

MINUTES OF THE DECEMBER 17, 2010  
MEETING OF THE  
INTERIM FINANCE COMMITTEE  
LEGISLATIVE COUNSEL BUREAU  
Carson City, Nevada

Chairman Steven Horsford called a regular meeting of the Interim Finance Committee (IFC) to order on December 17, 2010, at 9:17 a.m. in Room 4100 of the Legislative Building. [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:

Senator Steven Horsford, Chair  
Assemblywoman Debbie Smith, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Kelvin Atkinson  
Assemblyman David Bobzien  
Assemblywoman Maggie Carlton  
Assemblyman Marcus Conklin  
Assemblyman Skip Daly for Assemblyman Hogan  
Assemblyman Pete Goicoechea  
Assemblyman Tom Grady  
Assemblyman John Hambrick  
Assemblyman Cresent Hardy  
Assemblyman Pat Hickey  
Assemblyman Randall Kirner  
Assemblywoman April Mastroluca  
Assemblyman John Oceguela  
Senator Barbara Cegavske  
Senator Ben Kieckhefer  
Senator Sheila Leslie  
Senator David Parks  
Senator Dean Rhoads  
Senator Mike Schneider for Senator Denis

COMMITTEE MEMBERS EXCUSED:

Assemblyman Joseph Hogan  
Senator Moises Denis

## LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

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

### A. ROLL CALL

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

Chairman Horsford remarked that the meeting was the first following the election and appointment of members by leadership to the Assembly Ways and Means and Senate Finance Committees; he thanked the members for their willingness to serve on the Committee.

### \*B. APPROVAL OF MINUTES FROM THE SEPTEMBER 10, 2010, MEETING

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

### \*C. STATE PUBLIC WORKS BOARD.

1. Request to transfer \$700,000 from CIP project 07-C16, Furnishings, Equipment and Additional Construction for Greenspun College of Urban Affairs Building, UNLV, to CIP project 07-C09, Furnishings and Equipment for Science, Engineering and Technology (SET) Building, UNLV, to complete HVAC and clean room improvements for UNLV's SET Building.

Gus Nunez, Manager, State Public Works Board (SPWB), explained Agenda Item C-1 was a request for a change in scope for CIP Project 07-C09, UNLV Science, Engineering and Technology (SET) Building, and authorization to transfer \$700,000 from Project 07-C16, UNLV Greenspun Building, to Project 07-C09, UNLV SET Building. He said Project 07-C16 was nearly completed, and there was over \$700,000 of unutilized bond funds remaining in the project.

Chairman Horsford asked why the heating, ventilation, and air conditioning (HVAC) system was not included in the original request when the SET building was designed to accommodate the research conducted at the facility.

Mr. Nunez replied the funds requested to be transferred would be applied toward completion of the clean rooms at the facility. The project originally included the clean rooms as a performance-type specification rather than a prescriptive specification with full design documents to allow for prequalified vendors to be able to bid on the project. The original design was approved in the 2001 Capital Improvement Program, construction was approved in 2003 and 2005, and furnishings and equipment were funded in 2007. Mr. Nunez said there were several changes over that period of time, as well as some deficiencies in the original design. To keep the pressurization required in the clean rooms, enhancements and additional work were required. In addition, the funding would be used to finish the lab for the researcher proposed to be located in the room.

Senator Cegavske expressed concern that the SPWB had returned to the Committee many times over the years to request funding for additional work that was or should have been included in the original project. She asked whether the clean rooms were included in the original project and for some reason not completed.

Mr. Nunez reiterated the clean rooms were included in the original plan as a performance specification rather than a prescriptive specification, which meant the contractor would have to provide the design and construction. The original design specified the mechanical and electrical systems that would be provided in the original construction. It was then up to the vendors to complete the clean rooms with all of the systems in working order, which was more than a performance specification. He said it could be argued there were some deficiencies that should have been done by the contractor or caught by the original designer. The duct work had some downstream users beyond the clean rooms, which made it difficult to control the pressure in the rooms, and there were other circulation problems with the duct work.

Senator Cegavske asked whether the original contractor would be doing the additional work. Mr. Nunez replied it would not: another contractor would be hired to complete the work.

Senator Cegavske said she was having a difficult time approving funding for items that should have been completed originally. The school district buildings often had similar issues, but it seemed that the University System projects had continuous problems.

Chairman Horsford asked when the building would come on line once the modifications were completed. Mr. Nunez replied the SPWB was still reviewing the proposed modifications and enhancements; several improvements were needed to make the clean rooms functional. Construction was ready to begin: construction documents were being reviewed and a contractor had been selected. Completion of the project was anticipated to take three to four months.

Dave Frommer, Executive Director, UNLV Planning and Construction, testified the lab space was planned for a nanotechnology-type research. After completion of the improvements, it was anticipated research equipment and furnishings would be moved in.

Chairman Horsford recalled design for the building was funded in 2001, funding for construction was granted in 2003 and 2005, and it was now 2011, over a decade since the project was initially designed. He asked why this item was not brought to the Legislature in the 2007 or 2009 Sessions; the process had taken over ten years.

Mr. Nunez replied the 2007 Legislature approved the lab fit-out and furnishings, fixtures and equipment (FF&E) for the project.

Chairman Horsford pointed out the function of the clean rooms was not identified during the design process, or even when the construction costs were approved. Typically the function was known before a project was started.

Mr. Nunez replied it was not known in 2001 what type of research would be done in each of the rooms in the building. Funding was provided for lab fit-out in 2007, and work was begun to identify what type of research would be conducted in each room. The functions and researchers had since been identified, and the rooms were now being fitted out.

Chairman Horsford remarked the process should not have taken over three years.

Assemblyman Grady observed that the SWPB had found \$700,000 from another project and wanted to shift it to this project, but he had not heard an estimate of costs. He asked what guarantee there was that the \$700,000 would cover the costs or whether the SPWB would be requesting additional funds. He thought the request was being submitted too early.

Mr. Nunez replied the contractor had submitted a bid of approximately \$600,000 based on the current construction documents under review. The request included \$60,000 as a contingency. The amount was rounded to \$700,000 to cover any additional costs. Progress could only be made as fast as UNLV identified the researchers who would occupy the spaces. He said the Committee should also keep in mind that the SPWB returned \$500,000 to cover the recent General Fund shortfall, and phase I of the FF&E had a cost overrun of about \$700,000; both factored into the reason for the current request.

Assemblyman Hardy remarked that as a developer and contractor, he must appear before the county with certain permits. Before he could move forward on a project, he must have a mechanical engineer certify that the building had the right mechanical systems in it, HVAC and electrical. He did not understand how the project had proceeded: it should have been certified by the designers and builders. He asked whether the engineer or contractor had any liability.

Mr. Nunez replied that with respect to the occupancy of the building, the life safety systems were completed, reviewed, approved, and certified, and a certificate of occupancy had been issued. He explained the modifications were related to the operation of the particular rooms and not to the overall function of the entire building.

Senator Parks noted the backup information referenced \$700,000 in bond funds from the Greenspun project. He asked whether there were restrictions on the use of bond funds from one project to another.

Mr. Nunez said the PWB had always been allowed to move funds as long as they were within the same CIP and within the same agency, which was the case in this instance.

Senator Kieckhefer stated the State Treasurer had recently announced that because of declining property values, the state would not have bonding authority to issue new bonds for a long time. He understood the retrofit was being made for a specific researcher for a specific project, and he wondered whether it was a long-term project or one under a two-year grant that would be completed in two years.

Mr. Nunez said the clean room was for a particular researcher; however, the clean room would facilitate all the researchers that would need this type of facility in the future. There were three different types of clean rooms, and three different classes to accommodate different types of research and needs. In addition, the current project included enhancements to add numerous data outlets to provide more flexibility for current and future uses.

Chairman Horsford remarked he did not know what the consequences would be if the item was not approved at this meeting. In his view, the problem was more than an omission that should have been identified earlier. If additional funding was available, it should be evaluated based on other priorities within capital projects; there were many other capital project needs. He thought the PWB was requesting approval of the transfer without providing the Committee with sufficient answers to its questions and concerns.

Assemblyman Aizley remarked he had some knowledge of the research facilities at UNLV, and it was not possible to completely design the building when the types of research and labs were unknown. There was competition for space from all departments, and it was not possible to design the rooms to accommodate all uses. He was not sure that the fit-out of the rooms should have been known years ago; the request was not unreasonable to him.

David Frommer, UNLV, added that Dr. Doss, one of the occupants of the room, had been employed at UNLV for over ten years and was involved in the original design of the building. He was one of the contemplated researchers to occupy the building, and he had a long-term history of bringing significant research grants to UNLV. He said the premise of the design was to build in flexibility because research changed over time; it was not possible to anticipate every piece of equipment or every need. From the

beginning of design in 2001 to the completion of construction and occupancy in 2009, staff, equipment, and research grants changed.

In terms of the clean room, Mr. Frommer explained it was a purpose-built space—a space designated for a particular purpose. It had very specific requirements regarding particulate matter and maintenance of cleanliness. The performance of the mechanical system was a key item to the clean room, and without the modifications, it would be difficult to put the space into service.

Assemblywoman Smith remarked when a building was not designed properly or an essential element was omitted, it did not make sense to the Committee. She observed there were two issues: First, a system was not included in the original design and perhaps should have been. Second, changes based on research created an evolving situation. The issues for the Committee were what had been obligated, what was the plan, and what would be lost if the request was not approved at this meeting. Succinct answers were needed. Assemblywoman Smith asked Mr. Nunez since he knew there was a problem, why the funding was not included in the prior FF&E request.

Mr. Nunez replied until the request was approved, the work would not go forward, the room would not be fit-out for the particular researcher, and therefore it would not be utilized.

Assemblywoman Smith asked whether the modifications had been put out to bid. Mr. Nunez replied plans were still being reviewed, and once completed, a permit would be issued and construction could begin. The project had been out to bid and estimates had been received.

Assemblywoman Smith asked whether there was a researcher waiting for the space, and what the researcher would do if the request was not approved and the space was not ready to occupy.

Mr. Frommer replied the researcher had been identified for the space. There were no other clean room facilities in southern Nevada, so he would not be able to conduct research. He said the commissioning of the clean room was the key issue in meeting the mechanical performance of the room as originally contemplated for the researcher's occupancy.

Because the research was for a specific purpose, Chairman Horsford wondered whether there were private-sector funds to complete some of the required modifications.

Mr. Frommer replied he could not speak to the source of grant funds available to the researcher; he was not aware whether there were any facility funds included in the grant.

Assemblyman Kirner asked whether there was a return on investment through the grants and whether there were pending grant funds.

Mr. Frommer said he did not have specific information on grants. He was aware that the researcher was one of the more prominent and well-funded grant recipients at UNLV.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

Assemblywoman Smith remarked that it appeared there had been an investment in the project, and if the request was not approved at this meeting, the item would come before the Committee at a later date. Money was being lost if there was a researcher unable to perform his work. However, the Committee had concerns and felt that planning and the process needed to improve in the future. The request should have been included in the prioritization of needs; she noted there currently were no maintenance funds in the coming biennium. That said, considering the investment in the project and that a researcher was waiting to begin work, she did not believe the request should be denied.

Assemblyman Goicoechea stated he was concerned with the process, not the function. It appeared the PWB anticipated expenditure of \$700,000 and bids had been received, but the plans were not finalized. He would oppose the motion.

Chairman Horsford said he would reluctantly support the motion. He suggested the motion be amended to include a provision that if private or grant funds were available to complete all or a portion of the clean room modifications, those funds were to be used first and additional state funding would be used as a last resort.

ASSEMBLYWOMAN SMITH MOVED TO AMEND HER MOTION TO PROVIDE FOR THE USE OF PRIVATE OR GRANT FUNDS, IF AVAILABLE, BEFORE STATE FUNDS TO COMPLETE THE CLEAN ROOM MODIFICATIONS.

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblymen Grady, Goicoechea, Hambrick, Hickey and Kirner voted nay.

Senators Kieckhefer and Cegavske voted nay.

Assemblyman Atkinson was not present for the vote.

2. Request to add \$550,000 of Ballot Question 1 (2002) funds to CIP project 09-C04, Complete Permanent [Exhibit C](#) Construction - Las Vegas Springs Preserve Museum, and increase the scope of the project.

Mr. Nunez explained item 2 was a request to receive and spend an additional \$550,000 from the Department of Cultural Affairs, Division of Museums and History, for the completion of the exhibits at the Las Vegas Springs Preserve Museum.

Chairman Horsford asked whether the Governor-elect would submit the operational funds for the Springs Preserve in the Executive Budget. Peter Barton, Acting Administrator, replied he did not have the answer to that question.

Andrew Clinger, Director, Department of Administration, testified he was not sure whether the funding was included in the upcoming budget. Chairman Horsford asked why the funding was not included in the design or construction phases of the project.

Mr. Nunez explained part of the additional cost dealt with acoustic treatments needed to mitigate the sounds created by adjacent exhibits. The treatments could not have been known until the actual exhibits were designed.

Chairman Horsford stated the Committee had never been told the Department would be returning to request additional funding based on the exhibits. That information should have been included in the original request for funding; it should have been noted that special exhibits required special functions. He said the Committee was again being asked to support a request that should have been submitted previously; it might have affected the original decision of the Committee to support the project.

Mr. Barton explained the process of designing museums was different than the general construction industry in that there were two types of design: the general building design and the exhibits design, which was specialized work to create the visitor experience. In this particular project, the two were not on concurrent tracks: the building construction was completed before the exhibit design was finalized.

Assemblyman Hardy asked whether the Las Vegas Springs Preserve paid for itself. Mr. Barton replied there were two elements to the Springs Preserve. The campus was owned by the Las Vegas Valley Water District; the Museum, which was not yet opened, was a tenant with the Nevada State Museum. The water district captured some revenue from the site from admission fees to the Springs Preserve, and the Museum would do the same once it was open.

Assemblyman Hardy remarked he had been to the Preserve a number of times, and he had never seen the parking lot more than 25 percent full. He realized a number of state parks would be closed in the state, and he wondered whether more money would be expended to keep the Preserve open when it could not sustain itself.

Michael Fischer, Director, Department of Cultural Affairs, stated a lot of residents who had moved from other areas needed to learn about Nevada history and become informed about the state. It was clear that the citizens and residents of Nevada were underserved as far as the ability to learn the history of the state, both in Clark County and throughout the state. He said the facility at Lorenzi Park was difficult to find; part of



the material located there would be sent to the Springs Preserve Museum, which would be a Nevada state institution. Mr. Fischer speculated the Museum would be an added attraction, and it would promote cultural tourism, in addition to gaming tourism, for the state.

Assemblyman Goicoechea questioned the source of the funding. He was under the impression that a number of Question 1 programs had been suspended because the state had limited bonding capacity. He asked where the funding was coming from when other programs had been suspended.

Mr. Barton replied that Question 1 funding for construction of the Museum was \$35 million. Construction was completed with approximately \$1.6 million remaining, and most of that amount was committed to FF&E and utilities during construction. The entire \$35 million in bonds for the project were sold in 2002-03, and funding was solid and available.

Chairman Horsford asked whether there were outstanding obligations or commitments. Mr. Barton replied there were remaining FF&E items: telephone systems and computer systems had not been purchased because they might become obsolete before the Museum opened. Most of the remaining funds were budgeted for utility costs, elevator maintenance, back-up power maintenance, and alarms and security.

Assemblywoman Mastroluca asked whether construction of the pine tree in the central atrium was included in the original project. Mr. Barton replied it was a sculptural ornament included in the original FF&E budget for construction of the project. The scope was deferred to the exhibit construction to have an exhibit fabricator complete the work.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED.

3. Request to transfer \$1.0 million from CIP project 07-M10, Templifier, Heat Pump and Water Heater Replacement at Southern Desert Correctional Center (SDCC), to CIP project 07-C07a, Construction of Housing Unit and Facility Expansion at SDCC, for core infrastructure improvements at SDCC.

Mr. Nunez explained the request was for a change in scope for project 07-C07a, Southern Desert Correctional Center Expansion, to transfer funds from project 07-M10. Project 07-M10 was completed, and there was approximately \$1 million in unused bond funds remaining in the project. He said completion of the core expansion at the Southern Desert Correctional Center was the Department of Corrections' highest priority at SDCC.

Chairman Horsford asked why there was so much available money to transfer and why it was not expended on the project.

Mr. Nunez replied good bids were received, and another project at Southern Desert was combined with project 07-C07a to create a larger project, which provided for an economy of scale.

Chairman Horsford asked whether there was potential to reduce the request. Mr. Nunez replied there was not. The 2011 CIP included a request to complete the final phase of the core expansion, and if the request was approved at this meeting, the 2011 request would be reduced by \$1 million.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED.

4. Request to cancel CIP project 09-S02p, ADA Retrofit Prison Industry Shop Buildings at Northern Nevada Correctional Center.

Mr. Nunez said the PWB had received a letter from the Department of Corrections indicating that the funding for project 09-SO2p was eliminated during the budget cuts. The request was for formal approval to cancel the project since there were no funds available.

ASSEMBLYMAN GOICOECHEA MOVED FOR APPROVAL.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

Assemblywoman Carlton asked whether canceling the project would cause a problem with the Americans with Disabilities Act (ADA) because facility deficiencies would continue. Mr. Nunez noted the Department of Corrections had 24-7 supervision, and special arrangements could always be made. However, if there was a complaint and the Department of Justice required that the improvements be made, there could be a problem.

THE MOTION CARRIED.

5. Information regarding the CIP Project Exception Report pursuant to NRS 341.100(8)(g).

Chairman Horsford stated the Committee's concern was the method in which certain projects approved by the Legislature were identified to be held while others would move forward. He asked Mr. Nunez to discuss the process and who made the decisions.

Mr. Nunez replied the determination on whether to proceed was based on the bonding capacity of the state. Projects that needed construction to move ahead were considered first; canceling construction projects was typically not in the best interest of the state or the agency. There were multiple issues with canceling construction projects in the middle of construction.

Mr. Nunez said the next consideration was projects that included federal funding that needed to be preserved. Certain requirements needed to be met to guarantee receipt of federal funds for existing and future projects.

Chairman Horsford asked what statutory or regulatory authority the PWB had to make those decisions; the projects were approved by the Legislature. He recognized the issue with bonding revenue, but he questioned the agency's authority to make decisions unilaterally without legislative approval.

Mr. Nunez replied he had been asked that question several times. He cited NRS 341.090, which stated, *All expenditures made by the Board must be within the limits of the appropriation provided for that use and authorized by the Legislature.* He maintained the PWB was compliant with that statute. Under NRS 341.100(8)(g)(3), the Public Works Board had to report to the Interim Finance Committee every month. The exception report included delays in the completion of design or construction of a project or any substantial component of a project. Mr. Nunez stated the IFC had been notified as soon as it was known there were issues that could delay projects.

Continuing, Mr. Nunez said from a practical standpoint, the Legislature approved the Capital Improvement Program, and regardless of decisions to defer or continue a project, the authorization still existed and the projects would proceed. Part of the Public Works Board's implementation of the Capital Improvement Program was to create a schedule. There were various criteria and issues affecting the schedule—the type of project, the size of the project, the coordination of the agency, budget and staffing constraints. He said once the schedule was adopted by the SPWB, it was monitored, and any issue that would delay or affect scheduling was reported to the Legislature.

Assemblywoman Smith clarified the question concerned the fact that the SPWB was before the Committee to cancel another project. The question did not concern delays or changes of scope; those had always been submitted to the Committee. She said the Public Works Board had basically prioritized what had been approved in the legislatively approved budget. She asked where the authority existed for the agency to make the decisions as to what would be eliminated from the CIP and what would move forward. Assemblywoman Smith did not necessarily disagree with the decisions made; she was concerned with the process and questioned the agency's authority to prioritize the projects and submit them as an informational item, contrary to the process used in the past.

Mr. Nunez replied the PWB had always submitted changes to the Committee. In this case, he said the projects were not being canceled. The schedule was being

rearranged to not exceed the financial ability of the state to fund those projects. As soon as the bonding capacity was available, they would be completed.

Chairman Horsford pointed out that was not likely to happen based upon the revenue projections. He asked the Legislative Counsel Bureau legal counsel to opine on whether the Public Works Board had the authority to reprioritize previously approved CIP projects included in the legislatively approved budget.

Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, stated that the Nevada Constitution very clearly gave the authority to determine how money was spent to the Legislative Branch of government. Under the separation of powers provision in the Constitution, she opined that, to the extent rearranging the schedule meant that the Public Works Board was determining which of the projects approved by the Legislature would go forward and which would not, it was not within the purview of the State Public Works Board, but rather in the purview of the Legislative Branch to make those decisions.

Chairman Horsford wanted to reaffirm the process that had traditionally been used, which was all requests needed to come before the Legislature, either through the IFC process or during the legislative session.

ASSEMBLYWOMAN SMITH MOVED TO ACCEPT THE REPORT.

SENATOR LESLIE SECONDED THE MOTION.

Senator Horsford asked whether the design of the UNLV Hotel College was going to move forward, and if funds were not available, whether the project would not be approved by the SPWB.

Mr. Nunez explained when determining the bonding availability to complete the 2009 CIP, the information was that the state had \$35 million in bonding capacity available, another \$35 million in a year, and \$35 million more the year after that. The SPWB was informed that not all of the bonding capacity could be used for the CIP, and the agency was asked how much would be needed to get by until the following bond issue a year later. In looking at cash flow on this particular project and the fact that the NRS required expenditure of all donor funds before bond funds or General Funds, there was sufficient money in the project from the donor, and approximately \$400,000 remained in state funding.

Based on that fact and that the bonding capacity of the state would be limited in the following couple of years, Mr. Nunez had asked UNLV to determine whether the donor wanted to proceed and spend his money to complete the project. The donor indicated he was committed to the project and wanted to proceed; the SPWB was doing just that.

THE MOTION CARRIED.

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

Mark Krmpotic, Senate Fiscal Analyst, reported that Fiscal staff had no concerns with the expeditious work programs.

E. 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 announced the work programs under Agenda Item E were informational only, and Fiscal staff had no questions or concerns.

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

Mr. Krmpotic itemized the work programs on which testimony had been requested by Committee members: Items 4, 5, 7, 10, 13, 23, 32, 54, 55, 59, 128, 131 and 170. Items 56, 69, 74, 118, 119, 127, 162, 174 had been withdrawn.

Mr. Krmpotic reviewed the revisions and corrections necessary to the work programs subsequent to receipt by the Fiscal Division:

- Item 11, Attorney General Medicaid Fraud Unit: Language revised to align federal and state authority.
- Item 14, Attorney General, Consumer Advocate: Deletion of \$23,902 transfer from Reserve Forfeitures category to the Forfeitures Expenses category; addition of \$86,008 in Fines/Forfeiture/Penalties to purchase videoconferencing equipment.
- Item 78, Department of Health and Human Services, Health Facilities Hospital Licensing: Transfer to the Operating category revised from \$33,453 to \$20,406: \$1,011 to the Clinical Laboratory Improvement Amendments (CLIA) category revised to \$261; deletions of \$2,022 to the federal Minimum Data Set (MDS) category, \$3,631 to the federal Outcome Assessment System Information Set category, and \$1,628 to the Medical Lab Inspection category; and transfer of \$8,937 to the Information Services category from the Reserve category revised to \$5,451.

Mr. Krmpotic cited the work programs involving block grants that required a public hearing:

- Item 9, Office of the Governor, State Energy Office, Energy Conservation.
- Item 50, Department of Agriculture, Pest, Plant Disease and Noxious Weed Control.
- Item 51, Department of Agriculture, USDA Specialty Crop.
- Item 65, Department of Health and Human Services, Director's Office, Grants Management Unit.
- Item 89, Department of Health and Human Services, Child and Family Services, Office of Juvenile Justice and Delinquency Prevention.
- Item 146, Department of Public Safety, Highway Patrol, Energy Efficiency and Conservation.

Chairman Horsford asked for public testimony on Agenda Items F-9, 50, 51, 65, 89 and 146, which involved block grants and required a public hearing. There was no public testimony.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL OF THE  
WORK PROGRAM REVISIONS INVOLVING BLOCK GRANTS.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL OF THE  
REMAINING WORK PROGRAM REVISIONS AND  
RECLASSIFICATIONS IN AGENDA ITEM F NOT NOTED BY  
STAFF OR REQUESTED BY COMMITTEE MEMBERS FOR  
FURTHER CONSIDERATION.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

### **Work Programs**

1. **Office of the Governor – Office of Homeland Security – FY 2011** – Addition of \$126,814 in Transfer from Department of Emergency Management (DEM) Interoperable Communications and \$29,535 in Transfer from DEM-2006 Interoperable Communications to align state budget authority with grant authority to continue contract staff working on special interoperable communications projects and complete the mountaintop repeater installation project. Requires Interim Finance approval since the amount added to the Homeland Security Grant Program (HSGP) 2006 Interoperable Communications category exceeds \$50,000.  
**Work Program #C18863**

Refer to motion for approval under Agenda Item F.

2. **Office of the Governor – Office of Homeland Security – FY 2011** – Addition of \$30,110 in Transfer from Division of Emergency Management Citizen Corp federal funds to provide support costs related to improving public awareness in emergency preparedness. Requires Interim Finance approval since the amount added to the Citizen Corp FFY 2009 category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19701**

Refer to motion for approval under Agenda Item F.

3. **Office of the Governor – Office of Consumer Health Assistance – FY 2011** – Addition of \$10,567 in Medicaid funds and transfer of \$63,502 United Health Care Settlement funds from the Reserve category to the Attorney General Decree category to appropriately allocate the balance forward from FY 2010. Requires Interim Finance approval since the amount added to the Attorney General Decree category exceeds \$50,000. **Work Program #C19603.**

Refer to motion for approval under Agenda Item F.

4. **Office of the Governor – Office of Consumer Health Assistance – FY 2011** – Addition of **\$240,000** ~~\$297,972~~ in United States Health and Human Services Office of Consumer Information and Insurance Oversight grant funds to implement the Affordable Care Act – Consumer Assistance Program. The agency proposes 2.5 new positions to provide outreach activities to consumers. Requires Interim Finance approval since the amount added to Personnel Services category exceeds \$50,000 and the work program adds new positions. **Work Program #C19965. REVISED DECEMBER 8, 2010.**

Mr. Krmpotic explained item 4 was a fiscal year 2011 request to add \$240,000 in new grant funds awarded from the U.S. Health and Human Services Office of Consumer Information and Insurance Oversight to the Office of Consumer Health Assistance within the Governor's office. The grant would assist in implementing the federal Patient Protection and Affordable Care Act signed by the President in March 2010. He said the grant would allow for the expansion of the program, which was a requirement of the Act. Mr. Krmpotic indicated the Committee wanted to know how the data collecting provisions of the Act would be met through the funding provided in the grant. Secondly, he asked whether the agency would detail its plans to expand services to targeted populations, and how the community partners would be utilized to fulfill the intent of the grant.

Mary Liveratti, Deputy Director, Department of Health and Human Services (DHHS), replied funding was available through the grant for data collection. The federal government wanted to know what kind of questions were being asked when consumers tried to access health care and whether they were having difficulty getting insurance or experiencing service gaps. The grant would be funding a number of data requirements. Ms. Liveratti said the agency was currently working with its information technology staff to decide how the data would be collected.

In response to a question from Mr. Krmpotic concerning \$32,000 in contract services, Ms. Liveratti said the grant included contract services for a number of things, one being for the community partners. The Aging and Disability Services Division was partnering with the State Health Insurance Assistance Program (SHIP), which dealt with Medicare and Medicaid access issues. The agency was also partnering with Access to Health Care (AHC), as well as Salud En Acción, a group that provided outreach and assistance to the Hispanic population. Contracts would mainly provide travel funds for the partners to reach out to a broader population throughout the state, particularly the rural areas.

Mr. Krmpotic asked what the long-term funding outlook was for the program once the grant funds were expended. Ms. Liveratti replied the grant was for a one-year period; however, the Secretary of the U.S. Department of Health and Human Services had the authority to reissue the grant every year, which was similar to the SHIP grant that had been in existence since the 1990s. Continued funding of the new grant was anticipated.

Assemblywoman Carlton disclosed she was employed by a nonprofit healthcare association that was a state designated personal care assistant (PCA) agency. She recalled there had been discussion in a previous meeting concerning contract employees who also worked for the state in another capacity, and she wanted to ensure there was a distinct delineation between what the partner contractors were doing for the state and their nonprofit operations. She asked how the agency would ensure that the partners in southern Nevada would delineate those functions.

Ms. Liveratti replied the agency had held a number of discussions about contract services, and more stringent methods to oversee the project were being implemented. There would be more disclosure with the partners when entering the contracts. She noted the contracts did not include funding for personnel; the purpose was to support travel to reach out to the rural areas of the state.

Senator Kieckhefer asked whether the Governor's Office of Consumer Health Assistance (GOVCHA) would be the go-to point for consumer assistance for health care reform. He noted there was an ombudsman position included in the office.

Ms. Liveratti replied there were a number of issues dealing with health care reform. As far as consumer assistance, GOVCHA would be the go-to agency, and constituents with questions or problems with health care reform, insurance, or Medicaid would then be referred to the appropriate office or division.

SENATOR LESLIE MOVED FOR APPROVAL.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Horsford announced that Agenda Items F-5 and F-32 would be heard together.



