

MINUTES OF THE JUNE 27, 2013
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order at 9:18 a.m. on June 27, 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:

Senator Debbie Smith, Chairwoman
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Aizley
Assemblyman David Bobzien
Assemblyman Wesley Duncan for Assemblyman Anderson
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman William Horne
Assemblyman James Ohrenschall for Assemblywoman Kirkpatrick
Assemblyman James Oscarson for Assemblyman Kirner
Assemblyman Michael Sprinkle
Assemblywoman Heidi Swank for Assemblyman Hogan
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Senator Michael Roberson
Senator Joyce Woodhouse

COMMITTEE MEMBERS EXCUSED:

Assemblyman Paul Anderson
Assemblyman Joseph Hogan
Assemblywoman Marilyn Kirkpatrick
Assemblyman Randy Kirner

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly
Alex Haartz, Principal Deputy Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Sherie Silva, Interim Finance Committee Secretary
Janice Wright, 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. Assemblymen Anderson, Hogan, Kirkpatrick, and Kirner were excused.

Chairwoman Smith welcomed members of the Committee, audience members, and those listening on the Internet. She asked Chris Perry, Director of the Department of Public Safety, to approach the testimony table. She congratulated Mr. Perry on his retirement, and on behalf of her colleagues in the Legislature, she thanked him for his 31 years of service to the state. Chairwoman Smith said that Mr. Perry's contributions to the state and the sacrifices he had made over his long career were very much appreciated. He had always conducted himself in a thoughtful and professional manner when dealing with the Legislature, and he had done an admirable job of leading the Department of Public Safety. The Committee applauded Mr. Perry.

Assemblyman Hambrick noted that it was traditional to also recognize the spouses' support and sacrifices upon the retirement of individuals from a career in law enforcement.

Mr. Perry said that during his 31 years of employment with the state, it had never been a one-person job. He thanked his chiefs, staff, and all others who had supported and assisted him throughout his tenure. He wanted to acknowledge them publicly for everything they had done over the past several years.

Chairwoman Smith opened the meeting for public comment. Hearing no requests for public comment, she moved to Agenda Item B, which involved allocations of federal grant funds that required a public hearing.

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

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Committee was interested in hearing testimony on Agenda Item B.2.

Chairwoman Smith asked whether Committee members wished to hear testimony on the Item B.1; there were no requests for further information.

1. **Department of Health and Human Services - Director's Office - Grants Management Unit - FY 2013** - Addition of \$90,786 in federal Community Services Block Grant (CSBG) funds to provide local Community Action Agencies with funding to respond to local poverty conditions in partnership with local government, nonprofit agencies, the private sector, and community organizations. **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 that amount added to the CSBG Grants category exceeds \$75,000. Work Program #C26463**
2. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2013** - Transfer of \$700,000 from the Personnel Services category to the Information Services category, \$66,996 from the Personnel Services category to the Operating category and \$23,004 from the Utilities category to the Operating category due to increased utilization of Enterprise Information Technology Services mainframe services and additional printing costs resulting from caseload increases. **Requires Interim Finance approval since the work program 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 Information Services category exceeds \$75,000. Work Program #C26282**

Michael McMahon, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Human Resources, introduced Sue Smith, Deputy Administrator for Administrative Services, and Steve Fisher, Deputy Administrator of Field Services, DWSS.

Mr. McMahon explained that Agenda Item B-2 was a request to transfer a portion of the unobligated expenditure authority from category 01, Personnel Services, to category 26, Information Services, to cover an anticipated budget shortfall caused by utilization of the Division of Enterprise Information Technology Services (EITS) mainframe exceeding projections developed in 2010.

Mr. McMahon said the public assistance caseloads had increased an average of 18 percent overall since the budgets were prepared in 2010, and the increase was driving mainframe utilization. By transferring sufficient budget authority to cover the shortfall, the Division would be able to reimburse EITS for its mainframe services.

Senator Denis noted that salary savings were a result of turnover in information technology (IT) positions, and he asked why there was such a frequent turnover.

Mr. McMahon replied that the Division had experienced problems keeping IT staff. Staff were hired by the Division, educated on the software, certifications, and other aspects of the NOMADS (Nevada Operations Multi-Automated Data Systems) environment, as well as within the contemporary IT environment, and they would move on to positions with higher salaries. The overall Division vacancy rate was 7.6 percent and the rate in the IT section was 12 percent. Mr. McMahon said there had been a recent increase in the number of applicants accepting positions with DWSS, and the Division was working quickly to fill vacant positions to maintain the integrity of the information services operation.

Senator Denis asked whether the high turnover rate was caused by the state having lower salaries compared to other entities.

Mr. McMahon said he did not know whether that was the case for other state agencies, but it was true within DWSS. Information services technicians were required to have a sound basis of knowledge of NOMADS and a firm grasp of current contemporary technologies, which was a difficult set of experiences to find in applicants. Once the employees gained the expertise in those areas, they became more valuable in the outside job market.

Senator Denis asked what could be done to help DWSS retain IT personnel. Mr. McMahon replied that to be competitive in the marketplace, the Division had to hire IT staff at above entry-level base salaries. The Division was able to continue to offer staff the opportunity to learn new skill sets and certifications as a retention mechanism.

Chairwoman Smith remarked that similar discussions had taken place with other agencies throughout the 2013 Legislative Session. The IT area was especially problematic, and the Interim Finance Committee would be monitoring the recruitment programs during the interim period. She asked whether the Division was comfortable with the budget and mainframe caseload going forward.

Sue Smith, Deputy Administrator for Administrative Services, DWSS, replied the Division had worked closely with the Budget Division and the 2013 Legislature to ensure that utilization rates would be within what were projected.

Hearing no response to her request for public comment on Agenda Items B-1 and B-2, Chairwoman Smith called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS B-1 AND B-2.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the work program revisions in Agenda Item C were submitted as information items for the Committee; no action was required. Fiscal staff had no questions or concerns with the work program revisions.

Chairwoman Smith asked whether Committee members had questions on any of the items in Agenda Item C; there were none.

1. **Department of Administration - Enterprise IT Services - Security - FY 2013** - Addition of \$86,037 in Transfer from the Department of Public Safety - Division of Emergency Management to procure specialized desktop computers for deployment in sensitive functions where security is of a critical nature. Requires Interim Finance approval since the amount added to the PS Computers category exceeds \$75,000. **Work Program #C26435**
2. **Department of Education - Nutrition Education Programs - FY 2013** - Addition of \$677,311 in federal Fresh Fruits and Vegetables grant funds and \$25,572 in Prior Year Refunds to process outstanding payments for this program. Requires Interim Finance approval since the amount added to the Fresh Fruits and Vegetables category exceeds \$75,000. **Work Program #C26327**
3. **Department of Education - Nutrition Education Programs - FY 2013** - Addition of \$8,910,929 in federal School Breakfast Program grant funds due to an increase in the meal rate and number of meals served. Requires Interim Finance approval since the amount added to the School Breakfast Program exceeds \$75,000. **Work Program #C26406**
4. **Department of Business and Industry - Insurance - Insurance Regulation - FY 2013** - Transfer of \$49,404 from the Reserve category to the Insurance Company Analysis category to continue sufficient regulatory oversight and to meet statutory deadlines for required financial examinations. Requires Interim Finance approval since the amount transferred to the Insurance Company Analysis category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26362**

5. **Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2013** - Addition of \$779,048 in School District Reimbursements funds and the transfer of \$450,207 from the Reserve category to the Transfer to Budget Account 3178 - Nevada Check Up category to increase the transfer authority to Budget Account 3243 and 3178 to pay projected medical claims. Requires Interim Finance approval since the amount added to the Transfer to Budget Account 3243 - Medicaid category exceeds \$75,000. **RELATES TO ITEMS 6 AND 7. Work Program #C26354**
6. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Check Up Program - FY 2013** - Addition of \$1,031,476 in federal State Children's Health Insurance Program grant funds, \$342,220 in Reimbursement of Expenses funds and \$547,228 in funds transferred from the Intergovernmental Transfer Program and the transfer of \$120,000 from the Personnel category to the Program Expenditure category to provide authority for projected medical claims. Requires Interim Finance approval since the amount added to the Program Expenditure category exceeds \$75,000. **RELATES TO ITEM 5. Work Program #C26355**
7. **Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2013** - Addition of \$1,022,914 in federal Title XIX grant funds and \$682,027 in funds transferred from the Intergovernmental Transfer Program account to provide additional authority for the payment of remaining school-based medical claims projected for this fiscal year. Requires Interim Finance approval since the amount added to the School Based Services category exceeds \$75,000. **RELATES TO ITEM 5. Work Program #C26386**
8. **Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2013** - Addition of \$3,041,922 in federal USDA Women Infant and Children (WIC) grant funds to assure authority is available through fiscal year end to pay for nutritious food for eligible WIC participants. Requires Interim Finance approval since the amount added to the Aid to Individuals category exceeds \$75,000. **Work Program #C26425**
9. **Department of Health and Human Services - Health Division - Chronic Disease - FY 2013** - Addition of \$44,461 in federal Nevada Health Communities Diabetes Prevention and Control grant funds, \$124,572 in Nevada Health Communities Tobacco Control grant funds and transfer of \$62,208 from the Personnel category to the Tobacco Grants category and \$1,552 from the Administrative Cost Allocation category to the Tobacco Grant category to provide evaluation of existing programs, implement preventative measures and support development in effort to combat chronic conditions that may result from tobacco usage and diabetes. Requires Interim Finance approval since the amount added to the Tobacco Grant category exceeds \$75,000. **Work Program #C26380**

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

Public Employees' Benefits Program - FY 2013 - Transfer of \$26,139,476 from the Self-Insured Claim Costs category to the Reserve category to reflect projected reserves to be balanced forward to Fiscal Year 2014 in accordance with Budget Amendment A13A0029. Requires Interim Finance approval since the amount transferred from the Self-Insured Claim Costs category exceeds \$75,000.
Work Program #C26368

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Agenda Item D was a work program that was submitted and approved under the provisions of *Nevada Revised Statutes* (NRS) 353.220, and was for the Committee's information only; no action was required. There were no requests for further information from the Committee.

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

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the Committee had requested further information and testimony on the following items in Agenda Item E: item 2, Office of the Secretary of State; items 6, Public Works Division, 7 and 8, Enterprise Information Technology Services (EITS), and item 10, Division of Human Resource Management, Department of Administration; item 13, Department of Education; items 15 and 16, State Public Charter School Authority; item 19 and Agenda Item H.1, Nutrition Education Programs, Department of Education, would be heard together; item 41, Southern Nevada Adult Mental Health Services, MHDS, DHHS; item 42, Vocational Rehabilitation, Department of Employment, Training, and Rehabilitation; item 54, Department of Motor Vehicles; items 73, 74, 75, and 76, Department of Wildlife; and item 79 and Agenda Item J, Health Division, DHHS, would be heard together.

Mr. Krmpotic added that item E-69 had been revised since the agenda was posted. The revision eliminated the transfer of \$23,942 from the Sportsmen Reserve category to the Conservation Education category.

Agenda Items E-23, Department of Business and Industry, Real Estate Administration; E-24, Housing Division, Weatherization; E-70, Department of Wildlife Conservation Education; and the requests for position reclassifications for the Health Division and Department of Corrections were withdrawn.

Chairwoman Smith asked whether Committee members wished to hear testimony on any other items in Agenda Item E.

Assemblyman Horne requested testimony on Agenda Item E-36, and Senator Kieckhefer requested testimony on Agenda Item E-3.

Chairwoman Smith asked for public comment and hearing none, she called for a motion on the remaining work program revisions and position classifications in Agenda Item E.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND POSITION RECLASSIFICATIONS IN AGENDA ITEM E.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Work Program Revisions

1. **Office of the Attorney General - Violence Against Women Grants - FY 2013 -** Deletion of \$1 in federal Grants to Encourage Arrest Policies funds and transfer of \$31,000 from the Grants to Encourage Arrest Policies category to the Personnel Services category, \$16,000 from the Rural Grants category to the Personnel Services category, and \$6,000 from the Sexual Assault Services Program category to the Personnel Services category. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26635**

Refer to motion for approval under Agenda Item E.

2. **Office of the Secretary of State - FY 2013 -** Transfer \$125,920 from the Personnel Services category to the Professional Services category to pay for the services under a Master Service Agreement to provide software design and meet requirements of gathering, developing, testing, deploying and training of internal and online notary applications. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C26597**

Nicole Lamboley, Chief Deputy Secretary of State, Office of the Secretary of State (SOS), explained that Agenda Item E-2 involved a request to transfer funds from the Personnel Services category to fund a contract information technology (IT) position. She said the SOS Office had experienced vacancies in its IT staff, and in order to complete some projects, it was necessary to hire a contract IT employee under a Master Services Agreement (MSA). She noted that based on the Office's year-end projections, over \$500,000 in personnel vacancy savings would be reverted at the end of the fiscal year.

Ms. Lamboley said that because of legislative action during the 2013 Legislative Session, the SOS Office was able to fix the Notary Training Fund account. She recalled that Assembly Bill 6 of the 2010 Special Legislative Session amended *Nevada Revised*

Statutes (NRS) 240.018 to provide that funds received in the account were to be split 75 percent to the General Fund and 25 percent to the SOS to cover the costs of notary training. Unfortunately, the language was written to require the SOS to deposit the 75 percent portion to the General Fund before the SOS covered its costs of training, and consequently the program was operating in the red. The language was changed in Assembly Bill 74 (2013 Session), and no problems were anticipated going forward.

Ms. Lamboley added that funding was also necessary to allow the Office to revise some of the training functions, which were mandated under NRS 240.018, and allow customers to process their applications for notary training online.

