

MINUTES OF THE FEBRUARY 3, 2011
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Las Vegas, Nevada

Chairman Horsford called a regular meeting of the Interim Finance Committee (IFC) to order on February 3, 2011, at 1:03 p.m. in Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. [Exhibit A](#) is the agenda, [Exhibit B](#) is the guest list and [Exhibit C](#) is the meeting packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Steven Horsford, Chair
Assemblywoman Maggie Carlton
Assemblyman Joseph Hogan
Assemblywoman April Mastroluca
Assemblyman John Ocegüera
Senator Barbara Cegavske
Senator Moises Denis
Senator David Parks

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblywoman Debbie Smith, Vice Chair
Assemblyman Kelvin Atkinson
Assemblyman David Bobzien
Assemblyman Marcus Conklin
Assemblyman Skip Daly for Assemblyman Paul Aizley
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Randall Kirner
Senator Ben Kieckhefer
Senator Sheila Leslie
Senator Dean Rhoads

COMMITTEE MEMBERS EXCUSED:

Assemblyman Paul Aizley

LEGISLATIVE COUNSEL BUREAU STAFF IN LAS VEGAS:

Mark Krmpotic, Fiscal Analyst, Senate

LEGISLATIVE COUNSEL BUREAU STAFF IN CARSON CITY:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Rick Combs, Fiscal Analyst, Assembly
Mike Chapman, Principal Deputy Fiscal Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Sherie Silva, Interim Finance Committee Secretary
Cynthia Wyett, Committee Assistant

A. ROLL CALL

Lorne Malkiewich, Director, Legislative Counsel Bureau, and Secretary of the Interim Finance Committee, called the roll; he announced a quorum of each House was present.

Chairman Horsford announced the consent items would be heard first, followed by Agenda Items H, J and I.

*B. STATE PUBLIC WORKS BOARD.

1. Request to modify the scope of CIP project 07-C05, Indian Springs Conservation Camp Expansion, to demolish the Dormitory G and Culinary buildings and related utilities.
2. Request to cancel CIP project 09-M34, Install Panic Alarm System at Dini-Townsend Hospital.
3. Information regarding the Project Exception Report pursuant to NRS 341.100(8)(g).

Gus Nunez, Manager, State Public Works Board, explained item 1 was a change in scope for CIP project 07-C05, Indian Springs Conservation Camp Expansion, to demolish two buildings at the work camp that were not being utilized. The construction of the camp was basically completed, and a portion of the remaining funds was being used to demolish the buildings. He did not anticipate additional activity on the project after the demolition; the project was complete and being utilized for its intended purposes.

Mr. Nunez explained item 2 was a request to cancel CIP project 09-M34, which was to install a panic alarm system at the Dini-Townsend Hospital as requested by the Department of Health and Human Services.

SENATOR PARKS MOVED TO ACCEPT ITEMS B-1 AND B-2.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Horsford noted Agenda Item B-3 was informational.

Mark Krmpotic, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, pointed out Agenda Item B-1 involved block grant funding and a public hearing was required. He recommended the vote for approval be rescinded and a new vote be taken after the Chairman called for public testimony.

ASSEMBLYMAN OCEGUERA MOVED TO RESCIND APPROVAL
OF ITEM B-1.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Horsford called for public testimony on Agenda Item B-1; there was none.

ASSEMBLYMAN HOGAN MOVED TO APPROVE ITEM B-1.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

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

Mark Krmpotic, Senate Fiscal Analyst, indicated that the Committee had no issues or questions concerning Agenda Item C.

- D. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(a).
INFORMATIONAL ONLY – APPROVED BY THE GOVERNOR BECAUSE OF
AN EMERGENCY AS DEFINED IN NRS 353.263 OR FOR THE PROTECTION
OF LIFE OR PROPERTY.

Mr. Krmpotic stated that the Committee had no issues or questions concerning Agenda Item D.

***E. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353 OF NRS.**

Mr. Krmpotic indicated the following revisions were made to the work program revisions:

- Item 2 – Office of the Governor – Energy Office – Energy Conservation: Revised to indicate additional transfer of \$499,635 from the ARRA SEP category to the ARRA SEP Reserve category; \$248,822 from the Energy Efficiency and Conservation block grant category to the ARRA SEP Reserve category; and \$150,682 from the Energy Assistance category to the SEP Reserve category.
- Item 13 – Department of Education – Nutrition Education Programs: Revised the amount from the reserve category to the Prior Year Reimbursement category to utilize funds, and \$2,028 from the Reserve category to the Operating category to fund a payment.
- Item 46 – Department of Health and Human Services – Health Division – Cancer Control Registry: Delete language “federal indoor radon grant” and replace with “federal statewide comprehensive cancer registry.”
- Item 50 – Office of Minority Health – Federal Grant Funds: Amount of addition revised from \$80,387 to \$69,602.

Mr. Krmpotic noted that items 29 and 71 were withdrawn. The Committee would hear testimony on items 5 and 114; 7; 20, 21, 27, 28, 30, 31, and G-1; 24; 26; 36; 80; 97, 99 and 100; 104; and 109. In addition, Committee members requested testimony on items E-36 and K-3.a.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL OF THE REMAINING WORK PROGRAM REVISIONS AND POSITION CLASSIFICATIONS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Horsford asked Committee members if they had questions on the work programs involving federal block grants, Agenda Items 32, 33, 78, 82, 86, 87, and 89. There were no questions.

Chairman Horsford asked for public testimony on items 32, 33, 78, 82, 86, 87, and 89. There was no public testimony.

SENATOR DENIS MOVED FOR APPROVAL OF AGENDA ITEMS E-32, 33, 78, 82, 86, 87 AND 89.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

Work Program Revisions

1. **Office of the Governor - Office of Consumer Health Assistance - FY 2011 -** Transfer of \$22,258 from the Personnel Services category to the Affordable Care Act-Consumer Assistance Program (ACA-CAP) grant category to expand outreach and education activities in Elko and outlying communities. Requires Interim Finance approval since the cumulative amount transferred to the ACA-CAP category exceeds \$50,000. **Work Program #C20342**

Refer to motion for approval under Agenda Item E.

2. **Office of the Governor - Energy Office - Energy Conservation - FY 2011 -** Transfer of \$1.0 million from the ARRA State Energy Program (SEP) category to the Revolving Loan category to make available additional funds for qualified loan applicants. ***This work program also transfers \$499,635 from the ARRA SEP category to the ARRA SEP Reserve category, \$248,822 from the Energy Efficiency and Conservation Block Grant category to the ARRA SEP Reserve category, and \$150,682 from the Energy Assurance category to the ARRA SEP Reserve category to reserve grant authority for the 2012-13 biennium.*** Requires Interim Finance approval since the amount deducted from the ARRA SEP category exceeds \$50,000 ***and the amount involves an allocation of block grant funds and this action requires a public hearing.*** **RELATES TO ITEM 4. Work Program #C20357. REVISED JANUARY 24, 2011.**

Refer to motion for approval under Agenda Item E.

3. **Office of the Governor - Energy Office - Renewable Energy, Energy Efficiency and Energy Conservation Loans Program - FY 2011 -** Addition of \$7,675 in Treasurer's Interest Distribution to record earnings from federal funds held in this account. Requires Interim Finance approval pursuant to NRS 701.5853 requiring the Director to obtain approval from the IFC or the Legislature before committing funds for expenditure in the account. **Work Program #C20299**

Refer to motion for approval under Agenda Item E.

4. **Office of the Governor - Energy Office - Renewable Energy, Energy Efficiency and Energy Conservation Loans Program - FY 2011 -** Addition of \$1.0 million in Transfer from Nevada State Office of Energy to use existing ARRA State Energy Program funds to engage in renewable energy construction related loans. Requires Interim Finance approval since the amount added to the Energy Loans category exceeds \$50,000. **RELATES TO ITEM 2. Work Program #C20360**

Refer to motion for approval under Agenda Item E.

- 5. Attorney General's Office - Administrative Fund - FY 2011** - Addition of \$134,845 in Transfer from Environmental Protection to obtain funding for a Senior Deputy Attorney General and a Deputy Attorney General to provide on-site services to Environmental Protection. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000 and this request includes new positions. **RELATES TO ITEM 114. Work Program #C20087**

Keith Munro, Assistant Attorney General, explained Agenda Item E-5 was a request to transfer \$134,845 in non-General Funds for legal representation for the Department of Conservation and Natural Resources, Division of Environmental Protection (DEP), to provide litigation services.

Senator Cegavske asked if the transfer was coming from the Environmental Protection Division's waste management account.

Colleen Cripps, Administrator, Division of Environmental Protection, replied the funds were currently available as reserve in the Air Quality Program.

Senator Cegavske asked whether legal representation was currently provided to the Division by the Attorney General's Office. Mr. Munro replied the Attorney General's Office had reduced its budget, and the request from the DEP for legal representation had been made since the last budgeting cycle.

Senator Cegavske said she was curious why funds were available and whether they were being diverted from other needs to provide the two positions. She noted the transfer would fund the positions for the remainder of fiscal year 2011, and she asked what the cost would be to continue the positions through the 2011-2013 biennium.

Ms. Cripps replied funding was available from fees received by the agency, which was a non-General Fund agency. The fee revenue would be sufficient to support the positions in the future.

Senator Cegavske asked for what other purposes the fees were used. Ms. Cripps replied the fees were designed to support the Air Quality Program, including permitting, compliance enforcement, planning, monitoring, and related activities. The Division had seen a very large increase in federal regulations, which had resulted in increased permitting and complexity of those permits in a number of appeals. She said the activities were part of the normal functions of the Division.

Senator Cegavske was concerned that fee income was being used for salaries, and if the fees dwindled or were reduced, the state would be responsible for the positions. She suggested action be deferred until the 2011 Legislative Session when the DEP and Attorney General budgets could be reviewed.

Assemblywoman Carlton affirmed the Attorney General's Office would represent the Division of Environmental Protection if needed under normal circumstances.

Mr. Munro replied she was correct. However, the current issues had just recently surfaced. He respectfully disagreed with Senator Cegavske's suggestion: he did not believe it would be prudent to wait until July to fill the positions. The new legal questions and permitting issues were ongoing and needed to be addressed quickly.

Assemblywoman Carlton remarked the Attorney General's Office represented a number of clients, including several boards, which did not pay for services, and the Office had to pick up the costs. She thought it was good that a client was able to pay for additional services provided by the Office, and she supported the request.

Senator Denis noted the request was for a Senior Deputy Attorney General and a Deputy Attorney General (DAG). He asked if the DEP currently had one Senior Deputy Attorney General assigned to the agency, and whether two regular Deputy Attorneys General would be satisfactory.

Mr. Munro referred to Agenda Item E-114, which indicated funding already existed in the DEP budget for one DAG position. Because of the complexity of the issues, he said it would be desirable to hire someone with sufficient background, knowledge, and training to be able to succeed at a high level.

Senator Denis asked if the current DAG assigned was also a Senior DAG. Mr. Munro replied affirmatively, adding that two Senior DAGs were needed.

Senator Denis asked if the position was classified as a Senior DAG in order to attract someone to the position. Mr. Munro replied two positions were requested, and the preference would be to hire a Senior Deputy Attorney General, although both positions were needed.

Assemblyman Goicoechea assumed the agency would be facing serious litigation and issues in the near future. He suggested it would be wise to approve the request to avoid further litigation.

Assemblyman Grady asked whether the positions were included in the 2011-2013 biennial budget. Mr. Munro replied he was not sure, but if not, a budget amendment would be requested.

Assemblyman Hambrick assumed that a Senior DAG would supervise, and he questioned the need for two supervisors.

Mr. Munro replied some Senior Deputies were not in a supervisory role; they were more involved in hardcore litigation or complex legal issues. He agreed one Senior DAG would take on the role as lead as opposed to two supervisors.

Assemblyman Hambrick asked whether a decision had been made as to which of the Senior DAGs would supervise the others. Mr. Munro replied the position had not been posted and recruitment had not begun. The person with the better qualifications to carry out the supervisory functions would ultimately be selected as the lead.

ASSEMBLYWOMAN CARLTON MOVED FOR APPROVAL.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Cegavske voted nay.

6. **Department of Administration - Administrative Services - FY 2011** - Transfer of \$36,000 from the Personnel Services category to the Operating category to cover costs to modify the Nevada Project Accounting System (NPAS) which supports operating budgets. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C20151**

Refer to motion for approval under Agenda Item E.

7. **Department of Information Technology - Facility Management - Computing - FY 2011** - Transfer of \$594,220 from the Reserve category to the Information Services category and \$8,996 from the Reserve category to the Training category to implement a backup solution to accommodate the increased data generated by using agencies that have exceeded the current backup system's capacity. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C20291**

David Gustafson, Acting Director, Department of Information Technology (DoIT), introduced Tom Wolf, Chief Information Technology Manager, Computing Division.

Senator Denis asked whether the Department had options other than to replace the backup solution. Mr. Gustafson replied there were three options:

- Replace the existing appliance-based backup solution, which was based on older tape system technology. The current backup was seven years old. The existing appliance could be upgraded using the same technology, which would meet requirements until January 2012.
- Full replacement of the primary and recovery backup solution, which was a tapeless solution, as requested in the work program. The system would be much faster and more efficient.

- Replace the Carson City solution component of the system with a disk-based system. This was not the Department's preferred option, because it did not include a disaster recovery system and procuring components of the system would increase the total system cost by \$97,509.

Senator Denis remarked the Committee's concern was the request would normally be made during the legislative session in conjunction with the Department's overall budget. He asked which option would solve the problem until the 2011 Session when the Legislature could thoroughly review the options.

Mr. Gustafson replied the first option, to replace the existing appliance at a cost of \$70,000, would suffice. He said an Enhancement unit was included in the proposed biennial budget, and the Department was requesting it be included in this biennium because of an increase in significant failures of the backup solution. Mr. Gustafson added if replacement of the existing appliance solution was implemented, it would largely be a throw-away if the Legislature later approved full replacement of the backup solution.

Assemblyman Denis asked if the upgrade solution would have any resale value. Mr. Gustafson replied he did not believe so; it was an appliance-based solution, so once it was purchased, it would be a proprietary appliance.

Assemblyman Bobzien said he understood the reluctance to upgrade a seven-year-old technology, but he asked why the option to replace the Carson City solution would cost an additional \$97,000. He asked Mr. Gustafson to explain how DoIT determined what data was considered critical and whether there was a way to handle critical and non-critical data separately. He also questioned why the request could not wait until the 2011 Session.

Mr. Gustafson explained the \$97,000 additional cost was because the vendor would lose a critical mass or an economy of scale if the Carson City and Las Vegas components were procured separately. It would be an immediate solution, but it would not have a data recovery piece. He did not want to buy half of a solution and then be forced to buy the disaster recovery solution. He believed the full replacement was the better option.

Regarding the question of critical backup, Mr. Gustafson said the backups were being prioritized, and even doing that, the system was failing too often. The agency had a responsibility to backup the customers' data as part of being an internal service fund, and the need was compelling enough to come before the Interim Finance Committee.

Assemblyman Bobzien affirmed DoIT had made some determinations of what elements were critical to be backed up and what data was more critical than others based on the client. He added the service requirement would appear to also impede on the agency's ability to make a determination of what data was most critical. Mr. Gustafson replied

typically backups were run during night hours; currently they were being run 24-hours-a-day, but the agency realized it would be impossible to backup all of the data.

Assemblyman Bobzien remarked the concern was there were only a few days before the 2011 Legislature convened and the Committee was forced to make a decision now.

Senator Denis noted the system was failing quite often, and he asked whether the temporary option would reduce the failure rate. Mr. Gustafson replied the failure rate would continue until a larger appliance was purchased because there were not enough hours in the day to perform all of the backups. Replacement of the appliance was the easy solution to meet the immediate needs and through the Legislative Session. He said the reason he did not prefer that solution was because it was a potential throwaway of \$70,000.

Senator Denis asked if there was another state agency that could possibly use the appliance, and Mr. Gustafson replied potentially, but the DoIT was the state data center responsible for performing the backups.

Senator Denis asked how the agency determined which new system to purchase. Tom Wolfe, Deputy Chief of Computing, Department of Information Technology, responded the process was started approximately four years ago, and it was known then that the physical tape system would need to be replaced with a disk-to-disk type system. Labor costs, tape storage costs, and physical tape costs were increasing. The system selected rose to the top when considering the competition. The purchase was deferred last biennium because growth was not as high as was anticipated. He said in the last year, 50 to 100 new systems to be backed up had been added, the data storage rate had increased radically, and the Department was forced to make a decision.

Senator Denis asked where the request was in the agency's priority list for the 2011 Legislative Session. Mr. Wolfe replied it would be the number one priority because the agency was not meeting the needs of its customers.

Assemblywoman Smith remarked the Committee was faced with a decision to spend a lesser amount now or spend more later. She understood there had been growth, but she did not understand why the problem was critical now but it was not 18 months ago.

Assemblywoman Mastroluca asked whether the Department had previously tried another option that did not work, and whether that was the reason he was not advocating the \$70,000 solution. Mr. Gustafson replied she was correct. During the holidays, he had devised a plan to solve the problem, and it was later determined it would not work because the solution was appliance based. He did not like the \$70,000 solution because it was based on old technology, and he reiterated the total replacement was the better solution.

Senator Denis said if the system was failing, and rather than settle for the older technology temporarily when the request for full replacement would be the agency's first priority in the 2011 Session, he was comfortable with moving for approval.

SENATOR DENIS MOVED FOR APPROVAL.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED.

8. **Department of Education - Drug Abuse Education - FY 2011** - Addition of \$2,414 in federal Drug-Free Schools grant funds. This request also transfers of \$14,331 from the Aid-to-Schools category to the Operating category and \$5,836 from the Indirect Cost Transfers category to the Operating category to properly allocate funds for the Epage Management System contract. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C20337**

Refer to motion for approval under Agenda Item E.

9. **Department of Education - GEAR UP - FY 2011** - Addition of \$102,333 in federal GEAR UP grant funds, and transfer of \$121,763 from the Operating category to the GEAR UP Aid-to-Schools category, and \$17,047 from the Indirect Costs category to the GEAR UP Aid-to-Schools category to allocate funding for program improvement. Requires Interim Finance approval since the amount added to the Aid-to-Schools category exceeds \$50,000. **Work Program #C20353**

Refer to motion for approval under Agenda Item E.

