so it would go through that vetting process. He warned the Committee that if the pilot program was continued in its current form then \$50 would be provided to families in perpetuity. He said the recommended changes by the Board, to allow the program to reclaim the funds if families did not claim the account by the time the child was in third grade, would not go into effect. Mr. Hewitt thought those specific changes were very important to the longevity of the program. He did not know whether there would be any more data at the time of the 2017 Legislative Session without the enhancements going into effect, because no other states offered a similar program.

Assemblyman Wheeler agreed with Senator Kieckhefer and Assemblyman Sprinkle. He questioned whether reclaiming the \$50 was a good idea. In addition, there was no information available on the return on investment. He thought the program was terrific, and it was obviously working. He suggested extending the pilot program, and vetting the requested changes fully in the 2017 Legislative Session.

Assemblyman Elliot Anderson said he would be uncomfortable expanding the College Kick Start program at the present time, but he was agreeable to continuing the pilot program.

Assemblywoman Dickman asked why the ability to reclaim the \$50 was not included in the original pilot program.

Mr. Hewitt replied the technology did not exist at the time to offer a web portal for parents to claim the account. He said, Ascensus College Savings, which does the record keeping for the vast majority of the plans, found a partner (VistaShare) that could provide an online portal. Mr. Hewitt said the web portal would take the program to the next level by allowing parents the ability to claim their child's account online.

Assemblywoman Dickman said she liked the College Kick Start program, but was concerned with making major changes at the current time. She would like to see the program continue without the expansion until it could be discussed during the 2017 Legislative Session.

Senator Goicoechea asked if the College Kick Start program would be able to continue through the biennium as it had for the last three years. Mr. Hewitt said the IFC would need to approve funding for FY 2017 so that kindergarten students in 2016 and 2017 received the \$50.

Senator Spearman asked how parents would know to claim the account through the web portal.

Mr. Hewitt said the Office of the State Treasurer was asking for marketing funds to reach out to current College Kick Start account holders by mail to let them know of the enhancements to the program, including the online portal. He said there was also outreach in the schools and at community events across the state.

Senator Spearman asked whether social media had been used to reach the parents. Mr. Hewitt said the Office of the State Treasurer had been trying to use social media like Facebook and Twitter to talk about the College Kick Start program.

Chair Anderson said there were concerns among Committee members, not about the program itself, but about the policy changes included in the request. He liked the idea of adding incentives, but there was concern about doing it during the interim period without the full Legislature addressing the expansion of scope.

Chair Anderson said the Committee could either take no action, which would sunset the program; approve the pilot for another year; or approve the request as presented.

Mr. Hewitt said he appreciated the concerns of the Committee. He said one of the most important enhancements added by the Board was the claiming of the account by the parent, with an incentive of \$200 for opening another account. He hoped that would be approved by the Committee. If so, the Board might be able to report to the 2017 Legislature that offering the higher incentives inspired more parents to claim College Kick Start accounts.

Chair Anderson asked LCB Fiscal Analysis Division staff to calculate the cost of that option.

Senator Kieckhefer said he was comfortable with continuing the pilot program as it existed. The benefit of having a broader policy discussion during the 2017 Legislative Session was that changes could be made retroactively. He applauded the creativity of the Office of the State Treasurer in devising a plan to encourage people to save for college.

Chair Anderson said he would like to move to another agenda item while staff calculated the cost of the options. He noted there were marketing costs associated with some of the options.

Assemblywoman Benitez-Thompson asked about the process for reclaiming the \$50. She said she did not want for the Office of the State Treasurer to find itself in a tricky spot if there was not specific language that allowed the reclamation of those dollars, and she was unsure the IFC could provide that authority as a program enhancement.

Mr. Hewitt said, if the goal was to extend the pilot program through FY 2017, the reclaiming of the \$50 could wait for a discussion by the full Legislature. He explained that currently there was no incentive for a family to open their own account.

Treasurer Schwartz said he was very sensitive to the concerns of the Committee members that the policy change should be decided by the full Legislature. He noted there would not be any additional data points for the Legislature to review during the 2017 Legislative Session if the IFC did not approve the changes. He described the current program as a “mirage.” Each student was given \$50, but the funds were not deposited into specific accounts. The number of students taking advantage of the program was de minimis. He said the Nevada program was at the forefront in terms of college savings plans. He said the Board was trying to provide an incentive for parents to save for college for their children, which could not be done within the program’s current parameters. If the work program was approved, the Office of the State Treasurer could report program changes that occurred as a result of the program modifications to the 2017 Legislature. If the work program was not approved, the Office of the State

Treasurer would not have any additional information to report to the 2017 Legislature regarding the College Kick Start program.

Treasurer Schwartz noted that IFC approval was required to spend the money, but otherwise, the funds would remain in the Endowment account. He reiterated that if students were aware that a college savings program existed for them, they were seven times more likely to attend a university, community college, or earn a certificate. Without that incentive, they were less likely to pursue higher education. He agreed there should be a policy discussion by the 2017 Legislature, but there would be no new data to discuss at that time if the changes were not approved today. If the work programs were approved by the IFC, the General Fund would not be affected, but parents in Nevada would have an enhanced program to encourage them to save for their children's college education. He was not sure whether the modifications would be successful, because the changes had not been used in other states' college savings plans. He said Nevada was a leader in this area, and other states were looking to Nevada as an example. Treasurer Schwartz would like for Nevada to remain a leader in this area, but that was a decision for the IFC. In the meantime, the money would remain in a bank account earning .001 percent interest.

Treasurer Schwartz said, in six months he may have to report to the 2017 Legislature that the approach had been unsuccessful. On the other hand, he may be able to report that with the incentives and enhancements, the response rate tripled or quadrupled.

Assemblywoman Dickman asked, if only the \$200 enhancement was approved, and the number of accounts increased, would that indicate that offering additional incentives was a successful approach?

Treasurer Schwartz replied, if someone offered \$50, plus an additional \$200, with the stipulation that the account must be opened by the time the student was in the third grade, that person would be more likely to open an account. However, that person would be far more likely to open a college savings account if the incentive was \$1,000.

Assemblywoman Dickman thought that instituting a portion of the suggested modifications still might spur movement in the program. Treasurer Schwartz said it was a hypothetical question and difficult to answer.

Mr. Hewitt noted that \$40,000 would be used to offer the \$200 incentive to new and current account holders. He said the other incentives could be requested during the 2017 Legislative Session, but he felt the incentive for parents to open an account on their own was most important.

Assemblyman Elliot Anderson said the uneasiness of the Committee was not with the change in policy, or a hesitancy to try it, rather, it was that the changes were being requested outside of a legislative session. The Committee could continue to discuss hypothetical situations, but that did not change the

uneasiness Committee members felt about making a major policy decision without input from the other legislators.

Treasurer Schwartz said the College Kick Start program, as it currently existed, was ineffective. Even with the addition of the \$200 incentive, the program still may not be effective. He said, the IFC may want to continue with an ineffective program, which was their decision to make; however, he did not see the program modifications as a major policy change. The objective of the Office of the State Treasurer was to create a culture of education in Nevada, which was not a policy change. Treasurer Schwartz said the Office of the State Treasurer was trying to reinforce the program with incentives. He said it might technically be a policy change, but overall, it was not, and he thought constituents would certainly approve.

Chair Anderson noted that the IFC was a money committee that served as an emergency body to address urgent issues during the interim between legislative sessions. The urgency of making and funding a policy change must be balanced. The policy change that was significant was requiring parents to claim their child's College Kick Start account. He asked if the state would claim accounts on behalf of foster children. If a parent did not have a bank account, he asked if they would still be able to claim the account. In addition, the grades and incentives were being expanded. All of which should be discussed thoroughly to ensure that the needs of parents and children were met. He said, the concern lay in that the IFC was a money committee, not a policy committee.

Chair Anderson said he agreed with the proposed changes to the College Kick Start program. He supported the program and agreed with adding incentives to claim an account so that the effectiveness of the program could be tracked. He said to call the College Kick Start program ineffective now was somewhat anecdotal, because although there were not a lot of claimants, there was also no way to know if parents were opening other accounts with the intention of claiming the \$50.

Chair Anderson said the IFC had to balance the urgency of changing policy outside of the legislative session. He understood that without incentives, there were no data points, and it was a status quo program that would not change until something was done about it. Chair Anderson said there was no consensus among IFC members to try the incentives for three to six months. He said it would even be complicated to figure the \$200 amount, because it would be difficult to determine how much to budget if it was unclear how many would claim the funds.

Treasurer Schwartz noted that the Office of the State Treasurer would not be in a better position to guide the decision of the Legislature in 2017. He reiterated that the funds being requested were not Nevada taxpayer money, and the funding was approved by the Board. He asked the Committee to give him the chance to show them that some incentives, within the overall policy of encouraging college savings, would make a difference.

Chair Anderson said there would be a greater representation of legislators to participate in the discussion during the 2017 Legislative Session and there was a policy committee to vet the program.

Assemblywoman Benitez-Thompson said, from the public's perception, parents were given \$50 for each kindergarten student and at no point had the public been informed that the \$50 would be taken away. She wanted to make sure that part of the policy discussion was a legislative record established for the Office of the State Treasurer, and a process by which the public was notified that the \$50 was an initial investment available to parents if they wished to open an account, and how to claim and maintain that account. She said this change could be perceived as "moving the goalpost," or taking something away from parents that they thought was given to them.

Treasurer Schwartz said the \$50 was not a gift to students, rather, it was \$50 toward a college savings program. He said, three or four years should be sufficient time for parents to review the incentives and decide whether to begin a college savings account. He did not see that as a major policy change. The \$50 was an accounting entry and accounts were only set up for individuals that contacted the Office of the State Treasurer to open an account.

Assemblyman Edwards stated that he liked the College Kick Start program. He believed more people would be attracted to the program if they understood the plans could be used for vocational and community colleges. He noted that half of the students that attend a four-year college did not graduate. He said emphasizing the vocational aspect, and perhaps changing the title of the program to highlight that point, would create greater interest. He suggested that providing the \$200 incentive, and making it clear that the savings program could be used toward vocational school, might increase the percentage of participation.

Treasurer Schwartz agreed and said that discussion had occurred. He assured Assemblyman Edwards that was an idea the Office of the State Treasurer would incorporate. He said that unless the incentives were offered, there was no way to know whether they would be effective. He said the program modifications could be delayed seven or eight months, but the effectiveness of the modifications would still be unknown at the time of the 2017 Legislative Session; however, the Office of the State Treasurer would have something to report to the Legislature if the proposed changes were instituted now. He said that decision was up to the Committee. Treasurer Schwartz repeated that the funding was not taxpayer dollars.

Senator Goicoechea said, three years into the program there were 1,400 participants, so another six to eight months was not going to make or break the program. He said it seemed there was not an appetite among Committee members to make any major changes.

Ms. Jones noted that continuing the College Kick Start program to offer \$50 to all kindergarten students would be \$1,829,250, however, staff had worked with the Office of the State Treasurer to correct an error in the calculation that was provided in the supporting documentation. The actual expected cost to continue

the program, without the added incentives, would be \$1,950,900 for FY 2017. In addition, the work program included \$250,000 for marketing, but Mr. Hewitt indicated the intent of the marketing funds would be to communicate changes in enhancements to the programs, so it may not be needed if there were no changes to the program at this time.

Mr. Hewitt said the \$250,000 was still necessary, as the funds would be used as an overall umbrella marketing campaign for college savings as a whole. He said the Office of the State Treasurer traditionally used \$800,000 to market the programs and obviously wanted to continue drumming up support for the College Kick Start program. The Office of the State Treasurer was going to approach the 2017 Legislature with the changes and wanted the College Kick Start program to be in the forefront of people's minds. He said the College Kick Start program had the highest awareness of any of the programs; about 16.4 percent of people were aware of the program. He said the "Nevada Saves, Let's Go to College" umbrella program was also at about 16 percent awareness after 9 months of marketing. Mr. Hewitt said the Office of the State Treasurer was very successful in its education and outreach efforts and would request the \$250,000 be continued.

Ms. English said one of the reasons the money was important was that there were 100,000 students enrolled in the College Kick Start program overall. The data for those students comes from the school districts. The Office of the State Treasurer only had about one-third of students' e-mail addresses, so communication was via direct mail, which was expensive. The Office of the State Treasurer required the funds in order to communicate with families.

Chair Anderson noted that Agenda Items F-8 and F-11 included an additional request of \$277,446 for other college savings programs. He asked if the \$250,000 requested for Agenda Items F-7 and F-10 was just for the College Kick Start program.

Mr. Hewitt said the \$250,000 would be lumped into the overall marketing campaign. It would be used for the contract with the marketing vendor for marketing across the College Savings Plan program. In response to a question from Chair Anderson, he confirmed that the funds were from the Endowment Fund rather than the General Fund.

Chair Anderson noted that the \$250,000 for marketing was included in the work program request for the College Kick Start program, but would be used for marketing the other programs. If the \$250,000 was not specifically for the College Kick Start program, he might address the marketing pieces of the work program requests separately.

Assemblywoman Carlton said she would feel comfortable approving the marketing dollars. She said the rate of participation was not growing, and it took a lot to reach out to the people who already had the \$50. She would be comfortable with the money being used toward that, but would not be comfortable with that money being used in other ways. The funds should be used strictly to educate parents about the College Kick Start program. In

addition, she would be comfortable approving a continuation of the College Kick Start program as it currently existed and then reevaluate in a year.

Chair Anderson noted that the \$250,000 was going into a marketing campaign that was not exclusively for the College Kick Start program. Assemblywoman Carlton said she would like for it to be used only to reach out to parents regarding the College Kick Start program. She noted the request was encapsulated in a work program for the College Kick Start program budget.

Assemblyman Armstrong asked whether the \$272,554 in Agenda Items F-8 and F-11 had already been legislatively approved for marketing the College Savings Plans program, and the \$250,000 would be in addition to what had already been approved.

Mr. Hewitt explained that the addition to that account was included in Agenda Item F-8.

Chair Anderson noted that the marketing budget started in FY 2017 with a budget of \$272,554. The work programs for Agenda Items F-7 and F-10 included a \$250,000 expenditure request, and F-8 and F-11, for all other college savings programs, requested expenditures of \$277,446, for a total of \$800,000. Mr. Hewitt said that was correct.

Assemblyman Armstrong said the request to expend \$250,000 was an enhancement to the FY 2016 budget.

Buddy Milazzo, Deputy State Treasurer, Office of the State Treasurer, said that for the last three years, the \$250,000 had been included in a work program. The work programs for FY 2014, FY 2015 and FY 2016 included \$250,000 for the College Kick Start program. Last year, the marketing outreach was changed to an umbrella program to put the \$250,000 and the \$550,000 together, for a total of \$800,000. It was an enhancement in the sense that it was in a work program, but it had been included in work programs for the past three fiscal years.

Senator Goicoechea said there were 1,400 people in the program, and the program would continue for another year. If there were 500 new accounts, the \$50 initial deposit would amount to \$20,000, but the marketing expense would be \$1.9 million. He did not understand that approach.

Mr. Milazzo noted that the amount quoted was incorrect.

Mr. Hewitt noted that the \$1.9 million was money from the Endowment Fund that would go into the omnibus investment account; \$50 for each eligible student. When the Office of the State Treasurer referred to that as an “accounting entry” that meant each child had a roster entry in an omnibus large investment account. The Office of the State Treasurer was earning returns on the initial \$50; the \$1.9 million was to fund the actual initial account of \$50; and the \$250,000 was for marketing.

In response to Senator Goicoechea's comment that there were only 1,400 accounts, Mr. Hewitt said that was why the Board wanted the ability to reclaim the \$50 if it was not claimed by parents.

Senator Goicoechea said there was confusion about where the College Kick Start program was headed. There were millions of dollars involved, but very little being used. He said that was the reason the issue should be presented to the 2017 Legislature.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA ITEMS F-7 AND F-10, TO CONTINUE THE COLLEGE KICK START PROGRAM AS IT CURRENTLY EXISTED WITH APPROVAL TO EXPEND \$1,950,900 FOR INITIAL DEPOSITS FOR KINDERGARTEN STUDENTS, PLUS AUTHORIZATION FOR A SEPARATE MARKETING CATEGORY OF \$250,000, FOR A TOTAL AUTHORIZATION IN TWO SEPARATE CATEGORIES OF \$2,200,900.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

In response to a question from Ms. Jones, Senator Kieckhefer said he intended for one new category to be created for marketing purposes and for the College Kick Start program.

THE MOTION PASSED UNANIMOUSLY.

11. **Office of the State Treasurer - College Savings Trust - Endowment Account - FY 2017** - Transfer of \$277,446 from the Reserve category to the Transfer to Nevada College Savings Trust account to fund outreach and awareness campaigns for Nevada's College Savings Plans. Requires Interim Finance approval since the amount transferred to the Transfer to Nevada College Savings Trust Account category exceeds \$75,000. **RELATES TO ITEM F.8. Work Program #C35515**

Agenda Items F-5, F-6, F-8 and F-11 were heard together.

Mr. Hewitt said, at the time the Office of the State Treasurer's 2015-17 budget was approved, he was unaware that the previous Treasurer's budget did not appropriately synchronize the five-year education and marketing outreach plan for the College Savings Plans program to fully fund it. He said the Office of the State Treasurer was seeking \$277,446 to synchronize the five-year plan to allow for a full education and outreach marketing campaign for the College Savings Plans program. He said the campaign continued to drive awareness concerning the need to save for college.

Mr. Hewitt said, for the next year's plan, the Office of the State Treasurer was working diligently to drive lead-based metrics to reach out to parents multiple times to encourage them to start an account. He said, whether a parent already

had a College Kick Start account, or another account, the mission of the Office of the State Treasurer was to expand the number of college savings accounts, and that was how the funds would be utilized.

Assemblyman Edwards said the Office of the State Treasurer was requesting \$277,446 with the expectation of attracting 500 to 1,000 new accounts, which would mean \$500 to \$1,000 would be spent per person to open an account. He thought that was a terrible return on investment. He said there was a problem with the marketing campaign if it resulted in such a small return on investment. Considering the overall contract with Amplify Relations, total funding for the two-year period would mean that \$1,500 to \$2,000 was being spent to attract one account. He said there had to be a much more effective way to spend the funds.

Mr. Hewitt said the amounts quoted by Assemblyman Edwards included the general 529 programs and prepaid tuition program, in addition to the College Kick Start program. He noted that college savings was an investment product, which was a difficult product to market. He said, when Treasurer Schwartz took office in 2015, there was no real effort by the Office of the State Treasurer to build awareness of the college savings products. He said staff's first contact with parents was generally at marketing events. The new goal of the Office of the State Treasurer was that marketing events would be the second or third time parents heard about the college savings programs. In the first nine months under the concept, "Nevada Saves, Let's Go to College," college savings awareness in the marketplace rose to 16 percent. He noted that the College Kick Start program, which had existed for three years, had 16.4 percent awareness.

Mr. Hewitt said efforts to raise college savings awareness in the first year of Treasurer Schwartz' administration were strictly focused on raising awareness of the college savings plans. In the second year, the Office of the State Treasurer used digital components, such as social media and application-based surveys, to develop targeted leads so that the programs could be marketed directly to interested individuals. Every year the campaign was modernized and raised to another level to continue awareness and generate leads to drive conversions and increase the numbers. The Office of the State Treasurer would report to the Committee every year and reported every quarter to the Board.

Assemblyman Edwards said marketing for the College Savings Plans program seemed excessive. He understood that college savings programs were a difficult product to sell and thought maybe it was something the state should not be trying so hard to sell.

Mr. Hewitt said he appreciated the opinion and concerns of Assemblyman Edwards. He thought it was a good and noble cause to have Nevadan's knowledgeable in their options to save for college.

Assemblyman Elliott Anderson said the audience for the college savings programs were students who attended K-12 schools. He asked if flyers could be given to families when they enrolled in school. He asked if the Office of the State

Treasurer worked with school districts to ensure that parents were aware of the college savings programs. He was aware that Clark County School District had an electronic system for parents, so there was already a captive audience. He asked why the Office of the State Treasurer needed to reach people through social media and digital components.

