

MINUTES OF THE JANUARY 25, 2013
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chair Maggie Carlton called a regular meeting of the Interim Finance Committee (IFC) to order at 8:14 a.m. on January 25, 2013, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda and [Exhibit B](#) 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 Maggie Carlton, Chair
Senator Debbie Smith, Vice Chair
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Senator Michael Roberson
Senator Joyce Woodhouse
Assemblyman Paul Aizley
Assemblyman Paul Anderson
Assemblyman David Bobzien
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman William Horne
Assemblywoman Marilyn Kirkpatrick
Assemblyman Randy Kirner
Assemblyman Joseph Hogan
Assemblyman Michael Sprinkle

COMMITTEE MEMBERS EXCUSED:

Assemblyman Steven Brooks

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Cindy Jones, Fiscal Analyst, Assembly
Mark Krmpotic, Fiscal Analyst, Senate
Mike Chapman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sherie Silva, Interim Finance Committee Secretary
Cindy Wyett, Committee Assistant

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; a quorum was present in both houses. Assemblyman Brooks was excused.

Chair Carlton welcomed members of the Committee, audience members, and those listening on the Internet. She opened the meeting for public comment.

B. PUBLIC COMMENT.

Joseph Nacimiento, testifying from Las Vegas, said he wanted to speak to the foreclosure crisis and possible legislation to alleviate the housing foreclosure problem. He questioned the integrity of the banks and judicial system in the foreclosure process and said he had documentation to substantiate his claims. His verbatim testimony and Committee discussion are attached as [Exhibit C](#).

Chair Carlton asked Mr. Nacimiento to leave any documentation he had with the Legislative Counsel Bureau staff in Las Vegas, who would forward it to her. She thanked him for his testimony and assured him there would be extensive discussion of the foreclosure problem during the 2013 Legislative Session.

Chair Carlton asked for further public comment; there was none.

C. ALLOCATION OF FEDERAL GRANT FUNDS FOR WHICH A STATE AGENCY, COMMISSION OR DEPARTMENT HAS REQUESTED A PUBLIC HEARING PURSUANT TO NRS 353.337.

- 1. Department of Health and Human Services - Health Division - Early Intervention Services - FY 2013** - Deletion of \$164,040 in federal Maternal Child Health block grant funds transferred from the Health Division and transfer of \$103,038 from the Personnel Services category to the Private/Community Sector category, and \$1,487 from the Information Services category to the Private/Community Sector category to address the waitlist for children with an

Individualized Family Service Plan. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount transferred to the Private/Community Sector category exceeds \$75,000. Work Program #C25867. WITHDRAWN 1-7-13.**

2. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2013** - Addition of \$37,366 in federal Preventive Health and Services block grant funds to promote the statewide Statutory Rape Public Awareness Campaign in Nevada. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the Sexual Assault category exceeds 10 percent of the legislatively approved amount for that category. Work Program #C25825**
3. **Department of Health and Human Services - Welfare and Supportive Services - Energy Assistance Program - FY 2013** - Addition of \$2,336,748 in federal Low Income Home Energy Assistance (LIHEA) block grant funds to retain temporary staff needed to process the number of applications required to distribute all available LIHEA and Universal Energy Charge funds to eligible households. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the Operating category exceeds \$75,000. Work Program #C25744**
4. **Department of Health and Human Services - Child and Family Services - Community Juvenile Justice Programs - FY 2013** - Addition of \$10,040 in federal Office of Juvenile Justice and Delinquency Prevention formula block grant funds to provide delinquency prevention programming to youth and ensure compliance with the federal Juvenile Justice Delinquency Prevention Act. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing. Work Program #C25787**

Chair Carlton stated that a public hearing was required on the four work programs in Agenda Item C because they involved federal grants. She noted that item 1 had been withdrawn. She asked for questions from the Committee, and hearing none, she asked for public comment on Agenda Items C-2, C-3, and C-4. Hearing none, she called for a motion.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEMS C-2, C-3, AND C-4.

SENATOR SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Brooks was not present for the vote.)

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced that the Committee had requested testimony on the following work program revisions in Agenda Item D: item 7, Office of the Attorney General, and item 12, Department of Business and Industry, Administration, would be heard together, and item 14, Department of Business and Industry, Occupational Safety and Health Enforcement. The Committee also asked for more information on the request by the Department of Business and Industry to reclassify a Safety Specialist, Boiler and Elevator, to a Management Analyst 4.

Chair Carlton asked whether Committee members wished to hear further testimony on other items in Agenda Item D, and hearing none, she called for a motion.

SENATOR DENIS MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND REQUESTS FOR POSITION RECLASSIFICATIONS IN AGENDA ITEM D.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Brooks was not present for the vote.)

Work Programs

1. **Office of the Attorney General - Violence Against Women Grants - FY 2013 -** Addition of \$72,866 in federal Grants to Encourage Arrest Policies and Enforcement of Protection Orders to continue collaborative prosecution and victims service projects in White Pine, Lincoln and Eureka counties. Requires Interim Finance approval since the amount added to the Arrest Policies Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25652**

Refer to motion for approval under Agenda Item D.

2. **Office of the Attorney General - Violence Against Women Grants - FY 2013 -** Addition of \$418,407 in federal Rural grant funds to continue a collaborative prosecution and victim service project in Nye, Mineral and Esmeralda counties. Requires Interim Finance approval since the amount added to the Rural Grants category exceeds \$75,000. **Work Program #C25826**

Refer to motion for approval under Agenda Item D.

3. **Office of the Attorney General - Violence Against Women Grants - FY 2013 -** Addition of \$241,348 in federal Sexual Assault Services Program (SASP) grant funds to continue providing financial support to sexual assault service providers so they may assist their clients. Requires Interim Finance approval since the amount added to the SASP category exceeds \$75,000. **Work Program #C25827**

Refer to motion for approval under Agenda Item D.

4. **Office of the Attorney General - Violence Against Women Grants - FY 2013 -** Addition of \$2,190,287 in federal STOP Violence Against Women Formula (STOP) grant funds to continue providing financial support to law enforcement, prosecution, victim service and court services' providers that assist victims of domestic, sexual and dating violence and stalking. Requires Interim Finance approval since the amount added to the STOP Grant category exceeds \$75,000. **RELATES TO ITEMS 5 AND 6. Work Program #C25828**

Refer to motion for approval under Agenda Item D.

5. **Office of the Attorney General - Victims of Domestic Violence - FY 2013 -** Addition of \$100,000 in federal STOP Violence Against Women Formula grant funds transferred from the Violence Against Women Grants account to continue supporting the Statewide Victim Information and Notification (VINE) System, which allows crime victims and others to apply for automatic notification of status changes for an incarcerated perpetrator of a crime(s). Requires Interim Finance approval since the amount added to the VINE category exceeds \$75,000. **RELATES TO ITEMS 4 AND 6. Work Program #C25854**

Refer to motion for approval under Agenda Item D.

6. **Office of the Attorney General - Victims of Domestic Violence - FY 2013 -** Addition of \$25,000 in federal STOP Violence Against Women Formula (STOP) grant funds transferred from the Violence Against Women Grants account to continue supporting the Statewide Domestic Violence Fatality Review Team (SDVFRT) efforts to analyze domestic violence homicides, inform policy, and provide greater protection from potential lethality for victims and families affected by domestic violence in Nevada. Requires Interim Finance approval since the amount added to the STOP/SDVFRT category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEMS 4 AND 5. Work Program #C25855**

Refer to motion for approval under Agenda Item D.

Chair Carlton announced that Agenda Items D-7 and D-12 would be heard together.

- 7. Office of the Attorney General - National Settlement Administration-FY 2013 -** Transfer of \$103,059 from the ~~Bank of America Settlement~~ Reserve category to the Business & Industry (B&I) Housing Data/Index Project category to obtain extensive data and analysis of the Nevada Housing market, as Nevada embarks on a path of housing recovery fueled by Nevada based solutions to correcting the housing market. Requires Interim Finance approval since the amount transferred to the B&I Housing Data/Index Project category exceeds \$75,000. **RELATES TO ITEM 12. Work Program #C25770. REVISED 1-15-13.**

12. Department of Business and Industry - Administration - FY 2013 - Addition of \$103,059 in Mortgage Settlement funds received from the Office of the Attorney General to contract with the University of Nevada, Las Vegas, Lied Institute of Real Estate Studies to provide extensive research analysis of Nevada's housing market. Requires Interim Finance approval since the amount added to the Housing Index category exceeds \$75,000. **RELATES TO ITEM 7. Work Program #C25643**

Ash Mirchandani, Deputy Director, Department of Business and Industry, introduced former Assemblyman Marcus Conklin from the University of Nevada, Las Vegas (UNLV) Lied Institute of Real Estate Studies and Jeremy Aguero, Principal Analyst, Applied Analysis [consultants].

Mr. Mirchandani explained that in early spring 2012, the Department of Business and Industry (B&I) had a discussion with the Lied Institute concerning the lack of credible and consistent statewide housing data. Nevada was seriously affected by the housing crisis, and B&I was constantly challenged by the lack of data and knowledge of what was occurring in the housing market. He said the Department's main source of data was the media, which was informative but did not reflect trends.

Mr. Mirchandani said that both B&I and the Lied Institute had responded to a request for proposals for a housing index, which would indicate whether the housing market was recovering. The Lied Institute had submitted a proposal to the Office of the Attorney General (AG) for funding from the National Mortgage Settlement proceeds for statewide data, but it did not include the number of homes sold, the number of permits issued, and the number of underwater mortgages in every county and city in the state.

Mr. Mirchandani said that both proposals were submitted to the AG's Office for funding, but B&I and the Lied Institute decided to join efforts to obtain credible and consistent month-to-month data through the joint proposal request before the Committee.

Assemblyman Anderson said he believed the data was vital to make decisions during the recovery of the housing market, and he was in support of gathering usable data to put into an index. He asked what role the Lied Institute would play versus the contractor's

role, and he questioned why funding was coming from the AG's Office through B&I to UNLV to be contracted out to third-party entities.