Chairwoman Smith said the Committee was not concerned about the request as much as the process and the reason the costs were incurred before requesting approval from the Legislature.

Ms. Lamboley said a budget shortfall was not anticipated, and the Office had understood that the reserves were larger than what they were. The project costs were also more significant than initially thought, given the type of work that was necessary to upgrade the existing system to make the necessary changes.

Ms. Lamboley recalled that as part of actions taken in the 2010 Special Session to resolve budget shortfalls, the Office temporarily transferred a General Funded position from the Notary Division to this budget account to help offset costs. Several attempts were made to move the position back into the General Funded personnel pool, but that never occurred. The \$50,000 yearly salary that was really a General Fund full-time position, not directly related to just notary training, also caused the shortfall.

Chairwoman Smith affirmed the Office thought it would have sufficient reserves to cover the costs. Ms. Lamboley replied that was correct.

Chairwoman Smith asked what the funds could be used for under NRS, and whether notary training met the requirements.

Ms. Lamboley replied that the Notary Training Fund was intended to pay all costs related to administering notary training for prospective and current notaries, as well as other purposes authorized by the Legislature. She reiterated that when looking for budgetary savings in the 2010 Special Session, \$100,000 was transferred from reserves to help offset the budget needs. Costs for training notaries had been excessive, and the \$45 fee charged for the training had never been increased.

Chairwoman Smith surmised that the IT contractor would fall under other purposes authorized by the Legislature. Ms. Lamboley replied yes, and it was necessary to have a system to manage the applications for the training classes and track applicants to completion of their training. She said that about 600 notaries were trained at three classes each month in Las Vegas, and other training classes were conducted

throughout the state. Personnel in the SOS Office were sent to Las Vegas and other locations statewide to manage the registrations.

Assemblyman Eisen asked Ms. Lamboley what position she was referring to when she referenced the General Funded position that was currently funded with fees. Ms. Lamboley replied it was an Administrative Assistant position. There were 3.5 full-time equivalent (FTE) positions in the Notary Division who handled everything related to notaries, but the duties of the Administrative Assistant position were not 100 percent related to the notary function.

Hearing no response to her request for public comment, Chairwoman Smith called for a motion.

ASSEMBLYMAN OHRENSCHALL MOVED TO APPROVE
AGENDA ITEM E-2.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

3. **Department of Administration - Budget and Planning - FY 2013** - Transfer of \$2,400 from the Economic Forum category, \$9,100 from the Information Services category, and \$3,561 from the Training category to the Special Studies category to provide for a mandatory second study for prison caseloads. Requires Interim Finance approval since the cumulative amount added to the Special Studies category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26431**

Stephanie Day, Deputy Director, Budget Division, Department of Administration, explained that the work program in Agenda Item E-3 added a total of \$15,061 to the Special Studies category to fund statutorily required caseload projection studies performed by an outside vendor. Two studies were required in the second year of the biennium, and the budget inadvertently included funding for only one study.

Senator Kieckhefer affirmed that the special studies were mandated in *Nevada Revised Statutes* (NRS) and had to be funded.

Ms. Day replied he was correct. Two projections were required during a legislative session year, and funding for only one projection was included in the budget.

Senator Kieckhefer asked whether two studies were funded in the 2013-2015 biennial budgets, and Ms. Day replied they were.

Hearing no response to her request for public testimony, Chairwoman Smith called for a motion.

SENATOR KIECKHEFER MOVED TO APPROVE AGENDA
ITEM E-3.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

4. **Department of Administration - Purchasing - Commodity Food Program - FY 2013** - Transfer of \$18,014 from the Reserve category to the Shipping Expense category to fund projected vehicle expenditures through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Shipping Expense category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26464**

Refer to motion for approval under Agenda Item E.

5. **Department of Administration - Hearings and Appeals - FY 2013** - Transfer of \$10,110 from the Operating category to the Information Services category to provide funding for computer software upgrades to the agency's digital recording system. Requires Interim Finance approval since the cumulative amount transferred to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26450**

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-6, E-7, E-8, and E-10 would be heard together.

6. **Department of Administration - State Public Works Division - Buildings and Grounds - FY 2013** - Transfer of \$117,637 from the Reserve category to the Federal Payback category to establish expenditure authority for reimbursement of excess funds due to the federal government pursuant to the Office of Management and Budget Circular A-87. Requires Interim Finance approval since the amount transferred to the Federal Payback category exceeds \$75,000. **Work Program #C26500**

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

7. **Department of Administration - Enterprise IT Services - Computer Facility - FY 2013** - Transfer of \$43,994 from the Reserve category to the Federal Payback category to reimburse the federal government for excess reserve funding included in the budget account during FY 2011. Requires Interim Finance approval since the amount added to the Federal Payback category exceeds \$30,000. **Work Program #C26467**

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

8. **Department of Administration - Enterprise IT Services - Telecommunications - FY 2013** - Transfer of \$270,568 from the Reserve category to the Federal Payback category to reimburse the federal government for excess reserve funding included in the budget account during FY 2011. Requires Interim Finance approval since the amount that would be transferred to the Federal Payback category exceeds \$75,000. **Work Program #C26468**

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

9. **Department of Administration - Enterprise IT Services - Security - FY 2014** - Addition of \$157,500 in Transfer from Emergency Management revenue to support the Nevada Cyber Assessment and Monitoring program during FY 2014. Requires Interim Finance approval since the amount added to the Cyber Assessment and Monitoring category exceeds \$75,000. **Work Program #C26555**

Refer to motion for approval under Agenda Item E.

10. **Department of Administration - Division of Human Resource Management - FY 2013** - Transfer of \$124,718 from the Reserve category to the Federal Payback category to establish expenditure authority for reimbursement of excess funds due to the federal government pursuant to the Office of Management and Budget Circular A-87. Requires Interim Finance approval since the amount transferred to the Federal Payback category exceeds \$75,000. **Work Program #C26483**

Jeff Mohlenkamp, Director, Department of Administration, explained that the work programs in Agenda Items E-6, E-7, E-8, and E-10 provided the Department of Administration with the ability to make payback payments to the federal government of funds that were determined to be excess reserves. Under federal requirements, if reserves were determined to be in excess of what the state was allowed to hold for a given period of time, the state was required to make a payback to the federal government. Mr. Mohlenkamp said the state had agreed to an estimated payback of 20 percent of the federal funds in the reserves.

Chairwoman Smith asked for further information concerning the factors that contributed to the accumulation of the reserve funds.

Evan Dale, Administrator, Administrative Services Division, Department of Administration, explained that the state's internal service funds were scrutinized by the federal government, and compliance with regulations must be proven annually. He said that internal service funds were allowed to charge for services to any federally funded program. The annual review focused on all of the revenues for the internal service funds, as well as the allowable expenses and the reserve balances. At the end of fiscal year (FY) 2011, the federal government determined that the reserve balance was in excess of what was allowed and had requested that the state pay back the government's share of reserves, which was determined to be 20 percent.

Mr. Dale said there were three main factors that caused the excess reserves:

- The way the state handled capital asset purchases. The federal government allowed the state to charge allowable capital asset expenses over years, and the state typically included capital asset purchases as internal service fund fees in the same year the purchase was made. As an example, if a server was purchased for \$10,000, the \$10,000 would be included in the state internal service fund in the same year as the purchase, while the federal government would allow the state to charge \$2,000 a year for five years.
- Reserve balances earned interest, and the state used the interest earnings for purposes other than funding the operations of the internal service fund. All of the interest earnings went directly to the General Fund. Consequently, the amount of revenues in the internal service funds appeared to be more than what were actually in the funds.
- The method of budgeting for the Statewide Cost Allocation Plan (SWCAP). There was a problem with how the SWCAP was handled in odd-numbered years, which had been corrected for the upcoming biennium.

Mr. Dale said the state was trying to use lease agreements rather than upfront purchases of fixed assets from the internal service funds so that the cash flow would coincide with the allowable expense recognition.

Chairwoman Smith asked Mr. Dale to explain the Department's monitoring process for the reserves over the course of the biennium.

Mr. Dale noted that the reserves were calculated by the federal government in a different manner than the reserves calculated by the state. He explained the state's calculations reflected cash reserves, and the federal government's calculations were based on an accrual basis. The state would convert the reserves from a cash basis to an accrual basis and send them to the federal government for its final determination of reserves for the internal service funds. Mr. Dale said that the state attempted to estimate the reserve amounts every quarter and adjust budgets accordingly, but there were many variables. He said the cash reserve levels for most of the funds would be lower in FY 2014 and FY 2015 than they were in FY 2012 and FY 2013.

Mr. Mohlenkamp said that some of the tools used in the past, such as rate holidays and rate changes, would be used going forward to try to minimize future paybacks. The problem was calculations on a cash basis versus accrual basis, and the Department would be mindful of that fact going forward.

Assemblyman Sprinkle said the Department knew there would be a 60-day ceiling on reserves and he asked whether any amounts in excess of the ceiling could be built into the budget for payback. He asked whether there was a negative effect of having excess reserves.

Mr. Dale replied there was no negative effect: lower rates would be charged in the future. From the federal government's point of view, the reserves were excessive and the state was overpaid for the services.

Mr. Mohlenkamp said when the state had to pay back the federal government, an assumption was made that the state had received interest on the excess reserves. All accrued interest currently went into the General Fund, and the federal government was asking for payback of the interest earned. He said that ultimately, the state wanted to have to make paybacks on a limited basis, but there would always be some paybacks because of timing differences and methods of computation.

Referring to Mr. Dale's example of a capital purchase of a \$10,000 server, Assemblyman Eisen affirmed that the federal government would amortize the amount of \$2,000 over five years, whereas the state would charge \$10,000 in internal service fees the first year, and therefore the federal government would consider \$8,000 to be excess reserve. If the state had to pay back the 20 percent of the excess reserve, which would be \$1,600, Assemblyman Eisen asked whether the state would ever be able to recover the \$1,600.

Mr. Dale replied the state would not be out \$1,600; the state would be allowed to recognize the expense on the server over five years. The \$1,600 would be recovered through fees. It was a timing difference: even though the federal government would be paid back as the expense recognition was allowed over time, the state would recover the \$1,600 payment.

Assemblyman Eisen asked about the interest that would accrue on the funds. Mr. Dale explained the interest was not used to fund the internal service funds; the interest was allocated 20 percent to the federal government and 80 percent to the state.

Assemblywoman Carlton asked what amount of interest went to the General Fund. Mr. Dale explained the reserves were an accumulation of all of the income statements since the first day of the internal service funds in the 1940s or 1950s. Every year, some interest went into reserve. About \$750,000 in interest had been earned on one internal service fund, the Division of Human Resource Management since 2006, which was one of the largest amounts of interest earned. He did not have the interest amounts for the other internal service funds.

Assemblywoman Carlton remarked that going back to 2006 was good in retrospect, but currently interest rates were at .01 percent. It would be beneficial to know how much interest had been earned over the last two to four years, since the funds were going to the General Fund. She was concerned with internal service charges for telecommunications; the Legislature had heard about phone system problems in every state agency budget during the 2013 Legislative Session. She did not recall hearing about funds being available for telecommunications.

Mr. Dale stated that spending money would not solve the problem; it would actually create a problem if money were spent on capital assets. There was nearly \$1.2 million in fixed asset costs in the telecommunications account that had not yet been allowed as an expense. The more fixed assets purchased and funded out of the fees charged in the internal service funds exacerbated rather than solved the problem. The solution was not simple.

Assemblywoman Carlton said she was trying to understand the situation because there were problems with phone systems in numerous budgets and there was money available to purchase them. The Legislature set funds aside to purchase phone systems during the interim, and now she learned there were funds for telecommunications being returned to the federal government. She pointed out the funds were apparently available in 2011, and it was now nearly fiscal year 2014.

Mr. Mohlenkamp said he understood Assemblywoman Carlton's concerns. There were two problems: one was a financial disconnect because of the timing factor of the excess reserve paybacks, and the other was the state's telecommunications system was so antiquated that only so much could be done to maintain it. It could be kept active and running, but it could not be expanded or improved: the system needed to be revamped, which would cost more than the federal payback amounts. Mr. Mohlenkamp said he understood that the state should not be asking for money and then giving it back, and the process would be reconsidered moving forward.

Assemblywoman Carlton said if a process should be changed to benefit everyone, changes should be considered. She said the state needed to look at how it used federal dollars; Mr. Mohlenkamp agreed.

Assemblywoman Flores stated there were other things that could be done to mitigate the problem, such as rate holidays and user fee reductions. The problem had existed for a long time, and the goal should be to return the fewest federal dollars possible.

Assemblyman Ohrenschall asked how much of the reserves were due to the user fees being higher than they needed to be.

Mr. Dale replied his opinion was that the fees were at the levels they needed to be. The problem related to how capital asset purchases were financed. There was currently \$12 million in fixed asset costs for which the expenses had not yet been allowed to be recognized. About half of that amount was funded through collection of fees from the accounts. After timing and calculation adjustments were made, the fees were at an appropriate level.

Senator Goicoechea asked why the state could not use the five-year depreciation factor used by the federal government: it seemed to him that it was simply a matter of bookkeeping.

Mr. Mohlenkamp replied the state had a depreciation process for capital buildings, and depreciation schedules were not used in the budgets for equipment, which created the disconnect. He said the state was looking at lease options, which might not be the most viable solution to avoid federal paybacks. However, it might be a viable solution in the information technology realm because the technology changed so rapidly.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEMS E-6, E-7, E-8, and E-10.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 11. Department of Administration - Library and Archives - Nevada State Library - FY 2013** - Addition of \$97,535 in federal Library Services and Technology Act funds to support projected SFY 2013 program costs and payments to subgrantee libraries. Requires Interim Finance approval since the amount added to the Library Development Title I category exceeds \$75,000. **Work Program #C26484**

Refer to motion for approval under Agenda Item E.

