

MINUTES OF THE JUNE 30, 2011
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order on June 30, 2011, at 9:10 a.m. in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. [Exhibit A](#) is the agenda, [Exhibit B](#) is the attendance roster 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:

Assemblywoman Debbie Smith, Chairwoman
Senator Barbara Cegavske
Senator Moises Denis
Senator Ben Kieckhefer
Senator Sheila Leslie
Senator David Parks
Senator Dean Rhoads
Senator Valerie Wiener for Senator Horsford
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblywoman Teresa Benitez-Thompson for Assemblyman Ocegüera
Assemblyman David Bobzien
Assemblywoman Maggie Carlton
Assemblyman Marcus Conklin
Assemblyman Pete Goicoechea
Assemblyman John Hambrick
Assemblywoman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph Hogan
Assemblyman Randall Kirner
Assemblyman Kelly Kite for Assemblyman Grady
Assemblywoman April Mastroluca

COMMITTEE MEMBERS EXCUSED:

Senator Steven Horsford
Assemblyman Tom Grady
Assemblyman John Ocegüera

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
Carol Thomsen, Committee Assistant

A. ROLL CALL

Lorne Malkiewich, Director, Legislative Counsel Bureau, and Secretary of the Interim Finance Committee, called the roll.

*B. APPROVAL OF MINUTES OF THE DECEMBER 17, 2010, MEETING.

ASSEMBLYMAN CONKLIN MOVED FOR APPROVAL OF THE
DECEMBER 17, 2010, MEETING MINUTES.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

*C. APPROVAL OF MINUTES OF THE FEBRUARY 3, 2011, MEETING.

SENATOR LESLIE MOVED FOR APPROVAL OF THE
FEBRUARY 3, 2011, MEETING MINUTES.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

*D. ALLOCATIONS OF BLOCK GRANT FUNDS THAT REQUIRE A PUBLIC
HEARING PURSUANT TO NRS 353.345).

Chairwoman Smith explained that work programs involving allocations of block grant funds required a public hearing. She opened the hearing on Agenda Items D-1 through D-5.

- 1. Department of Health and Human Services - Welfare and Supportive Services - TANF - FY 2011** - Addition of \$350,000 in federal Temporary Assistance for Needy Families (TANF) funds to ensure TANF recipients continue to receive cash assistance payments based on the March 2011 caseload projections. **Requires**

Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C20701

- 2. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2011 - Transfer of \$16,294 from the Personnel Services category to the Information Services category; \$1,097 from the Utilities category to the Information Services category; and \$97,787 from the Utilities category to the Operating category to meet projected expenses through the end of FY 2011. Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C20599**
- 3. Department of Health and Human Services - Mental Health and Developmental Services - Rural Regional Center - FY 2011 - Addition of \$23,565 in Disaster Relief funding from the Department of Health and Human Services to reimburse costs associated with individuals residing in the Fernley area who are not eligible for Medicaid for FY 2011. Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C20372**
- 4. Department of Health and Human Services - Mental Health and Developmental Services - Rural Clinics - FY 2011 - Addition of \$188,157 in Transfer from MHDS for Community Mental Health Services (CMHS) Block Grant funds and transfer of \$3,000 from the In-State Travel category to the CMHS Grant category to support outpatient mental health staff salaries and to carry out recommendations made by Nevada's Mental Health Planning Advisory Council for acquiring additional supplies, equipment, and interpretive resources to enhance staff's ability to treat children at all Rural Services locations. Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C20383**
- 5. Department of Health and Human Services - Mental Health and Developmental Services - Rural Clinics - FY 2011 - Addition of \$8,459 in federal Title XX Social Services Block Grant funds and transfer of \$15,858 from the Operating category; \$83,971 from the Professional Services category; \$4,274 from the Information Services category; \$13,947 from the Medications category; and \$600 from the Utilities category to the Fernley Disaster Relief category to centralize the accounting for this program, isolate *Fernley Disaster Relief program expenditures* from other program expenditures and provide mental health services to the Fernley community as part of the disaster relief effort for the flood. Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C20778**

Chairwoman Smith asked whether anyone in the audience wished to provide testimony on block grant items 1 through 5. There was no public testimony, and there were no questions from the Committee.

ASSEMBLYMAN ATKINSON MOVED FOR APPROVAL OF AGENDA ITEMS D-1 THROUGH D-5.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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

Chairwoman Smith announced that Agenda Item E included work programs that were submitted by the Governor since the last Interim Finance Committee meeting. They required expeditious action within 15 days of submittal. The work programs were informational only and did not require Committee action. She asked Rick Combs, Fiscal Analyst, to explain the expeditious action process.

Rick Combs, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained the statute provided that if the Governor determined a work program required expeditious action, the Budget Division submitted it to the Fiscal Division for review, and it was effectively approved after 15 days unless IFC action was deemed necessary and a meeting called.

1. **Office of the Attorney General - Tort Claim Fund - FY 2011** - Transfer of \$350,000 from the Reserve category to the General/Fleet - Tort Claims category to cover anticipated expenditures through the end of FY 2011. Requires Interim Finance approval since the amount added to the General/Fleet - Tort Claims category exceeds \$50,000. **Work Program #C20550A**
2. **Department of Administration - Buildings and Grounds Division - FY 2011** - Transfer of \$399,244 from the Reserves category to the Building Renovation category to support deferred maintenance projects that have become life and safety issues or property protection issues as a result of recent inspections and equipment failures. Requires Interim Finance approval as the amount transferred to the Building Renovation category exceeds \$50,000. **Work Program #C20800**
3. **Department of Administration - Buildings and Grounds Division - FY 2011** - Addition of \$81,156 in Extra Services - Tenant Improvements Revenue to support tenant improvements required as a result of agency relocations and minor facility modifications. Requires Interim Finance approval since the amount added to the Tenant Improvement category exceeds \$50,000. **RELATES TO ITEM 14. Work Program #C20869**
4. **Department of Business and Industry - Administration - FY 2011** - Addition of \$238,598 in Cost Allocation Reimbursement funds and transfer of \$40,000 from the Personnel Services category to the Relocation Expenses category to relocate

the Director's Office of the Department of Business and Industry. Requires Interim Finance approval since the amount added to the Relocation Expenses category exceeds \$50,000. **RELATES TO ITEMS 5 THROUGH 8. Work Program #C20300BI**

5. **Department of Business and Industry - Insurance Regulation - FY 2011** - Transfer of \$27,621 from the Reserve category to the Transfer to the Department of Business and Industry category for the relocation of the Director's Office. Requires Interim Finance approval since the amount transferred to the Transfer to the Department of Business and Industry category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 4. Work Program #C20315BI**
6. **Department of Business and Industry - Industrial Relations - FY 2011** - Addition of \$32,825 in Workers' Compensation and Safety funds for the relocation of the Director's Office. Requires Interim Finance approval since the amount added to the Transfer to the Department of Business and Industry category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 4. Work Program #C20334BI**
7. **Department of Business and Industry - Occupational Safety and Health Enforcement - FY 2011** - Addition of \$37,228 in Workers' Compensation and Safety funds for the relocation of the Director's Office. Requires Interim Finance approval since the amount added to the Transfer to the Department of Business and Industry category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 4. Work Program #C20335BI**
8. **Department of Business and Industry - Taxicab Authority - FY 2011** - Transfer of \$25,619 from the Reserve category to the Transfer to Business and Industry Administration category to provide funding for the relocation of the Director's Office. Requires Interim Finance approval since the amount transferred to the Transfer to Business and Industry Administration category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 4. Work Program #C20332BI**
9. **Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2011** - Addition of \$635,393 in School District Reimbursement funds to cover projected school-based medical claims for the remainder of this fiscal year. Requires Interim Finance approval since the amount added to the Transfer to Medicaid Program category exceeds \$50,000. **RELATES TO ITEM 10. Work Program #C20768**
10. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2011** - Addition of \$922,707 in federal Title XIX funds and \$635,393 in Transfer from Intergovernmental Transfer (IGT) account funds to cover projected school-based medical claims for the remainder of

this fiscal year. Requires Interim Finance approval since the amount added to the School Based Services category exceeds \$50,000. **RELATES TO ITEM 9. Work Program #C20771**

11. **Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2011** - Addition of \$170,260 in federal Medicare Certification Grant funds to support certification of health facilities in the Medicare/Medicaid reimbursement programs. Requires Interim Finance approval since the amount added to the operating category exceeds \$50,000. **Work Program #C20820**
12. **Department of Corrections - Lovelock Correctional Center - FY 2011** - Transfer of \$33,144 from the Inmate Drivens category to the Maintenance of Buildings and Grounds category to cover emergency repairs of Boiler #1. Requires Interim Finance approval since the cumulative change to the Maintenance of Buildings and Grounds category exceeds \$50,000. **Work Program #C20843**
13. **Department of Public Safety - Director's Office - FY 2011** - Addition of \$142,418 in Cost Allocation Reimbursement and transfer of \$2,413 from the Out-of-State Travel category to the Personnel Services category; \$6,500 from the In-State Travel category to the Personnel Services category; \$8,000 from the Operating category to the Personnel Services category; \$2,398 from the Vehicle Reimbursement category to the Personnel Services category; \$857 from the Commission for Intoxication Testing Standards category to the Personnel Services category; and \$322 from the Training category to the Personnel Services category to cover the retirement buyout for a position approved for elimination by the 2011 Legislature. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20722**
14. **Department of Conservation and Natural Resources - Administration - FY 2011** - Transfer of \$3,500 from the Personnel Services category to the Information Services category; \$43,500 from the Personnel Services category to the DCNR Building Renovation category; \$1,200 from the Out-of-State Travel category to the Operating category; \$328 from the Out-of-State Travel category to the Information Services category; \$2,000 from the In-State Travel category to the Operating category; \$2,300 from the Boards Costs category to the Operating category; and \$28,500 from the Reserve for Reversion category to the DCNR Building Renovation category to cover the anticipated tenant improvements costs required as a result of agency relocations and minor facility modifications associated with proposed agency moves approved by the 2011 Legislature. Requires Interim Finance approval since the amount transferred to the DCNR Building Renovation category exceeds \$50,000. Relates to work program C20869. **Work Program #C20853**

- 15. Office of the Military - Military - FY 2011** - Addition of \$746,142 in federal Department of Defense funds to support communications, environmental actions, and security measures. Requires Interim Finance approval since the amount added to the Communications category exceeds \$50,000. **Work Program #C20812**

Chairwoman Smith requested testimony from the Department of Public Safety (DPS) concerning item E-13.