Mr. Mirchandani replied the two proposals had different functions. The Department of Business and Industry's role would be to develop a housing index to measure the status of the housing recovery. One of the problems was that the media indicated that the housing market was improving, and on the other hand, there was information that about 52,000 homeowners were delinquent. The goal was to include all of the information in one housing index to know the current status of the housing crisis.

Mr. Mirchandani explained that the Lied Institute wanted to generate statewide information. The Department entered into a contract with Applied Analysis because it did not have any staff members with expertise in economics. He said B&I would be the central agency to work with all of the partners, and funding would flow from the AG's Office through B&I for distribution to various organizations. He noted that much of the data was very specialized, and outside vendors were needed to provide the data. It would be less expensive to contract with outside vendors than for the Department to try to generate the information.

Assemblyman Anderson said he was not questioning the need for the third-party contracts: he thought it was an efficient way of obtaining the data. He was specifically curious about the allocation of \$200,000 to full-time entities and their proposed functions. He asked whether there was staff at the Lied Institute that could manage the project without extra funding.

Marcus Conklin, Associate Director, Lied Institute of Real Estate Studies, University of Nevada, Las Vegas, explained that the grant request included one full-time-equivalent (FTE) position for two to three years, and the \$200,000 covered payments in six-month increments over the entire period. Mr. Conklin said the previous director of the Lied Institute had written the grant proposal and determined that one FTE position in the Institute would be required to acquire, access, vet, and house the data on a long-term basis. He added that the previous director had passed away recently, and the Institute was a very small organization with a current staff of two.

Assemblyman Anderson asked whether Applied Analysis was performing all of the work.

Mr. Conklin reiterated that there were originally two grant requests: Lied Institute had submitted a proposal, and the Department of Business and Industry had submitted a proposal. After the director's death, Mr. Conklin and Mr. Mirchandani decided to merge the proposals, reduce the dollar amount, and develop some synergies within the two agencies. The funding would flow through B&I, and the contract with Applied Analysis was to conduct the housing index. The Lied Institute would acquire, house, and vet all of the data and report in-depth analyses of key statistics in various portions of the housing market. The Department of Business and Industry would perform an analysis, and Applied Analysis would do a macro-analysis report. Mr. Conklin said the intention was to

ensure that both levels of data would be included in one report to be provided to lawmakers and other policy makers.

Assemblyman Anderson asked why \$40,000 was budgeted in fiscal year (FY) 2013 and \$80,000 was budgeted in FY 2014 and FY 2015. Mr. Conklin replied that funding for FY 2013 was for a six-month period.

Catherine Cortez Masto, Nevada Attorney General, Office of the Attorney General, explained funding would come from two settlements: the National Mortgage Settlement and the settlement from litigation against the Bank of America. She recalled that she had previously requested Committee approval to use some of the funds to create the Home Again Nevada Program and a one-stop shop to help Nevada homeowners.

Attorney General Masto said a total of \$87 million had been awarded to Nevada, \$57 million of which was from the National Mortgage Settlement specifically to ameliorate the foreclosure crisis, through legal aid and counselors, to support borrowers and homeowners. Attorney General Masto added that the \$30 million settlement from the Bank of America would be used for the same purposes.

Attorney General Masto explained that the \$57 million was designated to complete phase two of the state's mortgage settlement program. A statewide advisory committee was formed, including representatives from the Department of Business and Industry and Mr. Aguero, which met to hear various proposals received from nonprofit organizations and others in the community on how the funding could be used to benefit borrowers in the state.

Attorney General Masto said that B&I also had a proposal supported by the Governor called the Home Retention Program. The members of the statewide advisory committee liked the program and recommended that all of the remaining funds be used for the program, except for one piece: the proposal from the Lied Institute. There were two similar but separate proposals, and both entities were asked to work toward combining them, which was what was being requested today. She and the advisory committee supported the request.

Chair Carlton asked Attorney General Masto to update the Committee on the \$11.7 million approved by the Committee at its August 2012 meeting.

Attorney General Masto recalled that the Home Again Homeowner Relief Program had been rolled out earlier in January (2013), with outreach to the communities including radio and television commercials and placards. She said the legislators would be receiving information concerning the program to share with their constituents, including a hotline number for a free housing counselor. She said over 300 calls were received in the southern part of the state within 72 hours after roll out of the program. Currently, over 4,000 contacts had come into the program, and it had only been operating since the first part of January. She said there was a need, performance measures and indicators

were in place, and all of the information would be provided to the 2013 Legislature: the program would be transparent and accountable.

Attorney General Masto added that the original request to the IFC was for an anticipated need of approximately 30,000 homeowners, and if there were not that many, the full \$33 million would not be drawn down. Funds would be drawn down based on the needs of the communities.

Chair Carlton asked what was planned for the remaining Bank of America settlement funds. Attorney General Masto replied that \$33 million of the initial \$57 million was requested for the Home Again Nevada Program, and \$103,059 was being requested in Agenda Item D-12. The remaining funds, including \$30 million in Bank of America settlement funds, would be set aside for the creation of the Home Retention Program that B&I and the Governor were supporting.

Bruce Breslow, Director, Department of Business and Industry, said he would be presenting the Department of Business and Industry's 2013-2015 biennial budget to the Legislative Commission's Budget Subcommittee the following week, and he would thoroughly review the Home Retention Program at that time. However, he wanted to note that a housing recovery was not actually occurring in Nevada: housing prices were rising artificially because of a lack of supply. National homebuilders that had flooded the state had publicly traded or had not returned to the state. Most of the regional and local homebuilders had been forced out of business; some were trying to reconstitute themselves, but it was a matter of supply and demand, and the supply shortage was driving up the prices.

Mr. Breslow said there were 52,000-plus severely underwater delinquent mortgages in Nevada, which was referred to as the shadow market, and if they hit the market at one time, the state's housing market would crash back for another two to five years. The Department had worked out a program with the U.S. Treasury Department, the Federal Homeowners Association (FHA), the Housing and Urban Development (HUD) Secretary, Fannie Mae, Freddie Mac, and others for Nevada to create a revolving account that would feed back into itself using the mortgage settlement funds the Attorney General's advisory committee was recommending through the Governor's Executive Budget. Additional funds from the U.S. Treasury would create about a \$150 million pool to fix and cure, in a systematic way, the logjam of severely underwater and delinquent mortgages. Mr. Breslow said it was a unique program that should be able to tackle Nevada's problem properly.

Chair Carlton asked whether B&I planned to support the program after the funding was depleted if it was still warranted by the housing market. Mr. Breslow replied the program would refund itself as it moved forward. The goal was to get homeowners back into an equity position with equal market value.

Assemblyman Kirner asked how the program would be funded beyond the next biennium. Mr. Breslow explained the request currently before the Committee would get the program operational through June 2013, and B&I's recommended biennial budget included additional funding of approximately \$400,000 for two more years. To target the problem, valid updated data was needed for the entire state to be able to continue the mortgage settlement program and the other housing programs managed by the B&I Housing Division.

Assemblyman Kirner affirmed that funding from the Attorney General's Office would be allocated to B&I, and B&I would provide funding for the Lied Institute to contract with an outside vendor. He asked whether there was a way to short-circuit the process and possibly get a "better bang for the buck."

Mr. Breslow replied it would be more expensive to hire staff and train them to collect data, which would include the cost of state-employee benefits. The Lied Institute was perfectly suited, in partnership with UNLV, to prepare the reports for the Legislature, the Governor, the Department of Business and Industry, and the public. Contracts would be with companies that would only sell accurate data, as opposed to the generic data available through the Internet. The contracts would provide and accumulate data from companies with the experience and expertise to provide accurate statewide data.

Assemblyman Aizley said he understood that the only thing that would work for underwater homeowners was principal reduction, and he asked whether that was part of the program.

Mr. Breslow replied the program was a principal reduction program involving no state tax dollars. Funding would be provided through the mortgage settlement funds and the U.S. Treasury to get homeowners' equity equal to the market value of their homes.

Assemblyman Anderson asked what the original B&I proposal to the Attorney General's Office involved.

Mr. Mirchandani replied the original project was for the Lied Institute to gather market-specific data for every entity, such as the number of homes sold, delinquent homes, underwater homes, and number of permits issued, but the Department's goal was to develop a housing index. If the Lied Institute wanted to create the housing index and conduct its own project, there would be two sets of data. Mr. Mirchandani said B&I would use the Lied Institute's data and work with Applied Analysis to create the housing index, rather than both entities acquiring the same data and publishing specific itemized information. The data would flow from the Lied Institute to B&I and then be distributed to Applied Analysis for creation of the housing index.

Assemblyman Anderson asked whether a full-time person was required at the Lied Institute to compile the data from Applied Analysis in a macro form. He questioned why \$200,000 was needed for a full-time person and why the function could not be outsourced to Applied Analysis at a lower cost.

Mr. Conklin pointed out that the data did not appear anywhere in a collective form: it would have to be obtained from multiple sources at the national level—not just from Applied Analysis. The goal was to create a database that included all data needed to analyze the market as a whole at a macro level, which was why there was a team of people, each with an area of specialty.

Assemblyman Anderson said he had the list of types of data to be collected with which Applied Analysis was going to produce the index; he asked if he understood correctly.

Jeremy Aguero, Principal Analyst, Applied Analysis, explained that the scope of Applied Analysis on the project was narrow. Its sole responsibility was to take housing-related data and reduce it to index form. The Lied Institute would work to create a central repository for all housing-related statewide data. He said much of the data existed in one form or another, particularly in Clark County, but to a lesser degree in Washoe County, and to a very limited degree in the rural areas of the state.

Mr. Aguero said it was his understanding that the objective was to create the central repository, a portion of which would be to collect the data. Applied Analysis would supply some data points that it routinely tracked to the Lied Institute, as would a number of other vendors, at the individual county level, and even more micro than the county level when it was necessary and appropriate. There was a significant amount of that information that did not exist, and he did not know anyone in the state who had it in-house.

As the Attorney General had stated, Mr. Aguero said that having the central repository in one place and expanding it would improve the state's ability to understand housing-market dynamics, particularly as they related to supply and demand. There would be some crossover, but he reiterated, Applied Analysis had a very limited role in the project.