- 12. Department of Administration - Library and Archives - Nevada State Library - CLAN - FY 2014** - Addition of \$100,000 in Balance Forward from Previous Year to provide sufficient cash to purchase equipment benefiting all member libraries. Requires Interim Finance approval since the amount added to the Cooperative Libraries Automated Network (CLAN) Operating category exceeds \$75,000. **Work Program #C26547**

Refer to motion for approval under Agenda Item E.

- 13. Department of Education - Support Services - FY 2014** - Transfer of \$101,868 from the Personnel Services category to the Reserve category to properly account for the elimination of a position. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C26663**

Julia Teska, Deputy Superintendent of Public Instruction, Department of Education, said she was before the Committee to discuss a shortfall in an indirect-cost account, which was similar to an internal service account. She said the work program in Agenda Item E-13 was the last component of the Department's plan to address a reduction in indirect-cost revenues for the upcoming biennium.

Ms. Teska explained that the Department of Education had provided services through indirect-cost assessments during the 2011-2013 biennium to the Charter School Authority and the Office of Child Nutrition. Both entities would no longer receive

services from the Department in the upcoming biennium, and there was also an approximate 10 percent reduction in the indirect-cost rate approved by the federal government compared to what the Department had anticipated receiving.

In addition, Ms. Teska continued, there was the problem of sequestration [federal spending cuts necessitated by passage of the Budget Control Act of 2011], which reduced federal revenues available and therefore the indirect costs on those federal revenues.

Ms. Teska recalled that during the 2013 Legislative Session, the Department attempted to address the problem by changing and truing up some funding. In the past, the Department had charged several expenses that were actually state costs to indirect costs to help balance the books during the recession. However, in doing so, an undue burden was placed on the Department's indirect costs.

Ms. Teska explained funding was modified for the Department's audit team from 100 percent indirect cost to 50 percent indirect cost/50 percent General Fund, since the majority of the audit team's function related to the Distributive School Account (DSA), which was a General Fund expense. Funding for positions that dealt directly with administering state-mandated programs was also converted to General Fund. Vacant positions were eliminated and a position was downgraded, which still left the Department \$130,000 short of projected revenues in fiscal year (FY) 2014 versus projected expenditures.

Ms. Teska said that, unfortunately, the work program eliminated one Grant Writer position, which was filled; it was the one position funded with indirect costs that did not fulfill any statutory or regulatory obligations. She said the decision to eliminate the position was not made in time to bring to the 2013 Legislature during the budget closing process.

Chairwoman Smith asked whether there were vacant positions that could have been eliminated rather than the Grant Writer position.

Ms. Teska replied the Department did have some vacant positions, but they were all directly related to either information technology or fiscal management. She said the Department had some problems in its fiscal administrative management, and it was felt it would not be in the Department or state's best interest to reduce staffing in that area.

Chairwoman Smith asked whether the position was the only Grant Writer position in the Department.

Ms. Teska replied it was, but going forward it was planned to rely on the services of the Grants Management Unit in the Department of Administration. She noted that there was a reduction in opportunities for competitive federal grants. The federal government was cutting back significantly on the amount of funding available, and none of the programs in the Department of Education were exempt from the sequestration.

Chairwoman Smith affirmed that the Grants Management Unit in the Department of Administration did not write grants, so the Department of Education would be using other staff as was done prior to creation of the Grant Writer position. She was concerned about eliminating the position; she recalled discussion when the position was funded and the logic for having a Grant Writer in the Department, and she noted that \$111 million in grant funds had been awarded to the state since the position was created.

Ms. Teska said even with the Grant Writer position, a lot of the application process was performed by the subject-matter experts on staff. She reiterated that the Grants Management Unit would provide assistance in securing grants and would also provide the Department with information on available grant opportunities.

Chairwoman Smith said part of her concern was that the Department was so small, and she was frustrated that it was necessary to cut the position.

Assemblyman Eisen said he was also concerned about the loss of the position. He asked whether the Grants Management Unit in the Department of Administration had the capacity to provide services or whether the Department of Education would need additional resources.

Ms. Teska replied she did not think the Department would be generating a workload that would cause a resource problem in the Grants Management Unit. She had heard that if the federal government could come to a budgetary agreement to halt the sequestration, indications were that existing programs would be combined and even fewer competitive grant opportunities would be available. She said the Department was trying to meet all of its obligations with available resources at a time when opportunities for competitive grants were rapidly shrinking.

Assemblyman Sprinkle said he understood the rationale for the decisions. He asked whether the incumbent Grant Writer would be laid off or transferred to another position or department.

Ms. Teska replied that the position was an Education Programs Professional. The Department had a number of Education Programs Professional positions, which had very specific requirements. However, the employee would be in a layoff position and eligible for reinstatement if a position opened up in the Department.

Assemblyman Ohrenschall asked whether elimination of the position would affect the dollar amount of grants received in the past.

Ms. Teska noted that the \$111 million in prior grants received included \$75 million for the Striving Readers Program, which was a five-year grant. She said a reduction in the proportion of grants applied for and approved was not anticipated. She reiterated that there would be fewer federal grant opportunities going forward.

Assemblyman Grady asked if the Grants Writer function was eliminated, whether there could be coordination among the school districts and the Department when applying for grants.

Ms. Teska said the Department's plan was to rely on state-level resources and not depend on assistance from the districts. Obviously, in the case of a joint project with a district that had particular expertise in an area, the Department would partner with the district. She noted that the districts had their own problems with resources, and most grants were for either state education agencies or local education agencies.

Chairwoman Smith asked Ms. Teska to provide the Committee with a report in the spring of 2014 on the status of federal grants over the coming year.

Hearing no response to her request for public comment, Chairwoman Smith called for a motion.

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA
ITEM E-13.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 14. Department of Education - State Public Charter School Authority - FY 2013 -** Transfer of \$26,342 from the Reserve category to the Personnel Services category to fund a projected shortfall for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category.
Work Program #C26592

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-15 and E-16 would be heard together.

- 15. State Public Charter School Authority - FY 2014 -** Addition of \$1,853,534 in Transfer from Education - Special Education funds and \$25,758 in Transfer from Education - Early Childhood Education funds to provide special education and related services for State Public Charter School Authority sponsored charter schools. Requires Interim Finance approval since the amount added to the Special Education category exceeds \$75,000. **Work Program #C26542**

Refer to discussion and motion for approval under Agenda Item E-16.

- 16. State Public Charter School Authority - FY 2014** - Transfer of \$75,180 from the Reserve category to the Personnel Services category to fund one Education Program Professional position to administer the federal Elementary and Secondary Education Act Title I, IIA, and III programs for the State Public Charter School Authority. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000 and this request includes a new position. **Work Program #C26557**

Brian Flanner, Administrative Services Officer, State Public Charter School Authority, explained that Agenda Items E-15 and E-16 related to federal dollars that the State Public Charter School Authority (Authority) was now responsible for receiving and distributing to schools.

Mr. Flanner recalled that when the Authority was established in October 2011, it was not the local education authority (LEA) for either the Elementary and Secondary Education Act (ESEA) or the Individuals with Disabilities Education Act (IDEA), which were the two federal funding streams included in the agenda items. Earlier in fiscal year (FY) 2013, the Authority was deemed to be the LEA for the Elementary and Secondary Education Act, which made the Authority the funnel for funds coming to the state for schools for students who were economically disadvantaged, for teacher quality, and for English Language Learner (ELL). He recalled that earlier in the fiscal year the Interim Finance Committee had approved authority for the Charter School Authority to receive and distribute the funding and to hire a Management Analyst to manage the fiscal side. On May 9, 2013, the Authority was notified that beginning in FY 2014, it would also be the LEA for IDEA funds.

Mr. Flanner recalled that when the Authority was established, an Education Programs Professional was hired who served as an advisor to the charter schools with no program administration responsibilities. When the Authority became the LEA for ESEA money earlier in the year, the Education Programs Professional assumed the responsibility for administering those funds. With the additional responsibility of the IDEA program, a request was being made to hire a second Education Programs Professional to administer the program side of the U.S. Department of Education Title I, Title IIA, and Title III programs.

Assemblyman Sprinkle asked whether the funds were previously distributed to the public school system and would now be diverted to the charter school system or whether they were new funds specifically designed for the charter schools.

Mr. Flanner explained the money followed the student, so if the student were enrolled in a public school other than a public charter school, the funds would go to the district. If the student were enrolled in a charter school sponsored either by the Authority or by Clark, Washoe, or Carson City, the funding would go to that district.

Assemblyman Eisen clarified that the State Public Charter School Authority had responsibility for the 16 state-sponsored charter schools only: it did not oversee charter

schools otherwise sponsored. Mr. Flanner replied the Authority was only responsible for the state-sponsored schools.

Chairwoman Smith asked when distribution of funds was anticipated to begin. Mr. Flanner replied there were two funding streams; during FY 2013, the Authority received Title I, Title IIA, and Title III money, which was already being distributed. Any balance of funds not fully distributed would carry over into FY 2014 for distribution. At the end of FY 2014, a 15 percent carryover would be allowed, and new funds for IDEA would be received beginning July 1, 2013, and available for distribution as expenses were approved by the Authority.

Senator Roberson said Committee members had often insinuated that there was a difference between public schools and charter schools, and he noted that charter schools were public schools and part of Nevada's public school system.

Chairwoman Smith asked for further comments or questions from the Committee; there were none. Hearing no response to her request for public comment, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA
ITEMS E-15 AND E-16.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith called a recess at 10:57 a.m., and the meeting resumed at 11:14 a.m.

- 17. Department of Education - Career and Technical Education - FY 2013 -** Addition of \$14,103 in Perkins Vocational Education grant funds to align federal and state authority. Requires Interim Finance approval since the cumulative amount added to the Career and Technical Education Basic Aid to Schools category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26227**

Refer to motion for approval under Agenda Item E.

- 18. Department of Education - Career and Technical Education - FY 2013 -** Transfer of \$16,499 from the Indirect Cost category to the Operating category to allow the use of these funds for direct costs. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26498**

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-19 and H.1 would be heard together.

- 19. Department of Education - Nutrition Education Programs - FY 2013** - Transfer of \$28,559 from the Personnel Services category to the U.S. Department of Agriculture (USDA) Payback category, \$16,588 from the Indirect Costs category to the USDA Payback category and \$178,425 from the Reserve category to the USDA Payback category to process a payment owed to the USDA. Requires Interim Finance approval since the amount transferred to the USDA Payback category exceeds \$75,000. **Work Program #C26615**

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

1. Department of Education – Nutrition Education Programs – Request for an allocation of \$23,000 for a Fiscal Year 2012 repayment of federal Child Nutrition funds, received in excess of eligible expenditures.

Julia Teska, Deputy Superintendent of Public Instruction, Department of Education, said she would present the two agenda items as a single item because they were related to each other.

Ms. Teska explained that Agenda Item H.1. was a request from the Department of Education for an allocation of \$23,000 from the Interim Finance Committee (IFC) Contingency Account to cover a shortfall in a repayment of federal funds drawn in excess of eligible expenditures. The overdraft of federal funds related to a prior state and a prior federal fiscal year. Ms. Teska said that federal draws should always be for expenditures incurred by grant and by program for the period involved. However, during fiscal year (FY) 2012, the Department had a structure in place that created a disconnect between the accounting and budget functions, and the Department did not engage in proper procedures for reconciling draws with expenditures on a program and grant basis. She said the Department was also not maintaining required budget tracking systems or budget projections.

Ms. Teska said the Department's structural and procedural deficiencies allowed funds to be overdrawn in some grant areas and underdrawn in others. Late in FY 2012, the Department had a new administration, including a new Superintendent and new deputies, and she was hired as the Director of Business Services. The new administration began implementing necessary changes, such as unifying the budget and accounting units to create a better and broader view of all accounts and transactions, and implementing procedures to ensure all draws were reconciled to grant and program expenditures. Another layer of review was added to ensure transactions were coded correctly, and the Department was in the process of fully implementing budget-tracking systems and biweekly budget projections for all accounts, including at the grant level. Ms. Teska said the new procedures were scheduled for implementation

as of July 1, 2013, and the changes should protect the Department against reconciliation problems in the future.

Ms. Teska said the invoices from the United States Department of Agriculture (U.S.D.A.) had been received, and interest had begun accruing, the estimated cost of which was included in the request. She said that at the time the request was submitted for IFC approval, the Department had written concurrence from the U.S.D.A. on the amounts owed, but another question was just raised. She believed the question could be resolved, but she wanted to alert the Committee that there was potentially one pending item outstanding.

Chairwoman Smith said the Committee appreciated Ms. Teska's efforts to resolve problems within the Department. She asked whether the Department would work with the State Department of Agriculture on the transition of Child Nutrition Program to the Department of Agriculture. Ms. Teska replied the Department of Education had experienced staff turnover since the decision was made to transfer the Child Nutrition Program, and new staff had been trained to ensure similar problems did not occur in the future. The Program staff was working toward closing out the program for FY 2013 and addressing errors that might have overlapped into FY 2014, so the account would be as clean as possible when it was transferred to the Department of Agriculture.

Ms. Teska said that in its 2013-2015 budget request, the Department had requested the addition of the Accounting Technician 3 position, which would provide additional oversight, backup, and quality assurance. She said a Memorandum of Understanding was being finalized detailing what services the Department of Education and the Department of Agriculture would provide through the transition. Chairwoman Smith asked Ms. Teska to provide a copy of the Memorandum of Understanding to the Fiscal Analysis Division staff.

Donnell Barton, Administrator, Food and Nutrition Division, Department of Agriculture, assured the Committee that the Department would provide any assistance needed to assure that errors were not made in the future.