Mr. Hewitt replied that the Office of the State Treasurer utilized its district partners to put flyers in students' backpacks. He said brochures were placed in principals' offices and other places around the school. When looking at college savings programs, parents were not the only people who saved for college; grandparents and other people who were not necessarily at the schools, could also contribute to the program. He said parental involvement was difficult to measure and was dependent on the parents. Mr. Hewitt stated that the Office of the State Treasurer wanted to work tirelessly in every avenue to ensure that people were aware that the college savings programs existed and that they had the ability to utilize the programs. In addition, people had the opportunity to utilize some great features the state had negotiated, such as the Nevada Silver State matching grant fund, where the state was able to match 529 contributions, or the USSA matching grant for active military service members in Nevada. Mr. Hewitt said low entry fees and low account balance fees were also available for the programs. The Office of the State Treasurer worked diligently to find every avenue to drive awareness and market the college savings products; however, it was difficult to have the conversation with people who were not aware the college savings programs existed. He said, from the time the umbrella marketing campaign was launched, people attending marketing events often indicated they had seen an ad or heard about the program on the radio or social media and wanted to learn more. The marketing events were now a second point of contact to discuss the college savings programs, rather than the first. Mr. Hewitt said it required eight to ten "touchpoint" events to get someone to consider investing in a college savings account. College savings accounts were not a retirement account like a 401K program through an employer. The Office of the State Treasurer was working to market the employer tax credit and trying every other possible tool to encourage people to save for college.

Assemblyman Elliot Anderson said that if the Office of the State Treasurer was already utilizing backpack stuffers and telling people about the program at the schools, maybe the problem was people did not want to save money for college, or did not have money to invest in a college savings program. He thought maybe it was unnecessary to continue giving the information to people. He asked if the Office of the State Treasurer expected to reach many grandparents through social media.

Mr. Hewitt replied that he did not expect to reach many grandparents through social media, but noted, 13 percent of the prepaid college tuition plans were purchased by grandparents.

Treasurer Schwartz clarified that the money for outreach and awareness of the college savings programs was provided to the state by the college savings program for marketing, and if they did not spend the money for marketing, it could not be used for other purposes. He said that perhaps the Office of the

State Treasurer should stop trying to market the college savings programs, but to the extent that the policy decision had been made, it was money that was given to the state for outreach marketing.

Chair Anderson stated that client acquisitions were expensive in any business venture and there were many different ways to reach potential clients. He said it was nice to have a captive audience, but there were certainly avenues that could be more effective, which he hoped the Office of the State Treasurer would consider. Chair Anderson said it cost him thousands of dollars to acquire each new client for his business, so it was much cheaper to keep clients than to acquire them. He thought the dollars spent on marketing were useful and effective and even if it was just an awareness marketing campaign, it was a good idea to raise funds. He said the most effective marketing strategy was being in the right place at the right time; for example, if a grandparent happened to be thinking about college for their grandchildren and then saw a commercial on television or heard an outreach campaign for the program. Chair Anderson said marketing was a complex venture. He stated that he thought Assemblyman Elliot Anderson made a valid point that there were probably other beneficial avenues and variables for outreach marketing other than just reaching out to students and parents at schools.

Assemblyman Sprinkle asked Mr. Hewitt for the specific benchmarks for the College Savings Plans program, how the success of the plans were measured, and where the benchmark results could be located.

Mr. Hewitt replied that every year the Office of the State Treasurer conducted an awareness survey through its 529 partners to monitor the level of knowledge of the accounts and determine how people became aware of the college savings programs. In addition, the survey compared Nevada with seven other states across the country and was broken down by the types of people purchasing the programs, such as parents and grandparents. The survey results were presented to the Board and could also be provided to the Committee. He stated that the 16 percent awareness referenced earlier was a result of a survey performed several months prior. As a result of that survey, the Office of the State Treasurer learned that enrollment in the college savings plans went from zero to 16 percent in the first year of the overarching umbrella campaign. In the second year, the Office of the State Treasurer was not only stressing awareness, but also targeted leads so that the program could be marketed directly to people interested in the programs. He said the Office of the State Treasurer could watch a lead go through the e-mail marketing flow to see if an account was produced. He said the Office of the State Treasurer reported marketing activities every quarter, in a public meeting, to the Board, and he would be happy to provide that information to the Committee.

Assemblyman Sprinkle stated he would like to see the marketing report. He asked for the specific benchmarks and goals of the Office of the State Treasurer to determine how the success of the program was measured.

Mr. Hewitt replied the Office of the State Treasurer wanted to see year-over-year increases in awareness of the programs. He said the Office of the State

Treasurer was pleased with the 16 percent increase in the first year and hoped to see a 5 to 10 percent increase in the second year. He looked at the College Kick Start program as a model, because it had existed for three years and reached 16 percent awareness. He said the Office of the State Treasurer reached 16 percent awareness after nine months. Mr. Hewitt said that he was excited where the state was going and viewed the increases as a slow and steady gain. Eventually, people would be aware of the program, and those people needed to be converted into leads and then into accounts. He was in the process of working with Amplify Relations to get 26,000 leads in 2016, and to convert those leads into sales, based upon surveys people had completed and acquisitions at marketing events. Mr. Hewitt stated that he looked at the accounts each month to see how they were performing year-over-year. He wanted to see those numbers increase, but also realized that there was more that affected sales, such as market conditions, consumer confidence, and how people felt about investments. For example, after the “Brexit” vote, people were cautious about investing in a 529 program. Mr. Hewitt said there were a lot of challenges in the world and consumer confidence had decreased, but he still hoped to see year-over-year growth.

Assemblyman Sprinkle appreciated Mr. Hewitt’s enthusiasm, but thought it would be an easier sell if there was a specific benchmark for measuring success. He said that 16 percent may be great for the Office of the State Treasurer, but he was unsure what the Office of the State Treasurer was striving to accomplish. Assemblyman Sprinkle said without benchmarks the Committee had to take the Office of the State Treasurer at its word. He said it would be easier to determine if the marketing efforts were effective if benchmarks were available.

Mr. Hewitt replied the Office of the State Treasurer’s 2017-19 biennial budget would have established year-over-year benchmarks for the remainder of the College Savings Plans program contract. He stated that he would provide updates to the Committee on the success of the marketing efforts.

Senator Goicoechea stated that the Committee already voted earlier in the meeting to continue the College Kick Start program and he thought it made sense to continue to fund the outreach and awareness marketing campaign.

SENATOR GOICOECHEA MOVED TO APPROVE
AGENDA ITEMS F-5, F-6, F-8 AND F-11 FOR
\$277,446 TO FUND OUTREACH AND AWARENESS
CAMPAIGNS FOR THE NEVADA COLLEGE
SAVINGS PLANS PROGRAM.

Mr. Hewitt clarified the motion should be for Agenda Items F-8 and F-11 only.

Chair Anderson said that he thought Agenda Items F-5, F-6, F-8 and F-11 were wrapped together. Mr. Hewitt replied that Agenda Items F-5 and F-6 were wrapped together and involved non-cash revenue. He added those agenda items were for marketing in-kind dollars from its partners, which the Office of the State Treasurer did not control.

Chair Anderson asked if the Committee needed to have a separate discussion for Agenda Items F-5 and F6.

SENATOR GOICOECHEA RESCINDED THE MOTION.

Chair Anderson stated the agenda items were items that were deferred from the April 14, 2016, IFC meeting to allow the Office of the State Treasurer to provide clarification on the anticipated results from the increased marketing dollars.

Chair Anderson called for a motion for Agenda Items F-5, F-6, F-8 and F-11.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA ITEMS F-5, F-6, F-8 AND F-11.

ASSEMBLYMAN O'NEILL SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Assemblywoman Bustamante Adams requested a list of marketing events for the various college savings programs. In addition, she asked for information concerning outreach marketing efforts to diverse markets since that population was increasing in Nevada.

Chair Anderson called for a recess at 12:55 p.m. The meeting was reconvened at 1:46 p.m.

12. **Office of the State Treasurer - College Savings Trust - Endowment Account - FY 2017** - Transfer of \$100,000 from the Reserve category to the Transfers to BA 1092 category to fund outside counsel for the College Savings Trust Fund's 529 plans. Requires Interim Finance approval since the amount transferred to the Transfers to BA 1092 category exceeds \$75,000. **RELATES TO ITEM F.9. Work Program #C35580**

Refer to motion for approval under Agenda Item F.

13. **Department of Administration - Human Resource Management - FY 2016** - Transfer of \$173,457 from the Personnel Services category to the Information Services category to cover expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C35281**

Refer to motion for approval under Agenda Item F.

14. **Department of Administration - Purchasing - FY 2017** - Addition of \$222,997 in Balance Forward From Previous Year funds to cover travel to procurement conferences utilizing previously received reimbursements from the National Association of State Procurement Officers (NASPO). Requires

Interim Finance approval since the amount added to the Out of State Travel category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35749**

Refer to motion for approval under Agenda Item F.

15. **Department of Administration - Risk Management - Insurance and Loss Prevention - FY 2016** - Transfer of \$121,945 from the Reserve category to the Auto Comprehensive/Collision Claims category and \$117,430 from the Reserve category to the Property/Fidelity Claims category to cover anticipated claims for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Auto Comprehensive/Collision Claim and category exceeds \$75,000. **Work Program #C35571**

Refer to motion for approval under Agenda Item F.

16. **Department of Education - Standards and Instructional Support - FY 2016** - Addition of ~~\$5,191~~ **\$5,591** in federal State Assessment grant funds, \$1,173,031 in federal Math and Science Partners grant funds and \$81,665 in Transfer from Education to align state and federal authority and establish authority for reimbursement of position costs shared by multiple budget accounts. Requires Interim Finance approval since the amount added to the Math and Science Aid to Schools category exceeds \$75,000. **Work Program #C35759. REVISED 6-8-16.**

Refer to motion for approval under Agenda Item F.

17. **Department of Education - Assessments and Accountability - FY 2016** - Addition of \$2,131,373 in federal State Assessment grant funds to align state and federal authority to continue providing support of the assessment and accountability functions for improvement of instruction. Requires Interim Finance approval since the amount added to the State Assessments Contracts category exceeds \$75,000. **Work Program #C35763**

Refer to motion for approval under Agenda Item F.

18. **Department of Education - Office of Early Learning and Development – FY 2016** - Addition of \$4,171,336 in federal Preschool Development Grant funds to align federal and state authority to continue programs focused on access for pre-kindergarten, at-risk children and quality improvement of preschools statewide. Requires Interim Finance approval since the amount added to the Nevada Ready! Preschool Development Grant category exceeds \$75,000. **Work Program #C35176**

Refer to motion for approval under Agenda Item F.

19. **Department of Education - Office of Early Learning and Development - FY 2016** - Addition of \$32,253 in federal Early Childhood Comprehensive Systems grant funds and \$884,689 in Transfer from Welfare Child Care Quality funds to continue programs to improve early childhood development and improve the quality of early childhood services. Requires Interim Finance approval since the

amount added to the Early Child Care and Education Programs category exceeds \$75,000. **Work Program #C35758. REVISED 6-14-16.**

Refer to motion for approval under Agenda Item F.

- 20. Department of Education - Student and School Support - FY 2016** - Addition of \$1,950,359 in federal Safe Schools/Healthy Students grant funds to continue programs to create safe and drug-free schools and promote healthy childhood development. Requires Interim Finance approval since the amount added to the Safe Schools/Healthy Students Aid to Schools category exceeds \$75,000. **Work Program #C35972**

Refer to motion for approval under Agenda Item F.

- 21. State Public Charter School Authority - FY 2017** - Addition of \$1,620,320 in Nevada Ready! Preschool grant funds transferred from the Nevada Department of Education to implement the Nevada Ready! Preschool program to increase the number of high-quality pre-kindergarten slots. Requires Interim Finance approval since the amount added to the Nevada Ready! Preschool category exceeds \$75,000. **RELATES TO ITEM F.24. Work Program #C35433**

Refer to motion for approval under Agenda Item F.

- 22. State Public Charter School Authority - FY 2016** - Addition of \$558,323 in Special Education funding transferred from the Nevada Department of Education to continue to support programs for children with disabilities. Requires Interim Finance approval since the amount added to the Special Education category exceeds \$75,000. **Work Program #C35556**

Refer to motion for approval under Agenda Item F.

- 23. State Public Charter School Authority - FY 2016** - Addition of \$71,351 in federal Title III grant funds transferred from Nevada Department of Education to support the English Language program. Requires Interim Finance approval since the amount added to the Title III English Language Acquisition category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35626**

Refer to motion for approval under Agenda Item F.

- 24. State Public Charter School Authority - FY 2016** - Addition of \$332,230 in Nevada Ready! Preschool grant funds transferred from the Department of Education to align federal and state authority to implement the Nevada Ready! Preschool program to increase the number of high-quality pre-kindergarten slots. Requires Interim Finance approval since the amount added to the Nevada Ready! Preschool category exceeds \$75,000. **RELATES TO ITEM F.21. Work Program #C35644**

Refer to motion for approval under Agenda Item F.

25. **State Public Charter School Authority - FY 2017** - Transfer of \$166,240 from the Reserve category to the Information Services category to support a web-based student information system, an emergency notification system and data connections. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C35857**

Refer to motion for approval under Agenda Item F.

26. **Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2017** - Addition of \$15,701,771 in Budgetary Transfer from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34660**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

27. **Nevada System of Higher Education (NSHE) - University of Nevada – Las Vegas - FY 2017** - Addition of \$318,456 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34668**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

28. **Nevada System of Higher Education (NSHE) - University of Nevada – Las Vegas - FY 2017** - Addition of \$21,842,004 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34675**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

29. **Nevada System of Higher Education (NSHE) - Great Basin College - FY 2017** - Addition of \$1,602,876 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34678**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

30. **Nevada System of Higher Education (NSHE) - Western Nevada College – FY 2017** - Addition of \$1,787,124 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34680**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

31. **Nevada System of Higher Education (NSHE) - College of Southern Nevada - FY 2017** - Addition of \$13,329,164 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34677**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

32. **Nevada System of Higher Education (NSHE) - Truckee Meadows Community College - FY 2017** - Addition of \$4,566,178 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34679**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

33. **Nevada System of Higher Education (NSHE) - Nevada State College at Henderson - FY 2017** - Addition of \$2,175,862 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34676**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

34. **Nevada System of Higher Education (NSHE) - Performance Funding Pool - FY 2017** - Addition of \$318,456 in Balance Forward from Previous Year funds to distribute funding based on performance outcomes to the universities, state colleges and community colleges. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34664**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

35. **Nevada System of Higher Education (NSHE) - Performance Funding Pool - FY 2017** - Deletion of \$318,456 in Budgetary Transfers from the Nevada System of Higher Education Performance Funding Pool Budget to distribute funding based on performance outcomes to universities, state colleges and community colleges. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34667**

Agenda Items F-26 through F-36 were heard together. Refer to testimony and motion for approval under Agenda Item F-36.

36. **Nevada System of Higher Education (NSHE) - Performance Funding Pool - FY 2017** - Deletion of \$61,004,979 in Budgetary Transfers to distribute funding based on performance outcomes to the universities, state colleges and community colleges. Requires Interim Finance approval pursuant to Senate Bill 514, Section 70 of the 2015 Legislative Session. **Work Program #C34674**

Assemblywoman Carlton said Agenda Items F-26 through F-36 were budgetary transfers related to the Performance Funding Pool program established during the 2013 Legislative Session, which provided funds to Nevada System of Higher Education (NSHE) institutions based on performance outcomes. She recalled that in FY 2016 one institution did not meet performance outcomes to earn the funds; however, all institutions met performance outcomes for FY 2017.

Assemblywoman Carlton said the 2017 Legislature would review the program to determine whether it should be continued or if it required more funding to be truly effective. She recalled that former Assemblyman Andy Eisen had concerns about whether there were enough funds to make a change to the culture of NSHE. Assemblywoman Carlton asked the agency for an update on the Performance Funding Pool program.

Heidi Haartz, Assistant Budget Director, NSHE, replied that all NSHE institutions were striving to meet their performance targets so that the full funding amount would be available to serve their students. She said NSHE staff was still evaluating the impact the Performance Funding Pool program had on meeting the needs of students. Ms. Haartz said NSHE would ensure that budget proposals for the 2017 Legislative Session included more information about the impact of the program on NSHE students.

Assemblywoman Carlton said the funds received by NSHE institutions were not additional dollars, the funds were a carve out of original dollars and had to be earned based on performance outcomes. She said after several years of the program she hoped to have some historical perspective of the performance funding and what the actual performance outcomes have been to date. She said the institutions were being paid to produce outcomes prior to the Performance Funding Pool program; therefore, NSHE institutions should have been meeting performance outcomes all along. Assemblywoman Carlton asked what was being done differently now to meet those performance outcomes. She had concerns about NSHE and wanted to obtain as much information as possible. Assemblywoman Carlton asked Ms. Haartz to relay her concerns to NSHE staff, and Ms. Haartz agreed.

Assemblyman Elliot Anderson asked if the new formula made it possible to determine the cost of each unit of instruction. Ms. Haartz said she would follow up to see if the information was available, and if so, would provide it to the Committee.

ASSEMBLYWOMAN CARLTON MOVED TO
APPROVE AGENDA ITEMS F-26 THROUGH F-36.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Assemblywoman Benitez-Thompson and Assemblywoman Neal were not present for the vote.)

37. **Western Interstate Commission for Higher Education - Loan and Stipend - FY 2017** - Transfer of \$741,850 from the Student Loans category to the Stipend Grants category to correctly align expenditure authority. Requires Interim Finance approval since the amount transferred to the Stipend Grants category exceeds \$75,000. **Work Program #C35782**

Refer to motion for approval under Agenda Item F.

38. **Department of Agriculture - Administration - FY 2016** - Deletion of \$80,112 in Food Nutrition Cost Allocation funds to realign authority. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **RELATES TO ITEM F.39. Work Program #C35826**

Refer to motion for approval under Agenda Item F.

39. **Department of Agriculture - Commodity Food Program - FY 2016** - Addition of \$24,177 in Federal Emergency Food Assistance grant funds and transfer of \$5,187 from the Personnel Services category to the Emergency Food Assistance category and \$80,112 from the Department Cost Allocation category to the Emergency Food Assistance category to provide low-income individuals and households with surplus commodities. Requires Interim Finance approval since the amount added to the Emergency Food Assistance category exceeds \$75,000. **RELATES TO ITEM F.38. Work Program #C35720**

Refer to motion for approval under Agenda Item F.

40. **Department of Business and Industry - Industrial Relations - Occupational Safety and Health Enforcement - FY 2016** - Transfer of \$2,276 from the In State Travel category to the Operating category, \$25,740 from the In State Travel category to the Information Services category, \$31,133 from the In State Travel category to the Mechanical Section category, and \$18,125 from the Personnel category to the Mechanical Section category to cover expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Mechanical Section category exceeds

10 percent of the legislatively approved amount for that category. **Work Program #C35437**

Refer to motion for approval under Agenda Item F.

- 41. Department of Business and Industry - Housing Division - FY 2016 -** Addition of \$2,200,000 in federal Home Investment Partnerships Program (HOME) grant funds to align federal and state authority. Requires Interim Finance approval since the amount added to the HOME Program Administration category exceeds \$75,000. **Work Program #C35757**

Refer to motion for approval under Agenda Item F.

- 42. Department of Business and Industry - Housing Division - Weatherization - FY 2016 -** Addition of \$152,354 in federal Department of Energy (DOE) funds to support continued energy efficiency projects through the Weatherization Assistance Program. Requires Interim Finance approval since the amount added to the DOE Subgrants category exceeds \$75,000. **Work Program #C35438**

Refer to motion for approval under Agenda Item F.

- 43. Department of Business and Industry - Athletic Commission - FY 2017 -** Transfer of \$123,002 from the Reserve category to the Personnel category, \$595 from the Reserve category to the In State Travel category, \$7,193 from the Reserve category to the Operating category, and \$614 from the Reserve category to the Information Services category to continue funding two positions and ancillary costs. Requires Interim Finance approval since the amount transferred to the Personnel category exceeds \$75,000. **Work Program #C35306**

Refer to motion for approval under Agenda Item F.

- 44. Department of Business and Industry – Nevada Transportation Authority - FY 2017 -** Addition of \$136,397 in Balance Forward From Previous Year and \$725,643 in Regulatory Assessments to fund the continuation of staffing and regulation of transportation network companies approved pursuant to Assembly Bills 175 and 176 of the 2015 Legislature. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$75,000. **Work Program #C35764**

Assemblywoman Bustamante Adams said she no longer required further testimony from the agency. There was no further discussion on this item.

ASSEMBLYWOMAN BUSTAMANTE ADAMS
MOVED TO APPROVE AGENDA ITEM F-44.