Assemblywoman Flores said she understood the need for the market data and she supported the request. Once the data was gathered and there was a comprehensive view of the market, she asked how the information would be accessed by private industry, mortgage brokers, and others who could use the information.

Mr. Breslow replied that the reports would be publicly released: they would be provided to the legislators, businesses, other entities, and the public to use as tools to measure and address the unique problems in Nevada.

Chair Carlton noted that the Governor had included a proposal for a related program in his 2013-2015 biennial budget, and she asked Mr. Breslow how the two plans would be coordinated.

Mr. Breslow explained that the Governor's proposal would assume the Home Retention Program beginning July 2013; the current request was to begin and develop the program through June 2013.

Chair Carlton asked for further questions from Committee members, and hearing none, she called for a motion.

SENATOR ROBERSON MOVED TO APPROVE AGENDA ITEMS D-7 AND D-12.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Brooks was not present for the vote.)

Mr. Breslow noted that he was scheduled to present a one-hour overview of the 14 agencies in the Department of Business and Industry to the Legislative Commission's Budget Subcommittee, and he asked how much time he should reserve for the proposed Home Retention Program, realizing that it was a new program and there would be several questions.

Chair Carlton said she would discuss the matter with Fiscal Analysis Division staff and report back to Mr. Breslow. She suggested that the presentation be considered an overview: details would be heard during the legislative session.

8. **Department of Education - Teacher Education and Licensing - FY 2013** - Addition of \$131,019 in Fingerprint Fees and transfer of \$175,601 from the Reserve category to the Fingerprint Fees category to fund anticipated expenditures. Requires Interim Finance approval since the amount added to the Fingerprint Fees category exceeds \$75,000. **Work Program #C25853**

Refer to motion for approval under Agenda Item D.

9. **Department of Education - Individuals with Disabilities Education Act (IDEA) - FY 2013** - Transfer of \$14,602 from the Project Promises Administration category to the Out-of-State Travel category and \$19,085 from the Project Promises Administration category to the In-State Travel category to record travel in the appropriate categories. Requires Interim Finance approval since the cumulative change to the Project Promises Administration category exceeds \$75,000. **Work Program #C25792. WITHDRAWN 1-15-13.**

Refer to motion for approval under Agenda Item D.

10. **Department of Agriculture - Pest, Plant Disease and Noxious Weed Control – FY 2013** - Addition of \$35,221 in U.S. Department of Agriculture Farm to School Implementation federal grant funds to assist eligible entities to implement programs that improve access to local foods in schools. Requires Interim Finance approval since this request includes a new position. **Work Program #C25813**

Refer to motion for approval under Agenda Item D.

11. **Commission on Mineral Resources - FY 2013** - Transfer of \$170,544 from the Reserve category to the Special Projects category to provide authority for expenditures approved by the Commission on Mineral Resources, as well as mining claim fee payments. Requires Interim Finance approval since the amount transferred to the Special Projects category exceeds \$75,000. **Work Program #C25863**

Refer to motion for approval under Agenda Item D.

12. **Department of Business and Industry - Administration - FY 2013** - Addition of \$103,059 in Mortgage Settlement funds received from the Office of the Attorney General to contract with the University of Nevada, Las Vegas, Lied Institute of Real Estate Studies to provide extensive research analysis of Nevada's housing market. Requires Interim Finance approval since the amount added to the Housing Index category exceeds \$75,000. **RELATES TO ITEM 7. Work Program #C25643**

Refer to discussion and motion for approval under Agenda Item D-7.

13. **Department of Business and Industry - Industrial Relations - FY 2013** - Addition of \$70,919 in an allocation from the Workers' Compensation Fund to provide for legal services to the Board for the Administration of the Subsequent Injury Account for Self-Insured Employers, the Board for Administration of Subsequent Injury Account for Associations of Self-Insured Public or Private Employers, and the Occupational Safety and Health Administration of the division. Requires Interim Finance approval since the amount added to the Association Subsequent Injury Board category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25781**

Refer to motion for approval under Agenda Item D.

14. **Department of Business and Industry - Occupational Safety and Health Enforcement - FY 2013** - Addition of \$210,000 in an allocation from the Workers' Compensation Fund to replace the web-based system for tracking boiler and elevator permit processing, inspection, and violations by the Nevada Occupational Safety and Health Administration Mechanical Unit. Requires Interim Finance approval since the amount added to the Information Technology category exceeds \$75,000. **Work Program #C25511**

Donald E. Jayne, Administrator, Division of Industrial Relations, Department of Business and Industry, introduced Lori Myer, Administrative Services Officer, Division of Industrial Relations (DIR), and Grant Reynolds, Information Technology Manager, Department of Business and Industry (B&I). Attending in Las Vegas were Jan Rosenberg, Deputy Administrator, Division of Industrial Relations, and Steve Coffield, Chief Administrative Officer, Nevada Occupational Safety and Health Administration (OSHA).

Mr. Jayne recalled that the request in item 14 was first brought to the Interim Finance Committee (IFC) in December 2010, and it related to replacement of computer software purchased by the agency for the OSHA mechanical unit. The mechanical unit was primarily responsible for the safety and inspection of elevators, escalators, and boilers, and the software supported those functions. At the December 2010 meeting, the Committee had given the Division a number of directives, including to conduct more research and to work with the vendor before replacing the software.

Mr. Jayne explained the agency was returning to IFC to provide additional testimony and request spending authority to purchase new software. He said that Jan Rosenberg had led the agency's review of the software and work with the vendor, and he asked him to review the timeline and history of the request for the benefit of the new Committee members.

Jan Rosenberg, Deputy Administrator, Division of Industrial Relations, Department of Business and Industry, reviewed the history of problems that the Division had encountered since entering a contract with Versa Systems in 2007 to replace the core legacy licensing and regulatory systems in several B&I agencies. Because of continued unresolved problems with the software in the OSHA mechanical unit, in December 2010, DIR requested spending authority from IFC to replace the Versa mechanical unit portion of the system with a software product known as Jurisdiction Online, but the request was denied. The Committee instructed the Division to continue to work with Versa to correct the system's problems.

Mr. Rosenberg said in November 2012, based upon an evaluation performed on Jurisdiction Online that indicated that it would be a good software for the Division's needs, a Technical Investment Request (TIR) was prepared by the B&I information technology staff. Continued testing of Versa software throughout fall 2012 and winter of 2013 resulted in failure to perform basic applications, and the Versa software showed little promise of providing an effective solution. (Mr. Rosenberg continued to review the history of the problems with Versa Systems, and his written verbatim testimony is attached as [Exhibit D.](#))

Chair Carlton asked how many equipment inspections were currently backlogged.

Mr. Rosenberg replied that currently there was a minimal backlog, and normal processing was moving forward. The DIR staff had learned to use the Versa software to the best of its ability.

Chair Carlton recalled that at one time, there was a huge backlog, inspections were not being performed, and there was concern that an accident could occur because of lack of inspections. She asked whether the agency was currently in a better position than it was then.

Mr. Jayne explained that the problem originally started in 2005 when the Division was directed in a Legislative Counsel Bureau audit to look for software that would increase the agency's ability to run management reports and control functions. He said the Division was in a better position today than it was in December 2010 because of staff overtime and additional resources. He recalled that the Division had previously reported to the IFC that there was \$500,000 in permit receivables, which was another compounding problem. It was estimated that it was taking the agency seven times the effort to manage the permitting process, but it was being done.

When the request for new software was denied in December 2010, Mr. Jayne recalled that he had said the agency would continue its processes and be inefficient. What could happen, but had not, would be confusion as to when inspectors should report to inspect certain equipment (elevator, boiler, or escalator), but there had not been any incidents that could be traced back to an untimely inspection and issuance of a permit. He said public safety was involved, and there was a potential for incidents.

Mr. Jayne said he was aware that there was a problem with funding information technology services sufficiently throughout the state, but DIR would gain efficiencies by purchasing new software.

Chair Carlton asked why the request was being made at this meeting instead of being included in the 2013-2015 biennial budget.

Mr. Rosenberg replied that delaying implementation of new software would present numerous significant downside consequences:

- Inefficiency in issuing and invoicing for elevator boiler permits, creating customer confusion.
- Poor customer service would continue, with customers calling and looking for permits on a regular basis.
- Inspectors would continue to be deployed inefficiently as inspections would be duplicated because of inadequate system capabilities.
- Third-party inspectors would continue to bill for inspections, only to learn four or five months later when the permits were processed that their inspections were void because the Nevada OSHA mechanical unit inspectors did the inspections first.
- Reports regarding production and financial statistics would continue to be unavailable, severely hampering management staff and the Nevada OSHA mechanical unit from assuring that the activities of the unit were meeting its core mission and potentially compromising public safety.

- Significant clerical overtime had been required in the past, and may be necessary in the future, to perform input into an inefficient system.

Mr. Jayne pointed out that the request was being made now, even though it was a decision unit in the agency's 2013-2015 biennial budget request, to provide DIR employees with the tools to be efficient as soon as possible. The problem had existed for several years, and continued efforts to correct the inefficiencies had been unsuccessful. He had no confidence that entering a five-year commitment with Versa Systems would improve the situation. He noted there was also an employee morale problem because of the inefficiencies and, he pointed out, the Division had funding available to purchase new software in the current fiscal year.

Assemblyman Anderson asked whether the Jurisdiction Online software was a completely hosted product in data centers and there would be no infrastructure onsite.

Grant Reynolds, Information Technology Manager, Department of Business and Industry, replied the system would be hosted by the vendor, and the hardware and software would be accessed through a web browser.

Assemblyman Anderson affirmed that the \$1,000 per month in the request was for a subscription to access the system and provide updates in the future. Mr. Reynolds said he was correct.

Assemblyman Anderson asked whether any hardware upgrades would be required for field services.

Mr. Reynolds replied there would be no required additional hardware, but in the future, there may be additional accessories that could be useful, such as tablet computers for access in the field.

Assemblyman Anderson asked whether the current plan was to use a paper trail to return to the office and input the information into the online system. Mr. Reynolds replied that was correct.

