

MINUTES OF THE NOVEMBER 19, 2009
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Las Vegas, Nevada

Cochair Steven Horsford called a regular meeting of the Interim Finance Committee (IFC) to order on November 19, 2009, at 10:27 a.m. in Room 4401 of the Grant Sawyer State Office Building, Las Vegas, Nevada. The meeting was videoconferenced to the Legislative Building in Carson City. [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, Cochair
Assemblyman Morse Arberry Jr., Vice Chair
Assemblyman Kelvin Atkinson for Assemblywoman Ellen Koivisto
Assemblyman Marcus Conklin
Assemblyman Moises (Mo) Denis
Assemblyman Joseph (Joe) P. Hardy
Assemblyman Joseph Hogan
Assemblywoman April Mastroluca for Assemblywoman Barbara E. Buckley
Assemblyman John Ocegueda
Senator Bob Coffin
Senator Joyce Woodhouse

LEGISLATIVE COUNSEL BUREAU STAFF IN LAS VEGAS:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Mark Krmpotic, Fiscal Analyst, Senate

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Bernice Mathews, Cochair
Senator William J. Raggio
Senator Dean Rhoads
Senator Randolph Townsend
Assemblywoman Heidi Gansert
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblywoman Sheila Leslie
Assemblywoman Kathy McClain
Assemblywoman Debbie Smith

LEGISLATIVE COUNSEL BUREAU STAFF IN CARSON CITY:

Brenda J. Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel

Tracy Raxter, Fiscal Analyst, Assembly
Sherie Silva, Interim Finance Committee Secretary
Cheryl Harvey, Fiscal Division Secretary

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Barbara Buckley
Assemblywoman Ellen Koivisto

Cochair Horsford requested that roll be called.

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES OF THE AUGUST 3, 2009, MEETING.

*C. APPROVAL OF MINUTES OF THE AUGUST 24, 2009, MEETING.

SENATOR COFFIN MOVED FOR APPROVAL OF ITEMS B AND C.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED.

*D. STATE PUBLIC WORKS BOARD – REPORT FROM THE IFC'S SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS IN ACCORDANCE WITH NRS 218.6827.

Senator Coffin reported that the Interim Finance Committee Subcommittee to Review Public Works Board Matters had met the day before. Approximately six items were acted upon, and the Subcommittee's written report was distributed to Committee members ([Exhibit D](#)). Senator Coffin said that Gus Nunez, Manager of the Public Works Board, was available to answer any questions. However, in the interest of brevity, Senator Coffin suggested that on behalf of the Subcommittee, he would represent to the full Committee that the items were without controversy; none were of large import; the Subcommittee was in agreement; and each vote was unanimous. The Committee should note in the report that there were some questions and the motions did modify the suggestions, but in general, the members were in agreement with the information presented by the Public Works Board. He recommended the full Committee approve the Subcommittee's report without a lot of debate.

Gus Nunez, Manager of the State Public Works Board, said he had nothing to add to the Subcommittee's recommendation. He would be happy to answer any questions.

Seeing no questions or objections, Cochair Horsford asked for a motion to receive the Subcommittee's report from the Public Works Board.

SENATOR COFFIN MOVED FOR APPROVAL.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED.

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

Mark Krmpotic, Senate Fiscal Analyst, explained Agenda Item E included items approved expeditiously within 15 days of submittal, and they had been submitted to the Committee for information only; therefore, no action was required. However, a member of the Committee had indicated interest in hearing testimony on item E-1.

1. **Department of Health and Human Services – Health Division – Immunization Program – FY 2010** – Addition of \$123,553 in Transfer from Public Health Preparedness Program funds as part of the Federal Centers for Disease Control and Prevention (CDC) Grant funds to support the public health emergency response to the H1N1 virus. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. Relates to work programs C16804 and C16997. **Work Program #C16980**

Lee Ann Hollingsworth, Administrative Services Officer for the Health Division, Department of Health and Human Services, introduced Dr. Luana Ritch, Bureau of Health Statistics, Planning, Emergency Response, and Tami Chartraw, Disease Educational Prevention Section Manager.

Ms. Hollingsworth explained the work program funded overtime associated with H1N1 activities performed by immunization staff. She offered to answer questions from the Committee.

Assemblywoman Smith asked if staff was tracking time spent on the various activities and if that information could be reported back to the Committee at a future meeting.

Dr. Luana Ritch, Bureau of Health Statistics, Planning, Emergency Response, replied a time and effort tracking tool had been distributed to staff within the Health Division and other state agencies working with the Health Division, such as the Division of Emergency Management. The tool went into effect November 1, 2009, with the implementation of phase III funding, which was the actual response funding of the H1N1 phase funding opportunities from the Center for Disease Control (CDC). Individuals' time spent on H1N1 activities that were outside of their normal scope of duties was being tracked. Dr. Ritch said that information would be reported back to the Committee in an aggregate form at future meetings.

Cochair Horsford asked for further questions from the Committee on Agenda Item E. There were none.

F. 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 Committee members had requested testimony on items F-2, F-3 and F4, which could be heard together, and items F-9 and F-10, which could also be heard together.

2. **Department of Health and Human Services – Health Division – FY 2010 –** Addition of \$73,636 in Federal Healthcare Associated Infections (HAI) Grant funds related to the American Recovery and Reinvestment Act (ARRA) of 2009 to support the coordination and reporting of HAI prevention efforts. **Work Program #C16790. RELATES TO ITEMS 3 AND 4.**
3. **Department of Health and Human Services – Health Division – FY 2010 –** Addition of \$723,251 in Federal Healthcare Associated Infections (HAI) Grant funds related to the American Recovery and Reinvestment Act (ARRA) of 2009 to support the prevention of HAI statewide through detection, reporting, and prevention efforts and three new positions. **Work Program #C15701. RELATES TO ITEMS 2 AND 4.**
4. **Department of Health and Human Services – Health Division – FY 2010 –** Deletion of \$723,251 in Federal Healthcare Associated Infections (HAI) Grant funds related to the American Recovery and Reinvestment Act (ARRA) of 2009 supporting the prevention of HAI statewide through detection, reporting and prevention efforts and three new positions. This reverses work program #C15701 which was prepared and approved based upon the anticipated Notice of Grant Award (NOGA) amount. The final NOGA amount varies from the work program amount and required further review and adjustment by the agency. Final program development is addressed in work program #C16790. **Work Program #C16785. RELATES TO ITEMS 2 AND 3.**

Lee Ann Hollingsworth, Administrative Services Officer for the Health Division, Department of Health and Human Services, introduced Marla McDade-Williams, Bureau Chief for the Bureau of Health Care Quality and Compliance, and Leticia Metherell, Bureau of Health Care Quality and Compliance.

Ms. Hollingsworth explained items 2, 3 and 4 represented American Recovery and Reinvestment Act (ARRA) funding to provide for the coordination and reporting of state healthcare-associated infection prevention efforts. She noted that item 3 was reversed by item 4. Item 3 had been approved by the Governor before the official notification of the grant award was received, and once the notification of award was received, item 4 was processed to reverse item 3, as the grant award was smaller than what was originally requested in the application.

Assemblywoman Smith wanted clarification that originally the division assumed it would be receiving \$723,251 and submitted a work program in that amount, but the actual grant award was \$73,636.

Ms. Hollingsworth replied the actual grant award was \$201,000; the \$73,636 was just for this fiscal year.

Assemblywoman Leslie said she did not understand how the division was staffing the prevention plan and asked for an explanation of the contract employee.

Marla McDade-Williams, Bureau Chief for the Bureau of Health Care Quality and Compliance, explained the grant was for two years, and attempts were being made to work two parallel processes by hiring someone as a contractor while going through the process to implement a state position.

Assemblywoman Leslie affirmed the contract employee was not in place at this time.

Ms. McDade-Williams replied offers had been extended to individuals, but they had not been accepted, so the position was not yet in place. She said the next offer would probably come within the next month.

Assemblywoman Leslie asked if the bureau was advertising independently or if an employment agency was being utilized. Ms. McDade-Williams replied the position was currently being advertised independently.

9. Department of Public Safety – Criminal History Repository – FY 2010 –
Addition of \$6,263,038 in Office of Criminal Justice Assistance American Recovery and Reinvestment Act (ARRA) Grant funds to support a Statewide Multi-Jurisdictional Records Management System. **Work Program #C16959. RELATES TO ITEM 10. RECEIVED AFTER SUBMITTAL DEADLINE, NOVEMBER 2, 2009.**

10. Department of Public Safety – Criminal History Repository – FY 2010 –
Addition of \$261,673 in Justice Assistance Grant funds to support a Statewide Multi-Jurisdictional Records Management System. **Work Program #C16960. RELATES TO ITEM 9. RECEIVED AFTER SUBMITTAL DEADLINE, NOVEMBER 2, 2009.**

Jerry Hafen, Director of the Department of Public Safety (DPS), explained item F-9 involved the development of a statewide ARRA records management system, which would enable the department to interact with other agencies with automated CAD systems, records management, information sharing and other activities to promote the department's law enforcement and public safety mission.

Mr. Hafen explained item F-10 was an augmentation of \$261,673 to the item F-9 work program, which was not available through the pass-through grant and consequently was being allocated under a Justice Assistance Grant (JAG) program to rural initiatives.

Assemblyman Denis asked if there was an ongoing software maintenance expense associated with the project.

Mr. Hafen replied the request for proposal (RFP) for the project had just been issued the previous week. A requirement in the RFP was that free software upgrades would be included. He said the DPS would buy the licenses for the entire state and maintain those licenses, as well as provide records management services, including automated CAD services, to whichever state and local entities wished to buy into the program. It was a single-server based operation operated out of the records and technology section where the criminal history information was housed and disseminated to law enforcement on an as-needed basis. Mr. Hafen said it was the most cost-effective method for integrating those resources.

Assemblyman Denis asked what the ongoing annual maintenance costs would be for the system.

Catherine Krause, Chief Information Technology Manager for the DPS, replied some ongoing software maintenance costs, as well as hardware, were anticipated. The dollar amounts would not be known until a vendor was selected through the competitive bid process. She said from the request for information that was done, approximately \$650,000 per year in ongoing software maintenance costs were identified. However, that amount was not finalized, and in the initial proposals, it may be that the first several years of maintenance would be covered. She reiterated the exact dollar amounts would not be known until the bids were submitted.

Assemblyman Denis observed the amount was significant. He asked if the project also included positions.

Ms. Krause replied thus far it was determined that three positions would be necessary. She said funding for this biennium was available, but funding for the positions would be needed for the future. The RFP had requested that the vendors include staffing in their bids to minimize the cost to the state. Again, once the vendor proposals were received, those amounts would be finalized and the department would determine how the positions would be funded going forward, which would likely include grant funding when available, forfeitures, or other sources. However, Ms. Krause reiterated, requests for funding may be necessary in the future.

Assemblyman Denis had two questions. First, if funds were not available in the future, what would happen to the costs going forward? Secondly, did the department look at the possibility of cost sharing with some of the other agencies that would be sharing the data; was there a way they could participate in the cost?

Michelle Hamilton, Bureau Chief, Criminal Justice Assistance, responded that cost sharing would be taken on by the independent law enforcement agencies that would come onto the system. The maintenance costs would be borne by the Department of Public Safety at its proportionate share. In the short term, some grant funding had been set aside to cover the initial maintenance costs.

Assemblyman Denis asked what would happen if there were no additional grants after the initial two-year period and there were no funds for the ongoing costs.

Ms. Hamilton replied most of the maintenance fees, the \$600,000, would be borne by the other agencies sharing in the records management system. She said the department was looking at cost savings as far as the efficiencies of the system, which would be brought before the Committee in the next two years. As far as the time value, other systems would no longer be needed, and the IT department would have to bear ongoing costs just to keep the existing system currently in place.

Assemblyman Denis asked when the department would know the actual dollar amounts for the project.

Ms. Krause stated the RFP had been released the previous week, bids were expected to be submitted in January, and the selection process would be completed in mid-March, followed by contract negotiations. She said the timeframe would be difficult to predict, but a vendor should be selected in March, and it was anticipated the contract would be submitted to the Board of Examiners in August.

Senator Coffin remarked that, in his opinion, not one of the 11 items in Agenda Item F was an emergency or necessary for the protection of life or property. He realized the Executive Branch was operating under an opinion of another member of the Executive Branch, the Attorney General, which endorsed the emergency process. Senator Coffin did not believe it was proper and did not participate in the discussion of any of the items. His protest still stood, and he believed that ultimately if the Legislature did not move forward in some way or another, the matter was heading for a constitutional impasse. He reiterated his statement at the September IFC meeting that he believed the matter needed to be taken to the Supreme Court before truly important issues arose. Currently, the Governor was accepting money and spending it without legislative oversight.

Lynn Hettrick, Deputy Chief of Staff, Governor's Office, testified that it was unfortunate that he had to respond to the Committee on this issue again. He stated that if the Committee or any member of the Legislature believed the Executive Branch was violating or usurping the law and the Legislature's authority in any way, the matter should be taken to the Supreme Court. The Committee could not continue on the record to accuse the Executive Branch and its directors and officers of violating the law. He said sooner or later, it would not be in the hands of the Legislature to take the matter to the Supreme Court; the Executive Branch would be forced to do that. He said no one was accusing the Committee of violating the law, and if it continued, the matter would be forced into the legal ground by someone in either the Legislative or Executive Branch. He adamantly stated the Executive Branch could not tolerate continual attacks on it and the directors and their staffs who appeared before the Committee trying to do their jobs and run their agencies as they could best do, providing volumes of data for the Committee, spending hours at the meeting at huge costs to the Executive Branch and the citizens of the state of Nevada, to be accused on the record time and time again of violating the law. He wanted it on the record that it could not continue.

Cochair Horsford said that while he respected Mr. Hettrick's comments, he did not believe any member or the Committee itself was accusing any agency heads of wrongdoing, and all of the information was appreciated. It was important to inform the public, more than anyone else, of what the state was receiving, how it was being spent, and how it was benefitting the citizens of the state.

Mr. Hettrick said he would agree with and appreciated Cochair Horsford's remarks. However, comments that the Governor was usurping the law simply would not be tolerated. He appreciated the fact that the Committee needed the information and was trying to do a good job to provide the information to the public. He added that everyone appearing before the Committee was also trying to do the same thing. Mr. Hettrick said he appreciated the opportunity to voice his concerns on the record.

Cochair Horsford noted that individual members were definitely entitled to express their opinions. Members did not always necessarily agree with each other's opinions, but it was part of the legislative and democratic process nonetheless.

Assemblywoman Smith asked that the prior remarks be put aside. She said she and Mr. Hettrick had had previous discussions, both offline and in meetings, about the emergency requests, and everyone had tried very hard over the past two months to tone things down and work together. Assemblywoman Smith believed it had been agreed that items that were truly not of an emergency nature and did not need to be processed prior to an IFC meeting would be submitted to the Committee as normally done. She recalled there had been discussion during the September meeting to that effect; she was surprised to see these items on the agenda. She added that everyone was trying very hard to work together in good faith.

Mr. Hettrick responded that the Governor's Office appreciated the opportunity to have had numerous discussions with Ms. Smith and Ms. Buckley, as well as a teleconference meeting with Senator Horsford, Assemblyman Ocegüera and Assemblywoman Buckley. In the previous day or two there had been discussion about a misunderstanding between the legislative representatives and the Executive Branch as to whether or not ARRA items would be brought to the Committee. A meeting had been scheduled to ensure both sides were clear on how the ARRA items would be processed. Mr. Hettrick said the Executive Branch's understanding was opposite that of the legislators; he believed it was truly a misunderstanding – everyone had been meeting in good faith.

That said, Mr. Hettrick continued, the Governor's Office did not consider the work programs to be emergency items. The Governor determined it was important to process them based on the need to protect life and property in the state of Nevada. That could be argued, but the definition in the statute, as confirmed by the Attorney General's Office, allowed the Governor to define what was necessary for the protection of life and property, and he had made that determination with regard to the ARRA funding. Other funding had been brought to the Committee without question. Mr. Hettrick said the Governor's Office would like to work with the Legislature; the tone should be lowered and it had been; but until there was another decision, the ARRA funds would be processed as they had been.

Cochair Horsford remarked more meetings would be necessary, because he did not understand how everyone could sit in the same meeting and leave with different understandings. He would like to revisit the matter offline.

Cochair Horsford called a recess at 12:10 p.m.

Cochair Horsford called the meeting back to order at 1:00 p.m.

***G. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353, *NEVADA REVISED STATUTES*.**

Mark Krmpotic, Senate Fiscal Analyst, and Tracy Raxter, Assembly Fiscal Analyst, reported that the Committee was interested in receiving testimony on the following work programs:

Items 4, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 44, 45, 46, 61, 63, 65, 68, 69, 102, 128 and 135

Items 26, 30, 48, 49, and 50 involved block grants and required a public hearing.

Items 2, 66, 67, and 134 were withdrawn.

SENATOR COFFIN MOVED FOR APPROVAL OF THE REMAINING WORK PROGRAMS

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED.

1. **Governor's Office – High Level Nuclear Waste – FY 2010** – Addition of ~~\$70,566~~ **\$93,548** in Waste Isolation Pilot Plant funds for emergency response training related to shipments of transuranic waste from California to Idaho through the Interstate 80 route in Nevada. Requires Interim Finance approval since the amount added to the Western Governors Association Funds exceeds \$50,000. **Work Program #C16908. REVISED NOVEMBER 4, 2009**

Refer to motion for approval under Item G.

2. **Office of Homeland Security – FY 2010** – Addition of \$27,160 in Transfer from Department of Emergency Management Interoperable Emergency Communications Grant Program (IECGP) Federal Fiscal Year (FFY) 2009 funds to develop and support the statewide interoperable communications project. Requires Interim Finance approval since the amount added to the IECGP Interoperable Communications FFY 2009 category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16926 WITHDRAWN OCTOBER 21, 2009.**

3. **Attorney General – Medicaid Fraud – FY 2010** – Addition of \$70,392 in Senior Medicare Patrol Project Program Grant funds for the Senior Nevada Advocates on Guard program. Requires Interim Finance approval since the amount added to the Senior Nevada Advocates on Guard program category exceeds \$50,000. **Work Program #C16304**

Refer to motion for approval under Item G.

4. **Attorney General – Victims of Domestic Violence – FY 2010** – Addition of \$819,267 in Statewide Automated Victim Information and Notification (SAVIN) federal grant funds to transmit information to victims statewide who have been affected by specific offenders. Requires Interim Finance approval since the amount added to the SAVIN category exceeds \$50,000. **Work Program #C16900**

Keith Munro, Assistant Attorney General, explained the grant of \$819,267 was awarded from the federal government for a Statewide Automated Victim Information and Notification (SAVIN). The state met the federal match through in-kind monetary dollars, and the system was hoped to provide an automated victim notification system for 15 rural counties in the state and state agencies.

Assemblywoman Smith asked Mr. Munro if there would be ongoing costs after the end of the grant.

Mr. Munro replied the grant was awarded for two years, with a possible one-year extension. After that time period, there would be an opportunity for the counties and state agencies to evaluate the program to see if they would want to continue with it. He said it would be better cost-wise for everyone to remain in the program; the ongoing costs were approximately \$180,000 annually.

Assemblywoman Smith asked if the Attorney General's Office was receiving any feedback from the counties.

Mr. Munro said when the AG's office applied for the grant, the Sheriffs and Chiefs Association was approached to seek its support, and the association was fully informed and supportive of the grant. He noted that Frank Adams from the Sheriffs and Chiefs Association was present to testify if requested.

ASSEMBLYMAN DENIS MOVED FOR APPROVAL.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED.

5. **State Controller – FY 2010** – Addition of \$53,148 in funds transferred from the Debt Recovery Account and transfer of \$293,105 from the Information Services category to the Debt Collection category to cover additional postage as a result of the passage of Assembly Bill 87 of the 2009 Legislative Session and to

consolidate debt collection expenditures in one category. Requires Interim Finance approval since the amount transferred from the Information Services category exceeds \$50,000. **Work Program #C10542. RELATES TO ITEM 6.**

Refer to motion for approval under Item G.

6. **State Controller – Debt Recovery Account – FY 2010** – Addition of \$20,000 in Licenses and Fees, \$400,000 in State Share of Debt Collections, and \$10,000 in Interest Income to establish initial revenue authority pursuant to Assembly Bill 87 of the 2009 Legislative Session. Requires Interim Finance approval since the amount added to the Transfer to Budget Account 1130 category exceeds \$50,000. **Work Program #C10541. RELATES TO ITEM 5.**

Refer to motion for approval under Item G.

7. **Secretary of State – FY 2010** – Addition of \$932,698 in Auction Rate Securities (ARS) settlements, which will be utilized to prepare to rewrite the Secretary of State's electronic business licensing system (e-SOS) and fund investor education and outreach programs. Requires Interim Finance approval since the amount added to the e-SOS Rewrite category exceeds \$50,000. **Work Program #C16947**

Kate Thomas, Deputy Secretary of State for Operations, introduced Nicole Lamboley, Chief Deputy Secretary of State, and said they were present to answer any questions from the Committee on item 7.

Assemblyman Denis asked if there was a rough estimate of the cost to rewrite the e-SOS system.

Ms. Thomas replied the office did not have an accurate estimate of costs, only a ballpark figure based on the amount paid for the initial system and the enhancements that were incurred since early 2000 when the system was put in place. She explained the work program provided funding to gather the requirements to determine the costs more accurately and to outline what would actually be needed. Ms. Thomas said a very rough guess would be \$10 million to rewrite the system.

Assemblyman Denis asked if the system would have to be rewritten with the implementation of the business portal.

Ms. Thomas replied that would not be necessary. The business portal would be constructed to interface with any level of an application as written because it would be using the service-oriented architecture type structure and could tie into the e-SOS system as it presently existed, as well as any number of systems across the board. She said the reason for pursuing the upgrade of the e-SOS system was to make the interaction more efficient, but at the current time, there were some performance issues with the aging system that the office was no longer able to support in-house because it was not written in the language the developers were able to support or enhance, and therefore the office had to rely on an outside contractor. The rewrite of the system was

mostly to increase efficiency in the Secretary of State's (SOS) office and to upgrade the system that was aging and needed to be redone; it was not affiliated with the business portal.

Assemblyman Hardy asked for an update on the status of the business portal and how soon a person could get a license in a city, county or the state through the one-stop shop, whether it be on an IBM, Apple or other type of technology. He asked if there was any associated funding the Committee should be aware of.

Ms. Thomas replied a contractor was currently developing the RFP for the business portal, which was expected to be issued early next year, after which there would be contractor selection and negotiation. It was difficult to say when the portal would actually be up and running, but it was hoped it would occur as soon as possible in the next calendar year. She said currently, an individual could secure a business license and conduct other commercial recording business-related activities with the Secretary of State's office online with a variety of different platforms. The office was currently testing different browser capabilities in order to offer extended services. Ms. Thomas said part of the reason for rewriting the e-SOS system was to be able to expand the browser capabilities, but the office currently supported most industry-wide standard browsers for people to conduct online services with the SOS office.

Assemblyman Hardy asked if the estimated completion date would be sometime within the next 14 months, or maybe 8 months. He remarked that during this recession period, it was important to have California businesses come to Nevada through the proposed one-stop shop.