Mark Teska, Administrative Services Officer, Department of Public Safety, explained the work program in item 13 transferred authority from various expenditure categories to the Personnel Services category and increased the cost-allocation revenue to cover the terminal leave payments and Public Employees' Retirement System (PERS) buyout for a position that was eliminated in the fiscal year (FY) 2012 budget.

Mr. Teska said that rather than request a budget amendment during the 2011 Legislative Session, DPS was able to keep positions vacant, including the Deputy Director position, to generate savings to fund the buyout costs in FY 2011. The agency had determined it would be able to cover the costs with existing expenditure authority through three different cost-allocation budgets, and therefore the 2012-2013 biennial budget would not be affected.

Chairwoman Smith requested that the Department submit a work program revision to deaugment the approved funding for the terminal leave costs for FY 2012. Mr. Teska agreed to do so.

There were no further questions or comments from the Committee; no action was required on Agenda Item E.

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

- 1. Department of Health and Human Services - Health Division - Radiological Health - FY 2011** - Transfer of \$8,600 from the Reserve Category to the In-State Travel category; \$58,902 from the Reserve category to the Operating category; \$59,354 from the Reserve category to the Equipment category; \$30,742 from the Reserve category to the Information Services category; and \$12,450 from the Reserve category to the Cost Allocation category to provide authority for increased motor pool utilization, unanticipated moving expenses and expenditures related to occupying the new location, replacement of an obsolete videoconferencing system, temporary administrative support to address a backlog of data entry for licenses and inspections, and to provide security for impounded radioactive materials and radiological equipment. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C20385**

- 2. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$2,389,407 in Pharmacy Rebate funding to support AIDS Drug Assistance Program (ADAP) medication purchases, and transfer of \$1,044,638 from the AIDS Medication category to the Reserve for Reversion to General Fund category pursuant to the S.B. 431, 2009 Authorizations Act, Section 7. Requires Interim Finance approval since the amount added to the Rebates category exceeds \$50,000. **Work Program #C20668**

Rick Combs, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that two items were submitted by the Budget Division that became effective 45 days after their submission. The Fiscal Analysis Division had no concerns with either of the work programs; they were included for the Committee's information only.

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

Chairwoman Smith asked Rick Combs, Fiscal Analyst, to review the work programs in Agenda Item G. She advised Committee members to indicate any additional items on which they wished to receive additional information or testimony.

Rick Combs, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised Committee members that testimony would be provided on the following work programs: item 40, Department of Health and Human Services, Health Division; item 47, Department of Health and Human Services, Mental Health and Developmental Services; item 63, Department of Corrections, Southern Nevada Correctional Center; and item 77, Department of Public Safety, Highway Patrol. He said testimony would also be requested on Informational Item L-5, Museum Dedicated Trust Fund account.

Chairwoman Smith asked whether Committee members wished to hear testimony on any other items. Senator Wiener requested to hear testimony regarding item 14. Senator Leslie requested to hear testimony regarding item 48.

SENATOR LESLIE MOVED FOR APPROVAL OF THE REMAINING
WORK PROGRAMS AND POSITION RECLASSIFICATIONS IN
AGENDA ITEM G.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 1. Office of the State Treasurer - College Savings Trust - Endowment Account - FY 2011** - Addition of \$750,000 in Contract Services Charge to allow transfers to the Higher Education Trust Fund to meet the College Savings Board "Ten Year Plan" approved April 28, 2010. Interim Finance approval is required since the amount added to the Prepaid Tuition Stabilization category exceeds \$50,000. **Work Program #C20858**

Refer to motion for approval under Agenda Item G.

2. **Department of Administration - Budget and Planning - FY 2011** - Transfer of \$18,000 from the Operating category to the Special Studies category and \$12,000 from the Information Services category to the Special Studies category to cover an unanticipated increase in the cost of the single audit. Requires Interim Finance approval since the cumulative change to the Operating category exceeds \$50,000. **Work Program #C20791**

Refer to motion for approval under Agenda Item G.

3. **Department of Administration - Purchasing - Commodity Food Program - FY 2011** - Addition of \$20,323 in federal Food Distribution Program on Indian Reservations grant to cover nutrition, diabetes and exercise education costs through the end of the fiscal year. Requires Interim Finance approval since the amount added to the Food Distribution Program on Indian Reservations category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C20857**

Refer to motion for approval under Agenda Item G.

4. **Department of Administration - Purchasing - Commodity Food Program - FY 2011** - Transfer of \$19,813 from the Reserve category to the Shipping Expense category to cover fuel costs and temporary services in order to continue distributing food from the U.S. Department of Agriculture to needy households. Requires Interim Finance approval since the cumulative amount added to the Shipping Expense category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C20894**

Refer to motion for approval under Agenda Item G.

5. **Department of Administration - Buildings and Grounds Division - Mail Services - Equipment Purchase - FY 2011** - Transfer of \$31,990 from the Reserve category to the Equipment category to enhance the bar coding system for select mail pieces, increasing the eligible state discount. Requires Interim Finance approval since the amount added to the Equipment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C20865A**

Refer to motion for approval under Agenda Item G.

6. **Department of Information Technology - Computing Division - FY 2011** - Addition of \$213,600 in Computer Facility Services and transfer of \$63,473 from the Internal Allocations category to the Maintenance of Building and Grounds category and \$45,686 from the Internal Allocations category to the Information Services category to cover the IBM software contract and to replace two ~~chillers~~ **compressors for one chiller**. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **Work Program #C20855**

Refer to motion for approval under Agenda Item G.

7. **Department of Information Technology - Data Communications and Network Engineering - FY 2011** - Transfer of \$30,867 from the Internal Allocations category to the Personnel Expenses category and \$27,639 from the Information Services category to the Personnel Expenses category to cover personnel expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Expenses category exceeds \$50,000. **Work Program #C20864**

Refer to motion for approval under Agenda Item G.

8. **Department of Education - Other Unrestricted Accounts - FY 2011** - Transfer of \$40,219 from the Charter School Reserve category to the Personnel Services category to align funding with duties of a position. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20769**

Refer to motion for approval under Agenda Item G.

9. **Department of Education - Other Unrestricted Accounts - FY 2011** - Transfer of \$57,646 from the Charter School Reserve category to the Charter Schools category to fund additional PowerSchool costs and other anticipated expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Charter Schools category exceeds \$50,000. **Work Program #C20880**

Refer to motion for approval under Agenda Item G.

10. **Department of Education - Other Unrestricted Accounts - FY 2011** - Transfer of \$18,904 from the Data Coordinator Task Order category to the Personnel Services category to properly align funding for a position that is providing support for this grant. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20930**

Refer to motion for approval under Agenda Item G.

11. **Department of Education - Discretionary Grants - Restricted - FY 2011** - Addition of \$2,852 in federal 21st Century Learning Center grant funds; \$25,115 in federal Homeless Children grant funds; and \$309,426 in Advanced Placement Fee Payment grant funds. This request also transfers \$12,608 from the Education Homeless Children category to the Homeless Children Grants category; \$663 from the 21st Century Learning-State Activities category to the 21st Century Learning Centers category; and \$443 from the 21st Century Learning-Admin category to the 21st Century Learning Centers category to align federal and state authority. Requires Interim Finance approval since the amount added to the Advanced Placement Fee Payment category exceeds \$50,000. **Work Program #C20773**

Refer to motion for approval under Agenda Item G.

- 12. Department of Education - Elementary and Secondary Education - Title I - FY 2011** - Addition of \$3,389,979 in federal School Improvement (1003c) grant funds to align federal and state authority. Requires Interim Finance approval since the amount added to the School Improvement Grant Aid to Schools category exceeds \$50,000. **Work Program #C20777**

Refer to motion for approval under Agenda Item G.

- 13. Department of Education - Elementary and Secondary Education - Title I - FY 2011** - Transfer of \$13,255 from the Operating category to the Transfer to Budget Account 2719 category to cover a projected shortfall. Requires Interim Finance approval since the cumulative change to the Operating category exceeds \$50,000. **Work Program #C20842**

Refer to motion for approval under Agenda Item G.

- 14. Department of Education - Nutrition Education Programs - FY 2011** - Addition of \$129,197 in federal Summer Food Service Program grant funds and \$844 in federal Summer Program Administration grant funds to continue the Summer Food Service Program. Requires Interim Finance approval since the amount added to the Summer Food Programs category exceeds \$50,000. **Work Program #C20712**

Dr. Keith Rheault, Superintendent of Public Instruction, Department of Education, explained item 14 was a request for an additional \$129,197 in grant funds for increased participation in the Summer Food Service program. With the additional authority, the total budget for the program for the coming summer would be \$1,414,000.

Senator Wiener asked how many children would be served and how many communities would be involved.

Dr. Rheault replied funding was based on a direct reimbursement amount per participant: the more children served, the more the state received from the U.S. Department of Agriculture. He did not have the exact figures with him, but he would provide them to the Fiscal Analysis Division.

SENATOR WIENER MOVED FOR APPROVAL OF ITEM G-14.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Senator Kieckhefer asked whether the additional grant funds approved in item 12 were for schools that had already been designated as recipients of the grants or for additional schools that would come online.