Assemblyman Bobzien said he appreciated the long history of the problem and was sympathetic to the agency's desire to move forward. He was aware that Jurisdiction Online was a highly specialized software that looked to the future and contemplated new technology. He asked whether the Enterprise Information Technology Services (EITS) Division of the Department of Administration had been consulted for advice. After years of difficulties, he was concerned whether the Committee could have confidence that DIR would make the right choice for the future. Assemblyman Bobzien said he was also uncomfortable with IFC approving a major change when the budget process would begin within weeks and there would be more opportunity to consider the request.

Mr. Reynolds said the Division had completed a formal Technology Investment Request (TIR), which was reviewed by EITS. He said the situation was unique, because the Jurisdiction Online solution was built to support the industry: the company had a 10- to 12-year track record of providing services to similar agencies. The Division would follow the standard methodology requirements, and users and the business community would be involved to ensure there were steps to review the process and to validate that each step would meet their needs.

Mr. Reynolds noted that there were reduced risks because there were no upfront hardware costs, purchases, or software. The Division had worked with the vendor at no cost to set up an environment with real data and real objects, and the users had received some training and validated the system. The whole system had been tested at no additional cost. He said the users were pleased with the program.

Assemblyman Bobzien assumed that other entities had bad experiences with Versa and converted to Jurisdiction Online, and he asked whether the Division had contacted references concerning the transition of software.

Mr. Reynolds said he did not recall discussions with any entity that had migrated off the Versa system to Jurisdiction Online, and he did not know of specific problems in other agencies with Versa. There were divisions of B&I that used Versa with no problems, because the system was more applicable to their functionality. He noted that Versa had entered into a huge contract with California about two years ago.

Assemblyman Bobzien said he had heard two problems with the software vendor: whether the system supported the Division's requirements for business processes and ease of use, and the ongoing problem of customer service and working with the company. He was concerned that Versa would still be used in other agencies and future problems could arise.

Chair Carlton noted that the request would not be funded with General Funds: it would be funded by the Worker's Compensation and Safety Fund.

Assemblyman Eisen asked whether the Division had been able to conduct hands-on testing with the Versa system prior to its purchase.

Mr. Rosenberg replied the application customized for the OSHA mechanical unit had not been used before, and it was still being customized after the system went live. There was no opportunity for hands-on testing.

Assemblyman Eisen said he was glad testing was done with Jurisdiction Online. He noted that Versa had offered upgrades to the system with assurances that there would be solutions to the problems, and those solutions did not materialize. He asked whether the upgrades cost additional dollars and whether the Division was able to recoup any funds, given the fact that it continued to use the company even though the upgrades were not successful.

Mr. Rosenberg explained the agreement with Versa Systems included a maintenance contract, and as part of the contract, the upgraded versions were a normal progression of the software. There was no additional cost for the upgrades.

Assemblyman Eisen asked whether any funds paid to Versa under the initial contract had been or would be returned based on the fact that the upgrades did not perform as promised.

Mr. Rosenberg said that the Office of the Attorney General had issued an opinion that the vendor had no breach of contract and there could be no recovery of costs.

Senator Denis asked how the process to shift to the new vendor would be different from the process used to purchase Versa.

Mr. Jayne said it was his understanding that Versa had been chosen at the department level to serve several different units. The mechanical unit was unique, and the problems were not anticipated. The Division was transitioning to the Versa software when he was hired in early 2009, and he believed staff was able to view screen shots, but did not see the data transfer loaded. There was not sufficient hands-on evaluation, and since December 2010, the Division had been attempting to follow appropriate processes and work with the TIR staff prior to approaching IFC.

Senator Denis asked whether the request in the budget would be necessary if today's request were approved.

Mr. Jayne said if the request were approved by IFC and the Division could move forward more quickly, the decision unit would be removed from the Division's biennial budget request, and only the maintenance obligations would be included.

Chair Carlton asked for further questions from the Committee. Hearing none, she called for a motion.

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA
ITEM D-14.

SENATOR WOODHOUSE SECONDED THE MOTION.

Senator Denis said he supported the motion; he did not believe waiting would make a difference. He noted that Jurisdiction Online was a highly specialized software that had been tested under load, and there were probably very few options.

Assemblyman Horne said he was not comfortable with the request because there were so many questions concerning the system. He recommended waiting until the Legislature could review the request more thoroughly.

Assemblyman Bobzien said he tended to agree with Senator Denis on the technical side, but he would like to hear the experience of other states that could validate the quality of professional services with the new system. He would not vote to approve the request because of the timing. He was concerned that the Committee had been hearing so many examples of failed software projects, and he would like to pursue information technology services statewide and take a more in-depth look at services being provided by the Enterprise Information Technology Services Division. He did not mean it as a slight to DIR or the process it had gone through; he respected the fact that the Division had endured a bad experience.

Senator Denis said he was concerned with a delay of eight or nine months, and he wondered whether the Committee could approve the work program at this meeting and require the Division to report back to the 2013 Legislature for final approval. He anticipated that if the item was delayed, the money committees would have the same discussions, and then nothing could be done until July 2013.

Assemblywoman Kirkpatrick asked whether the work program could be approved and the funds could be taken from DIR's budget during the 2013 Legislative Session. She wanted to give the agency the opportunity to move forward, and she agreed that the problem warranted a review of the statewide information technology policy.

Chair Carlton replied that there were no General Fund dollars involved, and any excess funds would revert to DIR's assessments and fees account. She said it appeared there were questions and concerns with the request, but she was comfortable approving it because she had been involved with the problem since 2008.

Senator Smith said she was not concerned with the request, but she cautioned about requiring agencies to be accountable and report back to the Legislature. The Administration had not been willing to respond to the Legislature's letters of intent during the 2011-2013 interim, which was a problem that would have to be discussed during the 2013 Session. She recalled that the Legislative Information Technology Advisory Board was one of the most contentious areas because of lack of responses to letters of intent. She recommended that the Committee decide whether the agency was moving in the right direction with Jurisdiction Online and approve the request or wait until the legislative session because of the many IT difficulties encountered during the interim.

Assemblyman Hardy asked whether the software problem could be a life-safety issue over the next nine months.

Mr. Jayne replied there were life-safety concerns because the public rode the public conveyances, and if one were to fail and an inspection had not been conducted because of the inefficiencies of the software, the failure would be a factor.

Chair Carlton called for the vote on the motion to approve Agenda Item D-14.

THE MOTION FAILED ON THE ASSEMBLY SIDE. (Assemblymen Bobzien, Eisen, Flores, Grady, Hickey, Hogan, Horne, and Sprinkle voted no. Assemblyman Brooks was not present for the vote.)

Mr. Jayne thanked the Committee for its consideration and said the Division would continue to work on the software improvements for the legislative hearings.

Reclassification

Department of Business and Industry Industrial Relations	742/4682	0311	Safety Specialist, Boiler & Elevator, Code 11.538, Grade 35, Step 01, Employee/Employer Paid Retirement \$44,411.76	Management Analyst IV, Code 07.612, Grade 39, Step 01, Employee/Employer Paid Retirement \$52,847.28
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Chair Carlton asked whether the previous motion affected the request for the position reclassification. Mr. Jayne replied that the position was in the OSHA mechanical unit, and he asked Steve Coffield to explain the reclassification request.

Steve Coffield, Chief Administrative Officer, Nevada Occupational Safety and Health Administration (OSHA), explained that the request involved a change in classification of one of the DIR Safety Inspector positions to a general manager for the OSHA mechanical unit. When he assumed the Chief Administrative Officer position in 2009, he and Mr. Jayne began working on the OSHA structure, and it became apparent during regulatory hearings and meetings that OSHA’s efforts to reach out to stakeholders and deal with problems in regulating equipment had not been as good as they should have been. The Nevada OSHA mechanical unit performed slightly over 20,000 inspections a year, and there were two supervisors in the Henderson office for the southern portion of the state and one supervisor in the north for the majority of the rural counties. A Safety Manager 1 position served as a technical manager, because the elevators and pressure vessels were highly technical pieces of equipment and there were numerous national standards.

Mr. Coffield noted that there was high turnover in the mechanical unit’s inspection staff because of inadequate salaries. He said because the majority of time was spent on accident investigations and resolutions, less time was available to provide leadership and management and to work with stakeholders, building owners, elevator and pressure vessel companies, and union maintenance workers. He explained that the reclassified position would be responsible for oversight of information technology, budgeting, operations manual development, administration of fee revenue, dialogue with third-party inspectors, and regular stakeholder meetings. The new position would provide for improved operations of the mechanical unit.

Chair Carlton asked whether the Safety Specialist position, which was approved by the 2011 Legislature, was ever filled. Mr. Coffield replied the position had been filled, but because of turnover, Mr. Jayne decided to move forward with a request for reclassification.

Chair Carlton asked whether the current backlog of inspections had decreased from what it was in 2011. Mr. Coffield said the backlog had decreased because Mr. Jayne had authorized significant overtime to reduce it, but the data input into Versa was still a time-consuming problem.

Chair Carlton asked whether the reclassification request was included in the Division's 2013-2015 biennial budget request. Mr. Jayne replied it was not. He added that inspections in the field were being done on a more timely basis than in 2011, but improvements were needed to in-house operations.

Chair Carlton recalled discussion in 2011 concerning the need for the Safety Specialist position, and she would prefer that the position stay in the field to guarantee public safety. The reclassification could be addressed in the 2013 Legislative Session.

Chair Carlton asked for questions from the Committee.

Assemblyman Hardy said he had recently ridden with the Clark County Fire Department, and that evening there were three calls for stuck elevators, which was the reason he had questioned the threat to life safety.

Chair Carlton said that no action would be taken on the reclassification request until it was brought forward during the 2013 Legislative Session. She again thanked Mr. Jayne for his time and testimony.

- 15. Department of Business and Industry - Occupational Safety and Health Enforcement - FY 2013** - Addition of \$71,099 in an allocation from the Workers' Compensation Fund to provide contract legal services for the Nevada Occupational Safety and Health Review Board. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds \$75,000. **Work Program #C25790**

Refer to motion for approval under Agenda Item D.

- 16. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2013** - Addition of \$150,556 in federal State Health Insurance Assistance Program (SHIP) grant funds to support a network of volunteers located throughout the state, as well as to provide education, outreach, and long-term care planning through subgrants to providers. Requires Interim Finance approval since the amount added to the SHIP category exceeds \$75,000. **Work Program #C25833**

Refer to motion for approval under Agenda Item D.