**5. Office of the Governor – State Fiscal Stabilization Account – FY 2011 –**  
Addition of \$55,732,115 in federal Education Jobs grant funds to provide essential resources to assist local school districts in saving or creating education jobs and helping to ensure that America's students are prepared to succeed in college and careers. Requires Interim Finance approval since the amount added to the Ed Jobs category exceeds \$50,000. **RELATES TO ITEM 32. Work Program #C19885**

**32. Department of Education – Discretionary Grants – Restricted – FY 2011 –**  
Addition of \$55,732,115 in funds transferred from the Governor's Office State Fiscal Stabilization Account to allow for the disbursement of EduJobs grant funds to local education agencies. Requires Interim Finance approval since the amount added to the EduJobs administration category exceeds \$50,000. **RELATES TO ITEM 5. Work Program #C20027**

Mr. Krmpotic explained items 5 and 32 were presented to add the Phase 2 allocation of the federal Education Jobs grant funds totaling \$55,732,115. The money came into the Stabilization Account and flowed to the Department of Education. There was an administrative piece to the grant totaling \$578,000. Mr. Krmpotic said the Committee had three questions:

- What timeline and method would the Department use to implement the technology component?
- What was the status of filling the Grants Analyst position that was provided for under the Act?
- What amount would be allocated from the American Recovery and Reinvestment Act (ARRA) grant funds for the support of the State ARRA Office?

Evan Dale, Department of Administration, testified he could speak to the question concerning the ARRA cost allocation to the Governor's Office.

Mr. Krmpotic clarified the question was a follow-up from the October meeting of the IFC's Subcommittee for Federal Stimulus Oversight and related to the processes for the State ARRA Office to maximize administrative funds that may be available from ARRA grants to support the Office.

Mr. Dale explained there was a process for assessing the ARRA grants that was approved by the federal government. The state was allowed to assess a percentage of the grants that were subject to the Section 1512 requirements in the ARRA bill. One of the requirements was that recipients of grants must report every quarter. After all recipients reported, Mr. Dale received a 1512 report database from the ARRA Office that indicated which grants were subject to the assessment. He would then assess the dollar amount based on the amount of money the grant recipient had received and bill the recipient for the assessment.

Chairman Horsford remarked there were obviously some set costs for the operation of the ARRA Office. In the event full reimbursement for the cost of the office was received through grant assessments, he asked whether the anticipated repayment to the Contingency Fund would be made for the portion approved by the Committee.

Mr. Dale replied that at this point, he anticipated that money would be reimbursed to the Contingency Fund; however, there was a timing issue because he did not assess the grants until the recipients actually drew down the funds. Some of the draw-downs might extend well into fiscal year 2012 or even fiscal year 2013. He said currently it appeared the ARRA Office was being funded 65 percent from the ARRA assessments and 35 percent from the Contingency Fund, primarily because a number of the ARRA grants disallowed the assessment or the funds were already obligated and there was no money available.

With regard to the grants to the school districts, Chairman Horsford asked what the Department of Education was doing to ensure the districts were complying with the grant terms, and whether it was known how many districts anticipated using the full allocation in fiscal year 2011 versus fiscal year 2012.

Greg Weyland, Deputy Superintendent of Education, replied the Department would be allocating the funds and subgranting them to all of the districts. After approval of the additional funds and this work program, the Department would be amending the current subgrants. As far as the districts' actual spending of the funds, he was not sure how many school districts would spend all of the funds this fiscal year. Mr. Weyland noted the Fiscal staff had conducted a survey that indicated some school districts were delaying their funding in order to have funds available for potential cuts in fiscal year 2012. However, he believed the majority of the districts intended to spend their funds in fiscal year 2011.

Mr. Weyland stated the funds were for personnel, and as expenditures were reimbursed by the Department, the districts were required to submit documentation to show the expenses were for personnel. The Department's audit staff also conducted tests at the districts on various financial areas, and this area would be included during its regular audits.

Chairman Horsford asked Mr. Weyland to detail the components of the plan related to the use of the administrative fund, particularly the capacity to complete the technology components of the plan. He asked whether implementation would be done by vendors or in-house.

Glen Meyer, Information Technology Director, Department of Education, replied the Department planned on using in-house resources for all of the technology improvements. There would be requests for proposals (RFPs) issued for the purchase of some of the software and hardware components for the project, but the implementation would be done by Department staff. The RFPs for those components

were expected to be issued immediately upon IFC approval, and it was expected to be an 8- to 12-month process.

Chairman Horsford questioned the timeframe of 8 to 12 months for implementation. He wondered whether that would negate what needed to be done for the purpose of the grant. He assumed the purpose of the technology enhancements was to manage and oversee the grant. It appeared to him the grant would primarily be over in a year, but the system would not be in use for 8 to 12 months.

Mr. Weyland explained there were different components, some of which would be brought online sooner than others. However, overall, the majority of the components were to enhance the accountability and transparency under Title XV of ARRA and the recently-passed Federal Funding Accountability and Transparency Act (FFATA) for subrecipient reporting. Therefore, the technology would be used for this grant, since the grant actually would go through a second year.

Chairman Horsford asked why the project was not being streamlined through the ARRA Office, which previously had to expedite other grants; he also questioned the role of the Controller's Office. It appeared to him there was duplication of a function that was done for other ARRA grants. He did not understand why this grant was unique.

Mr. Weyland replied the grant was no different than the other ARRA grants received. The intent was to enhance the capability to compile the data, have transparency, and improve communications and reporting with the school districts. He acknowledged the technology would be used for the grant as it came online, and it would also continue to enhance the ability for continued reporting as federally required.

Chairman Horsford inquired further and stated if the State ARRA Office was supposed to receive \$71,000 of the \$578,000 in administrative funds from the Ed Jobs grant, it would seem that, based on the capacity built in the ARRA Office and in coordination with the Controller, most of the requirements for transparency and accountability should already exist. The state was on track to expend approximately \$1.5 billion in ARRA funds, and he did not understand how the EdJobs grant of \$55 million did not fall within the existing capacity. He noted \$71,000 for the ARRA office was a small amount, but it was another area of inefficiency within state government that needed to be corrected. He asked Mr. Weyland whether the Department had met with the state ARRA Director to determine whether his office could perform the functions outlined.

Mr. Weyland responded the Department had not met with the ARRA Director, but it was felt the enhancements were actually for ARRA reporting and transparency from the school districts to the Department, which allowed reporting to the ARRA Office.

Chairman Horsford pointed out the counties were also required to go through the State ARRA Office for all the other ARRA funds. The districts received funds from ARRA before the EdJobs bill; they had been reporting through the State ARRA Office; and

other local governments had been doing the same. He again stated it appeared to be a duplication of effort.

Chairman Horsford suggested that if the item was approved, it should be contingent upon the Department meeting and coordinating with the ARRA Office and the Controller's Office and, to the extent possible, working through the existing resources and not duplicating something in the Department of Education that was not needed.

SENATOR RHOADS MOVED FOR APPROVAL CONTINGENT UPON THE PROVISION THAT THE DEPARTMENT OF EDUCATION MUST MEET WITH THE STATE ARRA OFFICE AND CONTROLLER'S OFFICE TO AVOID DUPLICATION.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

6. **Office of the Governor – State Energy Office – Energy Conservation – FY 2011** – Transfer of \$3,417,306 from the ARRA Reserve category to the Building Retrofit category, \$624,240 from the ARRA Reserve category to the Traffic Signals category, \$7,682 from the ARRA Reserve category to the Alternative Fueling category, and \$236,000 from the ARRA Reserve category to the Engineering Feasibility category to fund existing projects. Requires Interim Finance approval since the amount transferred to the Building Retrofit category exceeds \$50,000. **Work Program #C19787**

Refer to motion for approval under Agenda Item F.

7. **Office of the Governor – State Energy Office – Energy Conservation – FY 2011** – Addition of \$5,000,000 in Nevada Retrofit Initiative (NRI) grant funds from the U.S. Department of Energy to augment Nevada's residential retrofit market by strengthening home performance with Energy Star products and practices. Requires Interim Finance approval since the amount added to the NRI Grant category exceeds \$50,000. **Work Program #C20018**

Mr. Krmpotic stated the Committee had three concerns with the request from the State Energy Office:

- Would the two new positions requested to be allocated against the grant be eliminated when the grant ended?
- Would the proposed shift in duties for two existing positions allocated against the grant impact the ongoing implementation of ARRA-funded activities? Had the workload associated with ARRA activities decreased?
- How would the salary savings from the ARRA grant be redirected to other ARRA-eligible projects?

Tom Wilczek, Energy Program Manager, Nevada State Office of Energy, stated he was also funded 100 percent by ARRA funds, as were 10 of the 13 employees in the Nevada State Office of Energy. With regard to the allocation of the new positions, the Office of Energy was precluded from supporting management and upper-level positions since the agency was 100-percent dedicated to advancing the goals of the ARRA funds. One of the new positions, a Project Manager, was 100-percent dedicated to the grant, which was not ARRA-funded, and the U.S. Department of Energy expected and anticipated there would be a Project Manager dedicated full-time to the grant. He said the two new full-time positions would continue beyond the expiration of the terms of the existing ARRA employees and would expire at the end of the three-year grant period. A sunset provision would be included in the hiring documents.

Chairman Horsford understood the 100-percent-funded issue, but he questioned why, instead of creating a new manager position, the allocation could not be changed to 70-30 and Mr. Wilczek be allowed to supervise other staff 30 percent of the time. Another person could be hired to perform the other functions.

Mr. Wilczek replied he would like to do that, but existing ARRA funds and funding for projects were exhausted. His salary was higher than the rate set forth for the Project Manager position, and the grant funds would be exhausted more quickly.

Chairman Horsford stated he disagreed with the analysis that the position could not be reallocated, but it was a management-level decision.

SENATOR LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED.

8. **Office of the Governor – State Energy Office – Energy Conservation – FY 2011** – Addition of \$15,800 in ARRA Energy Assurance grant funds to continue energy assurance planning. Requires Interim Finance approval since the cumulative amount added to the ARRA Energy Assurance category exceeds \$50,000. **Work Program #C19606**

Refer to motion for approval under Agenda Item F.

9. **Office of the Governor – State Energy Office – Energy Conservation – FY 2011** – Addition of \$585,123 in ARRA Energy Efficiency and Conservation Block Grant Fund authority to continue energy efficiency and conservation efforts. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C19604**

Refer to motion for approval under Agenda Item F.

- 10. Attorney General – Administrative Fund – FY 2011** – Transfer of \$362,000 from the Personnel Services category to the Information Services category ***and transfer of \$138,353 from the Personnel Services category to the Tobacco Enforcement category*** to fund equipment purchases ***and cover costs for the state to participate in the nationwide arbitration regarding the Tobacco Master Settlement Agreement (MSA)***. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C19873. REVISED DECEMBER 6, 2010.**

Chairman Horsford announced Agenda Items F-10 and F-13 would be heard together.

Mr. Krmpotic explained item 10 proposed to transfer approximately \$500,000 in salary savings to purchase computer equipment and to redirect a portion of funding to the Tobacco Enforcement category. He said it would appear to Fiscal staff that to generate that level of savings, a portion of the Attorney General's positions would need to have remained vacant. The question was whether the Attorney General's Office had a need for the positions, since they had remained vacant over the long term. Mr. Krmpotic also asked for the status and timeline for the Master Settlement Agreement (MSA) arbitration proceedings.

Keith Munro, Assistant Attorney General (AG), replied that in the current biennium, the Attorney General's Office had severely limited equipment replacement for computers and information technology (IT) equipment, which was now desperately needed. The work program request was necessary for the Office to stay current with technology to work more efficiently. Mr. Munro said the positions were definitely needed, which was the reason positions were chosen over IT equipment in the last budget. It was hoped to defer replacement of the IT equipment for at least two years, but in developing a budget for the next cycle that included a one-third cut, the Office needed to start limiting positions. Mr. Munro explained the positions were needed now; they could be filled, but the IT equipment was a more immediate need. In an office of 350 employees, it was essential that the Office have current technology. He said the tough choices needed to be made for the Office to continue to work better and more efficiently.

With regard to nationwide Tobacco Settlement arbitration. Mr. Munro said in the 2009 Session, the Office did not request tobacco funds, which could be allocated to scholarships and tobacco-cessation programs, instead choosing to look for existing funding within the Office. He noted there had been negotiations among the arbitration states to work out an agreement, but they had fallen through.

- 13. Attorney General – Consumer Advocate – FY 2011** – Addition of \$1,700,500 in Edward Byrne Memorial JAG program federal funds to support ***eight*** ~~nine~~ positions and associated costs to investigate and prosecute mortgage fraud and vacant property crimes focusing on the Las Vegas area. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C19829. REVISED DECEMBER 6, 2010.**

Mr. Krmpotic explained item 13 was a request for the addition of \$1.7 million in federal Edward Byrne Memorial Justice Assistance Grant (JAG) program funds, which would establish four Investigators, one Grants Analyst, two Senior Deputy Attorneys General, and one Legal Secretary to establish a unit to investigate crimes related to mortgage fraud and vacant property crimes in the Las Vegas area. He said it was not apparent to Fiscal staff how the crimes would be referred to the AG's Office and whether there was overlap between the Office and local law enforcement.

Mr. Munro responded the AG's office was trying to dedicate as many resources as possible to mortgage fraud and mortgage-fraud prosecution in the state. The Office submitted a grant application to the federal government and was awarded \$1,700,500 to support the new positions to begin enforcing and prosecuting mortgage fraud crimes.

Eric Witkoski, State Consumer Advocate, stated his office worked with the Federal Bureau of Investigation, the Secret Service and the Internal Revenue Service. Over the last year, his office had executed 15 search warrants, presented 11 large-scale mortgage-loan-modification cases to the Grand Jury, obtained 17 indictments against defendants, and had 9 cases awaiting jury trial. He explained the Las Vegas Metropolitan Police Department was not involved in fraud cases. Those cases required investigators with experience with fraud and computer forensics to review information and identify evidence. He added that foreclosures appeared to be cresting in 2010, but there would still be problems in 2011 and 2012.

Chairman Horsford asked how many of the eight positions to be assigned to the Consumer Advocate unit were current employees and how many were new.

Mr. Witkoski replied of the eight, seven would be new. One employee was going to be terminated at the end of the fiscal year because of lack of funds, but he might be retained in the eighth position. Interviews had already begun; the grant was for two years, but the Office hoped it would be extended another two years.

Assemblyman Conklin said he had been working on mortgage-lending-fraud law with the Attorney General's Office in Nevada for over five years. Technicalities aside, he said more resources were desperately needed for enforcement and prosecution of mortgage fraud and other related frauds. Over the last decade, the FBI had consistently rated Nevada as one of the top three places for fraud activity of this kind in the country.

Senator Cegavske noted the AG's Office had two years of funding for eight positions. She asked what would happen at the end of two years if no additional funding was received. Mr. Witkoski replied the program would lapse, and the positions would terminate. However, it was possible the employees could be placed in vacant positions that might exist.

Senator Cegavske asked how many claims the employees would be able to handle. Mr. Witkoski replied there were over 100 cases pending investigation, and there could be 40 to 50 victims per company.

Senator Cegavske asked whether the pending 100 cases could be handled within the next two years. Mr. Witkoski said a plan was currently being mapped out for the cases over the next two years.

Senator Cegavske suggested the Committee should know how many of the fraudulent companies were still in business and if there had been any restitution as a result of the investigations.

ASSEMBLYMAN AIZLEY MOVED FOR APPROVAL OF ITEMS F-10 AND F-13.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED.

11. **Attorney General – Medicaid Fraud – FY 2011** – Addition of \$142,578 in federal Medicaid Fraud revenues and transfer of \$166,791 from the Reserve category to the Personnel Services category to add two new positions, ***align federal and state authority***, and continue existing services. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C19843. REVISED DECEMBER 6, 2010**

Refer to motion for approval under Agenda Item F.

12. **Attorney General – Medicaid Fraud – FY 2011** – Addition of \$284,268 in federal Health Care Fraud Prevention grant funds to expand the service area to detect and avoid Medicare and Medicaid fraud in the state. Requires Interim Finance approval since the amount added to the Medicaid Fraud Prevention category exceeds \$50,000. **Work Program #C19972.**

Refer to motion for approval under Agenda Item F.

13. **Attorney General – Consumer Advocate – FY 2011** – Addition of \$1,700,500 in Edward Byrne Memorial JAG program federal funds to support ***eight*** ~~nine~~ positions and associated costs to investigate and prosecute mortgage fraud and vacant property crimes focusing on the Las Vegas area. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C19829. REVISED DECEMBER 6, 2010.**

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

14. **Attorney General – Consumer Advocate – FY 2011 – *Addition of \$86,008 in Fines/Forfeitures/Penalties*** ~~Transfer of \$23,902 from the Reserve – Forfeitures category to the Forfeiture Expenses category~~ to purchase videoconferencing equipment to better coordinate staff efforts between the Las Vegas, Carson City and Reno offices. Requires Interim Finance approval since the amount added to



the Forfeiture Expenses category exceeds 10 percent of legislatively-approved amount for that category. **Work Program #C20007. REVISED DECEMBER 6, 2010.**

Refer to motion for approval under Agenda Item F.

15. **Attorney General – Tort Claim Fund – FY 2011** – Transfer of \$1,400,000 from the Reserve category to the General Fleet – Tort Claims category to cover anticipated tort related expenses for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the General Fleet – Tort Claims category exceeds \$50,000. **Work Program #C19754**

Refer to motion for approval under Agenda Item F.

16. **Attorney General – Violence Against Women Grants – FY 2011** – Addition of \$350,000 in Rural Domestic and Dating Violence, Sexual Assault and Stalking Assistance grant funds to provide prosecutorial services and support for services within the 5th Judicial District, comprised of Nye, Mineral and Esmeralda Counties. Requires Interim Finance approval since the amount added to the Rural Grants category exceeds \$50,000. **Work Program #C19996**

Refer to motion for approval under Agenda Item F.

17. **Attorney General – Violence Against Women Grants – FY 2011** – Addition of \$1,571,698 in federal Services Training Officers Prosecutors (STOP) grant funds to support one new position, increase a three quarter time position to full-time and continue funding for law enforcement, prosecutors, courts and nonprofit service providers for victims of domestic, dating and sexual violence and stalking. Requires Interim Finance approval since the amount added to the Prosecution Expenses category exceeds \$50,000. **Work Program #C20081**

Refer to motion for approval under Agenda Item F.

18. **Attorney General – Violence Against Women Grants – FY 2011** – Addition of \$167,371 in Sexual Assault Service Providers grant funds to provide competitive subgrant awards to sexual assault victim service programs in counties with less than 400,000 in total population. Requires Interim Finance approval since the amount added to the Sexual Assault Services Program exceeds \$50,000. **Work Program #C20082**

Refer to motion for approval under Agenda Item F.

19. **Secretary of State – FY 2011** – Transfer of \$71,102 from the Operating Expenses category to the Reserve for Reversion category to account for savings from renegotiated building leases. Requires Interim Finance approval since the amount

transferred from the Operating category exceeds \$50,000. **Work Program #LC1050A**

Refer to motion for approval under Agenda Item F.

- 20. Secretary of State – FY 2011 –** Transfer of \$98,683 from the Personnel Services category to the Professional Services category for contract Information Technology staff for the Business Portal. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$50,000. **Work Program #C20056**

Refer to motion for approval under Agenda Item F.

- 21. Secretary of State – HAVA Election Reform – FY 2011 –** Addition of \$363,196 in Voting Access for Individuals with Disabilities grant funds to improve access and participation in the election process for individuals with disabilities. Transfer of \$25,569 from the Reserve Title II FFY 10 category to the Reserve category and \$420,759 from the Reserve Title II category to the Reserve category to realign the federal grant funds and facilitate accurate tracking of the federal awards. Requires Interim Finance approval since the amount added to the Polling Place Improvements category exceeds \$50,000. **Work Program #C19916**

Refer to motion for approval under Agenda Item F.

- 22. State Treasurer – Unclaimed Property – FY 2011 –** Addition of \$125,000 in Transfer from Abandoned Property funds to cover the costs for securities custodial services. Requires Interim Finance approval since the amount added to the Securities Custodial Services category exceeds \$50,000. **Work Program #C19180**

Refer to motion for approval under Agenda Item F.

- 23. State Treasurer – College Savings Trust Fund – FY 2011 –** Addition of \$620,000 in Non-Cash Revenue to record the value of the national marketing commitment of the Upromise Program. Requires Interim Finance approval since the amount added to the Upromise Marketing category exceeds \$50,000. **Work Program #C19734**

Chairman Horsford stated the Committee did not have questions concerning item 23 but wanted to receive an update on the marketing and scholarship efforts from Upromise.

Mark Winebarger, Chief Deputy Treasurer, State Treasurer's Office, testified Upromise had committed to the latest contract to provide marketing services, personnel, and a matching grant program. In fiscal year 2010, the Treasurer's Office goal of \$400,000 was not reached, so the funds were being brought forward to fiscal year 2011.

Mr. Winebarger did not have updated information on the marketing and scholarship efforts for the Committee, but he said he would provide it to Fiscal staff.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

Chairman Horsford called a recess at 1:07 p.m. The meeting was reconvened at 1:30 p.m.

- 24. Department of Personnel – FY 2011** – Transfer of \$87,402 from the State Cost Allocation category to the Reserve category due to a credit on the most current cost allocation calculation and to avoid an unnecessary reduction in reserves. Requires Interim Finance approval since the amount transferred from the State Cost Allocation category exceeds \$50,000. **Work Program #C19870**

Refer to motion for approval under Agenda Item F.

- 25. Department of Information Technology – Network Transport Services – FY 2011** – Transfer \$25,346 from the Reserve category to the Microwave Radio System category and \$3,555 from the Reserve category to the NDOT 800 Mhz Radio Statewide Cost Allocation category to allow an independent contractor to install microwave antennas at various mountaintop sites and cover additional NDOT radios. Requires Interim Finance approval since the cumulative amount transferred to the Microwave Radio System category exceeds \$50,000. **Work Program #C19683**

Refer to motion for approval under Agenda Item F.

- 26. Department of Education – Support Services – FY 2011** – Transfer of \$42,211 from the Reserve category to the Information Services category to provide funding for software upgrades. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19968**

Refer to motion for approval under Agenda Item F.

- 27. Department of Education – Teacher Education And Licensing – FY 2011** – Transfer of \$84,000 from the Information Services category to the Reserve category due to savings that will be realized in FY 2011. Requires Interim Finance approval since the amount transferred from the Information Services category exceeds \$50,000. **Work Program #C20006**

Refer to motion for approval under Agenda Item F.

- 28. Department of Education – Teacher Education and Licensing – FY 2011 –** Transfer of \$49,665 from the Personnel Services category to the Operating category to provide funding for temporary personnel to continue scanning of teacher licensure files. 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 #C19093**

Refer to motion for approval under Agenda Item F.

- 29. Department of Education – Drug Abuse Education – FY 2011 –** Addition of \$188,774 in federal Drug Free Schools grant funds and deletion of \$52,113 in Alcohol and Drug Abuse grant funds to balance forward available authority from FY 2010 to FY 2011. Requires Interim Finance approval since the amount added to the Aid to Schools category exceeds \$50,000. **Work Program #C19807**

Refer to motion for approval under Agenda Item F.

- 30. Department of Education – Gear Up – FY 2011 –** Addition of \$472,875 in federal Gear Up grant funds and \$46,735 in funds transferred from the Gear Up Scholarship Trust Account to balance forward remaining federal grant funds to continue support for the program and to support scholarship administration for the Gear Up program. Requires Interim Finance approval since the amount added to the Gear Up Aid to Schools category exceeds \$50,000. **Work Program #C20003**

Refer to motion for approval under Agenda Item F.

- 31. Department of Education – Discretionary Grants – Restricted – FY 2011 –** Addition of \$111,371 in ARRA Homeless grant funds; \$7,569,821 in federal 21st Century Learning Centers grant funds; \$4,285,923 in Federal English Language Acquisition grant funds; \$222,827 in Federal Byrd Scholarship grant funds; \$380,940 in Federal Homeless Children grant funds; \$167,029 in Advanced Placement Fee Payment grant funds; and \$47,292 in Longitudinal Data Systems grant funds to continue these programs and align state authority with federal funds. Requires Interim Finance approval since the amount added to the 21st Century Learning Centers category exceeds \$50,000. **Work Program #C20016**

Refer to motion for approval under Agenda Item F.

- 32. Department of Education – Discretionary Grants – Restricted – FY 2011 –** Addition of \$55,732,115 in funds transferred from the Governor's Office State Fiscal Stabilization Account to allow for the disbursement of EduJobs grant funds to local education agencies. Requires Interim Finance approval since the amount added to the EduJobs administration category exceeds \$50,000. **RELATES TO ITEM 5. Work Program #C20027**

Refer to discussion and motion for approval under Agenda Item F-5.

- 33. Department of Education – Elementary and Secondary Education Titles II, V & VI – FY 2011** – Addition of \$4,093,929 in Improving Teacher Quality grant funds, \$3,599,630 in State Assessments grant funds, \$1,088,980 in Math and Science Partners grant funds, and \$350,847 in federal Technology grant funds; and deletion of \$2,982 in Technology grant – ARRA grant funds and \$10,110 in Enhanced Assessment Instrument grant funds. This request also transfers \$5,416 from the Technology Grants – ARRA State Administration to the Technology grants – ARRA Technical Assistance category, \$78,950 from the Transfer to Budget Account 2719 category to the Personnel Services category, \$20,709 from the Educational Technology Administration category to the Educational Technology Aid to Schools category, and a reduction of \$270 from the Personnel Services category to align federal and state authority and change funding sources for two positions from Reading First funds to State Assessments. Requires Interim Finance approval since the amount added to the Teacher Quality – Aid to Schools category exceeds \$50,000. **Work Program #C20009**

Refer to motion for approval under Agenda Item F.

- 34. Department of Education – Continuing Education – FY 2011** – Addition of \$2,155,596 in Adult Basic Education grant funds to align state authority with federal funds. Requires Interim Finance approval since the amount added to the Adult Basic Education Aid to Schools category exceeds \$50,000. **Work Program #C20004**

Refer to motion for approval under Agenda Item F.

- 35. Nevada System of Higher Education – University of Nevada – Reno – FY 2011** – Addition of \$148,325 in Student Surcharges to fund additional part-time instructors due to enrollment growth. Requires Interim Finance approval pursuant to S. B. 431, (Chapter 392) Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20047**

Refer to motion for approval under Agenda Item F.

- 36. Nevada System of Higher Education – University of Nevada – Las Vegas – FY 2011** – Addition of \$366,758 in Registration Fees, \$539,900 in Miscellaneous Student Fees, and \$74,042 in Student Surcharges to offset projected reductions in Non-Resident Tuition receipts. Requires Interim Finance approval pursuant to S.B. 431, (Chapter 392) Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20049**

Refer to motion for approval under Agenda Item F.

- 37. Nevada System of Higher Education – UNLV Law School – FY 2011** – Addition of \$100,025 in Registration Fees and \$87,921 in Non-Resident Tuition to fund

library acquisitions. Requires Interim Finance approval pursuant to S.B. 431, (Chapter 392) Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20050**

Refer to motion for approval under Agenda Item F.

- 38. Nevada System of Higher Education – Dental School – UNLV – FY 2011 –** Addition of \$15,000 in Miscellaneous Student Fees and \$120,000 in Non-Resident Tuition to fund part-time instructors. Requires Interim Finance approval pursuant to S.B. 431, (Chapter 392) Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20051**

Refer to motion for approval under Agenda Item F.

- 39. Nevada System of Higher Education – Western Nevada College – FY 2011 –** Addition of \$4,465 in Miscellaneous Student Fees, \$16,069 in Student Surcharges, and \$78,977 in Non-Resident Tuition to fund part-time instructors and additional instructional supplies. Requires Interim Finance approval pursuant to S.B. 431, (Chapter 392) Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20053**

Refer to motion for approval under Agenda Item F.

- 40. Nevada System of Higher Education – College of Southern Nevada – FY 2011 –** Addition of \$75,157 in Miscellaneous Student Fees and \$117,764 in Surcharges to cover costs for additional supplies to support students, additional staffing for increased operating hours at the library and additional library resources to accommodate increased student demand. Requires Interim Finance approval pursuant to S.B. 431, (Chapter 392) Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20052**

Refer to motion for approval under Agenda Item F.

- 41. Nevada System of Higher Education – Truckee Meadows Community College – FY 2011 –** Addition of \$405,966 in Registration Fees, \$28,521 in Miscellaneous Student Fees, and \$49,175 in Student Surcharges to offset General Fund reductions. Requires Interim Finance approval pursuant to S.B. 431 (Chapter 392), Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20054**

Refer to motion for approval under Agenda Item F.

- 42. Nevada System of Higher Education – Nevada State College at Henderson – FY 2011** – Addition of \$63,601 in Miscellaneous Student Fees, \$47,341 in Student Surcharges, and \$280,742 in Non-Resident Tuition to assist students with disabilities. Requires Interim Finance approval pursuant to S.B. 431, (Chapter 392) Section 8, subsection 2 of the 2009 Legislative Session. **Work Program #C20055**

Refer to motion for approval under Agenda Item F.

- 43. Department of Cultural Affairs – Nevada Arts Council – FY 2011** – Addition of \$34,058 in Western States Arts Federation (WESTAF) grant funds to provide support for a 2010 Visual Arts Exhibition Touring program entitled Great Basin Exteriors: A Photographic Survey, which is a thematic photographic exhibit of the Nevada Touring Initiative. Requires Interim Finance approval since the cumulative amount added to Artist Services Program category exceeds \$50,000. **Work Program #C19864**

Refer to motion for approval under Agenda Item F.

- 44. Department of Cultural Affairs – Nevada Arts Council – FY 2011** – Addition of \$15,000 in Gifts & Donations in support of the Arts4Nevada website and calendar. Requires Interim Finance approval since the amount added to the Public Information/Arts Initiatives category is a non-governmental gift or grant exceeding \$10,000. **Work Program #C19684**

Refer to motion for approval under Agenda Item F.

- 45. Department of Agriculture – Registration and Enforcement – FY 2011** – Transfer of \$25,000 from the Reserve category to the State Program Monitor Pesticide category to support the Pesticide Contamination Program. Requires Interim Finance approval since the amount added to the State Program Monitor Pesticide category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19971**

Refer to motion for approval under Agenda Item F.