Nicole Lamboley, Chief Deputy Secretary of State, recalled that Assembly Bill 146 actually contained two components. The first was the transfer of the business license to the Secretary of State's office, and the second was the establishment of the business portal. The business license was the first phase to demonstrate to the business community how the business portal would operate, and it had been up and running as of October 1, 2009. The SOS office had worked aggressively, in spite of the short timeframe and furloughs, to make the process happen. She said it was working, although there were a couple of areas requiring upgrades of the system in order to meet system demands. With regard to the business portal, Ms. Lamboley said in order to ensure participation, whether it be another state agency such as the Department of Taxation or a local government, it would be necessary to define the necessary requirements and rules in order to develop the system with an integrated infrastructure to accommodate the different applications used by the various agencies. Ms. Lamboley said the key component of the business portal was to ensure that the business requirements and system needs were defined, which was currently where the process was, in order to ensure the selected vendor would have full knowledge of all the requirements of the various agencies. Once that process was completed, the business portal infrastructure could be constructed to allow the integration, and the integration should be simpler than the initial service-oriented architecture. The technology was there, and it was a matter of the timing of the process for the contract selection. Ms. Lamboley said the Secretary of State was committed to getting the business portal up and running as soon as possible.

Assemblyman Hardy said he was looking for a specific period of time...6 months, 8 months, 10 months or 14 months.

Ms. Lamboley responded she could not commit to a timeframe, but it was anticipated to be completed before the end of 2010. She reiterated the system was a high priority for the SOS office, and staff was working as hard and quickly as they could.

Assemblyman Hardy affirmed that people could be told to contact the Secretary of State's office to get their business license from the state through the business portal, but that would be the extent of the service. He asked if there was any city with existing technology compatible with the Secretary of State.

Ms. Lamboley replied there currently was not a compatible city or county, but the office was working with the local governments, which were providing excellent feedback. Everyone was excited about the system and anxious to get it completed.

SENATOR WOODHOUSE MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN CONKLIN.

THE MOTION CARRIED.

8. **State Treasurer – Unclaimed Property – FY 2010** – Addition of \$750,000 in Transfer from Abandoned Property funds to cover the costs for unclaimed property audit services, securities custodial services, and auction services. Requires Interim Finance approval since the amount added to the Securities Custodial Services category exceeds \$50,000. **Work Program #C16882**

Refer to motion for approval under Item G.

9. **State Treasurer – Nevada College Savings Trust – FY 2010** – Addition of \$535,000 in non-cash revenue to record the values of the national marketing commitment, a field representative that is to be located in Nevada and the matching grant awards that are provided in the UPROMISE contract that was approved at the August 2009 Board of Examiner's meeting. Requires Interim Finance approval since the amount added to the UPROMISE Marketing category exceeds \$50,000. **Work Program #C16841**

Mark Winebarger, Chief Deputy Treasurer, State Treasurer's Office, explained the work program would allow the office to record expenditures incurred by UPROMISE in the state accounting system for marketing expenditures, a person to be assigned to help market in Nevada and the grant program. He said the amount was adjusted by the LCB Fiscal staff after the initial submittal to more closely allocate the actual costs that would be incurred to prorate for a full year worth of services.

Assemblywoman Gansert remarked the 529 Plan was great and a huge asset to the state of Nevada. She asked why the non-cash amount was being taken out for the

marketing versus changing the contract fee and having it come through as General Fund money, because it was a non-cash revenue. During these tough times when facing budget cuts and fiscal problems, she wondered why \$535,000 per year was going into marketing and support, even though it was not being paid by the state, versus increasing the fee to the state from \$1.5 million to \$2 million a year.

Mr. Winebarger said he believed the concessions were agreed to in an amendment to the original contract. The fees being received by the state were not decreased; this was just an addition to those fees.

Assemblywoman Gansert asked why the contract was not amended to receive cash rather than marketing, if it was a like amount. She asked what had been spent in the past on marketing; it sounded as if Nevada was being targeted, and she wondered how many people were enrolled in the state versus out of state and how many were anticipated to be attracted to the program. She noted it appeared the amount to be received in non-revenue was only going to increase \$25,000 per half-billion dollars that was an increase in assets to the fund.

Mr. Winebarger said he was not involved in the contract negotiations. He called upon Karen Duddlestone, Senior Deputy in charge of the program, to answer Assemblywoman Gansert's questions from Las Vegas.

Karen Duddlestone, Senior Deputy Treasurer, testifying from Las Vegas, explained that she was responsible for oversight of the College Savings Program for Nevada. She said the 529 programs were separate from the Nevada Prepaid Tuition, and the Treasurer's Office had a contract with UPROMISE as the program manager. The program currently managed over \$4 billion worth of college savings, but unfortunately, a little less than two percent of that amount was savings from residents of the state of Nevada. Therefore, the marketing effort was over the entire nation and involved three college savings programs that consistently made the top ten for performance in the nation. The UPROMISE College Fund, the Vanguard 528 Plan, and the USAA Plan were currently ranked number 1, number 4, and number 7 in performance in the nation. Ms. Duddlestone reiterated a great many of the customers were not from the state of Nevada. The College Savings Board approved a marketing plan for the UPROMISE College Fund, and the marketing commitment was specifically to the UPROMISE College Fund, which was a low-entry fund requiring only a \$250 balance. As part of the new contract amendment, all of the fees to set up a matching grant were waived for low- and moderate-income Nevada families. The marketing commitment was in addition to the \$1.5 million in fees that were in the original 30-year contract. She said the Treasurer's Office pursued an amendment to the contract and tried to get everything possible. The goal of the Treasurer's Office was obviously to grow the fund; if it could be brought to \$750 million, UPROMISE would grant two additional basis points of fees that would come back to the College Savings Board. Those fees would go into the Nevada Higher Education Fund and the Endowment Account, which was outside of the General Fund.

Assemblywoman Gansert asked again why the money went toward marketing versus changing the \$1.5 million per year fee. Why didn't it come to the General Fund versus going toward marketing?

Ms. Duddleston replied the \$1.5 million in fees came from the Vanguard Plan and from UPROMISE. The program manager was UPROMISE UII. The UPROMISE College Fund was a separate entity – a college fund that could be invested in. The marketing was for the UPROMISE College Fund, so the \$1.5 million came through as the program manager's fees, and the commitment was a new commitment on the part of the program manager to market the low-level entry plan to the entire nation to increase that fund in order to then get the basis points.

Assemblywoman Gansert again asked how much had been spent on marketing in the past.

Ms. Duddleston said she could not find an approved marketing plan for the past two years. UPROMISE had a website and had done some things on its own, but there had never been a dollar-wise accounting required by the state, so this was an attempt to have UPROMISE make an actual commitment to marketing the plan, both within the state and across the nation, knowing the vast majority of the current customers were outside the state, to provide a field representative and a field presence inside the state to work with personnel departments and businesses, visit rural areas and increase awareness of what the state offered. Ms. Duddleston could ask for an estimate of marketing expenses in the past, but they had not been accounted for through the state budget system. However, she added, they would be from now on.

Assemblywoman Gansert said she had received some of her answers, but she was still wondering why the state did not take General Fund money versus the marketing in-kind. She assumed that was a decision made by the board of trustees.

Ms. Duddleston replied no General Fund money supported the College Savings Programs; it was all fee-based.

Assemblywoman Gansert had understood there was income from the College Savings Programs as the assets increased over time.

Ms. Duddleston responded that yes, there would be two additional basis points when the amount in the UPROMISE College Fund reached \$750 million. By state statutes, those funds would go into the College Savings Fund.

Senator Raggio referred to paragraph #7 of the contract, the marketing commitment. He was not clear what was meant that "UII will make an annual non-cash commitment of \$400,000 for marketing services provided by UII or a third-party vendor." He asked what was meant by a non-cash commitment.

Ms. Duddleston said the commitment was based on the plan that was presented at a public meeting to the Nevada College Savings Board, which had to approve the plan. The plan included maintenance of the website; drafting of e-mails to current customers

to encourage them to participate in various programs; buying Google ads so when someone in a state, such as Washington, which did not sponsor any 529 College Savings Plans, entered college savings into a computer, the UPROMISE College Fund would come up; putting together a marketing kit to Nevada businesses that included how to do payroll deductions so that businesses and local governments could set up payroll deductions for their employees and have them go directly into their UPROMISE College Funds; preparing Power Point presentations for promotion of the UPROMISE College Fund to school counselors, the Reno Balloon extravaganza, and the Aviation Nation. All of those activities charged a fee to have a table to hand out literature and information.

Senator Raggio asked how the value was established for the each of the activities described by Ms. Huddleston since they were non-cash commitments. He asked if this was a change in the contract or if it was consistent with the previous language.

Ms. Duddleston replied the marketing commitment was new; it was not in the original contract – there was no commitment to marketing.

Senator Raggio noted the amendment read, “The value of the marketing commitment would be indexed annually.” However, he still had a problem understanding what the commitment meant for marketing services.

Mr. Winebarger explained the expenditures would be incurred and paid for by UPROMISE, which would periodically provide documentation that the expenditures were incurred on the state’s behalf. If the state determined the expenditures were acceptable, the amounts would be recorded as a revenue and expenditure in the budget account in the state accounting system.

Senator Raggio affirmed that since it was non-cash, it would just be a bookkeeping entry of a value submitted by UPROMISE. He asked if those amounts would be monitored. He was not being critical of the program; he just did not understand how the value was assessed and how realistic the process was.

Mr. Winebarger responded that UPROMISE was required to submit documentation that the money had been spent – that people were hired and the costs were incurred. If the documentation was accepted, the state would account it toward the \$400,000 and record it in the state accounting system as an income and an expense.

Senator Raggio asked who would make the decision that the expenses were legitimate. Mr. Winebarger replied UPROMISE had presented a marketing plan to the College Savings Board, which was accepted by the board; the College Savings Board would review the documentation and approve it if it met the qualifications.

Assemblywoman Leslie asked if the process was in response to the audit of the program. She recalled the Treasurer’s Office had been requested to reflect these types of expenditures in the state budget.

Mr. Winebarger said the Treasurer's office had been approached by LCB Fiscal staff to create the work program to account for the expenditures. It seemed logical that the request was the result of the audit.

Mr. Krmpotic stated that if the Committee wished to approve the item, staff would recommend adjustments, which had been agreed to by the Treasurer's Office. The work program proposed to receive \$535,000 in non-cash revenue to reflect adjustments to prorate revenues and expenditures over three-quarters of the year versus the full year. Staff recommended that revenues be reduced from \$535,000 to \$395,000, representing a \$140,000 decrease. Category 15, UPROMISE Marketing, would be reduced from \$400,000 to \$300,000, and category 17, UPROMISE Field Representative, would be reduced from \$100,000 to \$60,000.

SENATOR COFFIN MOVED TO APPROVE THE ITEM AS
AMENDED BY STAFF'S ADJUSTMENTS.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

Senator Coffin remarked that he had served on the Audit Committee, and he was involved with the audit of the Treasurer's Office three years ago. This procedure was recommended, and he hoped it would be the final move needed to straighten out the off-the-books programs.

THE MOTION CARRIED.

Cochair Horsford announced that work programs G-10, G-44, G-45, G-46, Agenda Item J, and Informational Item P-3 would be heard together.

- 10. Department of Administration – Information Technology Division – Information Technology Projects – FY 2010** – Addition of \$1,103,981 in Transfer from Division of Welfare and Supportive Services to accept additional federal funds and high performance bonus funds to fully fund the Eligibility Operations Data System Enhancement project. Requires Interim Finance approval since the amount added to the Welfare Web Based Benefit Application category exceeds \$50,000. **Work Program #C16982. RELATES TO ITEMS 44, 45, 46, J, AND P3.**
- 44. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010** – Addition of \$351,373 in Federal USDA Food Stamp Program funds and \$337,235 in Federal Title XIX funds to accept additional federal funds to fully fund the software implementation phase of the Eligibility Operations Data System Enhancement Project. Requires Interim Finance approval since the amount added to the 20 percent Efficiency Increase category exceeds \$50,000. **Work Program #C16548. RELATES TO ITEMS 10, 45, 46, J, AND P3.**
- 45. Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010** – Addition of \$284,742 in

Supplemental Nutrition Assistance Program (SNAP) High Performance Bonus funds, \$49,661 in Federal USDA Food Stamp Program funds, and \$47,453 in Federal Title XIX funds and transfer of \$33,517 from the Federal Fund Reserve category to the 20 percent Efficiency Increase category to accept additional federal funds and High Performance Bonus funds to fully fund the software implementation phase for the Eligibility Operations Data System Enhancement Project. Requires Interim Finance approval since the amount added to the 20 percent Efficiency Increase category exceeds \$50,000. **Work Program #C16991. RELATES TO ITEMS 10, 44, 46, J, AND P3.**

- 46. Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 2010** – Transfer of \$284,742 from the Supplemental Nutrition Assistance Program (SNAP) High Performance Bonus funds category to the 20 percent Efficiency Increase category to fully fund software implementation of the Eligibility Operations Data System Enhancement Project. Requires Interim Finance approval since the amount transferred to the 20 percent Efficiency Increase category exceeds \$50,000. **Work Program #C16992. RELATES TO ITEMS 10, 44, 45, J, AND P3.**

*J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO A.B. 562, SECTION 42 (2009 Legislature) – Department of Administration – Information Technology Projects Account – Request for an allocation of \$2,256,676 to fund the cost of the software implementation for the Division of Welfare and Supportive Services Eligibility, Operations Data System Enhancement project.

P. INFORMATIONAL ITEMS – REPORTS ON LETTERS OF INTENT, COMMITTEE REQUESTS AND STATUTORY REQUIREMENTS

3. DEPARTMENT OF ADMINISTRATION – Information Technology Division – Quarterly report on the status of the Division of Welfare and Supportive Services Eligibility Automation project for the period ending September 30, 2009 (letter of intent, 2009 Legislature).

Dave McTeer, Chief of the Information Technology (IT) Division, Department of Administration, asked for the Cochair's permission to begin with Agenda Item J, since that request formed the basis for the four work programs.

Mr. McTeer explained the request for a General Fund allocation from the IFC Contingency Fund to the Information Technology Division in the amount of \$2,256,676 was pursuant to Assembly Bill 562, section 42, to fund the cost of the software implementation for the Division of Welfare and Supportive Services (DWSS) Eligibility, Operations Data System Enhancement project. He explained section 42, subsection 2, of A.B. 562 placed three requirements on the Department of Administration prior to approval of the request from the Interim Finance Committee. Those three items were submission of a vendor cost proposal for the software implementation, submission of an updated cost estimate for the entire project and submission of information on the actual equipment and software costs incurred to date for the project. Mr. McTeer said the three items were submitted as part of the Committee's meeting packet ([Exhibit C](#)). He

pointed out that the vendor cost proposal was still confidential; the state was in final negotiations with the vendor, although the cost and scope had been agreed upon several weeks before by both the state and the vendor, and therefore those items were not an issue. The attorneys for both parties were still finalizing the language, and it was anticipated that the negotiations would be completed by no later than the end of the week. However, Mr. McTeer stressed that under statute, the vendor cost proposal was still confidential.

Moving to item G-10, Mr. McTeer said the work program requested the addition of \$1,103,981 in transfer from the Division of Welfare and Supportive Services to accept additional federal funds and high-performance bonus funds to fully fund the Eligibility Operations Data System Enhancement project. The fund included the federal match for the General Funds requested from the Contingency Fund under Agenda Item J.

Mr. McTeer explained items G-44, G-45 and G-46 were related work programs that had been submitted by the Division of Welfare and Supportive Services to make the federal dollars available. The DWSS staff could further describe the work programs.

Continuing, Mr. McTeer said Agenda Item P-3 was a quarterly status report on the Eligibility Automation project, as per the letter of intent from the 2009 Legislature. He offered to answer any questions from Committee members.

Assemblyman Denis asked if the costs of the project had come in higher than anticipated. Mr. McTeer replied Assemblyman Denis was correct.

Assemblyman Denis asked to what Mr. McTeer attributed the higher costs.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services, stated that in order to answer the question, he would like to review the process that the division had embraced in preparing the request for proposal (RFP) and going through the negotiations. He explained that as the division budget was prepared for the biennium, an estimate of the integration was used that was felt to represent industry standard, as well as the complexity of the proposed project. He said as the process proceeded, a request for information (RFI) was issued to determine vendor interest and to ensure that the division had clearly indicated to the vendors the complexity, scope and timeline of the project. The RFI included a two-day meeting with the vendors, at which some 300 questions were addressed to be sure the vendors had a very clear understanding of the concept. Mr. Gilliland said that process resulted in the preparation of an RFP, and he thought there was a very clear understanding and comprehensive process to ensure that the scope, timeline and aspect of the project were understood. In that process, multiple bids were received, and the selected vendor did exceed the budgeted amount by a substantial amount. The bid was then negotiated with the vendor to determine if there were any opportunities to adjust costs in the bid without compromising the intent of the project, and there were several. Mr. Gilliland said the end result was an approximate \$400,000 shortfall from the total that was allocated for the program. He said there were some adjustments in other elements of the program which resulted in further cost savings, and when those were taken into consideration, the shortfall amounted to \$415,373. Mr. Gilliland said the division chose to make up the shortfall by

using budgeted food stamp (now the SNAP program) high-performance money from prior years in conjunction with the federal match to offset the \$415,373 shortfall, which was reflected in the work programs before the Committee.

Assemblyman Denis appreciated the explanation from Mr. Gilliland. He asked if in order to make up the \$415,373, large scanner equipment and some MSA services were being eliminated, and he wondered why those items could now be eliminated when they were important to have previously. He asked what impact the elimination of those items would have.

Mr. Gilliland said the master services agreement (MSA) was offset by the addition of some testing software, which allowed the reduction of the MSA as the division got further into the program, and some of the other hardware and software costs were offset based on actual bids that were provided. Mr. Gilliland said as the division had originally, and still today, conceived the program, in addition to the scanning that would be done in the office, there would be one centralized scanning location in the north and the south. Originally, the program had been set to have a primary scanner, which would meet the volume requirements, and a back-up scanner. Elimination of the two scanners, which would be the back-up scanner in the north and the back-up scanner in the south, would be offset with a maintenance program to ensure timely scanning of the documents.

Assemblyman Denis affirmed the back-up scanners were being eliminated, and the division still believed the work could be accomplished, with the hope that the scanners would not break. However, more would be put toward the MSA, which would provide repairs within a timely manner in order to continue the scanner schedule.

Mr. Gilliland said it was important to have timely maintenance so that in the event of failure of a piece of equipment, it would be repaired quickly. The MSA was actually for a contractor to assist with the process. He said several were incorporated into the program, but one was able to be eliminated by offsetting it with a particular type of testing software that would facilitate the testing aspect of the program.

With regard to the matching federal SNAP and Title XIX funding, Cochair Horsford asked what the funding would have been used for if it was not being proposed for this purpose.

Mr. Gilliland replied the SNAP funding, as it was allowed, was basically a 50 percent match of the General Fund component that worked in conjunction with the program. Neither the SNAP nor the Title XIX funding was being taken from any other program that would have been utilized within the state, because it was not block grant funding – it was actually incremental funding the state would have otherwise received from the federal government.

Cochair Horsford asked what use of the funds would otherwise have been allowed under the Division of Welfare and Supportive Services. What could the money have been spent on otherwise?

Mr. Gilliland replied the money could be used for administrative costs, items such as electronic transmission of funds, eligibility and other elements related to the administration of the programs.

Cochair Horsford asked if the money could have been used to provide direct assistance. Mr. Gilliland replied that the SNAP funding for direct assistance was actually paid directly by the federal government to the beneficiaries through their electronic benefits card and were issued out of the Federal Reserve in Richmond, Virginia. He said there was literally an unlimited pool of funds for the payment of SNAP benefits to clients.

Cochair Horsford asked if that was true for Title XIX as well. Mr. Gilliland responded that Title XIX operated the same as the SNAP funds as described; it was a 50 percent match, and there was an unlimited pool of funds which would not detract from any other programs within the state.

Cochair Horsford asked who was conducting the negotiations. Mr. Gilliland replied there were several elements of negotiation, the first being from a pricing perspective. He said Mr. McTeer could provide a more comprehensive answer to Cochair Horsford's question.

Mr. McTeer said he had been asked by the DWSS, as well as State Purchasing, to take the lead negotiation point on the price portion of the total contract negotiations. He had done that, and the price was reduced to the lowest realistic amount possible. The DWSS and Purchasing Division agreed with the price, and therefore the price was negotiated successfully several weeks ago. He said it had been a team effort involving State Purchasing and the Division of Welfare and Supportive Services.

Cochair Horsford stated that he was alarmed that the proposal could exceed the budget by nearly \$800,000, which was nearly a quarter of the overall budget. In today's economy and market, this was very disturbing, and he was greatly concerned that either the needs of the program were not clearly anticipated, or the bids somehow exceeded a reasonable rate of return.

Mr. Gilliland said from an overall program perspective, the program was roughly a \$10.7 million project, which would be increased by \$415,000. He agreed with Cochair Horsford's statement of the approximate percentages on the particular element of the project. The agencies involved also thought the bids would have come in closer to budget, and they had done the best job possible to ensure that aggressive negotiations took place to obtain the best possible price on behalf of the state.

Mr. McTeer wanted the record to reflect that in the course of the negotiations, the scope of the project was not reduced. The state was able to successfully bring the vendor costs down from the initial proposal, but the project's scope was not reduced, nor was the project put at any significant risk – everyone involved had agreed that would not be done.

Cochair Horsford stated an option before the Committee was to keep the estimate at the amount originally recommended and allow the agency to come to IFC at a later point

and request a Contingency Fund allocation in the event it was not successful in the final negotiations.

Senator Raggio remarked he did not have a great deal of involvement in this area during the session. He was concerned with the additional costs, and if he were a member of the public listening to the testimony, his question would be how the expenditures, which were large, would increase the efficiency and effectiveness of caseworkers over and above what they were currently doing. What was the justification for the whole request; how would the expenditure of over \$10 million increase the ability of caseworkers to determine eligibility? He believed the public was entitled to understand the rationale for the expense.

Mr. Gilliland replied the program had several elements. One was to develop a web-based interactive benefit application and what was characterized as a self-service module so that citizens of the state of Nevada would be able to electronically submit an application, as well electronically make changes to their records, such as address changes. Another element was that it would provide a document imaging and workflow module and an improved presentation and retrieval overlay for the eligibility workers. It would allow for the ability to fully utilize community partners in support of eligibility; and most importantly and directly to the question, it was anticipated there would be between a 20 and 30 percent improvement in efficiency in the eligibility process within the office. During the 2009 Session, testimony indicated that based on the legislatively-approved caseload, it was estimated that by the end of the biennium, the program would reduce the number of eligibility workers based on caseloads by 270, which would equate to an approximate \$15 million per year savings to the state.

Assemblyman Denis said that during the legislative session, the project was of concern to him because there was so much to be done, but he felt the agencies had a good grasp of the project, despite the extra costs.

ASSEMBLYMAN DENIS MOVED TO APPROVE THE REQUEST,
BUT HOLD THE AMOUNT OF \$317,807 IN THE CONTINGENCY
FUND UNTIL THE FINAL NUMBERS WERE KNOWN, AT WHICH
TIME A REQUEST FOR ADDITIONAL FUNDS COULD BE
SUBMITTED TO IFC.

SENATOR WOODHOUSE SECONDED THE MOTION.