17. **Department of Health and Human Services - Aging and Disability Services - Community Based Services - FY 2013** - Addition of \$1,499,886 in Telephone Surcharge funds collected under NRS 427A.797 as approved by the Public Utilities Commission to support the Hearing Devices Distribution Program, Nevada Relay Services and Deaf Resource Centers in Nevada. Requires Interim Finance approval since the amount added to the Hearing Devices category exceeds \$75,000. **Work Program #C25817**

Refer to motion for approval under Agenda Item D.

18. **Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2013** - Addition of \$349,938 in Receipts from Local Governments, \$8,605,108 in Receipts from County Inpatient Upper Payment Limit (UPL) funds, \$280,725 in Receipts from School District Reimbursements, \$5,852,474 in Receipts from Graduate Medical Education, \$7,968,450 in Receipts from County Outpatient UPL, and deletion of \$716,283 in Receipts from University of Nevada, School of Medicine and \$159,900 in Treasurer's Interest Distribution to provide funds for additional Medicaid claims. Requires Interim Finance approval since the amount added to the Transfer to Budget Account 3243-Medicaid category exceeds \$75,000. **RELATES TO ITEM 19. Work Program #C25891**

Refer to motion for approval under Agenda Item D.

19. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2013** - Addition of \$34,821,669 in federal Title XIX grant funds and \$22,180,512 in funds transferred from the Intergovernmental Transfer Program account to provide additional county funds for the payment of additional Medicaid claims. Requires Interim Finance approval since the amount added to the Offline category exceeds \$75,000. **RELATES TO ITEM 18. Work Program #C25890**

Refer to motion for approval under Agenda Item D.

20. **Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2013** - Addition of \$299,237 in federal Summer Electronic Benefits Transfer (EBT) for Children grant funds used to support a pilot project to test a household-based method of delivering nutrition assistance to low income children during summer months. Requires Interim Finance approval since the amount added to the Summer EBT for Children category exceeds \$75,000. **Work Program #C25797**

Refer to motion for approval under Agenda Item D.

21. **Department of Health and Human Services - Health Division - Biostatistics and Epidemiology - FY 2013** - Addition of \$26,701 in Healthy Homes Partnership subgrant funds received from the University of Nevada, Las Vegas to coordinate a statewide Healthy Housing and Lead Poisoning Surveillance System, and develop a Healthy Homes Strategic Plan for Northern Nevada. Requires Interim Finance approval since the amount added to the Healthy Homes Partnership Subgrant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25755**

Refer to motion for approval under Agenda Item D.

22. **Department of Health and Human Services - Health Division - Maternal Child Health Services - FY 2013** - Addition of \$310,430 in Newborn Screening fees, and transfer of \$27,600 from the Personnel Services category to the Medical/Dental Expenses category and \$127,708 from the Division Cost Allocation category to the Medical/Dental Expenses category to provide screening services and follow-up activities to newborns in Nevada. Requires Interim Finance approval since the amount added to the Medical/Dental Expenses category exceeds \$75,000. **Work Program #C25809**

Refer to motion for approval under Agenda Item D.

23. **Department of Health and Human Services - Mental Health and Developmental Services - Northern Nevada Adult Mental Health Services - FY 2013** - Transfer of \$1,035,788 from the Personnel Services category to the Professional Services category to fund contract psychiatrists and nurses to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C25685**

Refer to motion for approval under Agenda Item D.

24. **Department of Health and Human Services - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 2013** - Transfer of \$2,011,086 from the Personnel Services category to the Professional Services category to fund contract psychiatrists and nurses to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C25757**

Refer to motion for approval under Agenda Item D.

25. **Department of Health and Human Services - Child and Family Services - Children, Youth and Family Administration - FY 2013** - Deletion of \$7,500 in Casey Foundation Partnership funds and transfer of \$40,695 from the Reserve category to the Casey Family Programs category to provide review of cases of children in high levels of care, and develop an Indian Child Welfare partnership

between the state and tribes. Requires Interim Finance approval since the amount transferred to the Casey Family Programs category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25477**

Refer to motion for approval under Agenda Item D.

- 26. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2013** - Transfer of \$48,887 from the Child Welfare category to the In-State Travel category and \$15,818 from the Child Welfare category to the Operating category to allow caseworkers to provide required visitation between case managers and placed youth and additional support for caseworkers to focus on outcomes for children, youth and/or families. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25736**

Refer to motion for approval under Agenda Item D.

- 27. Department of Employment, Training and Rehabilitation - Research and Analysis - FY 2013** - Addition of \$117,361 in Cost Allocation Reimbursement to provide funding to refund the Social Security Administration for disallowed Research and Analysis cost allocation expenses relating to FFY 2008 and FFY 2009. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM 29. Work Program #C25916**

Refer to motion for approval under Agenda Item D.

- 28. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2013** - Addition of \$158,000 in federal Supported Employment grant funds to align grant funding with state budget authority to offer programs of supported employment services for individuals with the most significant disabilities who require supported employment services to achieve employment outcomes. Requires Interim Finance approval since the amount added to the Supported Employment category exceeds \$75,000. **Work Program #C25819**

Refer to motion for approval under Agenda Item D.

- 29. Department of Employment, Training and Rehabilitation - Employment Security - FY 2013** - Transfer of \$93,548 from the Reserve category to the Department Cost Allocation category to provide funding to refund the Social Security Administration for disallowed Research and Analysis cost allocation expenses relating to FFY 2008 and FFY 2009. Requires Interim Finance approval since the amount transferred to the Department Cost Allocation category exceeds \$75,000. **RELATES TO ITEM 27. Work Program #C25929**

Refer to motion for approval under Agenda Item D.

- 30. Department of Corrections - Director's Office - FY 2013** - Addition of \$580,816 in State Criminal Alien Assistance Program grant funds to accept reimbursement of expenditures related to the incarceration of criminal aliens and deletion of \$11,805 in Budgetary Transfers. This request also transfers \$23,224 from the Operating category to the In-State Travel category, \$58,091 from the Drug Testing/Inmates category to the Inmate Transportation category, \$2,778 from the Operating category to the Employee Drug Testing category, \$9,621 from the Drug Testing/Inmates category to the Employee Drug Testing category, \$1,512 from the Utilities category to the Employee Drug Testing category, \$5,414 from the Utilities category to the Video Conferencing category, \$316 from the Beds/Mattresses/Footlockers category to the Video Conferencing category and \$7,096 from the Beds/Mattresses/Footlockers category to the Inmate Property Claims category to fund anticipated shortfalls. Requires Interim Finance approval since the amount transferred from the Drug Testing/Inmates category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25799**

Refer to motion for approval under Agenda Item D.

- 31. Department of Corrections - Ely State Prison - FY 2013** - Addition of \$143,264 in Budgetary Transfers and transfer of \$257,865 from the Personnel Services category to the Inmate Drivens category to fund anticipated shortfalls. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C25851**

Refer to motion for approval under Agenda Item D.

- 32. Department of Corrections - High Desert State Prison - FY 2013** - Deletion of \$480,009 in Budgetary Transfers and transfer of \$17,148 from the Maintenance Contracts category to the Maintenance Building and Grounds category to fund anticipated shortfalls. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds \$75,000. **Work Program #C25860**

Refer to motion for approval under Agenda Item D.

- 33. Department of Corrections - Lovelock Correctional Center - FY 2013** - Transfer of \$175,120 from the Utilities category to the Inmate Drivens category to cover projected shortfalls due to increased food costs. Requires Interim Finance approval since the amount transferred to the Inmate Drivens category exceeds \$75,000. **Work Program #C25806**

Refer to motion for approval under Agenda Item D.

- 34. Department of Corrections - Southern Nevada Correctional Center - FY 2013 -** Addition of \$701 in Budgetary Transfers and transfer of \$10,475 from the Utilities category to the Maintenance Contracts category. Requires Interim Finance approval since this work program includes a budgetary transfer that balances against other work programs. **Work Program #C25800**

Refer to motion for approval under Agenda Item D.

- 35. Department of Corrections - Three Lakes Valley Conservation Camp - FY 2013 -** Addition of \$229,695 in Budgetary Transfers and transfer of \$1,406 from the Uniform Allowance category to the Inmate Drivens category and \$14,343 from the Regimental Discipline Program (Boot Camp) category to the Inmate Drivens category to fund anticipated shortfalls. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$75,000. **Work Program #C25859**

Refer to motion for approval under Agenda Item D.

- 36. Department of Corrections - Jean Conservation Camp - FY 2013 -** Addition of \$118,154 in Budgetary Transfers and transfer of \$1,031 from the Operating category to the Inmate Drivens category and \$41 from the Maintenance Contracts category to the Inmate Drivens category to fund projected shortfalls. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds \$75,000. **Work Program #C25850**

Refer to motion for approval under Agenda Item D.

- 37. Department of Corrections - Prison Industry - FY 2013 -** Transfer of \$50,332 from the Northern Nevada Correctional Center Furniture/Upholstery category to the Lovelock Correctional Center (LCC) Garment Factory category and \$145,400 from the LCC Mattress category to the LCC Garment Factory category to support continued operations. Requires Interim Finance approval since the amount transferred to the LCC Garment Factory category exceeds \$75,000. **Work Program #C25807**

Refer to motion for approval under Agenda Item D.

- 38. Department of Corrections - Prison Industry - FY 2013 -** Transfer of \$155,069 from the Personnel Services category to the Northern Nevada Correctional Center Printing/Bindery Shop category to support continued operations. Requires Interim Finance approval since the amount transferred to the Northern Nevada Correctional Center Printing/Bindery Shop category exceeds \$75,000. **Work Program #C25752**

Refer to motion for approval under Agenda Item D.

- 39. Department of Motor Vehicles - Verification of Insurance - FY 2013** - Addition of \$5,179,228 in Registration Fees based on projected receipts. This request also provides additional authority of \$450,000 in the Operating Category with the balance placed in Reserve for Reversion to the Highway Fund due to an increase in insurance verification certified postcards being mailed. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C25740**

Refer to motion for approval under Agenda Item D.