Dr. Rheault replied schools had been selected for funding for the coming school year, and all of them were located in Clark County. The request for authority would not provide additional funding: it simply added authority to spend that amount.

- 15. Nevada System of Higher Education - Great Basin College - FY 2011** - Addition of \$42,000 in Non-Resident Tuition to fund part-time instructor salaries. Requires Interim Finance approval pursuant to Senate Bill 431, Section 8, subsection 2 (Chapter 392) of the 2009 Legislative Session. **Work Program #C20891**

Refer to motion for approval under Agenda Item G.

- 16. Nevada System of Higher Education - Western Nevada College - FY 2011** - Addition of \$27,112 in Student Surcharges to fund part-time instructor salaries and additional classes taught by full-time instructors associated with increased enrollments. Requires Interim Finance approval pursuant to Senate Bill 431, Section 8, subsection 2 (Chapter 392) of the 2009 Legislative Session. **Work Program #C20892**

Refer to motion for approval under Agenda Item G.

- 17. Nevada System of Higher Education - Nevada State College at Henderson - FY 2011** - Addition of \$115,000 in Registration Fees to fund student services. Requires Interim Finance approval pursuant to Senate Bill 431, Section 8, subsection 2 (Chapter 392) of the 2009 Legislative Session. **Work Program #C20893**

Refer to motion for approval under Agenda Item G.

- 18. Department of Cultural Affairs - Museums and History Administration - FY 2011** - Addition of \$1,063 in Budgetary Transfers from Museums and History - Lost City Museum, to cover a portion of the salary shortfall resulting from unrealized vacancy savings. Requires Interim Finance approval pursuant to A.B. 562, Section 51 of the 2009 Legislative Session. **RELATES TO ITEM 19. Work Program #C20827**

Refer to motion for approval under Agenda Item G.

- 19. Department of Cultural Affairs - Museums and History Administration - Lost City Museum - FY 2011 – *Transfer available funding and authority of \$1,063*** ~~Deletion of \$1,063 in Budgetary Transfers to cover a portion of the salary shortfall~~ ***in Museums and History Administration*** ~~resulting from unrealized vacancy savings.~~ Requires Interim Finance approval pursuant to A.B. 562, Section 51 of the 2009 Legislative Session. **RELATES TO ITEM 18. Work Program #C21032**

Refer to motion for approval under Agenda Item G.

20. **Department of Cultural Affairs - Historic Preservation - FY 2011** - Addition of \$30,000 in federal Bureau of Land Management grant funds to provide for expenditures related to expedited review of renewable energy projects throughout Nevada. Requires Interim Finance approval since the cumulative amount added to the Survey and Planning category exceeds \$50,000. **Work Program #C20156**

Refer to motion for approval under Agenda Item G.

21. **Department of Business and Industry - Housing - Low Income Housing Trust Fund - FY 2011** - Addition of \$21,050 in National Foreclosure Mitigation Counseling Program grant funds and transfer of \$1,154 from the Encumbered Reserve category to the National Foreclosure Mitigation Counseling Program Operating category and \$66,904 from the Encumbered Reserve category to the Foreclosure Mitigation Counseling Program Subgrantees. Requires Interim Finance approval since the amount transferred to the Foreclosure Mitigation Counseling Program Subgrantees category exceeds \$50,000. **Work Program #C21013**

Refer to motion for approval under Agenda Item G.

22. **Department of Business and Industry - Financial Institutions - Investigations - FY 2011** - Transfer of \$15,000 from the Reserve category to the Investigative Expense category to provide funding for investigations of applicants. Requires Interim Finance approval since the cumulative amount added to the Investigative Expense category exceeds \$50,000. **Work Program #C20831**

Refer to motion for approval under Agenda Item G.

23. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2011** - Addition of \$63,289 in federal Nutrition Services Incentive Grant funds to reward effective performance in the efficient delivery of nutritious meals to older adults. Requires Interim Finance approval since the amount added to the Nutrition Services Incentive Program category exceeds \$50,000. **Work Program #C20964**

Refer to motion for approval under Agenda Item G.

24. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2011** - Addition of \$2,441,931 in federal Title III-B Projects funds; \$9,187 in federal Title III-C funds; \$2,022,859 in federal Title III-C Nutrition Grant funds; \$70,177 in federal Title III-C Administration funds; \$83,255 in federal Title-III-D funds; and \$635,531 in federal Title III-E funds to align available grant funds that allow senior citizens to remain independent; provide nutrition services to maintain health, independence and quality of life for older Americans; develop and strengthen preventive health services; and provide caregiver information, training and access to services for family caregivers and

older individuals who are relative caregivers. Requires Interim Finance approval since the amount added to the Title III-B Social Services category exceeds \$50,000. **Work Program #C20966**

Refer to motion for approval under Agenda Item G.

- 25. Department of Health and Human Services - Aging and Disability Services - Community Based Services - FY 2011** - Addition of \$141,263 in Independent Living Grant funds to provide services and devices to severely disabled people of all ages to allow them to improve basic functional capacities and live independently. Requires Interim Finance approval since the amount added to the Independent Living category exceeds \$50,000. **Work Program #C20836**

Refer to motion for approval under Agenda Item G.

- 26. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2011** - Addition of \$682,289 in School District Reimbursement funds to cover projected school-based medical claims for the remainder of this fiscal year. Requires Interim Finance approval since the amount added to the Transfer to Medicaid Program category exceeds \$50,000. **RELATES TO ITEM 28. Work Program #C21046**

Refer to motion for approval under Agenda Item G.

- 27. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2011** - Addition of \$57,453 in Health Information Technology (HIT) Receipts and transfer of \$6,384 from the Operating category to the HIT Grant category to assist in the State's planning, assessment, and analysis activities associated with implementing the HIT provisions under Sec. 4201 of ARRA. Requires Interim Finance approval since the amount added to the HIT Grant category exceeds \$50,000. **Work Program #C20725**

Refer to motion for approval under Agenda Item G.

- 28. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2011** - Addition of \$990,809 in federal Title XIX funds and \$682,289 in Transfer from Intergovernmental Transfer (IGT) Account funds to cover projected school-based medical claims for the remainder of this fiscal year. Requires Interim Finance approval since the amount added to the School Based Services category exceeds \$50,000. **RELATES TO ITEM 26. Work Program #C21048**

Refer to motion for approval under Agenda Item G.

- 29. Department of Health and Human Services - Health Division - Consumer Health Protection - FY 2011** - Addition of \$140,317 in Budgetary Transfer funds from the Community Health Services account to support the prevention of environmental health hazards and food borne illnesses by promoting and protecting the public health and the environment in Nevada. Requires Interim Finance approval pursuant to Section 36 of A.B. 3 of the 26th Special Session of the Legislature. **RELATES TO ITEM 42. Work Program #C20700**

Refer to motion for approval under Agenda Item G.

- 30. Department of Health and Human Services - Health Division - Early Intervention Services - FY 2011** - Deletion of \$49,233 in Budgetary Transfers funds to cover projected shortfalls in the Office of Health Administration account. Requires Interim Finance approval pursuant to Section 36 of A.B. 3 of the 26th Special Session of the Legislature. **RELATES TO ITEM 41. Work Program #C20963**

Refer to motion for approval under Agenda Item G.

- 31. Department of Health and Human Services - Health Division - Early Intervention Services - FY 2011** - Transfer of \$63,275 from the Medical Contracts/Payments category to the Personnel Services category to support projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C20982**

Refer to motion for approval under Agenda Item G.

- 32. Department of Health and Human Services - Health Division - Immunization Program - FY 2011** - Addition of \$597,757 in federal Immunization Program funds and transfer of \$175,188 from the Personnel Services category to the Vaccines for Children category; transfer of \$5,074 from the Immunization Registry Expansion category to the Vaccines for Children category; and transfer of \$14,058 from the Administrative Cost Allocation category to the Vaccines for Children category to support the increased immunization rates to reduce incidence of vaccine preventable disease throughout Nevada. Requires Interim Finance approval since the amount added to the Vaccines for Children category exceeds \$50,000. **Work Program #C20480**

Refer to motion for approval under Agenda Item G.

- 33. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$310,100 in federal HIV Prevention Grant funds and transfer of \$42,973 from the Personnel Services category and \$103,197 from the Administrative Cost Allocation category to the AIDS Prevention category to support program goals and objectives. Requires Interim Finance approval since

the amount added to the AIDS Prevention category exceeds \$50,000. **Work Program #C20462**

Refer to motion for approval under Agenda Item G.

- 34. Department of Health and Human Services - Health Division - Communicable Diseases - FY 2011** - Addition of \$36,233 in federal Ryan White Supplemental Grant funding and transfer of \$6,730 from the Division Cost Allocation category to the Ryan White Supplemental Grant category to improve the quality, availability, and organization of health care and support services for individuals and families with Human Immunodeficiency Virus (HIV) disease. Requires Interim Finance approval since the amount added to the Ryan White Supplemental Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C20764**

Refer to motion for approval under Agenda Item G.

- 35. Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2011** - Addition of \$32,398 in federal Healthcare Associated Infections Grant funds to improve the quality of care Nevadans receive at health care facilities through better infection prevention and control. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20730**

Refer to motion for approval under Agenda Item G.

- 36. Department of Health and Human Services - Health Division - Health Facilities Hospital Licensing - FY 2011** - Transfer of \$10,504 from the Personnel Services category to the Medical Lab Inspection category to support projected expenditures required to complete initial and renewal licenses and certifications of medical laboratories and laboratory personnel for the remainder of FY 2011. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20765**

Refer to motion for approval under Agenda Item G.

- 37. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2011** - Addition of \$10,979 in federal Primary Care Office Grant funds and transfer of \$14,375 from the Personnel Services category to the Division Cost Allocation category and \$88,307 from the Primary Care Office category to the Division Cost Allocation category to expand access to Primary Care for underserved populations, maintain a listing of Primary Care providers, dental providers, and mental health providers, and foster collaboration among members of the Primary Care Advisory Council. Requires Interim Finance approval since the cumulative amount added to the Division Cost Allocation category exceeds \$50,000. **Work Program #C20460**

Refer to motion for approval under Agenda Item G.