Chairwoman Smith asked for further questions from the Committee; there were none. Hearing no response to her request for public comment, she called for a motion on Agenda Items E-19 and H.1.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEMS E-19 AND H.1.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 20. Nevada System of Higher Education (NSHE) - Great Basin College - FY 2013 -** Addition of \$100,610 in Non-Resident Tuition and \$481 in Miscellaneous Student Fees to allow Great Basin College to use additional revenue collected from these fees to fund the cost of part-time instructors as a result of unrealized student registration fee and registration fee surcharge revenues. Requires Interim Finance approval pursuant to Senate Bill 503, Section 8 of the 2011 Legislative Session. **Work Program #C26630**

Refer to motion for approval under Agenda Item E.

- 21. Department of Agriculture - Administration - FY 2013 -** Addition of \$1,320 in the cost allocation paid by the department's non-executive budget accounts, \$26,625 in the cost allocation paid by the Livestock Inspection account, and \$35,186 in the cost allocation paid by the Plant Industry accounts and deletion of \$22,762 in the cost allocation paid by the Animal Industry and Predatory Animal and Rodent Control accounts to adjust anticipated receipts for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Operating category exceeds \$75,000. **Work Program #C26519**

Refer to motion for approval under Agenda Item E.

- 22. Department of Agriculture - Weights and Measures - FY 2013 -** Transfer of \$50,000 from the Reserve category to the Operating category and \$6,000 from the Reserve category to the Equipment category to fund anticipated costs through the remainder of the fiscal year. Requires Interim Finance approval since the cumulative change to the Operating category exceeds \$75,000. **Work Program #C26436**

Refer to motion for approval under Agenda Item E.

- 23. Department of Business and Industry - Real Estate Administration - FY 2013 -** Addition of \$42,401 in Timeshare Filing Fees to allow for the receipt of anticipated revenue and to cover a projected shortfall in personnel costs. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **Work Program #C26412. WITHDRAWN.**

- 24. Department of Business and Industry - Housing Division - Weatherization - FY 2014 -** Addition of \$425,000 in Nevada Power grant funds to enable the Housing Division to serve more low-income customers with measures including attic insulation, duct sealing, early replacement for HVAC equipment on rental units, and other HVAC enhancing measures. Requires Interim Finance approval since the amount added to the grant, Nevada Power category exceeds \$75,000. **Work Program #C26601. WITHDRAWN.**

- 25. Department of Health and Human Services - Director's Office - Administration - FY 2014** - Addition of \$160,816 in federal Early Childhood Advisory Council grant funds to improve the quality, availability, and coordination of services for children from birth to school entry. Requires Interim Finance approval since the amount added to the Early Childhood Advisory Council Grant category exceeds \$75,000. **Work Program #C26692**

Refer to motion for approval under Agenda Item E.

- 26. Department of Health and Human Services - Director's Office - Developmental Disabilities - FY 2013** - Addition of \$30,138 in federal Developmental Disabilities (DD) Councils grant funds to meet current fiscal year grant obligations. Requires Interim Finance approval since the cumulative amount added to the DD Council category exceeds \$75,000. **Work Program #C26453**

Refer to motion for approval under Agenda Item E.

- 27. Department of Health and Human Services - Director's Office - Healthy Nevada Fund - FY 2013** - Deletion of \$2,676,612 in Healthy Nevada Funds transferred from the Treasurer's Office to eliminate the pass-through authority since this amount will be transferred directly to the Division of Aging and Disability Services. Requires Interim Finance approval since the amount deleted from the Transfer to Aging category exceeds \$75,000. **Work Program #C26456**

Refer to motion for approval under Agenda Item E.

- 28. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2013** - Addition of \$1,067,057 in federal Title III, Part B-Supportive Services grant funds, \$10,575 in federal Title III, Part C-Training grant funds, \$2,725,933 in federal Title III, Part C-Nutrition grant funds, \$135,480 in federal Title III, Part D-Prevention grant funds and \$884,545 in federal Title III, Part E-National Family Caregiver Support Program grant funds and deletion of \$6,148 in federal Title III, Part C-Administrative Services grant funds to allow senior citizens to remain independent; provide nutrition services to maintain health, independence and quality of life for older Americans; develop and strengthen preventive health services and provide caregiver information, training and access to services for family caregivers and older individuals who are relative caregivers. Requires Interim Finance approval since the amount added to the Title III-C Nutrition Federal Grant category exceeds \$75,000. **Work Program #C26596**

Refer to motion for approval under Agenda Item E.

- 29. Department of Health and Human Services - Health Division - Early Intervention Services - FY 2013** - Transfer of \$39,710 from the Personnel Services category to the Equipment category and \$75,469 from the Personnel

Services category to the Information Services category to purchase office furniture and computer hardware and software for 19 of the 38 new Developmental Services positions approved by the 2013 Legislature. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000. **Work Program #C26505**

Refer to motion for approval under Agenda Item E.

- 30. Department of Health and Human Services - Health Division - Immunization Program - FY 2014** - Addition of \$332,095 in federal Centers for Disease Control and Prevention Immunization Program grant funds to continue collaboration efforts with the Southern Nevada Hepatitis B vaccine project to administer Hepatitis B vaccinations to adult populations with increased risk of infection. Requires Interim Finance approval since the amount added to the Adult Hepatitis B Program category exceeds \$75,000. **Work Program #C26549**

Refer to motion for approval under Agenda Item E.

- 31. Department of Health and Human Services - Health Division - Immunization Program - FY 2014** - Addition of \$342,712 in federal Centers for Disease Control and Prevention Vaccine Storage and Handling grant funds to continue improvement of vaccine management, storage and the handling of vaccinations held by providers. Requires Interim Finance approval since the amount added to the Vaccine Storage and Handling category exceeds \$75,000. **Work Program #C26562**

Refer to motion for approval under Agenda Item E.

- 32. Department of Health and Human Services - Health Division - Immunization Program - FY 2014** - Addition of \$1,072,883 in Glaxo Smith Klein settlement funds transferred from the Nevada State Attorney General's Office to fund vaccinations and medications to Nevada's most needy populations. Requires Interim Finance approval since the amount added to the Attorney General Settlement Funds category exceeds \$75,000. **Work Program #C26570**

Refer to motion for approval under Agenda Item E.

- 33. Department of Health and Human Services - Health Division - WIC Food Supplement - FY 2014** - Addition of \$1,081,289 in federal ARRA Women Infants and Children (WIC) Electronic Benefits Transfer (EBT) project grant funds to continue the integration efforts of the EBT system for Nevada retailers who accept WIC benefits. Requires Interim Finance approval since the amount added to the EBT/Interoperability category exceeds \$75,000. **Work Program #C26580**

Refer to motion for approval under Agenda Item E.

- 34. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2013** - Addition of \$140,785 in U.S. Department of Homeland Security Bio Watch grant funds to pay the University of Nevada Las Vegas for activities relating to collecting air samples in Clark County and submitting performance reports to the U.S. Department of Homeland Security. Requires Interim Finance approval since the amount added to the Bio Watch category exceeds \$75,000. **RELATES TO ITEM 35. Work Program #C26669**

Refer to motion for approval under Agenda Item E.

- 35. Department of Health and Human Services - Health Division - Public Health Preparedness Program - FY 2014** - Addition of \$844,711 in U.S. Department of Homeland Security Bio Watch grant funds to pay the University of Nevada Las Vegas for activities relating to collecting air samples in Clark County and submitting performance reports to the U.S. Department of Homeland Security. Requires Interim Finance approval since the amount added to the Bio Watch Grant category exceeds \$75,000. **RELATES TO ITEM 34. Work Program #C26670**

Refer to motion for approval under Agenda Item E.

- 36. Department of Health and Human Services - Health Division - Chronic Disease - FY 2014** - Addition of \$50,000 in National Association of Chronic Disease Directors grant funds to develop a plan for newly Medicaid eligible clients currently enrolled in the Nevada Early Detection and Screening Breast and Cervical Program to transition to Medicaid. Requires Interim Finance approval since the non-governmental grant exceeds \$20,000. **Work Program #C26530**

Chairwoman Smith noted that Assemblyman Horne had requested further testimony on Agenda Item E-36.

Tracey Green, M.D., Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services, introduced Kimberly Fahey, Program Manager, Chronic Disease, Division of Public and Behavioral Health.

Dr. Green explained that Agenda Item E-36 involved a work program requesting authority to receive \$50,000 in private grant funds. She said Nevada was one of five states to receive a grant from the National Association of Chronic Disease Directors, and the grant was specifically to assist clients who were currently involved in Breast and Cervical Cancer program transition into Medicaid. Dr. Green said the Division envisioned the grant funds would be used to develop infrastructure to bridge access for the clients. There was concern that some of the clients would be in the midst of treatment, and the grant funds would allow those clients to progress through their cancer treatments.

Assemblywoman Carlton said the Committee's information indicated that the grant funds would go to the Women's Health Connection (WHC), which would contract with other groups. She asked Dr. Green to clarify how the program would serve the patients.

Dr. Green explained the actual service funds would go through the Women's Health Connection, but this grant would assist the Division of Public and Behavioral Health in creating the bridge to assist clients with access to Medicaid and alternative services.

Assemblywoman Carlton noted there was an entity already working on a cervical program through the Women's Health Connection, and she was not sure about breast cancer screening. She did not understand what the grant would be used for since cervical cancer services were already being provided.

Kimberly Fahey, Chronic Disease Program Manager, Division of Public and Behavioral Health, Department of Health and Human Services, replied that the grant was a private grant from the National Association of Chronic Disease Directors to empower the WHC in establishing relationships with Medicaid above and beyond what was currently done through the program for breast and cervical screening. Ms. Fahey said the Division would contract with an information technology consultant to develop a plan on how the data systems would assist women currently in the WHC program to access Medicaid. It was a planning grant to develop the roadmaps to offer guidance toward increasing cancer screening, encouraging support, and allowing collaboration between the Health Department and Medicaid programs.

On behalf of Assemblyman Horne, who had stepped out of the meeting, Assemblywoman Carlton asked whether the program was not submitted during the 2013 Legislative Session because the timing of the grant did not coincide with the Session, and Dr. Green replied she was correct.

Hearing no response to her request for public comment, Chairwoman Smith called for a motion.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE AGENDA
ITEM E-36.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 37. Department of Health and Human Services - Health Division - Chronic Disease - FY 2014** - Addition of \$76,583 in federal Quitline Capacity in Nevada grant funds to support statewide tobacco cessation services by contracting with the Nevada Tobacco Users Helpline through the University of Nevada School of Medicine whose focus is to answer calls live to provide quit tips, assistance with quit attempts and referrals to quit resources. Requires Interim Finance approval

since the amount added to the Quitline Capacity category exceeds \$75,000.
Work Program #C26573

Refer to motion for approval under Agenda Item E.

- 38. Department of Health and Human Services - Welfare and Supportive Services - Child Assistance and Development - FY 2013** - Transfer of \$400,000 from the New Employees of Nevada (NEON) Child Care category to the Discretionary Child Care category to support families as they transition out of NEON. The transfer of funds will provide for childcare subsidies and contracted slots for safe, supervised before and after school programs. Requires Interim Finance approval since the amount transferred to the Discretionary Child Care category exceeds \$75,000. **Work Program #C26270**

Refer to motion for approval under Agenda Item E.

- 39. Department of Health and Human Services - Mental Health and Developmental Services - Desert Regional Center - FY 2013** - Transfer of \$205,000 from the Jobs and Day Training category to the Supported Living Arrangements category to continue support for a program designed to help individuals develop necessary life skills and be as independent as possible. Requires Interim Finance approval since the amount transferred to the Supported Living Arrangements category exceeds \$75,000. **Work Program #C26572**

Refer to motion for approval under Agenda Item E.

- 40. Department of Health and Human Services - Mental Health And Developmental Services - Southern Nevada Adult Mental Health Services - FY 2013** - Transfer of \$161,371 from the Operating category to the Equipment category to purchase laboratory equipment for the Rawson Neal Hospital at Southern Nevada Adult Mental Health Services. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$75,000. **Work Program #C26600**

Refer to motion for approval under Agenda Item E.

- 41. Department of Health and Human Services - Mental Health and Developmental Services - Southern Nevada Adult Mental Health Services - FY 2013** - Transfer of \$76,555 from the Personnel Services category to the Mental Health Tech Services category and \$34,462 from the Personnel Services category to the General Medicine Services category to provide funding for projected shortfalls. Requires Interim Finance approval since the amount added to the Mental Health Tech Services category exceeds \$75,000. **Work Program #C26698**

Tracey Green, M.D., Mental Health Medical Coordinator, Division of Mental Health and Developmental Services, Department of Health and Human Services, explained Agenda Item 41 was a request to transfer approximately \$111,000 from category 01, Personnel Services, to two categories: the first was to provide internal medicine additional hours for contractors who were currently providing internal medicine services at the inpatient Southern Nevada Adult Mental Health Services (SNAMHS) facility, and the second was to provide contract services for Mental Health Technicians for positions that were currently vacant.

Dr. Green noted that the SNAMHS facility had been reviewed by all accrediting and licensing agencies. Approximately three months earlier, the Centers for Medicare and Medicaid Services (CMS) had investigated a complaint survey at SNAMHS, which revealed two conditions: executive (governing) body oversight and discharge planning. Dr. Green explained that within discharge planning, physical examinations of clients were required when they entered the facility, and CMS considered the psychiatric observation unit, which was the first stop in the SNAMHS facility prior to admittance to the acute inpatient facility, to be inpatient. She said that medical examinations had not previously been performed in the SNAMHS psychiatric observation unit for the following reasons: (1) clients came from emergency rooms where they had been medically cleared, and (2) the length of stay in the observation unit was less than 27 hours. In order to comply with CMS, medical examinations must be performed in the psychiatric observation unit, in addition to examinations in the acute inpatient facility. Dr. Green said the majority of the funds requested would be used to provide the additional inpatient medical examinations in the psychiatric observation unit as required by CMS.