Mr. Gilliland pointed out that the contract amount had been negotiated, and the final amount was available and had been provided to the Fiscal staff. The only remaining items were those characterized as minor technical items, which were expected to be resolved by the end of the week. He had been in contact with the AG's office, which had been in contact with the vendor, and he believed the final contract language would be ready for signature by the early part of the following week.

Mr. Gilliland said in order to keep the program on track, it was important that the contract be submitted to the January Board of Examiners' meeting and be in a position to be signed by the integration vendor so that the integration process could be started

the second week of January. He said absent being able to do that would create the risk of delaying the program beyond the original timeline.

Mr. McTeer added that if it was the Committee's desire to not approve the full amount requested, he would request a legal opinion under NRS 353.260, which essentially stated that the agency was not allowed to obligate the state under contract without the funds being appropriated, and it prohibited any state employee from violating that provision. Mr. McTeer said he would then request a legal opinion to hold the agency harmless should it be allowed to go forward with the contract without the full amount appropriated from IFC.

Cochair Horsford said the Committee needed to know the number before the funds could be authorized.

Assemblyman Denis requested that Fiscal staff review the recommendations included in the motion; there were some issues he wanted clarified.

Mr. Krmpotic explained that the adjustments indicated in the motion would be a reduction to the Contingency Fund allocation in Item J of \$317,807, which represented the fiscal year 2011 portion of the project costs that were identified in the cost of the project as it was presented to the Legislature. He said there would also be corresponding reductions in work program item 44 in Food Stamp/U.S.D.A. SNAP revenue of \$49,484 and Title XIX revenue of \$47,493. Mr. Krmpotic said staff had made the recommendations because a number of the project costs were still estimates. The agencies could return to IFC and request the balance of funding if needed and at that time report back with a more thorough accounting of the costs of the project to determine if there were additional savings and also to request the funding if necessary to continue the project into fiscal year 2011.

Assemblyman Denis asked if the adjustments would impact the negotiations already completed.

Mr. Krmpotic said it was staff's understanding that the agency had negotiated the contract and that it would go forward to the Board of Examiners in December. He did not believe that the changes recommended by the Committee would impact the contract negotiations. The Committee needed to understand that if the negotiated contract amounted to the sum indicated in the Committee information, the agency may need to return for contingency funding in fiscal year 2011 to continue the costs of the contract.

Cochair Horsford asked for further comments or questions. He asked Brenda Erdoes, LCB Chief Legal Counsel, if she was in agreement with the proposed actions.

Ms. Erdoes replied she agreed with the motion and proposed actions.

At the request of Cochair Mathews, Mr. Krmpotic repeated the intent of the motion, which was to approve item 44 with an adjustment to Food Stamp revenue from \$351,373 to \$301,889 and an adjustment to Title XIX revenue from \$337,235 to

\$289,742; the motion would approve item 45 as submitted; item 46 as submitted; a reduction to item 10 of \$96,977; and a reduction to Agenda Item J of \$317,807.

THE MOTION CARRIED.

Mr. Gilliland asked for clarification of the motion and legal opinion, asking if it put the agency in the position of signing the contract following the Board of Examiners' scheduled meeting in December or January with the integration vendor so that the project could proceed in early January.

Ms. Erdoes replied that was her understanding of the process, unless other factors arose in the meantime.

Upon completion of discussion and action on the remainder of work programs in Agenda Item G, Cochair Horsford announced it would be necessary to reconsider work programs 10 and 44, as well as Agenda Item J, the Division of Welfare and Supportive Services. Mr. Krmpotic, Mr. Raxter and Mr. Willden would explain the need for reconsideration. He asked for a motion to rescind the previous action approving items G-10, G-44, and J.

ASSEMBLYWOMAN SMITH MOVED THAT THE COMMITTEE
RESCIND ITS PREVIOUS MOTION FOR APPROVAL OF
AGENDA ITEMS G-10, G-44 AND J.

THE MOTION WAS SECONDED BY SENATOR COFFIN.

THE MOTION TO RESCIND CARRIED.

Assemblywoman McClain was not present for the vote.

Assemblywoman Smith announced that Mr. Willden could clarify why it was necessary to reconsider these items. She explained that for purposes of negotiations with the contractor, it was felt the Committee's intentions needed to be clarified. Mr. Krmpotic and Mr. Raxter would also provide clarification of the intent of the original motion.

Mike Willden, Director of the Department of Health and Human Services, referred to attachment F of work program 44, explaining the project was budgeted by the Legislature to be about a \$10.7 million project. He said the \$10.7 million amount included a number of subcomponents: purchase of hardware; purchase of software; signing a contract with the vendor, Deloitte and Touche; money to be spent on system and site preparation; training; master services agreement expenditures; DoIT services; and FTE positions. All of the components added up to the \$10.7 original cost of the project.

Mr. Willden said it was true that a sub-piece dealing with the contract with Deloitte and Touche came in over budget, and steps had been taken to try to reduce the impact. About half of the overage had been resolved by the department through reductions in hardware; elimination of one MSA from the project; and reduction of network cost

upgrades. He said work programs 44, 45 and 46 were for the purpose of making the reductions to provide the additional funding piece for the vendor contract.

Continuing, Mr. Willden said if he understood the previous action, the Committee withheld a portion of the General Fund and some of the federal dollars, and the General Fund appropriation that was given to the department in Section 42 of A.B. 562 was for software implementation, in other words specifically for the Deloitte and Touche contract, which the agency understood was the purpose of the appropriation.

Mr. Willden said the concern was that it was now the 11th hour and 59th minute of the contract negotiation, and the contract needed to be signed for the full cost with Deloitte and Touche. He understood there may be savings in the latter part of the project in fiscal year 2011, but the savings would not come from the contract with Deloitte and Touche. He added savings would not come from software procurement because most of that had been completed; there may be a small amount of hardware savings, and there may be some FTE savings, but any savings to be held back would not come from the vendor contract. If the message from the Committee was to take the money out of the contract, implementation of the project would be delayed.

Mr. Willden respectfully requested that the agency be given the ability to move forward with the Deloitte and Touche contract, and if a hold-back was necessary, it would come from the other areas.

Assemblywoman Smith remarked that everyone was probably on the same page with the intention of the vote, but she requested that Mr. Raxter provide a brief explanation of the solution.

Mr. Raxter said staff would recommend that the full IFC Contingency Fund allocation request of \$2,256,676 be approved, since the funding included in A.B. 562 was, as Mr. Willden indicated, for software implementation. Staff would also recommend that work programs 10 and 44 be approved as submitted by the Budget Office, with the understanding that the Welfare Division would probably not need the full \$2,256,676 in contract payments in fiscal year 2010 and some of those funds, probably the amount of \$317,307 indicated earlier, would balance forward to fiscal year 2011 and could be utilized for contract payments in FY 2011.

ASSEMBLYWOMAN SMITH MOVED THAT THE COMMITTEE
APPROVE ITEMS G-10 AND G-44 AS STIPULATED BY
MR. RAXTER.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

Cochair Horsford announced the Committee would hear testimony from the Department of Education on items G-11 and G-12, followed by items G-13 through G-18.

11. **Department of Education – Proficiency Testing – FY 2010** – Transfer of \$55,360 from the System of Accountability Information of Nevada (SAIN) category to the Personnel Services category to fund one position to maintain and update SAIN. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000 and the request includes a new position. **Work Program #C17016**
12. **Department of Education – Other Unrestricted Accounts – FY 2010** – Addition of \$74,397 in Charter School Fees and transfer of \$124,590 from the Charter School Reserve category to the Personnel Services category to fund salary and operating costs for three positions to oversee the state's Charter Schools. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000 and this request includes three new positions. **Work Program #C16936**

Jim Wells, Deputy Superintendent for Administrative and Fiscal Services, Department of Education, explained that Superintendent Rheault and Deputy Superintendent Dopf were attending a Chief State School Officers Conference and were unable to be present.

Mr. Wells said items 11 and 12 were predicated on a small reorganization in the Department of Education under the Division of Administrative and Fiscal Services, which was precipitated by the retirement of the Director of Fiscal Accountability in May 2009. As a result, that division had been disbanded, which included the Gear-Up program, the audit staff and the charter school staff. The Gear-Up staff members were transferred to school improvement; the chief auditor now reported directly to Mr. Wells; and for the time being, the charter school staff was reporting to him as well.

Mr. Wells explained that using the vacant Director of Fiscal Accountability position, a reclassification had been requested and was included in the Reclassification section of the agenda, which would convert the Director position to an Information Technology Manager and create a new Office of Information Technology within the Department of Education. That position would oversee the department's IT projects and allow a more cohesive IT program within the department.

Continuing, Mr. Wells said item 11 was a work program to add the first IT professional position to the department. The position would work directly on the System of Accountability Information in Nevada (SAIN) and would be funded by reductions in the SAIN budget category. He said the department would continue to use the Department of Information Technology (DoIT) service agreement contracts to provide additional IT resources for the department in the interim. Mr. Wells said it was the department's intent to continue to build internal capacity for its IT projects and reduce its reliance on the Department of Information Technology in future biennia.

Cochair Horsford asked Mr. Wells to supply the Fiscal staff with the reorganization plan.

Assemblyman Denis observed that in looking at some of the savings, it appeared that creating the IT position would save approximately \$35,000 annually by not having to use contractors.

Mr. Wells replied that was correct; it would be less expensive for the department to hire people directly than to pay the DoIT rates. However, the department would utilize the savings to continue to access DoIT services.

Assemblyman Denis affirmed there were savings, but they would be used in another manner. Mr. Wells reiterated the savings would be used to purchase additional services from the Department of Information Technology.

Assemblyman Denis asked what additional services would be provided with the savings.

Mr. Wells replied the services would hopefully continue the upgrades of the student data system. The department was in the process of applying for another longitudinal data system grant through the federal Department of Education that was ARRA related. Mr. Wells added there were many more activities that would enhance linking data to higher education and the workforce under the Department of Employment, Training and Rehabilitation (DETR), student transcripts, and other information. He said the department was trying to build the capacity to continue to make progress on those items.

With regard to item 12, Mr. Wells explained the work program would create a new Office of Charter Schools within the department, to include a director-level position, as well as professional-level staff for special education and assessments and testing. The director's position and professional staff would be combined with existing charter school staff to create the Office of Charter Schools. Mr. Wells said the reorganization was a result of what was felt to be a lack of technical assistance that the department could provide to charter schools. There were 10 operational charter schools sponsored by the State Board of Education; 2 more had provisional approvals and could open as soon as next fall; and 12 additional schools were currently moving through the application process.

Assemblywoman Mastroluca affirmed that currently there were 10 state-sponsored charter schools, and she asked how many applications for future state-sponsored schools had been received by the department.

Mr. Wells responded there were currently 10 state-sponsored charter schools, and 2 schools with provisional approval, meaning that there was an outstanding issue relating to facilities. As long as they could find suitable facilities, the 2 provisional schools could open by next fall. He reiterated there were 12 more applicants currently moving through the process.

Assemblywoman Mastroluca said she was struggling with hiring 3 staff at a cost of almost \$200,000 for 12 schools currently and maybe 20 by the end of the year.

Mr. Wells said he understood her concern, but the problem had been that the department did not have staffing to provide adequate technical assistance to the charter schools, especially in areas concerning special education, which was a difficult concept for many of the charter schools to embrace because they did not have their own professional staff. In addition, as far as testing and assessments, the department did not have the capacity internally to provide that technical assistance to the charter schools.

Assemblywoman Mastroluca said she understood the need for the special education consultant, but she did not understand creating a charter school director when there had been a bill during the 2009 Session to create the program and it failed. She asked what the charter school director would do that could not currently be done by the department for 10 schools.

Mr. Wells responded the charter schools increasingly required more effort on the part of the department. Additionally, there was still a responsibility to review every application for completeness and compliance, as well as perform ongoing monitoring and technical assistance to the schools. The department was supportive of the concept of creating a charter school institute last session because of the burden it would displace on department staff.

Assemblyman Denis asked if the fee increase would be enough to fund the increased costs.

Mr. Wells explained the fees being raised were reflective of the fees that were collected for fiscal year 2009; more fees were collected in 2009 than were budgeted in fiscal year 2010. The amount did not include any of the fiscal year 2010 fees, which the department was now eligible to collect quarterly. He said if it became necessary to collect additional fees, the department had the ability to do so as provided in Assembly Bill 100 of the 2009 Session.

Assemblyman Denis said the question was whether the administrative fees collected by the department from the state-sponsored charter schools would allow the 1.25 existing educational consultant positions currently funded from the state General Fund to be funded from administrative fees. Would the department be able to fund the positions from the fees rather than from the General Fund?

Mr. Wells replied that was certainly a possibility to be considered if the fees were collected on a quarterly basis in fiscal year 2010. Based on the current student enrollments at the 10 operational schools, it was estimated the department would receive approximately \$613,000 in fees in the current fiscal year.

Assemblyman Denis asked if the added positions would be strictly for the state-sponsored charter schools, or if they would also provide support for some of the district-sponsored schools.

Mr. Wells replied the positions would primarily support state-sponsored schools. Most districts that sponsored charter schools had staff to provide technical assistance to the schools they sponsored.

Cochair Horsford asked what level of oversight or support the department would provide the local districts that sponsored charter schools.

Mr. Wells explained the State Department of Education provided technical assistance to charter schools in areas for which the department was basically responsible. Technical assistance meetings were conducted in the summer to review enrollment accounting, because each of the district-sponsored charter schools received an individual audit that was different than that of its district sponsor. The department also provided technical assistance to district-sponsored charter schools for finance and budgeting and those types of services for which the department dealt directly with the district-sponsored charter schools. In areas such as special education, the districts provided the technical expertise and assistance to their sponsored charter schools.

Assemblywoman Smith remarked she knew the state needed to do a better job in providing support, especially as the numbers grew, and she assumed all of the new applicants were coming through the state because the districts had a moratorium on charter schools.

Mr. Wells replied Assemblywoman Smith was correct; all 12 of the applications were for sponsorship by the state board.

Assemblywoman Smith affirmed that all of the increases would fall within the responsibility of the state and the Department of Education. She was concerned that the request was being made when the Legislature was not in session, and it was not her preferred method of approving the request. However, she said everyone knew that the state could do a better job of providing assistance to charter schools, which would make them more effective and provide them with the support they needed. She said if the request was ultimately approved, she would request that the Legislature be kept informed on what exactly the plan was to help the charter schools and provide the technical assistance, how the positions would be utilized, and the long-term forecasts for funding the positions and continuing to provide support through the other General Fund positions.

Mr. Wells explained that one reason the matter was not brought forward during the 2009 Session was because of the bill draft that was going to create the charter school institute, and it was decided to let that bill play out as opposed to reorganizing the department ahead of time. When the bill did not pass, the need for technical assistance became necessary, especially in the area of special education where nearly every one of the charter schools struggled to meet the requirements of the Individuals with Disabilities Education Act (IDEA); the additional staff was necessary to provide the technical assistance.

Continuing, Mr. Wells said another aspect was the booming population in the charter schools. Last year, the 10 operational charter schools currently sponsored had just shy

of 3,000 students, and this year they were just shy of 6,000 students. He noted the enrollment figures did not include the other 14 schools potentially to begin next fall.

Assemblywoman Smith remarked that in addition to the growing enrollment, it seemed there was definitely a focus from the President's direction to encourage and support charter schools, and therefore there seemed to be some funding available. She noted that charter schools always struggled with capital funding. She asked if the new staff would be able to help the charter schools seek and obtain grant funding and other funding that might be available for which they did not have the expertise to apply.

Mr. Wells replied the charter school staff would absolutely be available to provide technical assistance in that area. The department was routinely made aware of grant funding opportunities, and Assemblywoman Smith was correct in her observation that this administration had placed an increased emphasis on the creation of additional charter schools throughout the country. He speculated the trend toward the creation of charter schools and increased enrollment in them would continue. Mr. Wells said one thing noted in this year's enrollment was that statewide, public school enrollments were down about one-tenth of one percent. In Clark County, enrollments were down nearly six-tenths of one percent, and Washoe County was down over one-and-a-half percent. Mr. Wells said there appeared to be a shift of students from traditional district public schools to charter schools.

Cochair Horsford asked what role the State Board of Education had in determining the specific positions and the creation of the Charter School Office.

Mr. Wells replied the proposal was submitted to the State Board of Education in August with a request for a recommendation that the department be approved to go forward, and the board was unanimous in its support of the Office of Charter Schools, including the three positions.

Cochair Horsford said he wondered why a director was needed rather than another special education position, since Mr. Wells had indicated that area was the greatest challenge for the charter schools.

Mr. Wells replied special education was certainly the area of greatest need. Unfortunately, the issue was oversight within the department as well, and the department was in need of someone who could manage the Charter School Office as opposed to him having to manage areas in which he was not necessarily an expert.

Cochair Horsford asked if the positions had been posted through the Department of Personnel based on the qualifications expected in each of the positions.

Mr. Wells replied the positions had not been posted; they were predicated upon Committee approval of the work program. The first to be filled would be the director-level position, who would then have some input into his or her staff. The department had worked closely with the Special Education Office and the Accountability and Curriculum Office on the requirements for the two other positions and how they would interact with the charter schools.

Cochair Horsford said he concurred with the comments of Assemblywoman Smith and the other members. He did not like approving the item in this manner. There had been a lot of discussion of several bills during the 2009 Session that pertained to the organization and reorganization of the Department of Education, as well as the establishment of a charter school institute. He felt approval of the Charter School Office was necessary because previous attempts had been made to create it, but he had not heard the department bring the suggestion forward during the 2009 Session. Cochair Horsford said it had become problematic for the Committee to be reactionary to these types of requests; he would like to see that pattern discontinued. He thanked Mr. Wells for his testimony.

SENATOR WOODHOUSE MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN DENIS.

THE MOTION CARRIED.

- 13. Department of Education – Discretionary Grants – Restricted – FY 2010 –** Addition of \$5,393,575 in Federal 21st Century Learning Center Grant funds, \$2,404,405 in Federal English Language Acquisition Grant funds, \$39,716 in Federal Refugee Children School Impact Grant funds, \$150,077 in Federal Byrd Honors Scholarship Grant funds, \$350,122 in Federal Homeless Children Grant funds, \$66,122 in Federal Advanced Placement Fee Payment Grant funds, and \$1,831,848 in Federal Longitudinal Data Systems Grant funds. This request also transfers \$1,662 from the Personnel Services Category to the 21st Century Learning Centers category to continue these programs and to align federal and state authority. Requires Interim Finance approval since the amount added to the 21st Century Learning Centers Category exceeds \$50,000. **Work Program #C16998**
- 14. Department of Education – Elementary and Secondary Education – Title I – FY 2010 –** Addition of \$35,063,069 in Title I-A American Recovery and Reinvestment Act (ARRA) Grant funds to continue support to local education agencies. Requires Interim Finance approval since the amount added to the Title I Grant ARRA Funds category exceeds \$50,000. **Work Program #C16894. RELATES TO ITEM 18.**
- 15. Department of Education – Elementary and Secondary Education – Title I – FY 2010 –** Addition of \$2,380,178 in Federal Reading First State Grant funds to continue funding the Reading First Program. Requires Interim Finance approval since the amount added to the Reading First Aid to Schools category exceeds \$50,000. **Work Program #C16978**
- 16. Department of Education – Elementary and Secondary Education – Titles II, V, and VI – FY 2010 –** Addition of \$1,420,978 in Federal Technology Grant funds and \$75,651 in Federal Title VI V Grant funds and deletion of \$16,165 in Federal Technology American Recovery and Reinvestment Act (ARRA) Grant funds.

This request also transfers ~~\$158,671 from the Technology Grants - ARRA category to the Educational Technology Aid to Schools (ATS)~~ ***\$34,286 from the Technology Grants - ARRA category to the ARRA Grant Technology Assistance category, \$51,428 from the Technology Grants, ARRA category to the ARRA Grant Administration category, \$56,792 from the Technology Grants, ARRA category to the State Assessments Administration category and \$2,739 \$12,547 from the Transfer to Budget Account 2719 category to the Educational Technology Aid to Schools (ATS) category and operating to align federal and state authority and change funding sources for a Grants and Projects Analyst position from State Assessments to ARRA Grant funds.*** Requires Interim Finance approval since the amount added to the Educational Technology ATS category exceeds \$50,000. **Work Program #C16961**
REVISED NOVEMBER 4, 2009.

17. **Department of Education – Nutrition Education Programs – FY 2010 –** Addition of \$3,298,888 in Federal School Lunch Program Grant funds, \$226,480 in Federal Administrative Cost Allowance Grant funds, and \$2,564 in Federal Child/Adult Care Audit Grant funds to continue School Lunch and Child and Adult Food Care Audit programs. Requires Interim Finance approval since the amount added to the School Lunch Program category exceeds \$50,000. **Work Program #C16967**
18. **Department of Education – Individuals Disabilities Education Act (IDEA) – FY 2010 –** Addition of \$33,559,698 in Federal IDEA Part B American Recovery and Reinvestment Act (ARRA) Grant funds and \$1,195,580 in Federal IDEA Part B Preschool ARRA Grant funds to continue support of programs for students with disabilities. Requires Interim Finance approval since the amount added to the ARRA Funds IDEA Part B category exceeds \$50,000. **Work Program #C16897**
RELATES TO ITEM 14.

Cochair Horsford was interested in knowing how the dollars in items 13 through 18 were allocated and if they were currently represented in any of the state budgets, particularly the Title I, Title II and IDEA funds. He asked if there was a formula allocation for the six categories.

Mr. Wells replied that a vast majority of the funds in the remaining work programs, with the exception of items 14 and 18, were actions taken on an annual basis to true-up the actual grant awards to what was put in the department's budget when it was created in May and to account for carry-forward of unspent funds that were federal grants into fiscal year 2010. He said nearly all of the Department of Education grants had 27-month life cycles; they were awarded on July 1, 2009 for fiscal year 2010, so the funds were available in fiscal year 2010, fiscal year 2011 and the first 3 months of fiscal year 2012. Mr. Wells said there were formulas for administrative components, and many of the grants had formulas for how much was to be awarded to each of the school districts. The aid to schools was allocated to the school districts, and the administrative funds were used internally for the department.

Cochair Horsford said he would like to receive the formulas in order to understand how the funds were distributed to the 17 school districts and, to the extent that there were funds going to the department, he would like more detail as to how they were being spent. He understood the funds were primarily for administrative oversight and similar activities, but he would like to receive more detail.

Concerning the Title I and Special Education ARRA funds that would be directly allocated to the districts, Assemblywoman Smith observed it did not appear much had been drawn down from the districts, and she was curious as to the reason. She was also interested in when the next round of ARRA funding was scheduled.

Mr. Wells explained items 14 and 18 were the second halves of the ARRA funds that were awarded to the state, one for IDEA and the other for Title I. As of November 17, 2009, local education agencies had drawn down \$9.1 million under the IDEA funds and about \$5.4 million under the Title I funds. He said part of the reason for the slowness was that even though the grants were formula-driven allocations, the districts were required to submit applications to the department on how they would utilize the funds. Many of those applications, which were due to the department by July 31, were not received until late August and some in early September. By the time staff reviewed the applications and worked through any related issues, some applications were not approved until the end of September. Mr. Wells said those school districts were just starting to draw down funds expended at the beginning of the school year.

Mr. Wells said the second round of funding to the school districts would just be amendments to the applications, and some of those were already underway because the grant awards came to the department on August 31.