- 38. Department of Health and Human Services - Health Division - Chronic Disease - FY 2011** - Addition of \$47,644 in federal Comprehensive Cancer Grant funds to support Public Service Announcements regarding various cancers and for a report to be produced by the University of Nevada, Las Vegas. The report will include epidemiology patterns of cancer, study disparities in incidence, analyze the incidence-mortality ratios and their relationship to cancer survival, and study the occurrence of childhood cancer. The report will provide information that will be beneficial in writing the new Cancer Plan for Nevada. Requires Interim Finance approval since the cumulative amount added to the Comprehensive Cancer category exceeds \$50,000. **Work Program #C20754**

Refer to motion for approval under Agenda Item G.

- 39. Department of Health and Human Services - Health Division - Chronic Disease - FY 2011** - Transfer of \$169,402 from the Personnel Services category to the National Cancer Prevention and Control category to use unintended vacancy savings to provide for projected shortfalls through the remainder of the state fiscal year. Requires Interim Finance approval since the amount transferred to the National Cancer Prevention and Control category exceeds \$50,000. **Work Program #C20832**

Refer to motion for approval under Agenda Item G.

- 40. Department of Health and Human Services - Health Division - Office of Health Administration - FY 2011** - Addition of \$448,468 in Cost Allocation Reimbursement funds to support the administrative account, including travel, operating, and technology expenses. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000. **Work Program #C20343**

Phil Weyrick, Administrative Services Officer, Health Division, Department of Health and Human Services, explained item 40 requested authority to augment indirect allocation charges to receive additional projected revenue and augment expenditure authority in the Travel, Operating and Information Technology categories to meet operational commitments of the Office of Health Administration.

Chairwoman Smith asked how and why expenditures had been made from the Reserve category.

Mike Willden, Director, Department of Health and Human Services, replied the Office of Health Administration had incurred expenditures for which there was not enough authority to charge the appropriate categories and budgets, and staff had made an erroneous decision to charge them to the Reserve category. Mr. Willden said the problem was not identified until approximately \$62,000 had been charged to the Reserve category. He was notified on June 17, 2011, and immediate corrective action was taken, including disciplinary action for the employees involved.

Mr. Willden said he was not aware that expenditures could be charged to the Reserve category, and the Budget Division would be revising the *State Administrative Manual* (SAM) to clarify internal control procedures. He regretted that the mistake had occurred, he apologized to all staff and agencies involved, and he assured the Committee that it would not happen again in DHHS.

Chairwoman Smith thanked Mr. Willden, remarking she appreciated his frankness and honesty.

Stephanie Day, Interim Director, Department of Administration, stated the Department would be submitting an item to the Board of Examiners to modify the SAM to ensure the error would not occur again.

Mr. Willden said the expenditures would be charged to the correct categories and other budget accounts upon approval of the work program.

Rick Combs, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, asked whether anything could be done on a systems basis to prohibit the error from happening systematically rather than simply a revision to the *State Administrative Manual*.

Ms. Day replied she had not spoken to the Controller's Office regarding the problem since that office was responsible for the system. She suggested the Controller's Office would have to set a block of numbers aside for reserves, and expenditures could not be charged against those categories. She noted there were a few examples of appropriate expenditures in a Reserve category, but only for the purpose of reserving funds—not to pay operating expenses.

Mr. Combs said the Fiscal staff would be willing to work with the Budget Division and Controller's Office to pursue revisions to the system to isolate certain categories from inappropriate expenditures. Chairwoman Smith indicated that would be beneficial.

Mr. Combs noted Fiscal staff had recommended that the augmentation to the Information Services category be changed from \$42,676 to \$100 and the balance of the indirect cost revenue be placed in the Reserve category, which would increase the augmentation from \$157,258 to \$199,834. Mr. Weyrick agreed with the recommendation.

SENATOR LESLIE MOVED FOR APPROVAL OF ITEM G-40
WITH THE ADJUSTMENT RECOMMENDED BY THE FISCAL
ANALYSIS DIVISION.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 41. Department of Health and Human Services - Health Division - Office of Health Administration - FY 2011** - Addition of \$49,233 in Budgetary Transfers to support projected salaries through the end of the fiscal year. Requires Interim Finance approval pursuant to Section 36 of A.B. 3 of the 26th Special Session of the Legislature. **RELATES TO ITEM 30. Work Program #C20818**

Refer to motion for approval under Agenda Item G.

- 42. Department of Health and Human Services - Health Division - Community Health Services - FY 2011** - Deletion of \$140,317 in Budgetary Transfer funds to cover projected shortfalls in the Consumer Health Protection account. Requires Interim Finance approval pursuant to Section 36 of A.B. 3 of the 26th Special Session of the Legislature. **RELATES TO ITEM 29. Work Program #C20703**

Refer to motion for approval under Agenda Item G.

- 43. Department of Health and Human Services - Health Division - Community Health Services - FY 2011** - Addition of \$19,718 in federal Family Planning Program Grant funds; transfer of \$50,769 from the Personnel Services category to the Family Planning category; transfer of \$4,408 from the County Participation category to the Family Planning category; transfer of \$11,666 from the Title XX category to the Division Cost Allocation category; and transfer of \$19,360 from the Title XX category to the Family Planning category to support the Family Planning services provided to all 14 rural and frontier counties. Requires Interim Finance approval since the amount added to the Family Planning category exceeds \$50,000. **Work Program #C20714**

Refer to motion for approval under Agenda Item G.

- 44. Department of Health and Human Services - Health Division - Emergency Medical Services - FY 2011** - Transfer of \$24,567 from the Personnel Services category to the Operating category to support operating expenditures through the remainder of the fiscal year. 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 #C20690**

Refer to motion for approval under Agenda Item G.

- 45. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2011** - Addition of \$445,912 in Budgetary Transfer funds and deletion of \$445,912 in Department of Defense Supplemental Nutrition Assistance Program (SNAP) funds to transfer General Fund Appropriations from the Field Services account to properly account for SNAP administrative costs. Requires Interim Finance approval pursuant to Section 46 of A.B. 562 of the 2009 Legislative Session. **RELATES TO ITEM #46. Work Program #C20105**

Refer to motion for approval under Agenda Item G.

- 46. Department of Health and Human Services - Welfare and Supportive Services - Field Services - FY 2011** - Addition of \$2,574,883 in Department of Defense Supplemental Nutrition Assistance Program (SNAP) Funds; deletion of \$2,128,971 in federal U.S. Department of Agriculture Food Stamp Program funds; and deletion of \$445,912 in Budgetary Transfer funds to transfer General Fund Appropriations to the Division of Welfare and Supportive Services (DWSS) Administration account to properly account for SNAP administration costs. Requires Interim Finance approval pursuant to Section 46 of A.B. 562 of the 2009 Legislative Session. **RELATES TO ITEM #45. Work Program #C20626**

Refer to motion for approval under Agenda Item G.

- 47. Department of Health and Human Services - Mental Health and Developmental Services - Desert Regional Center - FY 2011** - Transfer of \$40,000 from the In-State Travel category, \$45,381 from the Operating category, and \$30,000 from the Food Services Contract category to the Information Services category to purchase network and back-up hardware and software needed to assure data integrity and security, avoid network failure, and guarantee serviceability. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **Work Program #C20654**

David Prather, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, explained item 47 was a request from the Desert Regional Center (DRC) to transfer approximately \$130,000 from various operating categories to Information Services to purchase network and backup hardware and software.

Senator Denis asked when the Division realized the hardware and software needed to be replaced.

Justin Robinson, Information Technology (IT) Manager, Desert Regional Center, Division of Mental Health and Developmental Services, Department of Health and Human Services, replied the Division became aware of the problem beginning in October 2010 through January 2011, when there was a failure in the backup system.

Senator Denis recalled IT equipment funding requests were approved at the previous IFC meeting because of system failures in other centers. He recognized that the systems were old, and he asked why the replacement costs were not included in the agency's 2011-2013 biennial budget.

Mr. Prather responded that at the time the budget was being developed for the Desert Regional Center, the IT Manager position was vacant and the problems with the system were not identified when the agency request budget was created. Funding to replace the computer system at the Sierra Regional Center (SRC) was approved at the April IFC meeting, and knowing that the system at the DRC was comparable in age and makeup to SRC's system, the new IT staff at DRC started a systems analysis at the end

of the 2010 calendar year. Mr. Prather said the combination of the timing and new staff at the center precipitated the delay in including it in the agency request budget.

Senator Denis asked whether systems at other centers needed to be replaced. Mr. Prather replied although he could not guarantee there would be no further needs, the IT staff had indicated that the systems at the SRC and the Rural Regional Center were in good condition, and the requested changes to the system at DRC should be sufficient for the foreseeable future.

Senator Denis observed that in developing the biennial budget, the Division should have analyzed all of its computer equipment needs. He asked whether the agency had a computer equipment replacement schedule.

Mr. Prather agreed the equipment needs had not been addressed as they should have been. The Division had shifted its information technology services to a more centralized model to ensure all agencies in the Division were represented, regardless of any IT vacancies.

Senator Denis noted the request was to purchase the equipment in this fiscal year, which would end as of this date. He asked whether the purchases could be made in a timely manner.

Darrel Hansen, Administrative Services Officer, Desert Regional Center, Division of Mental Health and Developmental Services, replied the Division had arranged with the Budget Division, the Controller's Office, the Department of Information Technology, and the Purchasing Division to process the purchase order that day.

Senator Kieckhefer affirmed that the items were not included in the agency's 2011-2013 budget request. Mr. Hansen replied they were not included in the original agency request.