SENATOR GOICOECHEA SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Assemblywoman Benitez-Thompson and Assemblywoman Neal were not present for the vote.)

- 45. Department of Business and Industry - Mortgage Lending - FY 2017 -** Transfer of \$121,797 from the Reserve category to the Personnel category, \$10,292 from the Reserve category to the Out of State Travel category, \$13,790 from the Reserve category to the Operating category, \$5,510 from the Reserve category to the Information Services category, \$8,178 from the Reserve category to the Training category, and \$49,733 from the Reserve category to the Division Cost Allocation category to support two new Mortgage Lending Examiner positions. Requires Interim Finance approval since the amount transferred to the Personnel category exceeds \$75,000. **Work Program #C35419**

Refer to motion for approval under Agenda Item F.

- 46. Department of Tourism and Cultural Affairs - Nevada Arts Council - FY 2017 -** Addition of \$150,000 in Live Entertainment Tax funds transferred from the Department of Taxation to fund one full-time position and expand the grants and public arts programs. Requires Interim Finance approval since the amount added to Public Information/Arts Initiatives category exceeds 10 percent of the legislatively approved amount for this category. **Work Program #C34735**

Refer to motion for approval under Agenda Item F.

- 47. Department of Health and Human Services - Director's Office - Grants Management Unit - FY 2016 -** Addition of \$420,509 in federal Community Services Block Grant (CSBG) funds to continue providing subgrants to promote economic self-sufficiency, family stability and community revitalization to needy families. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the CSBG Grants category exceeds \$75,000. Work Program #C35161**

Agenda Item F-47 involved the allocation of block grant funds, which required a public hearing.

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

- 48. Department of Health and Human Services - Director's Office - Consumer Health Assistance - FY 2017 -** Addition of \$157,500 in Silver State Health Insurance Exchange Per Member Per Month fees transferred from the Silver State Health Insurance Exchange to continue the Navigator Program which provides consumer assistance in accessing affordable health insurance coverage, outreach and education. Requires Interim Finance approval since the amount added to the Access to Care Ombudsman category exceeds \$75,000. **Work Program #C35225**

Refer to motion for approval under Agenda Item F.

49. **Department of Health and Human Services - Aging and Disability Services - Early Intervention Services - FY 2016** - Addition of \$230,660 in Medical Services State funds, \$1,754,494 in Medicaid Administration Charges, \$75,000 in federal Maternal Child Health Block Grant funds transferred from the Division of Public and Behavioral Health, and transfer of \$78,768 from the Personnel Services category to the Medical Contract/Payments category, \$46,860 from the Operating category to the Medical Contract/Payments category, and \$10,000 from the Information Services category to the Medical Contract/Payments category to cover a projected shortfall due to caseload growth and increased costs. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public meeting and the amount added to the Medical Contract/Payments category exceeds \$75,000. Work Program #C35802**

Todd Myler, Administrative Services Officer, Aging and Disability Services Division (ADSD), DHHS, said Work Program C35802 was a follow up from an April 14, 2016, IFC work program request to cover a projected shortfall due to increased caseload growth and costs. During the April IFC meeting the division provided testimony regarding various potential revenue opportunities, which had now come to fruition.

Senator Kieckhefer said when he first became a legislator he was particularly interested in the Early Intervention Services (EIS) program. He said after the 2013 Legislative Session there was good balance and the state was adequately funding the program; however, it appeared that was no longer the case. He asked if EIS was struggling to adequately project expenses or caseloads.

Julie Kotchevar, Deputy Administrator, ADSD, DHHS, replied that EIS had expected to serve 3,100 children per month based on three years of historical data; however, the program was actually serving 3,500 children per month. Since December 2015, EIS had been providing services for 300 to 400 more children per month than anticipated, which was the largest caseload in the program's history. Ms. Kotchevar said more children were being referred to the EIS program because there was no longer a waitlist, which caused the caseload to increase.

In response to a question from Senator Kieckhefer, Ms. Kotchevar replied that the caseload for the EIS program was still divided with approximately 50 percent of the children receiving services from state staff and 50 percent receiving services from community providers.

Senator Kieckhefer asked if the EIS program had a large number of staff vacancies. Ms. Kotchevar replied that there were approximately 33 staff vacancies, 16 of which were direct service positions.

Senator Kieckhefer commended the division for attaining Medicaid reimbursement, because it was a good revenue source for the EIS program. He asked about the revenue outlook for FY 2017.

Ms. Kotchevar replied that EIS had been working to increase Medicaid revenue. She said EIS just recently became reimbursable through Medicaid, and FY 2016 was the first year that EIS began billing for Medicaid administrative charges. Ms. Kotchevar said the program expected to receive more revenue in FY 2017 than FY 2016. She said EIS and Medicaid were working closely to ensure that they receive reimbursement for all allowable direct services. Ms. Kotchevar said state-provided therapy services were currently reimbursable through Medicaid, but services provided through the community partners were not; however, EIS was striving to correct the issue to make the program more sustainable.

In response to a question from Senator Kieckhefer, Ms. Kotchevar said early intervention services provided to Medicaid patients were reimbursable through Medicaid. She said EIS also billed private insurance companies whenever possible.

Senator Kieckhefer asked about the process for billing private insurance companies. Ms. Kotchevar said parents could deny EIS from billing their private insurance company; however, most parents permitted EIS to bill for services because it applied toward their deductible, which was beneficial for families. She said private insurance companies could refuse to provide reimbursement, but federal law required EIS to provide services regardless.

Senator Kieckhefer asked if the EIS program had an income threshold for eligibility of services. Ms. Kotchevar replied there was not an income requirement.

In response to a question from Senator Kieckhefer, Ms. Kotchevar said community providers were supposed to bill insurance, but there was a mixed rate of success.

Senator Kieckhefer asked if the enhanced Medicaid reimbursements would cover EIS program costs for FY 2017. Ms. Kotchevar replied that Medicaid reimbursements would cover program costs for FY 2017 based on current projections. She said the caseload had leveled off, but there was still some concern that the program would experience another sudden increase, which was why it would be carefully monitored. Ms. Kotchevar said EIS would work closely with Medicaid to make certain that all allowable services were preauthorized to ensure reimbursements were received.

Senator Kieckhefer said the Legislature made a concerted effort to fund the EIS program to avoid a waitlist and fund the caseload. He asked Fiscal staff to monitor the situation.

Senator Kieckhefer thanked the division for obtaining new revenue sources.

Mr. Myler noted there were revisions to the work program. He said the addition of Medical Services State Funds was reduced from \$230,660 to \$183,135, Medicaid Administrative Charges were reduced from \$1,754,494 to \$1,730,121, and \$75,000 in federal Maternal Child Health Block Grant funds were removed from the request. Additionally, Category 14 was increased from \$790,000 to

\$850,000. Mr. Myler indicated that Category 12 had been reduced to \$1,198,884, however, he was unsure of the original figure.

Ms. Jones clarified that the original amount for Category 12 was \$1,405,782 and was amended to \$1,198,884, for a difference of \$206,898.

SENATOR KIECKHEFER MOVED TO APPROVE
AGENDA ITEM F-49 AS AMENDED.

ASSEMBLYMAN OSCARSON SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator
Roberson, Assemblywoman Benitez-Thompson and
Assemblywoman Neal were not present for the vote.)

50. **Department of Health and Human Services - Aging and Disability Services - Desert Regional Center - FY 2017** - Addition of \$8,579,000 in federal Title XIX - Waiver grant funds to support an increase in Residential Placement/Supported Living Arrangement and Jobs and Day Training caseloads. Requires Interim Finance approval since the amount added to the Resident Placement category exceeds \$75,000. **Work Program #C35474**

Refer to motion for approval under Agenda Item F.

51. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2016** - Transfer of \$3,433,931 from the Utilization Review category to the Fiscal Agent category to support an increase in fiscal agent services used to support increased caseload and use of certain medical services. Requires Interim Finance approval since the amount transferred to the Fiscal Agent category exceeds \$75,000. **Work Program #C35485**

Refer to motion for approval under Agenda Item F.

52. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2017** - Addition of \$486,132 in federal Title XIX grant funds and \$54,015 in Vital Records Fees transferred from the Division of Public and Behavioral Health to continue to develop the infrastructure for Health Information Technology (HIT) in Nevada and to develop a sustainable platform for collaboration of health information data between all public and private stakeholders. Requires Interim Finance approval since the amount added to the HIT Grant category exceeds \$75,000. **RELATES TO ITEM F.53. Work Program #C35331**

Refer to testimony and motion for approval under Agenda Item F-53.

53. **Department of Health and Human Services - Public and Behavioral Health - Health Statistics and Planning - FY 2017** - Transfer of \$54,015 from the Reserve category to the Transfer to BA 3158-HCFP category to support the

infrastructure for the Health Information Technology in Nevada. Requires Interim Finance approval since the amount transferred to the Transfer to BA 3158-HCFP category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM F.52. Work Program #C34966**

Marta Jensen, Acting Administrator, Division of Health Care Financing and Policy (DHCFP), Department of Health and Human Services (DHHS), introduced Dena Schmidt, Deputy Director of Programs, Director's Office, DHHS; Julia Peek, Deputy Administrator, Division of Public and Behavioral Health (DPBH), DHHS; and Ellen Crecelius, Deputy Director of Fiscal Services, Director's Office, DHHS.

Ms. Jensen said Work Program C34966 requested approval of one Management Analyst and two Economists to supplement DHHS' Health Information Technology (HIT) and Predictive Analytics Unit, as well as continued funding for an HIT Program Manager and contractor approved at the February 11, 2016, IFC meeting. She said the Management Analyst and Economist positions had been approved by the Centers for Medicare and Medicaid Services (CMS) and would be funded by the HIT grant, which allowed for 90 percent federal and 10 percent state match funding. Ms. Jensen said the 10 percent state match would be provided by DPBH for State Fiscal Year (SFY) 2017.

Ms. Jensen said the national healthcare system was undergoing a transformation that began with the Affordable Care Act (ACA). In recent years, CMS had been focusing on initiatives that led to new service delivery and payment models that met its data-driven "Triple Aim," which included better care for patients, better health for communities, and lower per capita costs. She said DHHS' health analytics initiative was essential in achieving the Triple Aim and its goal of transforming Nevada's healthcare system. The HIT for Economic and Clinical Health, the high tech administrative funding included in the American Recovery and Reinvestment Act (ARRA) of 2009, provided 90/10 funding through 2021 for a wide range of health information activities, including:

- Helping states encourage providers to participate in a real time, interoperable health information exchange (HIE) with meaningful use of electronic health records (EHR);
- Assisting with provider onboarding to an HIE to provide greater access by providers and clients to real-time health information; and
- Providing support for state-led delivery and payment reform, which was heavily reliant on data analytics to understand the trends, identify potential savings, and improve client and population health.

Ms. Jensen said by increasing the number of providers that connect to an HIE, providers and clients would have greater access to real time, person-level health information to improve quality, efficiency and safety of healthcare delivery, as well as improved access to data for analysis of public health trends to highlight opportunities for prevention and early intervention.

Ms. Jensen said the requested Management Analyst was critical to the initiative, because the position would be responsible for helping support providers throughout the state connect with an HIE, developing regulations and procedures for certifying HIEs in Nevada, and providing regulatory oversight and compliance monitoring. She said the requested Economists were also important as they would be focusing on Medicaid data analytics, which would allow for improved database decision making. She said the three positions would be used to support state-led delivery and payment reform, which was heavily reliant on data analytics to understand trends, identify potential savings opportunities, and improve client and population health. If approved, Ms. Jensen said the new positions, along with the existing members of the HIE and Predictive Analytics Unit, would have a vital role in DHHS' goal of improving Nevada's overall health.

Assemblywoman Carlton noted that only 18 percent of providers were participating in the HIE; however, if those were all large providers then a higher percentage of the population was likely involved. She asked which providers were not participating in the HIE and how the division could encourage their participation.

Dena Schmidt, Deputy Director of Programs, Director's Office, DHHS, replied that currently the HIE was operated by HealthHIE Nevada. She said part of the strategy of HealthHIE Nevada was to perform outreach beginning with the largest hospitals. She said HealthHIE Nevada maintained a list of participating providers on its website, and she would provide the list, as well as outreach specifics, to the Committee. Ms. Schmidt said the divisions were partnering with HealthHIE Nevada on its outreach plan, so that HealthHIE Nevada could benefit from the 90/10 funding, which must go through DHHS.

Assemblywoman Carlton asked what percentage of the population was participating in HealthHIE Nevada. Ms. Schmidt replied that she did not have that information, but would obtain it from HealthHIE Nevada and provide it to the Committee.

Assemblywoman Carlton said knowing the number of HealthHIE Nevada participants would help gauge the amount of information to be analyzed and the appropriate number of staff.

Assemblyman Oscarson thought analytics would be critical as potential changes occurred with the ACA and after the 2016 election cycle. Additionally, the state would have to provide additional funds when reimbursements were reduced. He said analytics would be essential for the state to manage its budget effectively in the future.

Assemblyman Oscarson said he had previous discussions with Ms. Jensen, Ms. Schmidt and the Director of DHHS, and he supported the work program. He thanked the divisions for their efforts.

Ms. Jensen said electronic health records (EHR) and HIE were components of DHCFP's data analytics. She said DHCFP received millions of EHR on a monthly basis through claims processing, which included diagnoses and Current

Procedural Terminology (CPT) codes, and that information was used to set a baseline. She said the HIE would enhance the information, but DHCFP had usable data to work with in the meantime.

Assemblyman Armstrong said, with regard to the grant, his understanding was that the three positions had been approved, but not the expenditures for those positions. He asked the anticipated date of approval for the expenditures. Ms. Schmidt replied that the 90/10 funding for the positions was approved by CMS this morning.

In response to a question from Assemblyman Edwards, Ellen Crecelius, Deputy Director of Fiscal Services, Director's Office, DHHS, replied that she oversaw a research and analysis group that included one Economist. She said that Economist's prime function was caseload projections related to monitoring and building the budget. She said that Economist focused on reviewing how the number of clients changed over time. Ms. Crecelius said the research and analysis group was responsible for forecasting 137 different caseloads per month for Medicaid alone; therefore, there was not enough time to perform in depth analysis related to overall population health trends.

Assemblyman Edwards said the state had access to insurance companies and actuaries that determined trends, and he asked if the division could utilize those services.

Julia Peek, Deputy Administrator, DPBH, DHHS, replied that DPBH had been assisting DHCFP with analytics, because DPBH had a large analytic group. She said that actuaries reviewed data related to claims; however, DHCFP and DPBH wanted to review the population health data set. For example, the divisions wanted to review hospital discharge billing data to see what services were being provided to Medicaid recipients compared to other insurance carriers. Ms. Peek said this information would potentially help determine earlier intervention strategies. Also, the divisions extracted Medicaid data to review cancer screening rates based on age, demographics and geography. She said there were several data sets that an actuary would not have access to that DPBH, and DHHS as a whole, could examine to determine population health and potential cost savings.

In response to a question from Assemblyman Edwards, Ms. Peek replied that analytical data would help DHHS direct services to communities in need. For example, if mammography screening rates revealed that women in a particular geographic area were not getting mammograms regularly, that community may benefit from the Mammovan as an available resource. She said, overall, the data would help to improve the health of constituents.

Ms. Jensen said DHCFP was currently the largest payer of healthcare in the state with over 650,000 members, so it had the bulk of the data. In follow up to Ms. Peek's comments, Ms. Jensen said one of the goals of DHCFP was to use the data to determine if earlier health intervention strategies were feasible. For example, if data revealed an increase of a particular health condition within a community, DHCFP could try to institute a prevention strategy, such as revising

its policies to include a service that was previously not covered under Medicaid. Historically, the division looked at things from a statewide perspective; however, health conditions varied by community. The division wanted to begin honing in on geographic areas to ensure the appropriate services were available for that particular population.

Senator Kieckhefer asked if all Medicaid data was housed in a usable format that could be accessed by the new Economists. Ms. Peek replied that the data warehouse was being mapped to provide access for DHHS. She said additional work was needed to map variables, so data could be extracted appropriately. Ms. Peek said the new Economists would be responsible for determining and mapping those variables.

Senator Kieckhefer asked why there was a need for two Economists rather than one. Ms. Peek replied that DPBH was trying to support Medicaid analytics and do epidemiology and analysis of that data, which was a significant workload and a very complex data set. She said there was a large backlog of data requests and additional analysts were necessary to handle the data that was coming in quickly.

In response to a question from Senator Kieckhefer, Ms. Peek replied that one of the data requests DPBH was performing for DHCFP was for the Certified Community Behavioral Health Centers (CCBHC) program. She said there were 21 quality measures that were very complex and required EHR and hospital discharge billing data. Ms. Peek said the analytics for that project alone required her time, as well as the state biostatistician and two contractors. She said the data would be provided to DHCFP and handled by the new Economists. Ms. Peek said the CCBHC program was a great project, but it required a significant amount of analytics to prove its effectiveness.

Ms. Jensen added that from a Medicaid perspective, DHCFP also wanted to review existing data to establish the baseline of health within Nevada and determine where to focus the division's efforts. She said the data analytics would help DHCFP determine what could be done differently based on the budget, and how the division could be more helpful from a health perspective. Ms. Jensen said the analysis would allow her to review division policies to determine how to modify services.

Senator Spearman asked if the data the divisions were collecting would help determine the effectiveness of telemedicine in the rural areas. Ms. Peek replied that telemedicine was an excellent example of how the data could be utilized. For example, the data could be used to determine how far a patient had to travel from their residence to a facility for a behavioral health emergency room admission. She said residents of Lyon County and other counties were traveling to Carson Tahoe Hospital, which may not be the best resource, especially if telemedicine was available.

ASSEMBLYMAN OSCARSON MOVED TO
APPROVE AGENDA ITEMS F-52 AND F-53.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Assemblywoman Benitez-Thompson and Assemblywoman Neal were not present for the vote.)

54. **Department of Health and Human Services - Public and Behavioral Health - Health Statistics and Planning - FY 2017** - Transfer of \$215,750 from the Reserve category to the Information Services category for the development of a web-based application to certify death certificates. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C35391**

Refer to motion for approval under Agenda Item F.

55. **Department of Health and Human Services - Public and Behavioral Health - Immunization Program - FY 2016** - Addition of \$441,434 in federal Immunization and Vaccines for Children grant funds to support the immunization program and multiple immunization coalitions and health districts that conduct mandatory activities on behalf of the Nevada State Immunization Program. Requires Interim Finance approval since the amount added to the Vaccines for Children category exceeds \$75,000. **Work Program #C35307**

Refer to motion for approval under Agenda Item F.

56. **Department of Health and Human Services - Public and Behavioral Health - Women, Infant, and Children Food Supplement - FY 2017** - Addition of ~~\$1,554,237~~ **\$1,544,237** in federal Summer Electronic Benefits Transfer for Children (SEBTC) Program grant funds to provide low-income children in nine counties with nutritious food during the summer months when free or reduced-priced lunches are not available through their school. Requires Interim Finance approval since the amount added to the Summer EBT for Children category exceeds \$75,000. **RELATES TO ITEM D.3. Work Program #C35503. REVISED 6-3-16.**

Refer to motion for approval under Agenda Item F.

57. **Department of Health and Human Services - Public and Behavioral Health - Communicable Diseases - FY 2016** - Addition of \$8,087,793 in Rebate funds to continue to provide essential services for individuals diagnosed with HIV. Requires Interim Finance approval since the amount added to the Ryan White Program category exceeds \$75,000. **Work Program #C35423**

Refer to motion for approval under Agenda Item F.

58. **Department of Health and Human Services - Public and Behavioral Health - Health Care Facilities Regulation - FY 2017** - Transfer of \$300,000 from the Reserve category to the Community Awareness and Education category to fund subgrants and contracts for promotion and education on issues related to health care facilities. Requires Interim Finance approval since the amount transferred

to the Community Awareness and Education category exceeds \$75,000. **Work Program #C35345**

Refer to motion for approval under Agenda Item F.

59. **Department of Health and Human Services - Public and Behavioral Health - Health Care Facilities Regulation - FY 2017** - Addition of \$130,583 in federal Background Check Program grant funds to continue the development of a database and website for long-term care facilities and providers to check the criminal history of health care workers. Requires Interim Finance approval since the amount added to the Background Check Grant category exceeds \$75,000. **Work Program #C35346**

Refer to motion for approval under Agenda Item F.