Assemblyman Eisen asked whether the additional resources would ensure 100 percent compliance with physical examinations on arrival at the psychiatric observation unit.

Dr. Green replied yes; there would be an additional seven to eight hours per week specifically for the services, and the current contracting group would perform the examinations on the acute inpatient clients.

Assemblyman Sprinkle asked whether the examinations in the psychiatric observation unit would eliminate the requirement for an examination in the emergency room.

Dr. Green replied that was not the case: the examination would be an additional medical physical, but alternative approaches to the psychiatric observation unit were being considered.

Assemblyman Oscarson congratulated Dr. Green on the difficult job she had undertaken at the SNAMHS and NNAMHS (Northern Nevada Adult Mental Health Services) facilities. He noted she had been helpful in trying to resolve some of the problems serving the rural communities as well. He assumed the new procedures would help to streamline the process further, in addition to the new 24-hour clinic being proposed.

Dr. Green said the change in procedures would provide better discharge planning and care for clients who were in observation units for a brief time and then discharged into the community. There were several repeat clients in Las Vegas who would become intoxicated or imbibe in drugs and become suicidal, but once they cleared in the observation unit, they did not qualify for inpatient admission. It was hoped that the additional medical evaluation would help those clients enroll and engage in Medicaid programs that would provide them with wraparound primary care services, which was a critical piece of their recidivism.

Dr. Green added that a 24-hour emergency care clinic, in combination with the observation unit, was another strategy being pursued to eliminate the need for clients to go to the emergency room when they only needed immediate stabilization.

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

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA
ITEM E-41.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith asked Dr. Green to provide the Committee with an update on the problems at the Rawson-Neal Psychiatric Hospital in southern Nevada.

Tracey Green, M.D., Mental Health Medical Coordinator, Division of Mental Health and Developmental Services, Department of Health and Human Services, said there had been a number of investigations and/or surveys at the Rawson-Neal facility. She said when the Division first learned of the concern with the primary client involved, an internal investigation was immediately initiated, not only of the processes and procedures, but also of other clients that received bus tickets purchased by the state to out-of-state locations.

In addition, Dr. Green said, the state licensing facility, the Division of Health Care Quality and Compliance, was notified, which visited the facility as well, and there had been a series of investigations through the Centers for Medicare and Medicaid Services (CMS). There was an initial investigation surrounding two complaints, followed by an additional investigation surrounding an EMTALA (Emergency Medical Treatment and Active Labor Act) complaint. A third investigation was conducted by CMS, which was the annual survey previously scheduled to be conducted on the facility.

Dr. Green reviewed the status and findings of the investigations at the Rawson-Neal facility:

- In the CMS investigation process, there were categories (conditions) and within each condition, there were a number of components (tags) that made up one unit (condition). An exception to a whole condition would put the ability to bill Medicare and Medicaid at risk. The Rawson-Neal facility was found to be in violation of two conditional areas: governing body and discharge planning, and plans of correction were subsequently submitted to CMS. A subsequent follow-up investigation was conducted by CMS, and in the exit interview, CMS stated that the facility was no longer out of compliance in any full conditions. Dr. Green said she anticipated receiving a letter to that effect in a few weeks, but there would not be a change in the current accreditation status nor a final decision made until after a reinvestigation in 30 days and a subsequent reinvestigation in 60 days. Both investigations were anticipated within the next few weeks, and they would be unannounced. Decisions on accreditation status would be made after the final 60-day investigation, but Dr. Green said the facility was on track; plans of correction had been submitted and adhered to, specifically those related to the two conditions that were out of compliance.
- The facility had been repeatedly visited by the Joint Commission [national hospital accreditation agency], for what would be a triennial survey, as well as complaint surveys. The Division was currently in the process of satisfying the Joint Commission's areas of concern, and plans of correction had been submitted. The facility remained accredited through the Joint Commission.
- National consultants had come to the facility through the National Association of State Mental Health Program Directors. The physicians and psychologists were experienced in reviewing facilities such as Rawson-Neal, as well as criminal justice facilities. A report was received from the group that highlighted some very positive aspects of the facility, as well as addressed many areas needing improvement. The Mental Health Technician component was an area needing improvement to enhance the treatment team approach.
- There was a pending class action by the American Civil Liberties Union (ACLU), and the Division was preparing documents for that litigation as well.

Senator Kieckhefer asked whether the primary client that filed the first complaint had released his medical records. Dr. Green replied he had released his records to a number of publicity agencies and media, but not to the Division.

Assemblywoman Carlton noted that the policy on discharging patients had changed, and she wondered whether additional travel funds would be required.

Dr. Green said that since the change in policy, there had been a significant reduction of out-of-state tickets purchased by the state, but there had not been an impact on the

chaperone costs because of the reduced number of tickets. There had been a greater focus on engaging families in discharge planning, and in many cases, families had purchased tickets for patients requesting to return home. Dr. Green said there was no obvious impact on funding for travel at this time.

Chairwoman Smith thanked Dr. Green for providing the update on the Rawson-Neal facility situation.

42. Department of Employment, Training and Rehabilitation - Vocational Rehabilitation - FY 2014 - Addition of \$1,072,899 in federal Section 110 grant funds to support a new program entitled Vocational Opportunities for Inclusive Career Education beginning in SFY 2014, which will allow eligible high school students with disabilities to focus on vocational exploration and preparation and adds a new Rehabilitation Counselor III position. Requires Interim Finance approval since the amount added to the Client Services category exceeds \$75,000 and this request includes a new position.
Work Program #C26526

Melaine Mason, Deputy Administrator of Operations, Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), explained that Agenda Item 42 involved a request for authority to add federal Section 110 vocational rehabilitation grant funds for a new program called Vocational Opportunities for Inclusive Career Education (VOICE). She said the program would allow the Division to implement a third-party cooperative agreement and agreements between the Washoe County School District and DETR's Rehabilitation Division. The state would use in-kind match to generate the matching funds to bring in an additional \$1 million to serve high-school students with disabilities in their pursuit of employment.

Chairwoman Smith asked why the request was not submitted during the 2013 Legislative Session.

Ms. Mason replied the endeavor was extensive: it took planning, coordination, and thoughtful action to implement the program, and the effort had been ongoing for 1-1/2 years. She said the contract came together in March 2013, at which point the Washoe County School District was able to sign the contract to bring it forward. There was not sufficient substance to the process at the time, and the Rehabilitation Services Administration [U.S. Department of Education] was also involved.

Chairwoman Smith said the Division should have apprised the money committees of the program during the legislative session. She asked whether the Division had worked with the Department of Education during the process.

Kelly Wales, Student Support Services Coordinator, Washoe County School District, replied that the Department of Education had not been involved, although it was knowledgeable concerning the program. The collaboration had been solely between the Washoe County School District and the Rehabilitation Division.

Chairwoman Smith remarked that one area that could always be improved was interdepartmental relations, and she asked that the Department of Education be informed of the program.

Assemblywoman Carlton said she had serious concerns about the Committee being asked to make a decision on a new program when it could have been discussed during the Legislative Session. She did believe the Committee should approve new programs during the interim; its responsibility should focus on managing the programs that were approved by the full Legislature. She questioned whether the match could have been used for other areas by Washoe County or the state.

Ms. Mason replied the match was in-kind and consisted of efforts put forth by employees at the Washoe County School District to serve the needs of vocational rehabilitation students. The match would not be accessible to projects other than the current proposal.

Ms. Mason explained that the Rehabilitation Services Administration (RSA) was very involved in developing and reviewing the program. Confirmation was received the day before that approval was only a matter of formality: the program was not new to the RSA. There were third-party agreements throughout the country, and California had numerous school districts waiting in line when another school district elected to not participate.

Ms. Mason noted that the federal funds would be relinquished back to the federal government if the program was not implemented. The program would not cost the state any money, and it would enhance services to high school students with disabilities.

Assemblywoman Carlton said she would not vote to approve the request because it would have been good to know about the program for possible use in other counties. Washoe County was receiving an additional \$1 million to serve its students, which should have been taken into consideration when the Legislature was discussing education budgets during the Legislative Session. She reiterated her opposition to approval of new programs by the Interim Finance Committee.

Assemblywoman Flores said she understood that there had been some discussion with Clark County School District concerning the program. She shared the same concerns as Assemblywoman Carlton: a more robust discussion was needed. She was not comfortable supporting the request.

Ms. Wales said that the opportunity for third-party cooperative agreements was available to every school district in Nevada. Washoe County was the first county to collaborate with the Rehabilitation Division to pool resources to develop a scope of work to provide services for youths with disabilities. She recalled a conversation about the program with Clark County School District, which was working on a similar cooperative agreement: it was just a matter of formalizing the plan.

Ms. Wales said she had conversations concerning development of a third-party cooperative match in Lander and White Pine Counties as well. She said the program was a “win-win” for students with disabilities, particularly with the many budget cuts the school districts had been forced to take. It was an excellent program, and she was excited to be a part of it.

Chairwoman Smith surmised the school districts would be the instigators in developing the program.

Assemblyman Bobzien said he shared other members’ concerns that nothing was mentioned during the Legislative Session. However, he recognized the benefits and wanted to acknowledge the efforts to pursue the program, which should move forward as a model for the other school districts.

Assemblyman Oscarson asked whether there was a way for Washoe County School District to share processes and successes with some of the smaller districts in the future. He was certain Lincoln and Nye Counties, which he represented, would be glad to receive the information.

Ms. Mason noted that the Rehabilitation Division had approximately \$22 million in vocational rehabilitation funds, and the Division was striving to find ways to improve life for persons with disabilities. All federal programs required a match, and this program was the beginning of the state’s efforts to implement more programs. She invited all school districts to reach out to the Division to access additional vocational rehabilitation dollars.

Ms. Wales added that the Washoe County School District was participating with the Nevada Department of Education in its first Nevada State Transition conference in October, and one session would be devoted to third-party cooperative agreements. The School District would be sharing information to help guide and support other school districts in developing similar match programs.

Chairwoman Smith noted that the Department of Education had many Education Programs Specialists continually working with the school districts, and they could also pass on information concerning new opportunities.

Chairwoman Smith asked for further questions from the Committee; there were none. Hearing no response to her request for public testimony, she called for a motion.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM E-42.
WITH THE CAVEAT THAT THE GRANT BE RECORDED IN A
SEPARATE REVENUE CODE, EXPENDITURES BE RECORDED
SEPARATELY, AND APPROVAL WAS CONTINGENT UPON
FEDERAL APPROVAL OF THE WASHOE COUNTY SCHOOL
DISTRICT’S FUNDING.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

Assemblywoman Carlton remarked that she supported the project, but she did not believe the Committee had authority to approve new programs. Assemblywoman Flores agreed.

Assemblyman Eisen said he had the same concerns about the process. He supported the program, but he was concerned about the way it came forward. He noted that the state match was being provided by in-kind services, but it must be recognized that funds were being expended and counted as state match. Award of the \$1 million grant was contingent upon the federal government agreeing that state money being expended could be counted as state match.

THE MOTION CARRIED. (Assemblywomen Carlton and Flores voted no. Senator Roberson was absent for vote.)

- 43. Department of Employment, Training and Rehabilitation - Employment Security - FY 2013** - Addition of ~~\$750,000~~ **\$1,152,549** in federal Workforce Investment Act (WIA) grant funds to increase state authority to coincide with projected WIA program expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the WIA Program category exceeds \$75,000. **Work Program #C26611. REVISED 6-13-13**

Refer to motion for approval under Agenda Item E.

- 44. Department of Corrections - Director's Office - FY 2013** - Addition of \$27,355 in Transfer from the Department of Public Safety and transfer of \$19,561 from the Personnel Services category to the GangNet Node Grant category to continue the GangNet gang intelligence sharing program. Requires Interim Finance approval since the amount added to the GangNet Node Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26383**

Refer to motion for approval under Agenda Item E.

- 45. Department of Corrections - Prison Medical Care - FY 2013** - Transfer of \$105,858 from the Personnel Services category to the Operating category and \$75 from the Training category to the Advanced Cardiac Life Support Training category to fund contracted medical staff coverage and licensure requirements through the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **Work Program #C26550**

Refer to motion for approval under Agenda Item E.

- 46. Department of Corrections - Correctional Programs - FY 2014** - Addition of \$76,603 in Transfer from Public Safety and \$25,535 in Transfer from Inmate Welfare to continue Residential Substance Abuse Treatment grant program activities. Requires Interim Finance approval since the amount added to the Residential Substance Abuse Treatment category exceeds \$75,000. **Work Program #C26527**

Refer to motion for approval under Agenda Item E.

- 47. Department of Corrections - Ely State Prison - FY 2013** - Deletion of \$76,373 in Budgetary Transfers to fund projected shortfalls within the department for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 48. Work Program #C26514**

Refer to motion for approval under Agenda Item E.

- 48. Department of Corrections - Northern Nevada Correctional Center - FY 2013** - Addition of \$76,373 in Budgetary Transfers and transfer of \$50,000 from the Utilities category to the Personnel Services category to fund projected shortfalls for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 47. Work Program #C26513**

Refer to motion for approval under Agenda Item E.

- 49. Department of Corrections - Casa Grande Transitional Housing - FY 2014** - Addition of \$510,000 in Contract Services Charge and transfer of \$96,000 from the Operating category to the Reserve for Reversion category to continue Purpose, Respect, Integrity, Determination and Excellence (PRIDE) program activities for inmate pre and post release training. Requires Interim Finance approval since the amount added to the Pride Program category exceeds \$75,000. **Work Program #C26532**

Refer to motion for approval under Agenda Item E.