- 40. Department of Public Safety - Highway Safety Plan and Administration- FY 2013** - Addition of \$747,243 in federal Traffic Safety Impaired Driving grant funds transferred from the Department of Public Safety (DPS) Office of Traffic Safety and deletion of \$310,034 in federal Traffic Safety grant funds transferred from the DPS Office of Traffic Safety and deletion of \$268,742 in federal Highway Administration grant funds transferred from DPS Office of Traffic Safety. This request also transfers \$13,282 from the Community Services category to the Impaired Driving category and \$20,457 from the Traffic Safety category to the Impaired Driving category to align state and federal authority. Requires Interim Finance approval since the amount added to the Impaired Driving category exceeds \$75,000. **Work Program #C25420**

Refer to motion for approval under Agenda Item D.

- 41. Department of Conservation and Natural Resources - State Historic Preservation Office - FY 2013** - Addition of \$25,000 in federal Bureau of Reclamation funds to perform expedited reviews for the bureau. Requires Interim Finance approval since the cumulative amount added to the Survey and Planning category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C25756**

Refer to motion for approval under Agenda Item D.

- 42. Department of Wildlife - Wildlife Fund - FY 2013** - Transfer of \$342,306 from the Reserve category to the Transfer to Operations category for the continued maintenance of the department's Application Hunt and Nevada Wildlife database systems. Requires Interim Finance approval since the amount transferred to the Transfer to Operations category exceeds \$75,000. **RELATES TO ITEMS 43 AND 44. Work Program #C25820**

Refer to motion for approval under Agenda Item D.

- 43. Department of Wildlife - Operations - FY 2013** - Addition of \$126,650 in application fees transferred from the Wildlife Fund account for continued maintenance of the department's Application Hunt System. Requires Interim Finance approval since the amount added to the Application Hunt System category exceeds \$75,000. **RELATES TO ITEM 42. Work Program #C25811**

Refer to motion for approval under Agenda Item D.

- 44. Department of Wildlife - Operations - FY 2013** - Addition of \$215,656 in application fees transferred from the Wildlife Fund account for continued maintenance of the Nevada Wildlife Database System. Requires Interim Finance approval since the amount added to the Nevada Wildlife Database System category exceeds \$75,000. **RELATES TO ITEM 42. Work Program #C25818**

Refer to motion for approval under Agenda Item D.

- 45. Department of Wildlife - Diversity - FY 2013** - Addition of \$12,523 in federal U.S. Fish and Wildlife Service Competitive State Wildlife Grant (SWG) funds and \$4,174 in unrestricted revenue transferred from the Wildlife Fund account to provide oversight and surveillance of the White-Nose Syndrome in Nevada's bat populations. Requires Interim Finance approval since the cumulative change to the SWG Plan Implementation category exceeds \$75,000. **Work Program #C25705**

Refer to motion for approval under Agenda Item D.

- 46. Department of Transportation - Transportation Administration - FY 2013** - Addition of \$1,027,890 in receipts from Sale of Oil and Gas due to projected revenue and expenditures associated with the resale of oil and gas to state and local government agencies at NDOT fueling stations located throughout the state. Requires Interim Finance approval since the amount added to the Sale of Oil and Gas category exceeds \$75,000. **Work Program #C25882**

Refer to motion for approval under Agenda Item D.

- 47. Department of Transportation - Transportation Administration - FY 2013** - Transfer of \$190,000 from the Equipment category to the In-State Travel category to fund a projected shortfall in travel. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds \$75,000. **Work Program #C25920**

Refer to motion for approval under Agenda Item D.

- 48. Department of Transportation - Transportation Administration - FY 2013 -** Addition of \$240,000 in Highway Fund Authorization to reinstate authority for the Engine Hot Section Inspection for the Gulfstream Commander that did not occur in FY 2012 as anticipated. Requires Interim Finance approval since the amount added to the Airplane Operations category exceeds \$75,000.
Work Program #C25877

Refer to motion for approval under Agenda Item D.

- 49. Department of Health and Human Services - Director's Office - Administration - FY 2013 -** Addition of \$94,067 in Funds for Healthy Nevada transferred from the Department of Health and Human Services, Grants Management Unit and deletion of \$230,891 in federal Youth Suicide Prevention grant funds to align authority with federal funds and continue support of the Office of Suicide Prevention. Requires Interim Finance approval since the amount deducted from the Youth Suicide Federal Grant category exceeds \$75,000.
Work Program #C25493. RECEIVED AFTER SUBMITTAL DEADLINE 1-8-13.

Refer to motion for approval under Agenda Item D.

- 50. Department of Health and Human Services - Director's Office - Consumer Health Assistance - FY 2013 -** Addition of \$118,289 in federal Consumer Assistance Program (CAP) grant funds and \$74,226 in Establishment Grant funds received from the Silver State Health Insurance Exchange (HIX) and transfer of \$22,442 from the Personnel Services category to the HIX Establishment Grant category, \$330 from the Operating category to the Affordable Care Act (ACA) CAP Grant category and \$412 from the Information Services category to the ACA-CAP Grant category to provide counseling, education and advocacy to increase awareness of and access to health care services. Requires Interim Finance approval since the amount added to the HIX Establishment Grant category exceeds \$75,000. **Work Program #C25898. RECEIVED AFTER SUBMITTAL DEADLINE 1-8-13.**

Refer to motion for approval under Agenda Item D.

Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Agriculture Division of Measurement Standards	550/4551	0019	Administrative Assistant II, Code 02.212, Grade 25, Step 01, Employee/Employer Paid Retirement \$29,440.80	Management Analyst I, Code 07.637, Grade 33, Step 01, Employee/Employer Paid Retirement \$40,862.16

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Business and Industry Director's Office	740/4681	1128	Administrative Assistant IV, Code 02.210, Grade 29, Step 08, Employee/Employer Paid Retirement \$46,416.24	Management Analyst II, Code 07.625, Grade 35, Step 01, Employee/Employer Paid Retirement \$44,411.76
Department of Business and Industry Insurance	741/3813	0092	Management Analyst II, Code 07.625, Grade 35, Step 01, Employee/Employer Paid Retirement \$44,411.76	Insurance Examiner I, Code 11.409, Grade 37, Step 01, Employee/Employer Paid Retirement \$48,462.48
Department of Business and Industry Industrial Relations	210/4680	0125	Administrative Assistant II, Code 02.212, Grade 25, Step 01, Employee/Employer Paid Retirement \$29,440.80	Statistician II, Code 07.745, Grade 31, Step 01, Employee/Employer Paid Retirement \$37,563.12
Department of Business and Industry Industrial Relations	742/4682	0311	Safety Specialist Elevator, Code 11.538, Grade 35, Step 01, Employee/Employer Paid Retirement \$44,411.76	Management Analyst IV, Code 07.612, Grade 39, Step 01, Employee/Employer Paid Retirement \$52,847.28
Department of Health and Human Services Health Division	406/3218	0160	Education & Information Officer, Code 05.160, Grade 35, Step 01, Employer Paid Retirement \$39,682.88	Public Information Officer I, Code 07.804, Grade 35, Step 01, Employer Paid Retirement \$39,682.88
Department of Health and Human Services Welfare and Supportive Services	407/3228	2763	Administrative Assistant I, Code 02.213, Grade 23, Step 04, Employer Paid Retirement \$27,352.80	IT Technician II, Code 07.941, Grade 27, Step 02, Employer Paid Retirement \$29,670.48

Refer to motion for approval under Agenda Item D and discussion and motion under Agenda Item D-14.

E. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION.

1. Request to modify the scope of CIP project 11-M01, Reno Wildlife Headquarters—Install Electrical and Sprinkler System, to complete interior finish upgrades while the facility is under construction for the originally approved project, pursuant to NRS 341.145(1)(f), and to increase the authority to receive and expend an additional \$461,410 in funds from Ballot Question No. 1 (2002) from the Nevada Department of Wildlife for the project.

Gus Nuñez, Administrator, Public Works Division, Department of Administration, explained that Agenda Item E.1. was a request for a change in scope and authorization

to receive additional funds for Capital Improvement Program (CIP) Project 11-M01, Reno Wildlife Headquarters—Install Electrical and Sprinkler System. He said the original project involved the upgrade of the electrical system, installation of a fire sprinkler system, demolition and repair of architectural finish, and some asbestos abatement.

Mr. Nuñez said the change in scope included remodeling bathrooms to meet American Disabilities Act (ADA) requirements, painting the building interior, replacing flooring and carpet throughout the building, replacing part of the ceiling with a suspended ceiling, and installation of new lighting. The project would also include the installation of new data cabling and the remodel of one office.

Mr. Nuñez said if the request was approved by the Committee, the plans would be revised and checked, the project would be bid in late March 2013, and construction would begin in April 2013. The project was estimated to take five months to complete. He noted that the asbestos abatement portion would be advertised within the next two weeks to have the abatement completed by the start of construction in April.

Mr. Nuñez said that Mr. Cates from the Department of Wildlife would discuss funding of the project.

Patrick Cates, Deputy Director, Department of Wildlife (NDOW), noted that funding for the project was a concern at the previous Interim Finance Committee meeting. He said that \$461,410 would be requested from NDOW's Question 1 (Q1) [a 2002 ballot question approved by the voters] bond funds, and he assured the Committee that refurbishment of facilities was an appropriate use of Q1 funds, pursuant to Assembly Bill No. 9 of the 17th Special Session (2001).

Mr. Cates explained that \$27.5 million was approved for the Department of Wildlife in A.B. No. 9, and \$20.6 million had been expended, of which \$168,000, or less than 1 percent of the total, was spent on offices and over 99 percent was used for wildlife resources. He noted the Committee had been provided with a letter ([Exhibit E](#)) containing an overview of the Q1 program, an explanation of how the funds had been expended, and the Department's plans for expenditure of the remaining funds. He said that the Department would involve the public in soliciting input on the use of the funds, as had been done in the past.