ASSEMBLYMAN AIZLEY MOVED FOR APPROVAL OF ITEM G-47.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 48. Department of Health and Human Services - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 2011** - Transfer of \$198,765 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 #C20728**

David Prather, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, explained item 48 was a request by the Northern Nevada Adult Mental Health Services (NNAMHS) to transfer \$198,765 from the Personnel Services category to Professional Services.

Senator Leslie observed the purpose of the work program appeared to be to pay for services already rendered through June 30, 2011.

Mr. Prather replied the work program was a reconciliation of the projected number of hours to be worked by contract staff and a request for the appropriate authority.

Senator Leslie recalled a shift would be made toward contract psychiatrists over the next biennium. She asked Mr. Willden to clarify whether there would be layoffs and what percentage of psychiatric services would be contracted.

Mike Willden, Director, Department of Health and Human Services, responded the Division was moving toward contracted management. There were layoffs planned for psychiatrists, although he was not sure that actual layoffs occurred. Employees were moved from positions being eliminated to other positions, and the goal was to have those positions work for the medical management company.

Senator Leslie said her main concern was that there would not be a gap in service and the Division was adequately prepared for the transition.

Jane Gruner, Deputy Administrator, Division of Mental Health and Developmental Services, Department of Health and Human Services, replied the number of psychiatrists had not changed. No positions were lost at NNAMHS, and most of the current psychiatrists were already contracted. The new method of contracting services would apply only to southern Nevada.

SENATOR LESLIE MOVED FOR APPROVAL OF ITEM G-48.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

49. Department of Health and Human Services - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 2011 - Deletion of \$200,000 in Budgetary Transfers to provide funding for a projected shortfall in the Division of Mental Health and Developmental Services, Facility for the Mental Offender budget account. Requires Interim Finance approval pursuant to A.B. 3, Section 36 of the 26th Special Session of the Legislature. **RELATES TO ITEM 52. Work Program #C21011**

Refer to motion for approval under Agenda Item G.

50. **Department of Health and Human Services - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 2011** - Transfer of \$352,707 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 #C20637**

Refer to motion for approval under Agenda Item G.

51. **Department of Health and Human Services - Mental Health and Developmental Services - Facility for the Mental Offender - FY 2011** - Transfer of \$15,000 from the Conditional Release category to the Professional Services category to support the evaluations of clients requiring treatment to competency. Requires Interim Finance approval since the cumulative amount added to the Professional Services category exceeds \$50,000. **Work Program #C20521**

Refer to motion for approval under Agenda Item G.

52. **Department of Health and Human Services - Mental Health and Developmental Services - Facility for the Mental Offender - FY 2011** - Addition of \$200,000 in Budgetary Transfers from the Division of Mental Health and Developmental Services, Northern Nevada Adult Mental Health Services to provide funding for a projected shortfall in Personnel Services. Requires Interim Finance approval pursuant to A.B. 3, Section 36 of the 26th Special Session of the Legislature. **RELATES TO ITEM 49. Work Program #C21015**

Refer to motion for approval under Agenda Item G.

53. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2011** - Addition of \$65,000 in federal Administration Cost Allowance grant funds to provide training services funded through the Trade Globalization Adjustment Assistance Act for unemployed and under-employed clients through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Stipends/Client Services category exceeds \$50,000. **Work Program #C20937**

Refer to motion for approval under Agenda Item G.

54. **Department of Corrections - Director's Office - FY 2011** - Addition of \$89,871 in Miscellaneous Revenue to provide funding for the Nevada Energy Retrofit Coordinators Board contract for Measurement and Verification services. Requires Interim Finance approval since the amount added to the Extraordinary Maintenance Expense category exceeds \$50,000. **Work Program #C20801**

Refer to motion for approval under Agenda Item G.

55. **Department of Corrections - Director's Office - FY 2011** - Transfer of \$53,212 from the Operating category to the Employee Physical Costs category; \$7,302 from the Operating category to the Bed/Mattress Replacement category; \$4,433 from the Drug Testing/Inmates category to the Bed/Mattress Replacement category; \$669 from the Employee Drug Testing category to the Bed/Mattress Replacement category; and \$2,444 from the Inmate Property Claims category to the Bed/Mattress Replacement category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Operating category exceeds \$50,000. **Work Program #C20901**

Refer to motion for approval under Agenda Item G.

56. **Department of Corrections - Prison Medical Care - FY 2011** - Addition of \$1,036,294 in Transfer from State Claims Account to align authority with revenue received. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds \$50,000. **Work Program #C20549**

Refer to motion for approval under Agenda Item G.

57. **Department of Corrections - Prison Medical Care - FY 2011** - Addition of \$95,377 in Budgetary Transfers to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20944**

Refer to motion for approval under Agenda Item G.

58. **Department of Corrections - Correctional Programs - FY 2011** - Deletion of \$146,453 in Budgetary Transfers to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C20906**

Refer to motion for approval under Agenda Item G.

59. **Department of Corrections - Ely State Prison - FY 2011** - Transfer of \$22,671 from the **Personnel Services category to the Inmate Driven category** ~~Inmate Drivens category to the Personnel Services category~~ and \$152,877 from the **Personnel Services category to the Utilities category** ~~Utilities category to the Personnel Services category~~ to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C20899**

Refer to motion for approval under Agenda Item G.

- 60. Department of Corrections - High Desert State Prison - FY 2011** - Addition of \$84,862 in Budgetary Transfers and deletion of \$34 in Employee Services, \$17,774 in Bakery Sales, and \$2,460 in Reimbursement for Utilities to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$50,000. **Work Program #C20911**

Refer to motion for approval under Agenda Item G.

- 61. Department of Corrections - Northern Nevada Correctional Center - FY 2011** - Deletion of \$422,772 in Budgetary Transfers and \$5,125 in Room, Board, Transportation Charges to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$50,000. **Work Program #C20909**

Refer to motion for approval under Agenda Item G.

- 62. Department of Corrections - Nevada State Prison - FY 2011** - Deletion of \$4,996 in Budgetary Transfers; \$1,289 in Room, Board, Transportation Charges; \$1 in Meal Sales; and \$1 in Reimbursement for Utilities to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to Inmate Drivens category exceeds \$50,000. **Work Program #C20912**

Refer to motion for approval under Agenda Item G.

- 63. Department of Corrections - Southern Desert Correctional Center - FY 2011** - Addition of \$336,610 in Budgetary Transfers and transfer of \$13,434 from the Utilities category to the Personnel Services category; \$16,376 from the Utilities category to the Inmate Drivens category; \$839 from the Operating category to the Inmate Drivens category; \$3,511 from the Maintenance Contracts category to the Inmate Drivens category; and \$814 from the Purchasing Assessment category to the Inmate Drivens category to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000. **Work Program #C20903**

Deborah Reed, Chief of Fiscal Services, Department of Corrections, explained item 63 was a work program requesting partial department-wide budgetary transfers from the Utilities, Operating, and internal services categories to cover shortfalls in Personnel Services and Inmate Drivens categories at Southern Desert Correctional Center (SDCC).

Chairwoman Smith asked why overtime expenditures had increased by over 50 percent at SDCC.

Ms. Reed replied that management was very concerned about the increase and was looking into the reasons for it. She said that over the last two years, Southern Desert Correctional Center had an extensive construction project in the facility's core buildout and energy retrofit. Another concern was how positions were budgeted compared to how they were actually filled; correctional officers were budgeted at step 1, but approximately 25 positions were filled at a higher step. Ms. Reed also noted that community service hospital runs required two officers at each shift, and approximately 3,500 hours in overtime had been accrued for the hospital runs alone. In addition, between seven and ten officers had retired, requiring overtime and terminal leave payoffs.

Chairwoman Smith asked why the retirements caused overtime. Ms. Reed replied the vacant posts needed to be filled until the hiring process was completed. New employees had to attend six weeks of the Peace Officers Standards and Training (POST) academy and were not onsite during that time.

Chairwoman Smith asked whether the agency had advance notice from retiring officers. Ms. Reed said advance notice was not always given. An office employee gave one day's notice of her retirement. She said between 35 and 50 cadets attended each academy, but the academies did not always correspond with position vacancies.

Senator Kieckhefer had understood there was a standing directive from the Budget Division that all new hires would be brought in at step 1.

Ms. Reed replied Senator Kieckhefer was correct, but employees transferring from one institution to another were brought in at their current grade and step.

Senator Kieckhefer affirmed that new employees were being hired at step 1, and transfers were not; Ms. Reed responded he was correct.

Chairwoman Smith asked what the Department was doing to mitigate the excessive overtime costs. Ms. Reed said the Deputy Director of Operations had been assigned the specific task of addressing the overtime problem.

Chairwoman Smith requested that the Department provide an overtime status report at the next IFC meeting. Ms. Reed indicated a report would be submitted.

SENATOR LESLIE MOVED FOR APPROVAL OF ITEM G-63.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 64. Department of Corrections - Warm Springs Correctional Center - FY 2011 -**
Deletion of \$11,746 in Budgetary Transfers and \$538 in Room, Board, Transportation Charges to fund projected shortfalls within the Department for the

remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C20905**

Refer to motion for approval under Agenda Item G.

- 65. Department of Corrections - Florence McClure Women's Correctional Center - FY 2011** - Addition of \$39,103 in Budgetary Transfers and deletion of \$12 in Meal Sales. This request also transfers \$97,449 from the Inmate Drives category to the Personnel Services category and \$24,946 from the Utilities category to the Personnel Services category to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000. **Work Program #C20917**

Refer to motion for approval under Agenda Item G.

- 66. Department of Corrections - Casa Grande Transitional Housing - FY 2011** - Addition of \$4,996 in Budgetary Transfers and transfer of \$10,240 from the Operating category to the Personnel Services category, and \$5,748 from the Operating category to the Utilities category to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Operating category exceeds \$50,000. **Work Program #C20908**

Refer to motion for approval under Agenda Item G.