- 50. Department of Corrections - Prison Industry - FY 2013** - Transfer of \$129,574 from the Personnel Services category to the Operating category to fund inmate payroll expenditures. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C26432**

Refer to motion for approval under Agenda Item E.

51. **Department of Corrections - Prison Dairy - FY 2013** - Transfer of \$34,073 from the Wild Horse Program category to the Personnel Services category to cover anticipated payroll expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Wild Horse Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26523**

Refer to motion for approval under Agenda Item E.

52. **Department of Motor Vehicles - Administrative Services - FY 2013** - Addition of \$231,842 in Driver's License Photo Fees to offset costs paid to the vendor for photo issuance. Requires Interim Finance approval since the amount added to the Driver's License Photos category exceeds \$75,000. **Work Program #C26548**

Refer to motion for approval under Agenda Item E.

53. **Department of Motor Vehicles - Motor Vehicle Pollution Control - FY 2013** - Addition of \$167,588 in Pollution Control Fees due to projected collections and to distribute additional revenue to Clark and Washoe Counties. Requires Interim Finance approval since the cumulative amount added to the City/County Air Quality category exceeds \$75,000. **Work Program #C26545**

Refer to motion for approval under Agenda Item E.

54. **Department of Motor Vehicles - Verification of Insurance - FY 2014** - Transfer of \$374,400 from the Reversion to Highway Fund category to the Online Insurance Verification category for two contract programmers to provide a more effective system for Nevada's authorized insurance companies and registered owners when needing to verify insurance liability. Requires Interim Finance approval since the amount transferred to the Online Insurance Verification category exceeds \$75,000. **Work Program #C26552**

Sean McDonald, Administrator, Central Services and Records Division, Department of Motor Vehicles (DMV), introduced Doreen Rigsby, DMV Services Manager, and Amy McKinney, Administrator, Administrative Services Division, DMV.

Mr. McDonald explained that the work program in item 54 requested funding for two contract programmers through a transfer from the Reversion to Highway Fund category to the Online Insurance Verification category for the Nevada Liability Insurance Validation Electronically (NVLIVE) program. He said the reason for the request was that programmers needed to work on enhancements to the NVLIVE program while also addressing key maintenance issues that arose from daily system demands.

Assemblywoman Carlton asked why the request was not discussed during the 2013 Legislative Session. The NVLIVE program had been ongoing for several years, and she wondered why it was not included in the DMV's biennial budget.

Mr. McDonald replied the review and decision to request funding for programming needs were not determined until April 2013, after the Department's biennial budget had been submitted. He said it was too late to make adjustments before the legislative subcommittee budget closings the end of April.

Mr. McDonald explained that the contract programmers served an important need for the NVLIVE program. There were a number of projects in progress, and the program had been busier than the Department initially thought it would be. With the passage of Senate Bill No. 323 in the 2011 Legislative Session, there was a change in fees and penalties for drivers who did not maintain insurance on their actively registered vehicles.

Mr. McDonald said there had been a reduction percentagewise in uninsured motorists in the state, and Nevada was below the national average, which was a tribute to how well the program was working. He said there were still many programming needs to make the program completely whole and properly functioning.

Mr. McDonald noted that the NVLIVE program was meant to be a deterrent to not maintaining insurance, and the Department anticipated a future reduction in revenues from fees and penalties as people became cognizant of the consequences of not maintaining insurance. Implementation of the insurance companies' books of business in March 2013 had resulted in a significant reduction in postcard notifications being sent. The program was projected to bring in \$13 million during fiscal year (FY) 2013.

Chairwoman Carlton recalled that in June 2012, the Interim Finance Committee approved the transfer of nearly \$375,000 to extend the contracts for two programmers. She noted that the Legislature received budget amendments up until two or three days before the end of the Legislative Session; there was time and opportunity to address the request during the Session. She said the request should have been addressed at that time.

Assemblyman Bobzien said as chair of the budget subcommittee, he shared Assemblywoman Carlton's concerns, and he confirmed that budget amendments were being received up until the final budget closings. He asked whether the request for the programmers was caused by any changes made during the 2013 Legislative Session. He noted that constituents immediately complained to their legislators when they had DMV problems.

Mr. McDonald explained the request was for another contract extension for the two programmers that had existed prior to the 2013 Session.

Assemblyman Sprinkle noted that in 2012, DMV had said that 2,080 additional contract hours would be needed in FY 2012, an additional 4,160 hours were anticipated in FY 2013, and 960 hours would be needed in FY 2014. The current request for FY 2014 was 4,160 hours as opposed to less than 1,000, and he asked when the need for programmers would end. He also questioned why the need was not addressed during the 2013 Session.

Mr. McDonald replied that as the NVLIVE program had evolved, the Department had learned of new enhancements to make the program function appropriately and to meet the needs of the Department, the insurance industry, and the citizens of the state. He said the contract programmers also continued to address the day-to-day problems that arose, which affected the overall projections of the number of hours required. Mr. McDonald reiterated that the need for additional funding was not determined until April.

Assemblyman Sprinkle asked whether the need for the increase in hours from 960 to 4,160 was not discovered until April 2013.

Amy McKinney, Administrator, Administrative Services Division, DMV, recalled that the Department had testified in June 2012 that there was a need for 7,000 additional hours of programming.

Assemblyman Sprinkle said if that was the case, he still questioned why the request was not addressed during the 2013 Legislative Session.

Ms. McKinney replied it was an oversight that the Department did not include it in its 2013-2015 biennial budget request, and discussion of the problem did not take place until April 2013.

Assemblyman Eisen said he was concerned that state agencies were functioning in silos, and efficiencies were lost because one agency did not talk to another and many of their needs overlapped. It occurred to him that even within one department, there were silos in programming needs, and there might be some programming resources that could be shared. Assemblyman Eisen said there should be discussion about an effective way to fulfill ongoing programming needs: state employees or contractors.

Assemblyman Eisen asked whether the DMV was making any attempt to address the situation of internal silos for programming needs. More than most agencies, the DMV was dependent upon data systems, and it appeared there was no internal integration of the various systems within the Department.

Ms. McKinney responded that the Department's Information Technology Administrator was not in attendance, but she would have him contact the Committee's Fiscal Analysis Division staff.

In response to questions from Assemblyman Aizley concerning insurance information being provided to DMV and whether there was an appeals process, Ms. Rigsby explained the book of business program was implemented in March 2013. Every insurance company was now providing current insurance information to DMV, and new policy information was immediately available to DMV.

Regarding an appeals process, Ms. Rigsby said that if there was a lapse of insurance coverage because the vehicle was not operating for mechanical or seasonal reasons, or

an extenuating circumstance, there were guidelines and policies in place to allow DMV to reduce or waive fees.

Senator Denis recalled there were several bills passed during the 2013 Legislative Session that required programming within the Department, and he asked how those requirements related to the current request.

Mr. McDonald replied the current request was specific to the maintenance and enhancements of the NVLIVE program. Outside arrangements had been made by the Department for programming needs in those bills.

Senator Denis affirmed the request from IFC in June 2012 was for 7,000 hours, and the current request was for an additional 4,000 hours.

Ms. McKinney explained there were approximately 4,000 hours of the 7,000 hours requested in 2012 remaining, and approximately \$232,000 had been expended through the end of May 2013 for contract programming.

Assemblyman Bobzien noted that the 2013 Legislative Session had just ended, and he asked what other needs were anticipated to be forthcoming and whether there was a plan for the total DMV programming budget during the interim.

Jeff Mohlenkamp, Director, Department of Administration, stated that the work program in item 54 had not received his full attention before this meeting, and he respectfully requested that no action be taken on the request: the Committee had expressed many valid concerns.

Chairwoman Smith said a number of the concerns were caused by lack of discussion during the Legislative Session, as well as what the future programming needs would be during the interim. She was also concerned with expending more money from the Highway Fund. She appreciated Mr. Mohlenkamp's offer to research the request further.

Chairwoman announced that the Committee would not take action on Agenda Item 54 at this meeting.

55. Department of Public Safety - Highway Patrol - FY 2013 - Addition of \$48,787 in High Intensity Drug Trafficking Areas (HIDTA) Reimbursements to continue participation in the Nevada Interdiction Task Force operations and training with a Drug Interdiction operations group working with other law enforcement agencies in the state. Requires Interim Finance approval since the amount added to the HIDTA Task Force category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26324**

Refer to motion for approval under Agenda Item E.

- 56. Department of Public Safety - Highway Patrol - FY 2013** - Transfer of \$650,000 from the Personnel Services category to the Operating category to cover a projected shortfall due to the increase in fuel costs. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C26470**

Refer to motion for approval under Agenda Item E.

- 57. Department of Public Safety - Highway Safety Grants Account - FY 2013** - Transfer of \$75,000 from the Reserve for Federal Funds category to the Personnel Services category, \$60 from the Reserve for Federal Funds category to the Operating category, \$130 from the Reserve for Federal Funds category to the Information Technology category, and \$65,000 from the Reserve for Federal Funds category to the Motor Carrier Safety category to cover projected shortfalls through the end of fiscal year. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **Work Program #C26462**

Refer to motion for approval under Agenda Item E.

- 58. Department of Public Safety - Parole and Probation - FY 2013** - Transfer of \$13,400 from the Personnel Services category to the Specialty Equipment category to complete the anticipated ballistic vest purchases. Requires Interim Finance approval since the amount transferred to the Specialty Equipment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26381**

Refer to motion for approval under Agenda Item E.

- 59. Department of Public Safety - Criminal History Repository - FY 2013** - Transfer of \$153,700 from the Reserve category to the FBI Fingerprint category to cover projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the FBI Fingerprint category exceeds \$75,000. **Work Program #C26382**

Refer to motion for approval under Agenda Item E.

- 60. Colorado River Commission - Power Marketing Fund - FY 2013** - Addition of \$2,300,000 in Power Sales funding to provide for the sales from increased hydropower production as a result of the improved 2011 water year and increasing customer demand. Requires Interim Finance approval since the amount added to the Power Sales category exceeds \$75,000. **Work Program #C26378**

Refer to motion for approval under Agenda Item E.

- 61. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$113,112 in federal U.S. Bureau of Land Management (BLM) Southern Nevada Public Land Management Act (SNPLMA) grant funds to support the ongoing fuels reduction project work to improve public safety in the Lake Tahoe Nevada State Park and reduce the risks from wild fires. Requires Interim Finance approval since the amount added to the U.S. BLM SNPLMA Grant category exceeds \$75,000. **Work Program #C26534**

Refer to motion for approval under Agenda Item E.

- 62. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$143,709 in federal Department of Energy (DOE) and Environmental Protection Agency (EPA) grant funds transferred from the Nevada Division of Environmental Protection (NDEP) to support the upgrade of Forestry's communication system to enhance the monitoring, data sharing, incident command and dispatch for emergency response throughout the state including areas abutting the Nevada National Security Site. Additionally, the funding will be used to stabilize stream-banks and adjacent meadows along the South Fork of the Humboldt River to improve the quality of water entering and leaving the reservoir. Requires Interim Finance approval since the cumulative amount added to the NDEP South Fork Agreement category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26559**

Refer to motion for approval under Agenda Item E.

- 63. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$1,274,312 in federal U.S. Forest Service (USFS) Emergency Hazardous Fuels Reduction grant funds and \$766,719 in federal USFS Hazardous Fuels Reduction grant funds to continue hazardous fuels reduction and other forest health projects. Requires Interim Finance approval since the amount added to the Fuels Reduction Grant category exceeds \$75,000. **Work Program #C26560**

Refer to motion for approval under Agenda Item E.

- 64. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$282,275 in federal U.S. Forest Service (USFS) State Fire Assistance (SFA) National Fire Plan (NFP) Community Protection on Priority Landscapes grant funds to complete hazardous fuels reductions projects for priority landscapes as determined by the State Forest Resources Assessment (SFRA). Funds will be expended on projects that are covered by a community wildfire protection plan and ranked as the highest priority areas in the assessment document. Requires Interim Finance approval since the amount added to the USFS SFA NFP Community Protection category exceeds \$75,000. **Work Program #C26565**

Refer to motion for approval under Agenda Item E.

- 65. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$147,853 in federal U.S. Forest Service, Insects and Diseases Project grant funds to support the agency's efforts to inform and educate the public of the potential destruction that insects and diseases can have on Nevada's forests. Funding is also used to treat the infestations throughout the State of Nevada. Requires Interim Finance approval since the amount added to the Forest Health Thru Fuels Management category exceeds \$75,000. **Work Program #C26566**

Refer to motion for approval under Agenda Item E.

- 66. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$184,467 in federal U.S. Fish and Wildlife Service (USFWS) Vulnerability Models grant funds to support the agency's Vulnerability Models of Great Basin Endemic Plants to Climate Change, and the Tahoe Yellow Cress Stewardship programs. Requires Interim Finance approval since the amount added to the USFWS Vulnerability Models Grant category exceeds \$75,000. **Work Program #C26571**

Refer to motion for approval under Agenda Item E.

- 67. Department of Conservation and Natural Resources - State Parks - FY 2014 -** Addition of \$107,440 in federal U.S. Fish and Wildlife Service, Sportfish Aquatic Invasive Species (AIS) Decontamination grant funds transferred from the Nevada Department of Wildlife (NDOW) for the AIS program at Lahontan, Rye Patch and Wild Horse. Requires Interim Finance approval since the amount added to the AIS Grant-NDOW category exceeds \$75,000. **Work Program #C26609**

Refer to motion for approval under Agenda Item E.