- 46. Department of Agriculture – Registration and Enforcement – FY 2011** – Transfer of \$47,177 from the Reserve category to the Pesticide Disposal Fund category for the disposal of pesticides. Requires Interim Finance approval since the amount added to the Pesticide Disposal Fund category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19957**

Refer to motion for approval under Agenda Item F.

- 47. Department of Agriculture – Livestock Inspection – FY 2011** – Transfer of \$56,394 from the Reserve category to the Equine Infectious Anemia Testing

Expense category to provide funding for anticipated operating expenses through the end of SFY 2011. Requires Interim Finance approval since the amount added to the Equine Infectious Anemia Testing Expense category exceeds \$50,000. **Work Program #C19985**

Refer to motion for approval under Agenda Item F.

- 48. State Department of Agriculture – Pest, Plant Disease, and Noxious Weed Control – FY 2011** – Addition of \$315,616 in U.S. Department of Agriculture Cooperative Weed Management Areas (CWMA) Bio-Control funds to control and treat weed growth. Requires Interim Finance approval since the amount added to the U.S. Department of Agriculture Cooperative Weed Management Area category exceeds \$50,000. **Work Program #C19918**

Refer to motion for approval under Agenda Item F.

- 49. State Department of Agriculture – Pest, Plant Disease, and Noxious Weed Control – FY 2011** – Addition of \$20,928 in U.S. Forest Service Cooperative Weed Management Cost-Share grant funds for the control and treatment of weed growth. Requires Interim Finance approval since the amount added to the U.S. Forest Service Cooperative Weed Management Cost-Share category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19924**

Refer to motion for approval under Agenda Item F.

- 50. Department of Agriculture – Pest, Plant Disease, & Noxious Weed Control – FY 2011** – Addition of \$76,844 in U.S. Department of Agriculture Specialty Crop Block Grant Program funds to enhance the competitiveness of Nevada specialty crop activities. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. RELATES TO ITEM 51. Work Program #C19962**

Refer to motion for approval under Agenda Item F.

- 51. Department of Agriculture – USDA CCC–NON–EXEC – FY 2011** – Addition of \$177,724 in U.S. Department of Agriculture Specialty Crop Block Grant Program- Farm Bill funds to enhance the competitiveness of Nevada specialty crop activity. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. RELATES TO ITEM 50. Work Program #C19953**

Refer to motion for approval under Agenda Item F.

- 52. Department of Business and Industry – Manufactured Housing – FY 2011** – Transfer of \$149,909 from the Personnel Services category to the Reserve category due to three vacant positions which will remain vacant through the fiscal



year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C19318**

Refer to motion for approval under Agenda Item F.

- 53. Department of Business and Industry – Real Estate – Common Interest Communities – FY 2011** – Transfer of \$88,203 from the Reserve category to the Transfer to Administration Budget category to reflect cost allocation adjustments. Requires Interim Finance approval since the amount transferred to the Transfer to Administration Budget category exceeds \$50,000. **Work Program #C20035**

Refer to motion for approval under Agenda Item F.

- 54. Department of Business and Industry – Housing – Special Housing Assistance – FY 2011** – Addition of \$5,000,000 in federal Neighborhood Stabilization Program Round 3 funds to help reverse the effects foreclosed properties have on surrounding neighborhoods and make investments that will reduce blight, bolster neighboring home values, create jobs and produce affordable housing. Requires Interim Finance approval since the amount added to the Neighborhood Stabilization Program Round 3 Subgrantees category exceeds \$50,000. **Work Program #C19982**

- 55. Department of Business and Industry – Housing – Weatherization – FY 2011** – Addition of \$6,962,049 in Department of Energy Weatherization Assistance Program ARRA grant funds to expand the Weatherization Assistance Program beyond the materials, benefits and technologies currently covered by the Weatherization Assistance Program to include solar hot water, photovoltaic panels, home energy displays and related measures. Requires Interim Finance approval since the amount added to the ARRA-Sustainable Energy Resources for Consumers Subgrantees category exceeds \$50,000. **Work Program #C19910**

Chairman Horsford announced items 54 and 55 would be heard together.

Mr. Krmpotic explained item 54 was a request for the addition of \$5 million in federal Neighborhood Stabilization Program (NSP) Round 3 funds to the Housing Division, Special Housing Assistance account, with \$150,000 to be allocated for administration of the grant. He said the Committee wanted to ask whether the Division had provided any assistance to the rural regions of the state and to request information on the status of the NSP-3 action plan.

Dr. Hilary Lopez, Administrator, Nevada Housing Division, responded that NSP-1 funds had been provided to Lyon County, Pahrump in Nye County, and some areas in Douglas County through the Rural Nevada Development Corporation. About \$2 million was provided to those areas, which resulted in over 70 down-payment assistance loans, as well as several residential purchases for rehabilitation and resale or rental.

With regard to the status of the NSP-3 program, Dr. Lopez stated the Division may have been overly eager to place the item on the agenda. Originally when information was received from the U.S. Department of Housing and Urban Development (HUD), the Division anticipated that funds would be flowing by December 1, 2010, and the plan would be ready for review and approval by the IFC in January. However, new guidelines had been issued, and the amended consolidated plan, which would cover the plan for new funding, was not due until March 1, 2011, at which time HUD would review the plan and award a grant within the following 30 to 90 days.

At this point in time, Dr. Lopez continued, the Division did not have the NSP-3 State Plan developed; staff was going for training in January. It was anticipated activities would be undertaken similar to those under NSP-1, including acquisition, rehabilitation, and resale of vacant or foreclosed properties, as well as down-payment assistance throughout the state. It was also anticipated funding under NSP-3 would involve more multifamily housing, as more multifamily developments had been impacted by the downturn in the economy, and some had moved into foreclosure or very high vacancy rates. The Division would most likely allocate a portion of NSP-3 funds to peers at the county and local jurisdictions, as well as provide some funding directly to projects and agencies.

Moving to item 55, Dr. Lopez introduced Ariel Martinez, the new Weatherization Assistance Program (WAP) Manager for the Division. Dr. Lopez stated that because of the Division's progress on its ARRA WAP grant, it was invited by the Department of Energy (DOE) to compete for additional funds under the Sustainable Energy and Resources for Consumers (SERC) grant. Nevada was one of a handful of states across the country that received funding, and one of six states that received the maximum amount. Dr. Lopez reported the state had received \$6.92 million to enhance the ARRA WAP program, specifically for measures the Division was not allowed to do under the current program. The Division had developed a SERC State Plan, which was published for public comment and submitted on November 1 to the DOE; the plan was currently being reviewed. She explained there would be some funding changes; the work program request in item 55 allocated about 5 percent of the grant for training and technical assistance. The DOE had indicated it did not want SERC grant funds used for training and technical assistance, and therefore those funds were moved back into program operations for the subgrantees, which increased the amount available to them. As a result, a portion of the ARRA WAP funding would be used for training and technical assistance.

Dr. Lopez said approval of the SERC State Plan by the DOE should be forthcoming within the next month, and the Division was working on contracts with the subgrantees; the program would commence as soon as possible after the first of the year.

Assemblyman Daly asked who the four subgrantees were and how the weatherization projects were progressing. He recalled the program encountered several problems when it was started.

Dr. Lopez replied only certain subgrantees were eligible under the SERC grant application. They had to be current subgrantees under the ARRA WAP program during the first fiscal year of operation, and they had to meet certain benchmarks regarding the amount of funds they were expending and production levels. As a result, four of the subgrantees qualified: Help of Southern Nevada, Nevada Rural Housing Authority, the Community Services Agency in Washoe County, and Rural Nevada Development Corporation in the eastern rural areas of the state.

Assemblyman Daly asked whether the subgrantees solicited bids from contractors to actually perform the work in the various areas. Dr. Lopez replied the subgrantees had issued requests for proposals to determine which contractors would be used. The size and scope of the measures that would be taken and whether there was overlap between the current contractors in the ARRA WAP programs would determine whether new contractors would be needed.

Assemblyman Daly asked whether there was assistance or outreach given to contractors who had not performed weatherization work in the past. He understood the weatherization program was relatively small, but now that it was growing, there was much more interest. He wondered whether there were special provisions or new training programs for contractors to enter the market.

Dr. Lopez replied the Division did not interact directly with the contractors. The subgrantees would meet with the contractors or provide them with information on the program.

Mr. Krmpotic noted funding was not able to be used for training, but the work program included \$696,205 to be placed in the training category. He asked whether the work program needed to be amended.

Dr. Lopez explained the DOE restriction was not known at the time the work program request was prepared; the work program had been amended to reallocate the funds to program operations. However, the State Plan had not yet been approved, and comments from the DOE were still forthcoming. It appeared at this point that the program would retain 5 percent for administration, 5 percent would be passed through to the subgrantees for administration, and \$6,613,947 would be provided to the subgrantees.

Chairman Horsford asked whether the training was for the collaboratives under the weatherization program or whether it was for the Division to train the subgrantees to administer the grant.

Dr. Lopez replied the funds could be used for any training necessary for contractors to implement the measures and for subgrantees to participate in the program. The DOE had asked the Division to allocate funds from the ARRA WAP grant to cover training and technical assistance necessary to carry out the program.

Chairman Horsford asked Dr. Lopez to explain the Division's plan to provide that training, as well as to elaborate on how the unused dollars for weatherization had been used. He recalled there was approximately \$3 million unused in the first round.

Dr. Lopez replied the Division had \$1 million unobligated at this point and planned to keep it unobligated to address training needs should they arise. She would have to review the actual amounts, but about \$1.6 million was provided to DETR to fund the nonprofit collaboratives, and a portion had been used by the Division for training and technical assistance.

In response to a request for clarification from Chairman Horsford, Dr. Lopez explained \$900,000 had been allocated to DETR from July 1, 2010, to March 30, 2012, to provide continued training of the nonprofit collaboratives for the ARRA WAP program if necessary. At this point, those funds remained unused because of an oversupply of trained workers. In addition, about \$2.5 million was allocated to the Nevada Housing Division, which included \$900,000 potentially available for DETR, administrative funds, and unobligated funding for training and technical assistance or other uses. She said if at some point it was determined the funds were not needed, they would be reallocated to the subgrantees to increase the number of weatherization units.

Chairman Horsford asked a representative from DETR to elaborate on the reason for the unallocated portion of training dollars for weatherization, which were intended to be used for the training collaboratives under the program.

Dennis Perea, Deputy Director, Department of Employment, Training and Rehabilitation (DETR), explained that of the allocation, \$1.574 million had been used for the training collaboratives. The last time the contractors were surveyed on the number of persons trained and employed, there was a surplus of 592 workers who were still unemployed and available to work in the weatherization program.

Chairman Horsford pointed out that the Housing Division had subgrantees who contracted out to perform the weatherization work. Senate Bill No. 152 of the 75th Session, required that 50 percent of those trained were to be called out by those contractors. He asked whether the requirement was being met.

Dr. Lopez replied it was her understanding that all of the contractors were complying with the workforce requirements of S.B. No. 152, and those requirements would be followed in the SERC grant as well.

Chairman Horsford requested that Fiscal staff be provided with information to include, by subgrantee, a list of contractors, and back-up documentation supporting that the contractors had complied with the 50 percent requirement to employ the trainees. He said there was also a provision in the bill that dealt with the identification of the neighborhoods that were most in need of weatherization work. It was his hope there would be an effort to provide entire blocks of weatherization rather than one or two at a time; he did not know whether that was occurring.

Dr. Lopez stated the Division had previously submitted information to Fiscal staff detailing some of the subgrantees' efforts to try and take a neighborhood or block-by-block approach to completing the weatherization services, and they had met with fairly limited success. She said the subgrantees continued to do outreach into neighborhoods in a variety of ways, which included knocking on doors, leaving door hangers, attending block and community meetings, and working through religious organizations. She would provide an update to the Fiscal staff on the continued efforts.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL OF ITEMS 54 AND 55, WITH THE ADJUSTMENT TO ITEM 55 AS NOTED BY STAFF.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED.

**56. Department of Business and Industry – Mortgage Lending – FY 2011 –** Transfer of \$40,000 from the Reserve category to the Information Services category to fund database enhancements for the National Mortgage Licensing System. Requires Interim Finance approval since the cumulative amount added to the Information Services category exceeds \$50,000. **Work Program #C19382. WITHDRAWN DECEMBER 8, 2010.**

**57. Department of Business and Industry – Industrial Relations – FY 2011 –** Addition of \$86,277 in Worker's Compensation and Safety Funding to provide for contract services related to the Subsequent Injury Board and the Subsequent Injury Board for Association of Self Insured Public and Private Employers. Requires Interim Finance approval since the amount added to the Subsequent Injury Board category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19827**

Refer to motion for approval under Agenda Item F.

**58. Department of Business and Industry – Industrial Relations – Occupational Safety and Health Enforcement – FY 2011 –** Addition of \$119,993 in Worker's Compensation and Safety Funds to provide legal services for the Nevada Occupational Safety and Health Review Board. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C19419**

Refer to motion for approval under Agenda Item F.

**59. Department of Business and Industry – Industrial Relations – Occupational Safety and Health Enforcement – FY 2011 –** Addition of \$195,000 in Worker's Compensation and Safety Funds to replace a permit processing and tracking system for the Occupational Safety and Health Administration (OSHA) Mechanical

Unit. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **Work Program #C19861**

Mr. Krmpotic explained item 59 requested the addition of \$195,000 in Worker's Compensation and Safety funds to replace a permit processing and tracking system for the Occupational Safety and Health Administration (OSHA) mechanical unit. He noted the 2007 Legislature approved funding of \$295,000 to replace the mechanical object database system, and a contract was signed with Versa Systems in March 2008.

Mr. Krmpotic said the Industrial Relations Division had indicated the system was not working as intended and required, resulting in workload and accounts receivable/payable backlogs. The Division had been working to resolve issues with Versa, but progress had been slow, and there was no contractual resource to rectify the problems. The Division was obtaining an estimated cost for Versa to correct the deficiencies, but the cost estimate was not yet available. Mr. Krmpotic reported the Division believed the best course of action would be to purchase a new system called Jurisdiction Online (JO), which was utilized for state and local government regulation by more than 2,000 users, 27 state regulatory agencies and over 80 local jurisdictions, insurance companies, and other industries.

Mr. Krmpotic asked the Division to respond to the following:

- The possibility that Versa could rectify some of the issues of the existing system and provide cost estimates and a timeline.
- Whether the Purchasing Division had granted approval to move forward with the contract with JO.
- The agency's plans to ensure successful implementation of the new software system if funding was approved.

Don Jayne, Administrator, Division of Industrial Relations (DIIR), introduced Lori Meyer, Administrative Services Officer, and Grant Reynolds, Information Technology Manager, from the Department of Business and Industry.

Mr. Jayne explained that the deliverables for this project were occurring at the time he joined the agency. From the manner in which the contract was drafted, he ascertained that as Versa went through the process and reached different benchmarks, payments were released. He believed that because the system was never put under load with the full workload and capacity of the objects, e.g., elevators, escalators, boilers, and other items in the permitting system, the screen snapshots looked good to staff. When the software was brought into production and under load in June 2009, the Division determined there were problems with the software. The Division tried to work with the vendor to fix the problems, but they only got worse. Mr. Jayne said it currently took staff seven times longer to perform the operations in the mechanical unit. He was very disappointed, but the reality was the Division had a backlog and the situation was an emergent one.

Assemblyman Bobzien observed that the situation was basically an implementation project gone awry. He assumed the company had been requested to provide professional services to implement the system correctly; he asked whether the Division had received an estimate of those costs. Secondly, if the Division chose to go to another system, he asked whether there were assurances that the Division had a better knowledge of the requirements and would require a better plan for quality assurance to avoid being in the same situation several months from now.

Mr. Jayne said he agreed 100 percent with Mr. Bobzien's observations; it was a classic example of a project that went awry. The Division could continue to work with Versa to try to fix the system, but it was felt the structural problems within the software would literally need to be rewritten, and the project would end up back in the design stage. Mr. Jayne said there were other appropriate vendors available that specialized in this type of software, and rather than return to the design stage, the Division would prefer the opportunity to look for a turn-key operation from those vendors.

Assemblyman Bobzien said he understood the desire to switch vendors, but he wondered whether the Division had a better plan and system for evaluating and implementing the new software that would take all factors into account.

Mr. Jayne replied the Division had developed a very detailed list of specifications necessary for successful implementation of a new system. There were ongoing internal discussions and research; he believed the Division would have the essential information to select an appropriate vendor.

Chairman Horsford asked how this situation occurred in the first place. The \$243,000 was paid; there was nothing in the contract that allowed liquidated damages; money was paid along the way; it was unclear whether Versa could correct the deficiencies because the cost was unknown; and there were other vendors who might have been better suited from the start. He wanted to review the entire process from the beginning; he did not understand why the contract did not include recourse provisions.

Mr. Jayne replied he agreed problems occurred in the process. It was his understanding that the decision of the software vendor was made at the department level. He was not certain who negotiated the contract, but he agreed it was flawed. He did not have a specific dollar amount from Versa to fix the system because Versa was looking for a financial commitment to help develop a piece of software that should have been developed from the beginning. He reiterated the company was not currently successfully correcting issues with the system.

Grant Reynolds, Information Technology Manager, Department of Business and Industry, testified he was not with the agency when the contract was developed. Someone had made the decision for the Division to implement the system, which on the surface might have looked like a good general fit. However, discussions with employees in the Division indicated no one had an opportunity to evaluate the system.

Chairman Horsford requested specific information concerning who made the decisions at what level and who reviewed the contracts. He asked how review of contracts for professional contract services had customarily been conducted.

Mr. Reynolds replied the contracts could be retrieved to identify who made the decisions and conducted the review. He explained several years ago a good-of-the-state contract was put together by a team of individuals at the state level, involving the Department of Information Technology (DoIT) and State Purchasing. The contract looked at licensing and enforcement of regulatory-type systems or packages to identify vendors that supported that type of function. The team determined there were four qualified vendors for the state to use. Beyond that, any department in the state could approach those vendors, provide them with requirements, and have them bid on the requirements and evaluate the software needs; agencies did not have to conduct a full competitive bid process each time a system was needed. Mr. Reynolds reiterated it appeared that the decision to select Versa from the vendor list was made at the department level.

Assemblyman Bobzien remarked a larger concern should be what other problems were looming because of insufficient guidance and selection procedures for professional contracts.

Assemblywoman Smith stated she was concerned with how a contract could allow for the retention to be paid when the contract was not completed. She was uncomfortable with the proposal until more information was available. There needed to be some accountability of how the \$243,000 was spent with no services delivered. She wanted answers to the questions: Was the company being held accountable? What was being done legally? What did the contract say? Why was the retention paid? What was the response from Versa?

Chairman Horsford indicated he agreed. He asked Mr. Jayne to explain the primary purpose of the system and whether the old system was still in place.

Mr. Jayne replied the primary purpose was to work within the Division's mechanical section to process permitting and approvals for elevator, boiler and escalator permits, which was Versa's component within the mechanical section. Prior to Versa, it was his understanding there had been proprietary maintenance fees paid to DoIT, but DoIT was no longer in a position to support the Legacy software previously used.

Chairman Horsford affirmed the Division had a system that was not working, there was a previous system that was not operable, and nothing was currently in place.

Mr. Jayne replied the Versa system was in place and attempts were being made to correct the deficiencies, but the work was getting done, albeit very slowly and inefficiently.



Assemblywoman Carlton stated she was concerned about inspections; they were very important as far as the public safety aspect. She asked whether inspections were behind because of the problem.

Mr. Jayne replied inspections were behind, but of even more concern was that an inspector could be assigned an inspection only to find that one had been conducted two weeks before. The backlog also included billables, resulting in delays in fee income: the current estimate was as much as \$500,000 in the processing backlog. Mr. Jayne added he would check with DoIT to verify that the previous software was no longer available as earlier stated.

Chairman Horsford requested that Mr. Jayne consult with the Attorney General's Office concerning the possibility of mitigation with Versa. Mr. Jayne responded he had asked the Division's in-house counsel to review the contract for possible recourse, but it was determined there was no recourse; he would check further.

Chairman Horsford asked what the consequences would be if the request was not approved at this meeting; he suggested the questions concerning the costs to correct or replace the system and what recourse the agency had against Versa should be answered before expending more funds.

Mr. Jayne reiterated the software was slow and inefficient, but the agency could limp along and revisit some of the issues. He would provide more specific information. He was not confident in the work that had been done by the current vendor or in the vendor's ability to fix the system.

Chairman Horsford suggested no action be taken and the item be deferred until the next IFC meeting to allow the Division to bring back answers to the questions and a more specific plan of action for remediation.

ASSEMBLYWOMAN SMITH MOVED TO DEFER ACTION ON  
ITEM 59 UNTIL THE NEXT MEETING.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED.

- 60. Commission on Economic Development – Nevada Film Office – FY 2011 –** Transfer of \$171,019 from the Reserve category to the Scouting Locations category in support of the agency's Film Site Location Assistance program. Requires Interim Finance approval since the amount transferred to the Scouting Locations category exceeds \$50,000. **Work Program #C19750**

Refer to motion for approval under Agenda Item F.

- 61. Commission on Economic Development – Rural Community Development – FY 2011 –** Transfer of \$4,206 from the Reserve category to the Caliente

Community Development Block Grant – Housing and Urban Development (CDBG/HUD) category and \$58,856 from the Reserve category to the Revolving Loans category to support ongoing Nevada Revolving Loan Program activities. Requires Interim Finance approval since the amount transferred to the Revolving Loans category exceeds \$50,000. **Work Program #C19755**

Refer to motion for approval under Agenda Item F.

- 62. Commission on Tourism – Tourism Development – FY 2011** – Transfer of \$53,526 from the Reserve category to the Tourism Grant category to allow the agency to reimburse grant recipients for expenditures made on grant awards. Requires Interim Finance approval since the amount transferred to the Tourism Grant category exceeds \$50,000. **Work Program #C19967**

Refer to motion for approval under Agenda Item F.

- 63. Department of Health and Human Services – Director's Office – Administration – FY 2011** – Addition of \$118,680 in Early Childhood Comprehensive Systems (ECCS) grant funds to support states and communities in their efforts to build and integrate early childhood service systems that address the critical components of access to comprehensive health services and medical homes; social-emotional development and mental health of young children; early care and education; and parenting education and family support. Requires Interim Finance approval since the amount added to the ECCS category exceeds \$50,000. **Work Program #C19880**

Refer to motion for approval under Agenda Item F.

- 64. Department of Health and Human Services – Director's Office – Administration – FY 2011** – Addition of \$121,230 in Early Childhood Advisory Council (ECAC) grant funds to bring together top decision makers for collective discussions about how to better coordinate services so that young children have the supports in place they need to grow into strong, healthy, productive adults. Requires Interim Finance approval since the amount added to the ECAC grant category exceeds \$50,000. **Work Program #C19883**

Refer to motion for approval under Agenda Item F.

- 65. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 2011** – Addition of \$2,389,268 in federal Community Services Block Grant (CSBG) funds to support contracted auditors to perform fiscal reviews of the CSBG grantees and provide community services to low-income families. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing. Work Program #C40291**

Refer to motion for approval under Agenda Item F.

- 66. Department of Health and Human Services – Director’s Office – Public Defender – FY 2011** – Addition of \$100,000 in John R. Justice federal grant funds to provide federal student loan forgiveness for public service employees by cancelling remaining debt after ten years of income-based repayment. Requires Interim Finance approval since the amount added to the John R. Justice grant category exceeds \$50,000. **Work Program #C19881**

Refer to motion for approval under Agenda Item F.

- 67. Department of Health and Human Services – Aging Services – Federal Programs and Administration – FY 2011** – Addition of \$186,675 in Medicare Improvements for Patients and Providers Act (MIPPA) for Beneficiary Outreach and Assistance grant funds to improve beneficiary access to preventive and mental health services; to enhance low-income benefit programs; and to maintain access to care in rural areas, including pharmacy access for the Medicare program. Requires Interim Finance approval since the amount added to the MIPPA Grant category exceeds \$50,000. **Work Program #C19981**

Refer to motion for approval under Agenda Item F.

- 68. Department of Health and Human Services – Aging Services – Federal Programs and Administration – FY 2011** – Addition of \$619,224 in federal Title V Senior Employment grant funds to provide part-time employment and training opportunities for low-income adults age 55 and older. Requires Interim Finance approval since the amount added to the Title V Senior Community Services category exceeds \$50,000. **Work Program #C20019**

Refer to motion for approval under Agenda Item F.

- 69. Department of Health and Human Services – Aging Services – Community Based Services – FY 2011** – Transfer of \$90,720 from the Autism category to the Information Services category to create and deploy a computer module to the current case tracking system, which will allow for the collection of statistical data for better program management and to hire a contract program manager. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C19781. WITHDRAWN NOVEMBER 18, 2010.**

- 70. Department of Health and Human Services – Aging Services – Community Based Services – FY 2011** – Addition of \$29,997 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 10 percent of the legislatively-approved level for that category. **Work Program #C19995**

Refer to motion for approval under Agenda Item F.

71. **Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 2011** – Transfer of \$357,430 from the Reserve for Resident Protection category to the Payments to State Agencies category to support Nevada State Health Division contract costs to develop training to reduce infectious disease outbreaks in skilled nursing facilities and continue the support of an Ombudsman position with the Aging and Disability Services Division consistent with A.B. 6, Section 4 of the 26<sup>th</sup> Special Session. Requires Interim Finance approval since the amount transferred to the State Agencies category exceeds \$50,000. **Work Program #C19832**

Refer to motion for approval under Agenda Item F.

72. **Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 2011** – Addition of \$1,000,000 in federal State Planning and Establishment Grants for the Affordable Care Act's Exchange funds to help the Division introduce the Exchange into the Nevada marketplace and develop baseline information and key metrics by which the state will be able to assess the impact of the Exchange. Requires Interim Finance approval since the amount added to the Affordable Care Act's Exchange grant category exceeds \$50,000 and it includes one new position. **Work Program #C19851**

Refer to motion for approval under Agenda Item F.

73. **Department of Health and Human Services – Health Division – Radiological Health – FY 2011** – Addition of \$327,000 in Transfer from Emergency Management's Homeland Security Grant to support the purchase of radiological nuclear detection equipment to improve Nevada's ability to detect and interdict illicit radiological and nuclear materials, consistent with the Department of Homeland Security, Domestic Nuclear Detection Office recommendations for interior states. Requires Interim Finance approval since the amount added to the Homeland Security category exceeds \$50,000. **Work Program #C19858.**

Refer to motion for approval under Agenda Item F.

74. **Department of Health and Human Services – Health Division – Radiological Health – FY 2011** – Deletion of \$229,000 in federal Public Health Emergency Preparedness funds supporting the oversight function at the Beatty site as a result of the federal agency contracting directly with a private vendor. Requires Interim Finance approval since the amount deducted from the Department of Energy Radiation Contract category exceeds \$50,000. **Work Program #C19855. WITHDRAWN DECEMBER 6, 2010.**

75. **Department of Health and Human Services – Health Division – Radiological Health – FY 2011** – Deletion of \$20,455 in receipts from the federal Department of Energy funding and transfer of \$5,100 from the Waste Isolation Pilot Project category to the Personnel Services category for overtime to support the safe transportation of transuranic (TRU) waste to the Waste Isolation Pilot Project (WIPP). Requires Interim Finance approval since the amount deducted from the WIPP Contract category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C19856**

Refer to motion for approval under Agenda Item F.

76. **Department of Health and Human Services – Health Division – Immunization Program – FY 2011** – Transfer of \$24,330 from the Personnel Services category and \$79,893 from the Immunization Registry Expansion category to the Reserve for Reversion category as a result of securing ARRA funding for expanding the immunization registry processed in Work Program #C18437. Requires Interim Finance approval since the amount transferred from the Immunization Registry Expansion category exceeds \$50,000. **Work Program #C19854**

Refer to motion for approval under Agenda Item F.

77. **Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 2011** – Addition of \$180,086 in federal Epidemiology and Laboratory Capacity grant funds to support the campaign to promote safe injection practices. Requires Interim Finance approval since the amount added to the Safe Injection Practices Campaign (SIPC) category exceeds \$50,000. **Work Program #C19739**

Refer to motion for approval under Agenda Item F.

78. **Department of Health and Human Services – Health Division – Health Facilities Hospital Licensing – FY 2011** – Transfer of ~~\$20,406~~ ~~\$33,453~~ to the Operating category, ~~\$261~~ ~~\$1,011~~ to the Clinical Laboratory Improvement Amendments (CLIA) category, ~~\$2,022~~ to the federal Minimum Data Set (MDS) category, ~~\$3,631~~ to the federal Outcome Assessment System Information Set (OASIS) category, ~~\$1,628~~ to the Medical Lab Inspection category, and ~~\$5,451~~ ~~\$8,937~~ to the Information Services category from the Reserve category to relocate the Bureau of Health Care Quality and Compliance to the currently leased facility. 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 #C19912. REVISED DECEMBER 6, 2010.**

Refer to motion for approval under Agenda Item F.

79. **Department of Health and Human Services – Health Division – Community Health Services – FY 2011** – Transfer of \$42,812 from the Reserve category to

the United Health Settlement category to enhance the provision of primary and preventative care programs for health care in rural areas. Requires Interim Finance approval since the amount added to the United Health Settlement category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19706**

Refer to motion for approval under Agenda Item F.

- 80. Department of Health and Human Services – Health Division – Marijuana Health Registry – FY 2011** – Addition of \$546,228 in Licenses and Fees to support the additional operating, background checks, and indirect administration costs required as a result of the increased caseload. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C18873**

Refer to motion for approval under Agenda Item F.