- 67. Department of Corrections - Northern Nevada Restitution Center - FY 2011** - Addition of \$31,345 in Budgetary Transfers and deletion of \$28,038 in Room, Board, Transportation Charges to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C20915**

Refer to motion for approval under Agenda Item G.

- 68. Department of Corrections - Three Lakes Valley Conservation Camp - FY 2011** - Deletion of \$35,814 in Budgetary Transfers and transfer of \$11,550 from the Utilities category to the Personnel Services category, and \$2,200 from the Utilities category to the Maintenance Contracts category to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Utilities category exceeds \$50,000. **Work Program #C20902**

Refer to motion for approval under Agenda Item G.

69. **Department of Corrections - Wells Conservation Camp - FY 2011** - Addition of \$7,463 in Budgetary Transfers to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C20897**

Refer to motion for approval under Agenda Item G.

70. **Department of Corrections - Ely Conservation Camp - FY 2011** - Addition of \$1,213 in Budgetary Transfers to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C20898**

Refer to motion for approval under Agenda Item G.

71. **Department of Corrections - Tonopah Conservation Camp - FY 2011** - Addition of \$20,812 in Budgetary Transfers and deletion of \$846 in Room, Board, Transportation Charges to fund projected shortfalls within the Department for the remainder of the fiscal year. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C20910**

Refer to motion for approval under Agenda Item G.

72. **Department of Corrections - Prison Industry - FY 2011** - Transfer of \$50,938 from the Northern Nevada Correctional Center Metal Shop category to the Nevada State Prison Printing/Bindery Shop category to fund a projected shortfall. Requires Interim Finance approval since the amount transferred to the Nevada State Prison Printing/Bindery Shop category exceeds \$50,000. **Work Program #C20775**

Refer to motion for approval under Agenda Item G.

73. **Department of Corrections - Prison Industry - FY 2011** - Transfer of \$88,237 from the Utilities category to the Operating category to cover a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000. **Work Program #C20849**

Refer to motion for approval under Agenda Item G.

74. **Department of Corrections - Prison Dairy - FY 2011** - Addition of \$267,578 in Wild Horse Boarding fees to align revenue authority with projected receipts and cover projected expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Wild Horse Program category exceeds \$50,000. **Work Program #C20819**

Refer to motion for approval under Agenda Item G.

- 75. Department of Motor Vehicles - Administrative Services - FY 2011** - Addition of \$80,989 in Drivers Licenses fees and transfer of \$23,699 from the Registration Printing category to the Drivers License Photos category due to projected receipts and expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Drivers License Photos category exceeds \$50,000. **Work Program #C20861**

Refer to motion for approval under Agenda Item G.

- 76. Department of Motor Vehicles - Motor Vehicle Pollution Control - FY 2011** - Addition of \$300,000 in Pollution Control Fees to accept projected fees in excess of the current authority. Requires Interim Finance approval since the cumulative amount added to the City/County Air Quality category exceeds \$50,000. **Work Program #C20792**

Refer to motion for approval under Agenda Item G.

- 77. Department of Public Safety - Highway Patrol - FY 2011** - Transfer of \$35,000 from the Operating category to the Information Services category; \$78,000 from the Lab Services category to the Information Services category; and \$30,000 from the Staff Physicals category to the Information Services category to cover costs through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000. **Work Program #C20734**

Colonel Tony Almaraz, Chief, Nevada Highway Patrol (NHP), Department of Public Safety, explained item 77 was a request to transfer a total of \$143,000 from the Operating, Lab Services, and Staff Physicals categories to cover projected shortfalls in the Information Services category.

Senator Denis noted that part of the funding to be transferred was to help implement a new Computer-Aided Dispatch/Records Management System (CAD/RMS). He recalled that the Technical Investment Request submitted in September 2009 indicated the total cost of the CAD/RMS, including implementation, would be \$6.5 million. Senator Denis asked why additional funding was being requested.

Chris Perry, Director, Department of Public Safety, explained the cost of the CAD/RMS project would total approximately \$6.5 million, of which \$6.3 million was funded by the American Recovery and Reinvestment Act (ARRA). He said responsibility for the project was shared within other divisions in the Department, as well as other state and outside agencies that had partnered with the Department. Mr. Perry said some of the costs currently being incurred could not have been projected, and it was necessary to true-up the NHP budget in the amount of \$143,000 to cover ongoing maintenance of the system.

Senator Denis recalled that at the November 2009 IFC meeting, the Department had indicated that there would be cost-sharing with other agencies. He asked whether they were participating in the costs of implementation.

Mr. Perry replied the partner agencies were participating, and they were required to pay their portion of the costs for operating the system. Some of the state agencies were able to absorb the costs, but he did not know how the costs were funded by the outside agencies.

Senator Denis affirmed that a large portion of the Department's funding was from state ARRA funds and other agencies' ARRA grants.

Mark Teska, Administrative Services Officer, Department of Public Safety, replied Senator Denis was correct: the vast majority of funding came from the ARRA grant and a portion came from a Criminal Justice Assistance grant. The costs would fund the contract for the vendor to provide and install the system, as well as costs for two technology positions to maintain the system through 2013. However, Mr. Teska explained, in order to get the system operational, the technology staff had to incur certain costs to get servers ready, which was affecting the ability of other sections of the Department's Technology Division to prepare the system for implementation in approximately two months.

Senator Denis asked when the program would be completely implemented and operational. Mr. Perry replied training for staff and Nye County would begin the following week, and the program would go live in August 2011, followed by Nye County in September. The remaining partner state and outside agencies would begin training and be brought online incrementally as they were ready to do so. The timeframe for implementation was on schedule.

Senator Denis asked why the funds were coming from the Highway Fund rather than forfeiture funds.

Mr. Teska replied forfeiture funds were set aside to help supplement the contract and maintain the system because the grant funding was not sufficient to cover the entire cost of the system. This was part of the technology cost-allocation that was paid by all divisions for their share of the use of the technology services within the Department, which was why they were allocated to the Highway Patrol Division for payment from the Highway Fund.

SENATOR DENIS MOVED FOR APPROVAL OF ITEM G-77,
WITH THE CAVEAT THAT THE CAD/RMS PROJECT WOULD GO
ONLINE AS SCHEDULED.

Colonel Almaraz remarked the program was very strictly regimented through the vendor. The project was on the vendor's timeline with certain training programs and deadlines. He was confident the completion date would be met.

Mr. Perry added that the contracting company had not received any payment and would not until the program was accepted and fully operational. The contractor had refused to provide a performance bond and agreed to defer payment until the project was completed and accepted.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 78. Department of Public Safety - Division of Investigations - FY 2011** - Addition of \$15,000 in Marijuana grant funds to align state authority with the Drug Enforcement Agency (DEA) funding for marijuana eradication activities. Requires Interim Finance approval since the amount added to the DEA Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C20292**

Refer to motion for approval under Agenda Item G.

- 79. Department of Public Safety - Emergency Management Division - FY 2011** - Addition of \$17,492 in Transfer Federal Emergency Management Agency (FEMA) 1738 Fernley Flood to support management and administrative costs of projects which implement risk reduction measures for the remainder of the state fiscal year. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds \$50,000. **Work Program #C19733**

Refer to motion for approval under Agenda Item G.

- 80. Department of Public Safety - Emergency Management Assistance Grants - FY 2011** - Addition of \$52,107 in federal Pre-Disaster Mitigation grants to support management costs of grants awarded to local governments for projects which implement risk reduction measures. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$50,000. **Work Program #C20732**

Refer to motion for approval under Agenda Item G.

- 81. Department of Public Safety - Emergency Management Assistance Grants - FY 2011** - Addition of \$89,697 in Homeland Security Grant Program (HSGP) Law Enforcement Terrorism Prevention Program (LETPP) grant funds to align remaining federal authority to support terrorism prevention activities. Requires Interim Finance approval since the amount added to the HSGP-LETPP category exceeds \$50,000. **Work Program #C20751**

Refer to motion for approval under Agenda Item G.

- 82. Department of Wildlife - Boating Program - FY 2011** - Addition of \$100,000 in federal Dingell Johnson Aid funds for updating an existing boat fueling system at the Las Vegas Boat Harbor fueling facility. Requires Interim Finance approval since the amount added to the Boat Access Improvements category exceeds \$50,000. **Work Program #C20968**

Refer to motion for approval under Agenda Item G.

- 83. Office of the Military - Adjutant General Construction Fund - FY 2011** - Addition of \$1,455 in Reimbursement Fees and transfer of \$38,383 from the Reserve category to the Master Construction Cooperative Agreement (MCCA) Construction category to support the ARRA and the solar panel construction projects. Requires Interim Finance approval since the amount added to the MCCA Construction category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C20895**

Refer to motion for approval under Agenda Item G.

Reclassification

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Transportation	800/4660	037-011	Engineering Technician III Code: 6.313, Grade 30, Step 01, \$36,915.84 Employee/Employer Paid Retirement	Business Process Analyst II Code: 7.656, Grade 36, Step 01, \$47,606.40 Employee/Employer Paid Retirement

Refer to motion for approval under Agenda Item G.

- *H. STATE PUBLIC WORKS BOARD – Information regarding the Project Exception Report provided pursuant to NRS 341.100(8)(g).

Gus Nuñez, Manager, State Public Works Board (SPWB), reviewed the Project Status Exception Report for June 2011 ([Exhibit D](#)).

- Project 07-C27 – Civil Support Team WMB Readiness Building – Still waiting on federal funding to be released for the project. In recent meetings with the National Guard, it appeared the project may not be funded until federal fiscal year 2013.
- Project 07-M48 – Surveillance Cameras at NNCC and NSP – The Nevada State Prison (NSP) surveillance cameras were moved to Ely State Prison.