60. **Department of Health and Human Services - Public and Behavioral Health - Public Health Preparedness Program - FY 2017** - Addition of \$829,179 in federal Hospital Preparedness Program Ebola Preparedness and Response Activities grant funds to continue Ebola virus monitoring activities. Requires Interim Finance approval since the amount added to the Ebola Preparation and Response Activities category exceeds \$75,000. **Work Program #C34721**

Refer to motion for approval under Agenda Item F.

61. **Department of Health and Human Services - Public and Behavioral Health - Biostatistics and Epidemiology - FY 2016** - Addition of \$116,297 in federal Prescription Overdose Prevention grant funds to improve safe prescribing practices and prevent prescription drug overuse, misuse, abuse and overdose. Requires Interim Finance approval since the amount added to the RX Drug Overdose Prevention category exceeds \$75,000. **Work Program #C35353**

Refer to motion for approval under Agenda Item F.

62. **Department of Health and Human Services - Public and Behavioral Health - Biostatistics and Epidemiology - FY 2017** - Addition of \$332,299 in federal Prescription Drug Overdose Prevention grant funds to improve safe prescribing practices and prevent prescription drug overuse, misuse, abuse and overdose. Requires Interim Finance approval since the amount added to the RX Drug Overdose Prevention category exceeds \$75,000. **Work Program #C35414**

Refer to motion for approval under Agenda Item F.

63. **Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2016** - Addition of \$198,121 in federal Tobacco Control Program grant funds and transfer of \$36,602 from the Personnel category to the Tobacco Grant category to provide evaluation of existing programs, implement preventative measures and support development in an effort to combat chronic conditions that may result from tobacco usage. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$75,000. **Work Program #C35395**

Refer to motion for approval under Agenda Item F.

- 64. Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2017** - Transfer of \$51,065 from the Tobacco Grant category to the Personnel Services category to partially support the position to lead the tobacco cessation efforts statewide. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM F.65. Work Program #C35403**

Refer to motion for approval under Agenda Item F.

- 65. Department of Health and Human Services - Public and Behavioral Health - Chronic Disease - FY 2017** - Transfer of \$12,766 from the Quitline Capacity category to Personnel Services category to partially support the position to lead the tobacco cessation efforts statewide. Requires Interim Finance approval since the cumulative amount transferred to Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM F.64. Work Program #C35569**

Refer to motion for approval under Agenda Item F.

- 66. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2016** - Addition of \$55,437 in federal Universal Newborn Hearing Screening and Intervention grant funds to continue to provide hearing screenings and intervention services for newborns. Requires Interim Finance approval since the amount added to the Newborn Hearing Screening category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35242**

Refer to motion for approval under Agenda Item F.

- 67. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2017** - Addition of \$139,428 in Office of Suicide Prevention Project Aware funds transferred from the Nevada Department of Education to continue to provide youth mental health first aid training in the state. Requires Interim Finance approval since the amount added to the Project Aware category exceeds \$75,000. **Work Program #C35439**

Refer to motion for approval under Agenda Item F.

- 68. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2017** - Addition of \$158,308 in federal Pregnancy Risk Assessment Monitoring System (PRAMS) grant funds to assess pregnancy risks through accurate and timely data regarding selected maternal behaviors and experiences that occur prior to, during and shortly after pregnancy. Requires Interim Finance approval since the amount added to the NV PRAMS category exceeds \$75,000. **Work Program #C35804**

Refer to motion for approval under Agenda Item F.

69. **Department of Health and Human Services - Public and Behavioral Health - Office of Health Administration - FY 2017** - Addition of \$333,227 in federal Planning for Certified Community Behavioral Health Clinic grant funds to continue to support planning efforts to certify behavioral health clinics throughout the state. Requires Interim Finance Approval since the amount added to the Planning for Clinics category exceeds \$75,000. **Work Program #C35444**

Refer to motion for approval under Agenda Item F.

70. **Department of Health and Human Services - Public and Behavioral Health - Medical Marijuana Establishments - FY 2017** - Addition of \$890,291 in Establishment Licenses and Fees and \$4,242 in Treasurer's Interest Distribution to appropriately staff and support the needs of the 344 medical marijuana establishments. Requires Interim Finance approval since the amount added to the Dispensaries and Establishments category exceeds \$75,000. **Work Program #C35308**

Refer to motion for approval under Agenda Item F.

71. **Department of Health and Human Services - Public and Behavioral Health - Marijuana Health Registry - FY 2016** - Transfer of \$110,250 from the Reserve category to the Medical Marijuana Operating category and \$1,209 from the Reserve category to the Division Cost Allocation category to support an interface which allows for electronic verification and automation of registry cards for eligible patients. Requires Interim Finance approval since the amount transferred to the Medical Marijuana Operating category exceeds \$75,000. **Work Program #C35348. REVISED 6-14-16.**

Agenda Items F-71 and F-72 were heard together. Refer to testimony and motion for approval under Agenda Item F-72.

72. **Department of Health and Human Services - Public and Behavioral Health - Marijuana Health Registry - FY 2017** - Transfer of \$270,509 from the Reserve category to the Operating category, ~~\$543,088~~ **\$378,088** from the Reserve category to the Medical Marijuana Operating category, \$18,175 from the Reserve category to the Information Services category and ~~\$84,312~~ **\$68,637** from the Reserve category to the Division Cost Allocation category to continue operations for the medical marijuana patients. Requires Interim Finance approval since the amount transferred to the Medical Marijuana Operating category exceeds \$75,000. **Work Program #C35309. REVISED 6-17-16.**

Joe Pollock, Deputy Administrator for Regulatory and Planning Services, DPBH, DHHS, introduced Chad Westom, Health Bureau Chief of the Medical Marijuana Program, DPBH, DHHS; and Jude Hurin, Administrator, Department of Motor Vehicles (DMV).

Mr. Pollock said Work Program C35348 requested to divert funds from the Reserve category to an expenditure category for transfer to DMV for the completion of the DMV interface. He said the DMV interface would allow patients

to receive their medical marijuana card without visiting a DMV office. He explained that after a patient received DPBH approval, the DMV interface would send the information to the DMV's vendor to create the medical marijuana card, which the patient would receive by mail within seven days following DPBH approval. Mr. Pollock said the original completion date for the DMV interface was mid-June 2016; however, that did not occur. He said the new completion date was mid-July.

Mr. Pollock noted that Work Program C35348 also requested to transfer reserve funds to an expenditure category for transfer to the Division of Public Safety for increased costs for background checks.

Mr. Pollock said Work Program C35309 requested to divert funds from the Reserve category to an expenditure category to continually fund contract staff hired to process medical marijuana card applications.

Mr. Pollock said the average turnaround time for an initial application for a medical marijuana card was four days, and the turnaround time for a renewal application was two days. He said the most common turnaround time for an application was one day. He said the division recently opened a satellite office in Las Vegas that accepted over-the-counter medical marijuana applications with same-day approval. Mr. Pollock said there were 17 dispensaries participating in the program. The division provided training to the dispensaries on how to prescreen an application. Once a patient has been prescreened, the patient could schedule an appointment with the satellite office and receive approval within 15 minutes. Mr. Pollock said the satellite office was working well and the division was hoping to increase the number of applications processed through the satellite office to further expedite patients' ability to purchase medical marijuana.

Mr. Pollock said reserve funds were also being diverted for the cost of a contract employee to maintain the new online medical marijuana registry, which would allow patients to apply and pay for their medical marijuana card online. The DPBH expected the new registry to be operational on July 1, 2016.

Chair Anderson thanked the division for its efforts. He said there had been significant progress in the medical marijuana program.

Assemblyman Sprinkle agreed with Chair Anderson's comments. He asked if the division had considered how the medical marijuana program would be impacted if the initiative to legalize recreational marijuana passed in November 2016.

Mr. Pollock said the division was currently gathering information and comparing it to the State of Colorado, because the Nevada initiative was very similar to the initiative passed in Colorado several years prior. He said the Department of Taxation was being considered to handle recreational marijuana if the initiative passed. Additionally, it was possible that the medical marijuana program would be transferred to the Department of Taxation as well. Mr. Pollock said Colorado strongly suggested having both programs handled by the same agency.

Mr. Pollock said the State of Colorado noticed a slight increase in the use of its medical marijuana program when the recreational initiative passed, primarily due to the lower tax rate on medical marijuana. He said recreational marijuana was heavily taxed at approximately 30 percent, while medical marijuana was taxed at approximately 2.65 percent in Colorado, which was a significant savings for patients that require the medication.

In response to a question from Assemblyman Sprinkle, Mr. Pollock replied that the division anticipated there would be an increase in the use of the medical marijuana program if the recreational marijuana initiative passed, because the cost of a medical marijuana card may be offset by the reduced tax rate for medical marijuana. He said \$100 for a medical marijuana card would allow patients to purchase a significant amount of product at a lower tax rate. Mr. Pollock said Colorado initially charged a fee of \$100 to obtain a medical marijuana card and \$100 for the renewal fee; however, after several years Colorado reduced the renewal fee to \$15, which resulted in increased participation in the medical marijuana program, because it was less expensive to obtain and maintain a medical marijuana card.

Assemblyman Edwards said he supported the online medical marijuana registry, because there were constituents in the rural communities who had to travel a significant distance to renew their medical marijuana card. He noted that an annual renewal created an increased workload for the division, and he asked why the expiration date was not longer than one year.

Chad Westom, Health Bureau Chief of the Medical Marijuana Program, DPBH, DHHS, replied that the one-year renewal period was specified in *Nevada Revised Statutes* 453A, but the division was not opposed to changing the renewal period. He said it would be easier for the patient and the division to have an expiration date of longer than one year.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE
AGENDA ITEMS F-71 AND F-72.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Assemblywoman Benitez-Thompson and Assemblywoman Neal were not present for the vote.)

73. **Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2017** - Addition of \$843,405 in federal Cooperative Agreement to Benefits Homeless Individuals (CABHI) Enhancement grant funds to support non-profit coalition partners at the local level to provide employment assistance, recovery support services, permanent housing assistance from transitional housing and enhanced evaluations through data measures collected during the grant. Requires Interim Finance approval since the amount added to the CABHI grant category exceeds \$75,000. **Work Program #C35143**

Refer to motion for approval under Agenda Item F.

74. **Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2017** - Addition of \$56,040 in federal Statewide Cooperative to Improve Youth Treatment grant funds to improve the availability and access for youth to receive substance abuse and/or co-occurring assessment and treatment services. Requires Interim Finance approval since the amount added to the Improve Youth Treatment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35162**

Refer to motion for approval under Agenda Item F.

75. **Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2016** - Transfer of \$180,062 from the Medications category to the Transitional Living category to cover projected residential placements. Requires Interim Finance approval since the amount transferred to the Transitional Living category exceeds \$75,000. **Work Program #C35471**

Refer to motion for approval under Agenda Item F.

76. **Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2016** - Transfer of \$116,573 from the Personnel Services category to the Professional Services category to provide essential treatment to clients in both inpatient and outpatient programs. Requires Interim Finance approval since the amount transferred to Professional Services exceeds \$75,000. **Work Program #C35491**

Refer to motion for approval under Agenda Item F.

77. **Department of Health and Human Services - Public and Behavioral Health - Northern Nevada Adult Mental Health Services - FY 2016** - Deletion of \$353,913 in Budgetary Transfers to fund a projected shortfall in the division for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Senate Bill 514, Section 42 of the 2015 Legislative Session. **RELATES TO ITEM F.79. Work Program #C35492**

Refer to testimony and motion for approval under Agenda Item F-79.

78. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2016** - Transfer of \$137,750 from the Personnel Services category to the Mental Health Technician Services category to continue services with the use of temporary and contracted staff. Requires Interim Finance approval since the amount transferred to the Mental Health Technician Services category exceeds \$75,000. **Work Program #C35457**

Refer to motion for approval under Agenda Item F.

79. **Department of Health and Human Services - Public and Behavioral Health - Facility for the Mental Offender - FY 2016** - Addition of \$353,913 in Budgetary Transfers to fund a projected shortfall in personnel services and contracted professional services for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Senate Bill 514, Section 42 of the 2015 Legislative Session. **RELATES TO ITEM F.77. Work Program #C35504**

Senator Kieckhefer asked why the agency was requesting to transfer money from Northern Nevada Adult Mental Health Services (NNAMHS) to Lake's Crossing.

Cody Finney, Administrator, DPBH, DHHS, explained there was decreased demand for outpatient services at NNAMHS. Lake's Crossing, however, was expected to fill all 80 beds within the next 10 days with 14 pending admissions. Ms. Finney said the NNAMHS budget was larger than the Lake's Crossing's budget and had more flexibility. She said, this year Lake's Crossing had unusually high overtime largely related to Capital Improvement Projects that required running two control rooms simultaneously. Ms. Finney said overtime expenditures were expected to decrease, but not the demand for services at Lake's Crossing.

Senator Kieckhefer asked if Lake's Crossing was the only facility serving the forensic population. Ms. Finney replied that Stein Hospital in Las Vegas had a current census of 65, including a C-POD operating in forensic services.

In response to a question from Senator Kieckhefer, Ms. Finney replied that there were 20 forensic beds at Dini-Townsend Psychiatric Hospital.

Senator Kieckhefer asked what the capacity was at Stein Hospital. Ms. Finney replied that Stein Hospital was currently at its capacity of 65.

Senator Kieckhefer remarked that within ten days Lake's Crossing would also be at capacity, which meant all forensic slots would be full shortly after opening another hospital.

Ms. Finney said the division was closely monitoring length-of-stay numbers, so patients did not stay indefinitely. She said calculations were based on a 90-day length of stay, and the division was maintaining compliance with the consent decree within that 90-day length of stay. Ms. Finney said the hospitals were maintaining necessary movement with the 90-day turnover.

In response to a question from Senator Kieckhefer, Ms. Finney replied that the agency was continuing to monitor the situation to ensure the hospitals could maintain a 90-day length of stay going forward. She said the division was also monitoring the demand from the court system for forensic mental health services, and how that demand could be satisfied through other programs on an outpatient basis.

Senator Kieckhefer asked if there was an increase in commitments for restoration. Ms. Finney replied that the division had not been able to identify an additional increase in commitments. She said there was an increased growth rate for commitments, but the current number of commitments, compared to the number of commitments prior to the opening of Stein Hospital, had not increased.

Assemblyman Sprinkle asked why both hospitals were at capacity and how potential overflow would be handled.

Ms. Finney said the demand for forensic mental health services had remained steady, so an increased growth rate was not the reason the hospitals were at capacity. She said the hospitals experienced fluctuating population numbers on a seasonal basis, but the reason was unknown. With regard to potential overflow, Ms. Finney said there were available beds on the civil side that could be used for forensic overflow.

Assemblyman Sprinkle requested further discussion with the agency offline.

SENATOR KIECKHEFER MOVED TO APPROVE
AGENDA ITEMS F-77 AND F-79.

ASSEMBLYWOMAN CARLTON SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator
Roberson, Assemblywoman Benitez-Thompson and
Assemblywoman Neal were not present for the vote.)

80. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2017** - Transfer of \$170,000 in General Fund appropriation and \$510,000 in federal Title XIX grant funds from FY 2016 to support procuring, installing and operating an electronic financial Asset Verification System in FY 2017. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.81. Work Program #C35910**

Refer to motion for approval under Agenda Item F.

81. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2016** - Transfer of \$170,000 in General Fund appropriation and \$510,000 in federal Title XIX grant funds to FY 2017 to support procuring, installing and operating an electronic financial Asset Verification System in FY 2017. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.80. Work Program #C35899**

Refer to motion for approval under Agenda Item F.

82. **Department of Health and Human Services - Welfare and Supportive Services - Assistance to Aged and Blind - FY 2016** - Addition of \$130,000 in

Budgetary Transfers to continue supplemental payments to low-income aged and blind individuals and to adult group care facilities to assist recipients with avoiding or delaying institutionalization for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Senate Bill 514, Section 54 of the 2015 Legislative Session. **RELATES TO ITEM F.83. Work Program #C35375**

Refer to motion for approval under Agenda Item F.

- 83. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2016** - Deletion of \$130,000 in Budgetary Transfers to continue supplemental payments to low-income aged and blind individuals and to adult group care facilities to assist recipients with avoiding or delaying institutionalization for the remainder of the fiscal year. Requires Interim Finance approval pursuant to Senate Bill 514, Section 54 of the 2015 Legislative Session. **RELATES TO ITEM F.82. Work Program #C35507**

Refer to motion for approval under Agenda Item F.

- 84. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2017** - Transfer of \$405,000 in General Fund appropriation from FY 2016 to continue initiatives for the implementation of the Supplemental Nutrition Assistance Program reinvestment plan to provide additional training and support for eligibility workers to reduce error rates and avoid future sanctions. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.85. Work Program #C35836**

Refer to motion for approval under Agenda Item F.

- 85. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2016** - Transfer of \$405,000 in General Fund appropriation to FY 2017 to continue initiatives for the implementation of the Supplemental Nutrition Assistance Program reinvestment plan to provide additional training and support for eligibility workers to reduce error rates and avoid future sanctions. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.84. Work Program #C35880**

Refer to motion for approval under Agenda Item F.

- 86. Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2017** - Transfer of \$210,742 from the U.S. Crime Victims (VOCA) category to the Personnel Services category, \$350 from the U.S. Crime Victims (VOCA) category to the Operating category and \$784 from the U.S. Crime Victims (VOCA) category to the Information Services category to fund three new positions needed to manage a large increase in the federal Victims of Crime Assistance grant. Requires Interim Finance approval since the amount transferred to the Personnel category exceeds \$75,000. **Work Program #C35371**

Kelly Wooldridge, Administrator, Division of Child and Family Services (DCFS), DHHS, said Work Program C35371 was a request to fund three new positions to manage the 600 percent increase in federal funding for Victims of Crime services. She said the agency previously requested IFC approval for \$17.0 million in federal funding for Victims of Crime services. Since that time, the division completed the request for proposal (RFP) process, which included 56 applications requesting over \$50.0 million. Ms. Wooldridge said the division approved 46 applications totaling \$17.0 million. She said the division expected to receive \$20.0 million in Victims of Crime funding in FY 2017. With the increased funding came an increase in reporting and federal requirements, which was the reason the division was requesting three new positions. Ms. Wooldridge said the division wanted to ensure the funding was not at risk, which meant providing technical assistance and quality assurance to providers and paying provider claims in a timely manner. She said the three positions would be funded solely through the 5 percent administration received for the grant. Ms. Wooldridge said the positions would be terminated if the funding was eliminated.

Assemblywoman Bustamante Adams asked where the three new positions would be housed. Ms. Wooldridge replied that two positions would be located in Carson City and one in Las Vegas.

ASSEMBLYMAN SILBERKRAUS MOVED TO
APPROVE AGENDA ITEM F-86.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Assemblywoman Benitez-Thompson, Assemblywoman Neal and Assemblyman Wheeler were not present for the vote.)

87. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2017** - Addition of \$488,514 in federal Adoption and Legal Guardianship Incentive Payments Program grant funds to continue incentives to states and eligible tribes to find permanent homes for children in foster care through adoption or legal guardianship. Requires Interim Finance approval since the amount added to the Adoption/Legal Guardianship Incentive category exceeds \$75,000. **Work Program #C35390**

Refer to motion for approval under Agenda Item F.

88. **Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2016** - Transfer of \$48,930 in General Fund appropriation from FY 2017 to support the increase in adoption subsidy caseload and reduction in penetration rate for the Title IV-E reimbursement. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.89. Work Program #C35499**

Refer to motion for approval under Agenda Item F.

89. **Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2017** - Transfer of \$48,930 in General Fund appropriation to FY 2016 to support the increase in adoption subsidy caseload and reduction in penetration rate for the Title IV-E reimbursement. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.88. Work Program #C35500**

Refer to motion for approval under Agenda Item F.

90. **Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2016** - Transfer of \$288,716 in General Fund appropriation from FY 2017 and addition of \$308,182 in federal Title IV-E grant funds to support the increase in adoption subsidy caseload and increase in penetration rate for Title IV-E reimbursement. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.91. Work Program #C35543**

Refer to motion for approval under Agenda Item F.

91. **Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2017** - Transfer of \$288,716 in General Fund appropriation to FY 2016 to support the increase in the adoption subsidy caseload and increase in penetration rate for Title IV-E reimbursement. Requires Interim Finance approval pursuant to Senate Bill 514, Section 35 of the 2015 Legislative Session. **RELATES TO ITEM F.90. Work Program #C35544**

Refer to motion for approval under Agenda Item F.