Assemblywoman Smith affirmed that all 17 districts had submitted applications. Mr. Wells said that all 17 districts had submitted applications for one of the grants, and he thought there was one application for Title I funds that had not yet been approved.

Assemblywoman Smith said she had been concerned that the smaller districts did not have sufficient staff to complete some of the fiscal projects, grant applications and technical activities required. She asked Mr. Wells if the department had seen problems in that area.

Mr. Wells replied he had not noticed any problems directly. Some of the districts, even the smaller ones, submitted applications and the department staff worked with them to correct any deficiencies in the applications, which was why applications from some of the rural districts took longer for approval.

SENATOR WOODHOUSE MOVED FOR APPROVAL OF
ITEMS 12 THROUGH 18.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

19. **Department of Cultural Affairs – State Historic Preservation Office – FY 2010** – Addition of \$100,000 in Federal Bureau of Land Management (BLM) Grant funds to provide continued funding for the Nevada Cultural Resource Information System (NVCRIS) database. Requires Interim Finance approval since the amount added to the Cultural Resources Information category exceeds \$50,000. **Work Program #C16941**

Refer to motion for approval under Item G.

20. **Commission on Mineral Resources – FY 2010** – Addition of \$25,000 in U.S. Department of the Interior, Bureau of Land Management Grant funds to continue claim research to determine claimant status on previously identified abandoned mine physical safety hazards located in Nevada. Requires Interim Finance approval since the amount added to the Abandoned Mine Land category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16965**

Refer to motion for approval under Item G.

21. **Department of Business and Industry–Housing Division – Weatherization – FY 2010** – Transfer of \$257,638 from the Reserve category to the Low Income Home Energy Assistance Program (LIHEA) category to provide weatherization assistance to low income households to improve home energy efficiency through cost effective energy related measures and reduce utility costs. Requires Interim Finance approval since the amount transferred to the LIHEA category exceeds \$50,000. **Work Program #C16972**

Refer to motion for approval under Item G.

22. **Department of Business and Industry–Housing Division – Weatherization – FY 2010** – Addition of \$198,000 in private grant funds from Southwest Gas Corporation to reduce natural gas usage and overall energy usage, by offering cost-effective weatherization measures to income-qualified residential customers through the Low Income Energy Conservation (LIEC) program. Requires Interim Finance approval since the amount added to the Southwest Low Income Energy Conservation Subgrantees category exceeds \$50,000. **Work Program #C16973**

Refer to motion for approval under Item G.

23. **Commission on Economic Development – FY 2010** – Addition of \$500,000 in funds transferred from the Department of Employment, Training and Rehabilitation, Employment Security Division, to support the state's Train Employee Now program. Requires Interim Finance approval since the amount added to the Train Employees Now category exceeds \$50,000. **Work Program #C15448**

Refer to motion for approval under Item G.

24. **Commission on Economic Development – FY 2010** – Transfer of \$28,767 from the Reserve category to the Global Trade and Investment Program category to complete the balance forward of program funds from fiscal year 2009 to 2010. Requires Interim Finance approval since the amount transferred to the Global Trade and Investment Program category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16837**

Refer to motion for approval under Item G.

25. **Commission on Economic Development – Nevada Film Office – FY 2010** – Transfer of \$140,170 from the Reserve category to the Scouting Locations category to complete the balance forward of program funds from fiscal year 2009 to 2010. Requires Interim Finance approval since the amount transferred to the Scouting Locations category exceeds \$50,000. **Work Program #C16832**

Refer to motion for approval under Item G.

26. **Commission on Economic Development – Rural Community Development – FY 2010** – Addition of \$740,431 in Federal American Recovery and Reinvestment Act (ARRA), Community Development Block Grant Recovery (CDBG-R) funds to provide immediate supplemental and enhanced funding in support of the state's Rural Community Development program. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.** **Work Program #C15692**

Michael Skaggs, Executive Director, Nevada Commission on Economic Development, testified a public hearing was required on item 26 in order to release monies from the ARRA program to the Community Development Block Program. He said peer review had already been conducted on three grant awards to Washoe, Humboldt and Lander Counties, and a public hearing was required in order to disburse the funds.

Assemblywoman Smith asked if the Commission on Economic Development or the individual recipients would be reporting on the ARRA funds. Mr. Skaggs responded the Commission would actually be doing the reporting.

Assemblywoman Smith affirmed the reports would appear on the state ARRA website under the Commission on Economic Development. Mr. Skaggs replied she was correct, and he thought reporting would go through the Budget Division as well.

Assemblywoman Smith requested that she be advised of the process for the Stimulus Oversight Subcommittee's tracking purposes.

Cochair Horsford asked for public testimony; there was none.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN DENIS.

THE MOTION CARRIED.

27. **Commission on Economic Development – Rural Community Development – FY 2010** – Transfer of \$113,248 from the Reserve category to the Revolving Loans category to complete the balance forward of program funds from fiscal year 2009 to 2010. Requires Interim Finance approval since the amount transferred to the Revolving Loans category exceeds \$50,000. **Work Program #C16826**

Refer to motion for approval under Item G.

28. **Department of Health and Human Services – Director's Office – Administration – FY 2010** – Transfer of \$21,531 from the Reserve category to the Community Based Care Grant Olmstead category to properly allocate funds balanced forward from fiscal year 2009 to 2010. Requires Interim Finance approval since the amount transferred to the Community Based Care Grant Olmstead category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C40270**

Refer to motion for approval under Item G.

29. **Department of Health and Human Services – Director's Office – Administration – FY 2010** – Addition of \$500,000 in Federal Youth Suicide Prevention Grant funds to support and expand suicide prevention efforts in Nevada by refining the current suicide prevention plan into a comprehensive statewide plan, expanding a pilot project in Clark County into a more comprehensive and sustainable system of suicide prevention, disseminating information from the pilot project statewide, and implementing a utilization-focused evaluation system. Requires Interim Finance approval since the amount added to the Youth Suicide Federal Grant category exceeds \$50,000. **Work Program #C40272**

Refer to motion for approval under Item G.

30. **Department of Health and Human Services – Director's Office – Grants Management Unit – FY 2010** – Addition of \$4,564,725 in Social Services Emergency Disaster Relief Grant funds from the Administration of Children and Families for the Fernley Flood to help residents in Fernley recover from the Fernley Flood in January 2008. **Requires Interim Finance approval since this request involves the allocation of block grant funds and requires a public hearing.** **Work Program #C40260**

Shawna DeRousse, Fiscal Officer for the Director's Office, Department of Health and Human Services, explained the purpose of the work program was to book Title XX disaster relief funds into fiscal year 2010. The funds were to address necessary expenses resulting from hurricanes, floods and other Presidentially-declared disasters. She said the Fernley flood was a qualifying disaster, and the funds were allocated to Nevada through a pre-determined formula; the state did not apply for them. The funds must be used to address the needs of the population of Fernley. She noted that the topic of these funds had seen significant previous legislative discussion. The funds

were originally booked by a work program at the April 2009 IFC meeting and were also discussed at length in the 2009 Legislative Session during the Division of Mental Health and Disability Services budget hearings and closings. Ms. DeRousse said the discussions helped to lay down a barebones plan to keep options open. She said staff had spent a considerable amount of time trying to identify potential uses of the funds in the Fernley community, working with the community, sister agencies and federal partners. The work program would bring forth the funds that were booked in fiscal year 2009 but not expended, and the request required a public hearing.

Assemblyman Grady said that Fernley was in his district, and the Human Services staff had done a very good job obtaining the money for the flood victims and the mental health clinic. He noted there was about \$700,000 left in Title XX funds, and he wanted to know what assurance could be given that those funds would be used in the Fernley area.

Ms. DeRousse reiterated that the funds must be used in the Fernley area to support the victims of the flood. If a partner could not be found in the Fernley area, the funds would not be drawn down from the federal government. She said the funds were not money that could be drawn and then returned; they just would not be drawn down. The department would continue to search out partners through the time the funds would expire.

Cochair Horsford remarked it was good to see that Title XX funds were being made available for this purpose, because during the legislative session, it was a difficult decision to not be able to fully fund the Disaster Relief Fund and to limit the benefits to Fernley and other places throughout the state.

Cochair Horsford asked if any members from the public wished to testify. There being none, he called for a motion.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

- 31. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 2010** – Addition of \$330,042 in funds transferred from the Children's Trust Fund (CTF) account to support programs and services designed to prevent abuse and neglect of children. Requires Interim Finance approval since the amount added to the CTF Grant category exceeds \$50,000. **Work Program #C40271. RELATES TO ITEM 33.**

Refer to motion for approval under Item G.

- 32. Department of Health and Human Services – Director's Office – Problem Gambling – FY 2010** – Transfer of \$283,692 from the Reserve category to the Problem Gambling Grants category to properly allocate funds balanced forward

from fiscal year 2009 to 2010. Requires Interim Finance approval since the amount transferred to the Problem Gambling Grants category exceeds \$50,000. **Work Program #C40268**

Refer to motion for approval under Item G.

33. **Department of Health and Human Services – Director's Office – Children's Trust Fund Account – FY 2010** – Transfer of \$330,042 from the Reserve category to the Transfer to Grants Management Unit Budget Account 3195 category to support programs and services designed to prevent abuse and neglect of children. Requires Interim Finance approval since the amount transferred to the Transfer to Grants Management Unit Budget Account 3195 category exceeds \$50,000. **Work Program #C40266. RELATES TO ITEM 31.**

Refer to motion for approval under Item G.

34. **Department of Health and Human Services – Aging and Disability Services Division – Senior Citizens' Property Tax Assistance – FY 2010** – Transfer of \$30,000 from the Personnel Services category to the Tax Assistance category to assist with funding the Senior Citizens' Property Tax Assistance program. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C40951**

Refer to motion for approval under Item G.

35. **Department of Health and Human Services – Aging and Disability Services Division – Community Based Services – FY 2010** – Addition of \$56,250 in federal Lifespan Respite Care Grant funds to expand and enhance respite services in the state, improve coordination and dissemination of service delivery, improve access and filling gaps in service delivery, and improve overall quality of respite services currently available. Requires Interim Finance approval since the amount added to the Lifespan Respite Care Program category exceeds \$50,000. **Work Program #C16901**

Refer to motion for approval under Item G.

36. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010** – Addition of \$222,218 in Federal Alzheimer's Grant funds to develop the evidence based Coping with Caregivers program in support of individuals with Alzheimer's Disease and their care providers. Requires Interim Finance approval since the amount added to the Alzheimer's Grant category exceeds \$50,000. **Work Program #C40936**

Refer to motion for approval under Item G.

37. **Department of Health and Human Services – Aging and Disability Services Division – Aging Federal Programs and Administration – FY 2010** – Addition of \$153,660 in Aging and Disability Resource Center (ADRC) Grant funds to continue the development of the statewide ADRC system and provide reliable information on long term care options throughout the state. Requires Interim Finance approval since the amount added to the ADRC Grant category exceeds \$50,000. **Work Program #C40952**

Refer to motion for approval under Item G.

38. **Department of Health and Human Services – Health Division – Radiological Health – FY 2010** – Addition of \$16,000 in funds transferred from the Division of Emergency Management to support the tabletop exercises and training to increase the community knowledge of the Preventative Radiological/Nuclear Detection program. Requires Interim Finance approval since the amount added to the Homeland Security Grant category exceeds 10 percent of the legislatively-approved amount for this category. **Work Program #C16490**

Refer to motion for approval under Item G.

39. **Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 2010** – Addition of \$252,194 in Federal Centers for Disease Control and Prevention (CDC) Epidemiology and Laboratory Capacity (ELC) for Infectious Diseases Grant funds to partner in a pilot evaluation of the injection safety campaign (the "One & Only" campaign). Requires Interim Finance approval since the amount added to the Injection Safety Campaign category exceeds \$50,000. **Work Program #C16892**

Refer to motion for approval under Item G.

40. **Department of Health and Human Services – Health Division – Chronic Disease – FY 2010** – Addition of \$37,000 in Healthy People 2020 Planning Award funds to identify health related strengths and challenges in Nevada to improve state and local planning. Requires Interim Finance approval since the amount added to the Healthy People 2020 Planning Award category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C17010**

Refer to motion for approval under Item G.

41. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2010** – Addition of \$500,000 in Federal First Time Motherhood Grant funds to support the social marketing campaign to address populations disproportionately affected by adverse pregnancy outcomes. Requires Interim Finance approval since the amount added to the First Time Motherhood category exceeds \$50,000. **Work Program #C16862**

Refer to motion for approval under Item G.

42. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2010** – Addition of \$108,452 in Federal Early Hearing Detection and Intervention (EHDI) Grant funds and deletion of \$41,527 in Universal Newborn Hearing Screening (UNHS) Grant funds to transfer the fiscal obligation of an existing position and to support the hearing screening of every infant born in Nevada and facilitate the follow up of screens with adverse outcomes. Requires Interim Finance approval since the amount added to the EHDI category exceeds \$50,000. **Work Program #C15823**

Refer to motion for approval under Item G.

43. **Department of Health and Human Services – Health Division – Maternal and Child Health Services – FY 2010** – Addition of \$41,734 in Federal Newborn Hearing Screening Grant funds to support increased data capacity and better efficiencies in tracking and follow-up of children with hearing problems. Requires Interim Finance approval since the request includes a new position. **Work Program #C16867**

Refer to motion for approval under Item G.

44. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010** – Addition of \$351,373 in Federal USDA Food Stamp Program funds and \$337,235 in Federal Title XIX funds to accept additional federal funds to fully fund the software implementation phase of the Eligibility Operations Data System Enhancement Project. Requires Interim Finance approval since the amount added to the 20 percent Efficiency Increase category exceeds \$50,000. **Work Program #C16548. RELATES TO ITEMS 10, 45, 46, J, AND P3.**

Refer to discussion and motion for approval under Item G-10.

45. **Department of Health and Human Services – Division of Welfare and Supportive Services – Administration – FY 2010** – Addition of \$284,742 in Supplemental Nutrition Assistance Program (SNAP) High Performance Bonus funds, \$49,661 in Federal USDA Food Stamp Program funds, and \$47,453 in Federal Title XIX funds and transfer of \$33,517 from the Federal Fund Reserve category to the 20 percent Efficiency Increase category to accept additional federal funds and High Performance Bonus funds to fully fund the software implementation phase for the Eligibility Operations Data System Enhancement Project. Requires Interim Finance approval since the amount added to the 20 percent Efficiency Increase category exceeds \$50,000. **Work Program #C16991. RELATES TO ITEMS 10, 44, 46, J, AND P3.**

Refer to discussion and motion for approval under Item G-10.

46. **Department of Health and Human Services – Division of Welfare and Supportive Services – Field Services – FY 2010** – Transfer of \$284,742 from the Supplemental Nutrition Assistance Program (SNAP) High Performance Bonus funds category to the 20 percent Efficiency Increase category to fully fund software implementation of the Eligibility Operations Data System Enhancement Project. Requires Interim Finance approval since the amount transferred to the 20 percent Efficiency Increase category exceeds \$50,000. **Work Program #C16992. RELATES TO ITEMS 10, 44, 45, J, AND P3.**

Refer to discussion and motion for approval under Item G-10.

47. **Department of Health and Human Services – Division of Welfare and Supportive Services – Child Support Enforcement Program – FY 2010** – Addition of \$106,609 in Federal Child Support Program funds and transfer of \$54,920 from the Reserve category to the Hearings category to cover the projected cost of hearing masters for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Hearings category exceeds \$50,000. **Work Program #C16181**

Refer to motion for approval under Item G.

48. **Department of Health and Human Services – Division of Welfare and Supportive Services – Child Assistance and Development – FY 2010** – Transfer of \$393,984 from the Reserve - Federal Funding category to the Information Services category to complete the implementation of the Nevada Child Care System (NCCS). **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C16666**

Sue Smith, Division of Welfare and Supportive Services, explained the work program was a request for approval to transfer federal funds from the reserve category to the information services category to complete implementation of the Nevada Child Care System (NCCS). The work program involved the allocation of block grant funds and required a public hearing.

Assemblywoman Smith asked the status of catching up on the provider payments. She was aware payments were behind, and she wanted to know when they would be current.

Romaine Gilliland, Administrator, Division of Welfare and Supportive Services, replied all provider payments were current in the northern part of the state, and they had been for the last several weeks. There were still approximately 114 children in the south needing adjustments in the system in order to become current on the provider payments. He said it was anticipated those would be completed by the following week.

Cochair Horsford asked for public testimony; there was none.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

- 49. Department of Health and Human Services – Division of Welfare and Supportive Services – Energy Assistance Program – FY 2010 –** Addition of \$3,865,534 in Federal Low Income Home Energy Assistance (LIHEA) Grant funds to enhance the Energy Assistance Program (EAP) system performance and augment the current staff with two Master Service Agreement programmers. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C16018**

Sue Smith, Division of Welfare and Supportive Services, explained the work program requested approval to balance forward federal fiscal year 2009 Low Income Home Energy Assistance (LIHEA) block grant funds and authority and establish an expenditure authority previously approved in state fiscal year 2009 in the information services category. The funds would be used to enhance the Energy Assistance Program (EAP) staff productivity and accuracy. The unallocated LIHEA block grant funds would be placed in a reserve category, and the next work program would move those funds from the reserve category into client payments. Ms. Smith stated the work program involved the allocation of block grant funds and required a public hearing.

Cochair Horsford asked if there was any testimony from the public. There being none, he called for a motion.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN ATKINSON.

THE MOTION CARRIED.

- 50. Department of Health and Human Services – Division of Welfare and Supportive Services – Energy Assistance Program – FY 2010 –** Deletion of \$3,124,305 in Universal Energy Charge funds and transfer of \$559,412 from the Reserve - Federal Funding category to the Operating category and \$2,600 from the Reserve - Federal Funding category to the Information Services category to fund additional contract staff and the associated support costs to process Energy Assistance Program applications. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C16523**

Sue Smith, Division of Welfare and Supportive Services, explained the work program requested approval to reduce the Universal Energy Charge (UEC) funds based on a projected decrease in available funds. The reduction in UEC funds was offset by transfers of the federal LIHEA block funds that were placed in the reserve in item 49.

Ms. Smith said the work program also requested approval to increase the operating and information services categories to fund additional contract staff and associated support costs to process program applications. Again, this work program involved the allocation of block grant funds and required a public hearing.

Cochair Horsford asked if there was any public testimony. There being none, he called for a motion.

ASSEMBLYMAN ATKINSON MOVED FOR APPROVAL.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED.

51. **Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 2010** – Transfer of \$266,000 from the Personnel Services category to the Professional Services category and \$315,965 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 #C16877**

Refer to motion for approval under Item G.

52. **Department of Health and Human Services – Mental Health and Developmental Services – Sierra Regional Center – FY 2010** – Addition of \$38,000 in grant funds transferred from the Office of Disability Services/Council on Developmental Disabilities to expand and improve integrated employment outcomes for adolescents and adults with developmental disabilities. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16298**

Refer to motion for approval under Item G.

53. **Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 2010** – Addition of \$814,697 in Federal Title IV-B, Subpart II of the Social Security Act for Promoting Safe and Stable Families Grant funds to provide various services for family preservation of families at risk or in crisis. Requires Interim Finance approval since the amount added to the Title IV-B, Subpart II category exceeds \$50,000. **Work Program #C16345**

Refer to motion for approval under Item G.

54. **Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 2010** – Addition of \$197,549 in Federal Family Violence Prevention and Services Act Grant funds to provide programs for shelter and related services for victims of family violence. Requires Interim Finance approval since the amount added to the Family Violence category exceeds \$50,000. **Work Program #C16636**

Refer to motion for approval under Item G.

55. **Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 2010** – Addition of \$126,716 in Education and Training Vouchers (ETV) Program Grant funds for postsecondary training and education to youths who have aged out of foster care or who have been adopted from the public foster care system after age 16. Requires Interim Finance approval since the amount added to the Education and Training Voucher category exceeds \$50,000. **Work Program #C16624**

Refer to motion for approval under Item G.

56. **Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 2010** – Addition of \$2,572,088 in Federal Victims of Crime Act (VOCA) Assistance Formula Grant funds to provide services in the areas of sexual assault, child abuse, domestic violence and previously under-served populations which takes into consideration victims of various crimes including adults molested as children, assault, victims of gang violence, and homicide survivors. Requires Interim Finance approval since the amount added to the U.S. Crime Victims (VOCA) category exceeds \$50,000. **Work Program #C16589**

Refer to motion for approval under Item G.

57. **Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 2010** – Addition of \$844,777 in Independent Living Program (Chafee) Grant funds and transfer of \$17,527 from the Family Violence category to the Meth Grant category to assist the state and localities with programs designed to assist foster care youth with the transition to self-sufficiency and to reallocate the funding for five positions funded with multiple grants. Requires Interim Finance approval since the amount added to the Independent Living category exceeds \$50,000. **Work Program #C16642**

Refer to motion for approval under Item G.

58. **Department of Health and Human Services – Division of Child and Family Services – Children, Youth and Family Administration – FY 2010** – Deletion of \$180,000 in Casey Foundation Partnership funds and transfer of \$163,792 from the Reserve category to the Casey Family Programs category and \$13,456 from the Reserve category to the Operating category to eliminate revenue

authority included in the balance forward amount and to distribute the balance forward from fiscal year 2009 of Casey Foundation Partnership funds and Medicaid administrative funds to the appropriate categories to be expended. Requires Interim Finance approval since the amount transferred to the Casey Family Programs category exceeds \$50,000. **Work Program #C16686**

Refer to motion for approval under Item G.

59. **Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2010** – Addition of \$187,668 in Federal Child Welfare Services Title IV-E Grant funds, \$46,710 in Charges for Services - Child Support funds, \$8,000 in Gifts and Donations, and \$432,972 in Transfer from State Claims Account funds and deletion of \$16,400 in Federal Adoption Incentive Payment Program Grant funds. This request also transfers \$1,743 from the In-State Travel category to the Training category, \$120 from the Operating category to the Maintenance Buildings and Grounds category and \$832 from the Operating category to the Utilities category to establish a State Claims category for child welfare payments which were inadvertently not paid in the previous fiscal year, to receive additional child support collections for child welfare costs, to receive additional funds from the Nevada State Elks Association for Project Safe Haven Emergency Shelter Care Homes Project, to realign adoption incentive payments with the grant funds, and to provide sufficient authority for janitorial contracts, emergency shelter contracts, mandatory supervisory training and utilities based on projections through the end of the fiscal year. Requires Interim Finance approval since the amount added to the State Claims category exceeds \$50,000. **Work Program #C16909**

Refer to motion for approval under Item G.

60. **Department of Employment, Training and Rehabilitation – Equal Rights Commission – FY 2010** – Transfer of \$25,719 from the Utilities category to the Operating category to align the budget authority to fund building rent and other operating expenses due to the Nevada Equal Rights Commission's relocation from St. Louis Avenue to the state-owned Grant Sawyer building in Las Vegas. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C15947**

Refer to motion for approval under Item G.

61. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Disability Adjudication – FY 2010** – Addition of \$933,588 in Federal Disability Determination Grant funds to align federal funding with state budget authority and fund a proposed expansion which will ultimately include additional positions and relocation of the Las Vegas and Carson City Bureau of Disability Adjudication offices. This request includes the necessary furniture and associated moving and set-up costs for the proposed expansion. Subsequent work programs will be submitted for the personnel and lease costs. Requires

Interim Finance approval since the amount added to the Equipment category exceeds \$50,000. **Work Program #C16933**

Renee Olson, Chief Financial Officer for the Department of Employment, Training and Disability (DETR), introduced Sandra Kelley, Chief of the Bureau of Disability (BDA).