- Project 09-C02a – New 36-Bed Child and Adolescent Hospital – Southern Nevada – Project was canceled.
- Project 09-C11 – ADA and Life Safety Retrofit for Western Nevada College – Project transferred to the Nevada System of Higher Education (NSHE) for funding from Higher Education Capital Construction (HECC) and Special Higher Education Capital Construction (HECC) funding. The transfer was made at the request of NSHE and included in the 2011 Capital Improvement Program (CIP).
- Project 09-C13 – Field Maintenance Shop Facility at the Las Vegas Readiness Center – Projected to be under construction and funded by the Department of Military in the federal fiscal year starting October 1, 2012.
- Project 09-M03 – West Entry Windbreak at Richard H. Bryan Building – Project was moving forward and should be completed soon.
- Project 09-M04 – Upgrade Electrical Power at Stewart Facility – Project was reallocated in the 2011 CIP; currently in the design phase.
- Project 09-M05 – Sedimentation Remediation for the Marlette Lake Water System – A request would be made at a future IFC meeting to cancel the project. Improvements in the water system control had been made, which would provide sufficient remediation without the project for the time-being.
- Project 09-M07 – Replace Flooring at the Northern Regional Medical Facility for Corrections – Project was reauthorized in the 2011 CIP and work would proceed.
- Project 09-M11 – Replace Doors, Locks and Control Panels at Southern Desert Correctional Facility – Project was reauthorized in the 2011 CIP and work would proceed.
- Project 09-M13 – Replace Boiler #2 at Southern Desert Correctional Center – Project was no longer needed; request to cancel to be submitted at a future IFC meeting.
- Project 09-M14 – Temperature Control Upgrade for State Library and Archives – Funding was now available and project was moving forward.
- Project 09-M17 – Upgrade Electrical Power Supply System at the Blasdel Building – Project was reauthorized in the 2011 CIP and work would proceed.
- Project 09-M26 – Replace Door Controls at Northern Nevada Correctional Center – Funding was now available and work would proceed.
- Project 09-M32 – Sewage Dump Station Upgrade at Stewart Conservation Camp – Funding was now available and work would proceed.

- Project 09-S01-1 – Statewide Roofing – There were 11 buildings to be reroofed; SPWB possibly to request cancellation of 2 of the buildings at a future IFC meeting.
- Project 09-S01-2 – Statewide Roofing – 4 Buildings at Caliente Youth Center – Project was reauthorized in 2011 CIP and work would proceed.
- Project 09-S01-5 – Statewide ADA – Northern Nevada Correctional Center, Carson City – Funding was now available and work would proceed.
- Project 09-S03-5 – Fire and Safety – Additional Sprinklers at Northern Nevada Correctional Center – Project reauthorized in 2011 CIP and work would proceed.
- Project 09-S05-11 – Statewide Paving – Buildings and Grounds, Capitol Complex, Carson City – Request to cancel to be submitted at a future IFC meeting.
- Project 09-S05-8 – Statewide Paving – Buildings and Grounds, Bradley Building, Las Vegas – Request to cancel to be submitted at a future IFC meeting.
- Project 09-S05-9 – Statewide Paving – Buildings and Grounds Office Building, Las Vegas – Request to cancel to be submitted at a future IFC meeting.

Rick Combs, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, summarized the information provided by the Fiscal Analysis Division to Committee members and how it related to Mr. Nuñez's report:

- Three prior-year CIP projects were reauthorized in the 2011 CIP, which resulted in the elimination of the 2009 projects.
- Six 2009 CIP projects that were delayed due to a lack of bonding capacity were replaced with aspects of projects approved in the 2011 CIP.
- Requests to cancel at least three projects would be submitted to the IFC at a future meeting.
- Six 2009 projects were delayed due to a lack of bonding capacity in the current biennium, but because other projects were completed under budget, funding was available to complete the six projects.

Senator Kieckhefer recalled that Mr. Nuñez had indicated the sedimentation remediation of the Marlette Lake Water System, project 09-C05, appeared to be satisfactory for the time-being, and he asked what the timeframe was for “the time-being.”

Mr. Nuñez replied the problems were related to water spills at a tank on the side of a hill that had created some erosion. There had been litigation as a result, and the Buildings and Grounds Division had made improvements and upgrades in the way the system was controlled. The current control systems were successfully preventing further spills in the area.

In the meantime, Mr. Nuñez continued, the area had revegetated itself, and it was his opinion that attempts to rehabilitate the area with additional erosion control would make the situation worse: it was best to let nature take its course. However, the litigation might result in further remediation work.

In response to a question from Senator Denis, Mr. Nuñez clarified that the spillage occurred at one of the water storage tanks. Water was provided to Virginia City to Carson City through wooden pipes, which were aging and required immediate repair, but they were not the cause of the spillage.

Chairwoman Smith stated the SPWB report was an informational item, and no action was needed. She noted there was a later agenda item to appoint a CIP Subcommittee, and in the future the Subcommittee would meet prior to IFC and review the projects to report back to the Committee.

I. STATEMENT OF CONTINGENCY FUND BALANCE.

Rick Combs, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reviewed the summary of the IFC Contingency Fund balance:

Current Contingency Fund Balance	\$39.7 million
Unrestricted General Funds	\$11.9 million
Unrestricted Highway Funds	\$ 1.7 million
Restricted Funds	\$26.1 million

Mr. Combs explained the restricted fund balance was increased with the passage of Assembly Bill 484 of the 2011 Session that appropriated \$23.9 million to pay interest that will be due in fiscal year 2012 on the Unemployment Insurance Trust Fund loan from the federal government.

Mr. Combs noted there were no Contingency Fund allocations approved at the April 2011 IFC meeting because the Legislature was in Session, and there was currently one request for an allocation of approximately \$12,000 to the Department of Education.

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

- *J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (GENERAL FUND) PURSUANT TO NRS 353.268 – Department of Education – Career and Technical Education – Request for an allocation of \$12,130 to meet the required Maintenance of Effort (MOE) for the Carl D. Perkins Vocational and Technical Education grant.

Roger Rahming, Director of Finance, Department of Education, stated Agenda Item J was a request for a Contingency Fund allocation to meet the Maintenance of Effort (MOE) for the Carl D. Perkins Vocational and Technical Education grant. He said there was a salary shortfall in fiscal year (FY) 2009, and rather than receive direct federal funds to fill the shortfall, additional state funds were requested, which created a problem with the MOE. Mr. Rahming explained that for every dollar spent last year, a similar dollar had to be spent from the same category. He said the request was included in the 2011-2013 biennial budget, and the Department hoped that if the Carl Perkins grant was reduced, the MOE could be decreased.

Mr. Rahming said the Department became aware of the problem in March 2011 and had been attempting to find other ways to meet the MOE, but there were no other options and the request from the Contingency Fund was the Department's last resort.

Chairwoman Smith asked whether the Department had updated information regarding future funds available from the Carl D. Perkins grant.

Dr. Keith Rheault, Superintendent of Public Instruction, Department of Education, replied the amount for FY 2012 should be identical to the amount received in FY 2011. He said the concern would be in FY 2013 when initial projections indicated that funding would be reduced by 38 percent because the federal funding of the Carl D. Perkins grant would be reduced, and it would fall below a threshold that could reduce the funding back to 1998 hold-harmless provisions. Dr. Rheault noted there were 150,000 fewer students in the state in 1998. He had talked personally with the U.S. Assistant Secretary of Education and Senator Harry Reid's staff concerning the proposed formula, who had assured him there would be two acceptable options: work on reaching a more appropriate level, such as 2008, or use the 2010 Census data to determine the hold-harmless amount. Dr. Rheault had been assured the matter would be addressed when the reauthorization for fiscal year 2013 was issued.

Assemblywoman Mastroluca noted the state had an identical shortfall in FY 2010. She asked why the Department had not anticipated that the same problem would occur in FY 2011.

Dr. Rheault replied the Department had received an increase of \$1 million in federal funding in fiscal year 2011. He thought part of the problem was that the state match from the Legislature was primarily used for salary purposes, and in fiscal years 2010 and 2011, the Department's MOE was slightly short because furlough salary funds were reverted. The Department became aware of the shortage in March 2011 and advised

the Budget Division on May 6, 2011. Dr. Rheault did not know why the item was not heard during the 2011 Legislative Session.

Assemblywoman Mastroluca asked why the Department chose to make the request to IFC rather than request a supplemental appropriation during the 2011 Session. Dr. Rheault replied the Department tried to resolve the shortage with salary savings or other state funding, which was determined to be an inappropriate resolution.

Assemblywoman Mastroluca affirmed the Department was comfortable that funding was adequate for the 2011-2013 biennium, and she wondered whether the Department had felt the same for the 2009-2011 biennium. She wanted to be assured that the problem would not continue year after year. She realized the difficulty in budgeting, especially with changes in personnel and salaries.

Dr. Rheault replied the problem became evident after the budgets were closed in the 2009 Legislative Session, which was why it had persisted in the current biennium. He reiterated the Department was confident that the problem would not continue.

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

ASSEMBLYWOMAN MASTROLUCA MOVED FOR APPROVAL
OF AGENDA ITEM J.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

*K. ESTABLISHMENT OF SALARIES FOR UNCLASSIFIED POSITIONS
PURSUANT TO SENATE BILL 505, SECTION 2 (2011 SESSION).

1. Department of Cultural Affairs.

Stephanie Day, Interim Director, Department of Administration, stated Agenda Item K was a request to set the salary and title for two positions that were inadvertently excluded from the 2011 unclassified pay bill, Senate Bill 505. She explained both positions were in the Department of Cultural Affairs: the Director and the Executive Assistant. Both positions were slated for elimination effective September 30, 2011, and approval of the positions was needed for the period July 1 through September 30, 2011.

Ms. Day said the Director's annual salary was \$114,104 and the Executive Assistant's salary was \$54,858 after the 2.5 percent salary reduction approved by the Legislature.

Chairwoman Smith clarified the positions had not been included in the pay bill because of their upcoming elimination, but they needed to be included for the three months they would exist in fiscal year 2012.