- 68. Department of Conservation and Natural Resources - Environmental Protection - Administration - FY 2013 -** Addition of \$377,039 in federal Department of Energy grant funds to support environmental management activities in the State of Nevada. These funds are administered by the division and are allocated to the various budget accounts where the actual grant funded work is being supported. Requires Interim Finance approval since the amount added to the Transfer to State Agencies category exceeds \$75,000. **Work Program #C26387**

Refer to motion for approval under Agenda Item E.

- 69. Department of Wildlife - Wildlife Fund - FY 2013 -** Transfer of \$23,942 from the Sportsmen Reserve category to the Transfer to Conservation Education category, \$2,489 from the Sportsmen Reserve category to the Transfer to Fisheries Management category, \$9,762 from the Sportsmen Reserve category to the Transfer to Wildlife Diversity category, \$25,411 from the Sportsmen Reserve category to the Transfer to Habitat category, and \$157,643 from the Restricted

Reserve category to the Transfer to Habitat category to continue funding for various wildlife programs. Requires Interim Finance approval since the amount transferred to the Transfer to Habitat category exceeds \$75,000. **RELATES TO ITEMS 70, 73, 74, 76, and 77. Work Program #C26438**

Refer to motion for approval under Agenda Item E.

- 70. Department of Wildlife - Conservation Education - FY 2013** - Addition of \$23,942 in Sportsmen Revenue transferred from the Wildlife Fund account to fund the redesign of the department's website. Requires Interim Finance approval since the cumulative change to the Administration category exceeds \$75,000. **RELATES TO ITEM 69. Work Program #C26522. WITHDRAWN.**

- 71. Department of Wildlife - Game Management - FY 2013** - Addition of \$25,583 in federal U.S. Fish and Wildlife Service, Sportfish Restoration grant funds and \$8,528 in Sportsmen Revenue transferred from the Wildlife Fund account to prevent a shortfall in funding for seasonal staff. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 72. Work Program #C26536**

Refer to motion for approval under Agenda Item E.

- 72. Department of Wildlife - Fisheries Management - FY 2013** - Deletion of \$25,583 in federal U.S. Fish and Wildlife Service, Sportfish Restoration grant funds and \$8,528 in Sportsmen Revenue transferred from the Wildlife Fund account to prevent a shortfall in the Game Management account for seasonal staff. Requires Interim Finance approval since the cumulative change to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM 71. Work Program #C26537**

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-73, E-74, E-75, and E-76 would be heard together.

- 73. Department of Wildlife - Fisheries Management - FY 2013** - Addition of \$33,051 in federal U.S. Fish and Wildlife Service, Cooperative Endangered Species Conservation grant funds and \$11,017 in Sportsmen Revenue transferred from the Wildlife Fund account for Nevada native fish recovery and conservation activities. Requires Interim Finance approval since the cumulative amount added to the Section 6 Endangered Species category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM 69. Work Program #C26485**

Refer to discussion and motion for approval under Agenda Item E-76.

- 74. Department of Wildlife - Diversity - FY 2013** - Addition of \$18,128 in federal U.S. Fish and Wildlife Service, State Wildlife Grant (SWG) funds and \$9,762 in License Fees transferred from the Wildlife Fund account to continue wildlife diversity activities. Requires Interim Finance approval since the cumulative change to the SWG Plan Implementation category exceeds \$75,000. **RELATES TO ITEM 69. Work Program #C26396**

Refer to discussion and motion for approval under Agenda Item E-76.

- 75. Department of Wildlife - Diversity - FY 2013** - Addition of \$192,782 in federal U.S. Fish and Wildlife Service, Landowner Incentive Program grant funds for habitat restoration projects. Requires Interim Finance approval since the amount added to the Landowner Incentive Program category exceeds \$75,000. **Work Program #C26401**

Refer to discussion and motion for approval under Agenda Item E-76.

- 76. Department of Wildlife - Habitat - FY 2013** - Addition of \$157,643 in Habitat Conservation Fees transferred from the Wildlife Fund account to continue funding conservation projects. Requires Interim Finance approval since the amount added to the Habitat Rehabilitation/Restoration category exceeds \$75,000. **RELATES TO ITEM 69. Work Program #C26427**

Patrick Cates, Deputy Director, Nevada Department of Wildlife (NDOW), explained that Agenda Item E-73 concerned an emergency project at the Key Pittman Wildlife Management Area in the Hiko Range. A pump that fed a pond with a population of a federally endangered species of fish, the Pahranaugut Roundhill Chub, needed to be replaced. He said if the well failed, the water temperature would increase and the oxygen level would drop, which would threaten the fish. He pointed out there were only three populations of this species in the world.

Mr. Cates said the Department had instituted an emergency contract to repair the well, which was currently ongoing. In retrospect, he said, the work program should have been requested for approval as an expeditious action item, but that was not done.

Mr. Cates explained that Agenda Item E-74 was a request to add funding to the NDOW Diversity Division budget for printing costs for a major revision to the "State Wildlife Action Plan." The revision had been under federal review for some time, and the Department was not sure approval of the plan would be received this fiscal year, but it was just approved. Copies would be made for NDOW staff and the Department's conservation partners.

Mr. Cates said the request also included funding for an existing contract for helicopter flights for golden eagle surveys. He said it was not necessary to contract for the helicopter flights because the Department had its own air operations, but the U.S. Fish and Wildlife Service was very interested in the golden eagle surveys being

completed. Since the flights would be conducted by the Department, Mr. Cates said that portion of the work program would no longer be required.

Moving to Agenda Items E-75 and E-76, Mr. Cates noted they were similar: the purpose of both was to add funds to pay for on-the-ground habitat restoration projects. Item 75 involved all federal money for projects on private land, and item 76 involved all state projects on public lands.

Mr. Cates said the Department had been historically challenged every year as to how to project estimated expenses for habitat projects; there were many considerations involved in the timing of the projects. Some of the projects were approved in fiscal year (FY) 2012 or before; some required federal environmental reviews, which caused delays; and there was usually a window of opportunity to work on the projects involving staffing capacities, seasons, and weather. He noted that more projects had been accomplished this year than had been traditionally.

Chairwoman Smith said the Committee understood that the Department had new processes in place for tracking expenditures. She noted that previously there was an apparent lack of control between field expenditures and tracking within the office. She asked Mr. Cates to discuss what improvements had been made by the Department.

Mr. Cates recalled that in the 2011 Legislative Session, NDOW went through a major budget overhaul and restructure, and since then, the Department had been revising internal procedures to ensure better fiscal control. He said the Department now had two Budget Analyst positions that were being trained to work closely with the Division Administrators. Responsibility was recently assigned to the Budget Analysts to prepare biweekly budget status reports and detailed analyses of each budget. Mr. Cates said the Department leadership met once a month to review the budgets with the Administrators.

Mr. Cates noted that although the Department may have lost track of some items during the 2013 Session, he believed procedures were much improved. A Projects Manager position for the Habitat Division was approved by the 2013 Legislature, whose sole responsibility would be to administer on-the-ground projects and track them. Filling that position in October would assist in project management and tracking the status of the projects.

Senator Goicoechea asked whether the habitat projects, particularly those on private property, would all be done internally and would not require approval by the Commission on Wildlife. Mr. Cates replied the landowner incentive projects did not go through the Commission approval process: they were approved internally by the Department.

Assemblyman Bobzien asked whether the fishery at the Key Pittman Wildlife Management Area was the only holding tank for the endangered species of chub population.

Mr. Cates said that according to the Administrator of the Fisheries Division, there were only three populations of this species: one was at Key Pittman, there were some wild in the river, and there was a federal hatchery in New Mexico. He did not know the exact numbers.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that if the Committee wished to approve Agenda Item E-74, Mr. Cates had testified that the contract helicopter services would not be needed, and the estimated cost of \$13,125 should be removed from the work program and the revenue amounts adjusted proportionately: 65 percent federal Wildlife grant and 35 percent transfer of state revenue. Mr. Cates agreed.

Chairwoman Smith asked for further discussion or questions. Hearing no response to her request for public comment, she called for a motion.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM E-73,
ITEM E-74 AS AMENDED, ITEM E-75 AND ITEM E-76

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 77. Department of Wildlife - Habitat - FY 2013** - Addition of \$34,000 in federal U.S. Fish and Wildlife Service, Wildlife Restoration grant funds and \$25,411 in Sportsmen Revenue transferred from the Wildlife Fund account for wildlife water development activities. Requires Interim Finance approval since the cumulative change to the Wildlife Water Development category exceeds \$75,000. **RELATES TO ITEM 69. Work Program #C26546**

Refer to motion for approval under Agenda Item E.

- 78. Department of Public Safety - Criminal History Repository - FY 2013** - Transfer of \$17,000 from the Reserve category to the Civil Name Check (CNC)/Las Vegas Metropolitan Police Department (LVMPD) Scope Fees category to cover projected expenditures for the remainder of FY 2013. Requires Interim Finance approval since the amount added to the CNC/LVMPD Scope Fees category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26711. RECEIVED AFTER SUBMITTAL DEADLINE 6-7-13.**

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-79 and J would be heard together.

79. Department of Health and Human Services - Health - Consumer Health Protection - FY 2014 - Deletion of \$115,797 in Licenses and Fees revenue and \$61,396 in County Reimbursements received from Douglas County pursuant to NRS 439.4905(3) that Douglas County Health and Human Services be provided by Carson City Health and Human Services in lieu of the Nevada State Health Division. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C26625. RECEIVED AFTER SUBMITTAL DEADLINE 6-13-13. RELATES TO AGENDA ITEM J.**

J. DEPARTMENT OF HEALTH AND HUMAN SERVICES–HEALTH DIVISION– Request to exempt Carson City and Douglas County from the State Health Division assessment for the cost of environmental health services provided in Carson City and Douglas County, pursuant to NRS 439.4905. **RELATES TO AGENDA ITEM E. 79.**

Mary Wherry, Deputy Administrator, Community Services, Division of Public and Behavioral Health, Department of Health and Human Services, introduced Dr. Tracey Green, Chief Medical Officer, Division of Public and Behavioral Health.

Ms. Wherry explained that Agenda Item E-79 was in response to requests from Douglas County and Carson City to assume environmental health services as a result of Senate Bill No. 471 (2011 Session). She said that 20 percent of the Division's fee revenue came from Douglas County restaurant inspections, food permits, and special event fees, which would now be reduced, in addition to a reduction in licensing fees, from Douglas County. Ms. Wherry added that the Division would be eliminating two positions as a result of the reduction in revenue.

Chairwoman Smith asked Ms. Wherry to give the Committee members a brief overview of the program and the provisions of S.B. No. 471.

Ms. Wherry said that the Division of Public and Behavioral Health provided environmental health services to a number of rural counties, which included restaurant inspections, special permit requests, and septic and sewage inspections. The counties were required by *Nevada Revised Statutes* (NRS) 439.4905 to pay an assessment to the Division for the services provided. Ms. Wherry pointed out that Carson City Health and Human Resources, Southern Nevada Health District, and Washoe County Health District had their own environmental health services staff.

Ms. Wherry explained that Senate Bill 471 (2011 Session) amended NRS chapter 439 to allow counties to assume responsibility for the services provided by the state. The process, as provided in chapter 439, section 3, was for the county to submit a proposal to the Governor to assume the services and request exemption from the assessment to the state. Upon his approval of the proposal, the Governor must submit

a recommendation to the Interim Finance Committee to exempt the county from the required assessment to the state.

Ms. Wherry said that Division environmental health staff had been working closely with the county managers in Carson City and Douglas County for the past year to develop a proposal for Carson City to take over environmental health services on behalf of Douglas County. She said Division staff had evaluated the proposal, and they felt confident in the plan for Carson City Health and Human Services to assume environmental health services in Douglas County.

Chairwoman Smith thanked Ms. Wherry for the explanation; the information was particularly helpful to the new members on the Committee. She said it appeared that the state was granting funds to Carson City, which facilitated the Douglas County Community Health Nursing Clinic. She asked whether the funding to Carson City would continue.

Ms. Wherry explained the distinction between environmental health inspection services provided under NRS chapters 444, 446, and 583, and public health nursing services, which had no specific statutory definition of what a county's responsibility was to maintain clinics on an ongoing basis. If a communicable disease outbreak occurred, the county would be responsible for assuring that residents were treated. Ms. Wherry explained that Carson City provided public health nursing services for Douglas County, but most counties had been paying the state to operate the community health nursing clinics funded in budget account 3224 (Community Health Services).

Ms. Wherry confirmed that effective July 1, 2013, no federal funds would be passing through to Douglas County or Carson City. The state had not been collecting any fee revenue from Douglas County since January 2012 when Carson City assumed public health services in Douglas County.

Assemblyman Grady said he understood that if the Committee approved Agenda Items E-79 and J, Carson City would take over responsibility for the Douglas County clinic, and the state would not have approval rights on any future federal funds going forward: it would be Douglas County and Carson City's responsibility to apply for federal funding that the state had provided in the past.

Ms. Wherry clarified that the work program was only taking fee revenue from the permittees and county revenue out of the Division's budget. Douglas County would now pay Carson City for the services it provided, and Carson City would collect the fee revenue from the restaurant permittees, sewage inspections, and special events.

Assemblywoman Carlton noted that the Carson City Department of Health and Human Services had decided to regulate tattoo parlors, which was not currently done at the state level. She asked what statutory authority existed for the City to assume that responsibility; she was concerned that Carson City would be trying to regulate too much.

Ms. Wherry replied that each local health authority could create its own ordinances to assure public safety for different health activities. A municipality could adopt regulations above and beyond what the state had in NRS, and Carson City had an ordinance that allowed regulation of tattoo parlors. The state had not been regulating tattoo parlors, but if the counties or municipalities granted the health district the authority through ordinance, then they had the right to protect the public in that way. She was not aware of any problems related to the tattoo parlor regulations; the City collected fees from the parlors to cover the cost of the inspections.