10. **Department of Education - Other Unrestricted Accounts - FY 2011** - Addition of \$59,749 in Nevada Task Order grant funds and \$39,821 in federal National Community Service grant funds. This request also transfers \$37,360 from the Reserve category to the Nevada Task Order category and \$19 from the Operating category to the National Community Service Learn and Serve category to properly align state and federal authority. Requires Interim Finance approval since the amount added to the Nevada Task Order category exceeds \$50,000. **Work Program #C20354**

Refer to motion for approval under Agenda Item E.

11. **Department of Education - Discretionary Grants - Restricted - FY 2011** - Addition of \$13,761 in federal 21st Century Learning Center grant funds and \$42,394 in federal Refugee Children School Impact grant funds. This request also transfers \$993 from the English Language Acquisition State Activities to the English Language Acquisition Aid-to-Schools category, \$1,489 from the English

Language Acquisition Admin category to the English Language Acquisition Aid-to-Schools category, \$32,166 from the 21st Century Learning State Activities category to the 21st Century Learning Centers category, and \$20,456 from the 21st Century Learning Admin category to the 21st Century Learning Centers category to align federal and state authority to continue these programs. Requires Interim Finance approval since the amount transferred to the 21st Century Learning Centers category exceeds \$50,000. **Work Program #C20313**

Refer to motion for approval under Agenda Item E.

- 12. Department of Education - Career and Technical Education - FY 2011** - Addition of \$52,053 in federal Technical Prep grant funds and \$2,228,781 in federal Perkins Vocational Education grant funds to align state and federal authority for the continuation of these programs. Requires Interim Finance approval since the amount added to the Career and Technical Education (CTE) Basic Aid-to-Schools category exceeds \$50,000. **Work Program #C20336**

Refer to motion for approval under Agenda Item E.

- 13. Department of Education - Nutrition Education Programs - FY 2011** - Addition of \$146,527 in federal Equipment Assistance grant funds and \$349,875 in federal Child Care Wellness grant funds to establish authority for these programs. This request also transfers \$24,648 from the Reserve category to the Prior Year Reimbursement category to utilize funds and \$1,014 ~~\$2,028~~ from the Reserve category to the Operating category to fund a payment. Requires Interim Finance approval since the amount added to the ~~Operating~~ **Equipment Assistance Grant** category exceeds \$50,000. **Work Program #C20122. REVISED JANUARY 21, 2011**

Refer to motion for approval under Agenda Item E.

- 14. Department of Cultural Affairs - Historic Preservation - FY 2011** - Addition of \$190,000 in federal Lincoln County Archaeological Initiative grant funds provided by the Bureau of Land Management for a Nevada Cultural Resource Information System (NVCRIS) database clean-up project. Requires Interim Finance approval since the amount added to the Lincoln County Archaeological Initiative category exceeds \$50,000. **Work Program #C20158**

Refer to motion for approval under Agenda Item E.

- 15. Department of Cultural Affairs - Historic Preservation - FY 2011** - Addition of \$60,000 in federal Bureau of Land Management grant funds for continued support of the Nevada Cultural Resource Information System (NVCRIS). Requires Interim Finance approval since the amount added to the Cultural Resources Information category exceeds \$50,000. **Work Program #C20157**

Refer to motion for approval under Agenda Item E.

16. **Department of Cultural Affairs - Library and Archives - Nevada State Library - FY 2011** - Addition of \$799,979 in federal Library Grant - Title I grant funds to align federal grant funding with State budget authority in order to fund subgrants awarded in FY 2011. Requires Interim Finance approval since the amount added to the Library Development Title I category exceeds \$50,000. **Work Program #C20270**

Refer to motion for approval under Agenda Item E.

17. **Department of Agriculture - Weights and Measures - FY 2011** - Transfer of \$23,275 from the Reserve category to the Equipment category to purchase a mass comparator to calculate weights. Requires Interim Finance approval since the amount added to the Equipment category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C20308**

Refer to motion for approval under Agenda Item E.

18. **Department of Agriculture - Mormon Cricket and Grasshoppers - FY 2011** - Addition of \$563,827 in U.S. Department of Agriculture Animal and Plant Health Inspection Service funds to conduct mormon cricket and grasshopper survey, suppression, and control activities on public and private land. Requires Interim Finance approval since the amount added to the U.S. Department of Agriculture Grasshoppers & Crickets category exceeds \$50,000. **Work Program #C20297**

Refer to motion for approval under Agenda Item E.

19. **Department of Agriculture - Predatory Animal and Rodent Control - FY 2011** - Addition of \$151,031 in Transfer from Wildlife funds for predation management. Requires Interim Finance approval since the amount added to the Department of Wildlife Predatory Reduction category exceeds \$50,000. **Work Program #C20295**

Refer to motion for approval under Agenda Item E.

20. **Department of Business and Industry - Administration - FY 2011** - Addition of \$290,059 in cost allocation reimbursement funds and \$19,668 in Interim Finance Committee contingency funds to provide funding for the relocation and centralization of certain functions within the Director's Office of the Department of Business and Industry. Requires Interim Finance approval since the amount added to the Relocation Expenses category exceeds \$50,000. **RELATES TO ITEMS 21, 27, 28, 30 AND 31. Work Program #C20300BI**

ASSEMBLYMAN OCEGUERA MOVED TO DEFER ITEM 20 UNTIL THE 2011 LEGISLATIVE SESSION.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

Mr. Krmpotic stated if the Committee deferred item 20 and the related items, the Contingency Fund allocation request included in Agenda Item G-1 should not be approved. If the Committee deferred item 20 and wished to take it up later, IFC would not have the authority to act on it during the Legislative Session. Staff's recommendation was if the Committee wished to take up the work programs again during Session and consider the funding request in Item G-1, a supplemental appropriation should be considered during the Session for the funding included in the Contingency Fund request.

Chairwoman Smith clarified that a vote in favor of the motion meant that the Contingency Fund request would not be approved, but it could be facilitated through a supplemental appropriation during the 2011 Legislative Session.

Mr. Krmpotic further clarified that the Legislature had authority to consider and approve a supplemental appropriation during the legislative session, but the IFC did not have authority to approve an allocation from the Contingency Fund.

Rick Combs, Assembly Fiscal Analyst, explained a supplemental appropriation from fiscal year 2011 funds would require a bill during the 2011 Legislature Session. The appropriation would not be from the Contingency Fund; it would basically be an increased appropriation for fiscal year 2011.

Chairwoman Smith said the action was not unusual and could be considered during the session.

THE MOTION CARRIED.

- 21. Department of Business and Industry - Insurance - Insurance Regulation - FY 2011** - Transfer \$33,578 from the Reserve category to the Transfer to the Department of Business & Industry category for the relocation of the Director's Office. Requires Interim Finance approval since the amount transferred to the Transfer to the Department of Business & Industry category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEMS 20, 27, 28, 30 AND 31. Work Program #C20315BI**

Refer to motion to defer under Agenda Item E-20.

- 22. Department of Business and Industry - Real Estate - Recovery Account - FY 2011** - Transfer of \$98,065 from the Transfer to Education & Research category to the Settlement Distribution category to provide funding for recovery claims. Requires Interim Finance approval since the amount transferred to the Transfer to Education & Research category exceeds \$50,000. **Work Program #C20294**

Refer to motion for approval under Agenda Item E.

- 23. Department of Business and Industry - Financial Institutions - Investigations - FY 2011** - Transfer of \$50,000 from the Reserve category to the Investigative Expense category to fund background investigations on applicants. Requires Interim Finance approval since the amount transferred to the Investigative Expense category exceeds \$50,000. **Work Program #C20249**

Refer to motion for approval under Agenda Item E.

- 24. Department of Business and Industry - Industrial Development Bonds - FY 2011** - Transfer of \$176,000 from the Reserve category to the Cost of Issuance category for legal expenditures related to the Las Vegas Monorail. Requires Interim Finance approval since the amount added to the Cost of Issuance category exceeds \$50,000. **Work Program #C20279**

Lon DeWeese, Chief Financial Officer, Housing Division, Department of Business and Industry, explained the work program was a result of ongoing litigation in the bankruptcy courts representing the single largest municipal bankruptcy in the State of Nevada heretofore. The case was the result of the Las Vegas Monorail's failure to be able to generate sufficient revenue, with no realistic opportunity to expand its revenue base to meet its debt service obligations.

Mr. DeWeese said the bankruptcy process began in February 2010, and because the Department of Business and Industry was the conduit issuer, it had a stake in the process. The first six months of the bankruptcy process revolved around the question of whether it was a state obligation as opposed to a conduit issuance obligation of the borrower. Because of the extensive legal evaluation in the bankruptcy court, Mr. DeWeese said the contingency fund that was set up in the Monorail's trust estate was depleted and, as a consequence, the Department had to come back to the IFC for supplemental authority to be able to tap reserves that were available. The reserves were nearly exhausted because the buildup that had occurred over the ten years of the life of the Monorail was tapped as part of Assembly Bill No. 3 of the 26th Special Session. Therefore, the Department was now asking for the funding that had been accumulated in event of bankruptcy or litigation related to the Monorail and for authority to use reserves to continue to defend the Department through the litigation.

Assemblyman Goicoechea asked how much was in the reserve account; it sounded as if there was more than \$176,000.

Susan Hohn, Budget Analyst, Director's Office, Department of Business and Industry, replied the current reserve balance was approximately \$185,000.

Assemblyman Goicoechea remarked the account would be depleted, and if the amount was not sufficient to accomplish what was needed, funding for the litigation would be a problem. Mr. DeWeese replied that was the obvious conclusion.

Chairman Horsford said he didn't like it, but the Committee had to approve it. To have the state incur costs to cover what was now a private project should have been avoided. However, the decision was made and now the state had to deal with the consequences.

Assemblywoman Smith remarked the situation demonstrated the significance and seriousness of industrial bonds and how they impacted the state and the taxpayers. She asked what would happen if the current reserve amount was not enough.

Mr. DeWeese replied it would be speculative to determine whether the agreed bondholders, those who would probably eventually not be paid, would choose to seek litigation against the state as the issuer of the debt. The contract language and the court's conclusions to date had shown the state merely acted as a conduit, but there were imaginative legal minds involved, and with hundreds of millions of dollars in losses being absorbed by funds that invested in this innovative project, it would not be beyond reason that some would want to litigate in a sweeping way and include the issuer.

Assemblywoman Smith asked if the Department of Business and Industry had a plan to fund further litigation in the coming biennium. Mr. DeWeese replied because the bankruptcy court had neither entertained nor disposed of the reorganization plan of the debtor, the Department did not know what to plan for other than to defend the issuer's position in the court. Once the plan was disposed of by the court, the implications for the issuer would very quickly become clear. He said whatever happened in the disposition of the debt, the debtor would have to come back to the state for approval of the changes. How that would be interpreted by the litigators as a responsibility of the state was an open question, but the Department would be consulting with the Attorney General's Office regarding what defensive postures could be taken with regard to litigation in that arena. Mr. DeWeese said the Attorney General's Office had made it clear that it did not have the expertise to deal with municipal bond defaults and advised the Department to continue to use outside counsel through the period of bankruptcy.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Horsford asked Mr. DeWeese to keep the Committee apprised of future proceedings. Mr. DeWeese agreed to do so.

- 25. Department of Business and Industry - Housing Division - Special Housing Assistance - FY 2011** - Deletion of \$384,600 in federal Neighborhood Stabilization Program funds and transfer of \$546,463 from the Reserve category to the Neighborhood Stabilization Program Subgrantees category; \$307,463 from the Neighborhood Stabilization Program Pilot Projects category to the Neighborhood Stabilization Program Subgrantees category; \$14,917 from the Neighborhood Stabilization Program Pilot Projects category to the Neighborhood Stabilization

Program operating category; and \$1,209 from the Neighborhood Stabilization Program Pilot Projects category to the In-State Travel category to allocate unused administrative expenses to subgrantees to support the stabilization of neighborhoods in response to the foreclosure crisis. Requires Interim Finance approval since the amount added to the Neighborhood Stabilization Program Subgrantees category exceeds \$50,000. **Work Program #C20298**

Refer to motion for approval under Agenda Item E.

- 26. Department of Business and Industry - Mortgage Lending - FY 2011** - Transfer of \$63,758 from the Investigative Expense category to the Personnel Services category; \$89,417 from the Investigative Expense category to the Reserve category; \$10,527 from the Operating category to the Reserve category; and \$1,195 from the Information Services category to the Reserve category to reduce expenditures due to a decline in revenues. Requires Interim Finance approval since the amount deducted from the Investigative Expense category exceeds \$50,000. **Work Program #C20142**

Bill Maier, Administrative Services Officer, Director's Office, Department of Business and Industry, explained the work program was a technical adjustment due to the manner in which the budget was compiled. The transfer addressed a potential shortfall in the Mortgage Lending Division that could occur in future years if the decision units included in The Executive Budget were not approved to address the shortfall.

Assemblywoman Smith noted a report was due on the status of the positions in the Division of Mortgage Lending.

Vicki Cummins, Administrative Services Officer, Division of Mortgage Lending, Department of Business and Industry, replied the semi-annual staffing report had been completed and submitted to the Director's Office.

Assemblywoman Smith asked how the Division was meeting its requirements if positions were being eliminated and whether the report would reflect the reduced number of positions.

Ms. Cummins replied the report would reflect the reduction in positions, which would put a strain on remaining staff to be able to meet the Division's statutory examination requirements. The plan was to shift part of the workload to the current investigative staff, but the biennial budget proposed elimination of one Investigator position as well. She said the Division hoped to meet the examination requirements with the remaining staff, but there was no guarantee that it would be able to. She anticipated the completion rate would be at least 90 percent, but to meet 100 percent as had been done in the last several years would be difficult to achieve.

Assemblywoman Smith remarked it was not a good time to be in a difficult situation with the current mortgage problems and unsettled industry.

Ms. Cummins replied it was her personal opinion that the mortgage lending industry had begun to settle down, but the Division was now seeing problems with the loan modification companies. The Federal Trade Commission had enacted new legislation effective February 1, 2011, and a reduction in those types of licensees was expected because of new ways they could do business. The decrease in time required to conduct an examination of that license type, including auditing of the trust accounts for every single borrower, would lighten the Division's load and the staff would be able to refocus on the brokers and bankers.

Senator Denis asked how the Division determined which positions to eliminate. Ms. Cummins replied there were eight Examiners in the Las Vegas office, and there were two proposed eliminations. There were five Investigators in the Division, and one position was proposed for elimination. She said an Investigator had just resigned, which would save one individual's job.

Senator Denis asked if the positions to be eliminated were based on tenure. Ms. Cummins replied according to Nevada Administrative Code 284, which was the process to be followed for layoffs.

Senator Denis affirmed the other positions were filled, with the exception of the recent resignation; Ms. Cummins replied that was correct.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

- 27. Department of Business and Industry - Mortgage Lending - FY 2011** - Transfer of \$22,386 from the Reserve category to the Transfer to the Department of Business & Industry category for the relocation of the Director's Office. Requires Interim Finance approval since the amount added to the Transfer to the Department of Business & Industry category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEMS 20, 21, 28, 30 AND 31. Work Program #C20330BI**

Refer to motion to defer under Agenda Item E-20.

- 28. Department of Business and Industry - Industrial Relations - FY 2011** - Addition of \$39,905 in Worker's Compensation and Safety funds for the relocation of the Director's Office. Requires Interim Finance approval since the amount added to the Transfer to the Department of Business & Industry category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEMS 20, 21, 27, 30 AND 31. Work Program #C20334BI**

Refer to motion to defer under Agenda Item E-20.

29. **Department of Business and Industry - Industrial Relations - Occupational Safety & Health Enforcement - FY 2011** - Addition of \$195,000 in Worker's Compensation and Safety funds to replace a permit processing and tracking system for the Occupational Safety and Health Administration (OSHA) Mechanical Unit. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **Work Program #C19861. WITHDRAWN JANUARY 18, 2011.**

Refer to motion for approval under Agenda Item E.

30. **Department of Business and Industry - Industrial Relations - Occupational Safety & Health Enforcement - FY 2011** - Addition of \$45,258 in Worker's Compensation and Safety funds for the relocation of the Director's Office. Requires Interim Finance approval since the amount added to the Transfer to the Department of Business & Industry category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEMS 20, 21, 27, 28, AND 31. Work Program #C20335BI**

Refer to motion to defer under Agenda Item E-20.

31. **Department of Business and Industry - Taxicab Authority - FY 2011** - Transfer of \$31,145 from the Reserve category to the Transfer to the Department of Business & Industry category for the relocation of the Director's Office. Requires Interim Finance approval since the amount transferred to the Transfer to the Department of Business & Industry category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEMS 20,21,27,28, AND 30. Work Program #C20332BI**

Refer to motion to defer under Agenda Item E-20.

32. **Commission on Economic Development - Rural Community Development - FY 2011** - Addition of \$1.5 million in federal Housing and Urban Development (HUD) Community Development Block Grant funds to support the agency's State and Small Cities Rural Community Development grant program. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C20264**

Refer to motion for approval under Agenda Item E.

33. **Department of Health and Human Services - Director's Office - Grants Management Unit - FY 2011** - Addition of \$100,000 in federal Social Services block grant funds to furnish social services best suited to meet the needs of the individuals residing within the State. This additional funding will be used for Independent Living grants through the Aging and Disability Services Division. **Requires Interim Finance approval since the amount involves the allocation**

of block grant funds and this action requires a public hearing. Work Program #C20241

Refer to motion for approval under Agenda Item E.

- 34. Department of Health and Human Services - Aging and Disability Services Division - Federal Programs and Administration - FY 2011** - Addition of \$160,458 in federal Aging and Disability Resource Center (ADRC) grant funds to increase the number of ADRCs statewide, improve knowledge about and the delivery of Options/Benefits Counseling to elders and individuals with disabilities, both in institutions and the community, and develop a five-year operational plan that will sustain growth and quality. Requires Interim Finance approval since the amount added to the ADRC Grant category exceeds \$50,000. **Work Program #C20086**

Refer to motion for approval under Agenda Item E.

- 35. Department of Health and Human Services - Aging and Disability Services Division - Federal Programs and Administration - FY 2011** - Addition of \$16,568 in Chronic Disease Self Management Program (CDSMP) grant funds to develop the capacity of the State and its communities to systematically deliver evidence-based prevention programs that address chronic conditions and other health risks among seniors. Requires Interim Finance approval since the cumulative amount added to the CDSMP Grant category exceeds \$50,000. **Work Program #C20090**

Refer to motion for approval under Agenda Item E.