92. **Department of Health and Human Services - Child and Family Services - Juvenile Correctional Facility - FY 2016** - Transfer of \$360,913 in General Fund appropriation to FY 2017 to allow for the completion of approved deferred maintenance projects. Requires Interim Finance approval pursuant to Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.93. Work Program #C35731**

Refer to motion for approval under Agenda Item F.

93. **Department of Health and Human Services - Child and Family Services - Juvenile Correctional Facility - FY 2017** - Transfer of \$360,913 in General Fund appropriation from FY 2016 to allow for the completion of approved deferred maintenance projects. Requires Interim Finance approval pursuant to Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.92. Work Program #C35732**

Refer to motion for approval under Agenda Item F.

94. **Department of Health and Human Services - Child and Family Services - Caliente Youth Center - FY 2016** - Transfer of \$65,000 in General Fund appropriation to FY 2017 to allow the completion of approved deferred maintenance projects. Requires Interim Finance approval pursuant to Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.95. Work Program #C35721**

Refer to motion for approval under Agenda Item F.

95. **Department of Health and Human Services - Child and Family Services - Caliente Youth Center - FY 2017** - Transfer of \$65,000 in General Fund appropriation from FY 2016 to allow for the completion of approved deferred maintenance projects. Requires Interim Finance approval pursuant to Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.94. Work Program #C35722**

Refer to motion for approval under Agenda Item F.

96. **Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2016** - Transfer of \$316,441 in General Fund appropriation to FY 2017 to allow for the completion of approved deferred maintenance projects. Requires Interim Finance approval pursuant to Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.97. Work Program #C35711**

Refer to motion for approval under Agenda Item F.

97. **Department of Health and Human Services - Child and Family Services - Nevada Youth Training Center - FY 2017** - Transfer of \$316,441 in General Fund appropriation from FY 2016 to allow for the completion of approved deferred maintenance projects. Requires Interim Finance approval pursuant to Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.96. Work Program #C35712**

Refer to motion for approval under Agenda Item F.

98. **Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2016** - Transfer of \$102,078 in General Fund Appropriation to FY 2017 to allow the completion of an approved flooring project. Requires Interim Finance approval pursuant to Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.99. Work Program #C35175**

Refer to motion for approval under Agenda Item F.

99. **Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2017** - Transfer of \$102,078 in General Fund Appropriation from FY 2016 to allow the completion of an approved flooring project. Requires Interim Finance approval pursuant to

Senate Bill 514, Section 45 of the 2015 Legislative Session. **RELATES TO ITEM F.98. Work Program #C35381**

Refer to motion for approval under Agenda Item F.

- 100. Department of Health and Human Services - Child and Family Services - Southern Nevada Child and Adolescent Services - FY 2016** - Transfer of \$38,411 from the Operating category to the Mental Health Placements category to fund a shortfall in acute mental health placements due to an increase in clients. Requires Interim Finance approval since the cumulative amount added to the Mental Health Placements category exceeds \$75,000. **Work Program #C35529**

Refer to motion for approval under Agenda Item F.

- 101. Department of Employment, Training and Rehabilitation - Rehabilitation - Disability Adjudication - FY 2017** - Addition of \$1,382,257 in federal Disability Determination Grant funds to support the increase in caseload and backlogged claims identified by the Social Security Administration. This work program includes twenty-one new positions. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C35555**

Refer to motion for approval under Agenda Item F.

- 102. Department of Employment, Training and Rehabilitation - Employment Security - FY 2016** - Addition of \$79,783 in federal Workforce Investment Act grant funds to establish the Office of Workforce Innovation including contracted employees, associated expenses and job training initiatives. Requires Interim Finance approval since the amount added to the Workforce Investment Act Program category exceeds \$75,000. **RELATES TO ITEM F.103. Work Program #C35643**

Refer to testimony and motion for approval under Agenda Item F-103.

- 103. Department of Employment, Training and Rehabilitation - Employment Security - FY 2017** - Addition of \$2,137,550 in federal Workforce Investment Act grant funds to establish the Office of Workforce Innovations including contracted employees, associated expenses and job training initiatives. Requires Interim Finance approval since the amount added to the Workforce Investment Act Program category exceeds \$75,000. **RELATES TO ITEM F.102. Work Program #C35725**

Mike Willden, Chief of Staff, Governor's Office, introduced Dennis Perea, Deputy Director, Nevada Department of Employment, Training and Rehabilitation (DETR); Cory Hunt, Northern Nevada Regional Director, Governor's Office of Economic Development (GOED); Jennifer McEntee, Administrative Services Officer, DETR; Rene Cantu, Jobs for America's Graduates (JAG) program; Don Soderberg, Director, DETR; and Manny Lamarre, Executive Director, Office of Workforce Innovation.

Mr. Willden said Work Programs C35643 and C35725 requested the addition of federal Workforce Innovation Opportunity Act (WIOA) Governor's Reserve funds. The Governor's Reserve funds currently had 10 percent of the set-aside of the \$30.0 million grant from WIOA dollars. He said on March 16, 2016, the Governor issued an Executive Order establishing the Office of Workforce Innovation (OWINN). The Executive Order directed OWINN to:

- Provide support to the Governor's Workforce Development Board, industry sector councils, and the Office of the Governor as it pertained to workforce development;
- Develop career pathways in specific fields such as technology, advanced manufacturing, education and health care;
- Recommend improved investments in evidence-based and outcome-based strategies for workforce development programs;
- Apply for and administer grants; including funds available for statewide workforce investment activities from WIOA; and
- Review the status and structure of local workforce investment boards to determine alignment with the state's regional economies.

Mr. Willden said the work programs accomplished several things. First, funds would be established for three OWINN contract staff and operating costs. Additionally, \$1.0 million in grant funds would be used by OWINN staff for recommendations provided by the sector councils. He said OWINN staff would use the RFP process to distribute the funds. Mr. Willden said there would also be a \$90,000 allocation to the JAG program to increase the productivity and services of the program. Lastly, \$800,000 would be placed in the Workforce Innovation for a New Nevada (WINN) account, which was created during the 29th Special Session.

Assemblywoman Carlton said she was a member of one of the industry sector councils until she was released from her responsibilities earlier in the year. She wondered about the thought process behind that, because she had been a member of the medical sector council that proposed valuable initiatives over the past three years. Assemblywoman Carlton said some of those initiatives addressed inadequacies in medical care and access to care in Southern Nevada and were presented to the Legislature for consideration. She noted that the new medical school originated as a result of the industry sector councils. Assemblywoman Carlton said OWINN was tasked with providing support to the sector councils. She asked what that support entailed and what was the direction of the sector councils.

Dennis Perea, Deputy Director, DETR, replied that the industry sector councils produced many good recommendations, many of which were forwarded to the Governor's Workforce Development Board and then local areas to help direct funding. He said the idea was to enhance the sector councils to make them more effective. With OWINN having an umbrella-type structure over the workforce system, the sector councils had primarily influenced Title I policies in the past, which encompassed local workforce investment boards. Now with WIOA envisioning a seamless system, DETR was working to revise the sector

councils to influence policy under all titles including Vocational Rehabilitation, the Wagner-Peyser Act and local workforce investment boards.

Assemblywoman Carlton asked about the expansion of the JAG program and the schools that would be affected. She said JAG Nevada was established and funded through the Legislature, and the Go Deep initiative seemed to be a policy shift.

Rene Cantu, Executive Director, JAG Nevada, replied that the proposed funds would be used for 600 students in 4 high schools in North Las Vegas. He said the 4 high schools had been identified with some of the highest needs with regard to drop out rates and entry into college and career. Mr. Cantu said the funds would help leverage additional dollars from Clark County School District, JAG National and AT&T, and represented less than 12 percent of the full cost of the Go Deep initiative, which was \$765,000. He said it was a small investment that would yield a large outcome. The Go Deep program focused on students in the bottom half of their academic classes who faced an average of seven barriers to graduation. Mr. Cantu said Nevada was selected out of 33 other state affiliates across the country for the Go Deep project. In essence, the spirit of the program was to concentrate resources in high-needs communities to see if the JAG program could improve graduation rates and entry into employment, as well as reduce welfare and juvenile justice system participation, and adjudication rates.

Mr. Cantu said he and Chairman Frank Woodbeck traveled to Jackson, Mississippi for the JAG National Conference three months ago where the JAG National Board approved the Go Deep initiative for Nevada. He said Clark County Commissioners Marilyn Kirkpatrick and Lawrence Weekly had committed to help support and fund the Go Deep project. Mr. Cantu said the additional funds, along with the initial JAG Nevada appropriation, would result in 54 programs in 41 high schools by the fall of 2016.

Assemblywoman Carlton said she was concerned that the focus of the Go Deep initiative was on one group in one small area of the state rather than distributing the resources to more areas of the state that could also benefit. Additionally, the JAG Nevada program was being expanded outside the purview of the Legislature, which prevented constituents from offering their input. Assemblywoman Carlton said she understood the idea of the Go Deep program and the students being targeted; however, other areas of the state also needed help.

Mr. Cantu replied that the JAG program was in high schools in 12 counties across the state, including areas such as Minden, Fallon, McDermitt, West Wendover, Panaca and Ely. He said the program would serve 41 schools by fall of 2016. Mr. Cantu said he would like to speak with Assemblywoman Carlton further about how the JAG program might be able to meet the needs of the high school in her district.

Assemblywoman Carlton said JAG Nevada was currently at the high school in her district; however, the school would not receive the additional resources

afforded by the Go Deep initiative. Assemblywoman Carlton said initially she was not a big proponent of JAG Nevada, but the program was a success at the high school in her district. She found it concerning, however, that decisions regarding the Go Deep initiative were decided without input from legislators.

Assemblyman Edwards said the JAG program in Moapa Valley was doing very well and he supported the program. He asked if DETR expected to see a sizeable increase in additional programs during the 2017 Legislative Session. Mr. Cantu replied that to his knowledge the funding proposal for JAG Nevada would remain the same.

Mr. Cantu said 7 high schools participated in the JAG Nevada program during the 2013-2014 academic year and now there were 37 programs. He reiterated there would be 54 programs in 41 high schools in 12 counties by the fall of 2016. He said JAG Nevada had grown significantly and the agencies were working to meet the needs of all students in Nevada.

Assemblyman Edwards said he would like to see the JAG Nevada program expand during the 2017 Legislative Session.

Mr. Willden said it was too early in the budget process to determine what would be included in the Governor's recommended budget. He said agencies were instructed to submit a flat budget as well as a 5 percent reduction for the 2017-19 biennium. Mr. Willden said, depending on the economy, the state may need to consider reductions in key areas. He noted there would be significant workforce development initiatives included in the budget.

Assemblyman O'Neill asked which counties were not involved with JAG Nevada and why.

Mr. Cantu replied that some of the smaller counties with lower populations did not have a JAG program. He said the rural high schools often had fewer than 35 to 45 participating students. For example, McDermitt High School had 25 to 30 students participating in the JAG Nevada program. Mr. Cantu said sophomores were the only group at McDermitt High School unable to participate in the program, because of the timing of the math class. He said the agencies would be open to having the JAG Nevada program in more counties, but lack of funds made it difficult to expand.

Senator Kieckhefer said the Governor stated publicly that workforce development would be one of his major focuses during the 2017 Legislative Session. He asked if OWINN was a temporary or long-term entity.

Mr. Willden said the Executive Order for OWINN was for the 2015-17 biennium. He was unsure what would become of the office after that, but he thought there was an ongoing role for OWINN. He said the Governor would be proposing significant workforce development strategies, initiatives and funding.

Senator Kieckhefer said during the 29th Special Session the Legislature appropriated \$2.5 million to the WINN account, and the current work program

requested an additional \$800,000. He asked how much had been spent and for what purpose. Additionally, he asked if the \$800,000 had already been budgeted and planned for expenditure and for what purpose.

Cory Hunt, Northern Nevada Regional Director, GOED, replied that the GOED Board recently approved the first expenditure of \$500,000 from A.B. 1 (29th Special Session) for the Faraday Future project in collaboration and partnership with the Nevada System of Higher Education (NSHE), specifically the College of Southern Nevada (CSN). The \$500,000 would be a FY 2017 expenditure and used primarily for equipment. Mr. Hunt said the equipment would initially be located at the Southeast Career Technical Academy to pilot the program and develop curriculum. He said high school students would use the equipment during the day for training and certification, then CSN students would use the equipment in the evening for training and certification. Mr. Hunt said after the curriculum was developed it would be routed to high schools in North Las Vegas in closer proximity to the Faraday Future project.

Mr. Hunt said there would be an estimated \$1.85 million in expenditures in FY 2017 from the WINN account, which included the \$500,000 mentioned previously. He said the \$1.85 million was solely for the Faraday Future project. He said GOED was in discussions with approximately four other companies regarding projects that may be used to expand existing businesses, as well as recruit new businesses to the region. Mr. Hunt said the cost would be an estimated \$1.45 million to train approximately 600 people at \$2,400 per person.

In response to a question from Senator Kieckhefer, Mr. Hunt replied that hiring and buildup to the training programs would be timed with the Faraday Future project to avoid a delay after individuals completed the program. He said it was anticipated the training programs would begin in the fall of 2016.

Senator Kieckhefer asked if there was a specific training program for Faraday Future. Mr. Hunt replied that there were several certifications identified with Faraday Future. He said the certification program was customized and students would receive stackable credentials. Additionally, the program was competency based, so individuals could test out of a class if they already had the skill. Mr. Hunt said individuals that complete the program would have certifications that would be accepted at Faraday Future as well as other advanced manufacturing industries.

In response to a question from Senator Kieckhefer, Mr. Hunt said the program was competency based, so the length of the program could range from 6 weeks to 15 weeks for completion. Additionally, there would be a pathway for individuals to return for an associate or bachelor's degree.

Senator Kieckhefer asked if there would be other positions available in Las Vegas for students who received their certifications prior to the opening of Faraday Future. Mr. Hunt replied that a number of the certifications would be transferrable to other advanced manufacturing companies in the area; however, the goal was to time the training in conjunction with the opening of Faraday Future.

Assemblywoman Bustamante Adams thought the Governor's Reserve funds were intended to be used for the Train Employees Now (TEN) grants. Mr. Perea replied that TEN grants were funded with Career Enhancement Program funds in the past, not the Governor's Reserve funds, which was a different funding stream.

Assemblywoman Bustamante Adams asked if the three contract employees had already been hired. Mr. Willden replied that Manny Lamarre, Executive Director, OWINN, was the first contract person hired.

Mr. Lamarre added that in addition to himself, Zachary Heit had been hired as a contract Management Analyst/Program Officer. He said recruitment for the third contract position, a part-time Executive Assistant, was in progress.

Assemblywoman Bustamante Adams said she was grateful that workforce development was being addressed from a holistic approach, and she thanked the agency for its efforts.

Chair Anderson echoed Assemblywoman Bustamante Adam's comments. He said there were exciting opportunities for Nevadans.

ASSEMBLYWOMAN DICKMAN MOVED TO
APPROVE AGENDA ITEMS F-102 AND F-103.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Assemblywoman Benitez-Thompson and Assemblywoman Neal were not present for the vote.)

- 104. Department of Employment, Training and Rehabilitation - Employment Security - FY 2016** - Addition of \$1,120,000 in federal Workforce Investment Act grant funds to support the Local Workforce Investment Boards expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Workforce Investment Program category exceeds \$75,000. **Work Program #C35767**

Refer to motion for approval under Agenda Item F.

- 105. Department of Corrections - Prison Medical Care - FY 2017** - Transfer of \$735,329 from the Medical Inmate Driven State Claims category to the Inmate Drivens category to allow the department to convert from accrual based accounting for outside medical expenses to a cash based accounting method in State Fiscal Year 2017. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C35896**

Scott Sisco, Deputy Director, Nevada Department of Corrections (NDOC), introduced John Borrowman, Chief of Fiscal Services Division, NDOC;

Chuck Schardin, Medical Administrator, NDOC; James Dzurenda, Director, NDOC; and Jo Gentry, Warden, Florence McClure Women's Correctional Center (FMWCC), NDOC.

Mr. Sisco said Work Program C35896 was the result of a collaboration between NDOC and the Medicaid program, within the Division of Health Care Financing and Policy (DHCFP), to develop a new projection method and module for medical costs within NDOC. He said, last year NDOC requested emergency funds from the IFC due to difficulty estimating medical costs. Mr. Sisco said with the assistance of the Governor's Office, NDOC and the Medicaid program worked together to adapt the Medicaid forecasting model for use by NDOC. He said the project was complete, but some concerning challenges remained for NDOC. First, the forecasting model could not accommodate catastrophic cases and there was no immediate solution to the problem. Second, NDOC was one of the few remaining agencies providing medical services that was operating on an accrual basis of accounting versus a cash basis. Mr. Sisco said the challenge of using an accrual basis method was that the projection model was built for use with a cash basis of accounting. As a result, NDOC was spending a significant amount of time each month updating expenditures after the fact to keep the new projection model up-to-date and accurate. Mr. Sisco said the projection model also did not account for the extended delay in billing through the third-party administrator.

Mr. Sisco said, after discussions with the Governor's Finance Office and LCB Fiscal Division, it was agreed that moving NDOC to a cash basis method of accounting would improve the forecasting model and did not appear to have serious downfalls. He said the main difference with the cash basis method was that claim payments would be accounted for in the month paid versus the month of service in the accrual method. Mr. Sisco said the department experienced lagging claims submissions from providers, and data showed it could take up to seven months to receive 95 percent of the claims for a given month of service. He thought the reason for that was because inmates were covered by Medicaid for inpatient services and commercial networks for outpatient services. Outpatient claims that were submitted to Medicaid first had to be resubmitted to NDOC's third-party administrator after being denied by Medicaid, thereby lengthening the processing time of those claims. He said, due to the lag, approximately 25 to 35 percent of current claims had to be paid in the following fiscal year.

Mr. Sisco said that in FY 2017 NDOC would transition to paying medical costs with current fiscal year funds. He said years ago, due to the level of stale claims NDOC incurred, the medical budget was altered and a small percentage of funds from that fiscal year were moved into Category 51, an internal stale claims account, to allow NDOC to pay prior year claims. Mr. Sisco said Work Program C35896 requested to transfer those funds back into the primary medical expenditures account, which would be used for medical costs incurred in the current fiscal year. He said if NDOC reverted funds in FY 2016, stale claims billings would be submitted to the state's stale claims account in an effort to minimize potential supplemental appropriation that may be needed. Mr. Sisco said transferring funds from NDOC's internal stale claims category back into the

medical expenditures category would make the projection model more efficient and accurate in the long run.

Senator Kieckhefer said he was unsure transferring funds from the internal stale claims category to the medical expenditures category would improve projections; however, he recognized the difficulty NDOC experienced in dealing with stale claims, and there did not appear to be a downfall to the transfer.

ASSEMBLYMAN OSCARSON MOVED TO
APPROVE AGENDA ITEM F-105.

SENATOR SETTELMAYER SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Chair Anderson, Assemblywoman Benitez-Thompson and Assemblywoman Neal were not present for the vote.)

- 106. Department of Motor Vehicles - Automation - FY 2016** - Transfer of \$274,776 from the Personnel category to the Enterprise IT Services (EITS) Facility Charges category due to increased costs for EITS Mainframe services. Requires Interim Finance approval since the amount transferred to the EITS Facility Charges category exceeds \$75,000. **Work Program #C35513**

Refer to motion for approval under Agenda Item F.

- 107. Department of Motor Vehicles - Automation - FY 2017** - Transfer of \$103,000 from the Personnel category to the Master Services Agreement (MSA) Contract Programmer category to fund one MSA contractor. Requires Interim Finance approval since the amount transferred to the MSA Contract Programmer category exceeds \$75,000. **Work Program #C35524. WITHDRAWN 6-13-16.**

Refer to motion for approval under Agenda Item F.

- 108. Department of Motor Vehicles – Motor Vehicle Pollution Control - FY 2016** - Addition of \$325,000 in Pollution Control Fees to fund payments to Clark County and Washoe County for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the City/County Air Quality category exceeds \$75,000. **Work Program #C35549**

Refer to motion for approval under Agenda Item F.

- 109. Department of Public Safety - Forfeitures - Law Enforcement - FY 2017** - Transfer of \$91,879 from the Reserve category to the Training category to fund start-up costs for a second academy in Southern Nevada. Requires Interim Finance approval since the amount transferred to the Training category exceeds \$75,000. **Work Program #C35562**

Refer to motion for approval under Agenda Item F.