- 81. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2011** – Addition of \$167,790 in federal Newborn Hearing Screening grant funds to support the increased data capacity and increased efficiencies in tracking and follow-up of children with identified hearing problems. Requires Interim Finance approval since the amount added to the Newborn Hearing Screening category exceeds \$50,000. **Work Program #C19774**

Refer to motion for approval under Agenda Item F.

- 82. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 2011** – Addition of \$108,452 in federal Nevada Early Hearing Detection and Intervention (NEHDI) funds to support providing every infant born in Nevada with a hearing screening at birth and also facilitates the follow-up for screens with adverse outcomes. Requires Interim Finance approval since the amount added to the NEHDI category exceeds \$50,000. **Work Program #C19777**

Refer to motion for approval under Agenda Item F.

- 83. Department of Health and Human Services – Health Division – Community Health Services – FY 2011** – Addition of \$231,911 in federal Assistant Secretary for Preparedness and Response (ASPR) Public Health Preparedness – Hospital Preparedness Program (HPP) funds; transfer of \$38,070 from the Vaccines category to the Family Planning category; transfer of \$546 from the Operating category to the Family Planning category; and transfer of \$2,742 from the Operating category to the Department Cost Allocation category to true-up funding and support the development of preparedness plans and increase response capacity to all hazards. Requires Interim Finance approval since the amount

added to the ASPR – Hospital Preparedness Program category exceeds \$50,000. **Work Program #C19867**

Refer to motion for approval under Agenda Item F.

84. **Department of Health and Human Services – Welfare and Supportive Services – Child Assistance and Development – FY 2011** – Transfer of \$105,000 from the Reserve for Federal Funding category to the Information Services category to perform day-to-day operational maintenance of the Nevada Child Care System (NCCS), resolve all identified defects not fixed during the warranty period and to address any newly discovered defects. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C19605**

Refer to motion for approval under Agenda Item F.

85. **Department of Health and Human Services – Mental Health and Developmental Service – Southern Nevada Adult Mental Health Services – FY 2011** – Addition of \$296,493 in Transfer from Desert Willow Treatment Center for its share of food expenses with the Morrison Food Services contract. Requires Interim Finance approval since the amount added to the Food Service Center category exceeds \$50,000. **Work Program #C19258**

Refer to motion for approval under Agenda Item F.

86. **Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 2011** – Transfer of \$562,303 from the Personnel Services category to the Professional Services category to fund contract psychiatrists to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000. **Work Program #C19700**

Refer to motion for approval under Agenda Item F.

87. **Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 2011** – Addition of \$97,710 in Projects for Assistance in Transition from Homelessness (PATH) grant funds to support the delivery of services to eligible persons who meet homeless and serious mental illness criteria. Requires Interim Finance approval since the amount added to the PATH grant category exceeds \$50,000. **Work Program #C19728**

Refer to motion for approval under Agenda Item F.

88. **Department of Health and Human Services – Mental Health and Developmental Services – Sierra Regional Center – FY 2011** – Addition of \$38,000 in federal grant funding 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 Expenses category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C19581**

Refer to motion for approval under Agenda Item F.

- 89. Department of Health and Human Services – Child and Family Services – Community Juvenile Justice Programs – FY 2011** – Addition of \$268,362 in federal Office of Juvenile Justice and Delinquency Prevention grant funds to support local governments and not-for-profit agencies operate juvenile justice and delinquency programs consistent with the intent of the federal regulations and the State Legislature. **Requires Interim Finance approval since the amount involves the allocations of block grant funds and this action requires a public hearing. Work Program #C19732**

Refer to motion for approval under Agenda Item F.

- 90. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Programs – FY 2011** – Addition of \$78,324 in Title V Community Prevention Grants Program funds to reduce risks and enhance protective factors to prevent at-risk youth from entering the juvenile justice systems and to intervene with first-time and non-serious offenders to keep them out of the juvenile justice system. Requires Interim Finance approval since the amount added to the Title V Grant category exceeds \$50,000. **Work Program #C19765**

Refer to motion for approval under Agenda Item F.

- 91. Department of Health and Human Services – Division of Child and Family Services – Juvenile Correctional Facility – FY 2011** – Transfer of \$46,127 from the Operating category and \$28,873 from the Transfer to Debt Service Fund category to the Utilities category to cover required utility costs for security and maintenance of the buildings and grounds. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds \$50,000. **Work Program #C19633**

Refer to motion for approval under Agenda Item F.

- 92. Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 2011** – Addition of \$340,090 in Adoption Incentive grant funds to support the adoption process for children currently in temporary residences. Requires Interim Finance approval since the amount added to the Adoption Incentive Payments category exceeds \$50,000. **Work Program #C19784**



Refer to motion for approval under Agenda Item F.

- 93. Department of Health and Human Services – Division of Child and Family Services – Nevada Youth Training Center – FY 2011** – Addition of \$186,968 in Transfer from Education – Title I funds to support a portion of two special education teacher salaries and instructional support materials. Requires Interim Finance approval since the amount added to the Title I – Special Education category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C18656**

Refer to motion for approval under Agenda Item F.

- 94. Department of Health and Human Services – Division of Child and Family Services – Nevada Youth Training Center – FY 2011** – Addition of \$43,045 in Transfer from Education – Carl Perkins Corrections funds to provide needed equipment and instructional materials for the Career and Technical Education (CTE) programs. Requires Interim Finance approval since the amount added to the Carl Perkins Subgrant category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C19757**

Refer to motion for approval under Agenda Item F.

- 95. Department of Health and Human Services – Division of Child and Family Services – Youth Parole Services – FY 2011** – Transfer of \$1,312,171 from the Youth Parole Placements category to the Transitional Community Re-integration category to streamline the accounting function since both categories have the same contractors and services for this program. Requires Interim Finance approval since the amount transferred to the Transitional Community Re-integration category exceeds \$50,000. **Work Program #C18675**

Refer to motion for approval under Agenda Item F.

- 96. Department of Health and Human Services – Division of Child and Family Services – Southern Nevada Child and Adolescent Services – FY 2011** – Transfer of \$390,000 from the Personnel Services category to the Temporary Contract Staffing category to account for temporary contract services to cover mandated staffing levels. Requires Interim Finance approval since the amount transferred to the Temporary Contract Staffing category exceeds \$50,000. **Work Program #C18825**

Refer to motion for approval under Agenda Item F.

- 97. Department of Health and Human Services – Division of Child and Family Services – Southern Nevada Child and Adolescent Services – FY 2011** – Addition of \$523,477 in Reimbursement for Rental Expense funds and deletion of

\$671,811 in Rental Income funds to clarify the rental income for accounting purposes and to recognize the reduction in rent expense. Requires Interim Finance approval since the reduction to the Operating category exceeds \$50,000. **Work Program #C18860**

Refer to motion for approval under Agenda Item F.

- 98. Department of Employment, Training and Rehabilitation – Administrative Services – Information Development and Processing – FY 2011** – Transfer of \$212,231 from the Reserve category to the Equipment category and \$3,850 from the Reserve category to the Training category to fund an upgrade to the Department's existing videoconferencing system and add videoconferencing capabilities to two additional locations for improved audio and visual communication between offices. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000. **Work Program #C19966**

Refer to motion for approval under Agenda Item F.

- 99. Department of Employment, Training and Rehabilitation – Administrative Services – Research and Analysis – FY 2011** – Addition of \$298,733 in federal ARRA Labor Market Information (LMI) Consortium grant funds to align grant authority with state budget authority to continue support for the state's LMI Improvement Through Projections Infrastructure Modernization project. Requires Interim Finance approval since the amount added to the LMI Consortium Grant category exceeds \$50,000. **Work Program #C19796**

Refer to motion for approval under Agenda Item F.

- 100. Department of Employment, Training and Rehabilitation – Rehabilitation – Disability Adjudication – FY 2011** – Transfer of \$19,682 from the Training category to the In-State Travel category to fund projected in-state travel needs through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the In-State Travel category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19928**

Refer to motion for approval under Agenda Item F.

- 101. Department of Employment, Training and Rehabilitation – Rehabilitation – Vocational Rehabilitation – FY 2011** – Addition of \$174,292 in federal Supported Employment grant funds to align grant funding with state budget authority. Requires Interim Finance approval since the amount added to the Supported Employment category exceeds \$50,000. **Work Program #C19929**

Refer to motion for approval under Agenda Item F.

- 102. Department of Employment, Training and Rehabilitation – Employment Security – FY 2011** – Addition of \$636,264 in federal Wagner Peyser Employment Services 7b Reserve Administrative Cost Allowance grant funds to align federal and state authority to comply with requirements in the Wagner Peyser grant to designate 10 percent of the grant award for services for groups with special needs. Requires Interim Finance approval since the amount added to the Employment Services 7B Reserve category exceeds \$50,000. **Work Program #C19896**

Refer to motion for approval under Agenda Item F.

- 103. Department of Employment, Training & Rehabilitation – Employment Security – FY 2011** – Addition of \$68,374 in federal ARRA Wagner Peyser Administrative Cost Allowance grant funds to align state authority with program obligations through the remainder of the grant period. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 105. Work Program #C19588**

Refer to motion for approval under Agenda Item F.

- 104. Department of Employment, Training & Rehabilitation – Employment Security – Career Enhancement Program – FY 2011** – Deletion of \$70,719 in federal Administrative Cost Allowance ARRA Re-Employment Services grant funds and transfer of \$86,757 from the Personnel Services category to the Operating category and \$70,891 from the Division Cost Allocation category to the Information Services category to realign authority for this program. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C19482**

Refer to motion for approval under Agenda Item F.

- 105. Department of Employment, Training & Rehabilitation – Employment Security – Career Enhancement Program – FY 2011** – Deletion of \$39,317 in ARRA Wagner Peyser grant funds and transfer of \$7,045 from the Client Services category to the Personnel Services category, \$363 from the Client Services category to the In-State Travel category, \$32,008 from the Client Services category to the Operating category, \$602 from the Information Services category to the Utilities category, \$412 from the Client Services category to the Utilities category, and \$10,845 from the Client Services category to the Division Cost Allocation category to align state authority with program obligations through the remainder of the grant period. Requires Interim Finance approval since the amount deducted from the Client Services category exceeds \$50,000. **RELATES TO ITEM 103. Work Program #C19577**

Refer to motion for approval under Agenda Item F.

- 106. Department of Employment, Training and Rehabilitation – Employment Security – Special Fund – FY 2011** – Transfer of \$1,005,412 from the Reserve category to the Maintenance of Buildings & Grounds category to complete building maintenance projects funded but not completed in FY 2010. Requires Interim Finance approval since the amount added to the Maintenance of Buildings & Grounds category exceeds \$50,000. **Work Program #C19255**

Refer to motion for approval under Agenda Item F.

- 107. Commission on Peace Officers Standards and Training – FY 2011** – Addition of \$1,044,000 in ARRA JAG funds transferred from the Department of Public Safety to balance forward remaining authority to provide standardized policy and procedure manuals for criminal justice agencies throughout the state. Requires Interim Finance approval since the amount added to the ARRA Stimulus category exceeds \$50,000. **Work Program #C19895**

Refer to motion for approval under Agenda Item F.

- 108. Department of Corrections – Director's Office – FY 2011** – Addition of \$262,814 in Budgetary Transfers to provide funding for an energy retrofit project. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **RELATES TO ITEM 113. Work Program #C19894**

Refer to motion for approval under Agenda Item F.

- 109. Department of Corrections – Correctional Programs – FY 2011** – Deletion of \$10,095 in Department of Justice Prison Reentry Initiative grant funds, and transfer of \$975 from the Prison Reentry Initiative Grant category to the Personnel Services category to align federal and state authority and provide adequate authority for grant-funded positions. Requires Interim Finance approval since the cumulative change to the Prison Reentry Initiative Grant category exceeds \$50,000. **Work Program #C19045**

Refer to motion for approval under Agenda Item F.

- 110. Department of Corrections – Correctional Programs – FY 2011** – Addition of \$100,000 in Justice Assistance Grant (JAG) funds transferred from the Department of Public Safety to provide pre and post-release training and entry services such as employment preparation and placement, vocational training, and life skills for inmates. Requires Interim Finance approval since the amount added to the JAG Project Determination category exceeds \$50,000. **Work Program #C19835**

Refer to motion for approval under Agenda Item F.

- 111. Department of Corrections – Correctional Programs – FY 2011** – Addition of \$637,665 in Department of Justice (DOJ) Reentry Demonstration Project grant funds to develop a statewide prisoner reentry program through pre and post-release assistance. Requires Interim Finance approval since the amount added to the DOJ Reentry Demonstration Project category exceeds \$50,000. **Work Program #C19862**

Refer to motion for approval under Agenda Item F.

- 112. Department of Corrections – Correctional Programs – FY 2011** – Addition of \$24,467 in Department of Justice, Going Home Prepared grant funds to continue support for educational and vocational training programs. Requires Interim Finance approval since the cumulative amount added to the Going Home Prepared Grant category exceeds \$50,000. **Work Program #C19044**

Refer to motion for approval under Agenda Item F.

- 113. Department of Corrections – Ely State Prison – FY 2011** – Deletion of \$312,814 in Budgetary Transfers to provide funding for statewide projected expenditures within the Department. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds \$50,000. **RELATES TO ITEMS 108 and 115. Work Program #C19900**

Refer to motion for approval under Agenda Item F.

- 114. Department of Corrections – Southern Nevada Correctional Center – FY 2011** – Deletion of \$50,000 in Budgetary Transfers to provide funding for statewide projected expenditures within the Department. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds 10 percent of the legislatively-approved amount for that category. **RELATES TO ITEM 115. Work Program #C19903**

Refer to motion for approval under Agenda Item F.

- 115. Department of Corrections – Stewart Conservation Camp – FY 2011** – Addition of \$100,000 in Budgetary Transfers to fund a projected shortfall in utility costs. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$50,000. **RELATES TO ITEMS 113 and 114. Work Program #C19905**

Refer to motion for approval under Agenda Item F.

- 116. Department of Corrections – Inmate Welfare Account – FY 2011** – Transfer of \$40,000 from the Satellite Television Costs category to the A.B. 389/533 Stale Claims category to reimburse the General Fund through the Prison Medical Care budget for medical stale claims paid pursuant to NRS 209.246. Requires Interim Finance approval since the amount added to the A.B. 389/533 Stale Claims

category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C20032**

Refer to motion for approval under Agenda Item F.

- 117. Department of Corrections – Prison Industry – FY 2011** – Transfer of \$169,944 from the Personnel Services category to the Retained Earnings category to eliminate vacant positions that are no longer supported. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C20112**

Refer to motion for approval under Agenda Item F.

- 118. Department of Motor Vehicles – Automation – FY 2011** – Addition of \$250,000 in Federal Motor Carrier Safety Administration (FMCSA) Commercial Driver's License (CDL) Program Improvement grant funds to support new transaction functionality and information, revise existing applications, support backwards compatibility with the American Association of Motor Vehicle Administrators (AAMVA) Central Site during transition, complete AAMVA Structured Testing, and complete FMCSA certification. Requires Interim Finance approval since the amount added to the CDL Program Grant category exceeds \$50,000. **Work Program #C19806. WITHDRAWN DECEMBER 1, 2010.**

- 119. Department of Motor Vehicles – Automation – FY 2011** – Transfer of \$68,250 from the Personnel Services category to the Commercial Drivers License (CDL) Program Grant category due to a change in the grant spending plan. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$50,000. **Work Program #C20042**

Refer to motion for approval under Agenda Item F.

- 120. Department of Public Safety – Justice Assistance Act – FY 2011** – Addition of \$161,628 in Department of Justice (DOJ) Substance Abuse Parole and Probation grant funds, \$122,936 in Community Oriented Policing Services (COPS) grant funds, \$61,623 in COPS 2009 Child Sexual Predator Program (CSPP) grant funds, \$9,599 in Forensic Science Improvement (FSI) grant funds, \$180,456 in National Criminal History Improvement Project (NCHIP) grant funds, \$298,471 in National Instant Check System (NICS) Instant Background Check grant funds, and \$7,587 in Bulletproof Vest grant funds. Deletion of \$67,837 in Residential Substance Abuse Treatment (RSAT) grant funds, \$31,754 in Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking Office (SMART) grant funds, \$33,505 in Project Safe Neighborhood grant funds, and \$325,765 in Project Safe Neighborhood (PSN) Anti-Gang Initiative funds to align grant authority in FY 2011. Requires Interim Finance approval since the amount added to the NICS Background Check Grant category exceeds \$50,000. **Work Program #C19457**

Refer to motion for approval under Agenda Item F.

- 121. Department of Public Safety – Justice Assistance Act – FY 2011** – Addition of \$199,728 in Forensic Science Improvement (FSI) grant funds which will primarily be used for the Washoe County Sheriff's Office Forensic Science Division's firearms investigations. Requires Interim Finance approval since the amount added to the Forensic Science Improvement category exceeds \$50,000. **Work Program #C19690**

Refer to motion for approval under Agenda Item F.

- 122. Department of Public Safety – Justice Assistance Act – FY 2011** – Addition of \$150,000 in Justice Assistance Grant Parole and Probation (P&P) Technological, Advancement, and Improvement Project funds to enhance the supervision of sex offenders. Requires Interim Finance approval since the amount added to the P&P Technological Grant category exceeds \$50,000. **RELATES TO ITEM 161. Work Program #C19694**

Refer to motion for approval under Agenda Item F.

- 123. Department of Public Safety – Justice Assistance Act – FY 2011** – Transfer of \$78,933 from the Reserve category to the Assessment Fees 1122 Program category and transfer of \$642 from the Reserve category to the 1122 Program category to reallocate funds into the proper expenditure category to operate the 1122 purchasing program enabling law enforcement agencies throughout the state to purchase equipment using federal government buying schedules. Requires Interim Finance approval since the amount transferred to the Assessment Fees 1122 Program category exceeds \$50,000. **Work Program #C19789**

Refer to motion for approval under Agenda Item F.

- 124. Department of Public Safety – Justice Assistance Act – FY 2011** – Addition of \$119,266 in federal Project Safe Neighborhood grant funds to create safer neighborhoods by reducing gang and gun violence and crime by supporting law enforcement and prevention projects. Requires Interim Finance approval since the amount added to the Project Safe Neighborhood category exceeds \$50,000. **Work Program #C19060**

Refer to motion for approval under Agenda Item F.

- 125. Department of Public Safety – Justice Assistance Grant Trust – FY 2011** – Addition of \$2,299,082 in federal Justice Assistance Grant (JAG) funds to enable selected law enforcement, corrections and nonprofit agencies to execute a number of projects designed to reduce criminal activity throughout Nevada. Requires Interim Finance approval since the amount added to the JAG category exceeds \$50,000. **Work Program #C19500**

Refer to motion for approval under Agenda Item F.

- 126. Department of Public Safety – Justice Assistance Grant Trust – FY 2011 –**  
Transfer of \$5,585,906 from the Reserve category to the ARRA Justice Assistance Grant (JAG) category and transfer of \$1,651,507 from the Reserve category to the Justice Assistance Grant category to continue funding for new and ongoing law enforcement related programs. Requires Interim Finance approval since the amount transferred to the ARRA JAG category exceeds \$50,000. **Work Program #C19786**

Refer to motion for approval under Agenda Item F.

- 127. Department of Public Safety – Forfeitures – Law Enforcement – FY 2011 –**  
Transfer of \$14,413 from the Reserve category to the Training category to purchase simunition (artificial ammunition), law books, physical training gear, and use of the qualified defensive driving facility. Requires Interim Finance approval since the amount transferred to the Training category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19809. WITHDRAWN NOVEMBER 18, 2010.**

- 128. Department of Public Safety – Forfeitures – Law Enforcement – FY 2011 –**  
Transfer of \$121,230 from the Reserve category to the Evidence Vault category to provide additional and centralized storage for the northern command evidence. Requires Interim Finance approval since the amount added to the Evidence Vaults category exceeds \$50,000. **Work Program #C19951**

Mr. Krmpotic explained item 128 was a request to transfer \$121,230 from the Reserve category in the Forfeitures account to add an additional evidence vault in the northern command for the Department of Public Safety. Costs included rent for a storage facility from February through June, as well as equipment and tenant improvements, including building walls. He said staff understood the request would involve the use of federal forfeiture funds, which were time-limited as far as supporting ongoing operating expenses. He asked the agency to explain its plan to support the ongoing operations of the evidence vault beyond the one-year timeframe.

Mark Teska, Administrative Services Officer, Department of Public Safety, stated the Department had verified that the request was an allowable use of federal forfeiture funds. In ongoing expenditures beyond June 2011, the Department's agency budget request included a proposal to centralize the evidence function within the Department, including the occupancy costs, which would be allocated to the various users of the evidence vault based on inventory items. He said if the legislatively approved budget did not include the proposal, the Department would have two options: 1) allocate those occupancy costs to the using divisions, or 2) attempt to use federal forfeiture funds for ongoing expenditures, which would require a determination from the federal agency whether it was a viable option.

Mr. Krmpotic asked why the request was being made now if it was unclear whether it would be included in the Governor's Recommended budget and consequently the legislatively approved budget. There was also the issue of whether forfeiture funds



could be used beyond the one-year period of time if the budget request was not approved by the Governor or the Legislature.

Mr. Teska replied there was an immediate need for additional space because the current evidence vaults in the northern part of the state were overcrowded. He had received confirmation and verification that forfeiture funds could be used for the ongoing occupancy costs for 2012 and 2013.

Assemblywoman Carlton asked for what purposes the forfeiture funds were typically used. Mr. Teska replied there was a wide range of uses of forfeiture funds, including support of the Department's canine program and specific officer training.

SENATOR RHOADS MOVED FOR APPROVAL.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED.

**129. Department of Public Safety – Emergency Management – FY 2011** – Addition of \$27,160 in Transfer from Division of Emergency Management (DEM) Interoperable Emergency Communications Grant Program (IECGP) Administration funds, \$271,896 in Transfer from DEM – Department of Homeland Security (DHS) funds, \$682,830 in Transfer from DEM – Homeland Security Grant Program (HSGP) funds, and \$551,036 in Transfer from DEM – Public Safety Interoperable Communications (PSIC) funds to align budget authority with federal grant authority. Requires Interim Finance approval since the amount added to the PSIC Grant category exceeds \$50,000. **Work Program #C19426**

Refer to motion for approval under Agenda Item F.

**130. Department of Public Safety – Emergency Management – FY 2011** – Addition of \$39,151 in Transfer from U.S. Department of Energy Waste Isolation Pilot Plant (WIPP) funds; deletion of \$3,458 in Transfer from Public Safety – Emergency Assistance Grant Account funds, \$3,458 in Transfer from Division of Emergency Management (DEM) – Emergency Management Program Grant (EMPG) funds, and \$1,730 in Transfer from DEM – Department of Homeland Security (DHS) funds; and transfer of \$650 from the Operating category to the WIPP category to cover activities associated with the oversight of transuranic waste shipments within Nevada. Requires Interim Finance approval since the amount added to the WIPP category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19662**

Refer to motion for approval under Agenda Item F.

**131. Department of Public Safety – Emergency Management – FY 2011** – Addition of \$408,412 in Transfer from Division of Emergency Management (DEM)

Emergency Performance Management Grant (EMPG) funds to support comprehensive emergency management at the state and local level to reduce the impact of emergencies. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C19676**

Mr. Krmpotic said Fiscal staff had no issues with item 131, but proposed to make two adjustments. Staff had worked with the agency and ascertained that the amount of grant funding proposed to be added to the Personnel category was overstated, and staff suggested the Personnel category be reduced by \$47,857 and that amount be placed in the federal funding reserve. Secondly, there was an equipment purchase request in the amount of \$4,500 that staff recommended be categorized from the Operating category to the Equipment category

Mr. Teska indicated the Department concurred with the suggested revisions.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL FOR  
ITEM 131 AS REVISED.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

- 132. Department of Public Safety – Emergency Management – FY 2011** – Addition of \$82,573 in Transfer from Division of Emergency Management (DEM) Interoperable Emergency Communications Grant Program (IECGP) Administration funds to establish Communications Assets Survey and Mapping (CASM) training and database entry for interoperable communications equipment. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C19681**

Refer to motion for approval under Agenda Item F.

- 133. Department of Public Safety – Emergency Management – FY 2011** – Addition of \$35,061 in Transfer from Division of Emergency Management (DEM) Federal Emergency Management Agency (FEMA) – Hazardous Mitigation Program Grant (HMPG) – Waterfall funds, \$5,618 in Transfer from DEM – FEMA Clark/Lincoln Flood funds, \$48,010 in Transfer from DEM Hazardous Materials Administration-New Year's Flood 2006 funds, and \$3,841 in Transfer from DEM – FEMA Pre-Disaster Mitigation (PDM) – Fernley Flood 2008 funds to support management and administrative costs for the open disaster grants. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C19740**

Refer to motion for approval under Agenda Item F.

- 134. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$8,132,769 in Homeland Security Grant Program (HSGP)

Urban Area Initiative funds, \$1,208,858 in HSGP Law Enforcement Terrorism Prevention Program (LETPP) funds, \$143,441 in HSGP – Citizen Corp funds, \$219,186 in HSGP – Major Medical Response funds, \$244,188 in HSGP – Emergency Management Performance grant funds, and \$5,537,753 in HSGP funds to align budget authority with federal grant authority. Requires Interim Finance approval since the amount added to the Urban Area Initiative category exceeds \$50,000. **Work Program #C19223**

Refer to motion for approval under Agenda Item F.

- 135. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$600,000 in Emergency Operations Center grant funds, \$489,835 in Homeland Security Grant Program (HSGP) – Emergency Management Performance grant funds, and \$1,915,000 in Buffer Zone Protection Plan – Infrastructure Protection Program (IPP) funds and deletion of \$32,368 in Interoperable Emergency Communications funds to align budget authority with federal grant authority. Requires Interim Finance approval since the amount added to the Buffer Zone IPP category exceeds \$50,000. **Work Program #C19402**

Refer to motion for approval under Agenda Item F.

- 136. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$531,000 in Department of Energy (DOE) Emergency Preparedness Working Group (EPWG) grant funds to enhance emergency response capabilities related to the transportation of low-level radiological waste. Requires Interim Finance approval since the amount added to the DOE EPWG category exceeds \$50,000. **Work Program #C19675**

Refer to motion for approval under Agenda Item F.

- 137. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$100,000 in federal Pre-Disaster Mitigation grant funds to pass through to the University of Nevada, Bureau of Mines and Geology to develop a website that allows state, local, and public agencies to view the hazards affecting their jurisdictions and to implement risk reduction measures. Requires Interim finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$50,000. **Work Program #C19692**

Refer to motion for approval under Agenda Item F.

- 138. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$95,879 in Federal Pre-Disaster Mitigation funds to provide funding to Churchill County and White Pine County to support hazard mitigation activities that complement comprehensive mitigation programs, reduce injuries, loss of life, and damage and destruction of property. Requires Interim Finance

approval since the amount added to the Pre-Disaster Mitigation category exceeds \$50,000. **Work Program #C19730**

Refer to motion for approval under Agenda Item F.

- 139. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$48,811 in federal Emergency Management Agency (FEMA) Pre-Disaster Mitigation funds to provide funding to Nye County to support hazard mitigation activities that complement comprehensive mitigation programs, reduce injuries, loss of life, and damage and destruction of property. Requires Interim Finance approval since the cumulative amount added to the Pre-Disaster Mitigation category exceeds 50,000. **Work Program #C19795**

Refer to motion for approval under Agenda Item F.

- 140. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Deletion of \$100,000 in Transit Security grant program grant funds and \$4,954,500 in Department of Energy (DOE) – Nuclear Projects Office grant funds to align budget authority with federal grant authority. Requires Interim Finance approval since the amount deducted from the Nuclear Projects Office category exceeds \$50,000. **Work Program #C19823**

Refer to motion for approval under Agenda Item F.

- 141. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$2,642,195 in Federal Emergency Management Agency (FEMA) funds, \$1,212,469 in FEMA 1738 Fernley Flood funds, \$10,529,209 in FEMA 1583 – Clark/Lincoln Flood funds and \$1,758,850 in FEMA 1540 – Waterfall Fire funds to align budget authority with federal grant authority. Requires Interim Finance approval since the amount added to the FEMA Clark/Lincoln Flood category exceeds \$50,000. **Work Program #C19831**

Refer to motion for approval under Agenda Item F.

- 142. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Addition of \$921,720 in Interoperable Emergency Communications grant funds, \$6,129,501 in Public Safety Interoperable Communications (PSIC) grant funds, \$499,328 in Buffer Zone Protection Plan – Infrastructure Protection Plan (IPP) grant funds, and \$28,644 in Reimbursement – Emergency Management Assistance Compact (EMAC) Hurricane grant funds; and deletion of \$339,078 in Transit Security grant program supplemental funds to align budget authority with federal grant authority. Requires Interim Finance approval since the amount added to the PSIC Grant category exceeds \$50,000. **Work Program #C19836**

Refer to motion for approval under Agenda Item F.

- 143. Department of Public Safety – Emergency Management Assistance Grants – FY 2011** – Deletion of \$29,788 in Federal Emergency Management Agency (FEMA) Pre-Disaster Mitigation funds to align budget authority with federal grant authority. Requires Interim Finance approval since the cumulative amount added to the Pre-Disaster Mitigation category exceeds \$50,000. **Work Program #C19978**

Refer to motion for approval under Agenda Item F.

- 144. Department of Public Safety – Fire Marshal – FY 2011** – Addition of \$28,000 in federal grant U.S. Fire Administration/National Fire Academy (USFA/NFA) funds to support contractual services for fire training instructors and supplies associated with the National Fire Academy. Requires Interim Finance approval since the amount added to the USFA/NFA Grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19744**

Refer to motion for approval under Agenda Item F.

- 145. Department of Public Safety – Highway Patrol – FY 2011** – Addition of \$58,996 in Office of Traffic Safety grant funds for traffic collision reconstruction training courses. Requires Interim Finance approval since the amount added to the Traffic Accident Reconstruction category exceeds \$50,000. **Work Program #C19644**

Refer to motion for approval under Agenda Item F.