Mr. Cates said the Department was again requesting that the Committee approve \$461,000 from Q1 funds, but with the additional understanding that the costs, once incurred, would be built into the indirect cost rates for federal grants for the following year. Approximately 54 percent of the costs would be recuperated from federal grants [approximately \$250,000], leaving a net cost to the Q1 program of approximately \$212,000. He said the request for the full \$461,000 would need to be approved by the Committee.

Mr. Cates recalled the Committee had asked the Department to pursue other funding sources, and he said that use of sportsmen's fee reserves would be possible, but those reserves were used for ongoing operations: staff salaries, utilities, and vehicle fuel. He said the Department would prefer to not use the fee reserves and maintained that the Q1 bond funds would be more appropriate.

Assemblyman Bobzien recalled that he was the driving force for the request at the previous IFC meeting and had requested that more efforts be made to explain the status of Q1 funds and plans for future expenditures to the public. He appreciated the report from the Department and noted that the Q1 program would be discussed at the March meeting of the Board of Wildlife Commissioners. He still had concerns about the outreach efforts on Q1 funding, and he wanted to see public outreach to demonstrate and promote the need for funding conservation efforts to provide a quality of life for all Nevadans. He encouraged the Department to include the Q1 program as a prominent part of its website to provide more information to the public.

Assemblyman Bobzien said he recognized that the request was a small portion of the Q1 expenditures, and he was reluctant to use sportsmen's fee reserves to fund facilities.

Assemblyman Hardy asked whether the \$250,000 from federal grants would be reimbursed to the Q1 Bond Fund. Mr. Cates replied the funds would be placed in the Q1 Bond Fund.

Senator Goicoechea said he realized it was legal to use Q1 funds for facilities, but the voters had approved the bonds for conservation projects. It would be difficult for him to convince his constituents that improvement of facilities was an appropriate use of Q1 funds. However, he also agreed with Assemblyman Bobzien that sportsmen's fees should not be used. Senator Goicoechea said because 54 percent of the funds would be returned to the Q1 Bond Fund, and improvements to the facilities would cost more in the future, he would reluctantly support the request.

Senator Smith asked for further clarification of the reimbursement of federal dollars and where those funds would be used if they were not requested for reimbursement for the project.

Mr. Cates explained that all federal wildlife and sports fish restoration, Coast Guard grants, and Department of Wildlife grant funds would become part of the Department's indirect cost rate for reimbursement of support functions of the Department: director's office, communications, and operations. If the federal dollars were not requested for this project, they would be included as part of the cost basis to charge off to grants. He noted the rate varied from year to year, and the amounts to be recuperated were approximate; the current rate was about 18 percent for actual expenditures. He added that a large increase in federal wildlife restoration funds was expected in 2014.

Senator Smith said that regardless of the source of funding, if the Committee agreed that it was important for the Department to complete the project, approval of the project would affect another project or pieces of projects that could be done with Q1 funds.

Assemblyman Eisen asked whether the additions to the scope would increase the six-month timeframe that the Department's staff would be displaced from the headquarters.

Mr. Nuñez: replied the timeframe would not change: abatement should take place within a month and construction would take five months.

Senator Goicoechea asked whether the cost of asbestos abatement was included in the original bid. Mr. Nuñez replied that it was included in the original contract, and the project would be completed with funds currently approved.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE EXPANSION OF THE SCOPE OF CIP PROJECT 11-M01 AND TO FUND THE REQUEST WITH 54 PERCENT IN UNRESTRICTED RESERVE FUNDS AND 46 PERCENT IN QUESTION 1 BOND FUNDS, WITH THE UNDERSTANDING THAT THE DEPARTMENT OF WILDLIFE WOULD SEEK REIMBURSEMENT OF THE UNRESTRICTED RESERVE FUNDS FROM FEDERAL GRANT FUNDS.

SENATOR SMITH SECONDED THE MOTION.

Chair Carlton asked for questions or comments on the motion.

Senator Goicoechea affirmed that reimbursement of the reserve funds would be received. Mr. Cates replied that the Department had already discussed including the reimbursement costs in the indirect cost rate with the federal government. He said if the funding were split between sportsmen's reserves and Q1 funds, the 54 percent reimbursement in federal funds would still be sought. The portion that related to Q1 funds would be returned to the Q1 Bond Fund and the portion that related to sportsmen's reserves would be returned to the sportsmen's fee reserves.

Chair Carlton asked for clarification of which reserves would be included in the motion. Assemblyman Bobzien said the sportsmen's funds were to be held harmless.

Mr. Cates asked whether the entire reimbursement from the federal government was to be placed in sportsmen's reserves.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, clarified that when Mr. Cates referred to the sportsmen's reserves, he was referring to the reserves in the Wildlife Fund. Mr. Cates said Mr. Krmpotic was correct.

Assemblyman Bobzien said he had not contemplated the possibility of receiving reimbursement from the federal government and placing the funds back into the Q1 Bond Fund. He asked whether it was possible to be reimbursed for the full amount.

Mr. Cates explained reimbursement from the federal government could be obtained for 54 percent of the total cost. He thought if the costs were split between the two sources, that reimbursement from the federal government would be split as well. However, the total reimbursement could be put into the sportsmen's reserves.

Rick Combs, Director, Legislative Counsel Bureau, said it appeared there was some confusion with wording of the Committee's information. He understood that Mr. Cates had said the Department would pay for the project partially using sportsmen's funds and partially using Q1 funds. The 54 percent reimbursement from the federal government would be placed in the Q1 Bond Fund for the amount paid from the Fund and in the sportsmen's reserves fund from the amount paid from those funds.

Assemblyman Bobzien explained that the intent of his motion was different from Mr. Combs' description and from the Committee's background information. He said that 54 percent would be paid from unrestricted reserves and 46 percent would be paid from the Q1 Bond Fund. The reimbursement from the federal government would be 54 percent, which would be placed back in unrestricted reserves. There would be no reimbursement to the Q1 Bond Fund.

Mr. Cates said that he had understood the intent of the motion to be as Mr. Combs had described it, but Assemblyman Bobzien's scenario was acceptable. The federal government did not care how the state handled the funds once they were reimbursed.

Assemblyman Bobzien said the reason for his motion was that funding from the Q1 Bond Fund was an expenditure, and funding from the unrestricted reserves should be reimbursed to the sportsmen's fund to hold the sportsmen's fund harmless.

Chair Carlton asked for further comments or questions. She said she would not support the motion because of the expenditure of Q1 funds.

THE MOTION CARRIED. (Chair Carlton and Assemblyman Hardy voted no. Assemblyman Brooks was not present for the vote.)

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

Gus Nuñez, Administrator, Public Works Division (PWD), Department of Administration, reviewed the Capital Improvement Program (CIP) Project Exception Report.

- Project 07-C27: Civil Support Team Weapons of Mass Destruction Readiness Building. There had been no changes to the project since the last report to the Committee. The Nevada Army National Guard reported that federal funding would not be received until after 2018, and the PWD would be requesting that the state portion of the funds be reallocated in the 2013-2015 CIP.
- Project 09-M02a: Water Supply Backflow Prevention for the Bradley Building. The PWD was still waiting for the Las Vegas Water District to complete the work.
- Project 09-P02a: Advance Planning for the Hotel College Academic Building, UNLV. There had been no changes to the project since the last report. There would be a change in scope of the project in the 2013-2015 CIP.
- Project 11-E02: DMV Building in South Reno—Advance Planning. No decision had been made on the size of the building, but PWD had been told verbally to cancel work on the project.
- Project 11-M01: Reno Wildlife Headquarters. Refer to previous testimony in Agenda Item E.1.

Chair Carlton asked for questions from the Committee. Hearing none, she called for a motion.

SENATOR SMITH MOVED TO ACCEPT THE CAPITAL IMPROVEMENT PROGRAM PROJECT EXCEPTION REPORT FROM THE PUBLIC WORKS DIVISION.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Brooks was not present for the vote.)

F. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred Committee members to the balance statement of the Interim Finance Contingency Account in the meeting packet (copy attached as [Exhibit F](#)), which reflected the following balances as of January 25, 2013:

Unrestricted General Fund Balance	\$ 6,998,776
Unrestricted Highway Fund Balance	\$ 1,690,085
Restricted Funds Balance	\$22,366,053

Ms. Jones noted that there were no requests for funds from the Contingency Account included on the agenda.

G. NEVADA SYSTEM OF HIGHER EDUCATION—NEVADA STATE COLLEGE—APPROVAL OF LEASE-PURCHASE AGREEMENT—Request for approval to develop two buildings on the campus of Nevada State College through a lease-purchase agreement pursuant to NRS 353.550.

Bart Patterson, President, Nevada State College, Nevada System of Higher Education (NSHE), introduced Buster Neel, Vice President of Finance and Administration, Nevada State College (NSC). He noted that NSC student council members, faculty representatives, and financial consultants were in attendance in Las Vegas.

Mr. Patterson pointed out that NSC was the fastest-growing college in NSHE. Fall enrollment increased by 7 percent, the highest in the System. Nevada State College was an access institution: 50 percent of the students were under-represented minorities, 50 percent were the first generation to go to college, and many were low-income students. Mr. Patterson said NSC contributed a lot to southern Nevada and Henderson, and it would continue to grow and develop. The request in Agenda Item G was part of the next stage of the College's development.

Mr. Patterson explained that the largest NSC programs continued to be nursing, education, biology, psychology, and a growing business program. The student count exceeded that of Great Basin College and was approaching the size of Western Nevada College. He said the College was located on 500 acres in the foothills of Henderson, and the academic master plan design consisted of 340 acres, which was approximately the size of the University of Nevada, Las Vegas. There were 170 acres outside of the master plan that could be used for other purposes.

Mr. Patterson said it was intended, at some point in its evolution, for NSC to become a large campus. Currently there was only one permanent building of approximately 42,000 square feet on the site: the liberal arts and sciences building that was completed in 2008. He said the City of Henderson leased a second building of about 32,000 square feet near the site to the College for a nominal fee. There were no other lease properties available nearby, and the rest of the campus was located five miles away on Water Street, which presented challenges for students. He noted there were no sports programs or student activity areas .

Mr. Patterson said Agenda Item G was a proposal to construct two new buildings: a nursing and science building of approximately 60,000 square feet, which had been planned with state money provided in 2009, and a student services and administration building, which would allow consolidation of all of the campus activities. He explained that the \$1.5 million for leases included in the NSC 2013-2015 biennial budget would be moved to the cost of the two buildings through a long-term lease-purchase agreement.