- 110. Department of Public Safety - Forfeitures - Law Enforcement - FY 2017** - Transfer of \$52,535 from the Reserve category to the Director's Office category to fund the installation and ongoing user subscription fee for a new automated Applicant Tracking System. Requires Interim Finance approval since the amount transferred to the Director's Office category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35907**

Refer to motion for approval under Agenda Item F.

- 111. Department of Public Safety - Division of Investigations - FY 2017** - Addition of \$50,000 in federal Department of Justice Drug Enforcement Administration (DEA) Marijuana Grant funds in support of the agency's efforts to suppress and/or eradicate the illegal production and sale of cannabis in Nevada. Requires Interim Finance approval since the amount added to the DEA Marijuana Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35837**

Refer to motion for approval under Agenda Item F.

- 112. Department of Public Safety - Emergency Management - FY 2017** - Addition of \$49,725 in Federal Emergency Management Agency Pre-Disaster Mitigation Grant authority through a transfer from the Division of Emergency Management's Emergency Management Assistance Grant Account to support the agency's effort in managing and updating the State's Hazard Mitigation Plan. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds 10 percent of the legislatively approved amount for the category. **Work Program #C35554**

Refer to motion for approval under Agenda Item F.

- 113. Department of Public Safety - Emergency Management - FY 2017** - Addition of \$78,000 in Federal Emergency Management Administration (FEMA) 4202 Moapa Disaster grant funds to provide for recovery projects associated with the September 2014 Moapa flooding event. Requires Interim Finance approval since the amount added to the FEMA 4202 Moapa Disaster category exceeds \$75,000. **RELATES TO ITEM F.114. Work Program #C35558**

Refer to motion for approval under Agenda Item F.

- 114. Department of Public Safety - Emergency Management Assistance Grants - FY 2017** - Addition of \$649,722 in Federal Emergency Management Administration (FEMA) 4202 Moapa Disaster grant authority to reimburse the cost of tribal recovery projects related to the September 2014 flooding event that severely impacted the Moapa Band of Paiutes Reservation. Requires Interim Finance approval since the amount added to the FEMA 4202 Moapa Disaster category exceeds \$75,000. **RELATES TO ITEMS F.113 and 115. Work Program #C35559**

Refer to motion for approval under Agenda Item F.

- 115. Department of Public Safety - Emergency Management Assistance Grants - FY 2016** - Addition of \$42,204 in Federal Emergency Management Administration (FEMA) 4202 Moapa Disaster grant funds for qualifying reimbursement costs related to the September 2014 widespread flooding that impacted the Moapa Band of Paiutes Reservation. Requires Interim Finance approval since the amount added to the FEMA 4202 Moapa Disaster category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM F.114. Work Program #C35565**

Refer to motion for approval under Agenda Item F.

- 116. Department of Conservation and Natural Resources - Historic Preservation - FY 2016** - Addition of \$25,958 in Contract Services Charge fee revenue to align budget authority with the agency's revised 2016 revenue projections in support of the Nevada Cultural Resource Information System program. Requires Interim Finance approval since the amount added to the Cultural Resource Information category exceeds 10 percent of the legislatively approved amount for the category. **Work Program #C35276**

Refer to motion for approval under Agenda Item F.

- 117. Department of Conservation and Natural Resources - Historic Preservation - FY 2016** - Addition of \$20,000 in Nevada State Office - Bureau of Land Management Grant funds to continue data entry of archeological information into the Nevada Culture Resource Information System. Requires Interim Finance approval since the cumulative amount added to the Cultural Resource Information category exceeds \$75,000. **Work Program #C35382**

Refer to motion for approval under Agenda Item F.

- 118. Department of Conservation and Natural Resources - Historic Preservation - FY 2016** - Addition of \$25,000 in Bureau of Land Management Challenge Cost Share Grant funds to continue the monitoring of archaeological sites and report the conditions to the Bureau of Land Management. Requires Interim Finance approval since the cumulative amount added to the Site Stewardship Program category exceeds \$75,000. **Work Program #C35383**

Refer to motion for approval under Agenda Item F.

- 119. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2017** - Deletion of \$216,985 in Annual Emissions and Maintenance fees transferred from the Air Quality Management account due to the transfer of an Environmental Scientist III and a Professional Engineer to the Mining Regulation/Reclamation account approved at the October 21, 2015, Interim Finance meeting. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **RELATES TO ITEM F.120. Work Program #C35051**

Refer to motion for approval under Agenda Item F.

120. **Department of Conservation and Natural Resources - Environmental Protection - Mining Regulation and Reclamation - FY 2017** - Transfer of \$175,890 from the Reserve category to the Personnel Services category, \$659 from the Reserve category to the Operating category, \$39,822 from the Reserve category to the Indirect Cost Rate category, and \$614 from the Reserve category to the Information Services category to cover the cost of an Environmental Scientist III and a Professional Engineer transferred from the Bureaus of Air Pollution Control and Air Quality Planning approved at the October 2015 Interim Finance Committee meeting. Requires Interim Finance approval since the amount transferred to the Personnel category exceeds \$75,000. **RELATES TO ITEM F.119. Work Program #C35060**

Refer to motion for approval under Agenda Item F.

121. **Department of Wildlife - Game Management - FY 2017** - Addition of \$1,790,625 in federal Wildlife Restoration funds, \$32,500 in Transfer of Resource Enhancement Stamp funds and \$445,000 in Transfer of Sportsmen funds to purchase a replacement helicopter used to conduct surveys and monitor wildlife herds and population demographics. Requires Interim Finance approval since the amount added to the equipment category exceeds \$75,000. **Work Program #C35765**

Refer to motion for approval under Agenda Item F.

122. **Public Employees' Benefits Program - Retired Employees Group Insurance - FY 2016** - Transfer of \$1,793,227 from the Reserve category to the Retired Employees Group Insurance category to cover obligations for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Retired Employees Group Insurance category exceeds \$75,000. **Work Program #C35015**

Refer to motion for approval under Agenda Item F.

123. **Public Employees' Benefits Program - Active Employees Group Insurance - FY 2016** - Addition of \$31,553 in Treasurer's Interest and \$6,204,462 in Receipts from Active Employees Insurance Premiums to meet obligations through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Active Employee Group Insurance category exceeds \$75,000. **Work Program #C34921**

Refer to motion for approval under Agenda Item F.

124. **Department of Veterans Services - Office of Veterans Services - FY 2016** - Addition of \$100,280 in federal Transportation of Veterans in Highly Rural Areas grant funds to support transportation of veterans in Elko and Nye Counties. Requires Interim Finance approval since the amount added to the Elko County and Nye County Transportation Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C34318**

Refer to motion for approval under Agenda Item F.

- 125. Department of Veterans Services – Veterans Home Account - FY 2016 -** Transfer of \$430,849 from the Reserve category to the Operating category and \$34,077 from the Reserve category to the Food Service category to support increased medical/dental health care contracts and increased food prices. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C35824**

Refer to motion for approval under Agenda Item F.

- 126. Department of Health and Human Services - Public and Behavioral Health - Women, Infant, and Children Food Supplement - FY 2017 -** Addition of \$344,117 in federal United State Department of Agriculture Farmers Market Nutrition Program grant funds to provide fresh fruits and vegetables for Women, Infant and Children participants. Requires Interim Finance approval since the amount added to the Farmers Market Nutrition Program category exceeds \$75,000. **Work Program #C36032. RECEIVED AFTER SUBMITTAL DEADLINE, 6-15-16.**

Refer to motion for approval under Agenda Item F.

- 127. Department of Public Safety - Criminal History Repository - FY 2017 -** Transfer of \$476,238 from the Reserve category to the Personnel Services category, \$19,27 from the Reserve category to the Operating category, \$21,208 from the Reserve category to the Equipment category and \$17,233 from the Reserve category to the Information Services category to fund new positions needed to support mandated requirements regarding sex offenders and certain offenders convicted of a crime against a child due to the final Supreme Court ruling on A.B. 579 (2007 Legislative Session). Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C35528. RECEIVED AFTER SUBMITTAL DEADLINE, 6-15-16.**

Julie Butler, Administrator, General Services Division, Department of Public Safety (DPS), said the General Services Division housed the Criminal History Repository (CHR) and the Nevada Sex Offender Registry (SOR). The agency was seeking the Committee's approval to transfer approximately \$534,000 from CHR reserves to hire eight additional staff to implement A.B. 579 (2007).

Senator Kieckhefer said the federal Adam Walsh Child Protection and Safety Act (Adam Walsh Act) was passed by the U.S. Congress in 2006, and in 2007 the Nevada Legislature passed A.B. 579. He said the requirements of NRS 179D.480, enacted to comply with the Adam Walsh Act, had not been implemented due to ongoing litigation and injunctions. Senator Kieckhefer said the Nevada Supreme Court and a district court recently ruled against an injunction, and a new tier of sex offenders was now required to register.

Ms. Butler replied that A.B. 579 changed the tier structure for sexual offenders. Under Megan's Law, offenders were assessed using a risk-assessment tool

developed in conjunction with the Nevada Office of the Attorney General. She said sexual offenders were assessed on their risk to reoffend based on criminal history, employment status, counseling history and community support, and then assigned to one of three tier levels based on the outcome of the risk assessment. Ms. Butler said Tier 3 was the worst category of offenders, such as child predators. She said in an effort to standardize tier levels nationwide, A.B. 579 assigned offenders to a tier based on the literal description of their conviction and the age of their victim. She said there were still Tiers 1, 2 and 3; however, each tier denoted the frequency with which an offender must report in person to law enforcement and the duration of their duty to register. Ms. Butler said Tier 1 offenders must report in person to law enforcement annually for 15 years, Tier 2 offenders must report in person to law enforcement every 180 days for 25 years, and Tier 3 offenders must report in person to law enforcement every 90 days for their lifetime.

Ms. Butler said the 90-day reporting requirement for Tier 3 offenders would generate a significant amount of work for CHR. She said every 90 days Tier 3 offenders would be required to present themselves in person to local law enforcement, update registration paperwork, and submit a new set of fingerprints and palm prints. Ms. Butler said the information would be sent to CHR for verification and to update the offender's registration record. Currently, all offenders were required to report annually. She said time studies indicated that staff spent approximately 3,300 hours per year processing registration documents; however, the workload generated from A.B. 579 would add an additional 8,600 hours in processing time, for a total of 11,000 staff hours per year to process registration documents. Ms. Butler said the only option was to increase staff to implement the law.

In response to a question from Assemblyman Sprinkle, Ms. Butler replied that A.B. 579 originally required that juveniles convicted of an offense, that would have been classified as a sexual offense if the juvenile been an adult, were subject to registration. She said after the passage of A.B. 579, the federal Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking, which oversees the implementation of the Adam Walsh Act, enacted supplemental guidelines that allowed states to determine whether to provide discretion with respect to juveniles. In particular, whether to list juveniles on the community notification website. Ms. Butler said Nevada law did not allow for such discretion.

Ms. Butler said in terms of the additional caseload, the number of Tier 3 offenders would increase from approximately 300 to 3,000 individuals registering every 90 days. In addition, juveniles were now required to register, which was an unknown quantity.

Assemblyman Sprinkle said it was surprising that the significant increase of Tier 3 offenders did not include juveniles.

In response to a question from Assemblyman Wheeler, Tammy Trio, Administrative Services Officer, General Services Division, DPS, replied that the

amount being transferred from the Reserve category to the Operating category was \$19,275.

Assemblyman O'Neill asked if the registration process for CHR would be manual, and Ms. Butler said that was correct. She said there were disparate systems statewide, which caused CHR to use manual processes. Ms. Butler said the division was working to become automated, but updating Information Technology was challenging and costly.

Assemblyman O'Neill said one of the main driving factors of the Adam Walsh Act were penalty fees. He asked what the penalty fees would have been for Nevada.

Ms. Butler replied that Nevada was required to implement the Adam Walsh Act by July 26, 2009; however, two one-year extensions were granted. According to the Office of Criminal Justice Assistance (OCJA), the cumulative penalty for Nevada would have been \$661,144 had the state not implemented the Adam Walsh Act. She said the penalty for the current year would have been \$47,422, which was included in the \$661,144.

Ms. Butler said Work Program C35528 was a request for approximately \$534,000 from reserves. She said the requested amount did not include the cost to local law enforcement agencies that would experience an influx of offenders coming in every 90 days to complete their registration packets, because she was uncertain how to quantify that amount.

Assemblyman Edwards said fingerprints did not change, and he asked why offenders were required to continually provide new fingerprints and palm prints. Ms. Butler replied that the requirement was included in the law.

Assemblyman Elliot Anderson asked if the fingerprint and palm print requirement was included in federal or state law. Ms. Butler replied that the state bill was written to mirror the federal law, so it was likely a federal requirement. She said she would obtain the information and provide an answer to the Committee.

Assemblyman Elliot Anderson said he did not understand why it would be necessary for offenders to repeatedly provide fingerprints and palm prints. He thought it was a misuse of funds and worthy of further investigation.

SENATOR KIECKHEFER MOVED TO APPROVE
AGENDA ITEM F-127.

ASSEMBLYMAN SPRINKLE SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator Roberson, Senator Settelmeyer, Assemblywoman Benitez-Thompson and Assemblywoman Neal were not present for the vote.)

RECLASSIFICATIONS

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Education – State Public Charter School Authority	315/2711	0015	Business Process Analyst 2 Code:07.656 Grade:36/07 Employee/Employer Paid Retirement \$62,577.36	Administrative Assistant 4 Code: 02.210 Grade:29/10 Employee/Employer Paid Retirement \$32,577.36
Department of Agriculture – Animal Industry	550/4546	1003	Administrative Assistant 1 Code: 02.213 Grade 23/02 Employee/Employer Paid Retirement \$29,357.28	Laboratory Technician 1 Code: 09.603 Grade 25/02 Employee/Employer Paid Retirement \$31,716.72
Department of Agriculture – Plant Industry	550/4545	9026	Program Officer 1 Code: 07.649 Grade 31/01 Employee/Employer Paid Retirement \$38,899.44	Agriculturist 1 Code: 01.128 Grade 30/01 Employee/Employer Paid Retirement \$37,291.68
Department of Agriculture – Plant Industry	550/4545	0005	Administrative Assistant 2 Code: 02.212 Grade 25/01 Employee/Employer Paid Retirement \$30,484.80	Agricultural Inspector 3 Code: 01.139 Grade 23/01 Employee/Employer Paid Retirement \$28,167.12
Department of Administration – Human Resource Management	070/1363	0042	Personnel Analyst 2 Code: 07.514 Grade 34/03 Employee/Employer Paid Retirement \$48,086.64	Supervisory Compliance Investigator Code:11.354 Grade: 34/03 Employee/Employer Paid Retirement \$48,086.64
Department of Health and Human Services – Public and Behavioral Health	406/3170	0009	Health Program Specialist 1 Code:10.237 Grade:35/01 Employee/Employer Paid Retirement \$46,019.52	Management Analyst 2 Code:07.625 Grade:35/01 Employee/Employer Paid Retirement \$46,019.52
Department of Conservation and Natural Resources - Environmental Protection/Bureau of Air Pollution Control	709/3185	0431	Supervisor P.E. Code:06.207 Grade:42/01 Employee/Employer Paid Retirement \$62,577.36	Environmental Scientist 4 Code:10.545 Grade:38/01 Employee/Employer Paid Retirement \$52,387.92
Department of Transportation – Office of the Director- WITHDRAWN 6-28-16	800/4660	930-215	Supervisor 1, Associate Engineer Code:06.215 Grade:36/01 Employee/Employer Paid Retirement \$48,086.64	Government Liaison Code:07.610 Grade:40/01 Employee/Employer Paid Retirement \$57,190.32

- G. ECONOMIC FORUM** – Report required pursuant to NRS 353.228(1)(f) regarding the Economic Forum meeting conducted on June 9, 2016, on the status of actual State General Fund revenue collections compared to the current forecast, current economic conditions, and factors that may impact future economic conditions and State General Fund revenue collections. INFORMATIONAL ONLY.

Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB, referred the Committee to the Economic Forum document titled *Report to the Interim Finance Committee from the Economic Forum as Required by NRS 353.228 (A.B. 332-2011)* ([Exhibit G](#)), which also included several tables. He said the Economic Forum held its statutorily required meeting on June 9, 2016. Mr. Guindon said Ken Wiles was reelected chairman during the June Economic Forum meeting; however, due to a scheduling conflict, he was unable to attend the IFC meeting today.

Mr. Guindon directed the Committee to Table 2, *State General Fund Revenues: FY 2016-Actual Compared to Forecast (Before Tax Credits)* ([Exhibit G](#)). Mr. Guindon said at the April 14, 2016, IFC meeting he reported that total General Fund revenue year-to-date was approximately \$4.3 million below the Economic Forum's forecast. Currently, total General Fund revenues, before tax credits, was \$22.9 million below the forecast. He did not think this was cause for concern, because the difference was less than 1 percent of the forecast and only 75 percent of FY 2016 revenue had been collected. Mr. Guindon said the figures were based on 9 to 11 months of collections for the monthly revenue sources and 3 quarters of collections for the quarterly sources. After having an additional 2 months and 1 quarter of actual collections reported, he stated that the General Fund's position stepped back slightly from the numbers reported at the April 14, 2016, IFC meeting. He said the Gaming Control Board released the numbers for May 2016 and there was a 17 percent decline in collections for June, because \$10.8 million in Tesla tax credits were taken. He said the Gaming Percentage Fees would have been up slightly, if not for the tax credits taken in June. Mr. Guindon said the Gaming Percentage Fee for FY 2016, before tax credits, was approximately \$2.0 million above forecast. He said the Gaming Percentage Fee tax had its own nuances because of the way it was paid and the tax credit interaction.

Mr. Guindon said today was the last day of FY 2016; however, a couple of months of the monthly revenue sources and one quarter of the quarterly revenue sources still had to be reported. Additionally, the Commerce Tax was due on August 15. He said the fiscal year had officially ended with regard to tax credits related to the Tesla project, and only \$20.5 million in Tesla tax credits had been taken, of the estimated \$45.0 million.

Mr. Guindon anticipated General Fund revenue would be approximately 1 percent (\$20 to \$30 million) below forecast after the final monthly and quarterly revenues were reported and tax credits were applied, excluding the Commerce Tax. He reminded the Committee that the General Fund budget was approved with over a 5 percent ending fund balance. Mr. Guindon said although a negative number would adversely affect the ending fund balance to a certain degree.

Senator Kieckhefer asked if the remaining FY 2016 Tesla tax credits could be taken in FY 2017.

Mr. Guindon said that was correct, the remaining tax credits could roll forward into the next fiscal year; however, adding the remaining \$25.0 million to the estimated \$45.0 million for FY 2017 would result in a potential liability of \$70.0 million, which would be a challenging number to attain. He said Tesla had invested approximately \$500.0 million and provided 369 jobs on the project to date. Mr. Guindon said Tesla's capital investment was approximately \$137.0 million during the January through March 2016 quarter. He said Tesla would have to have \$900.0 million in

capital investment in FY 2017 to take \$45.0 million in tax credits, which was possible; however, based on the previous two quarters, Tesla's capital investment would have to double or triple just to take the \$45.0 million in tax credits, let alone \$70.0 million. Mr. Guindon said, ultimately, even if Tesla took \$90.0 million in tax credits over the 2015-17 biennium, the General Fund balance would still be on target for the fiscal year ending June 30, 2017, because the estimate was for \$45.0 million per fiscal year, or \$90.0 million over the biennium.

In response to a question from Assemblywoman Bustamante Adams, Mr. Guindon replied that the \$45.0 million in Tesla tax credits could be found on the second page of Table 6, in the box titled *Tracking of FY 2016 Tax Credit Programs Only* ([Exhibit G](#)). He said the first \$9.6 million in tax credits that Tesla took were also reflected in that table; however, the \$10.8 million in tax credits taken in May 2016 were just recently reported and were not reflected in the table. Mr. Guindon said together it equated to \$20.4 million, which resulted in a net plus of approximately \$25.0 million for FY 2016, because no additional tax credits could be awarded or taken for FY 2016.