Ms. Olson explained item 61 requested authority for the expenditure of federal Social Security administrative funding for the relocation of BDA offices in Carson City and Las Vegas.

There being no questions, Cochair Horsford called for a motion.

SENATOR WOODHOUSE MOVED FOR APPROVAL.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

- 62. Department of Employment, Training and Rehabilitation – Employment Security – Special Fund – FY 2010** – Transfer of \$60,000 from the Reserve category to the Unemployment Insurance (UI) Modernization Phase I category to account for phase I expenditures for the agency's (UI) Modernization Project. Requires Interim Finance approval since the amount added to the UI Modernization Phase I category exceeds \$50,000. **Work Program #C16921**

Refer to motion for approval under Item G.

Mr. Krmpotic reported that item 63 related to items 65, 68 and 69, and Agenda Items M-1c. and P-12. He indicated items 63, 68 and 69 would be discussed at this time.

- 63. Department of Corrections – Director's Office – FY 2010** – Addition of ~~\$61,583 in Budgetary Transfers and \$289,366~~ **\$398,426 in Rental Income** to provide funding for ancillary costs for ten new positions at High Desert State Prison and to establish authority for annual rent from the stores and coffee shops and for space occupied by the gymnasiums located at the correctional facilities throughout the state effective July 1, 2009. The authority for annual rent has been placed in the Reserve for Furloughs category and will be used to pay costs related to furlough exceptions approved by the Board of Examiners. Requires Interim Finance approval since ~~the amount added to the Bed/Mattress Replacement category includes a budgetary transfer that balances against other work programs~~ **it relates to work programs C17031, C16938, and C16983. Work Program #C16981 RELATES TO ITEMS 68, AND 69. REVISED NOVEMBER 12, 2009.**

- 68. Department of Corrections – Offenders' Store Fund – FY 2010** – Transfer of \$289,366 from the Retained Earnings category to the Operating category to fund annual rent for the stores and coffee shops located at the correctional facilities throughout the state effective July 1, 2009. Requires Interim Finance approval

since the amount transferred to the Operating category exceeds \$50,000. **Work Program #C16983. RELATES TO ITEM 63.**

- 69. Department of Corrections – Inmate Welfare Account – FY 2010 –** Transfer of \$109,060 from the Retained Earnings category to the Recreational Equipment category to pay annual rent to the Director's Office for space occupied by the gymnasiums located at facilities statewide. The rent will be used to pay costs related to furlough exceptions approved by the Board of Examiners. Requires Interim Finance approval since the amount transferred to the Recreational Equipment category exceeds \$50,000. **Work Program #C17031. RELATES TO ITEM 63.**

Howard Skolnik, Director of the Department of Corrections, said item 63 was related to items 68 and 69, as well as the department's furlough requests and the informational item on the lease, and he requested that the items be discussed collectively. He understood there were some concerns with the department's ability to charge rent for the gymnasiums, coffee shops and commissaries based on the fact that there was no authorization to do so. However, in discussions with the Attorney General's office, the department was informed that there were no prohibitions for the department to charge rent. Mr. Skolnik said the rental charges would create substantial revenue to help offset the furlough requests, particularly for the upcoming fiscal year. He said the department had gone to the Board of Examiners the previous week and was granted exemptions for Correctional Officers, Senior Correctional Officers, Correctional Trainees and Correctional Assistants for the balance of fiscal year 2010. The approximate cost of the exemptions was \$3.8 million, leaving about \$200,000 in the fund.

Mr. Skolnik said the department had saved funds in a variety of ways that would not impact the operations, safety, security and programming within the institutions. The easiest of those was the reversion of the State Criminal Alien Assistance Program (SCAAP) grant, which was approximately \$580,000, and there was no controversy attached to it. In addition, based on the experience with Prison Industries charging rent for the use of its facilities for a financial-generating body, the department believed it could charge rent to the coffee shops and commissaries and identified approximately \$578,000 that could be raised for the biennium.

Mr. Skolnik said the department was required to provide recreation to the inmates, but was not required to provide it inside. Another \$218,000 was identified that could be collected from the Inmate Welfare Fund by leasing the gymnasiums, which would generate non-impact revenue of nearly \$1.4 million over the biennium to help with next year. At one time, the department had looked at the closure of Unit 3 at the Nevada State Prison (NSP); however, given the age of the facility and the fact that it was the core of the institution housing, the administration building and most of the utilities, closure would result in the deterioration not being recoverable. Mr. Skolnik added the Unit 3 beds might be needed, given the fact that Prison 9 was not funded during the 2009 Session. Therefore, he said, the request for closure of Unit 3 was withdrawn and the opening of the units at High Desert was eliminated.

The remaining funding for the furlough exemptions would come from the leasing of the Southern Nevada Correctional Center. At this point in time, the department was in negotiations with the state of Pennsylvania, the state of California and GEO, a private vendor. Mr. Skolnik's preference was that a deal be made with one of the two states and the department operate the facilities, which would provide more flexibility down the road, provide state jobs, and better serve the department's purposes. However, GEO had also indicated a willingness to lease the facility at approximately \$2.5 million per year, which would nearly provide the amount needed to get through next year without furloughing those same staff.

Mr. Skolnik said the department's original furlough request had included the medical staff. A plan was subsequently developed for scheduling the medical staff that allowed operations without compromising the availability of care and allowed for furloughs in that division. The only other staff exempted from the furloughs were cooks; supervision of the kitchens was needed for a number of reasons, including public health, meal preparation and to accommodate furloughs when adequate staff was not available in the rest of the facilities. A single milker at the dairy, who was funded from the Prison Industries fund and was not funded from the General Fund, was also exempted.

Cochair Horsford asked LCB Legal Counsel to discuss the authority for the department to charge rent.

Brenda Erdoes, Chief Legal Counsel, Legislative Counsel Bureau, said she was concerned about whether the IFC had authority to approve the item because her office was unable to find any authority in the budget or in the statute for charging new rent. Instances of rent being charged, such as in the Prison Industries program, were in both statute and the budget. She said the problem was this was a new revenue source not in the budget and therefore not authorized for expenditure by the Department of Corrections. She said her office was unable to come to a conclusion with the Attorney General's office when they tried to work through the issue, so she did not know what the AG's theory was in saying that it was not prohibited. She agreed there was absolutely no prohibition in certain terms; however, her concern was that there was no authority for this specific new rent to be charged.

Assemblywoman McClain asked what the money in the Inmate Welfare Fund was being used for currently.

Mr. Skolnik said the money funded the staffing for all recreational programs, and it also funded the coffee shops and canteen, which were self-supporting enterprise funds; the law libraries across the state; and all of the cable connections and television access for the inmates.

Assemblywoman McClain pointed out that the funds were already being used for other purposes. If the department was going to charge the Inmate Welfare Fund rent, she wondered how the other budgets would suffer for the items the fund covered.

Mr. Skolnik said the department had identified the net profits that existed through the collection of funds for that fund and felt comfortable that the rental charge would not

impede anything else being done with the fund; it could be done out of balance forward money.

Assemblywoman McClain remarked it sounded like robbing Peter to pay Paul.

Mr. Skolnik said the alternative for the department would be to request funds from the Contingency Fund to help support the furloughs for fiscal year 2011. The department was trying to minimize the need to do that by attempting to be creative within the department. He said the department was very concerned about the impact if it became necessary to furlough the Correctional Officers. Everyone else, including Sergeants and above and support staff, were on furloughs, and the department had been at 85 percent staffing before furloughs began. Staff from the training academy was put into the institutions for 30 days and all overtime was frozen, other than that needed for life-threatening issues. As a consequence of that decision, visiting was closed, programs were cut back, towers were shut down, and posts were eliminated that needed to be operated, including rolling lockdowns throughout the cell houses.

Assemblywoman McClain affirmed that those alternatives had already been tried. Mr. Skolnik replied they had been tried, but he would not operate the department for any length of time under those circumstances; they were life threatening to staff and inmates.

Assemblywoman McClain affirmed the department was not considering closing anything.

Mr. Skolnik stated that the department was not contemplating closing anything. Consideration had been given to closing Unit 3, and as previously stated, that prospect had been removed for a number of reasons. The possibility of closing a camp was also discussed; however, it was determined that the closure of the camps would save money for the Department of Corrections, but the ultimate balance to the state was negative because of conservation and fires. Therefore, that option was taken off the table as well.

Mr. Krmpotic informed the Committee that work program 63, which accepted transfer of rental income into the Director's budget, proposed to place the funding of \$398,426 into a reserve for furloughs, which would be available later for the Department of Corrections to transfer to other budget accounts to offset the cost of not implementing the furloughs. However, staff had determined, and Legal Counsel had concurred, that the action would be in conflict with Section 7 of the Authorizations Act, which basically stated that any monies received in a budget which had General Fund appropriation must revert to the General Fund to the extent of the General Fund appropriation. Therefore, if the Committee wished to act on the work programs, staff would recommend that the transfers into the Director's office budget instead be placed in reserve for reversion to the General Fund to avoid being in conflict with the Authorizations Act.

Mr. Skolnik said the department had no concerns with the recommendation and would agree with the decision.

Cochair Horsford affirmed that the department was in negotiation with two other states and a private vendor for the Jean facility. At least in one case, if negotiations were successful, the whole shortfall issue regarding furloughs would be addressed.

Mr. Skolnik replied that would be true, assuming the requested rental charges were approved; otherwise, it would not address the entire issue. There would still be a shortage of about \$800,000 to \$900,000.

Cochair Horsford suggested that since there was some dispute concerning the Committee's authority to approve the rental charges, the department should pursue the negotiations for Jean, return to the IFC with a status report, and in the event the negotiations were not successful, the rental charges could be considered as another option. Cochair Horsford said he appreciated the fact that the department had identified some options, but he did not know how the Committee could approve an action for which the department did not have authority to implement because of the budget process.

Mr. Skolnik said he had spoken with the LCB Legal Counsel earlier in the day, and an alternative suggestion was to not address the issue right now, and if in fact the money was needed, the department could request a retroactive supplemental appropriation early in the 2011 Session.

Assemblywoman Gansert asked what the balance forward or reserve had been in the Inmate Welfare Fund. Mr. Skolnik replied approximately \$4 million, and the accumulated amount increased approximately a few hundred thousand dollars each year.

Assemblywoman Leslie remarked the Committee notes indicated the system had been coming in under the budgeted census count for inmates. She asked if Mr. Skolnik saw that as a continuing trend.

Mr. Skolnik responded that he hoped so, but he did not know. The department was looking at a pilot project for intermediate sanctions, which he hoped would help to continue to keep the numbers down. The numbers had been fairly flat in both Washoe and Clark Counties; however, historically if and when economies improved, prison populations grew.

Assemblywoman Leslie asked Mr. Skolnik to continue to keep the Committee apprised of the numbers on a quarterly basis, noting that money would be saved if the trend continued.

Assemblywoman Leslie said she was somewhat confused on the leasing of the Jean Prison. She was aware there were several possibilities, but she noted Mr. Skolnik had remarked the department was looking at having the state run the prison for a private entity. She asked if she had understood correctly.

Mr. Skolnik replied he had meant the state would possibly operate the prison for one of the two states with which the department was in negotiations – not for a private entity. Nevada's Correctional Officers were among the highest paid in the country, which had

put Nevada at a disadvantage with other states when bidding for beds. Mr. Skolnik said the department had considered putting the vacant unit at High Desert into the mix, which would not cost the state as much per bed to operate as opening a prison, and it would bring the numbers very competitively down and allow as many as 1,000 beds for lease.

Assemblywoman Leslie asked if the department would be able to finalize a plan within the next few months for the Committee's review and consideration.

Mr. Skolnik said the goal was to have a plan soon. The department was in very serious negotiations with California. He would be meeting with that state's director the beginning of December and at that time hoped to have some definite numbers for consideration.

Assemblywoman Leslie remarked California needed to reduce expenses as well. She appreciated Mr. Skolnik's creative ideas, but the problem needed to be resolved. She did not like the idea of a supplemental appropriation at the next legislative session.

There being no further questions or testimony, Cochair Horsford asked for a motion.

SENATOR COFFIN MOVED TO DEFER ACTION ON THE ITEM
BECAUSE OF POSSIBLE LACK OF AUTHORITY.

Assemblyman Conklin asked if it was necessary for the Committee to take action. If it did not take action, would the item automatically be deferred, delayed or fail?

Ms. Erdoes said if the Committee took action to defer the item, it would be put on the agenda for a future meeting. If the Committee took no action, it would be noted as no action and could be considered at a later date, but would not automatically be placed on the agenda.

Cochair Horsford said he would take the liberty, if there was no objection, to defer items 63, 68, and 69 to either the next meeting or until the department had a plan on the other proposed components.

- 64. Department of Corrections – Correctional Programs – FY 2010 –** Transfer of \$19,462 from the Youthful Offender Grant category to the Personnel Services category to fund a full-time Administrative Assistant position to comply with additional grant requirements. Requires Interim Finance approval since the request includes a new position. **Work Program #C16946**

Refer to motion for approval under Item G.

- 65. Department of Corrections – High Desert State Prison – FY 2010 –** Deletion of \$218,358 in funds transferred from the Department of Education to reflect cancellation of the Child Nutritional Program Grant. Requires Interim Finance approval since the amount deducted from the Department of Education Meal Program category exceeds \$50,000. **Work Program #C15887**

Mr. Skolnik said the funds for the Child Nutritional Program grant had been deleted, and operations under the grant were terminated because the department was losing money and time. Fiscal staff had been provided with information regarding the costs of the program. He pointed out that because the program had not been operational, if the Committee wished to continue the program, the department would have to reapply for grant funds and there was no assurance they would be received.

Cochair Horsford recalled the item was reviewed at the last meeting, and there were differing opinions. He did not want to leave federal funds on the table, but it was obviously the department's decision to discontinue the program. He asked for a motion from the Committee.

Cochair Horsford stated the item would be deferred due to lack of a motion.

- 66. Department of Corrections – High Desert State Prison – FY 2010 –** Addition of \$279,336 in Budgetary Transfers to provide funding to support ten new positions and associated costs to staff the opening of two additional units at this facility. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000 and the request includes new positions. **Work Program #C16940. RELATES TO ITEMS 63 AND 67. WITHDRAWN NOVEMBER 12, 2009.**
- 67. Department of Corrections – Nevada State Prison – FY 2010 –** Deletion of \$340,919 in Budgetary Transfers and transfer of \$295,347 from the Personnel Services category to the Reserve for Furloughs category. This reflects the elimination of 18 positions due to the closure of Unit 3 at Nevada State Prison while providing funding for ten new positions at High Desert State Prison, which are required to open two units. The authority placed in the Reserve for Furloughs category will be used to pay costs related to furlough exceptions approved by the Board of Examiners. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C16938. RELATES TO ITEMS 63 AND 66. WITHDRAWN NOVEMBER 12, 2009.**
- 68. Department of Corrections – Offenders' Store Fund – FY 2010 –** Transfer of \$289,366 from the Retained Earnings category to the Operating category to fund annual rent for the stores and coffee shops located at the correctional facilities throughout the state effective July 1, 2009. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000. **Work Program #C16983. RELATES TO ITEM 63.**
- Refer to testimony under Item G-63.
- 69. Department of Corrections – Inmate Welfare Account – FY 2010 –** Transfer of \$109,060 from the Retained Earnings category to the Recreational Equipment category to pay annual rent to the Director's Office for space occupied by the gymnasiums located at facilities statewide. The rent will be used to pay costs

related to furlough exceptions approved by the Board of Examiners. Requires Interim Finance approval since the amount transferred to the Recreational Equipment category exceeds \$50,000. **Work Program #C17031. RELATES TO ITEM 63.**

Refer to testimony under Item G-63.

- 70. Department of Motor Vehicles – REAL ID – FY 2010** – Addition of \$29,558 in Federal Department of Homeland Security (DHS) Demonstration Grant funds and \$21,986 in Federal DHS Hub Testing Grant funds to continue funding for the REAL ID project. Requires Interim Finance approval since the cumulative amount added to the DHS Demonstration Grant category exceeds \$50,000. **Work Program #C16586**

Refer to motion for approval under Item G.

- 71. Department of Public Safety – Justice Assistance Act – FY 2010** – Addition of \$366,151 in Community Oriented Policing Services (COPS) Grant funds and deletion of \$81,049 in Residential Substance Abuse Treatment (RSAT) Grant funds, \$31,754 in Sex Offender Sentencing, Monitoring, Apprehending, Registering and Tracking (SMART) Grant funds, \$60,197 in Forensic Science Improvement (FSI) Grant funds, \$56,988 in Project Safe Neighborhood (PSN) Grant funds, and \$325,765 in PSN Anti-Gang Initiative funds to align actual federal authority in fiscal year 2010. Requires Interim Finance approval since the amount deducted from the PSN Anti-Gang Initiative category exceeds \$50,000. **Work Program #C16547**

Refer to motion for approval under Item G.

- 72. Department of Public Safety – Justice Assistance Act – FY 2010** – Addition of \$250,000 in Department of Justice Substance Abuse Parole and Probation (P&P) funds to support a substance abuse counselor program in coordination with the Nevada Division of Parole and Probation. Requires Interim Finance approval since the amount added to the Substance Abuse P&P category exceeds \$50,000. **Work Program #C16922**

Refer to motion for approval under Item G.

- 73. Department of Public Safety – Justice Assistance Act – FY 2010** – Addition of \$108,444 in Residential Substance Abuse Treatment (RSAT) Grant funds by the United States Department of Justice to support prisoner re-entry programs. Requires Interim Finance approval since the amount added to the RSAT Grant category exceeds \$50,000. **Work Program #C16774**

Refer to motion for approval under Item G.

- 74. Department of Public Safety – Justice Assistance Act – FY 2010** – Addition of \$112,822 in Project Safe Neighborhoods Grant funds awarded to Nevada by

the United States Department of Justice to support crime prevention programs. Requires Interim Finance approval since the amount added to the Project Safe Neighborhoods category exceeds \$50,000. **Work Program #C16781**

Refer to motion for approval under Item G.

75. **Department of Public Safety – Justice Assistance Act – FY 2010** – Addition of \$225,762 in National Criminal History Improvement Program (NCHIP) Grant funds from the United States Department of Justice to improve electronic record keeping between the Administrative Office of the Courts and the Criminal History Repository. Requires Interim Finance approval since the amount added to the NCHIP grant category exceeds \$50,000. **Work Program #C16846**

Refer to motion for approval under Item G.

76. **Department of Public Safety – Justice Assistance Act – FY 2010** – Addition of \$140,397 in Forensic Science Improvement Grant funds to improve forensic science capabilities in Las Vegas and Reno. Requires Interim Finance approval since the amount added to the Forensic Science Improvement category exceeds \$50,000. **Work Program #C16848**

Refer to motion for approval under Item G.

77. **Department of Public Safety – Justice Assistance Act – FY 2010** – Addition of \$798,471 in National Instant Criminal Background Check System (NICS) Grant funds to improve the state's system for instant background checks in the Administrative Office of the Courts and the Criminal History Repository/Records and Technology Division. Requires Interim Finance approval since the amount added to the Instant Background Check category exceeds \$50,000. **Work Program #C16910**

Refer to motion for approval under Item G.

78. **Department of Public Safety – Justice Assistance Grant Trust – FY 2010** – Transfer of \$163,441 from the Reserve for Federal Funds category to the Justice Assistance Grant category to support combating crime and assisting recovering criminals within the state. Requires Interim Finance approval since the amount transferred from the Reserve for Federal Funds category exceeds \$50,000. **Work Program #C16803**

Refer to motion for approval under Item G.

79. **Department of Public Safety – Forfeitures – Law Enforcement – FY 2010** – Transfer of \$148,136 from the Reserve category to the Technology Upgrades category for network infrastructure improvements. Requires Interim Finance approval since the amount transferred to the Technology Upgrades category exceeds \$50,000. **Work Program #C16030**

Refer to motion for approval under Item G.

80. **Department of Public Safety – Forfeitures – Law Enforcement – FY 2010 –** Transfer of \$31,130 from the Reserve category to the Nevada Division of Investigations (NDI) Federal category to host the 2010 Spring National Alliance of State Drug Enforcement Agencies (NASDEA) conference in Las Vegas. Requires Interim Finance approval since the amount transferred to the NDI Federal category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16932**

Refer to motion for approval under Item G.

81. **Department of Public Safety – Emergency Management Division – FY 2010 –** Addition of \$5,000 in Transfer of Urban Area Security Initiative (UASI) Non-Profit funds, \$9,997 in Transfer from Department of Emergency Management (DEM) Transit Security funds and \$112,319 in Transfer from DEM-Public Safety Interoperable Communication (PSIC) funds to provide funding for administrative expenses which support UASI Non-Profit, Transit Security and the PSIC grant. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C16515**

Refer to motion for approval under Item G.

82. **Department of Public Safety – Emergency Management Division – FY 2010 –** Addition of \$20,150 in Transfer from Department of Emergency Management - Interoperable Emergency Communications Grant Program (IECGP) Administration funds to provide funding for the administrative expenses which support the IECGP. Requires Interim Finance approval since the amount added to the Out-of-State Travel category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16610**

Refer to motion for approval under Item G.

83. **Department of Public Safety – Emergency Management Division – FY 2010 –** Addition of \$676,855 in Transfer from Department of Emergency Management (DEM) Homeland Security Grant Program (HSGP) funds to provide support to the statewide training and exercise program and deletion of \$20,000 in Transfer from DEM-HSGP to consolidate Homeland Security Grant Program revenue. Requires Interim Finance approval since the amount added to the HSGP Exercise Support category exceeds \$50,000. **Work Program #C16830**

Refer to motion for approval under Item G.

84. **Department of Public Safety – Emergency Management Division – FY 2010 –** Addition of \$64,000 in Transfer from Department of Emergency Management - Office of Domestic Preparedness (ODP) funds and \$589,240 in Transfer from DEM - Homeland Security Grant Program (HSGP) funds to support and enhance the state's planning, training, exercise and resource management programs in the event of an emergency or disaster. Requires Interim Finance

approval since the amount added to the HSGP Exercise Support category exceeds \$50,000. **Work Program #C16928**

Refer to motion for approval under Item G.

85. **Department of Public Safety – Emergency Management Division – FY 2010** – Addition of \$91,595 in Transfer from Division of Emergency Management (DEM) Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program, \$28,729 in Transfer from DEM ~~Hazardous Materials~~ **Hazard Mitigation** Administration and \$31,153 in Transfer from DEM - FEMA Pre-Disaster Mitigation (PDM) to provide funding for administrative support to include overtime, per diem, **computer equipment, training,** and travel expenses. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C16705**

Refer to motion for approval under Item G.

86. **Department of Public Safety–Emergency Management Assistance Grants – FY 2010** – Addition of \$8,150,150 in Homeland Security Grant Program (HSGP) Urban Area Initiative funds, \$182,596 in HSGP-Citizen Corps funds, \$321,221 in HSGP-Major Medical Response funds, and \$8,414,500 in Homeland Security Grant Program funds to accept a federal fiscal year 2009 Homeland Security Grant. Requires Interim Finance approval since the amount added to the Homeland Security Grant Program category exceeds \$50,000. **Work Program #C16416**

Refer to motion for approval under Item G.

87. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010** – Addition of \$400,000 in Buffer Zone Protection Plan (BZPP) Infrastructure Protection Program (IPP) funds to accept a new grant from the Department of Homeland Security to increase preparedness capabilities of responsible jurisdictions in communities surrounding critical infrastructure and key resource assets. Requires Interim Finance approval since the amount added to the Buffer Zone IPP category exceeds \$50,000. **Work Program #C16463**

Refer to motion for approval under Item G.

88. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010** – Addition of \$8,365,214 in Homeland Security Grant Program (HSGP) Urban Area Initiative funds, \$4,787,103 in HSGP - Law Enforcement Terrorism Prevention Program (LETPP) funds, \$103,937 in HSGP - Citizen Corps funds and \$209,110 in HSGP - Major Medical Response funds and deletion of \$458 in Interoperable Emergency Communications funds to align federal authority in fiscal year 2010. Requires Interim Finance approval since the amount added to the Urban Area Initiative category exceeds \$50,000. **Work Program #C16662**

Refer to motion for approval under Item G.

89. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010** – Addition of \$2,916,149 in Federal Emergency Management Agency (FEMA) New Years 2006 Flood funds, \$1,310,570 in FEMA 1738 Fernley Flood funds, and \$1,247,932 in Public Safety Interoperable Communications Grant funds and deletion of \$4,000 in Urban Area Security Initiative (UASI) Non-Profit Security Grant funds to align federal authority in fiscal year 2010. Requires Interim Finance approval since the amount added to the FEMA New Years Flood 2006 category exceeds \$50,000. **Work Program #C16671**

Refer to motion for approval under Item G.

90. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010** – Addition of \$33,101 in Buffer Zone Protection Program Grant funds and \$5,674,087 in Homeland Security Grant Program funds and deletion of \$14,580 in Transit Security Grant Program funds and \$234,115 in Transit Security Grant Program Supplemental funds to align federal authority in fiscal year 2010. Requires Interim Finance approval since the amount added to the Homeland Security Grant Program category exceeds \$50,000. **Work Program #C16687**

Refer to motion for approval under Item G.

91. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010** – Addition of \$11,030,871 in Federal Emergency Management Agency (FEMA) 1583 - Clark/Lincoln Flood funds, \$89,015 in Federal Pre-Disaster Mitigation funds, \$1,798,726 in FEMA 1540 - Waterfall Fire funds and \$478,190 in FEMA Hurricane Relief funds to align federal authority in fiscal year 2010. Requires Interim Finance approval since the amount added to the FEMA Clark/Lincoln Flood category exceeds \$50,000. **Work Program #C16702**

Refer to motion for approval under Item G.

92. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010** – Addition of \$159,281 in Buffer Zone Protection Plan - Infrastructure Protection Program (IPP) funds and \$28,644 in Reimbursement Emergency Management Assistance Compact (EMAC) funds and deletion of \$305 in Hazard Mitigation Grant Program 2007 funds to align federal authority in fiscal year 2010. Requires Interim Finance approval since the amount added to the Buffer Zone IPP category exceeds \$50,000. **Work Program #C16707**

Refer to motion for approval under Item G.

93. **Department of Public Safety – Emergency Management Assistance Grants– FY 2010** – Addition of \$463,349 in Interoperable Emergency Communication funds to accept a grant from the Department of Homeland Security for improved communications during disasters and/or emergencies. Requires Interim Finance approval since the amount added to the Interoperable Emergency Communications category exceeds \$50,000. **Work Program #C16775**

Refer to motion for approval under Item G.

94. **Department of Public Safety – Highway Patrol – FY 2010** – Addition of \$50,000 in Transfer from High Level Nuclear Waste funds to accept reimbursement of Waste Isolation Pilot Program (WIPP) related activities. Requires Interim Finance approval since the amount added to the Waste Isolation Pilot Program category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C15657**

Refer to motion for approval under Item G.

95. **Department of Public Safety – Highway Patrol – FY 2010** – Addition of \$73,777 in Transfer from Traffic Safety-C funds to balance forward remaining authority to continue participation in state-wide, multi-jurisdictional traffic enforcement activities. Requires Interim Finance approval since the amount added to the Joining Forces Grant category exceeds \$50,000. **Work Program #C16127**

Refer to motion for approval under Item G.

96. **Department of Public Safety – Highway Patrol – FY 2010** – Addition of High Intensity Drug Trafficking Area (HIDTA) funds to balance forward remaining authority to continue participating in the Northern Command HIDTA Task Force. Requires Interim Finance approval since the amount added to the HIDTA Task Force category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16319**

Refer to motion for approval under Item G.

97. **Department of Public Safety – Highway Patrol – FY 2010** – Addition of \$36,500 in Transfer from Traffic Safety-A funds to accept a grant award which will fund Crash Investigation Technician training to Highway Patrol Division staff. Requires Interim Finance approval since the amount added to the Traffic Accident Reconstruction category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16884**

Refer to motion for approval under Item G.

98. **Department of Public Safety – Highway Patrol – FY 2010** – Addition of \$22,540 in Transfer from Traffic Safety funds to accept a grant award which will allow for the purchase of a crash data retrieval system as well as training of Highway Patrol staff to utilize the system. Requires Interim Finance approval since the amount added to the Vehicle Speed Data Collection category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16885**

Refer to motion for approval under Item G.

99. **Department of Public Safety – Division of Investigations – FY 2010** – Addition of \$32,658 in Drug Enforcement Agency (DEA) Reimbursement funds to

receive reimbursement for overtime incurred by the Division of Investigations sworn staff assigned to the Tactical Diversion Task Force. Requires Interim Finance approval since the amount added to the DEA Reimbursement category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16659**

Refer to motion for approval under Item G.

- 100. Department of Public Safety – Division of Investigations – FY 2010 –** Addition of \$19,000 in United States Marshal Reimbursement funds to purchase equipment needed for Department of Public Safety personnel participating on the United States Marshal Services (USMS) Nevada Fugitive Investigative Strike Team (FIST) task force. Requires Interim Finance approval since the amount added to the U.S. Marshal Reimbursement category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16787**

Refer to motion for approval under Item G.

- 101. Department of Public Safety – Division of Investigations – FY 2010 –** Addition of \$312,643 in High Intensity Drug Trafficking Area (HIDTA) Reimbursement to fund overtime, travel, training, and purchase of evidence or information relating to reducing drug trafficking in Nevada including illegal distribution of prescription drugs. Requires Interim Finance approval since the amount added to the HIDTA Reimbursement category exceeds \$50,000. **Work Program #C16473**

Refer to motion for approval under Item G.

- 102. Department of Public Safety – Division of Investigations – FY 2010 –** Addition of \$1,547,769 in Transfer from Division of Emergency Management (DEM) 2009 funds to continue establishment and operation of the State Fusion Center. Requires Interim Finance approval since the amount added to the DEM 2009 State Homeland Security Program Grant category exceeds \$50,000. **Work Program #C16852**

Scott Jackson, Chief of the Division of Investigations, Department of Public Safety (DPS), explained that item 102 was a request for spending authority for \$1,547,769, which was separated into two different categories: \$854,074 for operation of the Nevada Threat Analysis Center (NTAC), and \$693,695 for the Silver Shield project, which focused on critical infrastructure protection.

Assemblyman Conklin noted it was all federal money and asked if the agency had plans for the program when the federal funds were expended.

Mr. Jackson replied the division felt the program could be sustained through current resources. Most of the staff dedicated to the Fusion Center (Nevada Threat Analysis Center) were current full-time employees within the General Fund. The only other funding stream to the center was three contract positions, which were funded through

the current biennium, and grant funding would be pursued for next biennium to sustain those positions.

Assemblyman Conklin affirmed if the federal money ran out there would be no additional burden on the General Fund to sustain the program. Mr. Jackson replied that was correct at this point.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL, WITH A REQUEST FOR QUARTERLY REPORTS TO IFC ON THE PERFORMANCE AND EFFECTIVENESS OF THE PROGRAM BEGINNING IN CALENDAR YEAR 2010.

THE MOTION WAS SECONDED BY ASSEMBLYMAN OCEGUERA.

THE MOTION CARRIED.

- 103. Department of Public Safety – Division of Investigations – FY 2010 –** Addition of \$249,625 in Transfer from Division of Emergency Management (DEM) **2007** State Homeland Security Program (SHSP) funds, \$337,216 in Transfer from DEM 2008 **SHSP** funds and \$104,438 in Transfer from DEM **2007** Law Enforcement Terrorism Prevention Program funds to align fiscal year 2010 grant authority. Requires Interim Finance approval since the amount added to the DEM 2008 Homeland Security Grant Program category exceeds \$50,000. **Work Program #C16952**

Refer to motion for approval under Item G.

- 104. Department of Public Safety – Parole and Probation – FY 2010 –** Deletion of \$114,328 in Fines/Forfeitures/Penalties to allow tracking of expenditures through the Forfeiture account. Requires Interim Finance approval since the amount deducted from the Specialty Equipment category exceeds \$50,000. **Work Program #C16443**

Refer to motion for approval under Item G.

- 105. Department of Public Safety – Parole and Probation – FY 2010 –** Addition of \$250,000 in Transfer from Department of Public Safety **Office of** Criminal Justice funds to provide offenders with vouchers to participate in established abuse counseling programs. Requires Interim Finance approval since the amount added to the Substance Counseling Assistance Program category exceeds \$50,000. **Work Program #C16951**

Refer to motion for approval under Item G.

- 106. Department of Public Safety – State Emergency Response Commission – FY 2010 –** Addition of \$128,528 in Federal United States Department of Transportation (USDOT)/**Hazardous Materials Emergency Planning (HMEP)** Grant funds **and transfer of \$32,133 from the Reserve category to the**

USDOT/HMEP Grant category to assist emergency planner and responder personnel throughout the state in training and planning for hazardous materials emergencies. Requires Interim Finance approval since the amount added to the USDOT/HMEP Grant category exceeds \$50,000. **Work Program #C16850**

Refer to motion for approval under Item G.

- 107. Department of Public Safety – State Emergency Response Commission – FY 2010** – Transfer of \$132,843 from the Reserve category to the State Emergency Response Commission **Grants** category and \$204,226 from the Reserve category to the Transfer to State Fire Marshal category to fund the operation of training programs and a training center for handling emergencies relating to hazardous materials and related fires. Requires Interim Finance approval since the amount transferred to the Transfer to State Fire Marshal category exceeds \$50,000. **Work Program #C16812**

Refer to motion for approval under Item G.

- 108. Department of Public Safety – State Emergency Response Commission – FY 2010** – Addition of \$82,831 in Federal United States Department of Transportation (USDOT) Hazardous Materials Emergency Planning (HMEP) Grant funds **and transfer of \$20,707 from the Reserve category to the USDOT/HMEP Grant category** to assist emergency planners and responder personnel throughout the state in training and planning for hazardous materials emergencies. Requires Interim Finance approval since the amount added to the USDOT HMEP category exceeds \$50,000. **Work Program #C16859**

Refer to motion for approval under Item G.

- 109. Department of Public Safety – Traffic Safety – FY 2010** – Addition of \$1,367,282 in Federal Traffic Safety Grant funds, \$2,877,868 in Federal 410 Incentive Grant funds, \$56,509 in Federal 2010 Incentive Grant funds, \$142,517 in Federal 405 Incentive Grant funds, \$390,823 in Federal 408 Incentive Grant funds, and \$1,319,352 in Federal 406 Grant funds to align grant authority from fiscal year 2009 to fiscal year 2010. Requires Interim Finance approval since the amount added to the 410 Incentive Grant Funds category exceeds \$50,000. **Work Program #C16615**

Refer to motion for approval under Item G.

- 110. Department of Public Safety – Traffic Safety – FY 2010** – Addition of \$139,606 in Federal 410 Incentive Grant funds and deletion of \$26,000 in Federal 2010 Incentive Grant funds to align federal authority in fiscal year 2010. Requires Interim Finance approval since the amount added to the 410 Incentive Grant Funds category exceeds \$50,000. **Work Program #C16849**

Refer to motion for approval under Item G.

111. **Department of Public Safety – Traffic Safety – FY 2010** – Addition of \$724,400 in Transfer from Nevada Department of Transportation (NDOT) funds to accept an award that will enhance the Latino Community Safety Outreach program, Preventing Automobile Collisions Everyday (PACE) program, as well as paid media for Nevada seat belt and impaired driving campaigns. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$50,000. **Work Program #C16197**

Refer to motion for approval under Item G.

112. **Department of Public Safety – Highway Safety Plan and Administration – FY 2010** – Addition of \$300,000 in Transfer from Traffic Safety funds to provide for media costs for Nevada seat belt and impaired driving campaigns. Requires Interim Finance approval since the amount added to the Nevada Department of Transportation (NDOT) Flex Funds category exceeds \$50,000. **Work Program #C16234**

Refer to motion for approval under Item G.

113. **Department of Public Safety – Highway Safety Plan and Administration – FY 2010** – Addition of \$2,552 in Federal Fatality File Analyst funds, \$110,264 in Transfer from Traffic Safety-402 Highway funds, \$518,163 in Transfer from Traffic Safety-410 Impaired Driving funds, \$20,000 in Transfer from Traffic Safety-405 Occupant Protection funds, \$315,466 in Transfer from Traffic Safety-408 Traffic Safety Grant funds, and \$672,146 in Transfer from Traffic Safety-406 Incentive Grant funds to align federal authority in fiscal year 2010. Requires Interim Finance approval since the amount added to the 406 Incentive Grant category exceeds \$50,000. **Work Program #C16722**

Refer to motion for approval under Item G.

114. **State Department of Conservation and Natural Resources – Division of Forestry – FY 2010** – Addition of \$47,605 in Federal United States Forest Service (USFS) Forest Land Enhancement Program (FLEP) Grant funds to provide technical, educational and contractual assistance to private landowners that will enable them to achieve certain forest health land management goals. Requires Interim Finance approval since the amount added to the USFS-FLEP Grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16925**

Refer to motion for approval under Item G.

115. **State Department of Conservation and Natural Resources – Division of Forestry – FY 2010** – Addition of \$42,147 in Environmental Protection Reimbursement funds to provide direction and support a biomass network that will utilize renewable energy transportation fuels, soil amendments and other "value added" wood products in Western Nevada and redirect products from traditional pile and burn disposal. Requires Interim Finance approval since the

amount added to the United States Forest Service Fuels Reduction-Emergency category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16935**

Refer to motion for approval under Item G.

- 116. State Department of Conservation and Natural Resources – Division of Forestry – FY 2010** – Addition of \$60,404 in Federal United States Forest Service (USFS) Legacy Grant funds to identify and protect environmentally and socially important forest lands that are threatened and assure traditional uses of private lands and public values are protected for future generations. Requires Interim Finance approval since the amount added to the USFS Legacy Grant category exceeds \$50,000. **Work Program #C16937**

Refer to motion for approval under Item G.

- 117. State Department of Conservation and Natural Resources – Division of Forestry – FY 2010** – Addition of \$72,681 in U.S. Bureau of Land Management's (BLM) Southern Nevada Public Land Management Act (SNPLMA) grant funds to complete fuel breaks for the East Side Spooner Summit Watershed and Franktown Creek Watershed areas of the Lake Tahoe Nevada State Park that will result in thinning of 173 acres. Requires Interim Finance approval since the amount added to the U.S. BLM SNPLMA Grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16968**

Refer to motion for approval under Item G.

- 118. State Department of Conservation and Natural Resources – Division of Forestry – FY 2010** – Addition of \$246,294 in Federal United States Forest Service (USFS) Fuels Reduction Grant funds to develop and maintain effective fire protection services through the Cooperative Fire Program that will create defensible space and improve forest health. Requires Interim Finance approval since the amount added to the Fuels Reduction Grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16969**

Refer to motion for approval under Item G.

- 119. State Department of Conservation and Natural Resources – Division of Forestry – FY 2010** – Addition of \$2,405,922 in Federal United States Forest Service Consolidated Payment 2009 Grant (CPG09) funds to promote stewardship on private lands by providing financial, technical and educational support for the establishment, enhancement and health of trees and other natural resources. This request also includes a new Administrative Assistant position to assist with the various fire program duties. Requires Interim Finance approval since the amount added to the CPG 09 category exceeds \$50,000. **Work Program #C16263**

Refer to motion for approval under Item G.

120. **State Department of Conservation and Natural Resources – Division of Forestry – Inter-Governmental Agreements – FY 2010** – Addition of \$95,112 in Elko County receipts, \$43,252 in Storey County receipts, \$160,919 in Clark County receipts, and \$18,367 in Eureka County receipts and a deletion of \$45,671 in Carson City receipts to reconcile the legislatively-approved budget to the final budgeted amounts approved by the county commissioners for the county fire protection districts pursuant to NRS 473 for fiscal year 2010. Requires Interim Finance approval since the amount added to the Clark County category exceeds \$50,000. **Work Program #C16911**

Refer to motion for approval under Item G.

121. **State Department of Conservation and Natural Resources – Nevada Natural Heritage – FY 2010** – Transfer of \$33,800 from the Federal Grant Reserve category to the Personnel Services category, \$98,822 from the Reserve category to the U.S. Environmental Protection Agency Grant category, and \$110,714 from the Reserve category to the Climate Change Project category. These transfers are necessary to continue funding of the Biologist II position through the remainder of fiscal year 2010; to meet ongoing contractual obligations associated with the agency's Wetlands Spring Project; and to meet ongoing contractual obligations associated with the agency's Climate Change Project. Requires Interim Finance Committee approval since the amount transferred to the Climate Change Project category exceeds \$50,000. **Work Program #C16821**

Refer to motion for approval under Item G.

122. **State Department of Conservation and Natural Resources – Division of Environmental Protection – Water Pollution Control – FY 2010** – Addition of \$28,750 in funds transferred from the State Revolving Fund Clean Water (SRFCW) account to provide additional project monitoring services and to ensure the federal infrastructure stimulus funding received by the agency is optimally utilized. Requires Interim Finance approval since the cumulative amount added to the Water Permit Fees category exceeds \$50,000. **Work Program #C16958**

Refer to motion for approval under Item G.

123. **State Department of Conservation and Natural Resources – Environmental Protection – State Revolving Fund – FY 2010** – Addition of \$23,958 in Federal Environmental Protection Act, Water Pollution Control State Revolving Grant funds and transfer of \$4,792 from the Reserve category to the Clean Water State Revolving Fund Administration category to complete the funding needed for a consultant who will assist the state Revolving Fund program in carrying out federally required engineering reviews, permitting and inspections of ongoing clean water projects. Requires Interim Finance approval since the cumulative amount added to the Clean Water State Revolving Fund Administration category exceeds \$50,000. **Work Program #C16930**

Refer to motion for approval under Item G.

- 124. State Department of Conservation and Natural Resources – Environmental Protection – Water Quality Planning – FY 2010** – Addition of \$174,000 in Federal Environmental Protection Clean Water Act Section 106 Grant funds, which provides funding to states, tribes and interstate organizations to support the expansion and improvement of their respective water monitoring programs. Requires Interim Finance approval since the amount added to the Federal Environmental Protection Clean Water Act Section 106 Grant category exceeds \$50,000. **Work Program #C16927**

Refer to motion for approval under Item G.

- 125. Department of Wildlife – Administration – FY 2010** – Addition of \$54,273 in U.S. Fish and Wildlife Service, Pittman Robertson Aid Grant funds for the purchase of a vehicle and event trailer. Requires Interim Finance approval since the amount added to the Hunter Education category exceeds \$50,000. **Work Program #C16943**

Refer to motion for approval under Item G.

- 126. Department of Wildlife – Administration – FY 2010** – Transfer of \$25,000 from the Reserve category to the Predator Management Assembly Bill 291 (2001 Legislative Session) for Nevada Department of Wildlife category to study the impacts of coyote removal on mule deer in Nevada. Requires Interim Finance approval since the amount transferred to the Predator Management Assembly Bill 291 for Nevada Department of Wildlife category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16948**

Refer to motion for approval under Item G.

- 127. Department of Wildlife – Administration – FY 2010** – Addition of \$178,334 in Federal Pittman Robertson Aid Grant funds to enhance and increase hunting and non-hunting wildlife opportunities in Nevada. Requires Interim Finance approval since the amount added to the Game Management category exceeds \$50,000. **Work Program #C16770**

Refer to motion for approval under Item G.

- 128. Department of Wildlife – Administration – FY 2010** – Addition of \$40,394 in Pittman Robertson Aid funds and \$8,323 in Transfer from the Boating Program budget account to support an additional engineer position and related costs to perform the coordination, planning, budgeting, directing, and managing of statewide projects. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$50,000. **Work Program #C16871**

Patrick Cates, Deputy Director, Department of Wildlife, explained item 128 was a request for approval to add a professional engineer to supplement the department's

existing engineer position. He said there were a substantial number of facilities throughout the state that required engineering services, such as dams and boat docks. The position would be funded primarily through federal funds. Mr. Cates said the department was particularly concerned about Dingle Johnson funding, which had allocations for development of boat ramps that were earmarked for that purpose. If the department could not provide engineering support, there was a risk that those funds would be diverted. Mr. Cates said the position had originally been requested during the 2009 agency-request budget phase, but due to the uncertain economic outlook and the unknowns of prospective federal funding, the agency opted to withdraw the request. However, now that the federal funding was known and it could support the position, the request was being made for the position.

Senator Coffin asked why the request was being made since it was denied only a few months before. Mr. Cates said the position was not ever presented to the Legislature; the request had been withdrawn by the agency during the Governor's budget request phase.

Assemblywoman Gansert clarified that the position was being requested partly because some federal funds were at risk of not being renewed.

Mr. Cates responded that was correct; the Dingle Johnson grant had funds earmarked for the development of boat ramps and docks. If the funds earmarked for that purpose were not used, they would revert back to the federal government. The ability to use the funds was contingent upon the department's ability to provide engineering services for those projects.

SENATOR COFFIN MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN DENIS.

THE MOTION CARRIED.

- 129. Department of Wildlife – Boating Program – FY 2010** – Addition of \$150,000 in Boating Safety and Facilities Partnership Program funds to enhance recreational boating safety in Clark County. Requires Interim Finance approval since the amount added to the Boating Safety category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16813**

Refer to motion for approval under Item G.

- 130. Department of Wildlife – Boating Program – FY 2010** – Transfer \$345,505 from the Reserve category to the Transfer to Wildlife category to complete the state fiscal year 2009 transfer of funds. Requires Interim Finance approval since the amount added to the Transfer to Wildlife category exceeds \$50,000. **Work Program #C16538**

Refer to motion for approval under Item G.

- 131. Department of Wildlife – Obligated Reserve – FY 2010** – Addition of \$21,649 in U.S. Department of the Interior, Fish and Wildlife Service funds to provide funding for the Carson Lake Wetlands. Requires Interim Finance approval since the amount added to the Carson Lake Wetlands category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C16797**

Refer to motion for approval under Item G.

- 132. Department Of Transportation – Bond Construction – FY 2010** – Transfer of \$625,730 from the Reserve category to the 2008 Bond Issue category to properly allocate authority that was balanced forward from fiscal year 2009 to 2010. Requires Interim Finance approval since the amount transferred to the 2008 Bond Issue category exceeds \$50,000. **Work Program #C16966**

Refer to motion for approval under Item G.