- 146. Department of Public Safety – Highway Patrol – FY 2011** – Addition of \$178,200 in State of Nevada Energy Efficiency and Conservation Block Grant funds to purchase idle reduction technology for up to 50 patrol vehicles. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing.** **Work Program #C19645**

Refer to motion for approval under Agenda Item F.

- 147. Department of Public Safety – Highway Patrol – FY 2011** – Addition of \$257,747 in Transfer from Traffic Safety funds to accept the FFY 2011 Joining Forces grant and align authority to provide funding for participation in statewide, multi-jurisdictional traffic enforcement activities that are focused on reducing fatalities and serious injury crashes in Nevada. Requires Interim Finance approval since the amount added to the Joining Forces Grant category exceeds \$50,000. **Work Program #C19646**

Refer to motion for approval under Agenda Item F.

- 148. Department of Public Safety – Highway Patrol – FY 2011** – Addition of \$89,300 in Transfer from Division of Emergency Management (DEM) to purchase

radiological detection equipment to allow the Nevada Highway Patrol (NHP) to provide planning and oversight of transuranic waste from the Nevada Test Site as the shipments travel across Nevada highways to bordering states. Requires Interim Finance approval since the amount added to the DEM Radiological Grant category exceeds \$50,000. **Work Program #C19872**

Refer to motion for approval under Agenda Item F.

- 149. Department of Public Safety – Highway Patrol – FY 2011** – Addition of \$24,822 in Prior Year Federal Terrorism Grant, \$10,823 in Attorney General Reimbursement, and \$59,266 in Transfer from Highway Safety Grants to account for prior year activity, support extraditions, and participate in traffic safety programs. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C19890**

Refer to motion for approval under Agenda Item F.

- 150. Department of Public Safety – Highway Patrol – FY 2011** – Addition of \$50,000 in High Level Nuclear Waste funds to plan, prepare, and provide oversight of shipments of transuranic waste from the Nevada Test Site to the Waste Isolation Pilot Plant facility in New Mexico. 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 #C18844**

Refer to motion for approval under Agenda Item F.

- 151. Department of Public Safety – Highway Patrol – FY 2011** – Addition of \$102,554 in High Intensity Drug Trafficking Area (HIDTA) Reimbursement funds to align grant authority in FY 2011 to accept reimbursement for overtime and specialized training incurred while working on behalf of the HIDTA Nevada Interdiction Task Force. Requires Interim Finance approval since the amount added to the HIDTA Task Force category exceeds \$50,000. **Work Program #C19647**

Refer to motion for approval under Agenda Item F.

- 152. Department of Public Safety – Division of Investigations – FY 2011** – Addition of \$59,397 in Transfer from Department of Emergency Management (DEM) State Homeland Security Program (SHSP) grant funds, \$85,431 in Transfer from DEM SHSP 2008 grant funds, \$8,240 in Transfer from DEM Law Enforcement Terrorism Protection Program (LETPP) grant funds, \$491,923 in Transfer from DEM SHSP 2009 grant funds, and \$1,829 in Transfer from Department of Public Safety Criminal Justice grant funds to align grant authority in FY 2011 to continue existing programs without interruption. Requires Interim Finance approval since the amount added to the DEM 2009 SHSP Grant category exceeds \$50,000. **Work Program #C19097**

Refer to motion for approval under Agenda Item F.

- 153. Department of Public Safety – Division of Investigations – FY 2011 –** Addition of \$111,450 in Justice Assistance Grant (JAG) funds for specialized training, operating supplies and investigation equipment for the purpose of narcotics enforcement. Requires Interim Finance approval since the amount added to the JAG Narcotic Enforcement category exceeds \$50,000. **Work Program #C19132**

Refer to motion for approval under Agenda Item F.

- 154. Department of Public Safety – Division of Investigations – FY 2011 –** Addition of \$83,488 in Justice Assistance Grant (JAG) funds to provide overtime for narcotics task force officers throughout the state. Requires Interim Finance approval since the amount added to the JAG Overtime category exceeds \$50,000. **Work Program #C19039**

Refer to motion for approval under Agenda Item F.

- 155. Department of Public Safety – Division of Investigations – FY 2011 –** Addition of \$165,700 in Transfer from Department of Emergency Management (DEM) State Homeland Security Program (SHSP) to fund two contracted intelligence analysts in support of the Nevada Threat Analysis Center (NTAC). Requires Interim Finance approval since the amount added to the DEM Analyst Grant category exceeds \$50,000. **Work Program #C19828**

Refer to motion for approval under Agenda Item F.

- 156. Department of Public Safety – Division of Investigations – FY 2011 –** Addition of \$707,685 in Transfer from Department of Emergency Management (DEM) 2010 State Homeland Security Program (SHSP) grant funds to support operations at the State Fusion Center. Requires Interim Finance approval since the amount added to the DEM 2010 State Homeland Security Program (SHSP) Grant category exceeds \$50,000. **Work Program #C19970**

Refer to motion for approval under Agenda Item F.

- 157. Department of Public Safety – Parole and Probation – FY 2011 –** Addition of \$13,129 in Transfer from Department of Public Safety Criminal Justice funds to balance forward remaining Community Oriented Policing Services (COPS) Child Sexual Predator Program (CSPP) grant authority to support overtime activities related to locating unregistered sex offenders, track and apprehend fugitives wanted for sex offenses and verify addresses of registered sex offenders. Requires Interim Finance approval since the amount added to the COPS CSPP Child Predator category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19041**

Refer to motion for approval under Agenda Item F.

- 158. Department of Public Safety – Parole and Probation – FY 2011** – Addition of \$120,656 in Transfer from Department of Public Safety Criminal Justice to continue providing substance abuse counseling in the Las Vegas area. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C19046**

Refer to motion for approval under Agenda Item F.

- 159. Department of Public Safety – Parole and Probation – FY 2011** – Addition of \$28,069 in U.S. Marshals Service Reimbursement funds for overtime expenditures for the Parole and Probation Officers that were assigned to various operations during the first quarter of SFY 2011. Requires Interim Finance approval since the amount added to the U.S. Marshals Service Reimbursement category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19049**

Refer to motion for approval under Agenda Item F.

- 160. Department of Public Safety – Parole and Probation – FY 2011** – Addition of \$161,628 in Substance Abuse Counseling Assistance Program funds to provide offenders with vouchers to participate in established substance abuse counseling programs. Requires Interim Finance approval since the amount added to the Substance Counseling Assistance Program category exceeds \$50,000. **Work Program #C19038**

Refer to motion for approval under Agenda Item F.

- 161. Department of Public Safety – Parole and Probation – FY 2011** – Addition of \$150,000 in Transfer from Department of Public Safety Criminal Justice to accept Justice Assistance Grant (JAG) funding to enhance the supervision of sex offenders. Requires Interim Finance approval since the amount added to the Technical Advancement JAG category exceeds \$50,000. **RELATES TO ITEM 122. Work Program #C19736**

Refer to motion for approval under Agenda Item F.

- 162. Department of Public Safety – Criminal History Repository – FY 2011** – Addition of \$482,076 in Transfer from Department of Public Safety Criminal Justice funds to accept the National Instant Criminal Background Check System Act Record Improvement Program (NARIP) grant to improve the accuracy and completeness of criminal history records. Requires Interim Finance approval since the amount added to the NARIP Grant category exceeds \$50,000. **Work Program #C19680. WITHDRAWN DECEMBER 6, 2010.**

- 163. Department of Public Safety – Criminal History Repository – FY 2011** – Transfer of \$90,000 from the Reserve category to the Information Services



category to enhance the existing Criminal History Repository's electronic fingerprint system. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000. **Work Program #C19678**

Refer to motion for approval under Agenda Item F.

- 164. Department of Public Safety – State Emergency Response Commission – FY 2011** – Addition of \$82,831 in U.S. Department of Transportation Hazardous Materials Emergency Preparedness (USDOT/HMEP) grant funds and transfer of \$20,707 from the Reserve category to the USDOT/HMEP 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 category exceeds \$50,000. **Work Program #C19727**

Refer to motion for approval under Agenda Item F.

- 165. Department of Public Safety – State Emergency Response Commission – FY 2011** – Transfer of \$182,843 from the Reserve category to the State Emergency Response Commission (SERC) Grants category and \$32,654 from the Reserve category to the Transfer to State Fire Marshal category to fund grants awarded to local emergency planning committees and support 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 SERC Grants category exceeds \$50,000. **Work Program #C19392**

Refer to motion for approval under Agenda Item F.

- 166. Department of Public Safety – State Emergency Response Commission – FY 2011** – Addition of \$170,588 in U.S. Department of Transportation Hazardous Materials Preparedness (USDOT/HMEP) Grant funds and transfer of \$42,648 from the Reserve category to the USDOT/HMEP 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 category exceeds \$50,000. **Work Program #C19440**

Refer to motion for approval under Agenda Item F.

- 167. Department of Public Safety – Traffic Safety – FY 2011** – Addition of \$1,269,910 in federal Traffic Safety Grant funds, \$2,504,454 in federal 410 Incentive Grant funds, \$145,582 in Federal 405 Incentive Grant funds, \$2,847 in federal 408 Incentive Grant funds, and \$414,792 in federal 406 Grant funds to align federal grant authority in SFY 2011. Requires Interim Finance approval since

the amount added to the 410 – Incentive Grant category exceeds \$50,000. **Work Program #C19287**

Refer to motion for approval under Agenda Item F.

- 168. Department of Public Safety – Traffic Safety – FY 2011** – Deletion of \$50,502 in Transfer from Nevada Department of Transportation (NDOT) to align budget authority with federal grant authority. Requires Interim Finance approval since the amount deducted from the NDOT Flex Funds category exceeds \$50,000. **Work Program #C19920**

Refer to motion for approval under Agenda Item F.

- 169. Department of Public Safety – Traffic Safety – FY 2011** – Addition of \$122,726 in federal 410 Incentive Grant funds, 54,500 in federal 2010 Incentive Grant funds, and \$75,878 in federal 408 Incentive Grant funds to align FY 2011 grant authority. Requires Interim Finance approval since the amount added to the 410 Incentive Grant Funds category exceeds \$50,000. **Work Program #C19994**

Refer to motion for approval under Agenda Item F.

- 170. Department of Public Safety – Highway Safety Plan and Administration – FY 2011** – Addition of \$1,800,000 in Transfer from Traffic Safety to accept an award from the State of Nevada Department of Transportation (NDOT) originating from the Federal Highway Administration (FHWA) to fund an upgrade to the state's citation and accident tracking system. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$50,000. **Work Program #C19921**

Mr. Krmpotic explained item 170 was a request for the Highway Safety Plan and Administration to transfer \$1.8 million from the Nevada Department of Transportation to provide flex-funding to upgrade the Nevada Citation and Accident Tracking System (NCATS). Fiscal staff questioned whether the end users of the NCATS system would be state law enforcement only or both state and local law enforcement and whether the ongoing maintenance costs would be allocated to the state user agencies or to local law enforcement as well.

Traci Pearl, Administrator, Office of Traffic Safety, Department of Public Safety, replied all Nevada law enforcement agencies were users of the NCATS program, including state and local jurisdictions. She said there was a specific funding source from the National Highway Traffic Safety Administration for the traffic records program, which provided an electronic citation and crash tracking ability for all law enforcement agencies in the state. She said those funds would be available in the near future and, at the same time, law enforcement agencies and the Nevada Sheriffs' and Chiefs' Association were pursuing legislation in 2011 and 2013 to help the future sustainability of the program if and when federal funding faded out.

Chairman Horsford asked whether all of the end users would share in the expense of maintaining the system.

Ms. Pearl replied the state had maintained the system with federal funding for the last nine years, but in the current economic climate in the state, the Sheriffs' and Chiefs' Association was considering how to sustain the costs in the future. However, there was sustainable federal funding for at least the next three to four years. Ms. Pearl explained the funding came from Federal Highway funds, and the NDOT was providing a five percent match.

Chairman Horsford remarked the issue was end users receiving the benefits but not contributing to the costs. Moving forward, there would have to be shared responsibility among all partners—local, state and otherwise.

Ms. Pearl replied that had been the goal of the Traffic Records Coordinating Committee, but with the current economic crisis, the local governments did not have sufficient funding. Without the federal funding, there would be problems with traffic enforcement and upgrading of law enforcement equipment. She said the local governments were aware that the funds being provided were considered seed money and would not be there forever. She reiterated the Nevada Sheriffs' and Chiefs' Association was looking for ways to either cost-allocate to each agency or have a fund to sustain the program for law enforcement across the state.

In response to Chairman Horsford's question as to the source of the NDOT match funding, Mr. Krmpotic said if the match was not state funds, he was not sure. The NDOT's funding sources primarily included State Highway and federal funds. Chairman Horsford said he would appreciate receiving the answer at some point in the future.

SENATOR LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Cegavske was not present for the vote.

**171. Department of Public Safety – Highway Safety Plan and Administration – FY 2011** – Addition of \$113,055 in Transfer from Traffic Safety funds to support programs specifically aimed at improving traffic safety. Requires Interim Finance approval since the amount added to the Traffic Records Management category exceeds \$50,000. **Work Program #C19998**

Refer to motion for approval under Agenda Item F.

- 172. Department of Public Safety – Highway Safety Plan and Administration – FY 2011** – Addition of \$14,489 in Transfer from Traffic Safety-402 Highway grant funds, \$10,321 in Transfer from Traffic Safety-408 Information System Improvement grant funds, and \$12,834 in Transfer from Traffic Safety-406 Incentive grant funds and deletion of \$8,420 in Transfer from Traffic Safety-410 Alcohol grant funds to align federal authority in FY 2011. Requires Interim Finance approval since the cumulative amount added to the 406 Incentive Funds category exceeds \$50,000. **Work Program #C19824**

Refer to motion for approval under Agenda Item F.

- 173. Department of Public Safety – Highway Safety Plan and Administration – FY 2011** – Addition of \$430,396 in Transfer from Traffic Safety-Nevada Department of Transportation (NDOT) Flex Funds to allow the Department of Public Safety (DPS), Office of Traffic Safety (OTS) to continue media campaigns aimed at seat belt usage and reducing impaired driving (DUI). Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$50,000. **Work Program #C19922**

Refer to motion for approval under Agenda Item F.

- 174. Department of Public Safety – State Fire Marshal – Cigarette Fire Safety Standard and Firefighter Protection Fund – FY 2011** – Addition of \$6,000 in Licenses and Fees and transfer of \$1,092 from the Reserve category to the In-State Travel category, \$8,575 from the Reserve category to the Operating category, \$59,427 from the Reserve category to the Equipment category, and \$9,181 from the Reserve category to the Information Services category to support life safety and fire prevention programs. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$50,000. **Work Program #C19473. WITHDRAWN DECEMBER 8, 2010.**

- 175. Department of Conservation and Natural Resources – Division of Forestry – FY 2011** – Addition of \$24,000 in United States Department of Agriculture Natural Resource Conservation Service grant funds to provide technical assistance in hazardous fuels reduction activities in the State of Nevada. Requires Interim Finance approval since the amount added to the Toiyabe National for Operating category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C18556**

Refer to motion for approval under Agenda Item F.

- 176. Department of Conservation and Natural Resources – Division of Forestry – FY 2011** – Addition of \$2,188,164 in 2009 United States Forest Service ARRA Stimulus grant funds to continue urban forest management and wildland fire threat reduction projects. Requires Interim Finance approval since the amount added to

the 2009 United States Forest Service ARRA Stimulus category exceeds \$50,000.  
**Work Program #C19792**

Refer to motion for approval under Agenda Item F.

- 177. Department of Conservation and Natural Resources – Division of Forestry – FY 2011** – Addition of \$2,650,723 in United States Forest Service (USFS) Emergency Supplemental Hazardous Fuels Reduction grant funds to continue fuels reduction and hazard mitigation projects. Requires Interim Finance approval since the amount added to the USFS Fuels Reduction-Emergency category exceeds \$50,000. **Work Program #C19959**

Refer to motion for approval under Agenda Item F.

- 178. Department of Conservation and Natural Resources – Division of Forestry – FY 2011** – Addition of \$475,000 in State Fire Assistance-National Fire Plan Community Protection grant funds to allow the Nevada Division of Forestry Conservation Crews to complete hazardous fuels reduction projects. Requires Interim Finance approval since the amount added to the State Fire Assistance-National Fire Plan Community Protection Grant category exceeds \$50,000. **Work Program #C19976**

Refer to motion for approval under Agenda Item F.

- 179. Department of Conservation and Natural Resources – Division of Forestry – Intergovernmental Agreements – FY 2011** – Addition of \$81,184 in Elko County Receipts; \$97,576 in Clark County Receipts; and \$33,148 in Eureka County Receipts; deletion of \$19,610 in Storey County Receipts and \$10,437 in Carson City Receipts; transfer of \$44,125 from the Reserve category to the Elko County category; \$185,209 from the Reserve category to the Storey County category; \$84,265 from the Reserve category to the Clark County category; \$27,717 from the Reserve category to the Eureka County category; \$2,515 from the Reserve category to the Douglas County category; \$128,506 from the Reserve category to the Carson City category; and \$4,661 from the Reserve category to the Washoe County category to provide personnel equipment and operating funds to accomplish fire protection and prevention through cooperative agreements with the counties. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C19723**

Refer to motion for approval under Agenda Item F.

- 180. Department of Conservation and Natural Resources – Division of Forestry – FY 2011** – Addition of \$157,422 in United States Forest Service Hazardous Fuels Reduction (HFR) grant funds to continue forest health and hazardous fuel reduction projects, to reduce Nevada's risk from wildfires. Requires Interim

Finance approval since the amount added to the Fuels Reduction Grant category exceeds \$50,000. **Work Program #C19711**

Refer to motion for approval under Agenda Item F.

- 181. Department of Conservation and Natural Resources – Division of Forestry – FY 2011** – Addition of \$311,538 in 2006 United States Forest Service (USFS) Consolidated Payment Grant (CPG) funds, \$331,408 in 2007 USFS CPG funds, \$329,882 in 2008 USFS CPG funds, \$1,916,924 in 2009 USFS CPG funds and \$1,430,398 in 2010 USFS CPG funds to maintain and improve fire protection effectiveness on non-federal lands and promote stewardship on private lands. Requires Interim Finance approval since the amount added to the CPG category exceeds \$50,000. **Work Program #C19746**

Refer to motion for approval under Agenda Item F.

- 182. Department of Conservation and Natural Resources – Division of Forestry – FY 2011** – Addition of \$284,332 in Southern Nevada Public Land Management Act (SNPLMA) grant funds and addition of \$253,950 U.S. Bureau of Land Management (BLM) Rural Fire Assistance (RFA) grant funds to complete fuel breaks in the East Side Spooner Summit, Franktown Creek and Clear Creek Watershed areas of Lake Tahoe Nevada State Park and to enhance the fire protection capabilities of rural volunteer fire departments. Requires Interim Finance approval since the amount added to the Southern Nevada Public Land Management category exceeds \$50,000. **Work Program #C19800**

Refer to motion for approval under Agenda Item F.

- 183. Department of Conservation and Natural Resources – Water Resources – FY 2011** – Addition of \$115,010 in Federal Emergency Management Agency (FEMA) Dam Safety grant funds in support of the Division of Water Resource's Federal Dam Safety and Maintenance program. Requires Interim Finance approval since the amount added to the Federal Dam Safety Grant category exceeds \$50,000. **Work Program #C19652**

Refer to motion for approval under Agenda Item F.

- 184. Department of Conservation and Natural Resources – Water Resources – FY 2011** – Addition of \$119,970 in Department of Homeland Security – Federal Cooperating Technical Partners grant funds to allow agency staff to collaborate with the Federal Emergency Management Agency (FEMA) to identify flood hazards, improve floodplain mapping, and support Nevada's participation in the National Flood Insurance program. These are additional tasks that are not currently funded under the existing Community Assistance Program (CAP) Grant. Requires Interim Finance approval since the amount added to the Cooperating Technical Partners category exceeds \$50,000. **Work Program #C19663**

Refer to motion for approval under Agenda Item F.

- 185. Department of Conservation and Natural Resources – State Lands – FY 2011** – Transfer of \$88,952 from the Reserve category to the Floyd Edsall Grant category to fund the completion of the agency's Floyd Edsall Training Center and Environs Joint Land Use Study. Requires Interim Finance approval since the amount added to the Floyd Edsall Grant category exceeds \$50,000. **Work Program #C19797**

Refer to motion for approval under Agenda Item F.

- 186. Department of Conservation and Natural Resources – Nevada Natural Heritage – FY 2011** – Transfer of \$64,474 from the Reserve category to the Personnel Services category, \$61,713 from the Reserve category to the Wetlands Spring Project category, and \$12,000 from the Reserve category to the Clark County Sensitive Species Data Management category. These transfers will allow the agency to fully fund two existing Biologist II positions through FY 2011 and allow the agency to complete its project and contractual obligations for the Wetlands Spring Project and the Clark County Sensitive Species Data Management project. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C19997**

Refer to motion for approval under Agenda Item F.

- 187. Department of Conservation and Natural Resources – Environmental Protection – Air Quality – FY 2011** – Addition of \$1,327,892 in funds transferred from Environmental Protection to cover the costs associated with two new contracts for specific atmospheric measurements and data analysis services: a Board of Regents contract for \$927,892 and a Redhorse Corporation contract for \$400,000 that was approved at the October Board of Examiners meeting, contingent upon Interim Finance Committee approval. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C19775**

Refer to motion for approval under Agenda Item F.

- 188. Department of Conservation and Natural Resources – Environmental Protection – Air Quality – FY 2011** – Addition of \$102,697 in funds transferred from Environmental Protection to move budgeted position costs for an Environmental Scientist III from the Bureau of Water Pollution Control account to the Bureau of Air Quality account. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 191. Work Program #C19891**

Refer to motion for approval under Agenda Item F.

- 189. Department of Conservation and Natural Resources – Environmental Protection – Air Quality – FY 2011** – Addition of \$213,511 in funds transferred from the State Energy Office – Air Quality Management Fund for the installation of diesel emissions reduction technology on school buses. Requires Interim Finance approval since the amount added to the Clean Diesel Grant Program category exceeds \$50,000. **Work Program #C20025**

Refer to motion for approval under Agenda Item F.

- 190. Department of Conservation and Natural Resources – Environmental Protection – Water Pollution Control – FY 2011** – Addition of \$49,000 in Federal Environmental Protection Agency 106 Grant funds to fund Nevada's supplemental program to expand its Clean Water Act base permitting and enforcement program, which is delegated to the Nevada Division of Environmental Protection. Requires Interim Finance approval since the amount added to the Federal 106 Grant category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19879**

Refer to motion for approval under Agenda Item F.

- 191. Department of Conservation and Natural Resources – Environmental Protection – Water Pollution Control – FY 2011** – Deletion of \$102,697 in Water Permit fees to move budgeted position costs for an Environmental Scientist III from the Bureau of Water Pollution Control account to the Bureau of Air Quality account. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 188. Work Program #C19889**

Refer to motion for approval under Agenda Item F.

- 192. Department of Conservation and Natural Resources – Environmental Protection – Waste Management and Federal Facilities – FY 2011** – Addition of \$24,255 in federal Department of Energy (DOE) grant Funds; \$47,216 in federal Exchange Network Consolidated Emissions Reporting Schema (CERS) grant funds; and of \$24,603 in federal Department of Energy Fee revenues to continue support of the agency's DOE grant programs, CERS programs, and DOE Fee supported programs. Requires Interim Finance approval since the cumulative amount added to the FY 2009 Exchange Network CERS Grant category exceeds \$50,000. **Work Program #C19427**

Refer to motion for approval under Agenda Item F.

- 193. Department of Conservation and Natural Resources – Environmental Protection – Waste Management and Federal Facilities – FY 2011** – Addition of \$200,000 in federal Environmental Protection Agency FY 2007 Exchange Network grant funds to enhance the state's participation in the Exchange Network by



developing additional data flows related to the Underground Injection Control (UIC) program and the Toxic Release Inventory (TRI) program. Requires Interim Finance approval since the amount added to the 07 Exchange Network Grant category exceeds \$50,000. **Work Program #C19802**

Refer to motion for approval under Agenda Item F.

- 194. Department of Conservation and Natural Resources – Environmental Protection – State Revolving Fund Administration – FY 2011** – Addition of \$14,894 in federal Environmental Protection Agency Water Pollution Control – State Revolving Fund grant funds to cover the additional indirect cost associated with the state's Clean Water State Revolving Fund (CWSRF) program. Requires Interim Finance approval since the cumulative amount added to the CWSRF Administration category exceeds \$50,000. **Work Program #C19923**

Refer to motion for approval under Agenda Item F.

- 195. Department of Conservation and Natural Resources – Environmental Protection – Water Quality Planning – FY 2011** – Addition of \$101,000 in federal Water Quality Management Planning grant funds to continue water quality management and planning activities in Nevada by coordinating and collaborating with designated planning agencies for development of effective area-wide water quality protection plans. Requires Interim Finance approval since the cumulative amount added to the Federal 604 Water Quality Planning category exceeds \$50,000. **Work Program #C18871**

Refer to motion for approval under Agenda Item F.

- 196. Department of Wildlife – Administration – FY 2011** – Addition of \$100,000 in U.S. Fish and Wildlife Service grant funds to improve management of the bighorn sheep population on the Desert National Wildlife Refuge. Requires Interim Finance approval since the amount added to the Game Management category exceeds \$50,000. **Work Program #C19801**

Refer to motion for approval under Agenda Item F.

- 197. Department of Wildlife – Administration – FY 2011** – Addition of \$84,400 in U.S. Fish and Wildlife Service funds to prevent and control the introduction and spread of invasive species and continue recovery efforts for Lahontan cutthroat trout. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C19826**

Refer to motion for approval under Agenda Item F.

- 198. Department of Wildlife – Administration – FY 2011** – Addition of \$30,050 in Gifts and Donations to enhance the Northern Nevada water development program

and the improvement plan for upland game birds. Requires Interim Finance approval since the amount of the gift exceeds \$10,000. **Work Program #C19852**

Refer to motion for approval under Agenda Item F.

- 199. Department of Wildlife – Administration – FY 2011** – Addition of \$554,157 in federal Pittman Robertson Aid funds, addition of \$30,000 in Gifts and Donations, and transfer of \$154,719 from the Reserve category to the Game Management category for mule deer research and big game management activities. Requires Interim Finance approval since the amount added to the Game Management category exceeds \$50,000. **Work Program #C19956**

Refer to motion for approval under Agenda Item F.

- 200. Department of Wildlife – Administration – FY 2011** – Addition of \$65,006 in USDA, Natural Resources Conservation Service funds, \$19,500 in federal Landowner Incentives funds and \$6,500 in Transfer from Obligated Reserve account to accelerate the implementation of USDA, Natural Resources Conservation Service Farm Bill Conservation Programs. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C19926**

Refer to motion for approval under Agenda Item F.

- 201. Department of Wildlife – Administration – FY 2011** – Addition of \$55,950 in federal Pittman Robertson Aid and \$18,650 in Transfer from Obligate Reserve to support sage grouse conservation activities. Requires Interim Finance approval since the amount added to the Sage Grouse Conservation category exceeds \$50,000. **RELATES TO ITEM 212. Work Program #C19952**

Refer to motion for approval under Agenda Item F.

- 202. Department of Wildlife – Administration – FY 2011** – Addition of \$55,936 in federal Pittman Robertson Aid, and \$11,827 in federal Dingell Johnson Aid and transfer of \$22,588 from the Reserve category to the Transfer to Wildlife category to continue funding a professional engineer position to assist with coordinating, planning, budgeting, directing and managing projects. Requires Interim Finance approval since the amount added to the Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEM 206. Work Program #C19974**

Refer to motion for approval under Agenda Item F.

- 203. Department of Wildlife – Administration – FY 2011** – Addition of \$214,860 in federal Pittman Robertson Aid, \$22,555 in federal Dingell Johnson Aid, and \$79,138 in Transfer from the Obligated Reserve account to purchase heavy equipment for the Wildlife Management Area Program. Requires Interim Finance

approval since the amount added to the Habitat category exceeds \$50,000. **RELATES TO ITEM 213. Work Program #C19988**

Refer to motion for approval under Agenda Item F.

- 204. Department of Wildlife – Administration – FY 2011** – Addition of \$22,618 in Settlement Income to fund law enforcement activities associated with the Ruby Pipeline natural gas project. Requires Interim Finance approval since the amount added to the Law Enforcement category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19991**

Refer to motion for approval under Agenda Item F.

- 205. Department of Wildlife – Director's Office – FY 2011** – Addition of \$2,119 in state Wildlife grant funds, \$7,770 in federal Pittman Robertson Aid, \$7,769 in federal Dingell Johnson Aid, and \$5,886 in Transfer from Obligated Reserve funds to assist with an integrated database for tracking land and equipment purchased with federal funds and assist in the design of a grant management system. Requires Interim Finance approval since the amount added to the Fiscal Services category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19979**

Refer to motion for approval under Agenda Item F.

- 206. Department of Wildlife – Operations – FY 2011** – Addition of \$92,711 in Transfer from Wildlife funds to continue funding a professional engineer position to assist with coordinating, planning, budgeting, directing and managing projects. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **RELATES TO ITEM 202. Work Program #C18515**

Refer to motion for approval under Agenda Item F.

- 207. Department of Wildlife – Boating Program – FY 2011** – Addition of \$27,387 in Miscellaneous Revenue and deletion of \$51,136 in Boat Fuel Tax, \$161,119 in federal Boat Aid, \$1,148,339 in federal Dingell Johnson Aid, \$271,658 in Boat Registration Fees, and \$60,313 in Treasurer's Interest Distribution to accurately reflect revenues associated with the Boating Program. Requires Interim Finance approval since the amount deducted from the Transfer to Wildlife category exceeds \$50,000. **Work Program #C19987**

Refer to motion for approval under Agenda Item F.