Mr. Guindon thought the Governor's Office of Economic Development (GOED) would be performing tax credit audits every 6 months. The expectation was that GOED would perform audits for January through June 2016 and July through December 2016 and award credits based on the outcome. He said it would become more challenging for staff if the audits were performed in three 6-month periods and the tax credits from those three audits all occurred in one fiscal year. Mr. Guindon said that as he understood it, GOED would be sequencing the audits every 6 months, so the expectation was that 12 months of calendar year activity would be taken in the course of a fiscal year.

Assemblywoman Bustamante Adams asked if Tesla used the tax credits or transferred them. Mr. Guindon replied that Tesla's tax credits were transferred. He explained that the law required tax credits to be declared against one of three revenue sources. He said the Tesla tax credits were declared against the Gaming Percentage Fee tax and thus, the tax credits were being taken by unrestricted gaming licensees against their Gaming Percentage Fee tax.

Assemblywoman Bustamante Adams asked if information was available disclosing which gaming companies benefitted from Tesla's tax credits. Mr. Guindon said that information was not reported to the LCB Fiscal Division; however, the Gaming Control Board, Department of Taxation and GOED would have those details.

Chair Anderson thanked Mr. Guindon for the detailed and effective report.

H. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, said Agenda Item H was the Statement of Contingency Account Balance. Directing the Committee to page 379 in Volume IV of the meeting packet ([Exhibit E](#)), she stated that FY 2016 account balances were prior to any approvals during the meeting. Ms. Jones said the unrestricted General Fund balance was approximately \$13.5 million. She said a request for approximately \$709,000 for NDOC Prison Medical costs was approved by the Committee and the amount was reflected on the statement. Also approved by the

Committee was a request by NDOC in the amount of \$542,287 for additional staffing at Florence McClure Women's Correctional Center. She said the amount was not reflected on the statement, because it was a request for FY 2017. Ms. Jones said the approved request reduced the unrestricted General Fund balance to approximately \$12.3 million, which was the starting balance for FY 2017.

Ms. Jones said there were several requests before the Committee today related for restricted General Funds that were appropriated to the IFC Contingency Account. The first request was for \$4.9 million and related to Senate Bill (S.B.) 514, Section 60, the Senior Citizen's Property Tax Assistance Rebate program. Ms. Jones said a small amount was allocated to the agency at the February 11, 2016, IFC meeting for start-up costs for staff. She said the current request was for the issuance of the rebates. Ms. Jones said the next request was for approximately \$8.6 million and related to S.B. 514, Section 83, the Department of Motor Vehicles (DMV) System Modernization project. She said the total amount available was \$11.2 million and \$1.0 million of that was allocated at the April 14, 2016, IFC meeting for the System Modernization project. If the requested amount of \$8.6 million was approved by the Committee, a balance of approximately \$1.6 million would remain for the System Modernization project. Ms. Jones said the last request before the Committee was from the Department of Education (NDE); however, the amount was not included on the Statement of Contingency Account, because it was an appropriation for FY 2017. She said the request was to continue positions under the Social Worker and Other Licensed Mental Health Worker grant program, S.B. 515, Section 23. Ms. Jones said NDE was requesting the total allocated amount of \$11,188,800.

I. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT (GENERAL FUND) PURSUANT TO NRS 353.268. (Note: IFC may approve a different amount for an allocation than the amount requested) – Department of Corrections

1. Florence McClure Women's Correctional Center – Request for an allocation of \$542,287 to fund the staff for an additional housing unit in FY 2017.

Scott Sisco, Deputy Director, Nevada Department of Corrections (NDOC), said the department was requesting \$542,287 for FY 2017 to fund the necessary staff to operate Unit 8 at Florence McClure Women's Correctional Center (FMWCC). He said the department testified during its 2015 budget hearings that the female inmate population was close to capacity, and if the JFA population projection numbers were off, NDOC would be required to open another housing unit. Mr. Sisco said the total inmate population was currently over the projected forecast by 600 inmates.

Mr. Sisco said FMWCC had two vacant housing units available until January 2016 when the female inmate population reached capacity. He said Interim Director McDaniel immediately opened a portion of Unit 8, which was completely vacant at the time. He said the unit was staffed with a minimal number of overtime officers to provide the necessary coverage and only the most well-behaved inmates were placed in Unit 8 due to the minimal supervision. Mr. Sisco said NDOC had hoped the increasing population would be temporary; however, that was not the case. He said the purpose of

the department's request was to fully open Unit 8, which required NDOC to hire two Correctional Officers per shift, three shifts per day, with shift relief factor for days off, which equated to ten Correctional Officers and one Caseworker. Fully opening Unit 8 would provide 98 beds, 50 of which were already occupied. Mr. Sisco said the institution had bunk beds in day rooms and open common areas throughout the institution, so the remaining 48 beds in Unit 8 would be filled immediately. He said moving the inmates out of day rooms and common areas into a housing unit would resolve the immediate safety and security issues of the institution.

Mr. Sisco said at the time the request was prepared, FMWCC was approximately 52 inmates over the budgeted amount; however, two days ago the population had increased to 82 inmates over the budgeted amount and was still growing.

Assemblyman Armstrong asked if NDOC anticipated the need to open Unit 10 at FMWCC in the future. Mr. Sisco replied that NDOC would monitor JFA projections, particularly the projections for 2018-2019, and make decisions based on that information.

Assemblyman Armstrong asked if NDOC could utilize vacancies at other institutions, such as Ely State Prison.

Mr. Sisco noted the number of correctional officer vacancies had decreased from 67 to 41 at Ely State Prison, and the remaining vacancies would fill quickly. He said NDOC staffing budgets were approved by post, and it would complicate matters to use vacant positions from one institution to fill vacancies at another. He said the department's preference would be to staff Unit 8 at FMWCC in the usual manner.

Assemblyman Armstrong said, although NDOC budgets were approved by post for the biennial budget, there were vacancies at other institutions that could be used temporarily during the interim. He said the staffing issue could be readdressed during the 2017 Legislative Session. Mr. Sisco replied that staffing at other institutions was built into the vacancy savings; therefore, even without the full-time equivalent (FTE) count, NDOC still required funds to fill the positions at FMWCC.

In response to a question from Assemblyman Sprinkle, James Dzurenda, Director, NDOC, said he was working with the Division of Parole and Probation to establish criteria to assist potential parolees in gaining approval through the Parole and Probation Board more quickly. He said the largest number of potential parolees was in the male population. The number of potential parolees in the female population was approximately 12, which would not be enough to reduce a housing unit.

Mr. Sisco said during a recent conversation with Warden Gentry of FMWCC he learned that female sentencing had changed significantly over time, and an increasing number of female offenders were receiving sentences similar to male offenders.

Senator Kieckhefer said the requested positions for FMWCC would begin October 1, 2016, which equated to a cost of approximately \$675,000 annually to staff Unit 8; therefore, the next biennial budget would increase by \$1.4 million. Mr. Sisco said that was correct.

ASSEMBLYWOMAN DICKMAN MOVED TO
APPROVE AGENDA ITEM I-1.

SENATOR GOICOECHEA SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY. (Senator
Roberson, Chair Anderson, Assemblywoman
Benitez-Thompson and Assemblywoman Neal were
not present for the vote)

2. Prison Medical Care – Request for an allocation of \$708,645 to fund inmate medical treatment expenses through the end of FY 2016.

Scott Sisco, Deputy Director, NDOC, said the department was requesting \$708,645 to cover the anticipated remaining medical shortfall in FY 2016. He reminded the Committee that NDOC was authorized by the IFC to do budgetary transfers throughout the department's 24 General Fund budgets, because inmate custody levels and other needs resulted in constant movement to institutions and facilities, each with differing costs. Mr. Sisco said the primary factor driving increased inmate medical expenses was the current growth in inmate population. He said the over expenditure amounts for dialysis services, HIV/Aids clinic and prescription pharmacy related costs more than covered the department's request. He said NDOC's request was calculated in April 2016 to meet the deadline for the June 30, 2016, IFC meeting. Mr. Sisco said projections became more accurate toward the end of the fiscal year, and NDOC hoped to realize sufficient savings, which would be used to repay the IFC Contingency Account request in part or in full. He said NDOC would continue to make payroll disbursements through July, so it was premature to make any adjustments at this time.

Assemblyman Sprinkle thanked the department for seeking alternate methods of payment. He said HIV/Aids, dialysis and pharmacy needs would be ongoing. He asked if there was a correlation between the population growth and increased medical costs, or if it was difficult to predict chronic conditions of the existing inmate population.

Mr. Sisco replied that several factors contributed to increased medical costs. He said the state's budget was not based on predictions; it was based on the amount spent in the base year and then transferred to the next biennium. In addition to increased inmate populations, medical providers were increasing prices and marketing medications at substantially higher prices. Mr. Sisco said there was a great deal of lobbying from family members and advocacy groups urging NDOC to provide particular medications or services to inmates

due to advertisements for those medications or services. He added that HIV/Aids, dialysis and pharmacy needs had also increased substantially.

Assemblyman Sprinkle asked if any additional medical facilities had refused to treat inmates. Mr. Sisco replied that Carson Tahoe Hospital still refused to treat inmates, which contributed to overtime issues for NDOC. He explained that two correctional officers were required for every inmate taken to Renown Hospital. Additionally, an office visit was necessary for inmates to become established with a Renown Hospital physician prior to admittance, so correctional officers were required for inmate transportation. During the 2015 Legislative Session, Mr. Sisco estimated an additional cost of approximately \$100,000 per year for overtime expenditures due to the loss of Carson Tahoe Hospital; however, he thought that estimate was too low based on the amount of overtime incurred for inmate transportation and hospital coverage.

Mr. Sisco said Valley Health Services (VHS) in Las Vegas had originally followed suit and notified NDOC that it would no longer treat inmates; however, VHS' contract with the third-party administrator did not permit the facility to refuse services to other contracted parties. He said shortly after VHS revised its contract, NDOC changed its third-party administrator. As it turned out, VHS was under contract with that administrator as well. Mr. Sisco said to the best of his knowledge, VHS had not begun the process of amending its contract with the new administrator, and VHS was still treating inmates.

Senator Kieckhefer said NDOC had a medical budget shortfall of approximately \$1.1 million for FY 2016. He asked if NDOC expected a similar figure for FY 2017. Mr. Sisco said that was correct; however, NDOC hoped to revert funds to the IFC Contingency Account depending on the outcome of salary projections. He said switching from an accrual basis to a cash basis would result in a one-time cost savings of 10 percent for NDOC. Mr. Sisco said there still may be a need for a small supplemental IFC request in FY 2017.

Assemblyman Edwards said he recalled from the 2015 Legislative Session that JFA had been inaccurate in its projections and there had been no improvement since that time. He asked if there were other options available.

Mr. Sisco said the inmate population historically made bad choices in their lives, including medical care. He said 11.1 percent of the NDOC population was over the age of 55 and that percentage was still growing. He noted people incurred more medical costs with age. Mr. Sisco said one of the problems with the new projection model was that it did not take into account catastrophic cases. He said last year NDOC had two male inmates enter the system with terminal cancer and a female inmate with a high-risk pregnancy. He said those three issues alone cost several hundred thousand dollars, and it was difficult to budget for those types of situations. Mr. Sisco said there was also the matter of JFA projections. He said JFA projections were

generally accurate when the population growth of the state was stable, but that was unusual for Nevada.

Assemblyman Edwards remarked that JFA was considered to be an expert in the area of forecasting for correctional facilities; yet, the projections were usually inaccurate.

Mr. Sisco indicated that NDOC had determined its own population estimates in the past; however, there was concern that a buffer was included in the projections, so NDOC inmate projections were now determined by JFA. He said JFA had a contract through the Governor's Finance Office, which provided protections for NDOC and the Division of Parole and Probation.

Assemblyman Edwards thought the state should seek a new contractor, because JFA's services were ineffective for NDOC, the state, and the population. Mr. Sisco said NDOC asked the Governor's Finance Office to request an explanation from JFA concerning projection inaccuracies.

Mr. Dzurenda said JFA considered inmate projections nationwide when determining projections for Nevada. He said many agencies around the country that were downsizing or experiencing less population growth than Nevada were using front-end programming. As a result, those agencies were beginning to see a factor of best practices in releases, with fewer arrests and less victimization in the community. Mr. Dzurenda said NDOC was working toward a similar goal, which could help reduce Nevada's inmate population in the future.

Returning to the topic of female sentencing, Senator Spearman agreed that sentencing for female offenders had experienced a cultural shift. A female offender may receive a 25-year sentence now, compared to a 10-year sentence for the same crime 10 to 20 years ago.

Jo Gentry, Warden, FMWCC, NDOC, said she began working for NDOC in 1994 at the Northern Nevada Women's Correctional Center in Carson City. Based on personal observation, she noticed that 20 years ago it took several offenses before a woman was incarcerated. If there was a male co-offender, he would be sentenced for twice as long as the female, and sometimes the female offender would only get probation, while the male offender would be required to serve time. Warden Gentry said she observed in the past several years, as the younger generations became jurors, female offenders were no longer perceived as innocent victims, but instead they were treated similarly to male offenders. She said that same opinion of female offenders could be seen throughout law enforcement, Division of Parole and Probation, and NDOC.

Senator Spearman said she recently read that the number of incarcerated women increased by 6.7 percent over the last two years, which probably affected the NDOC budget. She said an increasing female inmate population would impact the budget differently in terms of medical care, treatment, and diagnoses, compared to an increasing male inmate population; therefore, it

was important for the state to take that into account. She said it was also important to recognize there were outliers specific to Nevada. Senator Spearman said based on how the gender population was increasing, it may be necessary to consider other statistics and factors in terms of inmate population projections. Mr. Sisco said the department would provide that information to JFA.

ASSEMBLYMAN ELLIOT ANDERSON MOVED TO
APPROVE AGENDA ITEM I-2.

SENATOR PARKS SECONDED THE MOTION.

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

Assemblywoman Dickman thanked Mr. Sisco for his service to the state and congratulated him on his impending retirement.

- J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO SENATE BILL 515, SECTION 23** (2015 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested) – Department of Education – Request for an allocation of \$11,188,800 for a block grant program in FY 2017 to school districts and charter schools to provide for contract social workers or other licensed mental health workers in schools with identified needs.

Roger Rahming, Deputy Superintendent, Nevada Department of Education (NDE), said NDE was requesting \$11,188,800 from the IFC Contingency Account to carry out the intent of S.B. 515, Section 23, to allocate sums for eligible social workers and other licensed mental health workers in schools with identified needs.

Chair Anderson reminded the Committee that S.B. 515, Section 23 (2015), appropriated approximately \$5.6 million for FY 2016 to establish the Office of Safe and Respectful Learning Environments and the Social Worker and Other Licensed Mental Health Worker grant program. Additionally, S.B. 515, Section 23, appropriated \$11,188,800 for FY 2017 for a block grant program to school districts and charter schools to provide contract social workers and other licensed mental health workers in schools with identified needs. Chair Anderson said the total amount appropriated by the Legislature to NDE was \$16.8 million versus \$36.0 million in the Governor's recommended budget. He said the Legislature approved a lower amount, because there was uncertainty about how the program would develop. Chair Anderson said he had heard anecdotal information from teachers and administrators who were pleased with the positive outcomes due to alleviating some of the teachers' burden by having social workers and other licensed mental health workers in the schools. He asked NDE to provide an update on the status of the program.

Dr. Edward Ableser, Director of the Office of Safe and Respectful Learning Environments (OSRLE), NDE, said OSRLE was excited about the progress of the Social Worker or Other Licensed Mental Health Worker grant program. After performing a school climate survey in December 2015, OSRLE awarded funds for 164 positions throughout 123 schools in Nevada. He said the awards were distributed to schools in 10 districts in addition to state-sponsored charter schools. He said due to differing language between districts, there were some issues early on regarding the most appropriate method of hiring social workers and other licensed mental health workers for schools; however, the issues had been resolved. Dr. Ableser said 151 full-time and 1 half-time position (Elko) had been filled of the 164 total positions allocated in January 2016. He commended the school districts for their efforts, especially Lyon, Elko and Clark Counties, who did an excellent job recruiting a large number of professionals. The data received from teachers and administrators was anecdotal, but it provided quantitative measures, such as the number of suicide interventions. For example, there had been more than 20 suicide interventions in Clark County alone. He said students with suicidal ideation were able to confide in a trusted individual and receive the necessary help. Dr. Ableser thought 20 students was an amazing figure in a short period of time knowing the amount of suicidal ideation students deal with on a daily basis. He said there was also a significant amount of engagement between the social workers and other licensed mental health workers and parents/families.

Dr. Ableser said OSRLE had received overwhelming reports from principals who were adamant about keeping the Social Worker and Other Licensed Mental Health Worker program in their schools. He said over 215 requests for application (RFA) were received from school districts. Although OSRLE would not be able to meet all the need, the funds would still add an important piece to the climate and culture of schools across Nevada. Dr. Ableser said OSRLE and school district staff were eagerly awaiting the outcome of the Committee's decision, so the districts could begin the hiring process.

Senator Spearman said during a recent Legislative Committee on Health Care meeting there was concern that available positions were not being filled due to miscommunication about the qualifications and role of social workers in schools. She asked if the issue had been resolved.

Dr. Ableser replied that the recruitment issue related to the varying processes of the school districts for hiring social workers and other licensed mental health workers. He said S.B. 515, Section 23, created nine different categories of professionals that districts could hire to fill the positions; however, a large number of positions were filled with licensed clinical social workers and master's level licensed social workers. Dr. Ableser said the title of the program, Social Workers in the Schools, caused some confusion for the school districts and the Board of Examiners for Social Work. He said social workers would not perform all three tiers of intervention in the schools. Ultimately, the school districts signed assurances with the Board of Examiners for Social Work stating that social workers would only be providing Tier 1 and Tier 2 support to families and students.

In response to a question from Senator Spearman, Dr. Ableser replied that the title and designation of social worker was revised in the new RFA. Also, social workers would be referred to as a Safe School Professional in the schools to avoid confusion. He said that would satisfy the concerns of the licensing board and avoid social workers and other mental health workers from misrepresenting themselves in an unethical way. Dr. Ableser said OSRLE was hopeful that the individuals hired would hold themselves to the code of conduct for which they were licensed. He said OSRLE was working to provide training to the new recruits, because many were recent master's program graduates.

Dr. Ableser said the semantics had been resolved, but workforce supply issues in Nevada had not; however, he was confident the Legislature was working to address the problem.

Assemblyman Edwards asked why NDE chose to adopt a rate of \$42.50 per hour for social workers/other licensed mental health workers instead of the legislatively approved \$37.50 per hour. He said the reasoning provided by NDE was that it was more difficult to fill positions in the rural communities; however, Assemblyman Edwards thought the positions could have been filled at the legislatively approved rate.

Assemblyman Edwards said his second concern was that some social workers/other licensed mental health workers had been hired as FTEs instead of contractors as required by law. He said the consequence of hiring FTEs instead of contractors was that the cost of each individual increased by 30 percent. He asked why the school districts were hiring FTEs instead of contract staff.

Dr. Ableser replied that the formula for the financial designation was approximately \$37.50 per hour, 8 hours per day, 184 days per year. He said NDE considered how to adjust the formula to be more practical and assist with the limited timeframe for recruitment. Dr. Ableser said NDE thought \$42.50 per hour, 7 hours per day, 110 days per year, would be an adequate cap to make the recruitment more enticing, especially for positions in the rural areas. He said \$42.50 was the rate for the designation of licensed clinical social worker or psychologist, the highest professional standard of designees. He said OSRLE amended contracts for community health workers, the lowest designation, so those individuals would not be paid the higher rate. Dr. Ableser said the current RFA included a three-tiered system based on licensing provisions. He said the first tier and top rate of pay would be for licensed clinical social workers, nurses, nurse practitioners, psychologists, marriage and family therapists, and professional counselors who could perform clinical work. The second tier, at a pay rate of \$32.00 per hour, included interns at a master's level or master's level work who could not perform clinical work. He said the third tier, at a pay rate of \$22.50 per hour, was the lowest level designation for the program. Dr. Ableser noted that Lyon County was recruiting solely within the third tier, so those individuals would be funded at \$22.50 per hour, 8 hours per day, 184 days per year.

Dr. Ableser said the oversight concerning the rate of pay was unintentional. He said OSRLE wanted to issue awards as quickly as possible in December 2015 to provide school districts enough time for recruitment; however, the recruitment process took longer than expected, and by March 2016 only 90 individuals had been hired.