- 133. Office of the Military – FY 2010** – Addition of \$54,598 in Transfer from the Division of Emergency Management funds to refund the advance from the Board of Examiners' Emergency Fund. The advance was authorized in FY 2009 in work program #C14033 to support the Nevada National Guard's salary expenditures as a result of their participation in fighting the fires in California. Requires Interim Finance approval since the amount added to the Emergency Services category exceeds \$50,000. **Work Program #C16977**

Refer to motion for approval under Item G.

- 134. Office of the Military – Adjutant General Construction Fund – FY 2010** – Addition of \$120,000 in Reimbursement funds from the contractor to support the State Public Works Board expenditures related to the Super Solar Project at the Nevada National Guard facilities. Requires Interim Finance approval since the amount added to the Master Construction Cooperative Agreement Construction category exceeds \$50,000. **Work Program #C16975. WITHDRAWN OCTOBER 16, 2009. APPROVED BY IFC ON OCTOBER 26, 2009.**

Cochair Horsford announced that item 135 and Agenda Item K-2 would be heard together.

- 135. Governor's Office – FY 2010** – Addition of \$159,385 ~~\$159,385~~ **\$98,403** in Transfer in Federal American Recovery and Reinvestment Act (ARRA) of 2009 funds to fund ~~one non-classified Management Analyst III position with associated operating costs to focus on ARRA reporting requirements and initiate the development of the ARRA reporting system~~ **cover a portion of the personnel, operating and ARRA reporting system development expenditures for the ARRA Director's Office.** Requires Interim Finance approval since the amount added to the ARRA Reporting category exceeds \$50,000. **Work Program #C15759. RECEIVED AFTER SUBMITTAL DEADLINE, NOVEMBER 4, 2009. REVISED NOVEMBER 12, 2009.**

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

2. Office of the Governor – American Recovery and Reinvestment Act (ARRA) Director's Office – Request for an allocation in the amount of \$116,179 to ~~comply with ARRA reporting requirements~~ ***cover a portion of the personnel, operating and ARRA reporting system development expenditures for the ARRA Director's Office.*** REVISED
NOVEMBER 12, 2009

Andrew Clinger, Director, Department of Administration, explained Agenda Item K-2 was a request from the IFC Contingency Fund in the amount of \$116,179, which was the amount left over from the ARRA allocation to the Controller's office, to support the operation of the Governor's ARRA Director's office. He said the amount would be used to offset areas where administrative charges could not be collected from ARRA grants, as some grants did not allow administrative charges. Mr. Clinger said the exact amount that would be uncollectible was not yet known, but it should be known by the end of the year. A portion of the \$116,179 may end up reverting back to the IFC Contingency Fund.

Mr. Clinger said that in addition to the \$116,179 from the Contingency Fund, work program 135 was a request for an additional \$98,403 to be transferred in ARRA administrative assessments. The two items, totaling \$214,582, supported a request for an additional Management Analyst position within the ARRA office. Mr. Clinger said the Management Analyst position was necessary given the workload associated with ARRA. The ARRA office was currently staffed by two employees, the ARRA Director and an Executive Assistant. During the initial federal reporting period, the state submitted over 200 ARRA Section 1512 reports to the federal government containing tens of thousands of pieces of data. Mr. Clinger said the number of ARRA projects had increased since the initial reporting period, which would increase the amount of ARRA-related data that would have to be accurately processed and successfully managed. A dedicated Management Analyst position was required to assist the Director and the Executive Assistant in complying with all ARRA requirements, including quarterly federal reporting; development and management of the ARRA database in which ARRA stimulus data was input, managed and tracked; and the reconciliation of data to the Nevada recovery website. Mr. Clinger explained that additional responsibilities of the position would include assistance with the analysis and tracking of anticipated received and expended stimulus funds; statistical informational analysis and compilation of data; preparation of reports summarizing the ARRA data and development of standardized data collection and reporting processes; and development review and monitoring of contracts, grants and applicable deadlines. In addition, the position would review, monitor and research reporting guidelines and technical issues relating to reporting data to the federal government. He added the Management Analyst position, along with the other two positions in the office, would be managing over \$2.2 billion worth of federal grant funds.

Continuing, Mr. Clinger said the office was also requesting \$135,625 for software development for the database that would run the website, as well as a content

management system that would allow the various state ARRA websites to be managed with a consistent look and feel. Included as well was funding for a user license for the software, which would allow management of the website's training, as well as other operating costs.

Assemblywoman Smith said as chair of the IFC Subcommittee for Federal Stimulus Oversight, she had several questions, and she would break them into subjects.

Beginning with the website, Assemblywoman Smith noted that much discussion had taken place concerning the need to improve the state ARRA website. She said some improvements had been made, and she appreciated that the Subcommittee's suggestions had been taken into consideration and implemented. She wondered what the possibilities were to improve the website and how long it would take to get everything online. Assemblywoman Smith said the Subcommittee had also been discussing the fact that the Controller's office had possible access to additional website enhancements. She asked Mr. Clinger to discuss the plans for website improvement and the possibilities of working with the Controller's office, as well as the sole-source contract, and what could be done to move forward quickly.

Mr. Clinger replied the development time was approximately four months, assuming a contract could be approved at the next Board of Examiners' meeting. He said a sole-source vendor was selected on the project due to time limitations. If requests for proposals had been solicited, another 90 days would have been added to the project and extended the development time to 7 or 8 months, at which point the ARRA funding program would be half-way over, and the state would not have a comprehensive database to provide the information to the public. Mr. Clinger said given the time restrictions and the necessity to make the information available to the public quickly and in the most transparent way possible, it was decided the sole-source contract was the best method. He explained the database would allow the Section 1512 data to be downloaded from the federalreporting.gov website and put into a state database to display specific state of Nevada information on the state website in a different format than the federal website.

The other piece, Mr. Clinger continued, was what was called the content management system. In addition to the main ARRA website, there were several different agency websites that displayed information specific to that agency. The content management system could be described as a template, and it would allow the information to be updated more frequently. Information could be input by a non-technical individual to the ARRA website, allowing the specific agencies to provide updated information more frequently to the website, as well as to the centralized database.

With regard to the issue of the sole-source contract, Assemblywoman Smith asked Mr. Clinger to address the reason the same person who developed the concept was selected as the sole-source contractor.

Mr. Clinger responded part of the reason was the vendor's familiarity with the system. If an outside vendor were brought in at this point, hours would be added to the project due to the learning curve that would be required to come up to speed on ARRA and state

requirements. He said the vendor selected was very familiar with the requirements and had been involved from the beginning in the design process and helped the state define what was to be included on the web page. As soon as the contract was signed, the vendor could hit the ground running.

Assemblywoman Smith said she assumed the sole-source process was not used regularly and this was a unique case.

Mr. Clinger concurred, adding that it was an extraordinary case. Typically, projects were designed by one vendor and a separate vendor would be selected to develop the project. He reiterated the only reason that process was not followed was the time limitation and the need to get the information to the public.

Assemblywoman Smith explained to Committee members that there were two issues concerning the website. One was that data relating to all of the jobs and projects would appear on the website, and the other was that there were now examples of success stories, links to scam alerts and other information constituents may wish to know about the stimulus funds. It was her understanding the website issues involved data that needed to be incorporated, as well as information in a user-friendly format that would be useful to constituents.

Mr. Clinger added there were two components to the proposed solution, which would fit into the issues mentioned by Assemblywoman Smith. One was the database side, which was where the Section 1512 data would reside and be downloaded from the federal government to the state side, which included the jobs data, the amount of funds spent to date and other specific data elements. Secondly, there were the success stories, news flashes, and supplemental information as far as guidance and opportunities for citizens. Mr. Clinger noted the second component would fit into the content management system, which would assist in giving the website a consistent look and feel to all of the information across the various agency websites. He noted that the current state ARRA website and the various agency websites had the appearance of being very separate websites, which they were. However, with the proposed solution, the database would drive all of the same data to the various websites, and the content would be standardized through the content management system.

Assemblywoman Smith remarked that in previous conversations, Mr. Clinger had indicated the website would be improving continually. It would not be completed in four months; ongoing improvements would be made.

Mr. Clinger said the Governor wanted to get the information to the public as soon as possible, as did the Legislature. As components of the website were brought online, the website would be updated. He said from an end user's standpoint, the look and feel of the current website would not change that much; content would just be added as it was developed.

Assemblywoman Smith said staff from the Controller's office had contacted her indicating they had information to share as to how that office could be helpful to the process.

Mary Keating, Nevada State Controller's Office, thanked the Committee for the opportunity to discuss what the office believed would also be beneficial to the citizens of Nevada in understanding how ARRA funds were spent. She introduced Wes Bills from the Controller's Office, who she said was more technically qualified to explain the proposal.

Wes Bills, Management Analyst, State Controller's Office, referred Committee members to a handout that had been distributed ([Exhibit E](#)) that provided a quick technical look at a currently existing prototype system that was developed by a commercial company in California. He emphasized the product was a working prototype, and it could potentially be in place in Nevada and serving the needs of the citizens within the next five or six weeks. Mr. Bills said the working prototype had been displayed to members of the combined ARRA committees, and he hoped they realized the many possible benefits to the state.

Referring to the first page of [Exhibit E](#), Mr. Bills pointed out that the prototype had been made to look similar to the current Controller's Office website. There was no problem in developing the website with a consistent look and feel as the Governor's staff was attempting to create for the state. He emphasized that parts of the website would be available for the public to review the disposition of ARRA funds in Nevada; it would be populated with Nevada data that would come directly from the state's DAWN or ADVANTAGE system, and it could be updated on a daily basis.

Moving to page two of [Exhibit E](#), Mr. Bills noted there was an area where specific programs could be sought, or all of the programs could appear as they existed. Subsection displays of particular programs were accessible using a search word. Once a program was selected, a screen would appear that would contain specifics of that individual program, e.g., program dates, terminus date of the grant award, the amount of money expended by area, as well as the number of jobs that were created through the program. Mr. Bills said the Controller's Office was currently working with the vendor to develop a validation to make sure the number of jobs reported would be as accurate as possible or would not go over what would be a reasonable estimate for the jobs created. The web page also contained a graph showing the amount of the award funds, the amount of funds that might come through the non-ARRA process, the funds coming from the ARRA process, and the amount of funds remaining.

Without getting into technical details, Mr. Bills wanted to emphasize the program existed within a realm of software called Extensible Business Reporting Language (XBRL), which was the same language the Securities Exchange Commission (SEC) had mandated all American companies to use to report their quarterly and annual reports to the SEC. The FDIC used the same technology with the banks that had to report to it for their call data. He said that once the FDIC started using XBRL, the error rate dropped from 33 percent to less than 5 percent in the first week. Mr. Bills further explained that XBRL existed within the realm of what was called the XML process for software programming, which was one of the two tools that the ARRA committee had chosen for states and individual grant recipients to report their data back to the ARRA websites. The software environment had already been tested with the first quarterly reporting.

Mr. Bills went on to say that as currently designed, the ARRA reports on Excel spreadsheets changed every time a user opened a new version of the spreadsheet. By incorporating the XBRL process, the business rules that existed would reside in one central location in Washington, D.C. Every time a user would open up the spreadsheet, that spreadsheet would automatically query the taxonomy to make sure it had the most current version. If it did, the user would continue on; if not, the most recent version of the taxonomy would be downloaded within seconds and the user could continue to input data.

Assemblywoman Smith said she appreciated Mr. Bills' presentation; there were options for developing a product that would be most cost-effective and could be up and running as soon as possible. She asked if Committee members had questions about the website issue before she moved on to other issues.

Cochair Horsford suggested that the discussion proceed to other issues, but he urged all parties involved with the website to work together.

Assemblywoman Smith said her recommendation was that if item K-2 was approved, the parties meet immediately to see if the state could access any opportunities that would save money and expedite development of the website. Her goal was to have an improved website as quickly as possible.

Moving to other items in the request, Assemblywoman Smith said she had a question about the general funding with the recovery of ARRA funds. She noted that Mr. Clinger had touched on the subject briefly, but she wanted to receive more detail about the methodology for being able to determine the ability to recover funds and how it would affect funding.

Mr. Clinger asked Evan Dale, Division of Administrative Services, Department of Administration, to speak on the issue, because he had put the cost allocation plan together and knew the details.

Assemblywoman Smith remarked it did not appear the state had recovered any money so far. She asked Mr. Dale to address that issue.

Evan Dale, Division of Administrative Services, explained that in order to recover funds from the ARRA grants for additional activities that were specifically related to the Section 1512 reporting, the state had to submit a plan to the Department of Cost Allocation for approval of reimbursement. Approval had been received earlier in the month, and his office was currently working through the list of grants that were subject to the 1512 reporting and putting together the first round of billing, which he expected to be completed before the month was over.

Assemblywoman Smith affirmed that Mr. Dale's office sent a bill to the various agencies. She asked if the agencies were obligated to pay those funds and whether the state was guaranteed to get the funds.

Mr. Dale replied bills would be sent to the various agencies. Some of the ARRA grants did not allow the assessment of administrative fees, so those grants would not be paying the bills, which supported today's request for an allocation from the Contingency Fund. He said that with regard to other grants that would allow assessments of administrative costs, if the funds had not already been expended, the agency would be requested to pay the bill for the assessment.

Assemblywoman Smith asked if Mr. Dale's office knew which grants allowed for the recovery of funds, and if those grants had been identified.

Mr. Dale replied there were 70-80 grants involved; he was aware of some that allowed recovery of funds, and he thought after the first billing, he would have a more complete understanding of which grants could not pay. In other words, he did not yet have a complete understanding of all of the grants that could or could not pay, but he was aware of several.

Assemblywoman Smith asked Mr. Clinger if a breakdown of how the Contingency Funds versus the ARRA funds would be used could be provided to the Fiscal staff.

Mr. Clinger asked if Assemblywoman Smith was referring to the expenditure of the funds; she replied she was. Mr. Clinger clarified the Contingency Funds would not fund a specific component of the request; they would fund the portion of the administrative charges that the ARRA would not fund. The funding would be a mix; there would not be specific expenditures charged to either type of funds.

Assemblywoman Smith asked Mr. Raxter to explain what information was needed by the Fiscal staff.

Mr. Raxter asked Mr. Clinger if he was saying the Contingency Fund was supporting the costs for the positions and the operating and systems costs that could not be collected from ARRA funds.

Mr. Clinger replied that was correct. He understood that there were no disallowed costs in the budget. If there were disallowed costs, the state would have to pay 100 percent of them. The costs being discussed were all allowable costs, but it was recognized that the state would not be able to recover 100 percent of the costs from the federal grants because either they had already been expended or administrative charges were not allowed. The state would essentially backfill the pieces of the overall operating and software development that would not be collected from ARRA.

Assemblywoman Smith moved to the request for the Management Analyst position. She asked Mr. Harvey, State ARRA Director, to provide an overview and explanation of the need for the position in his office. She noted one position had been funded in the Controller's Office for ARRA-related activities.

Charles Harvey, State ARRA Director, stated the scope of all of the data being collected was immense and more than he and his Executive Assistant could handle. He thought a Management Analyst position would be the perfect position to assist not only with the

amount of data being collected and managed, but also with the development of the new online reporting system. As mentioned earlier, he felt it was important to make changes to the website as quickly as possible to give it a new look and feel, as well as to provide data and information that the citizens of the state required. He added that the website improvements would be made at the lowest cost possible. Mr. Harvey said he and his Executive Assistant had basically dedicated 100 percent of their time to make that happen, knowing that the data on the website was in raw form and not as easily viewable as it should be. He said the Management Analyst would assist with those types of activities, and he added that his office fully intended to work with the Controller's Office to explore the option of using the proposal as earlier presented.

Mr. Harvey noted that with his position being primarily based in Las Vegas and the Executive Assistant located in Carson City, the office was spread thin working with the agencies. A new reporting period would begin in January, and it would be necessary to work with all of the agencies to ensure they were capable of meeting those deadlines, which fell within a span of 10 days. Again, the Management Analyst would enable the office to work closer with the agencies to help give them a better understanding of the data being collected. Addition of the Management Analyst position would also allow the office to assess the data instead of simply collect it.

Assemblywoman Smith affirmed the state was decentralized, and the agencies actually collected the data and reported it directly to the federal government. She asked what the Management Analyst's function would be in the process.

Mr. Harvey replied that the system was decentralized and the agencies uploaded and filed their reports with the federal government. He noted that during the last reporting period, there was a myriad of technical difficulties and conflicting guidance provided to the state agencies. He said he had been assigned as the ARRA reporting liaison with the federal government, and it was his duty to work with the agencies to help get their questions answered and difficulties resolved. He thought the Management Analyst would also be able to assume the role of liaison between the federal government and the agencies.

Assemblywoman Smith asked how the proposed Management Analyst's duties would compare with those of the Management Analyst in the Controller's Office. Mr. Harvey responded he was not certain what the duties of the Controller's Office Management Analyst position were; he was unable to answer the question.

Assemblywoman Smith affirmed Mr. Harvey's office did not work with the Controller's Office on reporting and collection of the information. Mr. Harvey said he had been working with the new hire in the Controller's Office, but she had only been on the job for a few weeks; he had not worked with the Management Analyst.

Assemblywoman Smith said she had no further questions; each issue in the request had been discussed.

Cochair Horsford replied he thought she had addressed the elements in the request and any questions Committee members might have. His final thought was that it felt like

there was not yet a coordinated plan within the ARRA office. He acknowledged that Mr. Harvey and his team were working hard, but he recommended that everyone involved try to look at the whole of what was to be accomplished and work within the resources and assets that existed, whether they were in the Controller's Office, the Budget Office or the ARRA Director's office.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL OF ITEMS G-135 AND K-2 AND REQUESTED THAT THE STIMULUS DIRECTOR'S OFFICE, THE ADMINISTRATION AND THE CONTROLLER'S OFFICE WORK TOGETHER TO IDENTIFY POTENTIAL COST SAVINGS AND WAYS TO IMPROVE THE WEBSITE QUICKLY, AND THAT A LETTER BE PROVIDED TO FISCAL STAFF WHEN METHODS TO ACCOMPLISH THOSE IMPROVEMENTS WERE IDENTIFIED. IT WOULD NOT BE NECESSARY TO REPORT BACK TO IFC.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

Assemblyman Atkinson asked if the motion included the Management Analyst position. Assemblywoman Smith responded it did; both items were wrapped together. The only stipulation included in her motion pertained to the website.

Assemblywoman Gansert said she appreciated the discussion and the comments. She believed it was very important that the agencies work together, as had been suggested, and that there was not a duplication of effort. She said it was important that there be only one website so that the public was clear on where they should go and where the information was available. She emphasized there should not be two sites funded through two different offices.

THE MOTION CARRIED.

Reclassifications

| Agency | Agency/ Account Number | Position Number | Present Class Title, Class Code, Grade & Salary | Proposed Class Title, Class Code, Grade and Salary |
|---|---------------------------------------|----------------------------|---|---|
| Education | 300/2720 | 0025 | Director, Federal and Related Programs, Code: 2.205, grade 41, step 1, \$59,194.80 Employee/Employer Paid Retirement | IT Manager I, Code: 7.904, grade 41, Step 1, \$59,194.80 Employee/Employer Paid Retirement |
| Taxation/ Assets Assessment Standards | 130/2361 | 0832 | Administrative Assistant IV, Code: 2.210, grade 29, step 9, \$44,871.12 Employee/Employer Paid Retirement | Program Officer I, Code: 7.649, grade 31, step 9, \$48,942.72 Employee/Employer Paid Retirement |

| Agency | Agency/ Account Number | Position Number | Present Class Title, Class Code, Grade & Salary | Proposed Class Title, Class Code, Grade and Salary |
|--|------------------------------|--------------------|--|--|
| HHS/Health Care Financing and Policy | 101/3158 | 1514 | Health Care Coordinator, Code: 12.369, grade 34, step 01, \$43,639.20 Employee/Employer Paid Retirement | Management Analyst III, Code: 7.624, grade 37, step 01, \$49,694.40 Employee/Employer Paid Retirement |
| Public Safety/ Administration | 650/4714 | 0149 | Administrative Assistant III, Code: 2.211, grade 27, step 10, \$47,606.40 Employee/Employer Paid Retirement | Staff Professional Trainee, Code: 7.777, grade 30, step 09, \$51,865.92 Employee/Employer Paid Retirement |
| CNR/State Parks WITHDRAWN OCTOBER 26, 2009 | 704/4162 | 0002 | Chief of Operations and Maintenance Commissioned Code: 13.128, grade 44, step 1, \$67,692.96 Employee/Employer Paid Retirement | Deputy Administrator Code: 1.902, grade 44, step 1, \$67,692.96 Employee/Employer Paid Retirement |

See motion for approval under Item G.

Cochair Horsford announced that Agenda Items H and K-1 would be heard together..

*H. APPROVAL FOR THE LEGISLATIVE COUNSEL BUREAU TO CONTRACT TO RETAIN THE SERVICES OF A QUALIFIED, INDEPENDENT CONSULTANT TO REVIEW NEVADA'S REVENUE STRUCTURE PURSUANT TO SENATE CONCURRENT RESOLUTION 37 (2009 LEGISLATURE).

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

1. Legislative Counsel Bureau – Legislative Commission – Request for an allocation to retain the services of a qualified, independent consultant to review Nevada's revenue structure as directed by Senate Concurrent Resolution 37 (2009 Legislature).

Lorne Malkiewich, Director, Legislative Counsel Bureau, explained Agenda Item H was a request for approval to enter into a contract with consultants for a tax study, and Item K-1 was a request for a Contingency Fund allocation to fund the study. Senate Concurrent Resolution 37 required that the Interim Finance Committee appoint a subcommittee and contract with a consultant to conduct a tax study. He noted that many members of the Interim Finance Committee had served on the various subcommittees and working groups that had been involved in the process. The working group to select the consultant, chaired by Senator Raggio, recommended four of the

eight bidders to the subcommittee, and the subcommittee chose Moody's Analytics as the top bidder and recommended a contract be signed.

Mr. Malkiewicz said during this same period of time, the Legislative Commission requested a Contingency Fund allocation to pay the cost of the study. On August 24, 2009, the Legislative Commission approved a request for \$500,000 from the Contingency Fund, and on October 3, 2009, the Board of Examiners approved the amount, with the understanding that the actual contract amount would probably be less than \$500,000. Both the subcommittee and the Board of Examiners had commented on the fact that the recommendation of the Board of Examiners was not binding upon the Interim Finance Committee.

Mr. Malkiewicz said the process was now at the point of entering into a contract and approving a Contingency Fund allocation. He explained the contract was not completely finalized; negotiations were ongoing with Moody's, but they were not finished. He requested authority from the Committee to negotiate with Moody's for a contract for the tax study, and if for any reason an agreement could not be reached, a contract would be entered into with the next vendor recommended, Willdan Financial Services.