- 36. Department of Health and Human Services - Aging and Disability Services Division - Community Based Services - FY 2011** - Deletion of \$99,404 in Traumatic Brain Injury (TBI) State Implementation grant program funds since this grant sunsets on March 31, 2009, therefore, the revenue and expenditures need to be adjusted to ensure overspending does not occur. Requires Interim Finance approval since the amount deducted from the Traumatic Brain Injury category exceeds \$50,000. **Work Program #C20101**

Assemblywoman Smith noted the information provided to the Committee indicated the money was being returned because the grant period had sunset in March. She asked why the money was not expended and \$100,000 was being returned.

Carol Sala, Administrator, Aging and Disability Services Division, Department of Health and Human Services, explained the grant was funded through the Health Resources and Services Administration for Traumatic Brain Injury (TBI) for three years and sunset on March 31, 2009. The funding was built into the fiscal year 2010-11 budget, although there was no federal grant from that period on to support it. She speculated that building it into the 2010-11 budget was an oversight of the then Office of Disability

Services. Ms. Sala said the consolidation of Aging and Disability Services (ADS) occurred in July 2009, several months after the grant had sunset. When the ADS started going through the budgets after the consolidation, the timeframe was past, and approximately \$45,000 had not been spent and had to be returned. She could not address the tracking methods used prior to the consolidation of the divisions. She remarked the ADS had very good tracking systems. It was her understanding that the grant was for \$300,000 for three years, but it was broken into \$100,000 per year, and a process was carried forward requiring expenditure of the \$100,000 in each of the three years.

Assemblywoman Smith surmised it was a technical issue and obviously a mistake had been made. She affirmed that \$45,000 was returned, and work program revision 36 was for the purpose of removing the funding out of the ADS budget since it should never have been there.

Ms. Sala replied Assemblywoman Smith was correct. According to staff members who were employed at the time, there had been a number of accomplishments during the grant period, but the state should never have returned federal funds.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL,

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

- 37. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2011** - Transfer of \$9,263,374 from the Reserve category to the Transfer to Medicaid category to cover projected caseload shortfalls within the Nevada Medicaid budget account. Requires Interim Finance approval since the amount transferred to the Transfer to Medicaid category exceeds \$50,000. **RELATES TO ITEM 45. Work Program #C20287**

Refer to motion for approval under Agenda Item E.

- 38. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2011** - Deletion of \$1,492,532 in Budgetary Transfers funds to cover projected caseload shortfalls in the Nevada Medicaid budget account. Requires Interim Finance approval pursuant to Section 47 of A.B. 562 of the 2009 Legislative Session. **RELATES TO ITEM 45. Work Program #C20288**

Refer to motion for approval under Agenda Item E.

39. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2011** - Addition of \$48,484 in Transfer from State Claims Account funds and \$145,451 in federal Title XIX funds to pay the Health Division for the FY 2010 fourth quarter payment of the Survey and Certification grant. Requires Interim Finance approval since the amount added to the State Claims category exceeds \$50,000. **Work Program #C19842**

Refer to motion for approval under Agenda Item E.

40. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2011** - Addition of \$21,134 in federal Title XIX funds to provide the necessary projected additional authority to transfer to Consumer Health Assistance to provide assistance to Medicaid recipients. Requires Interim Finance approval since the amount added to the Transfer to Consumer Health Assistance category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C20043**

Refer to motion for approval under Agenda Item E.

41. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2011** - Transfer of \$2,095,442 from the Fiscal Agent category to the Utilization Review category to pay projected increase of medical services requiring prior authorizations. Requires Interim Finance approval since that amount transferred to the Utilization Review category exceeds \$50,000. **Work Program #C20069**

Refer to motion for approval under Agenda Item E.

42. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2011** - Addition of \$30,000 in federal Title XIX Medicaid funds and transfer of \$70,000 from the Reserve for Resident Protection category to the Payments to State Agencies category to pay the Health Division to conduct a study of Methicillin-Resistant Staphylococcus Aureus (MRSA) infection in skilled nursing facilities. Requires Interim finance approval since the amount added to the Payment to State Agencies category exceeds \$50,000. **RELATES TO ITEM 59. Work Program #C20224**

Refer to motion for approval under Agenda Item E.

43. **Department of Health and Human Services - Health Care Financing and Policy - Increased Quality of Nursing Care - FY 11** - Addition of \$6,504,834 in Long-Term Care Provider Tax funds and deletion of \$174,691 in Treasurer's Interest Distribution revenue based on the most recent revenue projections. Requires Interim Finance approval since the amount added to the Transfer to Budget Account 3243 - Medicaid category exceeds \$50,000. **RELATES TO ITEM 44. Work Program #C20236**

Refer to motion for approval under Agenda Item E.

44. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2011** - Addition of \$5,530,207 in federal Title XIX funds and \$5,260,441 in Transfer from Long-Term Care (LTC) Provider Tax funds based on the most recent revenue projections; funds are used to support skilled nursing facilities. Requires Interim Finance approval since the amount added to the County Indigent Program category exceeds \$50,000. **RELATES TO ITEM 43. Work Program #C20237**

Refer to motion for approval under Agenda Item E.

45. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2011** - Addition of \$1,492,532 in Budgetary Transfer funds; \$165,021,910 in federal Title XIX funds; \$9,263,374 in Transfer from Intergovernmental Transfer (IGT) account; deletion of \$665,949 in County Reimbursement funds; and \$6,354 in Reimbursement of Expenses funds and transfer of \$2,800,364 from the Waiver category to the Medical Aid for the Aged, Blind and Disabled (MAABD) category; \$22,252,972 from the County Indigent Program category to the MAABD category; and \$9,580,697 from the Offline category to MAABD category to cover projected caseload shortfalls in the TANF/CHAP and MAABD categories. Requires Interim Finance approval pursuant to Section 47 of A.B. 562 of the 2009 Legislative Session. **RELATES TO ITEMS 37 AND 38. Work Program #C20285**

Refer to motion for approval under Agenda Item E.

46. **Department of Health and Human Services - Health Division - Cancer Control Registry - FY 2011** - Addition of \$199,478 in ~~federal Indoor Radon grant~~ ***federal Statewide Comprehensive Cancer Registry*** funds and transfer of \$49,990 from the Personnel Services category to the Cancer Prevention and Control category to eliminate the data collection backlog, which will bring the Cancer Registry current in data collection and processing, receive training development, and implement quality assurance practices to become compliant with grant terms. Requires Interim Finance approval since the amount added to the Cancer Prevention and Control category exceeds \$50,000. **Work Program #C20147. REVISED JANUARY 24, 2011.**

Refer to motion for approval under Agenda Item E.

47. **Department of Health and Human Services - Health Division - Cancer Control Registry - FY 2011** - Transfer of \$438,927 from the Reserves category to the Operating category to eliminate the data collection backlog and bring the Cancer Registry current in data collection and processing, as required by federal law and State statute. It will also allow for training development and implementation of quality assurance practices to become compliant with grant terms. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000. **Work Program #C20183**

Refer to motion for approval under Agenda Item E.

48. **Department of Health and Human Services - Health Division - Statistics and Planning - FY 2011** - Addition of \$105,026 in ARRA Behavioral Risk Factor Surveillance System (BRFSS) grant funds to collect baseline and follow-up data for evaluation of the Clark County Communities Putting Prevention to Work (CPPW) tobacco initiative project. Requires Interim Finance approval since the amount added to the ARRA BRFSS category exceeds \$50,000. **Work Program #C20194**

Refer to motion for approval under Agenda Item E.

49. **Department of Health and Human Services - Health Division - Statistics and Planning - FY 2011** - Addition of \$165,068 in federal Behavioral Risk Supplemental grant funds to enable the program to conduct surveillance data collection for Influenza Like Illness (ILI) and comply with the Behavioral Risk Factor Surveillance System (BRFSS) protocol of submitting ILI data, increase the number of cell phone surveys, and implement a pilot mail survey. Requires Interim Finance approval since the amount added to the Behavioral Risk category exceeds \$50,000. **Work Program #C20195**

Refer to motion for approval under Agenda Item E.

50. **Department of Health and Human Services - Health Division - Office of Minority Health - FY 2011** - Addition of ~~\$80,387~~ **\$69,602** in Office of Minority Health federal grant funds and transfer of \$120 from the Information Services category to the Minority Health Grant category to assist minority populations with health-related issues unique to their population. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20149. REVISED JANUARY 25, 2011.**

Refer to motion for approval under Agenda Item E.

51. **Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2011** - Transfer of \$1,500,000 from the Aid-to-Individuals category to the Central Bank Contract category to improve the transparency of the expenditure supporting the electronic benefits transfer system. Requires Interim Finance approval since the amount transferred to the Central Bank Contract category exceeds \$50,000. **Work Program #C20187**

Refer to motion for approval under Agenda Item E.

52. **Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$55,482 in Centers for Disease Control (CDC) and Prevention Comprehensive Sexually Transmitted Disease (STD) Prevention and Systems grant funds and transfer of \$26,113 from the Personnel Services category to the STD Prevention category to ensure that the STD Program Manager's time and effort can be properly recorded and expended and that other program expenses are monitored and expended in compliance with grant goals

and objectives. Requires Interim Finance approval since the amount added to the STD Prevention category exceeds \$50,000. **Work Program #C19618**

Refer to motion for approval under Agenda Item E.

- 53. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$205,038 in Centers for Disease Control (CDC) HIV/AIDS Surveillance Program grant funds, transfer of \$1,753 from the Personnel category to the AIDS Surveillance category, and transfer of \$37 from the Information Services category to the AIDS Surveillance category to enhance HIV surveillance and strengthen Nevada's ability to receive and process all diagnostic and clinical HIV/AIDS related laboratory results electronically. Requires Interim Finance approval since the amount added to the AIDS Surveillance category exceeds \$50,000. **Work Program #C19833**

Refer to motion for approval under Agenda Item E.

- 54. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$38,144 in federal Housing Opportunities for Persons with AIDS (HOPWA) grant funds to continue to fund housing assistance services to HOPWA eligible clients through the end of FY 2011. Requires Interim Finance approval since the amount added to the HOPWA AIDS category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C20062**

Refer to motion for approval under Agenda Item E.

- 55. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$738,575 in Ryan White Care Act Title II federal grant funds and transfer of \$34,486 from the Personnel category to the Comprehensive Care category to provide HIV/AIDS medications and community-based services to individuals infected and affected with HIV/AIDS. Medications, treatments, and other services are provided through agreements with community-based organizations, pharmacies, and HIV/AIDS specialty clinics. Requires Interim Finance approval since the amount added to the Comprehensive Care category exceeds \$50,000. **Work Program #C20094**

Refer to motion for approval under Agenda Item E.

- 56. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$108,698 in federal Ryan White supplemental grant funds to help improve the quality, availability and organization of health care and support services for individuals and families with HIV disease. Requires Interim Finance approval since the amount added to the Ryan White Supplemental Grant category exceeds \$50,000. **Work Program #C20266**

Refer to motion for approval under Agenda Item E.

57. **Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2011** - Addition of \$162,779 in ARRA Ambulatory Surgical Center Healthcare Associated Infection grant funds to conduct surveys of Ambulatory Surgical Centers and help assure Nevadans that the healthcare delivery system is properly regulated and monitored. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C20093**

Refer to motion for approval under Agenda Item E.

58. **Department of Health and Human Services - Health - Health Facilities Hospital Licensing - FY 2011** - Transfer of \$36,653 from the Reserve category to the Information Services category to cover costs associated with moving the Las Vegas office and software licenses. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C20274**

Refer to motion for approval under Agenda Item E.

59. **Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2011** - Addition of \$100,000 in Transfer from Division of Health Care Financing & Policy to provide funding to hospitals and long-term care facilities to promote the prevention of multi-drug resistant organisms. Requires Interim Finance approval since the amount added to the MRSA Studies category exceeds \$50,000. **RELATES TO ITEM 42. Work Program #C20283**

Refer to motion for approval under Agenda Item E.

60. **Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2011** - Addition of \$150,000 in Strengthening Public Health Infrastructure for Improved Health Outcomes federal grant funding to add one new health program manager position and increase Nevada's capacity and ability to meet national public health standards, such as those of the National Public Health Performance Standards Program, Public Health Accreditation Board, and National Quality Forum. This infrastructure development serves as the foundation for planning, delivering, and evaluating public health programs at the Nevada State Health Division (NSHD) and local health departments. Requires Interim Finance approval since the amount added to the federal Infrastructure Component I category exceeds \$50,000 and the work program adds a new federally-funded position. **Work Program #C20138**

Refer to motion for approval under Agenda Item E.

61. **Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2011** - Addition of \$137,500 in federal Epidemiology and Lab Capacity Supplemental grant funds to improve and enhance Epidemiology

Capacity, Laboratory Capacity, and Health Information Systems Capacity in Nevada. Requires Interim Finance approval since the amount added to the Health Planning category exceeds \$50,000. **Work Program #C19893**

Refer to motion for approval under Agenda Item E.

- 62. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2011** - Addition of \$102,213 in federal Emergency System for Advance Registration - Volunteer Health Professionals (ESAR-VHP) to enhance the electronic volunteer registry to verify credentials of health professional volunteers. Requires Interim Finance approval since the amount added to the ESAR-VHP category exceeds \$50,000. **Work Program #C20250**

Refer to motion for approval under Agenda Item E.

- 63. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2011** - Addition of \$2,323,333 in federal Public Health Emergency Preparedness grant funds and transfer of \$555,753 from the Transfer to Consumer Health Protection category to the Public Health Emergency Preparedness category to add two new positions and meet federal requirements for training, exercise and program evaluation. Requires Interim Finance approval since the amount added to the Public Health Emergency Preparedness category exceeds \$50,000 and the work program adds new positions. **Work Program #C20273**

Refer to motion for approval under Agenda Item E.

- 64. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2011** - Addition of \$22,328 in federal ARRA State Primary Care Offices grant funds and transfer of \$3,222 from the Personnel Services category to the ARRA Primary Care Offices category to strengthen Nevada's efforts to increase the primary care workforce. Requires Interim Finance approval since the cumulative amount added to the Division Cost Allocation category exceeds \$50,000. **Work Program #C20277**

Refer to motion for approval under Agenda Item E.

- 65. Department of Health and Human Services - Health Division - Chronic Disease - FY 2011** - Addition of \$269,608 in Centers for Disease Control Federal Tuberculosis Elimination grant funds; transfer of \$566 from the Personnel Services category to the Tuberculosis Elimination category, and transfer of \$135 from the Information Services category to the Tuberculosis Elimination category to provide community partners with funds to support tuberculosis control and elimination. Requires Interim Finance approval since the amount added to the Tuberculosis Elimination category exceeds \$50,000. **Work Program #C19622**

Refer to motion for approval under Agenda Item E.

- 66. Department of Health and Human Services - Health Division - Chronic Disease - FY 2011** - Addition of \$37,946 in Centers for Disease Control and Prevention Diabetes grant funds, transfer of \$23,609 from the Personnel Services category to the Diabetes Control category, and transfer of \$18,969 from the Health Division Administrative Cost Allocation category to the Diabetes Control category to allow the Diabetes Program to support goals and objectives in the grant and expend and monitor funds in accordance with best accounting practices. Requires Interim Finance approval since the amount added to the Diabetes Control category exceeds \$50,000. **Work Program #C19623**

Refer to motion for approval under Agenda Item E.

- 67. Department of Health and Human Services - Health Division - Chronic Disease - FY 2011** - Addition of \$63,886 in Centers for Disease Control and Prevention Women's Health Connection grant funds, transfer of \$296,538 from the Personnel Services category to the National Cancer Prevention and Control category, and transfer of \$99,369 from the Personnel Services category to the Health Division Administrative Cost Allocation to hire temporary contract employees to perform billing and other services and support the goals and objectives in the grant. Requires Interim Finance approval since the amount added to the National Cancer Prevention and Control category exceeds \$50,000. **Work Program #C19625**

Refer to motion for approval under Agenda Item E.

- 68. Department of Health and Human Services - Health Division - Chronic Disease - FY 2011** - Addition of \$68,745 in Centers for Disease Control Comprehensive Cancer program grant funds; transfer of \$18,708 from the Personnel Services category to the Comprehensive Cancer program; and transfer of \$4,558 from the Health Division Administrative Cost Allocation category to the Comprehensive Cancer category to support goals and objectives in the Comprehensive Cancer program. Requires Interim Finance approval since the amount added to the Comprehensive Cancer Program category exceeds \$50,000. **Work Program #C19626**

Refer to motion for approval under Agenda Item E.

- 69. Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2011** - Addition of \$75,010 in federal Core Injury grant funding and transfer of \$25 from the Information Services category and \$30,278 from the Nevada State Health Division Administrative Cost Allocation category to the Based Core Injury category to strengthen the infrastructure for injury prevention, improve injury surveillance, influence and evaluate policy relative to the prevention of injuries, and increase collaboration in the field of injury prevention. Requires Interim Finance approval since the amount added to the Based Core Injury category exceeds \$50,000. **Work Program #C20108**

Refer to motion for approval under Agenda Item E.

70. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2011** - Addition of \$32,997 in federal Nevada Early Hearing Detection and Intervention Program grant funds to help assure that every infant born in Nevada receives a hearing screening at birth and facilitates follow-up screenings with adverse outcomes. Requires Interim Finance approval since the cumulative amount added to the Nevada Early Hearing Detection and Intervention Program category exceeds \$50,000. **Work Program #C20260**

Refer to motion for approval under Agenda Item E.

71. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2011** - Addition of \$129,738 in federal Maternal Child Health block grant funds and transfer of \$196,820 from the Medical and Dental Expenditure category to the Pre/Post Natal Project category to improve the health of families with an emphasis on women, infants and children and children with special needs by providing health education, preventative activities, quality assurance and health care services. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C20259. WITHDRAWN JANUARY 20, 2011.**

Refer to motion for approval under Agenda Item E.

72. **Department of Health and Human Services - Health Division - Office of Health Administration - FY 2011** - Addition of \$75,000 in United Health Settlement funds to support Mammovan services throughout the State. Requires Interim Finance approval since the amount added to the Mammography Vehicle category exceeds \$50,000. **Work Program #C20271**

Refer to motion for approval under Agenda Item E.

73. **Department of Health and Human Services - Health Division - Community Health Services - FY 2011** - Addition of \$241,398 in Centers for Disease Control Public Health Preparedness and Response for Bioterrorism grant funds transferred from Public Health Preparedness to upgrade State and local public health jurisdictions' preparedness and response to bioterrorism, outbreaks of infectious diseases and other public health threats and emergencies. Requires Interim Finance approval since the amount added to the CDC Public Health Preparedness category exceeds \$50,000. **Work Program #C19868.**

Refer to motion for approval under Agenda Item E.