Senator Kieckhefer asked whether the positions would be required to take furloughs.

Ms. Day replied furloughs would be required for the positions. The agencies had been notified that 12 hours per quarter of furlough time would be required for all full-time positions. The hours would be prorated for part-time positions.

Assemblyman Kirner affirmed the funding for the positions was included in The Executive Budget. Ms. Day replied funding was in the budget, but the salary amounts were excluded from the unclassified pay bill.

ASSEMBLYMAN HARDY MOVED FOR APPROVAL OF AGENDA
ITEM K-1.

SENATOR DENIS SECONDED THE MOTION

THE MOTION CARRIED UNANIMOUSLY.

2. Department of Administration

Stephanie Day, Interim Director, Department of Administration, explained three unclassified positions were approved in Senate Bill 233 of the 2011 Session for the new Grants Management Unit in the Department of Administration. The position titles and proposed maximum salaries after the 2.5 percent salary reduction were:

Chief of the Office of Grants Procurement Coordination and Management	\$79,111
Senior Executive Grants Analyst	\$72,230
Executive Grants Analyst	\$60,402

Senator Leslie asked whether the salaries were higher than the dollar amounts in the legislatively approved budget.

Ms. Day replied she was correct. The amounts in the budget were at step 1 of the classified salary range, and the proposed unclassified salaries were at the maximum level that could be paid.

Senator Leslie was not concerned about the salary amounts, but she wondered how they would be funded.

Ms. Day replied the Senior Executive Grants Analyst position would be filled with a transfer employee from the Department of Administration. The other two positions were not yet filled pending the arrival of Jeff Mohlenkamp, the recently appointed Director of

the Department of Administration. It was possible the positions would be left vacant for a time to realize savings to cover the increase in salaries.

Senator Leslie asked whether the salary of the Senior Executive Grants Analyst fell below the maximum classified salary. Ms. Day replied it fell below the maximum, but it was higher than the amount included in the budget.

Senator Leslie requested that the Department report to the IFC on the final staffing of the Grants Management Unit. Ms. Day indicated a report would be submitted at the next IFC meeting.

Senator Kieckhefer asked whether the freeze on hiring employees above step 1 applied only to classified positions. Ms. Day replied that was the case: the unclassified positions were set at the maximum classified salary, and agencies were able to hire below the maximum if required by budget constraints.

ASSEMBLYMAN KIRNER MOVED FOR APPROVAL OF AGENDA ITEM K-2 WITH A REQUEST THAT THE DEPARTMENT OF ADMINISTRATION SUBMIT A STATUS REPORT OF THE GRANTS MANAGEMENT UNIT STAFFING TO THE COMMITTEE AT THE NEXT IFC MEETING.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

L. INFORMATIONAL ITEMS.

5. DEPARTMENT OF CULTURAL AFFAIRS – Division of Museums and History – Museum Dedicated Trust Fund – Semiannual report on the investment and expenditure of private funds for the period ending December 31, 2010, pursuant to NRS 381.0033(b).

Chairwoman Smith requested that Department of Cultural Affairs' representatives provide a brief explanation and history of the Dedicated Trust Fund since it was an anomaly in the budget system.

Peter Barton, Acting Administrator, Division of Museums and History, Department of Cultural Affairs, explained the Dedicated Trust Fund was established in *Nevada Revised Statutes* (NRS) 381.0031 through 381.0035. The statutes provided that funds collected at museums from admission fees, train ride ticket sales, and federal grants were defined as state money. Revenue generated by other activities for the museums, such as the museum stores, donations, and membership programs, was defined as private money and was managed by the eleven-member Board of Museums and History.

Mr. Barton further explained the Dedicated Trust Fund accounts had restricted and unrestricted funds within them, which were to be expended to provide the services that defined museums. There was no state money available to do special events and public programming at the museums beyond the core staffing and operations, and therefore children's programs were funded with Dedicated Trust Fund revenues. He said in the past the Board had approved the expenditure of funds from the Dedicated Trust Fund to provide for:

- Reimbursement to school districts for the cost of transportation to take school children to the museums.
- Special exhibits which enhanced revenue to the Dedicated Trust Fund to leverage additional General Fund revenues derived from admissions and other special programs.
- Worker's compensation payments for the Division's volunteer workforce, without whom the public programs and General Fund revenues would be severely hampered.
- Partial salaries of staff in museums for Dedicated Trust Fund activities, including store employees and some state employees.
- Acquisition of new artifacts to ensure items remained in Nevada.

Assemblyman Conklin asked for further explanation of the Dedicated Trust Fund; he did not understand exactly how it functioned and why it was created.

Michael Fischer, D.D.S., Director, Department of Cultural Affairs, replied the decision predated the existing Department staff; he was unable to explain how the fund was created. Some long-time members of the Board of Museum and History could possibly provide the information. Dr. Fischer noted that all of the state expenses were allocated for staff time back from the private funds, so there was partial reimbursement there.

Mr. Barton added that facilities rentals were a small portion of the Dedicated Trust Fund. The amount year-to-date was \$18,380; any state salaries and state costs were allocated back to the General Fund from those special events.

Assemblyman Conklin asked how much revenue had gone into private funds year-to-date, and of that amount, how much came from the actual operations of the museums and how much came from private donations and gifts.

Mr. Barton replied that through June 24, 2011, there was an unrestricted balance of \$1,231,568 in the Dedicated Trust Fund; the restricted revenue this year amounted to \$636,652.

Assemblyman Conklin affirmed that the balance of \$1.2 million did not reflect all of the revenue received; obviously revenue had been spent down. He asked how much total revenue had flowed through the fund to date. He assumed the unrestricted balance was revenue generated from activities: receptions, weddings, and ticket sales.

Mr. Barton responded the total revenue year-to-date in the Dedicated Trust Fund was approximately \$2.4 million, and less \$636,652 in restricted revenue, the balance remaining was \$1,778,000 minus restricted expenditures of \$113,000 and unrestricted expenditures of \$546,000, a net balance of \$1,231,000.

Assemblyman Conklin affirmed the unrestricted expenditures of \$546,000 were a payback into the operation. Mr. Barton replied he was correct.

Assemblyman Conklin asked whether there was one fund with multiple accounts. Mr. Barton replied the Dedicated Trust Fund was one fund with seven accounts. There was an investment account at Morgan Stanley Smith Varney, which consisted of five accounts managed by an investment policy, which the Board was required by statute to update annually and review quarterly. The other accounts were on deposit with the State Treasurer.

Chairwoman Smith thanked the Department representatives for their testimony. The item was informational only and did not require Committee action.

***M. APPOINTMENT OF THE SUBCOMMITTEE TO REVIEW STATE PUBLIC WORKS BOARD MATTERS – NRS 218E.405.**

Chairwoman Smith announced that based on recommendations from leadership of each of the caucuses, she would appoint the following members to the Subcommittee to Review State Public Works Board Matters:

Assemblyman Bobzien, Assemblyman Grady, Assemblyman Hogan, Senator Kieckhefer, Senator Leslie, and Senator Parks. Assemblyman Bobzien would serve as the chair.

N. PUBLIC COMMENT.

Chairwoman Smith called for public comment; there was none.

Chairwoman Smith requested input from the members concerning the possibility of rotating the IFC meetings between the northern and southern parts of the state. She believed the plan would be a cost-saving measure, and it would accommodate the fact that the majority of the members were from southern Nevada. However, the caveat would be that all members must attend in one location, because the Committee functioned more effectively in one location. She noted the tradition of the Committee had always been to meet in one location. All members would meet at one location, but the meeting would be videoconferenced to accommodate the state agencies in both

parts of the state. She needed a commitment from Committee members that they would agree to comply,

Assemblyman Hardy asked what the financial effect would be for the Fiscal staff to travel to southern Nevada.

Chairwoman Smith said costs were being analyzed, but she believed there would be an overall cost savings. Staff travel would be minimized, because some could remain in Carson City and only the primary staff would travel. She reiterated that the goal was that it be a cost-saving measure.

Assemblyman Goicoechea affirmed that the decision would be based on the potential savings. Chairwoman Smith reiterated that the costs for staff travel should be minimal. Not only would travel time be reduced for a majority of the members, but their work lives would be less interrupted as well.

Senator Cegvaske remarked it would be convenient to have meetings in Las Vegas. She asked how the Committee would be accommodated in the Grant Sawyer Building or whether remodeling would be required. Mr. Combs replied there was a meeting room that would accommodate the full Committee, but members may have to share microphones.

Assemblyman Conklin supported the idea and suggested the schedule be flexible, Chairwoman Smith said her plan was to rotate every other meeting.

Chairwoman Smith stated unless there were objections, the next meeting would be held in Las Vegas. She trusted the members would travel to meetings as requested to make the schedule work.

Assemblyman Kirner asked whether there would be a schedule of tentative dates. Chairwoman Smith said establishing tentative dates was difficult because meetings were scheduled based on the Committee's obligation to accomplish certain functions by specific deadlines.

Rick Combs, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, replied there had never been a list of tentative dates, but meetings had always been scheduled approximately 45-60 days apart to accommodate processing of work programs and conduct other necessary business.

Chairwoman Smith noted that the Committee had the option to select alternates for members who could not attend. She added that consideration would be given to holiday schedules when setting the meeting dates.

Mr. Combs stated the next meeting would be held in late August or early September. The Committee would need to appoint members to the Committee on Industrial Programs, which was required by statute to meet before the end of September.

O. ADJOURNMENT

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 11:05 a.m.

Assemblywoman Debbie Smith, Chairwoman
Interim Finance Committee

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

EXHIBITS
INTERIM FINANCE COMMITTEE
June 30, 2011

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Attendance Roster
C	*****	Meeting packet
D	Gus Nuñez, Manager, State Public Works Board	Capital Improvement Project Status Exception Report, June 2011