- 208. Department of Wildlife – Boating Program – FY 2011** – Addition of \$60,000 in Boating Safety and Facilities grant funds to provide funding for projects in Clark County that enhance recreational boating safety. 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 #C19834**

Refer to motion for approval under Agenda Item F.

- 209. Department of Wildlife – Boating Program – FY 2011** – Transfer \$24,724 from the Reserve category to the Boating Enforcement category to refurbish the boat ramp at Laughlin's Fisherman's Park and correct a drainage issue at the Department's Laughlin office. Requires Interim Finance approval since the cumulative amount transferred to the Boating Enforcement category exceeds \$50,000. **Work Program #C19960**

Refer to motion for approval under Agenda Item F.

- 210. Department of Wildlife – Obligated Reserve – FY 2011** – Addition of \$22,387 in U.S. Fish and Wildlife Service Wildlife Restoration funds to cover Truckee-Carson Irrigation District fees. Requires Interim Finance approval since the amount added the Carson Lake Wetlands category exceeds 10 percent of the legislatively-approved amount for that category. **Work Program #C19913**

Refer to motion for approval under Agenda Item F.

- 211. Department of Wildlife – Obligated Reserve – FY 2011** – Transfer of \$218,404 from the Restricted Reserve category to the Upland Game Bird Program to enhance and protect water availability throughout Nevada, supply food plots at the Mason Valley Wildlife Management Area, and trap, transplant, monitor and study several upland game bird species statewide. Requires Interim Finance approval since the amount transferred to the Upland Game Bird Program category exceeds \$50,000. **Work Program #C19927**

Refer to motion for approval under Agenda Item F.

- 212. Department of Wildlife – Obligated Reserve – FY 2011** – Transfer of \$18,650 from the Reserve category to the Transfer to Wildlife category to support sage grouse conservation activities. Requires Interim Finance approval since the cumulative amount transferred to the Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEM 201. Work Program #C19963**

Refer to motion for approval under Agenda Item F.

- 213. Department of Wildlife – Obligated Reserve – FY 2011** – Transfer of \$79,138 from the Reserve category to the Transfer to Wildlife category to purchase heavy equipment for the Wildlife Management Area Program. Requires Interim Finance approval since the amount transferred to the Transfer to Wildlife category exceeds \$50,000. **RELATES TO ITEM 203. Work Program #C19990**

Refer to motion for approval under Agenda Item F.

- 214. Office of the Military – Adjutant General and National Guard – FY 2011 –** Addition of \$68,000 in Department of Defense funds to provide travel, training, physicals and equipment for nine new firefighter positions approved at the April 29, 2010, Interim Finance Committee meeting. Requires Interim Finance approval since the amount added to the Air Fire category exceeds \$50,000. **Work Program #C20005**

Refer to motion for approval under Agenda Item F.

- 215. Department of Business and Industry – Insurance – Insurance Education and Research – FY 2011 –** Deletion of \$17,500 in Transfer from Insurance Cost Stabilization funds and transfer of \$32,500 from the Information Services category to the Reserve category to reflect a reduction in contract services related to an agent/producer licensing system. Requires Interim Finance approval since the cumulative amount deducted from the Information Services category exceeds \$50,000. **Work Program #C19305. RECEIVED AFTER SUBMITTAL DEADLINE, NOVEMBER 23, 2010.**

Refer to motion for approval under Agenda Item F.

- 216. Department of Education – Elementary & Secondary Education Titles II, V, & VI – FY 2011 –** Addition of \$150,000 in federal Striving Readers Comprehensive Literacy State Formula grant funds to develop a statewide literacy plan for children from birth to Grade 12. Requires Interim Finance approval since the amount added to the Striving Readers category exceeds \$50,000. **Work Program #C20165. RECEIVED AFTER SUBMITTAL DEADLINE, NOVEMBER 23, 2010.**

Refer to motion for approval under Agenda Item F.

- 217. Department of Employment, Training & Rehabilitation – Employment Security – FY 2011 –** Addition of \$23,310,753 in federal Workforce Investment Act (WIA) grant funds to align federal grant funding with state budget authority in order to continue to provide services through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the WIA Program category exceeds \$50,000. **Work Program #C20161. RECEIVED AFTER SUBMITTAL DEADLINE, NOVEMBER 23, 2010.**

Refer to motion for approval under Agenda Item F.

## **Reclassifications**

<b>Agency</b>	<b>Agency/ Account Number</b>	<b>Position Number</b>	<b>Present Class Title, Class Code, Grade &amp; Salary</b>	<b>Proposed Class Title, Class Code, Grade &amp; Salary</b>
Department of Education	300/2673	0022	Planning/Research & Evaluation Consultant Code: 05.236, Grade 39, Step 01, \$54,204.48 Employee/Employer Paid Retirement	Information Technology Professional III Code:07.925, Grade 39, Step 01, \$54,204.48 Employee/Employer Paid Retirement
Department of Education	300/2720	1001	Personnel Technician II Code: 7.525, Grade 27, Step 01, \$32,677.20 Employee/Employer Paid Retirement	Accounting Assistant III Code: 2.301, Grade 27, Step 01, \$32,677.20 Employee/Employer Paid Retirement
Commission on Mineral Resources	500/4219	0004	Administrative Assistant IV Code: 02.210, Grade 29, Step 10, \$46,833.84 Employer Paid Retirement	Program Officer II Code: 7.647, Grade 33, Step 10, \$55,937.52 Employer Paid Retirement
Commission on Mineral Resources	500/4219	0113	Program Officer II Code: 07.647, Grade 33, Step 10, \$55,937.52 Employer Paid Retirement	Administrative Assistant IV Code: 02.210, Grade 29, Step 10, \$55,937.52 Retained Rate of Pay Employer Paid Retirement
DCNR – Division of Environmental Protection	709/3189	0506	Management Analyst III Code: 07.624, Grade 37, Step 01, \$49,694.40 Employee/Employer Paid Retirement	Professional Engineer Code: 06.226, Grade 40, Step 01, \$56,626.56 Employee/Employer Paid Retirement
Department of Transportation	800/4660	20064	Administrative Assistant I Code:02.213, Grade 23, Step 01, \$27,895.68 Employee/Employer Paid Retirement	Program Officer I Code:07.649, Grade 31, Step 01, \$38,523.60 Employee/Employer Paid Retirement
Department of Transportation	800/4660	013012	Management Analyst II Code: 7.625, Grade 35, Step 01, \$45,560.16 Employee/Employer Paid Retirement	Environmental Scientist III Code: 10.525, Grade 36, Step 01, \$47,606.40 Employee/Employer Paid Retirement

Refer to motion for approval under Agenda Item F.

G. STATEMENT OF CONTINGENCY FUND BALANCE.

Mr. Krmpotic reported the existing unobligated balance in the General Fund portion of the Contingency Fund was \$8.1 million. He noted that initially the Department of Public Safety Dignitary Protection request in Agenda Item H-5 was submitted in the amount of \$325,000, which was subsequently reduced to \$103,855. Based on the revised amount, if all of the requests from the Contingency Fund on the agenda were approved by the Committee, the General Fund portion of the Contingency Fund balance would be approximately \$6.8 million, and the Highway Fund portion of the Contingency Fund would total approximately \$2.1 million.

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

1. Office of the Governor – Ethics Commission – Request for an allocation of \$4,300 to provide funding for the costs for filing a petition for writ of certiorari associated with an appeal to the U.S. Supreme Court.

Mr. Krmpotic reported Fiscal staff had no issues with Agenda Item H-1.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED.

Senator Horsford abstained from voting.

Senator Cegavske was not present for the vote.

2. Department of Administration – Budget and Planning Division – Stale Claims Account – Request for an allocation of \$650,000 to replenish the Stale Claims Account through April 15, 2011.

Mr. Krmpotic explained Agenda Item H-2 was a request from the Budget and Planning Division to replenish the Stale Claims Account in the amount of \$650,000. He reminded Committee members that the 2009 Legislature approved an appropriation to the Stale Claims Account of approximately \$5.5 million, and an appropriation to this account was made each biennium.

Mr. Krmpotic discussed the proposed allocation to the Stale Claims Account in conjunction with Item H-4, a request for \$467,929 for the Department of Corrections Medical Care Account. He pointed out that the Department's amount of stale claims for fiscal year 2010 was approximately \$1.5 million. Of that amount, approximately \$1 million was reimbursable from the Stale Claims Account based on the Department's fiscal year 2010 reversion, prompting the \$650,000 request from the Contingency Fund.

The remaining Department of Corrections' stale claims above the reversion amount was reflected in Item H-4.

Stephanie Day, Deputy Director, Budget and Planning Division, said the requests would cover projections for the Stale Claims Account through April 15, 2011, and a request would be made to the 2011 Legislature for full replenishment of the account.

In response to Chairman Horsford's concern that the Department of Corrections was not in compliance procedurally with NRS 353.097, Mr. Krmpotic said it was his understanding that the procedure followed by the Department of Corrections was to pay the stale claim from its operating budget first and seek Board of Examiners' approval after the fact. He said the Department maintained the reason was that the Department had contracts with medical providers to provide discounts on outside medical services provided to inmates. However, it appeared that the statute called for approval by the Board of Examiners before the claim was paid and that the claim be paid from the Stale Claims Account. Based on that interpretation, the procedure followed by the Department of Corrections did not appear to comply with statute.

Chairman Horsford asked the representatives from the Department of Corrections what procedure would be followed going forward that would comply with statute. He noted there was a 98 percent increase in payments to outside medical providers for expenses, and he asked for an explanation of the increase.

Jeff Mohlenkamp, Deputy Director, Department of Corrections, replied the Department found itself in a difficult situation because it had hospital bills and specialty care bills for inmates that were incurred during the final quarter of the year but which were not billed for until the subsequent quarter. Under contract, the Department was required to pay within 30 days to receive the negotiated discounts. The contractor generally accepted 60 to 90 days for payment, but there was always the risk of losing substantial discounts and paying a much larger amount. Therefore, Mr. Mohlenkamp explained, the Department had traditionally paid bills as they came due to take advantage of the discounts, and it sought recovery of the funds from the Stale Claims Account in this manner. Mr. Mohlenkamp agreed the procedure was not proper by statute, but the Department had met with LCB and Budget Division staff prior to making payment on the claims last year, and it was determined unilaterally that rather than risk having to pay several million dollars more as a result of missing the discount time period, it was prudent to go forward as done in the past.

Mr. Mohlenkamp said a total of \$34 million-plus in claims were processed in fiscal year 2010; there were approximately \$30 million in claims in fiscal year 2009. While there was stabilization in the inmate population base, direct contributors to some of the cost increases included a slightly aging population, more inmates over the age of 60 and 70, and an increase in the number of hospital days.

Chairman Horsford remarked the statute was clear concerning payment of stale claims, and the matter would need to be revisited in the 2011 Legislative Session; there was a



reason the law was put into place. He asked whether the Department could provide documentation to Fiscal staff that supported a 98 percent increase in medical costs so that the Committee members could better understand the challenges.

Mr. Mohlenkamp said the Department had proposed a possible solution in the next budget that would rectify the problem. A request was being made to set money aside to be able to pay the claims as they became due, similar to the way other agencies were processing claims. He added that he did not know where the figure of a 98 percent increase came from, and he was unable to respond to that question.

Mr. Krmpotic stated that based on Fiscal staff's information, outside medical expenses in fiscal year 2008 totaled \$6.8 million and increased to \$10.4 million in fiscal year 2009 and \$13.4 million in fiscal year 2010. He noted that the outside medical expenses had increased while the inmate population had declined. The Department had indicated the increase was due to the aging population, but staff suggested there were other factors to be considered in the 2011 Session, such as catastrophic claims, controls, the hospital utilization review function, and provider rates and discounts to the Department.

Mr. Mohlenkamp stated the department was looking at all of the factors outlined. He pointed out that in 2008 medical expenses dipped from 2007, and he did not understand why. Taking 2008 out of the equation resulted in a more steady increase. He did not dispute the increase was substantial, and one of his primary focuses was to manage the costs. Hospital days had gone up, but so had the cost per hospital day. He planned to present alternatives to the Legislature in the future.

Chairman Horsford suggested the Department's plan of how to mitigate increased medical expenses be included as part of the Department's budget review process during the Joint Subcommittee budget hearings.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL OF ITEM H-2.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

3. Department of Cultural Affairs – State Historic Preservation Office – Request for an allocation of \$107,234 to restore agency funding due to the discontinuance of Cultural Resource Bond Program, loss of associated interest income and reduced level of project review activity for the Department of Transportation.

Mr. Krmpotic noted the amount in item 3 had been reduced, and he requested that Erika Eng from the Fiscal Division explain the reduction to the Committee.

Erika Eng, Program Analyst, Fiscal Analysis Division, explained the Department of Cultural Affairs was proposing to reduce the funding request by \$41,088. The agency had revised its reconciliation of remaining interest earnings on the Commission for Cultural Affairs (CCA) bond sales, resulting in a lower than anticipated shortfall. Because of the revised estimate, the agency proposed to reduce its Contingency Fund request to \$66,146.

Chairman Horsford noted this was a one-time issue and asked how the Office would be supported if the grant was not awarded and how the positions funded by NDOT and CCA revenues would be funded in the future.

Mark Costa, Administrative Services Officer IV, Department of Cultural Affairs, replied that in the Department's fiscal year 2012 and 2013 budget request, a decision unit was included which replaced the grant funds with General Funds in future years.

SENATOR LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED.

4. Department of Corrections – Prison Medical Care – Request for an allocation of \$467,929 to support medical expenditures processed by a third-party administrator for FY 2010.

Refer to discussion under Item H-2.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

5. Department of Public Safety – Dignitary Protection – Request for an allocation of \$325,721 to fund three additional DPS Officer II positions and necessary operating costs to fulfill the mission of protecting the Governor-Elect and First Family through the end of the year. (RECEIVED AFTER SUBMITTAL DEADLINE, DECEMBER 6, 2010.)

Mr. Krmpotic explained the Executive Branch had revised the allocation request to \$103,855 to add one additional DPS Officer position to protect the Governor-elect and the First Family. The new position would begin on January 1, 2011, and the funds requested would provide funding for the remainder of the fiscal year. He said with addition of the position, the Legislature would be faced with the question of continued funding, and the ongoing funding of the position over the biennium would total \$254,000. Mr. Krmpotic reminded the Committee that one dignitary protection detail

position was reduced by the 2009 Legislature; this request would bring the staffing level back to pre-2009 Legislative Session levels.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED.

- \*I. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND PURSUANT TO A.B. 146 (2009) SECTION 45.5.1 – SECRETARY OF STATE – Requests the approval of an allocation of \$28,984 to develop and implement a state business portal to facilitate transactions between businesses and state agencies.

Kate Thomas, Deputy Secretary of State for Operations, provided an update on the state business portal. Staff in Carson City had been working on the project since August 2010, and launch of the portal was anticipated to take place the first part of 2011. Staff was also working on phase II of the project, which involved some of the municipalities in the state, and that phase would be launched shortly after the release of phase I.

ASSEMBLYMAN OCEGUERA MOVED FOR APPROVAL.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED.

- \*J. OFFICE OF THE GOVERNOR – NEVADA STATE OFFICE OF ENERGY – Request for approval to commit money for expenditure from the Fund for Renewable Energy, Energy Efficiency and Energy Conservation Loans pursuant to NRS 701.585(3).

Robert Nellis, Energy Program Manager, Nevada State Office of Energy, stated Item J was being submitted pursuant to Chapter 701 of the NRS and adopted regulations at the Energy Office, which submitted ranked lists of eligible projects to the IFC for approval prior to commitment of any funds from the Revolving Loan Fund. He explained the projects consisted of the third round of application rankings that were presented to the Committee; seven of the previously approved projects had been fully funded. It was anticipated the remaining funds would be fully allocated by the end of the year upon approval of the current list of projects.

Chairman Horsford recalled he had previously requested more complete information on the number of anticipated jobs created by project and when those projects would come on line. The information was not included in the Committee's agenda packet. He

wanted to receive the information for each project as it was proposed at each meeting. The record needed to reflect the target employment goals of each project.

Mr. Nellis replied he had misinterpreted the request; the information would be submitted in the future.

SENATOR LESLIE MOVED FOR APPROVAL.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED.

- \*K. GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c) – DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIVISION OF HEALTH CARE FINANCING AND POLICY – Request for approval to accept \$125,000 from the Health Services Coalition for continued funding of the state health information website established and maintained, pursuant to A.B. 146 from the 2007 Legislature.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCF&P), Department of Health and Human Services, explained the Division was requesting approval to accept a gift of \$125,000 from the Health Services Coalition of Southern Nevada to help support the ongoing development of the state health information website pursuant to Assembly Bill No. 146 of the 74th Legislative Session.

SENATOR LESLIE MOVED FOR APPROVAL.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED.

- \*L. LEASE OF STATE LAND PURSUANT TO NRS 322.007 – STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS – Request for approval, on behalf of the Nevada Army National Guard, to enter into a lease with the Nevada System of Higher Education for the Carlin Fire Science Academy.

Jim Lawrence, Administrator for the Division of State Lands, introduced Brigadier General William Burks, Nevada National Guard, and Ron Zurek, Financial Officer, University of Nevada, Reno

Mr. Lawrence explained the lease was the next, and possibly last, step in the disposition of the Carlin Fire Science Academy. He recalled that a task force was commissioned in 2009 regarding the Carlin Academy, and various alternatives were weighed. The recommended alternative was for the State of Nevada to purchase title to the Academy on behalf of the National Guard for its use and lease back a portion of the facilities for

the continued operation of the Fire Science Academy. Mr. Lawrence understood that funds for the acquisition were approved in April 2010, and the request for the lease was before the Committee for approval to have a lease in place when the title was transferred.

Assemblyman Grady remarked he had a problem with the fact that the students at the University of Nevada, Reno were paying \$6.50 per credit toward bonding for the Fire Science Academy. He understood the Division of State Lands had purchased the property and would make about a \$10 million reduction in the bond. He was concerned that there was still a balance, and it was not a good deal for the students. He believed if State Lands purchased the property, it should accept the complete mortgage and return money to the students at UNR.

Mr. Lawrence replied the appraisal for the facility was approximately \$23 million based on fair market value. However, many of the items appraised did not have a beneficial use for the National Guard, and therefore the purchase price was discounted to \$10 million, which was the value of the property for the National Guard's use.

Assemblyman Goicoechea asked for the remaining balance on the bonded indebtedness.

Ron Zurek, Financial Officer, University of Nevada, Reno, replied the balance would be approximately \$11 million. Currently there was \$25 million of capital debt outstanding, but the transaction would involve \$14 million in debt reduction. State Lands would pay \$10 million, and UNR would contribute \$4 million from previous land sale funds that had been set aside for future use. He noted that one of the most important objectives had been to try to relieve the burden on the students. The smaller debt amount would be refinanced at a lower interest rate, reducing the debt service to \$2.50 per credit from \$6.50 per credit. He added the remaining \$4 per credit would be available for student projects on the UNR campus.

Mr. Goicoechea remarked he had never been a supporter of the plan; the plan was good for UNR, but he did not like to see the National Guard unit split between Elko and Carlin, 19 miles east. He asked how the operations and maintenance of the property would be funded.

Mr. Zurek concurred there would be ongoing operating costs, but there would also be an ongoing Fire Science Academy program, which was the rationale for the sale and leaseback of the facility. The Fire Science Academy had been operating close to breakeven, so the program would be able to move forward. He said if the sale and the lease were completed, the emphasis would be to work toward pursuing a second National Fire Science Academy, and there was also the possibility of a National Preparedness Consortium. Mr. Zurek said money was available to operate in the near term, but a longer-term solution with a more stable source of funding would be necessary.

Mr. Goicoechea understood what Mr. Zurek was saying, but he noted that the state and the National Guard now owned the facility and UNR was just renting. Mr. Zurek agreed, adding that any excess revenues would be applied to reduction of the outstanding capital debt.

Mr. Aizley questioned the purpose of the Fire Science Academy. He asked whether students were taking credit courses through UNR or just receiving certificates. Mr. Zurek replied the Academy was a self-supporting auxiliary operation primarily put in place to provide fire training needed at the state, regional, and national level. It was not a credit program; there was actually no direct benefit to the average student on the UNR campus.

Mr. Aizley asked whether the program involved training, retraining, or creating new employees in the field. Mr. Zurek replied it involved training and certification; some of the training provided was unique and not available anywhere else in the country, which was one of the reasons to seek a longer-term federal funding solution.

Chairman Horsford noted a recommendation had come from the Vision Stakeholder Group report for the establishment of a National Fire Science Academy. He thought there was value in pursuing it as an opportunity to serve the rest of the country in the fire science area. Referring to the \$4 per credit reduction for the students, he asked how the funds would be returned. Would they be returned in the form of reduced tuition? Would they be returned to the student body to decide how to allocate them for other priorities?

Mr. Zurek replied the fee was part of student Capital Improvement Project (CIP) fee, and the \$4 fee would be used to fund new capital improvement projects; the students would be extensively involved in determining the highest and best use of the funding source.

Chairman Horsford affirmed the students would be intimately involved in deciding for which projects the \$4 fee funding would be applied. Mr. Zurek replied absolutely, adding that President Glick had previously testified to the Committee that would be the case. In response to further questions from Chairman Horsford, Mr. Zurek indicated the funds could be used for bonding and would pay for a \$35 to \$40 million project or several smaller projects.

Senator Rhoads noted that the task force was chaired by Senator Richard Bryan. The task force considered several alternatives for the facility and ultimately recommended this solution; therefore, he supported the project.

SENATOR RHOADS MOVED FOR APPROVAL OF ITEM L.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION

THE MOTION CARRIED.

Senators Cegavske and Schneider were not present for the vote.

- \*M. LEGISLATIVE COUNSEL BUREAU – Report from the Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies pursuant to NRS 218E.450(3).

Senator Joyce Woodhouse, Chair, Legislative Committee for the Fundamental Review of Base Budgets of State Agencies, presented the findings and recommendations of the Legislative Committee for the Fundamental Review of the Base Budgets of State Agencies ([Exhibit D](#)). She read the following overview of the report into the record:

At its April 29, 2010, meeting, the Interim Finance Committee (IFC, by the authority provided in *Nevada Revised Statutes* 218E.440, created the Legislative Committee for the Fundamental Review of Base Budgets of State Agencies. The IFC selected six members of the Committee:

- Senator Joyce Woodhouse, Chairman
- Senator Valerie Weiner
- Senator William J. Raggio
- Assemblyman Marcus Conklin
- Assemblywoman Debbie Smith
- Assemblyman Pete Goicoechea

The IFC determined that the following agencies would be reviewed by the Committee:

- The Buildings and Grounds Division of the Department of Administration
- The Housing Division of the Department of Business and Industry
- The Department of Education
- The Medicaid Fraud Unit in the Office of the Attorney General and the Compliance Unit of the Division of Health Care Financing and Policy
- The Division of Parole and Probation of the Department of Public Safety

The Committee held four meetings. The meetings were held in Las Vegas, with videoconferencing to Carson City. During the course of our hearings, the Committee heard reports from staff regarding:

- The non-state-owned building lease program administered by the Division of Buildings and Grounds,
- The Division of Parole and Probation, and
- The Department of Education budget accounts for Education State Programs, Education Staffing Services and Education Support Services.

Based on the lack of response to the Committee's requests for information, reviews were not conducted by the Committee for the

Housing Division and the Division of Health Care Financing and Policy. It should be noted that the Attorney General did respond to information requests from the Committee pertaining to the Medicaid Fraud Unit.

Upon hearing staff reports regarding the Division of Buildings and Grounds' non-state-owned lease program and the Division of Parole and Probation, the Committee had a number of questions that required follow-up from those agencies. The Committee did not receive information from those agencies in response to its follow-up questions. Thus, final conclusions and observations could not be made by the Committee.

The Committee completed its review of the Department of Education's State Programs, Staffing Services, and Support Services budget accounts. In short, the Committee found that the Department should improve its performance indicators to better measure its progress in achieving goals and objectives. Generally, the Committee found that base budget expenditures for these accounts appeared to be reasonable and relevant to the Department of Education's mission.

Recognizing the fiscal pressures the state will be facing over the 2011-2013 biennium, the Committee requested and received information regarding spending reforms from the Nevada Taxpayer's Association and cost-savings and efficiency measures for State government compiled by staff.

During our final meeting, the Committee considered and approved, for further consideration by the 2011 Legislature, cost-savings and efficiency measures for state government that, if implemented to the fullest extent possible, could generate between \$60 million and \$65 million in savings over the 2011-2013 biennium. These measures included 15 reforms to state government functions, 3 recommendations to eliminate potential non-essential services, and 12 recommendations to improve government efficiency and eliminate waste. Further information regarding these recommendations can be found in the attachment.

Given the anticipated decisions related to the allocation of the state's resources that will need to be made during the 2011 Session, the Committee discussed ways to increase the effectiveness of the money committees in reviewing the Governor's spending recommendations. To enhance the money committees' review and understanding of spending recommendations proposed by the Governor, the Committee recommended the following guidelines:

- Request performance measures from the Executive Branch agencies at the beginning of the Legislative Session that reflect the impact of the Governor's spending recommendations on the services provided by



each agency over the 2011-2013 biennium. This information should be available to the money committee members as subcommittee hearings occur.

- Set priorities to determine which services are the most important for the state to carry out in order to drive the decision-making process for the money committees.
- Focus on major issues and decision points that require greater deliberation and discussion to ensure that sound decisions are made with respect to those issues, while relying on staff to review and provide recommendations on minor or technical issues.
- In addition to the review of General Fund expenditures, review proposed expenditures and revenues from all sources, including federal funds and fees, to evaluate the effectiveness and priorities of each agency budget.
- Direct staff to review the cost of common items across state government, such as computer equipment, vehicles, cell phone service, temporary employment agencies, and consultants to ensure that the agencies are using statewide contracts to obtain the lowest possible cost and that the use of outside services is in line with the mission, goals, and objectives of that agency.

Finally, we had believed when this committee was formed, that we would be able to provide you with more information and recommendations, but under the circumstances, that was not possible. The process of fundamental review of base budgets should begin again after the 2011 Session. As long as Nevada has 120-day legislative sessions every two years, this is an important part of the budgetary process. The review process continues to be critical in these economic times, and we always need to be looking for additional means of making state government more efficient and accountable.

On a personal note, I would like to extend my deepest appreciation to Mark Krmpotic and all of the Fiscal Division staff, Brenda Erdoes of the Legal Division, and Lorne Malkiewich, Director of the Legislative Counsel Bureau, who assisted in our endeavors to the highest degree. These individuals are truly the most professional and dedicated individuals I have ever had the privilege to work with. They answered every call, every request, every challenge that we had—all at the same time carrying out their regular duties and preparing for the 2011 Legislative Session. I applaud them and am so privileged to have had the opportunity to work with them.

On behalf of the Interim Finance Committee and the Legislature, Chairman Horsford expressed appreciation to Senator Woodhouse for her leadership as chair of the Fundamental Review Committee. Despite the lack of cooperation from the current administration in not allowing certain agencies to participate, the Committee was able to achieve the majority of the objectives as set forth in the statute. He also thanked the other members of the Committee who had agreed to serve and worked so hard. Ideas for reform, efficiency, and consolidation and potential solutions would definitely be needed for consideration by the 2011 Legislature.

At Senator Woodhouse's request, Mr. Krmpotic reviewed the specific Committee recommendations, noting that the report ([Exhibit D](#)) included considerable discussion and detail of the measures considered by the Committee. He identified the following items that were discussed and recommended to move forward for consideration during the 2011 Legislative Session:

#### Reforms to State Government Functions

- Merge the Office of Homeland Security with the Division of Emergency Management, Department of Public Safety.
- Consolidate the Department of Information Technology (DoIT) into the Department of Administration and merge the Department of Administration's Information Technology Division with DoIT.
- Transfer the pre-sentencing investigation function from the Division of Parole and Probation to the District Courts.
- Transfer Elder Protective Services investigations from the Aging and Disability Services Division to the counties, or assess the counties for the cost to the state to perform the function.
- Transfer the licensing function of Emergency Medical Services to the counties.
- Assess rural counties for the cost of Child Protective Services.
- Increase fees in the Consumer Health Protection Account to offset General Funds.
- Limit the Senior Property Tax Assistance Program to support only seniors below the federal poverty level.
- Transfer functions of the State Fire Marshal to the local governments or the Public Works Board.
- Eliminate the Trust Fund for Public Health and redirect Tobacco Settlement funds to offset General Funds in other areas.
- Transfer the Office of Consumer Health Assistance to the Department of Health and Human Services.
- Merge the Renewable Energy and Energy Efficiency Authority with the Nevada State Office of Energy.
- Consolidate the Department of Personnel into the Department of Administration.
- Implement and expand cost-savings programs in the State Purchasing Division.
- Increase the employer-to-manager ratio to reduce supervisory overhead expenses.

Mr. Krmpotic noted there had been requests from agencies to include some of the recommendations in their budgets.

#### Elimination of Potential Non-Essential Services

- Transfer Student Incentive Grants to the Nevada System of Higher Education and fund the state match with fee and tuition rather than General Funds.
- Eliminate or change funding for programs in the NSHE that do not directly support the universities or colleges.
- Eliminate the Family-to-Family program in the Department of Health and Human Services.