74. **Department of Health and Human Services - Health Division - Emergency Medical Services - FY 2011** - Addition of ~~\$141,795~~ **\$155,833** in federal Homeland Security grant program funds transferred from the Division of Emergency Management to support the Nevada Emergency Medical Services (EMS) Radio

System Project. Requires Interim Finance approval since the amount added to the EMS Radio System Project category exceeds \$50,000. **Work Program #C20228. REVISED JANUARY 20, 2011.**

Refer to motion for approval under Agenda Item E.

- 75. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2011** - Addition of \$893,244 in U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) information plan funds to align State authority with the FFY 2011 SNAP Information Plan. Requires Interim Finance approval since the amount added to the Food Stamp Information Program category exceeds \$50,000. **Work Program #C20102.**

Refer to motion for approval under Agenda Item E.

- 76. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2011** - Addition of \$582,383 in U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) nutrition education plan funds to align State authority with the level of approved SNAP nutrition education plan funding. Requires Interim Finance approval since the amount added to the Nutrition Education Network category exceeds \$50,000. **Work Program #C20103**

Refer to motion for approval under Agenda Item E.

- 77. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2011** - Addition of \$27,639 in U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) State Exchange Projects funds to allow Welfare and Supportive Services staff to participate in the State Exchange Project and share best practices with other state and local staff. Requires Interim Finance approval since the amount added to the SNAP State Exchange Program category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C20099**

Refer to motion for approval under Agenda Item E.

- 78. Department of Health and Human Services - Welfare and Support Services - TANF - FY 2011** - Addition of \$3.0 million in federal Temporary Assistance for Needy Families (TANF) funds to ensure TANF recipients continue to receive cash assistance payments based on the December caseload projections. **Requires Interim Finance approval because this action involves the allocation of block grant funds and requires a public hearing. Work Program #C20216**

Refer to motion for approval under Agenda Item E.

- 79. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2011** - Addition of \$737,891 in U.S. Department of Agriculture (USDA) Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) funds; addition of \$50,000 in USDA Supplemental Nutrition Assistance Program Education and Training 50/50 funds; and deletion of \$683,722 federal USDA Food Stamp program funds to transfer authority to the SNAP E&T 100 percent revenue authority to provide better service to clients. Requires Interim Finance approval since the amount added to the SNAP E&T category exceeds \$50,000. **Work Program #C19857**

Refer to motion for approval under Agenda Item E.

- 80. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2011** - Transfer of \$553,448 from the Personnel Services category to the 20 Percent Efficiency Increase category to expand implementation of the Application Modernization and Productivity Services (AMPS) project to all Division of Welfare and Supportive Services offices. Requires Interim Finance approval since the amount added to the 20 Percent Efficiency Increase category exceeds \$50,000. **Work Program #C20113**

Sue Smith, Administrative Services Officer, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services, explained item 80 was a request for approval to transfer funds from the Personnel Services category and establish a separate category to fully implement the Application, Modernization, and Productivity Services (AMPS) project.

Senator Denis affirmed the project was proposed in the 2009 Legislative Session; it was supposed to increase productivity and provide savings, and the purchase price was more than the Division had projected.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained originally the program had four key functional elements: a simplified NOMADS overlay, an interface, automatic case registration from ACCESS Nevada (electronic application), document imaging and indexing, and universal case management. He said as the project was presented, the Division intended to bring up four pilot offices, which did occur as of January 12, 2011. The four offices were comprised of approximately 40 percent of the DWSS staff, and the intent was to add the equipment that would be required to bring up the additional offices through the normal equipment cycle in the 2012-2013 budget. Mr. Gilliland stated the project had been implemented on time and as intended, and the Division was requesting funds to accelerate the implementation to the remainder of the 15 offices throughout the state. He added that from a functionality perspective, all parts of the system were operating as intended.

Senator Denis asked if the Division was seeing efficiencies as a result of the program's implementation. Mr. Gilliland replied efficiencies were becoming evident, there was

increased ease of population of information, and electronic applications were reviewed and automatically registered in NOMADS, eliminating the need for a clerk to populate all of the data screens in NOMADS.

Continuing, Mr. Gilliland explained the Division was anxious to implement the program in the remainder of the offices, which would allow any office to work on a universal caseload using the document imaged case jacket, as well as the information in NOMADS. Being able to extend the workload to the other offices was also critical to expand the ability for a client to contact the call center, and case managers would be able to respond while reviewing the electronic files. The client would be able to obtain specific case information as well as change case circumstances with a case manager by phone rather than visit a DWSS office. Mr. Gilliland said having universal case management would provide continued efficiencies, which required expansion to the remaining offices.

SENATOR DENIS MOVED FOR APPROVAL.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION

THE MOTION CARRIED.

Mr. Atkinson was not present for the vote.

- 81. Department of Health and Human Services - Welfare and Supportive Services - Child Support Federal Reimbursement - FY 2011** - Addition of \$116,469 in Office of Child Support Enforcement federal Intervening for Success grant funds to fund the second year of a three-year project for the study of early intervention as it relates to ongoing child support collections. Requires Interim Finance approval since the amount added to the Intervening for Success category exceeds \$50,000. **Work Program #C19390**

Refer to motion for approval under Agenda Item E.

- 82. Department of Health and Human Services - Welfare and Support Services - Energy Assistance Program - FY 2011** - Addition of \$4,719,185 in Low Income Home Energy Assistance (LIHEA) block grant funds to assist eligible Nevada citizens in meeting their heating and cooling needs. **Requires Interim Finance approval because this action involves the allocation of block grant funds and requires a public hearing. Work Program #C20217**

Refer to motion for approval under Agenda Item E.

- 83. Department of Health and Human Services - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 2011** - Transfer of \$338,893 from the Personnel Services category to the Mental Health Technician Services category to provide the agency flexibility with

scheduling, reduce overtime, and allow the agency to meet the critical staffing levels that are needed to ensure patient and staff safety. Requires Interim Finance approval since the amount transferred to the Mental Health Technician Services category exceeds \$50,000. **Work Program #C20220**

Refer to motion for approval under Agenda Item E.

- 84. Department of Health and Human Services - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 2011** - Transfer of \$754,000 from the Personnel Services category to the Professional Services category to provide the agency flexibility with scheduling, reduce overtime, and allow the agency to meet the critical staffing levels that are needed to ensure patient and staff safety. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000. **Work Program #C20240**

Refer to motion for approval under Agenda Item E.

- 85. Department of Health and Human Services - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 2011** - Transfer of \$497,530 from the Personnel Services category to the Professional Services category to fund contract psychiatrists to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000. **Work Program #C20100**

Refer to motion for approval under Agenda Item E.

- 86. Department of Health and Human Services - Child and Family Services - Community Juvenile Justice Programs - FY 2011** - Addition of \$56,000 in federal Juvenile Accountability Block Grant (JABG) funds and transfer of \$13,340 from the Reserve category to the Local Government category to provide accountability based programming for youth offenders. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C19640**

Refer to motion for approval under Agenda Item E.

- 87. Department of Health and Human Services - Child and Family Services - Community Juvenile Justice Programs - FY 2011** - Addition of \$10,000 in Enforcement of Underage Drinking Laws (EUDL) federal grant funds to support local jurisdiction efforts to prohibit the sale of alcoholic beverages to minors as well as prohibit the consumption of alcohol by minors. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C19769**

Refer to motion for approval under Agenda Item E.

- 88. Department of Health and Human Services - Child and Family Services - UNITY/SACWIS - FY 2011** - Addition of \$127,753 in Transfer from Other Budget Account - Title XIX - Medicaid funds; deletion of \$114,608 in federal Child Welfare Title IV-E funds and transfer of \$36,730 from the Information Services category to the Avatar category to realign funding sources to reflect current expenditures. Requires Interim Finance since the amount added to the Avatar category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19741**

Refer to motion for approval under Agenda Item E.

- 89. Department of Health and Human Services - Child and Family Services - Victims of Domestic Violence - FY 2011** - Addition of \$15,000 in fines under NRS 369.630, \$1,584,546 in Victims of Domestic Violence funds from a revision to NRS 122.060, NRS 246.180 and NRS 247.305, and \$116,097 in Transfer from Department of Health and Human Services - Director's Office funds from the Title XX Disaster Relief funding to support Victims of Domestic Violence programs. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C19674**

Refer to motion for approval under Agenda Item E.

- 90. Department of Health and Human Services - Child and Family Services - Transition from Foster Care - FY 2011** - Addition of \$482,897 in Licenses and Fees to support youth-to-adult life skill outreach services for children that are transitioning out of foster care to become economically self-sufficient. Requires Interim Finance approval since the amount added to the Rural category exceeds \$50,000. **Work Program #C20058**

Refer to motion for approval under Agenda Item E.

- 91. Department of Employment, Training and Rehabilitation - Administrative Services - Research & Analysis - FY 2011** - Addition of \$112,077 in federal Administration Cost Allowance grant funds for America's Labor Market Information System (ALMIS)/Projections Managing Partnership (PMP) to align federal grant authority with state budget authority to improve State and local market information regarding statistical data on labor force activities. Requires Interim Finance approval since the amount added to the ALMIS Grant category exceeds \$50,000. **Work Program #C19878**

Refer to motion for approval under Agenda Item E.

- 92. Department of Employment, Training and Rehabilitation - Rehabilitation - Disability Adjudication - FY 2011** - Addition of \$375,105 in federal Disability Determination grant funds and transfer of \$357,735 from the Personnel Services

category to the Operating category to align state budget authority with Social Security Administration funding authority to provide for unanticipated tenant improvements and adequately fund operating, equipment, medical determination and information services categories through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C20239**

Refer to motion for approval under Agenda Item E.

93. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2011** - Addition of \$7,300,000 in federal Administrative Cost Allowance grant funds, addition of \$672,021 in ARRA Workforce Investment Act (WIA) grant funds, and deletion of \$17,023 in federal Administrative Cost Allowance ARRA Re-Employment Services grant funds. This request also transfers \$323,305 from the Reserve category to the Personnel Services category to align State expenditure authority with available grant authority in order to continue to provide services through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Operating Category exceeds \$50,000. **Work Program #C20242**

Refer to motion for approval under Agenda Item E.

94. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2011** - Addition of \$140,509 in federal Health Resources and Services Administration (HRSA) grant funds to assist in the development of Nevada's health care workforce to meet the anticipated demand for health care services throughout Nevada. Requires Interim Finance approval since the amount added to the Workforce Sector Development Grants category exceeds \$50,000. Approval of this work program is contingent upon the February 8, 2011, Board of Examiners approval of a related contract. **Work Program #C20244**

Refer to motion for approval under Agenda Item E.

95. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2011** - Deletion of \$940,473 in ARRA Unemployment Insurance Special Administrative grant funds to be re-established in the Employment Security Special Fund account to provide for an upgrade to the UI overpayment detection and fraud reduction technology as part of Nevada's automated UI systems (UInv Initiative) in Phase II of the UI Modernization project. Requires Interim Finance approval since the amount deducted from the ARRA UI Special Admin category exceeds \$50,000. **RELATES TO ITEM 96. Work Program #C20247**

Refer to motion for approval under Agenda Item E.

- 96. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2011** - Addition of \$500,000 in federal Administrative Cost Allowance grant funds and \$940,473 in ARRA Unemployment Insurance (UI) Special Administrative grant funds to upgrade the UI overpayment detection and fraud reduction technology as part of Nevada's automated UI systems (UInv Initiative) in Phase II of the UI Modernization project. Requires Interim Finance approval since the amount added to the UI Modernization Phase II category exceeds \$50,000. **RELATES TO ITEM 95. Work Program #C20245**

Refer to motion for approval under Agenda Item E.

Chairman Horsford announced items 97, 99, and 100 would be heard together.

- 97. Department of Corrections - Prison Medical Care - FY 2011** - Addition of \$966,117 in funds transferred from programs to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Driven category exceeds \$50,000. **RELATES TO ITEMS 99 AND 100. Work Program #C20168**

Refer to discussion and motion for approval under Agenda Item E-100.

- 98. Department of Corrections - Correctional Programs - FY 2011** - Addition of \$42,838 in Residential Substance Abuse Treatment grant funds transferred from the Department of Public Safety and \$14,279 in funds transferred from Inmate Welfare to enhance substance abuse efforts throughout the State. Requires Interim Finance approval since the amount added to the Residential Substance Abuse Treatment category exceeds \$50,000. **RELATES TO ITEM 101. Work Program #C20200**

Refer to motion for approval under Agenda Item E.

- 99. Department of Corrections - Offenders' Store Fund - FY 2011** - Transfer of \$746,117 from the Retained Earnings category to the Transfer to Inmate Welfare Fund category to fund projected expenditures. Requires Interim Finance approval since the amount transferred to the Transfer to Inmate Welfare Fund category exceeds \$50,000. **RELATES TO ITEMS 97 AND 100. Work Program #C20174**

Refer to discussion and motion for approval under Agenda Item E-100.

- 100. Department of Corrections - Inmate Welfare Account - FY 2011** - Addition of \$746,117 in funds transferred from the Offenders' Store Fund. This request also transfers \$100,000 from the Personnel Services category to the Transfer to Medical Co-Pays category; \$10,000 from the Warm Springs Correctional Center Law Library category to the Transfer to Medical Co-Pays category; \$11,500 from the Northern Nevada Correctional Center Law Library category to the Medical Co-Pays category; \$14,000 from the Nevada State Prison Law Library category to

the Transfer to Medical Co-Pays category; \$16,000 from the Southern Desert Correctional Center Law Library category to the Transfer to Medical Co-Pays category; \$11,000 from the Ely State Prison Law Library category to the Transfer to Medical Co-Pays category; \$10,000 from the Property Damage category to the Transfer to Medical Co-Pays category; \$8,000 from the Lovelock Correctional Center Law Library category to the Transfer to Medical Co-Pays category; \$20,000 from the Retained Earnings category to the Transfer to Medical Co-Pays category; \$11,000 from the Florence McClure Women's Correctional Center Law Library category to the Transfer to Medical Co-Pays category; and \$8,500 from the High Desert State Prison Law Library category to the Transfer to Medical Co-Pays category to fund a projected shortfall in medical expenditures. Requires Interim Finance approval since the amount added to the Transfer to Medical Co-Pays category exceeds \$50,000. **RELATES TO ITEMS 97 AND 99. Work Program #C20175**

Jeff Mohlenkamp, Deputy Administrator, Department of Corrections, introduced Chuck Schardin, Medical Administrator, Department of Corrections, and explained the three work programs, 97, 99, and 100, would essentially accomplish one task, which was to move funds to the medical budget in order to pay for claims that had become known as A.B. 389 claims. The claims provided for reimbursement from the Inmate Welfare Fund when an inmate hurt another inmate, hurt himself or herself, or was injured in a recreational activity.

Given discussions concerning privatization, Assemblyman Hickey asked whether outside firms providing medical services would have their own liability coverage, which could benefit the state.

Mr. Mohlenkamp replied the NDOC had been considering some levels of privatization, primarily for three purposes: to provide consistency, to improve the Department's ability to recruit and retain physicians, and to develop some level of risk avoidance. The Department had looked at options such as stop-loss provisions and capitated claims, but they were costly. Purchase of any insurance provision came with a premium. Mr. Mohlenkamp said many states were purchasing outside programs. The State of Missouri had an entirely capitated rate, essentially an HMO-type model, and it was very good—they knew what they were paying monthly per inmate. However, the cost was significantly higher than the amount Nevada had historically been paying for medical services.

Senator Horsford remarked the 2011 Legislature would consider these and other issues during the budget process.

Assemblywoman Smith observed that there were fewer accidents resulting from inmate altercations, but they were more severe. She asked whether those situations were affected by changing staffing ratios.

Mr. Mohlenkamp replied a comparison of the period July through November 2009 with July through November 2010 revealed there was a reduction in the number of altercations, but the cost was higher, which was indicative of more severe injuries. He said there were fewer claims in the first half of 2010, and the number exploded the second half of the year. At this point in 2010, the dollar volume of claims was half of what it was so far in 2011, but 2010 ended up at the same amount that was being projected for 2011. As far as staffing, there was no indication that changes due to furloughs had any impact on the number of incidents.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL OF
ITEMS 97, 99, AND 100.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblyman Atkinson was not present for the vote.

- 101. Department of Corrections - Inmate Welfare Account - FY 2011 -** Transfer of \$14,279 from the Personnel Services category to the Transfer to OASIS North Program category to provide State match for the Residential Substance Abuse Treatment grant. Requires Interim Finance approval since the cumulative amount deducted from the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 98. Work Program #C20201**

Refer to motion for approval under Agenda Item E.

- 102. Department of Corrections - Prison Industry - FY 2011 -** Transfer of \$157,024 from the Northern Nevada Correction Center (NNCC) Metal Shop category to the Lovelock Correctional Center (LCC) Garment Factory category to continue the operation of the garment factory through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the LCC Garment Factory category exceeds \$50,000. **Work Program #C20197**

Refer to motion for approval under Agenda Item E.

- 103. Department of Corrections - Prison Industry - FY 2011 -** Transfer of \$66,669 from the Northern Nevada Correctional Center Metal Shop category to the Nevada State Prison Printing/Bindery Shop category to continue operations for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Nevada State Prison Printing/Bindery Shop category exceeds \$50,000. **Work Program #C20380**

Refer to motion for approval under Agenda Item E.

104. Department of Motor Vehicles - Automation - FY 2011 - Addition of \$172,264 in Reimbursement of Expenses - Off-Highway Vehicles (OHV) from the Assistance of OHV Trust Fund Account, which assists the Department in carrying out the provisions of S.B. 394 relating to the titling and registration of off-highway vehicles. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20302**

Troy Dillard, Deputy Director, Department of Motor Vehicles (DMV), explained that in the 2009 Session, Senate Bill 394 was passed which created a program for registration and titling of off-highway vehicles within the state. The DMV was tasked with creation of the system, and because funding was from sources outside the Highway Fund, a separate funding source had to be developed. Start-up costs needed to be acquired and deposited, and as of January 12, 2011, the Department was notified that the start-up costs had been deposited and the program was ready to proceed with programming. He said the work program requested a transfer of \$172,264 from the initial \$500,000 to begin the programming for the system.

Assemblyman Bobzien indicated he was concerned with the length of time since the legislation was passed, and the Department was now predicting the program would not be implemented for at least a year. He believed the planning and programming for the program should have begun much earlier, and he suggested the DMV could be more aggressive and attempt to move the timeline up for implementation of the program.