Mr. Malkiewicz wanted to briefly discuss the importance of making sure the contract protected the state. The state would not want to enter into a contract that would be unenforceable or would leave the state in the position of not getting the product it wanted. When entering a contract, it was assumed there were not going to be problems, and in all likelihood there would not be, but the contract needed to be negotiated in the event something should go wrong. Mr. Malkiewicz said assuming a contract could be negotiated with Moody's Analytics, the amount requested from the Contingency Fund would be \$275,000, which was the bid amount plus a small amount that would vary based upon the number of meetings of the vision stakeholder group and other items that might affect the reimbursement for travel. If an agreement with Moody's was not possible, a contract would be entered into with Willdan Financial Services, whose bid was lower, and therefore the \$275,000 allocation from the Contingency Fund would be more than enough to cover all costs and would result in more funds being reverted to the Contingency Fund.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE \$275,000 ALLOCATION, TO GIVE STAFF THE AUTHORITY TO CONTINUE TO NEGOTIATE, AND IN THE EVENT NEGOTIATIONS WERE NOT SUCCESSFUL, TO AUTHORIZE STAFF TO NEGOTIATE WITH THE SECOND VENDOR.

THE MOTION WAS SECONDED BY ASSEMBLYMAN OCEGUERA.

Assemblyman Hardy said he was concerned that \$275,000 was being allocated to conduct a tax study, but he did not see any justification for the study. There was probably some rationale for the study, but he had misgivings about spending the money when the state was in such desperate straits.

Senator Coffin remarked he was not sure that everyone was happy about having a tax study, but there were a number of people who were uncomfortable voting for the tax and spending increases without a further study, and one could say that those votes were contingent upon a tax study being conducted. He felt that commitment to colleagues should be honored.

THE MOTION CARRIED.

Assemblyman Hardy and Assemblywoman Gansert voted nay.

I. STATEMENT OF CONTINGENCY FUND BALANCE.

Mr. Krmpotic reported that prior to the actions taken by the Committee at this meeting, the unrestricted portion of the Contingency Fund related to General Funds totaled \$15,577,147, and the unrestricted Highway Fund portion of the Contingency Fund totaled \$2,614,501.

- *J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO A.B. 562, SECTION 42 (2009 Legislature) – Department of Administration – Information Technology Projects Account – Request for an allocation of \$2,256,676 to fund the cost of the software implementation for the Division of Welfare and Supportive Services Eligibility, Operations Data System Enhancement project.

Refer to discussion and action under Agenda Item G-10.

- *K. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (GENERAL FUND) PURSUANT TO NRS 353.268.

1. Legislative Counsel Bureau – Legislative Commission – Request for an allocation to retain the services of a qualified, independent consultant to review Nevada's revenue structure as directed by Senate Concurrent Resolution 37 (2009 Legislature).

Refer to discussion and action under Agenda Item H.

2. Office of the Governor – American Recovery and Reinvestment Act (ARRA) Director's Office – Request for an allocation in the amount of \$116,179 to ~~comply with ARRA reporting requirements~~ **cover a portion of the personnel, operating and ARRA reporting system development expenditures for the ARRA Director's Office.** REVISED NOVEMBER 12, 2009

Refer to discussion and action under Agenda Item G-135.

- *L. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (HIGHWAY FUND) IN ACCORDANCE WITH NRS 353.268 – State Public Works Board – Request for an allocation in the amount of \$147,000 to accommodate a request from the City of Henderson to provide accessible sidewalks adjacent to the Henderson DMV office that comply with the Americans with Disabilities Act.

Mr. Krmpotic explained Item L had been discussed in the IFC Public Works Board Subcommittee meeting, and the Subcommittee recommended the amount of \$131,170 be allocated from the Highway Fund portion of the Contingency Fund.

SENATOR COFFIN MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY ASSEMBLYMAN HOGAN.

THE MOTION CARRIED.

- M. REPORT ON POSITIONS THAT HAVE BEEN DETERMINED NOT TO BE SUBJECT TO FURLOUGH LEAVE PURSUANT TO S.B. 433, SECTION 5 (2009 LEGISLATURE) AND THE REASONS FOR SUCH DETERMINATIONS – INFORMATIONAL ONLY.

1. State Board of Examiners
 - a. Office of the Military
 - b. State Department of Conservation and Natural Resources
 - c. Department of Corrections
 - d. Department of Employment, Training and Rehabilitation
2. Supreme Court

Cochair Horsford announced the Committee would hear testimony from the Supreme Court on Item M-2. He noted that Committee members had received handouts from the Supreme Court ([Exhibit F](#), Administrative Order Document No. 437, and [Exhibit G](#), Furlough Leave Determination Within the Judicial Branch).

James Hardesty, Chief Justice of the Nevada Supreme Court (Court), testified that in response to a request from Vice Chairman Arberry at the last IFC meeting, he had prepared materials and a description of the Court's activities surrounding the Court's review of Senate Bill 433 as it applied to the Judicial Branch and the Administrative Docket orders that had been entered in connection with Administrative Docket 437. He explained there were actually two orders entered by the Court under Docket Number 437, one on July 16, 2009, and the other on November 12, 2009.

Chief Justice Hardesty said the court had conducted two public hearings on the subject of the application of furloughs to the Judicial Branch's budget, and his presentation would address the order and its purposes. The purpose of the order, both under the Court's responsibility under the Constitution and its obligations under statute, was to determine whether furloughs of the Judicial Branch employees should or should not be

imposed during the first or second quarter of fiscal year 2010 and, secondly, if so, how furloughs should best be implemented if there were not any alternatives to either the economic impact of furloughs or the health, safety and welfare determinations that the Court had made on the subject.

Chief Justice Hardesty explained the Court had entered two orders, both of which had, at least for the present, determined not to impose furloughs on Judicial Branch employees during the first and second quarters of the fiscal year. However, recognizing the need to address the prospect that the economics could change, the Court had directed certain department heads to formulate a furlough plan, which would involve closure of the Court one day per month, except for emergency operations in the Clerk's Office and IT systems support personnel for district courts throughout the state. The plan had been presented by the staff for the Court's consideration.

Continuing, Chief Justice Hardesty explained the demands upon the Court and the Court's constitutional and statutory mandates. Referring to a chart on page 3 of [Exhibit G](#), he noted there had been much discussion about the Nevada Court being a busy court, and it was unquestionably the busiest appellate court in the United States. As the chart illustrated, if the appellate systems were collapsed in the states set forth on the chart, and the number of appellate judges was divided by the number of cases filed, in California there were about 232 cases filed per judge per year, 173 in Arizona, 112 in New Mexico and 119 in Utah; Nevada had 307, a number which had been increasing every year. Chief Justice Hardesty said the Court's concern was with the impact on the timely disposition of the cases. The Supreme Court continued to see record filings in each calendar year, and this year over 2,220 cases were projected, which would set another record in filings. Notwithstanding that fact, the Court and its staff had accomplished a great deal of its dispositions.

Chief Justice Hardesty wanted the Legislature and the public to know that when he joined the Court in January 2005, there were 1,515 cases pending. Notwithstanding the fact that the Court had disposed of almost the same number of cases and an increased number of dispositions each year, the Court continued to fall behind; in January 2009, the backlog went to 1,718 cases and as of October 2009, the backlog was 1,717. As the order concluded, furloughing staff would prevent the Court from making constitutional and statutory mandates, not to mention the adverse impact on the pending inventory.

Chief Justice Hardesty explained statutory mandates required the Court to dispose of cases in a timely and efficient manner under both the Constitution and the statute. Timely disposition was a serious problem for the Court. The Court concluded that because of the issuance of emergency writs and procedures in that area, and the fact that district and other courts were not closed, it would not be able to provide the requisite support for district courts throughout the state. The Court provided a substantial amount of IT infrastructure to district courts and limited jurisdiction courts throughout the state. If those systems went down, they could look to the Supreme Court for repair and help; without that assistance, they would be out of business until the objectives could be accomplished.

Chief Justice Hardesty went on to say that another factor hitting the Court particularly hard was the Foreclosure Mediation Program. While the Court endorsed the need for the program and its hope for benefits in the state, the impact on the Court had been significant. The Foreclosure Mediation Program began July 1, 2009. The Court had no staff, no money, no rules, no organization, no information technology systems, and no accounting staff to begin the program, with only a month to put it together. Starting July 1, non-supervisory staff were required to start making a record of the hours they were logging to the Foreclosure Mediation Program, and in July, August, September and October, the non-supervisory staff logged 1,553 hours to the program, which were services completely diverted from the Administrative Office of the Court's activities, as well as many people within the operational systems of the Court.

To put the issue in context, Chief Justice Hardesty continued, furloughing all of the Court personnel would result in 6,320 hours per year, which for the first third of the year would be 2,100 hours. If the Foreclosure Mediation Program was included in the mix of the calculation, more hours would have been diverted to the Foreclosure Mediation Program than would have been applied had furloughs been implemented. Without question, if Court personnel had been furloughed, there was no way the Foreclosure Mediation Program would be up and running as it was today.

What was the impact of the Foreclosure Mediation Program? Chief Justice Hardesty said in July there were 5,300 notices of default throughout the state. In August there were 10,300, in September 6,600, and in October approximately 6,000. The Court had trained and sworn in 95 mediators; a training program had been developed and another 102 mediators were expected to be trained. Through November 4, 2009, to date, the program had received 3,332 requests for mediation, and the accounting department was processing between \$10,000 and \$25,000 in cash per day in mediation and filing fees associated with the program. He reiterated the Court had no accounting staff to be able to deal with the program when it began on July 1, 2009.

Chief Justice Hardesty said the mail room, consisting of four persons in the Supreme Court's law library, received between 8 and 12 U.S. Postal boxes full of certified mail every day. The demand on the Court to implement the program had been enormous.

Chief Justice Hardesty also wanted to address the monetary side of the issue. He reminded the Committee of the budget system for the Judicial Branch. The Judicial Branch occupied less than one percent of the General Fund – .0079 percent. Less than 50 percent of the total Judicial Branch budget was funded from General Fund appropriation – 47.07 percent, and 38.32 percent was funded from administrative assessments. Chief Justice Hardesty noted that if administrative assessment revenue was cut or reduced, the amount of General Fund appropriation would have to be increased, which would place an even greater strain on the General Fund budget. The balance of the Court's budget was provided by miscellaneous fees and federal funds.

With respect to furloughs, Chief Justice Hardesty stated the suggestion and implication that the Judicial Branch was not participating was wrong. When the Judicial Branch's budget was closed by the subcommittee in the 2009 Legislature, it was reduced by the amount needed to achieve the furlough reduction for the biennium, approximately

4.6 percent of the budgeted salaries. He said he would be happy to share with the Committee copies of the minutes of the March 11, 2009, Senate Subcommittee on General Government and Accountability meeting, when he discussed the subject to some degree in the context of the 6 percent budget cuts for salaries. He also had an e-mail dated May 8, 2009, from the Court's staff to the Fiscal staff showing the calculations reducing the furlough cuts off the top of the budget, and he also had the budget sheets that showed the calculations in which this reduction was made at the closure of the Court's budget off the top of the budget. Of the appropriation requested by the Judicial Branch in fiscal year 2010, \$414,380 was withheld from the Court's budget for furloughs, and an additional \$152,483 was withheld from the Court's budget for those accounts and those personnel that were funded with administrative assessment revenue.

Chief Justice Hardesty said the Court's financial standing and condition also showed that 20.04 percent of the Court's operating budget was funded with General Fund appropriation, approximately \$7,155,000. To put this amount in context with personnel, 12 of the Court's positions were funded directly from General Fund appropriation and 90 positions were funded from both General Fund appropriation and administrative assessments; 51.5 positions were funded fully from administrative assessments, and 1.5 positions were funded from federal funds. If the administrative assessment revenue met projections and the operating expenses were equal or less than projected, the Judicial Branch would have satisfied all of the cuts that would have been generated by furloughing its staff, because the reductions made to the Judicial Branch's budget prior to closing the budget accounted for those amounts. Thus, furloughing the Court's staff would double the cuts made to the Judicial Branch budget.

Continuing, Chief Justice Hardesty stated that for the first quarter of the fiscal year, this had proven to be true. The Judicial Branch's actual administrative assessment revenue was within .36 percent of projections, and the Court's operating expenses were below projections. If the Judicial Branch had furloughed its staff in the first quarter of the fiscal year, it would have reverted \$85,908 more than required by the furloughs to the General Fund and added \$34,694 to its administrative assessment reserves, which did not benefit the General Fund. He said that projections for the second quarter suggested a similar result. The Court would not be required to seek funding, based on its plan and the fact that the monies had already been deducted from the Contingency Fund that was established under S.B. 433 for employees who were exempted from the furlough requirement. So, Chief Justice Hardesty stated, there was no need for the Court to call upon those contingency funds for not furloughing its personnel.

Chief Justice Hardesty said the Supreme Court would do everything in its power to cooperate with the Legislature to ensure that the intended objectives of the reduction of funds were met. The Court would continue to monitor on a quarterly basis, as was expected under the statute and as required by the order. If slippage was noted in either the revenue or the operating expenses, the Court might very well implement the furlough program as early as December. He added that was not currently anticipated, but it was being monitored weekly.

In summary, Chief Justice Hardesty reiterated, the Court would do everything possible to support the project, and he believed it was a cooperating partner in the effort. However, based upon the fact that the cuts were made at the time the budget was adopted, the Court would rather not pay twice.

Chief Justice Hardesty said he wanted to add three other considerations. The Supreme Court did not pay for its administrative expenses, such as budget management, accounting, human resources, and information technology support. All of those departments were funded by the administrative assessment revenue, which relieved pressure on the General Fund. Secondly, as part of the Court's request from the Interim Finance Committee for support of the new case management system, which the Committee endorsed, \$200,000 of those funds were committed to be funded from reserves saved for that purpose. Finally, he said, the Court was saving General Fund appropriation by relying on administrative assessments to pay those costs.

Assemblyman Denis recalled that during the 2009 Session subcommittee meetings, the Court had offered to provide salary savings through position vacancies. He asked Chief Justice Hardesty to discuss positions that were left open in the Court.

Chief Justice Hardesty did not see anything in the minutes similar to Assemblyman Denis's recollection. He said a request had been made to the Legislature for eight positions, and there had been a suggestion that the positions were requested but not needed or not filled, and therefore vacancy savings would be realized. Chief Justice Hardesty said that was not true; all but two of the positions had been filled since the end of the 2009 Session. All of the positions in the Supreme Court and all of the General Fund positions, except one or two which had been vacated since the Session, were filled.

Assemblyman Denis referred to the Committee notes which stated that the Court had indicated that added personnel services costs of not implementing the furlough would be paid using vacancy savings from existing positions.

Chief Justice Hardesty replied that was not how the Court was offsetting personnel services costs, although some salary savings were achieved through attrition in the same manner as most state agencies, but a purposeful effort was not being made to try to secure savings through salary savings by leaving positions open. He said the positions were needed and they were filled as soon as possible.

Assemblyman Denis referred to the proposed furlough plan to close one day a month rather than take furlough days as implemented by other state agencies. He asked why that method would be a benefit over staggering employee schedules to keep the office open.

Chief Justice Hardesty replied that as the testimony before the Court in the July hearing indicated, furloughing personnel on a staggered basis would create chaos. The best approach was the approach being taken by the state most impacted by furloughs, which was California. He had held lengthy conversations with the Chief Justice of the California Supreme Court, as well as Chief Justices in other states, about furlough

implementation methods. The best approach was to take all of the furloughs on one day, maintaining a skeleton crew to keep the Clerk's office open in order to receive filings and keep the IT emergency helpdesk open for personnel throughout the state. He said that was the business assessment of the Court on how best to implement furloughs.

Assemblyman Denis remarked that Chief Justice Hardesty had indicated the plan to close one day a month versus staggered days would significantly diminish public health, safety and welfare. He was trying to understand that logic.

Chief Justice Hardesty responded the method had to do with the general operation of the Court itself. If the accounting department was not available, how would it be possible to deposit \$10,000 to \$25,000 received on that day? To address that issue, an emergency crew would be maintained to process the receipts for that particular day, but the entire accounting staff would not be needed. He said the statement Assemblyman Denis was referring to had more to do with the fact that imposing furloughs on the Judicial Branch at all was a threat to the health, safety and welfare of the constitutional mandates of the Court, as well as to the programs the Court was expected to operate. The best example was the Foreclosure Mediation Program. If those employees were put on furlough instead of dealing with the quantity of mail received on a daily basis, staff would be dealing with twice as much the next day.

Assemblyman Denis said the whole state in general was asking people to do more with less, and there was a lot of sacrifice taking place. Even though the Court did not receive most of its funds from the General Fund, he believed a different message was being sent to other agencies that also had constitutional mandates and were taking furloughs. Even though their funding systems were different, they were being asked to sacrifice along with the other state agencies. Assemblyman Denis did not understand the rationale.

Cochair Horsford remarked that he and the Chief Justice had held similar discussions during the 2009 Session. Clearly it was the Chief Justice's job to represent the interests of the Court and the Judicial Branch, which he did very well. However, Cochair Horsford added, as he had indicated in previous conversations, the Legislature had to look at all issues and balance them based on the needs of the entire state. He noted in Chief Justice's presentation that the Court, the Judicial Branch, made cuts within the 4.6 percent, which was being requested through furloughs. By comparison, other agencies took a much bigger hit in their operating budgets and also had furlough days. Higher education took a 12.5 percent cut to its budget and had furlough days; Cultural Affairs took a 20-25 percent hit in its budget. Cochair Horsford wanted to be clear that not all agencies were reduced by only 4.6 percent, which was what the Legislature tried to achieve. Unfortunately, certain agencies had to assume a larger share of the burden.

Chief Justice Hardesty said all that was addressed in the presentation were the cuts made to accommodate the deduction for furloughs. The minutes of the March 11, 2009, subcommittee meeting reflected his testimony that the Court had at that time already made 14 percent operating cuts, and additional cuts were made during the course of the session, bringing the total to about 15.3 percent. Therefore, the 4.6 percent furlough

cuts were in addition to the cuts made to the operating budgets, very much in the same manner as described for other state agencies.

Cochair Horsford thanked Chief Justice Hardesty, saying that he respected his remarks. However, he added, other agencies had also made similar cuts prior to the cuts made by the Legislature. He wanted to make the point that the reductions had been a shared sacrifice, and the obligation of the Legislature was to consider the interests of the entire state and try to be as fair as possible. While the Judicial Branch was clearly a separate branch of government, the Legislature was also a separate branch of government, and its staff was following the furlough policy because it was part of the shared sacrifice. Cochair Horsford said he respected the Court's caseload, the workload and the additional assignments that had been assumed, but he could say the same for every state agency and every Legislative Counsel Bureau division. He and Assemblyman Denis had served as cochairs of the subcommittee, which did the best possible to be extremely fair. However, not having the Judicial Branch follow the same course as all other agencies pertaining to the furloughs was unfortunate.

Assemblyman Hardy remarked the Supreme Court was a unique institution – a third branch of government. He wondered where a constitutional conflict as to what should happen would be heard; in essence, it seemed to him there was a potential constitutional issue. Section 5 of S.B. 433 provided that the Supreme Court would need to show a significant diminishment in public health, safety or welfare, and when he looked at the mediation of almost 40,000 foreclosures, he suspected that in order to show the welfare of the state had been diminished, it would be necessary to show that the mediation actually helped, which would be something to consider. How many times there was mediation might not play as well as how many times the mediation worked in order to be able to demonstrate the effectiveness of avoiding the diminishing of public welfare referred to in Section 5 of the bill. In a different way, Assemblyman Hardy could understand that the spirit of the law was to save money and do it at the expense of the people who worked for the state; likewise, not only people who worked for the state, but also people who relied on the state's services. So, Assemblyman Hardy concluded, the Supreme Court was looking at the spirit of the law while the Legislature was looking at the letter of the law, as well as the spirit of the law, which was where he thought the potential constitutional conflict arose. He did not know if there was a question in his remarks, but if there was, he would appreciate an answer.

Chief Justice Hardesty replied he could not comment on a pending or impending case. However, he wanted to make three observations. He had the opportunity to witness the effort that the Legislature made to deal with the enormous financial difficulties that existed in the state, and for those efforts, he extended his personal and the Court's respect. The Legislature had done an outstanding job in trying to balance the various interests in the state. He did not take anything that had been said lightly, but he disagreed strongly with any suggestion, expressed or implied, that the Court had not joined in the sacrifice. He said the Court's sacrifice could be measured in a great many ways beyond just the staff's participation or non-participation in the furloughs. He tried to document that for the Committee the best way possible. Finally, he stated, he was not by any means suggesting that the Court would not have to impose furloughs; it was an option being left on the table that could very well be imposed. However, he added, it

was a decision that would fall within the Judicial Branch's purview. It was the Court's belief that it had already met the economic expectations of the Legislature through the deductions contained in the schedules he had presented.

Cochair Horsford thanked Chief Justice Hardesty for his remarks and asked him to provide a copy of the proposed furlough plan to the Committee staff.

Chief Justice Hardesty replied that had been done, and the Court would continue to provide calculations and other information as they were generated.

Cochair Horsford again thanked the Chief Justice for attending and presenting the Court's arguments.

- N. GIFTS AND GRANTS PURSUANT TO NRS 353.335 (2)(b) – INFORMATIONAL ONLY – Department of Public Safety – Investigations Division – Donation of a new vehicle to the Department of Public Safety from the United States Marshals Service exceeding \$10,000 in value.

There were no questions or discussion on Item N.

- *O. APPROVAL OF THE SALE OF STATE LANDS PURSUANT TO NRS 321.335 – STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS — Request approval for the sale of 3.16 acres of state lands to Lincoln County Hospital District.

Jim Lawrence, Administrator of the Division of State Lands, explained the division was requesting approval to dispose of 3.16 acres of land in Lincoln County located in Caliente. He said the land had been determined to be excess state property for quite some time. The property was appraised at \$148,000 and would be sold at fair market value to the Lincoln County Hospital. The property was adjacent to the hospital, and it was needed for hospital expansion.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL.

THE MOTION WAS SECONDED BY SENATOR COFFIN.

THE MOTION CARRIED.

Assemblywoman McClain was not present for the vote.

- P. INFORMATIONAL ITEMS.

Mr. Krmpotic indicated that Committee members had requested discussion of Informational items 3, 11-A2, 12, 19-A and 19-B.

Due to the lateness of the hour, Cochair Horsford requested that members provide Fiscal staff with their questions and staff would contact the appropriate agencies for responses as soon as possible.

Q. PUBLIC COMMENT.

Cochair Horsford asked for comment from the public in Carson City and Las Vegas; there was none.

R. ADJOURNMENT.

ASSEMBLYMAN CONKLIN MOVED FOR ADJOURNMENT.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

The meeting adjourned at 3:50 p.m.

Senator Horsford, Cochair
Interim Finance Committee

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

**EXHIBITS
INTERIM FINANCE COMMITTEE**

| Exhibit | Witness/Agency | Description |
|----------------|---|---|
| A | Legislative Counsel Bureau Fiscal Analysis Division | Agenda |
| B | Legislative Counsel Bureau Fiscal Analysis Division | Guest List |
| C | Legislative Counsel Bureau Fiscal Analysis Division | Meeting Packet |
| D | Senator Coffin, Chair – IFC Subcommittee to Review Public Works Board Matters | Chairman's Report of Meeting Held November 18, 2009. |
| E | Wes Bills, Management Analyst – Office of the State Controller | Presentation – Improving Nevada's ARRA Reporting and ARRA Website for Nevada Citizens |
| F | Chief Justice James Hardesty – Supreme Court of Nevada | Supreme Court Administrative Docket Number 437 |
| G | Chief Justice James Hardesty – Supreme Court of Nevada | Furlough Leave Determination Within the Judicial Branch |