#### Government Efficiency and Waste Elimination

- Reassign State Motor Pool vehicles and reduce replacement vehicles (related to a recent audit performed by the Legislative Auditor and heard by the Legislative Commission).
- Close multiple minimum-custody facilities operated by the Department of Corrections and/or possibly close the Division of Forestry Conservation Camps and review billings for types of services and billing rates for services billed to outside entities.
- Reduce spending on subscriptions and periodicals.
- Review policies and practices with respect to home storage of state vehicles.
- Reduce the reimbursement rate for per diem expenses.
- Solicit recommendations for a communications platform using voice-over IP technology.
- Consolidate information technology infrastructures throughout state government.
- Establish a common e-mail platform for Executive Branch agencies.
- Consolidate state agency website management.
- Renegotiate contracts and leases for state agencies.
- Reduce prescription drugs for DHHS and NDOC.
- Enact aggressive fraud and abuse efforts in Medicaid.

Chairman Horsford explained those items specific to the budget, if approved by the IFC, would be forwarded on during the budget review process by the Joint Subcommittees. Information provided by staff during the Subcommittee hearings would include the recommendations from the Fundamental Base Budget Review Committee.

Chairman Horsford asked Mr. Krmpotic to review the procedural protocol of the review of priorities and what would be expected from state agencies. Mr. Krmpotic explained Senator Woodhouse had read a number of guidelines to enhance and improve the money committees' review of the budget.

- The first item, to request performance measures from Executive Branch agencies, was intended to provide the money committees with a clear picture as to the effects of potential budget reductions that may be recommended by the Governor, as well as to weigh outcomes to go along with the budget decisions that would be considered by the money committees.
- Setting priorities was important in terms of what areas the money committees wished to prioritize with respect to funding decisions. Historically, they had included the education and health and human services functions.
- Focus on major issues and decision points that require greater deliberation and discussion was a point emphasized by Assemblywoman Smith which would allow a more effective review by the money committees and eliminate focus on smaller items that consumed the committees' time but did not help the committees solve the budget shortfall. Staff would be reviewing those expenses and make recommendations to the money committees, while the committees would review the larger funding issues.
- Review of General Fund expenditures, review of proposed expenditures or revenues from all sources, including federal funds, was a key factor when considering an agency such as the Division of Welfare and Supportive Services in which federal funds were a major factor in regard to how services were provided. In such programs as Temporary Assistance for Needy Families, autism services, and Title XX (block grant) programs, the money committees would need to review the use of the state funds to weigh the necessity of providing General Funds.
- The direct review of common items across state government was also a suggestion from Assemblywoman Smith. Fiscal staff would probably conduct the review and report to the full money committees because it would involve all of the areas covered by the joint subcommittees. The review would include whether agencies were adhering to negotiated contracts and their usage. A legislative audit had recently pointed out billing problems with the use of consultants.

Chairman Horsford asked Assemblywoman Smith to comment on the report as Vice Chair of the Committee, particularly on the priorities for the 2011 Session. The spending recommendations would go forward as items that could be considered during the budget process. The other area would be policies, which would be distributed in advance to agencies so they would be prepared to discuss budget cuts and their consequences when appearing before the Legislature. He pointed out the money committees would need to evaluate the efficacy of agencies' programs and their ability to manage them based on budget reductions. He recalled it was difficult during the 2009 Session to make informed decisions when many of the agencies were not prepared to prioritize their needs.

Assemblywoman Smith thanked Senator Woodhouse and the Fiscal staff for the excellent work on the Fundamental Review Committee. She stated it was important to remain focused on the fact that the Committee understood the recommendations were on the budget side, and it was the function of the full subcommittees and ultimately the Legislature to make the decisions. The Committee had spent extensive time choosing the issues to be considered, but some items were not brought forward because they did not seem logical or would not save General Fund dollars.

On the process side, Assemblywoman Smith said she hoped the recommendations would be approved. While the recommendations were not binding in statute and would likely need legislation to carry them forward into the next interim and future budgets, it was hoped the Governor and department and agency staff would thoroughly consider them. She said there had been ongoing frustration with performance indicators being the only way to evaluate budgets, and when they changed from budget to budget, they meant nothing. Having priorities and performance measures in place would be very important.

Continuing, Assemblywoman Smith said another major consideration was discussion of issues in a bigger policy-minded philosophical way rather than dwell on small issues. In her opinion, the Fundamental Budget Review Committee wholeheartedly agreed. She appreciated the opportunity to have gone through the process,

ASSEMBLYWOMAN SMITH MOVED TO ADOPT THE  
RECOMMENDATIONS OF THE COMMITTEE ON THE  
FUNDAMENTAL REVIEW OF BASE BUDGETS.

SENATOR LESLIE SECONDED THE MOTION

Assemblyman Grady asked what dollar amount would be shifted to the rural counties for child protective services.

Mr. Krmpotic replied the amount discussed would generate a savings of about \$1.9 million per year in General Funds.

Assemblyman Goicoechea remarked the Committee had looked long and hard at some of the shifts to local governments; the recommendations came to the Interim Finance Committee with the understanding that it would study them and consider the full ramifications. He noted there would be some counties that could not absorb the shifts, a matter the IFC would have to deal with as a body.

THE MOTION CARRIED

Senators Cegavske and Schneider were not present for the vote.

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

Chairman Horsford thanked the representatives from the Nevada Vision Stakeholder Group, as well as Dr. Robert Lang, Chair, and David Ziegler, who provided staff support from the Legislative Counsel Bureau. He explained the presentation was one of two public presentations on the Nevada Vision Stakeholder report; a more in-depth presentation would be scheduled in January.

Dr. Robert Lang, Brookings Mountain West and University of Nevada, Las Vegas, Chair, Nevada Vision Stakeholder Group, explained the Stakeholder Group, which consisted of 19 members from across the state, conducted 11 meetings totaling about 50 hours. The meetings involved a combination of testimony from representatives of state agencies on conditions in the state and lengthy discussions concerning the future of the state. Dr. Lang viewed the process as a report card on the state on a series of very important metrics concerning economic, health, education, transportation, and public safety issues. He said the study was sobering in some ways, as the state was behind neighboring states and the median for the country in a lot of the categories.

Dr. Lang said the Stakeholder Group was the first to ever comprehensively study the state sector by sector and develop baseline figures that revealed the state's status in relative terms compared to other states. He said the study also provided the opportunity to establish aspirational goals, some of which would be more difficult to achieve than others. Dr. Lang believed the important point was to head in the right direction on some of the metrics, rather than continuing in the wrong direction. He noted the state was currently in a recession, although structurally, some of the indicators were slipping despite the boom years experienced in the past, which was even more troubling. Even in the years when the state was well-resourced, based on the historic analysis of the metric, it appeared the state was losing ground in some key areas, particularly public health and education.

Dr. Lang proceeded to review the Stakeholder Group report, *Envisioning Nevada's Future* ([Exhibit E](#)), remarking that his PowerPoint presentation ([Exhibit F](#)) consisted of the highlights of the report. The full report was more in depth, and the Committee members had received copies. He noted that Moody's Analytics, Inc. had been brought in as an outside consultant, but much of the report was the work of the members of the Stakeholder Group, who volunteered their time. Dr. Lang believed the report reflected the members' input more so than Moody's; each section was voted upon separately and, with the exception of one "no" vote on public safety, the report was unanimously approved.

Dr. Lang said the Committee was attempting to establish baselines and the quality of life in the most comprehensive manner possible across the entire state. The context was difficult, as it appeared the primary drivers of Nevada's economy were still those that had sustained it through decades of growth when it was the first or second

fastest-growing state in the country. Tourism and construction, the top two economic drivers, were currently not in good condition, and it was unlikely they would be returning to robust condition any time soon. Therefore, it was important to consider future alternatives and opportunities for diversification.

Continuing, Dr. Lang said the Brookings Institution had indicated that out of large metropolitan areas, Las Vegas was the most reliant on a combination of consumption items concerning growth, e.g., tourism, construction, and food consumption, which were parts of the U.S. economy that had suffered most during the economic downturn. Therefore, he explained, Las Vegas and the state were less resilient during the ups and downs of the economy.

In the longer term, Dr. Lang said it would be likely that some of the relative advantages of the location of the state and its capacity to leverage off tourism, which was an area being explored, would return the state to a faster growth trajectory than perhaps the national median of growth. In the next round of growth, the issue would be how to change the underlying basis of the economy to capture a broader share of the growth and to create more resilience in a downturn.

Dr. Lang explained the key themes of the study were:

- Workforce Development – a skilled and flexible workforce that can thrive in the 21st century economy.
- Connectedness and Coordination – public-private, among communities, and with other regions and the federal government.
- Utilization of Federal Resources – more benefit from federally managed resources within Nevada; better use of available federal funds. Dr. Lang explained research indicated that the state, in per-capita terms, underperformed in relation to the federal government. In terms of applying for grants or receiving matching funds, Nevada was 50th out of 50. The state did not spend sufficiently on its side to capture the full match offered by the federal government, and the state was not organized as aggressively as other states to pursue competitive grants offered by the federal government.
- Information Technology Solutions – to allow all types of agencies to provide services more efficiently.

Dr. Lang then moved to the next subject of the PowerPoint presentation ([Exhibit F](#)), Focus on the Economy.

#### FOCUS ON THE ECONOMY – GOALS:

- Ø Reduce volatility in Nevada's Economy.
- Ø Attract high-growth industries to Nevada.

Dr. Lang stated the overriding concern was the state's economy, which had been shown to be more volatile than other states. There were a number of volatility metrics, but only

one was used for the study. At one point in the previous decade, the state was either the fastest or second-fastest growing economy, even in world comparisons. The Brookings Institution now had Las Vegas rated as fifth from the bottom of 150 large cities in the world. Against the state's own past performance, it was now doing poorly, which was the main indicator of the volatility.

Referring to an economic volatility index graph on page 4 of [Exhibit F](#), Dr. Lang explained the state was twice as volatile as the United States as a whole. There were neighboring states, such as Utah, that were hardly volatile at all. He said the boom-and-bust era obviously had an impact on the state's resources, as well as a more direct impact on people's lives in that they were the victims of the crashes. Unemployment was high in the state, particularly in construction and, in a deep recession, it was not likely there were opportunities in other states. At the moment, Dr. Lang continued, Nevada had the highest unemployment, but the state had more employment than it did in 2000. He said several states had reverted back to 2000 levels in this recession; they lost an entire decade's worth of gains in employment.

By contrast, Dr. Lang said, Nevada had peaked during the 2007-08 crash, but still retained more people and more jobs than it had ten years before. The graph revealed that the downward cycle from the peak was sharp and steep, and it reflected how high the state had come and, given the enormous contraction, the state still did not zero out all of the employment. In other words, at one point the state was booming in a fairly sustained way, even during the last decade.

Moving to the second goal, attract high-growth industries to Nevada, Dr. Lang stated the key economic issue addressed by the Study Group was diversification. Reasons why the state had not diversified were discussed, as well as which regions were more and less diverse. Las Vegas was the least diverse, partly because of its success in its one-core industry, tourism. He compared Las Vegas to a mining town which, when booming, focused entirely on that one industry—mining—and everything else was imported. Dr. Lang said Las Vegas had underperformed in a series of sectors where there should have been decent economic indicators, e.g., medical services and education services. Even though Las Vegas was a region of two million, in other sectors, the size would be equal to 500,000 or one million, because there was such a focus on tourism.

Reno, on the other hand, Dr. Lang continued, had a more diverse economy in part because its tourism had underperformed relative to that of Las Vegas for a couple of decades. As a result of not performing well in a core sector, a forced diversification occurred that revealed the weakness of the core sector. The Study Group believed Las Vegas, Reno, and the state were at a deflection point. Going forward, it was unlikely they would sustain the kind of growth seen in the most recent past in Las Vegas, and the opportunities for diversification were there. Dr. Lang said even if Las Vegas were to simply gain a share in a series of economic sectors such as healthcare or education, a proportion of economic activity requisite to a city of two million, the one-core industry, tourism, would shine brighter because the city, just on the



basis of being a city of two million, would bring in enough economic function in those other areas to produce economic diversification. The city and the state would still rely on tourism, but they were unlikely to sustain anything like the trajectory of growth they had been on in the previous several decades.

Dr. Lang said it was time to address, sector by sector, opportunity by opportunity, in as strategic a manner as possible and with strategic investment, the kinds of sectors the region could improve upon. Several had been identified, including green jobs and technology. The state had a smaller share of this type of employment than would be predicted for a state its size, and the big cities had less employment for the kinds of regions their size, which begged the question, "Why are we missing this?"

Dr. Lang went on to say the largest city in the state was a global-reaching city. Las Vegas had an airport that was fifth or sixth in the United States and was soon to open one of the larger international terminals and receive several customs officials who would clear people and goods through the state directly. When the tourist industry was in its most robust moment, it would have resisted the idea that airfreight would come through a place like McCarran Airport, because it would get in the way of tourists landing. Dr. Lang said that at this point, the airport had excess capacity, and it was clear that it could receive all kinds of airfreight, which was valuable. Jobs, logistics and trade, which were underrepresented in Nevada relative to connections with the rest of the west and the world, were sectors that could flourish quickly in a recovery and would not take much investment in the way of training, because jobs in that sector tended to not require intensive amounts of training. They required infrastructure investment, and much of the infrastructure was already in place.

Dr. Lang stated that much of what had been discussed, attracting growth industries and looking at the state incentives, concerned structural changes more so than any other kind of changes in revenue streams. The Study Group looked at what areas the state could, by changing regulations, policies, and resource allocation and not the funding level, make a strategic investment and improve the economy. The overall view was that changes alone might significantly improve the economy, but it would be better if there were concurrent amounts of investment, especially in higher education.

Chairman Horsford introduced Keith Smith from Boyd Gaming in Las Vegas and explained that because of time constraints, he wanted to allow Mr. Smith to add his comments as President/CEO of Boyd Gaming and a private-sector representative of a number of other business groups. Mr. Smith would give his perspective both as a Vision Stakeholder in the process and as a leader in the business sector.

Keith Smith, President and CEO, Boyd Gaming, Las Vegas, thanked Dr. Lang for leading the group through a very difficult process. He took a diverse group of business leaders through a complicated process over a number of months; the process was constructive, and the end product was very good.

Mr. Smith said he was pleased to be asked to participate on the Nevada Vision Stakeholder Group. Given the position of the state, both economically and in many quality-of-life indicators, he felt it was critically important to the future vitality of the state that Nevadans set a course for the future prosperity of Nevada. As a businessman, he recognized the importance of having a long-term strategic plan that could guide the day-to-day decision making of any organization, whether it be a for-profit business or the state.

Mr. Smith said the recommendations of the Nevada Stakeholder Group attempted to provide the Legislature with a strategic plan blueprint. In addition to the recommendations, the report provided performance metrics for measuring progress against such benchmarks. The report made clear that the quality-of-life goals were hollow without a healthy economy and a sustainable fiscal structure. Likewise, long-term economic growth was difficult to sustain without a quality education system and infrastructure to support it.

If Nevada was to move forward, Mr. Smith continued, the state could not ignore a stable fiscal structure for improving the critical quality-of-life metric. The recommendations were an attempt to provide a framework for those very important discussions. He believed diversifying the economy was one area which brought all of the issues together. Developing new economic sectors in Nevada that could drive new revenue for the state would not only create jobs for prosperity, but would also reduce the volatility of the state's economy and thereby help the state to weather future economic downturns.

Mr. Smith went on to say that economic diversification required an inviting business environment and a stable tax base. It also required an educated workforce, which meant having strong K-12 and higher education systems, among many other necessary elements.

In summary, Mr. Smith said everyone must work on all of the issues together and simultaneously. The recommendations of the Nevada Vision Stakeholder Group provided a roadmap for the state. There were many complicated issues to tackle and very difficult decisions to be made. As with any strategic plan, it would take many years to implement the plan, but everyone must begin the task together, and it must begin today, with the foremost goal the betterment of Nevada for future generations.

Mr. Smith thanked the Committee for the opportunity to speak and offered to answer any questions. There were no questions.

Dr. Lang resumed his PowerPoint review of the Nevada Vision Stakeholder Group Report (Exhibit F).

## FOCUS ON ENERGY AND ENVIRONMENT – GOALS:

- Ø Become a national leader in resource conservation and renewable energy production.

Dr. Lang remarked energy and environment appeared to be the most promising sector, given the fact the state was a large potential generator of alternative energy. California had a policy in place that would demand 30 percent alternative energy and electrical generation by 2030, which would produce a giant market proximate to Nevada for both production and technology. He said there were constraints, such as some forms of solar technology required water. However, there was also an opportunity to develop technology to produce water that was exportable. Other parts of the world with water constraints had actually become some of the largest exporters of the technology to harvest more water from a small resource. Dr. Lang noted that Nevada had experienced ups and downs in its share of alternative energy production.

## FOCUS ON TRANSPORTATION – GOALS:

- Ø Enhance the energy-efficient movement of goods and people. Strengthen connections with the Intermountain West.

Dr. Lang explained there were not only opportunities for improvement in environmental technology and other forms of technology, but also in transportation. One of the positive items in the report was existing roads in Nevada were in good condition; there were just not enough of them. Las Vegas and Phoenix were the two largest proximate metropolitan areas in the country not linked by an interstate highway, which was an artifact in part of the federal government's policy dating back to the 1950s for the interstate system, which used the 1950 Census to determine which proximate cities needed linkages. A region of 50,000 people was required, which Las Vegas did not achieve until the following Census, and there had been a deficit in a ground-based transportation link to Phoenix ever since. Dr. Lang said the situation was a potential problem because air freight required ground-based transportation to be on contemporary interstate highways rather than on a road considered to be sufficient in the Roosevelt era. He noted that most of the country had an overcapacity of interstate roads. For instance, West Virginia, which was sparsely populated, had a four-lane interstate highway running through the state. By contrast, Nevada was a vast state with a lot of space and opportunity, but its largest city was not linked to its proximate neighbor, a city of five million people, by a sufficient method of transportation for either people or goods. However, he added, the quality of Nevada's roads and bridges was nearly the best in the country.

Dr. Lang reviewed the key strategies for transportation recommended in the study:

- Build Interstate 11 between Las Vegas and Phoenix and seek more funding to extend the highway to Reno in the next round of transportation authorization in Congress. A lot of the highway would be built on the Arizona side. The major

need was a four-lane link to Interstate 40; the only missing segment was located in Nevada, which was the gap between the bridge just built over the Colorado River and the Las Vegas freeway system around Boulder City. The highway, identified as the Canamex Road, was supposed to link through NAFTA, Canada and Mexico. There was also a proposed port in the Gulf of California involving a consortium between China and Mexico to relieve the pressure on the Port of Los Angeles. Dr. Lang said if the port was built, a lot of the flow of goods would be through Las Vegas. If the state did not have a freeway to accommodate the transportation of goods, some of the trade would be lost.

- Build a high-speed rail between Las Vegas and southern California. The project would not cost the state anything; funding involved a \$4 billion loan from private investors at a very low interest rate. The road would relieve a lot of ground-based traffic on the I-15. The I-15 in southern California was a constrained road because of the lobbying efforts on the part of the Indian gaming industry to prevent better access to Las Vegas.

#### FOCUS ON EDUCATION – GOALS:

- Ø Recognize that the state has a drop-out crisis and dramatically increase graduation rates.
- Ø Raise the quality of elementary and secondary education.
- Ø Increase the value of education at Nevada's universities and colleges.
- Ø Increase early childhood education options.

Dr. Lang stated the Study Group spent most of its time on education, which was about 50 percent of the state budget and an area of great concern because it involved the human capital dimension of the state's resources and reflected whether the state would have the capacity to make the kinds of changes necessary to diversify the economy. He reviewed a graph on page 9 of [Exhibit F](#) reflecting the historical high-school graduation rates in the state. He noted that in the early 20th century, the term "high-school dropout" was developed as a way to refer to people who had not completed what was expected by most people—high school. In the 19th century, there was no such thing as a high-school dropout; the term was not needed because very few people completed high school.

Dr. Lang pointed out that the dropout rate in Nevada was at about 50 percent. It was almost not an expectation that students would graduate; education attainment across the board was very low. For example, the native-born population in Las Vegas had lower education attainment than Denver's foreign-born population, which was primarily Hispanic. He noted that the lowest unemployment rates were among college graduates, who tended to be able to find other jobs or were in companies in which they were in command and control positions that were not necessarily laid off. This was especially true for those holding graduate credentials, and the state was woefully undersupplied with people who held graduate credentials.

Continuing, Dr. Lang stated that some of the industrial change in the state was because the gaming industry in Las Vegas was globally reaching and organizing around the world. Las Vegas had the prospect of becoming the major gaming influence around the world and creating an entire export economy in entertainment, tourism, and gaming, but it needed a graduate-educated population. He pointed out that currently nearly all of the expertise was being imported into the state. There had been a slight increase in the number of people holding bachelor's degrees in the Las Vegas metropolitan area, which was primarily due to southern Californians who migrated to the region. Dr. Lang said it was potentially a good sign that the state seemed to be retaining college-educated people; it was more likely that the state would lose non-college educated individuals because those workers tended to be in industries such as construction, which was an area of largest contraction during a recession.

Dr. Lang went on to say that the state was under performing in K-12 education. There had been some improvement, but not nearly the kind hoped for going forward. However, the universities had very weak research capacity, which he had known before he came to Nevada from Virginia Tech. There was one center at Virginia Tech that did more research than either the University of Nevada, Reno (UNR) or the University of Las Vegas (UNLV). The research capacity at UNLV was not comparable in any way to Salt Lake, Phoenix, or Denver, and it was behind Flagstaff, Las Cruces and Logan. Las Vegas, a region of two million people searching for something to do besides tourism, represented one of the largest deficits faced by the state.

It was obvious, continued Dr. Lang, that discussions of K-12 were controversial in that they involved a lot of issues around reform of education. It was not that K-12 in the United States was performing well anywhere relative to China, which had startling numbers. However, the United States was the largest exporter in the world of graduate education. Utah created a \$200 million fund in 2006 strategically in centers that were based on both the industrial capacity of the region and the faculty talent within the University of Utah and Utah State University. The performance centers were held to a high standard of return on investment. If they did not perform, they would be closed; if they performed, they would be extended. The University of Utah was second to MIT in its capacity of turning patents into start-up companies in a regional economy. Utah's state budget was in much better shape than Nevada's as a consequence of its underlying resilience. Other states, such as North Carolina and Georgia, were investing in their graduate programs in a similar manner.

Dr. Lang explained that Nevada's universities were not allowed to keep their tuition or out-of-state tuition, which was unheard of in most states. When other states went into a recession, they put less investment in schools. They just increased the number of out-of-state students who paid more, the research programs continued, the faculty was engaged, and the investments were ongoing. The budget for UCLA was \$4 billion a year—larger than the budget of the State of Nevada. California's share of the budget was minimal because it was a legacy investment. When it had resources in the 1950s, 1960s and 1970s, the state invested so heavily in the University of California System that, despite its budget cuts and recession, UCLA was ranked second and Berkeley was

ranked first among state universities, and several other California schools were ranked in or near the top ten schools. Utah and Arizona had also had great success with investments in their higher education systems and research programs.

Dr. Lang said another area Nevada did not invest in heavily was early childhood education. Investment in children before they entered school tended to have a good payout later on; they were put on a track where they were more likely to do well in school and more likely to succeed as adults in the long term. He said there were cases where, due to poverty or neglect, some children were not well taken care of at a younger age.

The key strategies for Nevada's education, Dr. Lang summarized, were to:

- Increase the share of adults with at least a high-school diploma or equivalent. It would be good if Nevada could reach anywhere near the median in the country.
- Allow public universities to retain a large share of tuition and to differentiate tuition for different schools and programs.

#### FOCUS ON HEALTH AND WELL-BEING – GOALS:

- Ø Provide all Nevadans with access to quality healthcare.
- Ø Increase efficiency to contain costs.
- Ø Build strong and healthy communities.

Dr. Lang explained the metrics on public and individual health were again cause for concern. The state had a small number of physicians relative to population, which was especially true in Las Vegas, as it was one of the largest regions in the United States without a medical school. Phoenix would have had the same distinction, but a branch of the University of Arizona Medical School was established in Phoenix, and it was now thriving and producing a number of physicians locally. The Arizona medical schools were also allowed to do medical research, which tied into the biotech industry and created another opportunity for resilience and diversity.

Dr. Lang said there was also concern in the state with the number of non-elderly citizens who lacked health insurance. He added that number would likely decrease as a result of legislation at the federal level. The state lagged behind other states on all other metrics, although immunization rates were satisfactory. Regarding private health and individual behavior, the state had reduced smoking but had gained in obesity, which was a national trend, and was above the share of adults in the rest of the country in both measures.

The key strategies recommended in the report were to:

- Expand enrollment in Medicaid and Children's Health Insurance programs (CHIP) to expand access to health care in the near term.
- Promote investment in health care information technology to lower costs and improve efficiencies to help change the metric.

#### FOCUS ON PUBLIC SAFETY – GOALS:

- Ø Improve the level of public safety.

Dr. Lang reported the state had a very high property crime rate, which had decreased over recent years but was still higher than the rest of the country.

The key strategies recommended in the report to improve public safety included:

- Establish a second National Fire Academy to serve the needs of the western United States. There was only one in the country located in Emmitsburg, Maryland.
- Promote agency collaboration across the areas because there currently was none.

#### MEASURING PROGRESS:

Dr. Lang stated the purpose of the report was to provide a report card of the state and to track where to go from this point based on all of the metrics and indicators included in the report. If the state were to start sliding more on the problems, the issue would be what kind of corrections should be made. Now it was known that improvement in nearly every category was needed; through most of the areas, Nevada was in the bottom ten and sometimes in the bottom five states in the country.

In summation, Dr. Lang said the biggest fear was that there was a sense that Nevada was becoming the Mississippi of the west in the indicators, and in the longer term, if the trends were to continue, Mississippi could become the Nevada of the east, and the states' conditions would resemble a developing nation in some of these categories. It would be disconcerting to go any lower than some of the current indicators, especially in areas such as the high school graduation rate, which looked similar to the 1920s or 1930s in the national level indicators.

Chairman Horsford thanked Dr. Lang for his presentation. He explained the legislation he and Assemblyman Ocegüera authorized in 2009 required two public input hearings on the report. This hearing was the first, and another would be scheduled in late January, which would include input from the Committee and the public. No action would be taken on the report until public testimony was received. He noted that the document was available on the legislative website for the public to read and provide comments to the Committee. Chairman Horsford said that after public input was received and final modifications were made to the report, it would be forwarded to the 76th Session of the Legislature for consideration.

Chairman Horsford thanked the 19 members and 4 alternates of the Vision Stakeholder Study Group who spent over 7 months conducting the study. It was the first time that a complete analysis had been done on various parts of state government, how it worked, and the role government played. He said the report was the draft version of the first-ever strategic plan for the State of Nevada that addressed the direction the state would ultimately choose to go. Like any strategic plan, whether it was for a nonprofit organization or corporation, it was an evolving document which needed to be flexible and able to be changed. It also had to be measurable, and the metrics that had been identified on where the state ranked today, while they were sobering in most categories, represented reality. He acknowledged the report included information that was already known, but it was important that it be documented and credible, and strategies could be offered that would ultimately move the state forward. Senator Horsford said the problem was not so much about where the state ranked, but what was going to be done to achieve progress going forward.

On behalf of the people of the State of Nevada, Chairman Horsford again thanked Dr. Lang for his leadership in facilitating the process, along with the contractor and the members of the Vision Stakeholder Study Group.

Assemblyman Conklin echoed Chairman Horsford's comments. In reviewing the indicators selected for the report, he wondered whether the Committee or the staff had discussed the interrelatedness of the factors, specifically health, crime rates, and education. He said the state had the daunting task of solving a great many problems with limited resources, but he was left with the impression that solving one or two of the problems could have a significant impact on eight, nine, or ten of the other problems. For example, societies with higher graduation rates, bachelor degrees, and graduate degrees had lower crime rates. Assemblyman Conklin asked whether there was a causal relationship among the indicators in the report.

Dr. Lang replied there had been a lot of discussion on the subject. The major problem was the economy and all of the other problems related to it. The report pointed out that even in a boom era, the economy was not directing resources to areas that would sustain growth later on. When a state was fast growing and there was little residential stability, some of the indicators rose. The states on the northern tier approximate to Canada that had very little in- or out-migration tended to have a very stable metric, in part because of the depth of people's commitment to one another; they were not migrants from other states. He said there was a long tradition of showing a relationship between the duration of occupancy per household and all kinds of local indicators. Nevada was a victim of its own success in some ways. Because the state was so successful in attracting migrants, it had a challenge to fully assimilate that change. In answer to Assemblyman Conklin's question, Dr. Lang said that solving the problems of the economy and education would probably fix most of the other problems, but investment in things like infrastructure would still be needed.



Senator Rhoads recalled that Dr. Lang had indicated the state should establish a second National Fire Academy. He asked what relationship it would have to the academy in Carlin.

Dr. Lang replied the recommendation came from the public safety representatives on the study committee. The new academy would be a national academy comparable to the one in Emmitsburg and would be located in northern Nevada, which would eliminate the need for people to travel to the east to attend. It was also thought a new academy would stimulate the local economy; there would be a lot of federal investment involved.

Assemblywoman Carlton stated she was very impressed with the study: it was thorough and informative. She asked whether the Study Group had asked why the problems existed and what barriers caused them.

Dr. Lang replied, yes, and the process was quite sobering because the group met every few weeks, and each time a panel would submit its report, the rankings kept getting worse. The discussion even concerned a technicality in the method the states had agreed to do high school graduation, which could be a disadvantage to the way students were tracked. Nevada had so much population movement that students could start high school in one place and complete it somewhere else; that was true of university completion rates as well. Dr. Lang said there was a sudden dramatic drop in completion rates, and the state finally agreed to correctly report its statistics as a national indicator. The education statistics included apples and oranges around the country; in the transition to apples-to-apples, the sobering reality was the numbers were dismal.