Mr. Dillard replied Assemblyman Bobzien's suggestions would normally have been the process the DMV would follow on this type of program. However, the program could not be funded through the Highway Fund, and all of the employees for the program had to be hired. He pointed out the work program included funding for a contract programmer and for overtime for the employees with specific knowledge of the Department processes who would be performing the programming. Mr. Dillard said planning sessions for the program had begun, but he reiterated the Department was prohibited by the State Constitution from using Highway Funds to actually begin.

SENATOR RHOADS MOVED FOR APPROVAL.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblyman Atkinson was not present for the vote.

105. Department of Public Safety - Emergency Management Assistance Grants - FY 2011 - Addition of \$444,912 in Department of Energy (DOE) Emergency Preparedness Working Group (EPWG) grant funds to align the remaining grant award to enhance emergency response capabilities related to the transportation of low-level radiological waste. Requires Interim Finance approval since the amount added to the DOE EPWG category exceeds \$50,000. **Work Program #C20206**

Refer to motion for approval under Agenda Item E.

- 106. Department of Public Safety - Emergency Management Assistance Grants - FY 2011** - Addition of \$464,082 in federal Pre-Disaster Mitigation grant funding to pass-through to the City of Reno for fire suppression system improvements. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$50,000. **Work Program #C20215**

Refer to motion for approval under Agenda Item E.

- 107. Department of Public Safety - Parole and Probation - FY 2011** - Deletion of \$213,437 in Fines/Forfeitures/Penalties funds to properly track expenditures paid with forfeiture funding in Budget Account 4703, which is consistent with business practices. Requires Interim Finance approval since the amount deducted from the Specialty Equipment category exceeds \$50,000. **Work Program #C20020**

Refer to motion for approval under Agenda Item E.

- 108. Department of Public Safety - Criminal History Repository - FY 2011** - Addition of \$482,076 in Transfer from Department of Public Safety Criminal Justice funds to accept the National Instant Criminal Background Check System Act Record Improvement Program (NARIP) grant to improve the accuracy and completeness of criminal history records. Requires Interim Finance approval since the amount added to the NARIP Grant category exceeds \$50,000. **Work Program #C19680**

Refer to motion for approval under Agenda Item E.

- 109. Department of Public Safety - Criminal History Repository - FY 2011** - Addition of \$400,000 in Transfer from DPS Criminal Justice and transfer of \$50,000 from the Personnel Services category to the Criminal History Re-Write Study category to fund an outside consultant to conduct a study on the criminal justice information system re-write project. Requires Interim Finance approval since the amount added to the Criminal History Re-Write Study category exceeds \$50,000. **Work Program #C20268**

Chairman Horsford questioned why the addition of funds was being requested from the Interim Finance Committee instead of the 2011 Legislature, which would convene the following Monday.

Patrick Conmay, Chief, Records and Technology Division, Department of Public Safety, replied the request involved a series of systems that operated critical applications for the Department and statewide law enforcement. He said the need was recognized two years before, and the Department had issued a request for information (RFI) to determine the cost of conducting the study. He said the reason the request was being brought forward now was an aggressive timeline had been developed because the request for proposal (RFP) process for the study, bid solicitation, review of the completed study and preparation of another RFP to develop the replacement system would take the Department into the next biennium.

Mr. Conmay went on to explain that in the next biennium, the applications and platform would no longer be supported, and the Department did not want to return to the Legislature in the next two to four years in a critical stage requesting funding for an expedited purchase. The study would provide the information to submit an intelligent and thoughtful plan for the request for funds to actually do the system rewrite.

Chairman Horsford pointed out the Legislature was concerned with the manner in which contracts were being issued, whether the state was getting the best return on its investment, and whether Nevada firms were prioritized. The Legislature would be addressing those policy decisions in the upcoming Session. He believed \$400,000 to rewrite a program was excessive.

Mr. Conmay responded that the \$400,000 amount was arrived at through the RFI. Nine companies responded to the RFI, indicating price ranges from \$170,000 to \$495,000. The Department had asked for grant funding of the higher amount to try to cover the need should it become necessary; the results of the RFP would determine the actual cost.

Chairman Horsford asked whether the request had been reviewed by the Department of Information Technology (DoIT). Mr. Conmay said the Department had a discussion with the DoIT officials about whether it could perform the function, and they indicated they could not perform this type of function. However, they would be involved in the study and provide input into the study concerning the end product.

Assemblywoman Smith noted the request was not in the Governor's budget, and she was unclear as to the reason.

Mr. Conmay replied the request was in the Governor's budget, and at that time, the agency was seeking other sources of funding, including grants. After the Department submitted its budget request, grant funding was located, but it was not ultimately forwarded in the Governor's budget.

Chairman Horsford stated he appreciated the Department's explanation, but he could not approve the request at this time; the request needed to go through the budget process. He recommended deferral of item 109 if there was no objection. There were no objections from Committee members.

110. Department of Public Safety - Cigarette Fire Safety Standard & Firefighter Protection Fund - FY 2011 - Addition of \$10,000 in Licenses and Fees and transfer of \$5,937 from the Reserve category to the In-State Travel category; \$5,652 from the Reserve category to the Operating category; \$20,909 from the Reserve category to the Equipment category; and \$7,500 from the Reserve category to the Information Services category to support life safety and fire prevention programs. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19473**

Refer to motion for approval under Agenda Item E.

- 111. Department of Conservation and Natural Resources - Forestry - FY 2011 -** Transfer of \$21,269 from the United States Bureau of Land Management (BLM) - Southern Nevada Public Land Management Act (SNPLMA) category to the Personnel category to allow for seasonal employees to continue work on the fuel break for the Franktown Creek Watershed area and extend three existing fuel breaks in the Hobart Reservoir, Sunflower Hill and Franktown Creek areas. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C20293**

Refer to motion for approval under Agenda Item E.

- 112. Department of Conservation and Natural Resources - Water Resources - FY 2011 -** Addition of \$15,102 in funds transferred from Wildlife to support the agency's South Fork Dam maintenance efforts. Requires Interim Finance approval since the cumulative amount added to the South Fork Dam category exceeds \$50,000. **Work Program #C20163**

Refer to motion for approval under Agenda Item E.

- 113. Department of Conservation and Natural Resources - Environmental Protection - Administration - FY 2011 -** Addition of \$1,014,251 in federal Department of Energy grant funds to cover State environmental management activities. Requires Interim Finance Committee approval since the amount added to the Transfer to State Agencies category exceeds \$50,000. **Work Program #C20307**

Refer to motion for approval under Agenda Item E.

- 114. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2011 -** Addition of \$60,983 in funds transferred from Environmental Protection to cover the cost of one Deputy Attorney General (DAG) that will be dedicated to the Division of Environmental Protection litigation. This work program is only requesting the funding authority needed for one position since the funding for a second DAG currently exists in the budget to which the DAG will be assigned. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **RELATES TO ITEM 5. Work Program #C20057**

Refer to motion for approval under Agenda Item E.

- 115. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2011 -** Addition of \$133,831 in federal Environmental Protection Agency State Clean Diesel grant funds in support of the State's School Bus Retrofit Program. Requires Interim Finance approval since the amount added to the Clean Diesel Grant Program category exceeds \$50,000. **Work Program #C20117**

Refer to motion for approval under Agenda Item E.

- 116. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2011** - Addition of \$996,397 in funds transferred from Management of Hazardous Waste to support the 2010 field cleanup activities at the Tronox plant site associated with company bankruptcy reorganization and administrative enforcement action taken by the Nevada Division of Environmental Protection. Requires Interim Finance approval since the amount added to the Corrective Actions category exceeds \$50,000. **Work Program #C20128**

Refer to motion for approval under Agenda Item E.

- 117. Department of Wildlife - Administration - FY 2011** - Addition of \$151,031 in Transfer from Wildlife funds for predation management. Requires Interim Finance approval since the amount added to the Predator Management Program Wildlife Services category exceeds \$50,000. **RELATES TO ITEM 119. Work Program #C20289**

Refer to motion for approval under Agenda Item E.

- 118. Department of Wildlife - Administration - FY 2011** - Addition of \$97,841 in federal Pittman Robertson funds for aircraft maintenance. Requires Interim Finance approval since the amount added to the Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEMS 120 AND 121. Work Program #C20359**

Refer to motion for approval under Agenda Item E.

- 119. Department of Wildlife - Obligated Reserve - FY 2011** - Transfer of \$151,031 from the Restricted Reserve category to the Transfer to Wildlife category for predation management. Requires Interim Finance approval since the amount added to the Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEM 117. Work Program #C20311**

Refer to motion for approval under Agenda Item E.

- 120. Department of Wildlife - Obligated Reserve - FY 2011** - Transfer of \$32,614 from the Reserve category to the Transfer to Wildlife category for aircraft maintenance. Requires Interim Finance approval since cumulative amount added to Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEMS 118 AND 121. Work Program #C20341**

Refer to motion for approval under Agenda Item E.

- 121. Department of Wildlife - Operations - FY 2011** - Addition of \$130,455 in Transfer from Wildlife funds for aircraft maintenance. Requires Interim Finance approval since the amount added to the Air Operations category exceeds \$50,000. **RELATES TO ITEMS 118 AND 120. Work Program #C20340**

Refer to motion for approval under Agenda Item E.

- 122. Department of Transportation - FY 2011** - Transfer of \$55,000 from the Equipment category to the Out-of-State Inspection Audit category to continue to perform out of-state inspections for fabrication of structural steel for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Equipment category exceeds \$50,000. **Work Program #C20205**

Refer to motion for approval under Agenda Item E.

- 123. Department of Transportation - FY 2011** - Addition of \$15,000,000 in Highway Fund Authorization and \$149,000,000 in federal Highway Administration and ARRA grant funds to continue the ongoing construction program. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds \$50,000. **Work Program #C20280**

Refer to motion for approval under Agenda Item E.

- 124. Department of Transportation - FY 2011** - Addition of \$256,470 in Highway Fund Authorization to fund an anticipated shortfall in Honor Camp payments. Requires Interim Finance approval since the amount added to the Honor Camp Payment category exceeds \$50,000. **Work Program #C20281**

Refer to motion for approval under Agenda Item E.

- 125. Public Employees' Benefits Program - Retired Employees Group Insurance - FY 2011** - Addition of \$164,088 in Treasurers' Interest Distribution and \$1,214,582 in Receipts/Retired Employee Insurance due to revenue projections for FY 2011 being realized greater than budgeted. Requires Interim Finance approval since the amount transferred from the Retired Employee Group Insurance category exceeds \$50,000. **Work Program #C20376**

Refer to motion for approval under Agenda Item E.

- 126. Public Employees' Benefits Program - FY 2011** - Transfer of \$25,398,862 from the Self-Insured Claims Cost category to the Reserve category due to self-funded claims experience being favorable for the first half of FY 2011. Requires Interim Finance approval since the amount deducted from the Self-Insured Claims Cost category exceeds \$50,000. **Work Program #C20375**

Refer to motion for approval under Agenda Item E.

- 127. Department of Cultural Affairs - Nevada Arts Council - FY 2011** - Addition of \$30,000 in Gifts and Donations to support the 31st annual Governor's Arts Awards and OASIS 2011 mini conference. Requires Interim Finance approval since the amount added to the Public Information/Arts Initiatives category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C20400. RECEIVED AFTER SUBMITTAL DEADLINE, JANUARY 24, 2011.**

Refer to motion for approval under Agenda Item E.

Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Health and Human Services/Health Division	406/3214	0047	Family Services Specialist II Code: 12.376, Grade 31, Step 01, \$38,523.60 Employee/Employer Paid Retirement	Program Officer I Code: 7.649, Grade 31, Step 01, \$38,523.60 Employee/Employer Paid Retirement
Department of Transportation	800/4660	70007	Administrative Assistant III Code: 2.211, Grade 27, Step 01, \$32,677.20 Employee/Employer Paid Retirement	Business Process Analyst II Code: 7.656, Grade 36, Step 01, \$47,606.40 Employee/Employer Paid Retirement

Refer to motion for approval under Agenda Item E.

F. STATEMENT OF CONTINGENCY FUND BALANCE.

Mr. Krmpotic reported the General Fund portion balance of the Contingency Fund had a balance of \$6,999,256.40. The Committee did not take action on Contingency Fund requests for the Department of Business and Industry that would have allocated approximately \$20,000, and therefore the balance had not changed. He reported the Highway Fund portion of the Contingency Fund had a current balance of \$2,056,183.35, and if the Committee approved the request from DMV in Agenda Item G-2 for an allocation of \$396,890, a balance of \$1,659,293.35 would remain in the Highway Fund portion of the Contingency Fund.

***G. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO NRS 353.268.**

1. Department of Business and Industry – Director’s Office – Request for a General Fund allocation of \$19,668 to provide funding for an office move. (No action taken; refer to discussion under Agenda Item F-20.)
2. Department of Motor Vehicles – Director’s Office – Request for a Highway Fund allocation of \$396,890 due to the projected shortfall of commission payments associated with kiosk transactions.

Troy Dillard, Deputy Director, Department of Motor Vehicles, explained the request for \$396,890 from the Contingency Fund was to cover costs for vendor services in the Department’s kiosk program. He said increased transactions in the kiosks were driving the request, and the allocation would satisfy the shortfall during the next two months; the Department had a supplemental request in its biennial budget for the remainder of the year. Overall, the shortfall was estimated to be approximately \$1 million. He reminded the Committee that the Department was submitting a bill to the

2011 Legislature which would transfer payment of the fee from the Highway Fund to a convenience fee to be paid by the customer.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblyman Atkinson was not present for the vote.

*H. LEGISLATIVE COUNSEL BUREAU – Report of findings concerning quality-of-life areas including proposed strategies and recommendations from the Nevada Vision Stakeholder Group (S.C.R. 37, 2009 Session).

Chairman Horsford announced this would be the second and final public hearing on the report from the Nevada Vision Stakeholder Group. He asked Mr. Krmpotic to highlight the provisions of SCR 37 of the 2009 Session which created the Stakeholder Group.

Mr. Krmpotic explained Senate Concurrent Resolution (SCR) 37 of the 2009 Legislature provided that the Subcommittee appoint members to form a vision stakeholder group from a list of names submitted by community and statewide groups. The resolution called for contracting with a vendor, which was Moody's Analytics, to assist in preparing the report. Mr. Krmpotic noted the Interim Finance Committee had conducted its first public meeting regarding the report on December 17, 2010, and testimony on the findings would be heard at this meeting to meet the requirements of SCR 37, which called for the Interim Finance Committee to submit a report of the results of its review and any recommendations for legislation to the Governor and the Director of the Legislative Counsel Bureau for transmittal to the 76th Session of the Legislature. Once that action took place, the requirements of SCR 37 would be fulfilled.

Dr. Robert Lang, University of Nevada, Las Vegas, Chairman of the Nevada Vision Stakeholder Group, testifying from Carson City, recalled his presentation at the December 17, 2010, meeting covered the overall report. His presentation at this meeting would focus on economic development and diversification, both short- and long-term, to include new testimony in the areas of transportation, health, and education, which were related to economic development. The local chapter of The American Institute of Architects (AIA) would also be making a presentation.

Dr. Lang stated when the Vision Stakeholder Group first met, it was only the start of the conversation, and committee members hoped to lay out a vision that would be bigger than just the report. He was pleased that the AIA had expressed an interest in the study, and he hoped it was the beginning of efforts to address the issues raised in the report.

Dr. Lang said a conference called Nevada 2.0 was held in January 2011 as part of an effort by the Lt. Governor, Assembly Majority Leader Debbie Smith, and Senate Majority Leader Steven Horsford to develop a comprehensive analysis of where the state could go in terms of diversification and where it was falling short. He said several elements from the Stakeholder Group were brought forth at the Nevada 2.0 meeting, and he cited some of those he believed to be relevant.

Dr. Lang said the first part of the Nevada 2.0 conference looked at economic development and the use of universities in tech-based economic development. Very good information was provided by the Arizona State University and the Utah Higher Education System. The purpose was to demonstrate the role that the research and development capacity of higher education could play in stimulating economic development and jobs. Dr. Lang noted that the Vision Stakeholder Group had argued that the state should invest more in the university capacity for research, not just for research sake, but for broad research to include helping businesses within the state get further and to attract new businesses. The Arizona State University and Utah Higher Education System had organized their efforts to directly connect through public/private partnerships with the private sector. He said the universities' capacity was a public resource, but was not the end-all be-all for application to the state economy; it required the private sector. Utah organized a venture capital network for that purpose, and the University of Utah had just produced research in an applied area in key critical technologies, such as green technology and biotechnology. Dr. Lang said as referred to at some length in the Vision Stakeholder report, venture capitalists would invest their money and make bets on whether something was going to work. The state was not in the business of picking winners; the private sector and people with the resources to invest who had the entrepreneurial spirit were those who made the bets and reaped the returns. The universities' role was to provide the capacity to make the investment in the first place.

Dr. Lang noted that Arizona and Utah were not the only states investing in higher education research and development: Kansas had embarked on the same strategy in areas such as cancer research, aviation, and animal sciences. Nevada could pursue separate relevant specialties, which would include such areas as green technology.

Continuing, Dr. Lang said presentations were also heard from representatives from Denver and Dallas about broader efforts toward economic development. In the early 1980s, Denver suffered a very rough recession when the energy economy went bust and energy prices collapsed. Denver looked as grim as the state of Nevada looked today, and Colorado in general was looking grim. One of the architects of Denver's economic revival revealed that a possible strategy was to build infrastructure counter-cyclical to the energy crunch and begin investing in infrastructure in anticipation that the economy would boom again. The construction industry had suffered losses in that region, and public resources were applied through bonding to fix long-term problems and add capacity. The state of Virginia set \$0.5 billion aside for investment over the next several years with the same intention. It was cheap to borrow then; the work needed to be done; there was a need to add some capacity because growth was

expected; and it was a good time to do it because construction workers who had been displaced could be employed. Dr. Lang noted that nearly one-third of the unemployed in Nevada were in the construction industry, and the state could learn a lot from the experience in Denver.

Dr. Lang said Denver also sat down with all of the state's municipalities and counties and created a consensus on going forward in economic development, and they signed a non-aggression pact in which they agreed not to compete against each other. It could be called an agreement of purpose and agreement of ethics in not playing one off another when competing for location of a new business. The philosophy was that Denver competed in the whole global economy; it did not matter where the business relocated: some area would benefit from housing demand and local taxes. The agreement was very useful, because when Denver boomed again, it moved forward with unity instead of each entity undermining one another and, in the process, undermining the state's own tax base.