Mr. Patterson said a lease payment of \$3.6 million was anticipated, which would be paid with:

- The \$1.5 million currently in the budget for lease payments,
- Existing capital improvement fees and general improvement fees of approximately \$900,000 to \$1 million, and
- A special building fee paid by the students, which would make up the balance of approximately \$1.2 million over time.

Mr. Patterson noted that it was not unusual to assess a special fee on students for a student center. The NSC students had stepped up in overwhelming numbers to agree to pay the fee.

Mr. Patterson said the advantage of the lease-purchase plan was that NSC would not have to ask for additional state funding. If there were capital improvement funds available, the 2013-2015 Capital Improvement Program would include a request for NSC buildings, but it was apparent that capital funds would not be available. As an alternative, NSC was proposing a way to essentially self-finance the long-term growth of the college. He noted that NSHE had not used this method of funding, but other state agencies had, and there was legal authority for its use.

Mr. Patterson said the Committee might question why the request was being made at this time, and he explained that there was a huge need to accommodate NSC's student population, it was an ideal time because of lower construction costs, and it was a very good time from a finance-rate standpoint. Not only would the proposal build the most square footage at a low cost, more people would be able to go back to work in the construction industry, and it would not cost the state additional funds.

Mr. Patterson acknowledged there were several steps in the lease-purchase process, and this was one of the first steps. He said the College would work with the Office of the State Treasurer to develop the documentation for submission to the Board of Examiners, the Board of Finance, the Governor's Office, and the Board of Regents. He said the project was being moved as quickly as possible to take advantage of the low finance rates.

Chair Carlton asked for questions from the Committee.

Senator Denis said that he liked the concept: it was unique, and it allowed the College to build now and pay the same amount over a period of time. He would like to hear comments from the NSC students concerning the project.

Deuvall Dorsey, President, Nevada State Student Alliance (NSSA), Nevada State College, said the students had spoken in support of the proposal at Board of Regents' meetings. The school had been very open in presenting the project and all that

it entailed over the past year, and the student government had voted unanimously to support the building and proposed student fees. Shortly thereafter, he was elected NSSA president, and this year's student senate also voted unanimously to support the proposal.

Mr. Dorsey said that after each Board of Regents' meeting, he provided the student senate with a full report of the status of the process. The students encouraged him to do whatever he could to move the proposal forward. He also kept the entire NSC student body informed of the proposal's progress. In a survey taken the year before, many students acknowledged the need for new buildings to accommodate future growth.

Philip Lamotte, Senior Senator, NSSA of NSC, testified that he served on the NSC capital improvement board. He said the most frequent struggle he heard from students was trying to complete their registration, many aspects of which required transportation from one location to another, which was an inconvenience to many students. He said it was vital that the campus buildings be in one location.

Assemblyman Grady commended Mr. Patterson for "thinking outside the box" to find ways to create new funding. He recalled hearing presentations on the College a few years ago from the Speaker of the Assembly at that time, which included maps and enrollment projections. Mr. Grady said the Legislature was led to believe that there would be a large effort to fund the buildings for NSC from private money.

Mr. Patterson said it was a challenge to obtain large donations for a college with a small alumni base and no sports teams. Working with the NSC foundation chair, a capital campaign associated with the lease-purchase proposal would be conducted to increase the reserve, reduce the costs to the students, and have the project be as large as possible. Mr. Patterson said capital funds were expected to be raised through the campaign. He reiterated that the state was not being asked to fund any portion of the project, other than the \$1.3 million currently in the budget for leases. He said as the college grew in size and importance, it would attract larger donors because NSC had a terrific mission and a lot to be proud of.

Assemblyman Hardy asked if the Committee approved the request and a shortfall occurred, whether the College would approach the Legislature for General Funds to address the shortfall.

Mr. Patterson said a much lower student-growth rate of 2 percent was anticipated over the next ten years, and he believed the financing plan was solid. The College had no plans to approach the state for additional funding, but it would gladly accept any funds that might become available. He pointed out that NSC's cost point was much lower than those at the universities, making it an attractive option for students seeking four-year degrees. There was some flexibility to increase student fees if necessary, and attempts to develop alternative revenue sources would continue.

Mr. Patterson explained that one of the advantages of owning 500 acres and 170 acres outside of the master plan was that the Legislature had already approved a tax-increment district for the area. Now was not the time to leverage land for retail/commercial development because of its low value, but over time, the 170 acres could be developed to create revenue streams for the college, which would provide additional long-term stability.

Mr. Patterson said if the proposal were approved by the IFC, the College would immediately begin discussions with the Treasurer's Office concerning documentation and financing options. Financing was anticipated to be done by the middle of April 2013, and the construction timeline was projected at 14 months, with completion by fall semester 2014, but no later than spring 2015.

SENATOR ROBERSON MOVED TO APPROVE AGENDA ITEM I.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Kieckhefer and Assemblyman Brooks were not present for the vote.)

- H. DEPARTMENT OF EDUCATION—INCENTIVE GRANTS FOR LICENSED EDUCATIONAL PERSONNEL—Request for approval of school districts' recommendations for financial incentives for certain educational personnel, as compiled by the Superintendent of Public Instruction pursuant to NRS 391.166.

Julia Teska, Administrative Services Officer, Department of Education, explained Agenda Item H was a request for approval pursuant to *Nevada Revised Statutes* (NRS) 391.166 for the cash-incentive program under the incentives for licensed educational personnel. She said the Committee had been provided with information concerning the 1/5 retirement purchase and cash incentive requests. Information was also included concerning the evaluation of the effectiveness of the program.

Ms. Teska pointed out that the Department was legally required to fund the 1/5 retirement incentives first, and the remaining funds would be prorated for the districts participating in the cash-incentive program. She noted that the 1/5 retirement incentive requests totaled nearly \$15.5 million, and the funding available was not much more than that amount. The districts requesting cash-incentive funds would be receiving a very small portion of the funding.

Senator Smith said she was surprised that some counties did not request any incentive funds, and she asked Ms. Teska whether she had information on the school districts that did not request incentives.

Ms. Teska explained that one school district had a change in staffing and did not submit the application within the required timeframe. The application information was sent to the districts in July, and the retirement incentives were to be requested by the end of September and the cash incentives were determined the end of October 2012.

Senator Smith said it did not appear that the incentive plans were working very well, and they would need to be reviewed in the 2013 Legislative Session.

Ms. Teska said in reviewing the evaluation results, it appeared that there needed to be policy discussion on the future of the program during the Session.

Chair Carlton asked for further questions from the Committee; there were none. She asked for public comment, and hearing none, she called for a motion.

SENATOR SMITH MOVED TO APPROVE AGENDA ITEM H.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Kieckhefer and Assemblyman Brooks were not present for the vote.)

- I. DEPARTMENT OF CORRECTIONS—PRISON INDUSTRIES—Request for \$28,376 from the Fund for New Construction of Facilities for Prison Industries to expand an existing Department of Corrections Prison Industry program through the implementation of building improvements to the Florence McClure Women's Correctional Center pursuant to NRS 209.192.

Brian Connett, Deputy Director, Department of Corrections, explained that Agenda Item I was a request for non-General Fund monies from a fund that included deductions from inmate worker wages. The request was for warehouse improvements to allow for better movement of product in and out of the facility. Improvements would include a roll-up door, a concrete walkway, security gates, a privacy curtain, electrical bollards, and permits.

Chair Carlton said she understood that 18 inmates would be hired by the company working out of the Florence McClure Women's Correctional Center as a result of the improvements. Mr. Connett said that was what the Department had been told by the company.

Chair Carlton asked whether the funds would remain in the construction fund if the Committee did not approve the request, and Mr. Connett replied they would.

Assemblywoman Flores asked Mr. Connett to explain the arrangement with the company working in the facility, particularly relating to the expenditure of funds from the construction fund.

Mr. Connett replied the improvements would be made to a Department of Corrections' warehouse from which the company operated. The improvements would allow the company to increase productivity and hire 18 additional inmates. Without the improvements, the company would not be able to hire the additional inmates.

Assemblywoman Flores said she understood that the improvements were being made to a Department of Corrections' facility, but it appeared to her that the improvements would benefit the private contractor. She asked whether there had been discussion with the contractor about its participation in funding the improvements.

Mr. Connett replied that the company had participated in other improvements at the facility, and it financed the security costs for officers. He said if the company ever vacated the facility, the improvements would still be necessary for access.

Senator Parks explained that he was a member of the Committee on Industrial Programs, and the facility improvements were discussed by the Committee in October 2012. The Committee recommended using up to \$30,000 for the improvements. He toured the facility prior to consideration of the request, and he believed the improvements would be beneficial regardless of which contractor was involved. Senator Parks said the program was currently being operated in very crowded conditions, and the improvements would allow more inmates to participate in a work program. He noted that the funds requested were designated specifically for improvements to benefit industrial programs, and he fully supported the request.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM I.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Kieckhefer and Goicoechea and Assemblyman Brooks were not present for the vote.)

J. INFORMATIONAL ITEMS

Chair Carlton announced there were no requests for testimony on the Informational Items.

K. PUBLIC COMMENT.

Chair Carlton asked for public testimony in Carson City and Las Vegas; there was none.

L. ADJOURNMENT.

There being no further business to come before the Committee, Chair Carlton adjourned the meeting at 11:14 a.m.

Assemblywoman Maggie Carlton, Chair
Interim Finance Committee

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

EXHIBITS

INTERIM FINANCE COMMITTEE

January 25, 2013

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Joseph Nacimiento, Private Citizen	Verbatim Testimony Concerning the State Housing Foreclosure Crisis
D	Jan Rosenberg, Deputy Administrator, Division of Industrial Relations (DIR), Department of Business and Industry	Verbatim Testimony Concerning DIR Software Replacement
E	Kenneth Mayer, Director Nevada Department of Wildlife	Letter from Department of Wildlife Concerning Question 1 Bond Funds
F	Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Statement of Interim Finance Contingency Account Balance as of January 25, 2013