Dr. Lang said in the past there were jobs in the state that did not require a high school diploma or college. In the 1960s and 1970s, a person without a high school diploma could work in the steel industry or auto manufacturing. After those industries declined, one of the last good areas of employment that did not require a high school diploma was the tourism industry. He said the problem was a structural one within the regions; the wealth of some regions was attributable to their level of education. Falls Church, Virginia, was number one in median household income and number one in education, with a large share of residents having graduate credentials. In an economic downturn, big state capitals that had been combined with big state universities, such as Austin, Texas, had an advantage in the new economy with an educated workforce ready for multifaceted economic development.

Nevada's business model, Dr. Lang continued, had long been on a path that required little investment in education; a part of the problem was surely the momentum of past practice. He said the lesson that came from the study was the practice needed to be reversed in a significant way, and the responsibility must start with every single house hold.

With regard to the ranking of Nevada with other states, particularly in the Intermountain West states, Chairman Horsford noted that some states were trying to get their

economies going again and were better positioned than Nevada to do so. He asked what the state would have to do in the short term for it to not lose further ground compared to the other states with advantages in education and other areas.

Dr. Lang replied Utah and Colorado were less comparable. Colorado was one of the most educated and affluent states between San Francisco and Chicago, and it had always been high in education attainment. He said the federal government had invested very early in a big research facility in World War II, which set the pattern for a tech-based economy in the state. Colorado went through something similar to Nevada in the early 1980s when its energy economy crashed, and it rebuilt itself so well that it was now in one of the better positions in the country with respect to the global economy.

Dr. Lang said 10 to 20 years ago, Arizona had qualities similar to Nevada. It was a tourism state reliant on industries that did not require college. The state reformed itself by changing the way it funded K-12 education; it allowed local investment by allowing counties to add extra tax base to their school districts. There were areas of the state that sought greater investment in K-12, but the system created equity challenges. Dr. Lang pointed out that there was a lot of variation in quality of education from one metropolitan area to another throughout the country, which not only created an equity issue, but also produced reliability in predictions that certain school districts could function strongly for multiple decades, which was an advantage to employers when recruiting.

Arizona also reformed higher education, Dr. Lang continued. Tucson was the largest metropolitan area and had been the beneficiary of a state land grant investment to build a first-rate university, the University of Arizona. In spite of the success of the University, the state realized it would have to make Arizona State University (ASU) a first-tier university, or Phoenix would remain a region of four to five million people without that capacity. The state was a partner in investing in ASU, and it was not done by subtracting resources from the University of Arizona. Instead, it was done by building ASU back up to a comparable tier and lining up the region's economic investment strategy in selected areas in science and applied engineering.

Dr. Lang stated Arizona would dominate Nevada in the solar industry because it had made renewable energy one of its priorities and created an entire center for that field. Although Nevada had the resource, it would become Arizona's "back yard" from which to gain solar power, and the high-end jobs, technology, and research and development would flow to cities such as Phoenix or Denver. That was the risk Nevada took by having not invested in research capacity. Other comparable states, such as Utah, were also far ahead of Nevada.

Chairman Horsford remarked an area of concern in the report was the use of the national average as a benchmark in graduation. Nevada was far behind the national average in graduation, early childhood education, and investment in higher education. However, the national average was no longer the goal; the goal now was where students ranked compared to students in China and India. He asked how students in

Nevada could compete when everything was moving to a global economy, including gaming. Nevada was already far below the national average, and even if it met the average by 2015, it would still be behind the rest of the world.

Dr. Lang replied the study group had discussed the fact that getting to the U.S. average was not necessarily a good place to be; placement in the top ten states would be required to be globally competitive. The United States was sliding in all of the measures; at one point it had the highest percentage of college graduates, and it was now 12th or 15th. He said recently there was an international examination administered in Shanghai, and the students in Shanghai scored better in U.S. history than American students. Dr. Lang pointed out that Shanghai was a city of 20 million, but if China took that level of education to several more cities, it would be on the same scale as the U.S.

He added that China was establishing 100 research universities based on the American model, with the instruction all in English.

Continuing, Dr. Lang said the median average in the United States would be comparable to Turkey. If Puerto Rico joined the Union, it would be ahead; its workforce and education standards were superior. Massachusetts was one of the few states that could be rated as comparable to European countries at the top tier.

Assemblyman Hickey remarked that Chancellor Klaich had recently touted the fact that the University of Nevada System compared quite favorably to other western states based on the number of tenured academics on faculty, which would normally be equated to some degree with research. He asked why Nevada had a higher percentage of tenured faculty than neighboring states and a lack of focus on research.

Speaking specifically to the University of Nevada, Las Vegas (UNLV), Dr. Lang said he had previously taught at Virginia Tech, which had a lower teaching burden; no school in the top tier had a teaching burden as high as UNLV, which was about 50 percent higher. As far as state investment, UNLV was not a research university; it could be compared to the California State University, Long Beach, campus. He explained the California higher education system was divided into three tiers: a UC tier at the top; a CSU tier, which were essentially teacher's colleges; and community colleges. There was good productivity out of the faculty relative to UNLV's size and teaching loads, but it was difficult to do sponsored research when carrying one class or more per semester than at other institutions. He noted that faculty in the sciences who brought in grant money and were innovators generating ideas and technologies that filtered out into a regional economy were treated very differently by the state. Other states were able to differentiate and understand the significance of selected investment in certain kinds of research capacities.

Dr. Lang explained that Florida had faced the same challenge as Nevada. It actually lost population last year for the first time since the 1940s. In the last legislative session, everything was reduced, including K-12 education, but the investment in selective

research universities was retained, and investment was actually added to a polytechnic campus at Orlando in an effort to move Orlando away from an overreliance on tourism.

Assemblyman Hambrick asked whether the process should begin with higher education or K-12.

Dr. Lang replied it should begin across the board. As far as research universities, the investment would be easily targeted to centers that had to perform based on return on investment. The accountability structure in research universities was clean; it did not require a fundamental reform. If money was invested in a center that was supposed to stimulate an industry, it required the center to prove it drew in federal money that produced technology that filtered into the state's economy and provided high-tech employment. In short, Dr. Lang said other states were using a quick and easy metric on performance of research universities. They were selectively given money for specific technologies in answer to the following questions: What were the regions planning for and what were their capacities? How could those be aligned with the state universities? In other words, the state universities were not isolated; they were innovation centers that had the potential to be transformative. However, they would not produce the desired results unless they were aligned with a strategic plan that included the specialized clusters of each region and made an effort to expand technology in those areas. If Nevada could generate any kind of resources, one of the areas of proven investment would be in highly-targeted, specific research centers.

Chairman Horsford was also interested in public safety and rankings on crime. He asked how the tourists were factored into the study statistics, as tourists were a burden on the state's public safety system.

Dr. Lang replied the tourists were not differentiated. There was a lot of private security in the state, especially in the large hotel complexes in Las Vegas. There was more security investment in both Reno and Las Vegas than would appear based on the public sector. The Las Vegas Strip itself was a safe zone, but the areas a few blocks away were not. He said the issue was raised whether the metric was bumped up somewhat from the fact that there were a lot of tourists in the city who were not accounted for. The good news was that the big outlier was property crime rather than violent crime, but the two were not differentiated.

Chairman Horsford observed there was an interconnection among some of the indicators; for example, 70 percent of prison inmates in Nevada prisons were high-school dropouts. There was a direct correlation between the fact that the state was not investing in education and people without diplomas had fewer job opportunities and risked going into the prison system. He said that ultimately, the Legislature would have to decide where the majority of the limited resources available should be dedicated for the best outcomes possible.

Dr. Lang added there was a term in sociology, a stake in conformity, which meant the more educated and affluent a person was, the better his behavior because he had a

stake in society as a consequence. Less social control was required from the state when people already had internal control because violating the law produced the greater downside.

Chairman Horsford asked for further questions from the Committee and the public; there were none. He again noted the second report of the study would be presented in January, at which time there would be further input from other members of the Stakeholder Study Group, as well as testimony from members of the public wishing to comment on the findings and recommendations in the report.

- O. 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. Department of Corrections.
  - 2. Legislative Commission

Mr. Krmpotic stated the only issue identified by staff was a furlough exception that was approved by the Board of Examiners for the Department of Corrections, which included all of the Correctional Officers. He reminded the Committee that an exception had been provided to the Department throughout fiscal year 2010, and it was determined during the 26th Special Session (2010) that the Department could move forward without implementing furloughs throughout the Department. In July 2010, the Board of Examiners eliminated all exceptions to the furlough program.

Mr. Krmpotic stated the current exception would exempt the Department of Corrections from the furloughs for the months of November and December. To provide for the exemption, it appeared some funding would be required from the Salary Adjustment Account, which was set aside by the Legislature to fund exceptions to furloughs. He pointed out one of the difficulties in implementing the furloughs at the Department of Corrections was the number of existing vacant positions, a total of 237, which appeared to be creating an operational issue in itself.

Mr. Krmpotic noted that information had been received that Washington State was proposing one-day lockdowns to keep inmates in their cells during the day and during meals, presumably for the purpose of implementing furloughs or to address reduced staffing.

Chairman Horsford stated the item was informational only, and the Committee could not take action. The issue was that there were not supposed to be any exceptions to the furlough program, and now exceptions were being made.

- \*P. DETERMINATION AND NOTIFICATION TO THE DEPARTMENT OF MOTOR VEHICLES PURSUANT TO SECTION 62.5 OF SENATE BILL 394 (2009 SESSION) OF SUFFICIENT FUNDS AVAILABLE IN THE

REVOLVING ACCOUNT FOR THE ASSISTANCE OF THE DEPARTMENT  
RELATING TO THE TITLING AND REGISTRATION OF OFF-HIGHWAY  
VEHICLES.

Rick Combs, Assembly Fiscal Analyst, explained Agenda Item P was in response to Senate Bill 394 of the 2009 Legislative Session, which required certain persons who acquired ownership of off-road or off-highway vehicles to apply to the Department of Motor Vehicles (DMV) for titling and registration of the vehicles. The bill created a revolving account to assist the Department with program start-up costs. He said the bill was effective upon passage and approval for the purpose of adopting regulations and appointing members to a commission that was created in the bill, but the effective date for the main provisions of the bill was tied to the condition that there would be funding available to start up the program. Mr. Combs said the main provisions would become effective July 1, 2011, or one year after the date IFC issued a notice to the DMV that there was at least \$500,000 in the revolving account. He explained if notice was not provided by July 1, 2011, the provisions of the bill would expire by limitation.

Mr. Combs said in October 2010, the Clark County Commission approved a contract with DMV, pursuant to which Clark County would provide the \$500,000 needed to start up the program. The contract was approved by the Board of Examiners on December 14, 2010, and it indicated that the money must be deposited in the revolving account within 30 days after the agreement was approved. The money had not yet been deposited into the account, but it was anticipated that would occur very soon.

Mr. Combs explained that to not hold up progress on the program any further, Fiscal staff thought it would be advisable for the IFC to grant authority for them to determine when the money was placed into the account and notify the DMV so that notice could be sent to the public.

Assemblyman Bobzien asked why it was taking so long to start the program.

Mark Froese, Administrator, Management Services and Programs Division, Department of Motor Vehicles, responded that as soon as possible after the 2009 Session, the Department entered into talks with the Clark County Commission, but a contract between the two entities was just recently negotiated.

Mr. Bobzien asked what the issues were in the negotiations that caused the process to take over a year. Mr. Froese replied there were issues such as protection of the Desert Tortoise the DMV felt were not necessary for the contract, but Clark County disagreed.

Senator Rhoads recalled the bill had come from the Legislative Commission on Public Lands, and it had been proposed in four sessions; he was glad to hear that the funding was now available. Off-road vehicles had been a major topic of discussion in every Committee meeting for the last several years.

Assemblywoman Smith remarked she was also glad to see the program was finally moving forward.

ASSEMBLYWOMAN SMITH MOVED THAT THE FISCAL DIVISION BE AUTHORIZED TO PROVIDE THE NOTIFICATION NECESSARY REGARDING FUNDING TO MOVE THE OFF-HIGHWAY PROGRAM FORWARD AS QUICKLY AS POSSIBLE.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED.

Assemblywoman Carlton voted nay.

Senators Cegavske and Schneider were not present for the vote.

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

Mr. Krmpotic announced the only informational item requested to be heard was Q-8, the Department of Employment, Training and Rehabilitation. Senator Leslie requested that Item Q-7b, Division of Health Care Financing and Policy, also be heard.

7. DEPARTMENT OF HEALTH AND HUMAN SERVICES

b. Division of Health Care Financing and Policy

- 1) Response to questions from the September 10, 2010, meeting of the Interim Finance Committee regarding projected Medicaid costs and caseloads.
- 2) Report on health care costs for CY 2009 pursuant to NRS 449.520.

Senator Leslie recalled that during the 26th Special Session (2010), the Division was projecting a shortfall, and the Legislature made several decisions based on the information to cut other areas of the budget to fund the shortfall. She asked Mr. Duarte to update the Committee on the status of the shortfall.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, introduced Lynn Carrigan, Administrative Services Officer, who could provide an explanation. He stated the explanation was not simple, because the facts had changed.

Lynn Carrigan, Administrative Services Officer, Division of Health Care Financing and Policy, stated the main reason there was not a shortfall for the biennium was the extension of the ARRA. If it were not for the ARRA extension funding, there would be a shortfall. She had just completed a projection which anticipated a \$1.9 million surplus, which was committed to be used as available General Fund offset for the 2011-2013 biennium.

Ms. Carrigan explained money was moved from fiscal year 2011 to 2010 because a substantial shortfall was anticipated in 2010. That projection was initially made in January and adjusted in March 2010. At the end of the 2010 fiscal year, there was not a shortfall, and she anticipated a \$9 million surplus. In preparation of a request for a 2011 Session supplemental appropriation in August 2010, she discovered an actual surplus of \$19 million, and she determined that the agency's projection methodology was flawed. The methodology had been corrected, and she believed that future projections would be more accurate.

Senator Leslie asked when the next projection would be made. Ms. Carrigan responded one had just been run, which was the basis of the data she was reporting.

Senator Leslie remarked that Fiscal staff would have further questions; it was essential that the projections be accurate, as the 2011 Legislature would make decisions based on them.

Senator Leslie asked whether the Division had an update on the Federal Medical Assistance Percentage (FMAP). She recalled the projection was previously \$88 million.

Ms. Carrigan replied she had not conducted an update because she did not know specifically what ARRA funds would be brought into the state. She was aware that the projection methodology was showing a \$9.1 million surplus in the General Fund. There was approximately \$1.5 million in reserve in account 3158 and \$19 million in reserve in the Intergovernmental Transfer (IGT) account; the \$9.1 million projection assumed those amounts in reserve would be spent.

Mr. Duarte added funding for increased FMAP that was not necessarily related to Medicaid or other budget accounts was available through the extension of the ARRA. He said projections were made in the 26th Special Session that nearly \$300 million would be available. With the ARRA extension for the enhanced FMAP, the amount was considerably less, leaving a shortfall of approximately \$216 million. Mr. Duarte clarified he was not completely familiar with the calculations, and it probably would be best if questions were addressed to officials at the Department level.

Senator Leslie asked Mr. Duarte to prioritize the projections for Fiscal staff so that the Committee would have the current information.

Senator Kieckhefer asked whether the flawed projection methodology was used for projecting the 2011-2013 biennial budget. Ms. Carrigan replied she used the new methodology for the biennial budget. She explained the basic problem with the old projection methodology was it did not project General Fund. It projected total expenditures and calculated General Fund based on the blended FMAP, but some expenditures did not pay at blended FMAP. Consequently, the amount of General Fund expenditures was overstated.



8. DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION –  
Monthly report on the status of the Unemployment Insurance Trust Fund  
balance pursuant to the request of the IFC's Subcommittee for Federal  
Stimulus Oversight, A.C.R. 34 of the 2009 Legislature.

Cindy Jones, Administrator, Employment Security Division, introduced Dave Schmidt, an Economist with the Division. Ms. Jones referred members to the October 2010 report in the meeting packet ([Exhibit C](#)), which reflected a deficit of slightly over \$568 million for payment of unemployment insurance benefits, which was money borrowed from the federal government to pay regular unemployment insurance benefits. She reported the current balance had increased to approximately \$595 million, and based on projections for the upcoming rate-setting year for unemployment insurance taxes and the unemployment rate projections, combined with projected collections, the deficit was expected to grow to approximately \$820 million by September 30, 2011.

There were no questions from the Committee. Assemblywoman Smith thanked Ms. Jones for the information and her service, which she knew included making very difficult decisions.

Ms. Jones reported that the President had signed the bill to continue the extension of unemployment insurance benefits, and the Division was in the process of reinstating benefits for 7,400 claimants.

Chairman Horsford questioned why 15,000 claimants were no longer eligible, and Ms. Jones replied they had exhausted all of their benefit entitlements. She explained the new extension only applied to the existing unemployment extension programs; it did not provide additional payable weeks for those who had exhausted their benefits.

R. STATE OF NEVADA PROJECTED BUDGET GAPS FY 2012 AND FY 2013 –  
NATIONAL CONFERENCE OF STATE LEGISLATORS, STATE BUDGET  
UPDATE NOVEMBER 2010.

Chairman Horsford explained the National Conference of State Legislators (NCSL) had recently issued a report on state budgets, and Arturo Perez from NCSL would review the report via videoconference from Denver, Colorado. Chairman Horsford thought the information was very timely; a majority of the states were experiencing growing budget deficits. He welcomed Mr. Perez and thanked him for appearing to present the report ([Exhibit G](#), *State Budget Update: November 2010 [Presentation to the Nevada Legislature's Interim Finance Committee]*).

Arturo Perez, Program Principal in the Fiscal Affairs Program located at the National Conference of State Legislators in Denver, Colorado, stated his presentation would consist of a summary of the findings in the November 2010 report ([Exhibit G](#)) that was just released the previous week. A summary of his testimony follows:

## Overview

- State revenue performance is improving.
- Sizeable budget gaps loom in many states.
- States have reported a total estimated budget gap of \$562.9 billion (FY 2008 through FY 2013 est.).

## Year-Over-Year Percent Real Change in Major Taxes

- States have experienced a roller coaster effect with state revenues.
- States rely on personal income tax and general sales taxes, which equate to about one-third of revenue collections on an aggregate basis across the country.
- Nevada does not have a personal income tax, but in fiscal year 2010, that revenue dropped to about 28 percent compared to the prior year.
- At its weakest point, general sales tax revenue dropped about 20 percent from the prior year.
- Total state tax collections dropped about 16 percent, resulting in a fiscal crisis in most of the states.
- The latest data shows that revenues have begun to rebound from their lows in fiscal year 2010.

## Revenue Outlook for the Remainder of the FY 2011

- In November 2010, the question was asked of all states whether their outlook with regard to revenue performance between November and June 30, 2011, was pessimistic, concerned, stable, or optimistic.
- The largest response was “stable.” Thirty-one states expected their revenues would meet projected forecasts by June 30, 2011.
- Seventeen states, including Nevada, said they were concerned, based on recent revenue performance, whether revenues would meet projected levels in the budget.
- There were no states at the pessimistic level for the first time in three years.
- Only three states were optimistic that they would actually exceed their revenue projections by the end of the fiscal year.

## Revenue Outlook for the Remainder of the Fiscal Year (2003-2010)

- The revenue trends were more stable than in 2008 and 2009. In 2008 there were 6 states at the stable level; currently at least 30 states were categorized as stable.
- The number of concerned states dropped from 30 in November 2009 to 16 in 2010.
- In November 2008, over 25 states indicated they were pessimistic, with no states currently reporting pessimism.

- The number of states indicating they were optimistic dropped from November 2005, when the economy was at its peak after the last recession.

#### Projected Return to Peak Revenue Collections

- States were asked when they thought they would return to peak revenue collections.
- Forty-two states indicated that fiscal year 2008 was the peak year for revenue collections in their budgets, which was the peak year before the effects of the national recession on their revenue collections.
- Three states indicated they would be back at their peak at the end of the current fiscal year.
- Eight states indicated they would be at their peak by fiscal year 2012, and another eight indicated by fiscal year 2013.
- Four states projected a return by fiscal year 2014.
- California indicated it would reach its peak revenue performance by fiscal year 2016.
- Nineteen states, including Nevada, did not include their projected return to peak within their forecasts, perhaps because they did not estimate revenues that far out or they were not sure when the return would actually occur.

#### Projected FY 2012 Budget Gaps as a Percentage of General Fund Budget

- Sixteen states did not project a gap in fiscal year 2012.
- Eighteen states projected a gap of 10 percent to 19.9 percent.
- Seven states projected gaps of less than 4.9 percent.
- Seven states projected gaps in the range of 5 percent to 9.9 percent.
- Three states, including Nevada, were projecting fiscal year 2012 budget gaps to exceed 20 percent or more.

#### Projected FY 2013 Budget Gaps as a Percentage of General Fund Budget

- Twenty-three states plus Puerto Rico projected some budget gap in fiscal year 2013.
- Seven states projected a range of 0.1 percent to 4.9 percent.
- Five states projected gaps of 5 percent to 9.9 percent.
- Ten states projected gaps in the range of 10 percent to 19.9 percent.
- Three states projected gaps exceeding 20 percent.

#### Structural Budget Gaps – FY 2012, FY 2013, and FY 2014

- The question was asked whether under current revenue and expenditure laws the states would be able to meet their obligations relative to the expenditures that would be required.

- Twenty-one states indicated they would not be facing a structural budget gap over the period.
- Ten states replied the gap would only apply to fiscal year 2012.
- Six states replied they would have structural budget gaps in fiscal year 2012 and 2013.
- Fourteen states projected structural budget gaps in all three fiscal years.
- California estimated it would face a \$20 billion structural budget gap in each of the next five years.

#### State Budget Gaps FY 2002 – FY 2013 (Projected)

Mr. Perez explained the bar chart ([Exhibit G, page 10](#)) illustrated the extended fiscal crisis that states had faced going back to 2002. The states experienced a recession in 2001, and the resulting budget crisis extended from 2002 to 2006. The recession was considered the worst fiscal crisis to hit states since World War II, but it dwarfed in comparison with the budget gaps states would be facing for at least another two years.

Continuing, Mr. Perez said in fiscal year 2010, states had to deal with budget gaps that exceeded \$174 billion in total. For the current fiscal year, the states were experiencing \$110.6 billion in budget gaps; of that amount, \$83.9 billion was resolved before the budgets were adopted, and the additional amounts were reported by the states since the start of the fiscal year (July 1, 2010). He said that figure was expected to increase in the new calendar year.

The aggregate total of budget gaps for all states in fiscal year 2012 was about \$81.2 billion and about \$66 billion in fiscal year 2013. Mr. Perez said both of those figures were expected to increase as governors presented their budgets to the legislatures across the country and updated revenue forecasts were developed. The report was to be updated in March 2011 and would include the increases in revenue forecasts.

#### State Actions to Close Budget Gaps

- Budget cuts: All programs and services subject to cuts
- Tax increases on a limited basis
- Other revenue increases (fees and provider rates)
- Federal stimulus funds
- Wide array of other actions, many one-time in nature
- Renewed focus on streamlining and efficiency (commissions, task forces, blue ribbon panels)

### Key Concerns Looking Ahead

- Mounting spending pressures
  - Ø Replacing federal stimulus funds
  - Ø Feasibility of further budget cuts
  - Ø Unfunded pension and other liabilities
- Revenue performance/new revenues
- Structural budget gaps
- Federal actions affecting states

Mr. Perez reported that at least 25 states indicated they had spending overruns in their programs, the number one program being Medicaid in at least 18 states; other programs included corrections and K-12 education. He explained the overruns were in part due to the increase in caseloads as a result of high unemployment numbers reported by states.

Mr. Perez went on to say that revenue performance and new revenues were an issue in part because the revenue forecasts for the current fiscal year were projected to be flat growth compared to the prior year. There was growth in the forecasts, but it was not significant: 5 percent or less.

### Conclusion

- State revenues are starting to show growth.
- Many forecasts offer little room for error.
- States face at least two more years of budget gaps.
- Few states have concrete plans to address the end of federal stimulus funding.
- The new political landscape will shape state actions to deal with budget problems.

Mr. Perez noted that while revenue forecasts were starting to improve, the states were facing great challenges starting in 2011. Few states had concrete plans to address the end of the \$39 billion in federal stimulus funding that would not be available in fiscal year 2012. He noted the political landscape across the country would be changing as a result of the November 2010 election; in addition, there were 28 new governors coming into office.

Chairman Horsford thanked Mr. Perez for his presentation, remarking that the report helped to provide some context of the state's challenges for the new Committee members. The problems were not unique to Nevada: virtually every other state in the country was faced with the same challenges. The Legislature would need to be prepared to make some very tough decisions in the 2011 Session. He asked for questions or comments from the Committee.

Assemblywoman Smith said she had attended the NCSL meeting for fiscal leaders when the information was presented. Representatives from staff and money

committees from across the county had an opportunity to discuss important budget issues. She thought the tone from the NCSL staff and state leaders this year was more optimistic than last year. Most states seemed to feel they had bottomed out and were starting to come back; some were very optimistic. She noted that Nevada's situation was much more dire than it appeared to be in other states.

With regard to the end of the stimulus funding (referred to as "the cliff"), Assemblywoman Smith had a sense from listening to other fiscal leaders that it was created because of the stimulus program, but "the cliff" would have occurred regardless; it just would have occurred earlier. There would be a revenue shortage in the country in fiscal year 2013, and the larger discussion had to be how to solve the crisis.

Assemblywoman Smith said that overall the states were looking at a new norm, new ways of doing business, and new methods of providing services. Prioritization, efficiency, accountability, and transparency were in all of the conversations held at the meeting.

There being no further questions, Chairman Horsford stated the Committee looked forward to working with the NCSL in months ahead.

#### S. PUBLIC COMMENT

Barry Lovgren, private citizen, testified that the Substance Abuse Prevention and Treatment Agency (SAPTA) had ignored the fundamentals of why the agency existed, as well as why it was funded. He cited the following problems he had encountered in the course of looking into why there had been a decline in the number of substance abusive pregnant women receiving treatment:

- SAPTA had not had a state plan for the prevention and treatment of substance abuse for at least three years, despite the fact it was the agency's primary statutory duty.
- In a 2000 legislative audit, SAPTA was cited for failure to meet the federal requirement for block grant funds to publicize treatment and admission priorities for substance abuse in pregnant women, delegating this responsibility to the treatment programs instead of meeting the requirement. It ignored its public information plan developed to implement the LCB recommendation to remedy the problem, instead continuing to delegate responsibility to the treatment programs.
- SAPTA failed to meet the federal requirement for block grant funding to assess Nevada's need for substance abuse prevention in pregnant women.
- In July 2010, SAPTA promulgated a sliding fee scale policy that severely penalized families and inadequately regulated collection practices of funded treatment programs.

- SAPTA failed to meet its statutory duty to adopt regulations provided for the certification of detoxification technicians.
- SAPTA had the Center for the Application of Substance Abuse Technologies conduct certification inspections under a subgrant. Statute very explicitly allowed this only under a contract, and those inspections had been remarkably inept. SAPTA funded all of its programs under these so-called subgrants, but when distributing state funds, General Funds and state liquor taxes, they were not subgrants at all because they were not grant funds. In that event, a subgrant was but a means of evading state contracting procedures for purchase of services.

Mr. Lovgren said the number of substance abusive pregnant women seeking treatment was down by over half from 2004, while the number of live births since then was up by over 30 percent. Less treatment with more births was a recipe for substance-related birth defects and for catastrophic lifetime health care and other costs to the state. Any state funding of SAPTA needed to be contingent upon fixing these problems; he did not see how the Legislature could possibly fund implementation of a state plan that did not exist. It certainly could not continue to let certification inspections be done under a subgrant when statute required that they be done under a contract, and it could not continue to let state contract requirements be evaded by SAPTA to pay state funds for services through so-called subgrants instead of through contracts.

Mr. Lovgren's written testimony is attached as [Exhibit H](#).

Chairman Horsford thanked Mr. Lovgren for his comments, adding the matter would be looked into during the upcoming Legislative Session.

Assemblywoman Smith noted that members had received a copy of the IFC Federal Stimulus Oversight Subcommittee report ([Exhibit I](#)). She thanked Fiscal staff for the assistance they provided in addition to all of their other responsibilities. She acknowledged Rick Combs for assuming the additional duties after Tracy Raxter retired. Chairman Horsford thanked Assemblywoman Smith for her leadership on the Stimulus Oversight Subcommittee.

## T. ADJOURNMENT

Chairman Horsford adjourned the Committee at 3:54 p.m.

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Senator Steven Horsford, Chairman  
Interim Finance Committee

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

EXHIBITS		
INTERIM FINANCE COMMITTEE		
Exhibit	Witness/Agency	Description
A	Fiscal Analysis Division Legislative Counsel Bureau	Agenda
B	Fiscal Analysis Division Legislative Counsel Bureau	Guest List
C	Fiscal Analysis Division Legislative Counsel Bureau	Meeting Packet
D	Senator Joyce Woodhouse, Chair Legislative Subcommittee for the Fundamental Review of Base Budgets	Report of the Legislative Committee for the Fundamental Review of Base Budgets of State Agencies
E	Dr. Robert Lang, Chair Nevada Vision Stakeholder Group	<i>Envisioning Nevada's Future—Goals and Strategies for Advancing Our Quality of Life</i>
F	Dr. Robert Lang, Chair, Nevada Vision Stakeholder Group	PowerPoint Presentation—Envisioning Nevada's Future
G	Arturo Pérez, National Conference of State Legislatures	Presentation to the Nevada Legislature's Interim Finance Committee— <i>State Budget Update: November 2010</i>
H	Barry W. Lovgren, Private Citizen	Written Testimony to the IFC Regarding the Substance Abuse Prevention and Treatment Agency (SAPTA)
I	Assemblywoman Debbie Smith	Report to the Interim Finance Committee by the Subcommittee for Federal Stimulus Oversight