Continuing, Dr. Lang reported the Nevada Vision Stakeholder Group looked at various forms of taxation and tax reform. There was a representative from Dallas at the Nevada 2.0 conference who spoke about tax incentives in Texas, which was quite impressive. In addition, Dallas representatives described the city's emergence as a world city and what lessons could be learned by Las Vegas as it moved to complete its international airport terminal. He explained Dallas had used its airport capacity as leverage to become a world city through corporate relocation, trade, and logistics. The emergence of the 787 technology from Boeing Aircraft, a new aircraft that was much lighter and flew further, allowed Dallas to directly reach both coasts, Europe, and Asia. In Nevada's case, that same plane would allow nonstop flights to global locations in Asia, especially Southeast Asia. Dr. Lang noted the gaming industry was making overseas investments and extending its reach by providing valuable producer services to other regions' economies in terms of organizing gaming, thereby benefiting from a share of global trade. Dallas had indicated that building the airport, enhancing the capacity, and gaining more of the trade was very useful.

Dr. Lang again noted the infrastructure investment and its connections to both ground-based transportation improvements and high-speed rail to southern California and Interstate 11, as well as enhancements to the airport that were expected to yield results. He was happy to report that since the issuance of the report from the Vision Stakeholder Group, he and others had been involved in activities to enhance the state's economy and bring in people from other successful parts of the country to learn from their experience and best practices.

Senator Rhoads asked if the Stakeholder's Group conducted any research in rural Nevada. Dr. Lang replied rural Nevada was represented. There were certain sectors, green energy generation for example, that both rural and urban parts of the state could link. Much of the generation and capacity for energy was rural based, while a lot of the investment and technology was urban based, so there was a symbiosis in that particular sector.

Assemblyman Ocegüera recalled there was a recent conference in Reno titled 20-20. He asked if there was any synergy between the Reno conference and the 2.0 conference in Las Vegas.

Dr. Lang replied that the head of the UStar Project, a program of technology transfer through the universities in Utah, made the same presentation as he did in Las Vegas. The presentation at the 20-20 conference was well received, and there was a lot of interest in both parts of the state.

Dr. Lang explained the University of Utah was now the equivalent of MIT in taking the technology it generated through its research efforts and investments and turning it into patents and start-up businesses, thereby fortifying the technology base of the businesses already in the state. He noted there was a promising new company in Nevada called Switch Communications, and he suggested the state meet with the leadership of the company to discuss partnering with the universities to develop the capacity for the company's needed research. By extension, the universities would be working concurrently with the company's efforts to produce technology that was immediately relevant to its needs.

Assemblyman Grady noted the report contained a recommendation to establish a second national fire academy to serve the needs of the western United States. He asked Dr. Lang clarify the recommendation.

Dr. Lang replied the only national fire academy in the United States was in Emmitsburg, Maryland, and firefighters throughout the country had to travel to Maryland for training. The U.S. Government was interested in developing a western regional fire fighting training facility. If the federal government would make such an investment, northern Nevada would be an appropriate location.

Chairman Horsford thanked Dr. Lang for his presentation and invited the presenters from the American Institute of Architects (AIA) to speak.

Windom Kimsey, Principal, Tate Snyder Kimsey Architects, and Member of AIA Nevada, and Rick Van Diepen, Associate Principal, PGAL Architects, and President of the U.S. Green Building Council, introduced themselves.

Mr. Kimsey testified there had been a national effort by the American Institute of Architects to reconnect with communities and talk about livable communities. The Nevada AIA produced a document entitled, *The Blueprint for Nevada* in an attempt to determine what it could do to visualize the recommendations in the Stakeholder Group's report. A volunteer group of architects from the north and south, in a combined effort, provided visual effects to the Stakeholder Group's report. He noted the AIA was available as a resource to help the state since architects were connected with the construction industry, and the profession was experiencing 65 to 70 percent unemployment. Members were passionate about doing what they could to help diversify the economy and make Nevada's communities more livable.

Mr. Van Diepen said the statewide chapter of the U.S. Green Building Council was available as a resource for the state and, as architects, members were interested in community building as well. Economic diversification would help everyone, not just his industry.

Mr. Kimsey and Mr. Van Diepen briefly reviewed a document produced by the AIA Nevada Task Force entitled, *Envisioning Nevada's Future – Exploring Ways to Diversify Nevada's Economy* (Exhibit D).

Mr. Kimsey explained the mission of the study was to consider ideas for possible solutions to diversify the state's economy. The report focused on three specific strategic areas: Multi-Modal Transportation, Healthcare Tourism, and Research and Development. Following are the highlights of the report as reviewed by Mr. Kimsey and Mr. Van Diepen.

Multi-Modal Transportation

Objective 1: Maintain Nevada's lead over the nation in the quality of its infrastructure.

Metric: Roadway and bridge condition indices.

Strategies:

- Maintain existing infrastructure in good condition. Invest in transportation infrastructure throughout Nevada.
- Investigate innovative ways of financing infrastructure. Investigate alternatives to fuel tax.

Objective 2: Diversify the state's transportation network to encourage sustainability.

Metric: Commuters using alternatives to driving.

Strategies: Develop alternative forms of transportation.

Objective 3: Strengthen Nevada's connection to communities throughout the Intermountain West.

Metric: Interstate centerline miles per million residents.

Strategies:

- Improve highway links between southern Nevada and Arizona.
- Pursue development of a high-speed rail with a federal subsidy.
- Coordinate infrastructure development through regional planning organizations.
- Develop policies to support alternative-fuel vehicles.
- Orient transportation systems toward the development of inland ports.

Overview

- The National Surface Transportation Policy and Revenue Study Commission (NSTPRC) recommended that the entire country should be connected by high-speed rail by 2050. Further, the high-speed rail should connect population centers within 500 miles of each other.

- The Western High-Speed Rail Alliance envisioned a Denver to Los Angeles corridor via high-speed rail, with regional hubs in Las Vegas, Salt Lake, Denver, and Phoenix. The unique position of Las Vegas would make it an ideal hub.
- Rail transportation was low-cost, energy efficient, safe, and environmentally friendly.
- Truckers were the third-largest motorist group using the highways, after commuters and tourists. Highways carry the bulk of freight in Nevada, followed by rail and air. Sufficient intermodal accessibility and mobility was essential for freight movement.
- Most of the freight and traffic moved through Nevada, not to and from Nevada.
- The CANAMEX Trade Corridor, which would eventually link Mexico City to Fairbanks, Alaska, was a high priority corridor. Nevada is uniquely positioned as a commercial junction at the Highway I-15 /I-11 interchange
- Public transportation in Nevada was a critical element used to move tourists and workforce, particularly in urban areas of the state.
- The Regional Transportation Commission of Southern Nevada was currently working on building a rapid transit system called ACE.
- Reducing miles traveled in commutes throughout the state would improve air quality, as well as remove cars from the road and ease the burden on the infrastructure.
- Several neighboring states and metropolitan areas have invested in public infrastructure for transportation.

Healthcare/Medical Tourism

Mr. Kimsey explained medical tourism was the business of traveling domestically or abroad to seek out the best quality care for medically necessary and elective procedures. Healthcare tourism was popular in other parts of the world, and Nevada, with its great air service and opportunities for greater connectivity, was uniquely positioned to be a hub for medical tourism.

Goal: Create Economic Diversification.

Objective 1: Increase support for and promote medical education.

Strategies:

- Adequately fund and develop University of Nevada System programs in medical education.
- Maintain high standards for all public and private medical institutions and private incentives.
- Fund and provide research initiatives in medical education.

Objective 2: Focus attention on attracting centers of medical excellence to Nevada.

Strategies: Provide incentives to centers of medical excellence to expand operations or branch out in Nevada.

Goal: Provide Quality Healthcare to All Nevadans.

Objective: The existence of centers of excellence needed for the success of medical tourism will provide all Nevadans with the finest healthcare as well.

Strategies:

- Focus on Existing Base: Cleveland Clinic – Lou Ruvo Center for Brain Health; University of Nevada School of Medicine; TOURO University–Nevada; Nevada Cancer Institute; The Whittemore-Peterson Institute for Molecular Medicine.
- Focus on Potential Providers to Attract: St. Jude’s Hospital, Memphis, TN; Cleveland Clinic, Cleveland, OH; MD Anderson, Houston, TX; Scripps, San Diego, CA; May Clinic, Rochester, MN; and Johns Hopkins, Baltimore, MD.

Research and Development

Mr. Kimsey said Nevada had a huge amount of renewable energy resources, but mining and gaming provided the biggest tax base. The economy indicated the state was too reliant on those industries. The future was headed toward not only production of renewable energy, but also to the north-south online project that would connect the geothermal energy in the north with the southern need in the winter.

Goal: Reduce Volatility in Nevada’s Economy.

Objective 1: Attract research and development (R&D) industries to Nevada.

Strategies:

- Transport energy back and forth up and down the state.
- Eventually export energy to California to help supply its renewable energy standards, which were much more stringent than Nevada’s.
- Pursue the use of natural resources infrastructure to attract technology-producing companies, especially in green industries, to the state. Land was available in the state for these types of industries for research and development purposes.

Objective 2: Increase venture capital funding. The 20-year goal was to grow venture capital investments to \$300 million, which would be about two-thirds the U.S. average, excluding California, 10 years ago.

Incentives:

- The quality of life is good in Nevada.
- The state needs to work on education funding; improvement in school performance is a recurring theme throughout the study. Having an educated workforce is essential to attract new industry.
- Nevada has an attractive tax structure.

Strategies:

- Through local and statewide economic agencies, the state should create an investment council that would market the state to investment capital firms.
- Review and maximize incentives, including tax breaks, tax credits and tax rebates.

- Promote agency cooperation.
- Focus on specific industries: technology, renewable energy, biotechnology.
- Focus on existing technology base: Switch X; IBC Tech Nevada, Inc.; H.P. White Laboratories.

Objective 3: Focus on Renewable Energy: Solar, Wind and Geothermal.

Strategies:

- Develop manufacturing of wind turbines, photovoltaic panels, and geothermal equipment.
- Focus on existing base: Acciona Energy Nevada Solar One power plant near Boulder City; Acciona Energy's photovoltaic center at Nellis Air Force Base; Ausra Solar Thermal Energy Systems in Las Vegas; First Solar Silver State North Solar Project in Primm; Mariah Power in Reno; and Nevada Wind Company.
- Focus on potential companies to attract: Siemens Wind Power (Denmark), Suzlon (India), GE Wind Energy (U.S.), Vestas (Denmark), Sinovel (China), Enercon (Germany), Repower (Germany).

Objective 4: Focus on Biotechnology.

Strategies:

- Focus on existing base: NPDL BioPharma, Incline Village; Cardio Vascular BioTherapeutics, Las Vegas; Index Laboratories, Las Vegas; Sierra Sciences, Reno; Radiant Research, Las Vegas; Charles River Laboratories; Reno.
- Focus on potential companies to attract: Amgen, Genentech, Serono, Biogen Idec, UCB-Celltech, Genzyme, Gilead, MedImmune, Chrion, Millennium.

Education

Mr. Kimsey stated that education became the fourth focus area. Determining how Nevada could reach and sustain a desirable quality of life was the mission of the AIA Nevada Task Force. However, without an adequately educated workforce, very few of the previous goals and objectives could be met.

Goal: Raise Educational Attainment.

Objective: Increase the share of adults with at least a high school diploma.

Metric: High school freshmen graduation rates, public schools.

Strategies:

- Provide alternative models of K-12 education.
- Promote effective capital investment in school districts.
- Expand offerings of differentiated diplomas.
- Support the Millennium Scholarship and other student subsidies.

Goal: Increase Early Childhood Programs.

Objective: Enroll more children in early-childhood education programs; increase early-childhood programs.

Metric: Share of three- and four-year-olds enrolled in schools.

Strategies:

- Raise standards for early-childhood education centers.
- Expand community-based programs.
- Invest in early-childhood education.
- Provide low-income families with options beyond childcare.
- Cooperate with existing successful community-based programs.

Goal: Raise the Quality of K-12 Education.

Objective 1: Broaden student engagement.

Metric: Pupil-to-teacher ratio.

Strategies:

- Maximize schools' ability to attract good schools.
- Nurture and extend teachers' skills.
- Enhance staff development and evaluation.
- Increase student communication with parents.
- Expand English Language Learner programs.
- Enable students to focus on their work.

Objective 2: Bring School Attendance and Achievement Levels Up to National Averages.

Metric: NAEP 4th grade test scores.

Strategies:

- Stabilize funding.
- Expand distance learning options.
- Attract qualified teachers, particularly for math and science.
- Promote low-energy and healthy green schools, including LEED certified new schools and renovations.
- Increase day lighting and improve indoor air quality, which has been proven to increase attendance and improve standardized test scores while minimizing operational costs (low energy).

Goal: Increase the value of education at Nevada's universities.

Objective 1: Increase graduation rates.

Metric: Statewide six-year college graduation rate.

Strategies:

- Increase the number of college degrees in fields related to growth industries.
- Stabilize higher education funding.

Objective 2: Give universities more control over tuition.

Strategies:

- Allow public universities to retain a larger share of tuition.
- Increase the share of out-of-state students, while expanding the total student base.
- Allow public universities to charge differential tuition for different programs and schools.

Objective 3: Raise the level of University research.

Metric: University research and development funding.

Strategies:

- Stabilize funding.
- Seek additional dollars for university research.

Chairman Horsford thanked Mr. Kimsey, Mr. Van Diepen, and the members of the AIA who designed the presentation; he understood it was a statewide effort of firms. He was aware the industry was struggling, and he commended them for their dedication and commitment to find solutions to the state's problems. There were no questions from members of the Committee.

Chairman Horsford introduced Sylvia Young, Denise Tanata Ashby, and Jacob Snow, members of the Vision Stakeholder Group, who would review some of the major recommendations from the Stakeholder Group.

Chairman Horsford noted the infrastructure portion of the report was one of the highlights because the state was ahead of the curve, which he said that needed to be used to the state's advantage.

Sylvia Young, President, Sunrise Health System and President-Elect of the Nevada Hospital Association, remarked that while the previous presentations focused on economic development, when studying the health and wellbeing of Nevadans, the Stakeholder Group considered all quality-of-life indicators.

Ms. Young said the Stakeholder Group focused on three primary areas of health and wellbeing, as reflected on page 66 of the report, *Envisioning Nevada's Future—Goals and Strategies for Advancing Our Quality of Life* ([Exhibit E](#)). She would highlight goals included in the Executive Summary that she thought were particularly germane to the earlier presentations.

- Increase access to high-quality healthcare.
- Improve efficiency and reducing costs.
- Improve health status through partnerships with a variety of organizations to impact physical and mental health needs.

Ms. Young said the three areas were mutually reinforcing:

- Improving access to healthcare could reduce costs, such as shifting demand from high-cost emergency departments to outpatient primary care settings.
- Having a healthy and well-fed population not only improves worker productivity, but the students' performance in the class as well.
- Since one-quarter of the state's budget was geared toward health and aid programs, less pressure on the constrained government by having a healthy population was beneficial.

Ms. Young highlighted the three most important areas in the report with regard to the health and wellbeing for Nevadans:

Expand Access to Healthcare for Persons Under the Age of 65.

The single most important factor to improving access to healthcare was whether an individual had insurance. Currently, 20 percent of Nevada's population under age 65 did not have health insurance. The goal of the Stakeholder Group was to reduce the percentage to 6 percent. Families with modest incomes often made too much money to qualify for state aid programs or Medicaid, but they did not make enough money to buy private insurance. With the healthcare reform, there were now incentives for states to revisit how they provided long-term care; to adopt quality performance metrics and focus more on evidence-based medicine; to improve and implement cost-containment measures by standardizing healthcare and reduce variation; and to invest in technology infrastructure.

Ms. Young said she was aware of the state's short-term budget constraints, but the evidence proved that investment and increasing and expanding access by providing health insurance would reduce total healthcare costs over time. She added that children and elderly people who received flu vaccines could reduce their risk of illness, and certain cancer screenings had proven to reduce the long-term costs.

Invest in Workforce Development

To increase access, the number of physicians needed to be increased. Nevada was at about 70 percent capacity, and an increase was needed in physician manpower per 10,000 population, as well as an investment in workforce development. Ms Young noted that healthcare workers in Nevada were actually more productive than the average worker. The health services sector was less tied to the boom-and-bust cycle that many other industries experienced.

Ms. Young explained the health services industry would be a national economic driver over the next two decades because of three factors:

- Healthcare reform included significant federal incentives to implement an electronic healthcare record.

- There was significant funding available for hospitals and healthcare providers to invest in information technology and disease-based management systems. If healthcare providers did not invest by October 2014, they would start to see financial penalties from both Medicare and Medicaid.
- There would also be increased demand from baby boomers and persons who were formerly not able to access insurance who now could through public health insurance exchanges or private insurance.

Ms. Young said she was particularly excited about the opportunity for Nevada to invest in workforce development to increase training and development opportunities for medical professionals, advanced practice nurses, and skilled professionals with degrees in clinical informatics and disease management. She was pleased to hear in the previous presentation that at the community colleges and universities, the new career of the future in healthcare was going to be in clinical informatics, health information technology. Because all providers would be expanding their electronic healthcare records, Nevada had a huge opportunity to invest in that field. The federal government, private industry, and public aid programs would invest heavily in electronic health record implementation, and professionals with the skill sets to meet the demand would be needed in the business and healthcare environments.

Increase Efficiency to Reduce Costs

Healthcare reform had financial incentive payments to meet the goal of meaningful use of the electronic healthcare records, and there was funding to subsidize costs of technology adoption. Rural Nevadans would benefit, because many of the scarce physician subspecialists recruited might migrate into the larger urban areas, and through technology adoption and telemedicine, it would be possible to connect with them.

Also to attain cost savings, Ms. Young said use patterns needed to be shifted from more cost-effective treatments. As an example, everyday in hospital emergency rooms there were pediatric and adult patients in need of psychiatric care, but the outpatient and inpatient settings were terribly underserved for psychiatric care. However, with the electronic health record and information systems, there would be the opportunity to collect and distribute the data and work with the state on less costly outpatient treatment options for those with mental health problems.

Ms. Young said the state should increase the use of outside funding and aim to meet the goals in the report that were articulated for federal health revenue as a share of general revenue. Money was being left on the table. The state received less per-capita funds and less support from the federal government than other states, along with a lower matching rate. In addition, the Medicaid eligibility requirement for federally funded programs was deliberately higher in order to minimize the state expenditure and leverage federal dollars to increase general health revenue. Yet the net effect was

resources available from Washington to help the most needy citizens with their healthcare needs were minimized.