In response to a question from Assemblyman Edwards, Dr. Ableser replied that there was a conflict with hiring individuals as contract staff for some of the school districts, particularly Nye and Clark Counties, which had very specific language about who was permitted to work with children in schools. Dr. Ableser said the districts negotiated through their own processes, but they were not provided extra funding by the state for costs above the specified limit. He was hopeful the districts could work through the issue of the contract process.

Assemblyman Edwards said he was concerned about having unauthorized FTEs based solely on the policy of a school district. He said school districts should execute the law as written or relinquish funding.

Dr. Ableser said he agreed with Assemblyman Edwards' comment. He said NDE had submitted a bill draft request (BDR) to address the problem and prevent recurrence. He said it was difficult to retroactively correct S.B. 515 and the Social Worker or Other Licensed Mental Health Worker grant program. He said the optimal way for the program to grow was to issue the grant awards through DHHS, which used contract agencies for social workers and other mental health workers. Dr. Ableser said using contract agencies through DHHS would ensure the positions were filled as contract employees rather than state employees. He was hopeful contract staff would remain in the schools long term and become connected with the culture of the school, which was critical. Dr. Ableser said OSRLE was also hopeful the services provided by social workers and other licensed mental health workers in schools would eventually be billable through Medicaid and private insurance companies. He noted that revising the Social Worker or Other Licensed Mental Health Worker grant program to include DHHS would require the approval of the Legislature.

Assemblyman Edwards thought the program had merit, but it would lose funding if some of the concerns came to fruition.

Assemblyman Edwards asked if there was a timeline for when all the social workers or mental health workers would be contract staff rather than FTEs.

Dr. Ableser replied that he did not have a timeline, because the school districts handled recruitment. He said his direct interaction with the school districts was limited, because the Social Worker or Other Licensed Mental Health Worker program was a block grant program; however, he provided guidance and direction to the districts. Dr. Ableser said one of the main recruitment issues was the lack of qualified professionals in the state. He said the Social Worker or Other Licensed Mental Health Worker grant program was a wonderful program that paid well compared to other states; however, it was difficult to increase the population of social workers and other licensed mental health workers in the state. Dr. Ableser said licensing issues and reciprocity with other licensing

boards were additional barriers that prevented social workers and other licensed mental health providers from coming to Nevada.

Chair Anderson said it was difficult to enforce whether school districts followed the guidelines, because the Social Worker or Other Licensed Mental Health Worker program was a block grant program; however, the Legislature could address program issues during the 2017 Legislative Session.

Senator Kieckhefer said staff would be monitoring FTEs within the school districts. He expected any FTEs included in the school district budgets to be removed before roll ups were calculated. Senator Kieckhefer said the districts would be financially responsible for any additional overhead incurred as a result of hiring FTEs instead of contract staff.

Senator Spearman explained that school districts were having a difficult time hiring social workers and other licensed mental health workers, especially in the rural areas. She said it was never intended for FTEs to come to fruition, the intent was to hire based on salary. Senator Spearman said the state had difficulty recruiting licensed clinical social workers much like its struggle to recruit and maintain teachers. She said the school districts were not trying to circumvent the law, instead they were trying to implement the program to the best of their ability. Based on the reported number of suicide preventions in schools, Senator Spearman thought the districts had made appropriate decisions. She thought it was important for Legislators to recognize that it would take time to improve Nevada's educational system. The state needed to evaluate how to increase education funding to pay teachers a competitive salary that would encourage them to remain in Nevada schools.

Chair Anderson said one of the reasons the funds for the program had been divided into two phases was to ensure the program was successful. He said the program would naturally require modifications, which was why it was established as a pilot program.

Assemblyman O'Neill suggested that NDE consider a critical labor shortage exemption. He said retired state and county social workers were qualified to fill the positions temporarily until contract staff were hired.

SENATOR SPEARMAN MOVED TO APPROVE
AGENDA ITEM J.

ASSEMBLYWOMAN CARLTON SECONDED THE
MOTION.

Assemblyman Edwards reiterated that the Social Worker or Other Licensed Mental Health Worker grant program had merit; however, the school districts must adhere to the rules. He said there was concern during the 2015 Legislative Session that the program would be difficult to manage, which could lead to a loss of support and funding. Assemblyman Edwards said students would feel the most impact if the program was discontinued; therefore, it was important that guidelines were followed correctly and in accordance with what the Legislature

approved. He said the Legislature should be made aware of changes before they are implemented. Assemblyman Edwards said he would support the motion, but would monitor the program closely.

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

- K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO SENATE BILL 514, SECTION 60** (2015 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested) – Department of Health and Human Services – Aging and Disability Services Division – Senior Citizen’s Property Tax Assistance – Request for an allocation of \$4,895,110 to implement the Senior Citizen’s Property Tax Assistance Rebate program.

Jill Berntson, Deputy Administrator, Aging and Disability Services Division (ADSD), DHHS, said the Senior Citizen’s Property Tax Assistance Rebate program was established to provide relief to eligible senior citizens on their property taxes. In February 2016, ADSD requested a portion of the allocated funds to hire temporary contract staff to implement the program. Ms. Berntson said contract staff developed policies and procedures based on eligibility criteria established at the February 11, 2016, IFC meeting. Additionally, contract staff developed the application and sent it to eligible participants. She said various outreach activities had also taken place. Ms. Berntson said ADSD was requesting the remaining allocated funds of approximately \$4.9 million to issue program rebates. She said unspent funds in FY 2016 would be balanced forward to FY 2017.

In response to a question from Chair Anderson, Ms. Jones said unspent funds remaining at the end of FY 2017 would revert to the State General Fund.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE
AGENDA ITEM K.

SENATOR GOICOECHEA SECONDED THE MOTION.

Assemblywoman Carlton requested an update on the program at a future IFC meeting, including how the funds were spent and a geographical breakdown of eligible participants.

Chair Anderson said the division would provide an update in 6 to 12 months.

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

L. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO SENATE BILL 514, SECTION 83 (2015 Legislature) (Note: IFC may approve a different amount for an allocation than the amount requested) – Department of Motor Vehicles – System Modernization – Request for an allocation of \$8,594,017 for software implementation for the system modernization project.

Terri Albertson, Director, Department of Motor Vehicles (DMV), introduced Izzy Hernandez, Program Manager for the System Modernization project, DMV; Mark Froese, Administrator of Information Technology, DMV; and Brian Coffey, representing Tech Mahindra and Program Manager for the System Modernization project.

Ms. Albertson said the DMV was requesting an allocation from the IFC Contingency Account pursuant to S.B. 514 for approximately \$8.6 million for the software implementation for the DMV System Modernization project. While prepared for questions, she also noted the DMV would provide a status report regarding the System Modernization project to the IFC in October 2016.

Assemblyman Armstrong requested a status update on the System Modernization project that he could share with his constituents.

Izzy Hernandez, Program Manager for the System Modernization project, DMV, said the Oracle hardware and software components had been received and the DMV was currently configuring the hardware. He said network and security hardware and software had been ordered, as well as the Automated Lifecycle Management program, which would help manage the System Modernization project.

Mr. Hernandez said DMV's partner and vendor, Tech Mahindra, had been onsite since May 2016. He said the DMV and Tech Mahindra were in the project planning phase and working to establish the master project plan, timeline, and communication plan. Mr. Hernandez said all backfill contract programmers and Business Process Analysts had been hired, and interviews were recently conducted for additional Project Managers to manage various teams. He said the DMV was also beginning the recruitment process for subject-matter experts within the DMV. Mr. Hernandez said the DMV subject-matter experts would be part of the teams to ensure that the System Modernization project would help the department become more efficient and customer-centric to improve customer service.

Lastly, Mr. Hernandez said the DMV was working to ensure that network and security system designs met internal security requirements, as well as the requirements of the Division of Enterprise IT Services.

Assemblyman Armstrong asked when the planning and design phase would be complete. Mr. Hernandez replied that the project planning phase was scheduled for completion on July 1, 2016, at which time a final timeline would be available. He said the requirements gathering phase was expected to begin in early August.

Senator Kieckhefer asked if there would be a robust verification system in place to ensure there were no additional misallocations of the Governmental Services Tax, which was recently discussed.

Ms. Albertson replied that the DMV was running on disparate systems, and the misallocation occurred only on web portal transactions. She said the System Modernization project's integrated financial system would ensure that all changes would be reflected throughout the entire system. Ms. Albertson said there was always opportunity for error, but having an integrated financial system as well as automated testing tools would reduce the potential for future misallocation of funds.

Mr. Hernandez added that the DMV would refer to NRS and NAC to ensure the System Modernization project and all subcore functions met legal requirements. He said the DMV would perform parallel testing by running revenue and distribution data through the new system and comparing it line-by-line with the current system. Mr. Hernandez said the Oracle Policy Automation program would be a component of the integrated financial system and would contain all the system policies, which would be applied consistently across all products and services accessed via web, mobile, kiosk or in-person.

In response to a question from Senator Kieckhefer, Mr. Hernandez said no additional misallocations had been discovered at this time.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE
AGENDA ITEM L.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

M. INFORMATIONAL ITEMS.

The Committee expressed interest in hearing testimony on Agenda Item M-7, Department of Education.

Assemblywoman Carlton requested further testimony on Agenda Item M-3b(1), DHHS, Division of Health Care Financing and Policy.

- 1. NEVADA SYSTEM OF HIGHER EDUCATION** – Quarterly report on the progress made by the School of Medicine in obtaining federal approval for the research program on the medical use of marijuana, as well as the status of activities and information received through the program, for the period ending March 31, 2016, pursuant to NRS 453A.600.

There was no discussion on this item.

- 2. DEPARTMENT OF BUSINESS AND INDUSTRY – Director’s Office –** Status report on the relocation of the Las Vegas Business Center (letter of intent, 2015 Legislature).

There was no discussion on this item.

3. DEPARTMENT OF HEALTH AND HUMAN SERVICES

- a) Aging and Disability Services Division – Quarterly report for the Senior Rx and Disability Rx Prescription Caseload Data, for the period ending March 31, 2016, pursuant to NRS 439.630(1)c.

There was no discussion on this item.

- b) Division of Health Care Financing and Policy

- 1) Quarterly report on the coverage for applied behavior analysis (ABA) services for children with Autism Spectrum Disorder for the period ending March 31, 2016 (letter of intent, 2015 Legislature).

Assemblywoman Carlton said several legislators had received e-mails regarding Applied Behavior Analysis (ABA) services for children with Autism Spectrum Disorder. She said there was a lot of misinformation in the community that required clarification. Assemblywoman Carlton asked for a status update on ABA services.

Shannon Sprout, Chief of Clinical Policy Team, Division of Health Care Financing and Policy (DHCFP), DHHS, said ABA services were implemented for children with Autism Spectrum Disorder through Medicaid as of January 1, 2016. New provider qualifications had to be established, so it took time to build the workforce for Nevada. Ms. Sprout said the state was still experiencing workforce shortages.

Ms. Sprout said first quarter data provided to the IFC in the division’s response to the letter of intent was fairly incomplete. She explained that although ABA services were implemented as of January 1, 2016, reimbursement was not authorized until the Centers for Medicare and Medicaid Services (CMS) approved the state plan amendment on March 10, 2016. As a result, there was a significant lag in claims and therefore, the data was limited for the first quarter. Ms. Sprout said that was an ongoing concern for recipients and providers who wanted access to that information.

Ms. Sprout said, at the time the first quarter response to the letter of intent was provided to the IFC, only two patients had received ABA services; however, there were currently 66 patients receiving ABA services and 130 providers. She said the primary providers for ABA services included a licensed and board-certified Behavioral Analyst, licensed and board-certified Assistant Behavioral Analyst, and a Registered Behavioral Technician credentialed through the national board. At the beginning of the process, the credential for a Registered Behavioral Technician was new;

however, there were currently 318 credentialed Registered Behavioral Technicians in Nevada. She said 71 of the 318 credentialed Registered Behavioral Technicians were Medicaid providers. In addition, there were 32 licensed Behavioral Analysts enrolled with Medicaid. Ms. Sprout said Registered Behavioral Technicians must work under the supervision of a Behavioral Analyst, so the growth of the Registered Behavioral Technician profession was directly tied to the growth of Behavioral Analysts in the state. She said providers were continuing to credential Registered Behavioral Technicians as they recruited Behavioral Analysts to Nevada.

Ms. Sprout said claims for ABA services increased from \$38,000 in May 2016 to \$159,000 in June 2016. She noted there was a direct correlation between the growth of provider enrollment and increased access and use of services by recipients.

Assemblywoman Carlton said she received a number of e-mails from parents stating their child's provider would no longer provide ABA services, because the reimbursement rate was inadequate. She asked the division to comment.

Ms. Sprout replied DHCFP held six public workshops to address concerns regarding the rate for Registered Behavioral Technicians. She said the concern was that Tricare reimbursed at \$43.88 per hour, which was more than the Medicaid reimbursement. She said the Tricare ABA Benefit study performed by the RAND Corporation indicated the Medicaid national rate was \$32.99 per hour, so DHCFP increased its rate from \$29.00 to \$31.31 per hour in its state plan. Ms. Sprout said the state continued to see growth in provider enrollment. She said some providers were cautious about enrolling with Medicaid and moving forward with the rate, because they needed to build their systems and ensure they could sustain services.

With regard to the families who expressed concern to Assemblywoman Carlton, Ms. Sprout said the division contacted them directly, and only three families were receiving Medicaid. She said the remaining families only qualified for the Autism Treatment Assistance Program (ATAP). She said DHCFP healthcare coordinators helped the individuals on Medicaid locate a participating provider. Ms. Sprout said ATAP also enrolled as a Medicaid provider to continue creating continuity and consistency of care for recipients. She said the division referred patients ineligible for Medicaid to ATAP for services.

Julie Kotchevar, Deputy Administrator, ADSD, DHHS, said there were two issues with regard to ABA services. She said some providers were unwilling to certify their staff as Registered Behavioral Technicians and/or did not want to become a Medicaid provider. She said ADSD ensured continuity of care and would not discontinue funding for a child until the child was placed with a provider who was a Medicaid provider and willing to certify their staff as Registered Behavioral Technicians. Ms. Kotchevar said ADSD communicated that information to families. She said the division was working with a provider group that was previously reluctant to

certify staff. She said that provider group had since committed to certifying its staff as Registered Behavioral Technicians to remain an ATAP provider, and the division was meeting with the group monthly to assist with the process. Ms. Kotchevar said ADSD was still trying to encourage the provider group to become a Medicaid provider.

Assemblywoman Carlton thanked the divisions for clarifying the situation. She said the information would be helpful when responding to correspondence concerning ABA services.

- 2) Quarterly report on the state's Title XXI allotment and related program expenditures for the period ending March 31, 2016 (letter of intent, 2015 Legislature).

There was no discussion on this item.

c) Division of Public and Behavioral Health

- 1) Healthcare Facility Regulation – Notice to reclassify an existing Administrative Assistant III from a .50 FTE to a .51 FTE.
- 2) Child Care Services – Notice to add one new FTE position, increasing from a 17.80 FTE to 18.80 FTE.

There was no discussion on this item.

4. **DEPARTMENT OF WILDLIFE** – Wildlife Trust Fund – Semi-annual report concerning the investment and expenditure of the money in the Wildlife Trust Fund pursuant to NRS 501.3585.

There was no discussion on this item.

5. **DEPARTMENT OF VETERANS SERVICES** – Report on the year-end reserve balance projections for FY 2016 and FY 2017 and a corrective action plan to reduce the reserve to the optimum level of 65 days of operations.

There was no discussion on this item.

6. **LEGISLATIVE AUDITOR** – Six-month reports on agencies' implementation of recommendations made by the Legislative Auditor pursuant to NRS 218G.270 – Department of Health and Human Services – Division of Health Care Financing and Policy.

There was no discussion on this item.

7. **DEPARTMENT OF EDUCATION** – Report on the transition in funding for Special Education services from a unit base to a per pupil multiplier in FY 2017 pursuant to Senate Bill 508, Section 29 (2015 Legislature). **RECEIVED AFTER SUBMITTAL DEADLINE, 6-14-16.**

Steve Canavero, Superintendent of Public Instruction, NDE, said S.B. 508 (2015) laid out the state's vision to transition to a weighted-funding formula. Senate Bill 508 identified four groups of students that would receive additional funds above the per pupil allocation by way of a weight. The four groups included at-risk students, English language learners, gifted and talented students, and special education students. He said special education units would transition to a weighted-funding formula in FY 2017 per S.B. 508, Section 29. Mr. Canavero said special education funds of \$138.0 million in FY 2016 and \$168.0 million in FY 2017 were appropriated in S.B. 515 (2015).

Mr. Canavero said \$168.0 million roughly translated to a funding weight of 1.53, and resulted in a per pupil amount of \$3,034. He explained that the total available funds divided by the total number of eligible special education students, with the required cap of 13 percent, determined the per pupil amount. He further explained that the average per pupil amount divided by the estimated FY 2017 average statewide basic support guarantee of \$5,774 resulted in an average weight of 1.53.

Mr. Canavero said special education dollars were awarded by unit; one unit historically represented one FTE, or approximately \$40,000. He said one challenge was how to transition from unit-based funding to per pupil funding, and then apply the weight. He said there were several provisions in S.B. 508 to ensure that no district received less funds in FY 2017 than FY 2016. First, a 13 percent cap created a safeguard to avoid over-identification of special education students. Also, the state could not go below the general maintenance of effort (MOE) requirement, or total funds spent in FY 2016, when transitioning to per pupil funding. Lastly, NDE was required to convert FY 2016 funds to a per pupil basis and could not award a per pupil dollar value of less than that amount.

Mr. Canavero said NDE determined there was a disproportionate amount of funding among districts. In other words, when NDE allocated by units and translated that to a per pupil basis, there were significant differences in how districts were funded. After allocating by units and translating that to a per pupil basis, NDE anchored against MOE aggregate and then MOE per pupil, and it was determined that three districts required increased funding to meet their per pupil MOE. It was also determined that Clark County, Lyon County and the State Public Charter School Authority required additional funding, because they were significantly below the 1.53 funding weight. Mr. Canavero said when additional funds were allocated for FY 2017, Clark and Lyon Counties and the State Public Charter School Authority received a significant portion of those funds to increase their per pupil funding to 1.51. The other three districts also received a portion of the funds to increase their per pupil MOE. Mr. Canavero said the base amount was currently 1.51, and in some cases the per pupil funding was as high as 2.0.

Senator Goicoechea said White Pine County was not prepared for the impact of the new funding formula and experienced a significant shortfall as a result. He said the rural counties continued to struggle due to the reduction of their prior MOE.

Mr. Canavero said the equity allocation model implemented during the 2015-17 biennium particularly impacted Mineral and White Pine Counties. He said NDE referred to the provisions in S.B. 508 to ensure that Mineral and White Pine

Counties were not funded below FY 2016. Mr. Canavero said both counties essentially received the same per pupil allocation for FY 2016 and FY 2017. He said Senator Goicoechea's point was well noted, and going forward, there would be considerations for the smaller counties. Mr. Canavero said NDE was recently alerted to an issue related to the 13 percent cap. He said a small school district could reach the cap with as few as two students, so nuances may be necessary during the transition to a weighted-funding formula to ensure that certain districts were not adversely impacted.

Senator Goicoechea said certain circumstances, such as an employer leaving town, could contribute to declining enrollment, which impacted the entire school district. He said declining enrollment along with the new funding formula had a tremendous impact on White Pine County.

Chair Anderson said Senator Goicoechea had valid concerns.

Senator Kieckhefer said he was surprised to learn that some districts had reached the 13 percent cap. He asked for further explanation of the cap and what it meant that some districts had reached it.

Mr. Canavero replied that the application of the cap was based on the national average of 12 percent. He said a number of school districts exceeded the cap and were required to reduce their numbers to 13 percent, because funding was not provided beyond the cap. He said 55,414 students were identified for special education services in Nevada in FY 2016. With the application of the 13 percent cap per district the figure decreased to 54,114; therefore, approximately 1,300 students were not expressed as a multiplier in the model.

In response to a question from Senator Kieckhefer, Mr. Canavero replied that 12 school districts exceeded the 13 percent cap, which was the majority of the districts.

N. PUBLIC COMMENT.

There was no public comment.

With regard to Agenda Items F-7 and F-10, Senator Spearman indicated that Mr. Hewitt misspoke earlier and there was, in fact, a marketing plan for the College Kick Start program.

O. ADJOURNMENT.

Chair Anderson adjourned the meeting at 4:59 p.m.

Assemblyman Paul Anderson, Chairman
Interim Finance Committee

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

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