Finally, Ms. Young said the Nevada Vision Stakeholder Group saw opportunity to optimize federal funding not only for matching programs, but also for grant programs. For example, the 2009 ARRA funds provided opportunities for states to apply for reform and capital expenditure dollars. Yet Nevada received less in federal funds and grant dollars, so another opportunity that the Stakeholder Group identified was for the state to fund federal grant writers to tap into available dollars. This would have an immediate return on investment and pay for itself.

Ms. Young summarized the recommendations in the report:

- Need to increase access to health insurance for those under age of 65, because in the long-term, healthcare expenditures were less expensive when everyone had access.
- Investment in workforce development for medical professionals to increase the supply of doctors, nurses, and health information technology professionals would be critical to meet what would be an increasing demand.
- Efficiency and reduced costs could be accomplished by investing in technology adoption.
- Federal dollars needed to be leveraged to increase the state's share of federal health revenue as a share of general health revenue.

Assemblywoman Carlton stated she worked with a primary care association and dealt with the uninsured and individuals without access to healthcare. She was curious where Ms. Young had obtained the figure of 20 percent of uninsured; she had heard the percentage was higher.

Ms. Young replied she was sure Assemblywoman Carlton was correction, since Medicaid enrollees had increased 54 percent in the last 12 months. The figure 20 percent was included in the data that Moody's Analytics had provided in the report.

Assemblywoman Carlton said she was glad Ms. Young stated that fact on the record. It was difficult to get physicians to come to the state, and the state needed to consider the way healthcare was provided. Not everyone needed to see a doctor for every ailment. She thanked Ms. Young for participating in the study; it was good to see the Hospital Association's involvement. Assemblywoman Carlton pointed out there had been testimony from the Public Employees' Benefits Program the previous day that cuts would be made to healthcare benefits. She hoped Ms. Young would be involved in discussion of those issues as well.

Chairman Horsford thanked Ms. Young for her participation on the Nevada Vision Stakeholder Group. He noted the group had met 15 times over 8 months, and he appreciated the time and effort dedicated by all members of the Group. The report was the first strategic, comprehensive plan ever put forth for state government; it was a very large accomplishment.

Denise Tanata Ashby, Executive Director, Nevada Institute for Children's Research and Policy, University of Nevada, Las Vegas; Senior Scholar at the new Lincy Institute at UNLV; and a member of the Nevada Vision Stakeholder Group, said she was asked to speak regarding the recommendations for early childhood education. She distributed a report prepared by the Nevada Institute entitled, *Starting Early Starting Right on Time: The Economic Benefits of Investing in Early Childhood in Nevada* ([Exhibit F](#)).

Ms. Ashby noted there had been a lot of discussion concerning workforce development and the quality of education in the state, primarily K-12, high school graduation rates, and college retention rates. Ms. Ashby said it was important to talk about early childhood education, because studies indicated many problems could be traced back to early childhood because students did not have the foundations they needed for early learning. Ms. Ashby said there had been a lot of research over the past decades regarding the importance of early childhood. Acknowledging she was not a neural scientist, she wanted to provide some information concerning the brain science around early childhood.

- 700 new neural connections were formed every second in a young child's brain. The connections were based on the stimuli that the child received, both positive and negative.
- The brain was most flexible or plastic early in life, and therefore it was biologically more efficient to prevent problems with brain development than to try to remedy them later on in life.
- 85 percent of the foundation for learning was developed by age 5, including communications, critical thinking, problem solving, and teamwork. Yet 95 percent of public investment in education occurred after the age of 5.

Ms. Ashby said the research indicated that strong investments in early childhood would yield extraordinary social and economic returns. Several studies had been conducted throughout the country on the social, as well as economic, outcomes of quality early childhood education. She said some of the longitudinal studies included the High Scope Perry Preschool Project, the Abecedarian Project, and the Chicago Child-Parent Centers Project. Some of the outcomes of the studies included:

- Reduced involvement in juvenile and criminal justice systems.
- Lower teen pregnancy rates.
- Less welfare dependency.
- Less need for special education.

- Less need for grade retention.
- Increased school success.
- Higher graduation rates.
- Stronger workforce readiness and job productivity.
- Stronger community engagement.

Ms. Ashby said the research also showed there was a strong economic effect of investing in quality early childhood education. The benefit-to-cost ratios ranged from 5.15 to 17.1. Short-term economic benefits included education costs related to remediation and special education, but more importantly there were long-term economic benefits related to less crime and less reliance on social welfare programs. In addition, there were higher incomes from higher graduation levels, which resulted in a stronger investment in the community by those individuals.

Focusing specifically on the State of Nevada, Ms. Ashby pointed out that:

- The state had more than 235,000 children between the ages of 0 and 5.
- More than 135,000 children had all parents in the workforce (2009 data).
- There were only 942 licensed childcare centers in the State of Nevada, with a capacity for just over 47,000 children of all ages.
- The availability of licensed care only met about 35 percent of the demand for care in the 0 to 5 age group.
- The average annual cost of care for an infant in the State of Nevada was almost \$9,000, approximately 29 percent of the median income level.

One of the biggest factors affecting early childhood education in the state, Ms. Ashby continued, was quality. As of 2009, there were only 48 accredited programs in Nevada: 39 centers, 6 group or family homes, and 3 school-age programs.

On the positive side, Ms. Ashby said there were several initiatives throughout the state focusing on early childhood. Two statewide conferences were held last year. One was an economic summit on the impact of early childhood education, which focused on business leaders to bring awareness to individuals outside of the early childhood education field about the economic importance of investing in early childhood. Another symposium was held in December 2010, funded by the Casey Family Programs, that focused on the importance of early childhood trauma and what was needed to make improvements.

Ms. Ashby said other initiatives included a pilot for a quality rating improvement system, which essentially would be a star rating system of early childcare facilities similar to that seen in hotels and restaurants. A matrix of quality factors was being tested in facilities in southern Nevada, with possible statewide implementation.

Ms. Ashby wanted to point out that early childhood education was a public/private issue. It was not just an issue for the state or community: it needed to be a coordinated effort of both public and private endeavors. She reviewed current Nevada initiatives in early childhood education:

- A statewide early childhood advisory council, as well as local councils, was looking at what needed to be done in the long term for the state to improve early childhood education.
- United Way of Southern Nevada currently had an early childhood initiative that provided training to preschool teachers, particularly in low-income neighborhoods, on the High Scope curriculum.
- United Way of Southern Nevada was also providing subsidies and scholarships to families in need of financial assistance to gain access to quality programs for their children.
- A Quality Rating Improvement System to provide a means to track teacher quality and certifications and education levels.
- The T.E.A.C.H. Early Childhood program to assist teachers in obtaining higher education levels to support early childhood education.
- An Apprenticeship program for entry-level early care teachers.
- The Interfaith Council was beginning to recognize the importance of early childhood education and had begun discussions on what it could do to make improvements.

Continuing, Ms. Ashby said quality, affordability, and accessibility were the primary issues in early childhood education. First and foremost was quality: the state could have large numbers of childhood centers, but if they were not high-quality centers, they would not be effective in educating young children. One of the recommendations from the Nevada Vision Stakeholder Group was for the state to establish a set of standards for teacher qualifications and quality in early childhood education centers. The state received federal funding through the Child Development Block Grant Fund for Quality Improvement. There needed to be assurance that funding was adequate to support quality initiatives such as the Quality Rating Improvement System.

Ms. Ashby said cost was another huge factor in early childhood education. The standards for teachers and directors in early childhood programs were not very high, and therefore the wages for those workers were relatively low and turnover rates were high. There needed to be a balance of providing teachers and directors with wages appropriate to the importance of their jobs, as well as ensuring that tuition rates in quality childhood centers were affordable for families.

Chairman Horsford asked for questions from the Committee; there were none. He thanked Ms. Ashby for her contribution to the Stakeholder Group, remarking that it was beneficial to have evidence-based research to backup the recommendations of the report.

Chairman Horsford stated the Nevada Vision Stakeholder Report needed to be adopted by the Committee and submitted to the 76th Session of the Nevada Legislature, as directed by Senate Joint Resolution 37 of the 2009 Session. He asked Committee members if they had questions, revisions, or areas to be highlighted in the report; there were none.

ASSEMBLYMAN CONKLIN MOVED THAT THE COMMITTEE
ACCEPT THE NEVADA VISION STAKEHOLDER REPORT AND
FORWARD IT TO THE 2011 LEGISLATURE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED

- *I. PRESENTATION OF REPORT ENTITLED, "STRUCTURALLY UNBALANCED: CYCLICAL AND STRUCTURAL DEFICITS IN CALIFORNIA AND THE INTERMOUNTAIN WEST" – Brookings Mountain West, UNLV, Arizona State University, Morrison Institute for Public Policy.

Matthew Murray, Professor of Economics, University of Tennessee at Knoxville, testified his primary area of research expertise was state and local government tax policy. He worked in the research center of the University conducting economic and revenue forecasting and working with state government on revenue matters, as well as the spending side of the budget. He also chaired the economic board of the county in which he resided, which was actively involved in job creation and recruitment on an ongoing basis.

Mr. Murray proceeded with a PowerPoint presentation of his report ([Exhibit G](#)). He explained the report was a team effort from personnel at the Brookings Institute and the Morrison Institute of Public Policy at Arizona State University. The report covered structural and cyclical budget deficits, as the State of Nevada and many other states throughout the country were struggling with.

Mr. Murray said it was very important for a state to address a structural deficit, because decisions were often made during good times of economic and fiscal health, but economic and demographic trends could aggravate the budget problems that a state like Nevada would confront during an economic downturn. He said those problems were particularly pronounced in California and Arizona and less pronounced in Nevada, at least at the present time. However, Mr. Murray speculated Nevada's problems would

likely mount, and the state would confront serious ongoing fiscal pressures in the years ahead.

Mr. Murray went on to say that from a perspective of a starting point today or ten years ago with a fiscal structure that had taxes, tax rates, tax bases, and restrictions on fiscal policy, there was also the spending side of the government budget that reflected programs and spending commitments. Economic trends, such as the growing share of consumption in the form of services, could hamper the performance of the state sales tax, and revenues would not grow as rapidly with the growth in the economy. And, he added, there were demographic changes: an influx of population, more children to serve in the public schools, or a welfare population that was more costly to serve. Those trends could create long-term fiscal problems.

Continuing, Mr. Murray said political decision-making and voter initiatives were also instrumental, which were problems found to be particularly troublesome in Arizona and California. California had dramatically increased spending and the size of state government with the passage of time but did not increase taxes commensurately, resulting in a serious structural deficit problem, as well as a cyclical deficit problem. Mr. Murray again pointed out that structural deficits aggravated the problems encountered during an economic downturn; they required more serious adjustments to the budget than otherwise would be required; they could create fiscal instability; and they could taint the attractiveness of a state's business climate by giving the impression that a state could not manage its fiscal affairs adequately.

Mr. Murray referred to the statistics on page 6 of the report ([Exhibit G](#)), which reflected that in terms of \$1 per \$1,000 of personal income, Nevada was fairly steady in a broad band from \$25 to \$35 of spending per \$1,000 of personal income. There was an uptick beginning in 2000, which he speculated was a reflection on the state's rapid population growth, the highest rate of growth of any state in the country.

Mr. Murray went on to explain the structural deficit was shrinking in Nevada with the passage of time, while the cyclical deficit was rising, which was a reflection of the fact that the State of Nevada had implemented some tax increases that would, over the long-term, help dampen the burden. He said when the economy started to recover, the increases in taxes would help "mend" the budget. However, based on information from a publication titled *State Policy Reports*, which developed an index of economic momentum, the index for the month of December 2010 had Nevada rated 50th in personal income and employment growth, with the highest unemployment rate over the year. The adverse trends were affecting the state's economy and revenue stream.

Mr. Murray said the *State Policy Reports* had indicated that while population growth in Nevada had slowed significantly from 2009 to 2010, Nevada was still 30th in the country. Although the growth had slowed, it was still close to the national rate, which meant more spending pressures and more persons in need of government services.

Over the long-term, Mr. Murray said, dealing with the budget situation in Nevada was complicated by a narrow set of economic activities that were taxed and a heavy reliance on a small number of tax instruments. The state relied heavily on the sales tax, local governments relied on property taxes, and the institutional and fiscal structure in Nevada was constrained in its ability to raise taxes. Mr. Murray noted that the state had a high degree of earmarking in its budget that also reduced fiscal flexibility to allocate funds over the passage of time.

Mr. Murray stated one of the more problematic issues for Nevada was in good times when tourism grew rapidly and the gaming industry was prosperous, the economy of the state and local and governments was healthy. However, when the economy experienced a downturn, the reliance on the tourism and gaming sector weighed heavily on the state. The reliance on one sector of the economy was disproportionate and would hamper the state's ability to grow out of the downturn. He said the problem was multi-dimensional:

- The state had experienced overbuilding of commercial and residential property. There would not be a resurgence of growth in property sales, and therefore there would not be growth in sales tax revenue. There would be ongoing downward pressure on property values.
- The gaming industry had largely matured in Nevada nationally and globally; dramatic growth was not likely going forward.
- Diversifying the economy and improving the quality of life were worthwhile goals, but those investments and decisions took a long time to engineer and put in place.

In the meantime, Mr. Murray continued, the state was likely to experience a decade of very difficult fiscal times. Housing starts were not expected to return to prerecession levels until the end of the decade, and even then they would not return to the previous levels. Nevada was a microcosm of what was happening nationally. However, Mr. Murray said, lower property values, the climate, and the state's proximity to high-cost California would continue to draw population to the state.

Mr. Murray indicated the report's findings were very general and encompassed the four states that were the focus of the analysis: California, Arizona, Colorado, and Nevada. To a varying degree, the report's recommendations applied to those different states. He said there were two broad categories of recommendations:

- To broaden, balance, and diversify the tax base, to include the economy as well as tax instruments, and therefore the revenue stream.
- To implement better budget processes and information sharing to the benefit of elected officials and the population at large.

Mr. Murray said the report recommended a balanced approach in dealing with the budget, which could strictly involve expenditure cuts or tax increases, but in reality and from a practical perspective, balance was needed in dealing with a fiscal crisis. He emphasized that creation of a balanced approach would need to be built around a strategic plan. The budget was not intended to exist in a vacuum; its purpose was to support the private sector economy, complement private sector economic activity, and promote the economic wellbeing of the residents of the State of Nevada.

Mr. Murray said a general recommendation from economists was that the tax base needed to be broad: a broad tax base reduced distortions and supported lower tax rates. The tax base in Nevada was problematic because it relied on sales tax only. Mr. Murray said the state could consider taxing services, but they should not be taxed to the extent of the national average. He suggested the state could consider the gross receipts tax, Texas margins tax, commercial activities tax, and other broad business-level taxes.

Continuing, Mr. Murray stated that local government flexibility was very important in terms of providing services and being accountable to the electorate for the provision of those services. However, local governments also needed the capacity to raise revenues to fund those services. He said giving local governments revenue-raising authority and expenditure obligations could take pressure off of state government while at the same time improve the flow of services locally.

Mr. Murray said across the country, rainy day fund balances were too small; states needed to have a minimum of 10 percent. The bond rating agencies were likely to bump that number to 15 to 20 percent, if not more, for very cyclical sensitive states such as Nevada. Local governments should be challenged to create rainy day funds as well.

Mr. Murray summarized the major recommendations in the report:

- Craft a statewide strategic plan, driven by measurable goals. Mr. Murray pointed out that the Vision Stakeholder Group had brought a strategic plan to the Committee, which could provide measurable goals around which the state's budget could be crafted to support. The budget crisis was not just about taxes and spending—it was actually about trying to maintain a strategic plan in a period of fiscal chaos.
- Move to multiyear budgeting. Mr. Murray noted that Nevada had a biennial budget. Multiyear budgeting would involve long-term forecasting of revenue and expenditure requirements to enable the state to anticipate long-term trends, both demographic and economic, and perform scenario analyses of the budget consequences of a recession or an economic boom.
- Report budgets and fiscal data in a transparent manner. When compiling data for other states, Mr. Murray said he referred to publications from the National Association of State Budget Officers and the state's websites. He had difficulty

finding any information whatsoever about the budget situation in Nevada. There was virtually no information available. He remarked that citizens needed to learn more about fiscal affairs in order to make informed choices at the ballot box.

- Improve tax expenditure reporting. Mr. Murray said states were doing a better job of reporting tax expenditures, but it was still not adequate. He recommended the state should report, very carefully and precisely, what the revenue consequences were of not taxing certain goods or services.

Mr. Murray asked for questions from the Committee. Chairman Horsford asked him to further discuss the reason for the focus on cyclical and structural deficits.

Mr. Murray replied that Brookings Mountain West, which had a presence at the University of Nevada, Las Vegas, was closely in tune with the budget situation in Nevada, and Arizona was equally concerned with its budget. Brookings Mountain West and the Morrison Institute for Public Policy at Arizona State University joined together to focus on four states dealing with common problems. The institutions studied the four states to point out the unique features of each state and to provide general, as well as specific, information about the fiscal problems confronting those states.

Chairman Horsford asked the potential of the state's short-term problems becoming more long-term structural deficits and what could be done to prevent that from occurring.

Mr. Murray replied he did see that occurring, as he had mentioned. The state would not see strong property tax revenue growth in the foreseeable future, nor would it see measurable growth in construction or sales tax revenues. He said the maturation of the gaming industry meant that the industry would recover, but it would not return to what it was a few years ago.

At the same time, Mr. Murray continued, the state had other types of pressures, even within the sales tax. He said sales tax bases were based primarily on tangible goods, but as economic growth recovered, individuals would spend more of their income disproportionately on services, which would not be captured by the tax base. Mr. Murray reiterated that Nevada's low property values, its climate, and its proximity to California indicated Nevada would continue to be a draw for population. Combining all of the factors, coupled with economic and demographic trends, he predicted Nevada and its local governments would see many years of fiscal stress.

Mr. Murray added that economists were not alchemists: they could not create solutions from nothing. The solutions rested in the hands of the residents of Nevada and its elected officials. Nevada already had a small state government in terms of per-capita spending and spending as a share of income or state gross domestic product. He said the state could cut its way out of the situation, but by doing so, reduced funding on education and infrastructure would reduce the state's competitiveness.

Mr. Murray recommended the state consider alternative revenue services, the natural one being expansion of the sales tax base to include services, which currently were not subject to taxation.

Chairman Horsford recalled that in his presentation, Mr. Murray had referred to improving the quality of fiscal policy making by committing to a balanced approach. He asked what he meant by that statement.

Mr. Murray explained balanced approach meant dealing with both revenues and expenditures and not trying to reduce spending as the sole means of getting out of an economic crisis. The importance of the balanced approach, which unfortunately would require revenue increases, was to maintain the functions of the state which were long-term investments that positioned the state to grow and promote the economic wellbeing of the residents, and ultimately the tax base, and reduce pressures on the spending side of the budget through a healthier economy and better-paid and educated citizens.

Continuing, Mr. Murray said the balanced approach recognized that in an economic downturn, spending could be cut or taxes could be increased to fully support the spending that existed before the recession started. However, he added, neither of those approaches was practical if one took a strategic view of what the state's budget was intended to do in terms of complementing the private sector and promoting the economic wellbeing of the residents of the state

Senator Cegavske remarked that in her review of the report, she did not see any references to "living within your means." She said over the years, a certain amount of taxes were assessed, the budget grew, and taxes were piecemealed to offset and pay for the new budget. Each year more was added and new ways were found to pay for the increased budget. In her district she had empty shopping centers, small businesses were hurting, and every type of business was affected. She said a new tax would hurt everyone, and she wondered if any of those aspects were analyzed when preparing the report.

Mr. Murray replied the study group had not looked carefully at the steps taken over the course of the 2000 decade and the piecemeal approach to budgeting, but it was implicit in the charts and the data. He acknowledged Senator Cegavske's point was valid: raising taxes today, regardless of the tax, would incur pain. However, the same was true of spending cuts. Mr. Murray said the recommendation in the report was simply to balance the pain on both sides of the budget; the intention was not to tell the state exactly what to do.

Senator Parks stated for the last three decades, there had been a line of thought that only the tourists should be taxed. He noted tourists paid approximately 30 percent of the sale tax, as well as hotel, motel, and car rental taxes. It was assumed tourists would be an inexhaustible source of revenue-paying individuals. He asked Mr. Murray if

he had suggestions for ways to broaden the tax base in light of the fact that the number of tourists had decreased.

Mr. Murray replied tourism would continue to be an integral part of the state's economy. In terms of broadening or doing more from a tax perspective, the state was sharply constrained by the absence of a personal income tax and a corporate income tax, because it had no flexibility in those areas. The only options were to increase the sales tax to include services or food. He said the food exemption was desirable from the perspective of protecting low-income households, but it was also very costly. It was conceivable that the state could put the sales tax back on food in part or in whole and provide targeted relief to the households that needed the relief. Mr. Murray said by putting the sales tax back on food, not only would more revenue be generated, but people with ability to pay would pay the tax, and tourists would pay the tax as well when purchasing grocery items.

Mr. Murray explained in Nevada small services from veterinary to pool-cleaning were not subject to taxation, and there were larger categories of services. Beyond that, he said the state was constrained by its Constitution, which was why he suggested consideration of the commercial activities tax in Ohio, a gross receipts tax, or the business net receipts tax that was proposed and ultimately not approved in California (very close to a value-added tax).

Senator Parks remarked that because of a deficiency in income tax revenue, the State of Georgia was considering taxing groceries. There seemed to be discussion in both directions relative to increased revenue.

Assemblyman Hogan recalled Mr. Murray had suggested the state find ways to inform citizens of what was being lost by not increasing revenue through some type of a tax increase. Those individuals who would like to popularize the idea of a more diversified source of revenue needed to become advocates and skilled at explaining what was being lost by failing to tax sensible targets of taxes.

Mr. Murray replied economists would argue that household consumption should be taxed and business input purchases should not be taxed, which by and large was not the case. State sales taxes were assessed on an array of business purchases in Nevada. Nationwide, approximately one-third of all sales tax revenue came from purchases made by businesses such as a doctor's office, a real estate office, or a manufacturing firm. However, a large share of household purchases was not subject to sales tax. Mr. Murray said to promote neutrality in consumption and not distort what people bought, everything should be taxed and, conceivably, the rate could be lowered. He speculated that year by year, Nevada had incrementally taken some of the sales tax burden away from business, which was appropriate for the businesses producing in Nevada and trying to export to other states and countries around the world. Mr. Murray said good tax policy and good sales tax practice was to tax services of consumers and not tax business purchases. He added the sales tax was not a good instrument to deal

with equity, because the cash register did not know whether an individual had the ability to pay.

Mr. Murray further explained an income tax would allow the state to target based upon a household's ability to pay, but absent an income tax, the state did not have a direct mechanism to deal with the inherent regressivity of a state sales tax.

Chairman Horsford thanked Mr. Murray for his time and willingness to prepare and present the report. He looked forward to contacting him as a resource in the future.

*J. PRESENTATION BY THE REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA – CONCERNING THEIR
INFRASTRUCTURE PROJECTS.

Chairman Horsford introduced Jacob Snow and noted that a number of individuals had accompanied Mr. Snow to the meeting and asked that they be recognized.

Jacob Snow, General Manager, Regional Transportation Commission of Southern Nevada (RTC), introduced Tracie Bower, Director of Government Affairs, RTC.

Mr. Snow said he would address the recommendations from the Vision Stakeholder Group. He referred the Committee to a photograph of traffic congestion on U.S. 93 at the new Hoover Dam Bridge ([Exhibit H](#)) and explained the picture was of traffic coming into Nevada from Arizona at the interchange with the road to Hoover Dam. Mr. Snow explained when the new bridge was opened, the heavy truck traffic that had been banned from the roadway for nine years was allowed to return. The trucks were not the only problem, because the roadway became one lane each way entering Boulder City. One of the recommendations from the Stakeholder Group was to build Interstate 11 between Las Vegas and Phoenix, which were the only cities in the country with greater than one million population not served by an interstate highway.

Mr. Snow said the RTC had been working with the Nevada Department of Transportation (NDOT) on building the first phase of Interstate 11, which would eliminate the one-lane roadway sections and traffic signals. He said there was a huge economic impact on Nevada because the roadway was no longer reliable. Eleven percent of all tourist traffic to Las Vegas came from Arizona, and of that 11 percent, almost 90 percent came by car. The fact that the roadway now had more congestion and was less reliable than before construction of the bridge had significant economic impact on Las Vegas and the entire state. Mr. Snow said the RTC was working with Arizona, Oregon, and Washington toward extending Interstate 11 up to Reno and from there on up the U.S. 95 Corridor through Oregon and Washington to Canada. In essence, a new north-south interstate would be created that would connect Mexico to Canada through Las Vegas.

Mr. Snow noted that in its report, the AIA had focused on recommendations for development of a high-speed rail between Las Vegas and southern California.

California was spending its own money, about \$9 billion, on its high-speed rail system, which would connect northern California with southern California, from Sacramento in the north to San Diego in the south. Mr. Snow said the state had garnered billions of dollars in federal support to build the system. He noted the Desert Xpress was also planned from Victorville, California to Las Vegas, but there was a significant gap between the high-speed rail and the start of the Desert Xpress at Victorville, which would make it necessary for travelers to drive through heavy traffic to park their cars at Victorville to catch the Desert Xpress to Las Vegas.

Mr. Snow said the Western High-Speed Rail Alliance, of which he was chairman, had just received \$1 million from the federal government to study the connection between Victorville and Palmdale to lay track to connect all of the important areas of urbanized California with Las Vegas. Studies would also begin concerning a high-speed rail between Phoenix and Las Vegas.

Chairman Horsford said while the RTC was conducting a study for the high-speed rail, at the same time, from a transmission standpoint on the matter of energy, the state was trying to become an exporter of energy to those same consumers. He asked whether there would be any benefit in looking at the corridors for multiple structure benefits.

Mr. Snow replied the corridors were referred to as “utilidoors,” and it absolutely would make sense to put as much infrastructure as possible in the corridors, once they were defined, for the benefit of the public. He said the RTC would include that possibility in the study.

Mr. Snow then moved to the map of the proposed California-Nevada high-speed rail system ([Exhibit H](#)), which was included as a recommendation in the Vision Stakeholder Group’s report. He said representatives from the cities of Denver, Salt Lake, Reno, Las Vegas, Phoenix, and major California cities had formed the Western High-Speed Rail Alliance in 2009. The Alliance met twice a year to discuss how the Intermountain West could leverage its position to improve the transportation infrastructure and have true regional cooperation. The Alliance had received its first federal grant, and it was moving forward on the high-speed rail effort. Mr. Snow said high-speed rail was crucial to how people would move in the future and to improve and add ways for individuals to come to Las Vegas.

Continuing, Mr. Snow expressed appreciation to the State Legislature for approving Senate Bill 5 in the 2010 Special Session, which was very important to a lot of members of the audience. He wanted to recognize the group, which was made up of transportation engineers, contractors, and construction specialists who were present to thank the Legislature for providing jobs that came with the passage of S.B. 5, which repealed the sunset of the 1/8 of one cent of the sales tax. Because the sales tax was set to expire in 2028, the RTC could not sell bonds. Mr. Snow said the jobs were high-tech involving design engineering, construction and landscaping. He wanted to report that from the RTC standpoint, because S.B. 5 passed, the RTC was able to sell bonds and pass the revenue on to the private sector. He said no new government jobs were

created from passage of the bill; however, 2,000-plus jobs were created in the private sector. He listed the audience members who had come to express their support:

- CA Group Fidel
- Tim McCoy and Jarrod Racloe, Slater Hannifan
- Craig Smart, HDR
- Kris Agers, HDR
- David Soultter, Kleinfelder
- Brian Smith, Meadow Valley Contractors
- Sam Mojabi, Aggregate Industries
- Carson Transportation Group
- Las Vegas Paving
- Roshan Boyalessa, Jacobs Engineering
- GC Wallace
- Transfor ITS
- Ron Riddels, Jr., Las Vegas Electric
- Jack Sjostrom, Parsons
- Robert Patton, The Louis Bugar Group
- Angelo Spata, PBSJ
- Mike Colety, Kimley-Horn and Associates
- Randy Carroll, Kimley-Horn and Associates
- Dee Feica and Dan Preslar, Transcore ITS

Mr. Snow said the sales tax revenue would fund 38 projects, which were bonded for nearly \$170 million. He reviewed the projects that were underway ([Exhibit I](#)).

- Sahara Express Bus Rapid Transit
- Mesquite – reconstruction of interchange
- North Las Vegas – new interchange
- Design Projects – Interchange between U.S. 95 in the Beltway - \$400 to \$500 million
- Intersection Improvements
- Widening Sahara
- Maintenance Projects
- Bridge over North Fifth Street over I-15
- Resurface Roadways in Boulder City
- Galleria Road construction in Henderson to connect Boulder Highway to I-515.

Mr. Snow noted the RTC was a small agency with only 200-plus employees. Its functions included traffic management, transit and transportation planning, and roadway funding in southern Nevada. It was a very lean organization, but the most efficient transit provider in the nation according to the Federal Transit Administration.

Mr. Snow went on to say the RTC had a tremendous amount of unfunded needs. Its capital program had been cut by \$1.4 billion for the next five years because of the

slowdown in the economy. If it were not for the State Legislature, thousands would be out of work. The RTC was now very busy getting projects out and administering them. However, there was \$10.2 billion in unfunded design, construction, and road maintenance projects in southern Nevada.

Chairman Horsford asked what timeframe was anticipated to complete the unfunded projects. He asked if they were projects far into the future or if they would have direct impact now.

Mr. Snow replied if the revenue was available for the projects, the direct impact would be now. Funding all of the projects would result in creation of 96,000 jobs.

Chairman Horsford asked whether the projects were shovel-ready projects that would have an immediate benefit, or whether they were for future development that may no longer exist.

Mr. Snow replied there were a number of projects that, because the RTC had been prudent and gone forward with design for priorities, were ready to go. He estimated if additional funding was available, 80 new projects could be started, resulting in creation of approximately 5,000 jobs. The rest of the projects would come as planning, environmental, and design processes were completed. None of the projects on the unfunded list could be considered unnecessary or not beneficial to the public.

Chairman Horsford affirmed high priority was the designation that the RTC had granted based on its review of the projects. Mr. Snow replied the RTC conducted a cost-benefit analysis to determine which projects would rise to the top. The projects were submitted by the city and county public works departments. The map also indicated NDOT's priority projects in southern Nevada ([Exhibit 1](#)).

Mr. Snow remarked the RTC was seeing signs of economic recovery on the roadways. The vehicle counts were rising. The gas tax that funded a portion of RTC activities was starting to rise again, and there were signs of recovery in the sales tax. Increased traffic would mean increased infrastructure needs.

Chairman Horsford affirmed 5,000 jobs could be created immediately, with the potential of 93,000-plus more when all of the projects were considered. There were currently 87,000 unemployed construction workers, and there would be a net gain of jobs in the construction sector by making the high-priority projects a reality.

Mr. Snow indicated Chairman Horsford was correct, adding that from a government standpoint, the RTC did not need to increase staff to accomplish that goal; it relied on the private sector.

Mr. Snow again thanked the Legislature; the RTC moved as quickly as possible to put the S.B. 5 revenue to work in the southern Nevada.

Chairman Horsford remarked it was not about the Legislature, it was about the unemployed workers, and the concern now was where the next projects would come from. Infrastructure-related projects were important not only to meet the infrastructure needs, but to actually help the economy grow, put people back to work, and keep the jobs they had.

Chairman Horsford asked Susan Martinovich, Director of the Nevada Department of Transportation, to provide testimony concerning her previous day's remarks implying that some of the funds were not being used. He wanted the public to be aware of how their taxpayer resources were being used for the people of the state.

Susan Martinovich, Director, Nevada Department of Transportation, stated in the 2010 Special Session, the Legislature provided a great resource to fund transportation projects, and the Department appreciated the partnership it had with the RTC of Southern Nevada, as well as the RTC of Northern Nevada.

Ms. Martinovich said she wanted to clarify her testimony regarding a slide she had presented reflecting expenditure of Senate Bill 5 funds. Part of those funds were allocated to the Department of Transportation, which was revenue that was transferred to the NDOT to the fund for cleaning up discharges of petroleum—money that had historically gone to the Division of State Lands. She said it was a relatively small amount, but substantial in the ability for the Department to put toward projects. In Fiscal Year 2010, \$975,000 was allocated to the Department, and \$790,000 was allocated in Fiscal Year 2011, for a total of \$1.77 million.

Ms. Martinovich explained the funds had to be disbursed to Clark County, Washoe County, and the rural counties. Of the \$1.77 million received by NDOT, 70 percent, or \$1.2 million, went to the RTC of Southern Nevada. She and Director Snow had felt that would be the source of funding best served, because it was not a large sum. The other 20 percent, about \$400,000, would go to the RTC of Northern Nevada for the design-build on the I-80 project, and the remainder went to a preservation project in Esmeralda and Mineral Counties. Ms. Martinovich apologized for any misunderstanding.

Assemblyman Hardy asked Mr. Snow to address the priority list for the Boulder City Bypass.

Mr. Snow replied the RTC had met with the NDOT, as it did annually, to discuss priorities. The Interstate 11, previously known as the Boulder City Bypass, had risen in priority to within the top five. The state had a tremendous amount of demand and pressure to build and maintain roads and improve the infrastructure throughout the state.

Mr. Snow also said the RTC had met with the Nevada Congressional delegation regarding the Interstate 11 project, and Senator Reid had ordered his staff to organize a meeting of the Congressional delegations of Arizona, Oregon, Colorado, and Nevada.

Assemblyman Hardy remarked the project was very important, and he was aware the RTC had been innovative in the past to come up with funding avenues. The project would not only create construction jobs, it would help the economics of the gaming industry, along with others.

Chairman Horsford extended the Committee's thanks to Mr. Snow for his presentation and participation as a member of the Vision Stakeholder Group, adding that the focus on infrastructure and its ability to help the economy was a very important and timely issue. He hoped to see more proposed strategies in order to get people to work.

- K. INFORMATIONAL ITEMS – REPORTS ON LETTERS OF INTENT, COMMITTEE REQUESTS AND STATUTORY REQUIREMENTS.
 - 3. GAMING CONTROL BOARD – Status report on the Gaming Control Board's examination regarding broadening the fee base and evaluation of fee rates necessary to cover costs associated with the Board's operations (letter of intent, 2009 Legislature).

Chairman Horsford noted the Gaming Control Board (GCB) was scheduled to appear before the legislative money committees during the first week of the 2011 Legislative Session. He asked Mr. Lipparelli to provide an overview of the status report.

Mark Lipparelli, Director, State Gaming Control Board, explained the Board was requested to perform an analysis of the possibility of certain fee increases to essentially make the Gaming Control Board completely funded by the industry. He said the staff of the GCB had performed the analysis and considered various areas to increase fees to cover a \$28 million gap in the total budget of the Board, approximately \$44 million, not covered by direct fees. Mr. Lipparelli said the response had been provided to the Committee, and a notice was sent to the industry for comments, which were received in early January and forwarded to Committee members.

Mr. Lipparelli further explained the study would provide three or four alternative funding options, in addition to suggested new funding options, that would essentially cover the \$28 million gap not provided by the industry. He noted the individual proposals were included in the materials provided to the Committee.

Chairman Horsford thanked Mr. Lipparelli for the overview, adding that further details would be provided during the upcoming legislative hearings.

L. PUBLIC COMMENT.

There was no public comment.

M. ADJOURNMENT

Chairman Horsford thanked Legislative Counsel Bureau staff members for their hard work during the two weeks of pre-session hearings. He also thanked the Committee members, as well as members of the public who participated.

Chairman Horsford adjourned the meeting at 5:03 p.m.

Senator Steven Horsford, Chair
Interim Finance Committee

Lorne Malkiewicz, Director
Legislative Counsel Bureau and Secretary
Interim Finance Committee

**EXHIBITS
INTERIM FINANCE COMMITTEE**

Exhibit	Witness/Agency	Description
A	Fiscal Analysis Division Legislative Counsel Bureau	Agenda
B	Fiscal Analysis Division Legislative Counsel Bureau	Guest List
C	Fiscal Analysis Division Legislative Counsel Bureau	Meeting packet
D	American Institute of Architects (AIA) Task Force	<i>Envisioning Nevada's Future—Exploring Ways to Diversify Nevada's Economy</i>
E	Nevada Vision Stakeholder Group	<i>Envisioning Nevada's Future—Goals and Strategies for Advancing Quality of Life</i>
F	Denise Tanata Ashby, Nevada Vision Stakeholder Group	<i>Starting Early is Starting Right on Time: The Economic Benefits of Investing in Early Childhood in Nevada</i>
G	Matthew Murray, Brookings Mountain West	<i>Structurally Unbalanced—Cyclical and Structural Deficits in Nevada</i>
H	Jacob Snow, Regional Transportation Commission of Southern Nevada	Proposed Plan for High-Speed Rail
I	Jacob Snow, Regional Transportation Commission of Southern Nevada	<i>Transportation in Southern Nevada</i>