Assemblywoman Carlton said she understood, but it seemed like a lot for Carson City to take on with limited resources.

Ms. Wherry said the state had been using 2.00 full-time-equivalent (FTE) positions to work in Douglas County, and Carson City proposed to use 2.50 FTE, which might account for the additional time for tattoo parlor inspections in Douglas County. She said that as Carson City developed its relationship with Douglas County, tattoo parlor inspections would be added so that environmental health workers would be performing the same duties in Douglas County and Carson City. She added that Clark, Washoe, and White Pine Counties also had ordinances allowing regulation of tattoo parlors.

Chairwoman Smith asked for further questions from the Committee; there were none. Hearing no response to her request for public testimony, she called for a motion.

ASSEMBLYMAN OHRENSCHALL MOVED TO APPROVE AGENDA ITEM E-79, INCLUDING THE ELIMINATION OF TWO ENVIRONMENTAL HEALTH SPECIALIST POSITIONS IN THE CONSUMER HEALTH PROTECTION BUDGET ACCOUNT WITHIN THE DIVISION OF PUBLIC AND BEHAVIORAL HEALTH, AND AGENDA ITEM J.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- 80. Department of Health and Human Services - Health - WIC Food Supplement - FY 2014** - Addition of \$441,601 in Summer Electronic Benefits Transfer for Children (SEBTC) Summer U.S. Department of Agriculture (USDA) Program grant funds to provide nutrition assistance to low-income children during the summer months. Requires Interim Finance approval since the amount added to the SEBTC Summer USDA Food category exceeds \$75,000. **Work Program #C26722. RECEIVED AFTER SUBMITTAL DEADLINE 6-13-13.**

Refer to motion for approval under Agenda Item E.

- 81. Department of Business and Industry - Real Estate - Administration - FY 2013** - Addition of \$90,575 in Testing Fees to provide testing services and pay projected testing costs. Requires Interim Finance since the amount added to the Testing Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26700. RECEIVED AFTER SUBMITTAL DEADLINE 6-13-13.**

Refer to motion for approval under Agenda Item E.

Position Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Health and Human Services Health Division WITHDRAWN 6-12-13	406/3220	0043	Health Care Coordinator II, Code 12.334, Grade 36, Step 01, Employee/Employe r Paid Retirement \$46,416.24	Program Officer I, Code 07.649, Grade 31, Step 01, Employee/Employer Paid Retirement \$37,563.12
Department of Corrections	440/3710	0670	Administration Assistant II, Code 02.212, Grade 25, Step 01, Employee/Employe r Paid Retirement \$29,440.80	Personnel Technician I, Code 07.536, Grade 25, Step 01, Employee/Employer Paid Retirement \$29,440.80
Department of Corrections WITHDRAWN 6-11-13	440/3710	0708	Criminal Investigator III, Code 13.243, Grade 40, Step 01, Employee/Employe r Paid Retirement \$55,206.72	Program Officer I, Code 07.649, Grade 31, Step 01, Employee/Employer Paid Retirement \$37,563.12
Department of Corrections	440/3762	1187	Plumber II, Code 09.462, Grade 32, Step 01, Employee/Employer Paid Retirement \$39,108.24	Electronic Technician III, Code 06.987, Grade 33, Step 01, Employee/ Employer Paid Retirement \$40,862.16

Refer to motion for approval under Agenda Item E.

F. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION.

1. Request to accept and expend \$2,000,000 in federal funds for CIP Project 09-C14, New Readiness Center – North Las Vegas, pursuant to NRS 341.121, and to modify the scope of the project to increase storage and administrative office space, and rehabilitate restrooms at the Floyd Edsall Training Center.

Gus Nuñez, Administrator, State Public Works Division (SPWD), Department of Administration, explained that Agenda Item F.1. involved a change in scope for the North Las Vegas Readiness Center project located at the Floyd Edsall Training Center. He said the project originally consisted of a 65,000-square-foot readiness center.

At a previous Interim Finance Committee meeting, authority was granted to construct two metal buildings: a 10,000-square-foot storage building and a 25,000-square-foot pole barn for a shade shelter for military vehicles.

Mr. Nuñez said that the prior authority did not require additional state funding, nor would the authority currently being requested require additional funding. The request would provide for additional improvements consisting of conversion of a current locker room to administrative office space, rehabilitation of restrooms, construction of a 3,800-square-foot storage building, and construction of two additional gun storage vaults. Financing for the additional improvements would be provided by \$2 million in federal funds and \$667,000 in state funds that were currently available in the project.

Chairwoman Smith asked Mr. Nuñez whether there would be a need for additional expansion or new facilities for the National Guard and, if so, when the requests would be made for additional needs. The Committee was also interested in hearing the timeframe for completion of the current project.

Mr. Nuñez said the design of the current project was completed as an agency project, and if approved by the Committee, the project would be ready to advertise for bid, which would take approximately 30 days. The award and notice to proceed would probably take another 30 days, and construction was estimated to take approximately seven months from approval to completion. He said occupation of the facilities should be possible within seven months of approval.

Chairwoman Smith noted that this addition would accommodate 200 soldiers, and she asked whether there would be need for further expansion.

Captain Robert Kolvet, Nevada National Guard, replied the Nevada National Guard was operating at a 172,000-square-foot deficit. Since the two current wars began, the Nevada National Guard had grown from 1,882 soldiers to 3,109. He said once a new unit of soldiers was authorized, the infrastructure would follow. A new building involved about a seven-year process, and the Guard was still acquiring new units. The strategic plan for the Guard was to be at 4,000 soldiers within two years. Continuing construction would be needed, but the savings in this project would provide for two companies, or 300 soldiers, their weapons, and their equipment.

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

ASSEMBLYMAN OSCARSON MOVED TO APPROVE AGENDA
ITEM F.1.

SENATOR PARKS SECONDED THE MOTION.

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

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

Chairwoman Smith stated it was not necessary for Mr. Nuñez to provide an update on the Project Exception Report; the Committee had no questions.

G. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided the current balances in the Interim Finance Committee Contingency Account (as shown on Contingency Account balance statement on page 163 of volume II of the meeting packet; copy attached as [Exhibit C](#)), which reflected the following balances as of June 27, 2013:

Unrestricted General Fund Balance	\$ 6,997,714
Unrestricted Highway Fund Balance	\$ 1,690,085
Restricted Funds Balance	\$22,366,053

Mr. Krmpotic said that the current requests before the Committee totaled \$106,997, and the Committee had approved the request from the Department of Education for \$23,000 for Nutrition Education. If the Committee approved the two remaining requests on the agenda, the Unrestricted General Fund balance would be \$6,890,717.

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

1. Department of Education – Nutrition Education Programs – Request for an allocation of \$23,000 for a Fiscal Year 2012 repayment of federal Child Nutrition funds received in excess of eligible expenditures.

Refer to discussion and motion for approval under Agenda Item E-19.

2. State Department of Agriculture – Predatory Animal and Rodent Control – Request for an allocation of \$51,557 for salary and revenue shortfalls in Fiscal Year 2013.

John McCuin, Administrative Services Officer, State Department of Agriculture, explained that the request for \$51,557 from the IFC Contingency Account was caused by insufficient cash to pay obligations of the Predatory Animal and Rodent Control account at the end of fiscal year (FY) 2013.

Chairwoman Smith asked Mr. McCuin to explain the reasons for the deficit and billing problems.

Mr. McCuin replied that there were three funding sources for the account: General Fund appropriations, tax on sheep (approximately \$18,000), and fund transfers from the Nevada Department of Wildlife (NDOW). The account was budgeted to receive transfers of \$40,000 from NDOW in FY 2013, but only \$14,000 was received. Mr. McCuin explained that the fees charged were for work on NDOW's Predation Management Plan, but the majority of the plan costs were incurred by the United States Department of Agriculture (U.S.D.A.). The Department of Agriculture had one employee with mountain lion hunting experience who worked on the plan, and his wages in FY 2013 were \$21,000,

Chairwoman Smith said it appeared that there were discrepancies between whether items had been billed and whether NDOW was obligated to pay the fees. She was uncomfortable with a Contingency Account request for funds that were purported to be paid by another state agency, and she wanted further clarification before the Committee made a decision.

Mr. McCuin clarified that the amount requested also included a terminal leave payout of \$27,000 to \$28,000 for an employee who retired on June 24, 2013.

Chairwoman Smith asked whether the Department of Agriculture had billed NDOW for the \$14,000 transfer. Mr. McCuin replied that the transfer was billed and had been received. Billing had been sent for work on the Predation Management Plan for the second quarter of FY 2013, and that amount had been received. He thought the billing for the third quarter had just been sent.

Patrick Cates, Deputy Director, Nevada Department of Wildlife, explained that two payments were made to the Department of Agriculture: one was the \$14,000 subsidy for staffing costs, which was a longstanding transfer unrelated to wildlife management. He said there was confusion between the two departments about the second payment for work on the Predation Management Plan. There were delays in billing, but NDOW had paid all of the bills submitted by the Department of Agriculture. Mr. Cates explained that any funds transferred above the \$14,000 had to be for work directly related to the Predation Management Plan, and most of those funds were a pass-through to the Nevada Wildlife Services Program. Mr. Cates said NDOW would not be able to cover a shortfall in expenses unrelated to work on the Predation Management Plan.

Mr. Cates reiterated that the Department of Wildlife had paid all bills received from the Department of Agriculture and would continue to do so.

Assemblyman Bobzien had understood that all expenses for the Predation Management Plan were pass-through funds to the Nevada Wildlife Services Program, and he asked why a state employee was working on the mountain lion piece of the plan.

Mr. McCuin explained that in FY 2011, the Department of Agriculture had two positions in the Predatory Animal and Rodent Control account working on the NDOW Predation Management Plan. One employee retired, leaving only one position that could be

partially funded by transfers from NDOW. In answer to the second question, Mr. McCuin noted that the employee who was retiring did not work on the Predation Management Plan.

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

Chairwoman Smith said the motion must state that any billings reconciled and owed by the Department of Wildlife should be recovered, and those funds should be reimbursed to the Contingency Account.

Assemblyman Bobzien recalled that the problems between the two agencies had been discussed during the 2013 Legislative Session, and it was his understanding that the NDOW Commission and NDOW were going to be more comprehensive in their approach to coordination of the program and information reported to the public. He encouraged the Departments to strive toward better tracking of bills and their relation to the Predation Management Plan. He continued to have a concern that the program needed to be more tightly aligned, particularly the monies coming from sportsmen, with all Department of Agriculture activities related to services for NDOW.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE AGENDA ITEM H.2., WITH THE CAVEAT THAT FUNDS FROM ANY FUTURE BILLINGS RECONCILED AND OWED BY THE DEPARTMENT OF WILDLIFE SHOULD BE RECOVERED AND REVERTED TO THE CONTINGENCY ACCOUNT.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

3. Department of Health and Human Services – Director’s Office – Office of the Public Defender – Request for an allocation of ~~\$46,400~~ **\$32,440** for a salary shortfall in Fiscal Year 2013. **REVISED 6-12-13**

Ellen Crecelius, Deputy Director for Fiscal Services, Department of Health and Human Services, explained that Agenda Item H.3. was a request for \$32,440 for a salary shortfall in the State Public Defender’s Office in fiscal year (FY) 2013. Two long-term employees had retired, and only part of the payout expenses could be covered by salary savings.

Chairwoman Smith asked for questions from the Committee; there were none. Hearing no response to her request for public comment, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM H.3.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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

Brita Tryggvi, Deputy Director, Nevada State Office of Energy (NSOE), Office of the Governor, explained that the Renewable Energy, Energy Efficiency and Energy Conservation Loan Fund currently had approximately \$1 million available for new loans. She said that six loan applications had been received, which were reviewed by five individuals from three different agencies: three from the NSOE, one from the Governor's Office of Economic Development, and one from the Nevada Department of Agriculture.

Ms. Tryggvi said that the Desert Research Institute Project and the Burley Wind Power Project were ranked highest by the review panel, and Agenda Item I was a request for the Committee's approval to commit funds to the two projects. She noted that representatives from the Desert Research Institute (DRI) were present to make a brief comment.

Senator Kieckhefer observed that there were 7.3 jobs for the solar installation and 8 jobs for manufacturing, and he affirmed that the solar installation jobs were temporary and the 8 manufacturing jobs were permanent. Ms. Tryggvi replied he was correct.

Senator Kieckhefer asked where job permanency factored into the ranking for the four projects that were not selected. Ms. Tryggvi did not know the answer, but she would provide the information to the Committee's Fiscal Analysis Division staff.

Senator Goicoechea said he was concerned that the location was unknown for the Burley Wind Power Project. Ms. Tryggvi replied the corporation had a manufacturing facility in Sparks, Nevada. She explained the money would be loaned to Burley only when a sales agreement was in place with a company that wanted to buy one of Burley's turbines.

Chairwoman Smith asked that the Committee receive updates on the status of the loan recipients in the future. Ms. Tryggvi agreed to provide the Committee with the updates.

Ellen "Ellie" Oppenheim, Senior Vice President and Chief Operations Officer, Desert Research Institute, testified that DRI was appreciative of the recommendation for an energy efficiency loan to install another photovoltaic system at DRI. She said it was

DRI's intent to return to the next Interim Finance Committee meeting to request approval to use utility savings as the source to repay the loan.

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

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA ITEM I.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED (Senators Denis and Roberson were not present for vote.)

- J. DEPARTMENT OF HEALTH AND HUMAN SERVICES–HEALTH DIVISION – Request to exempt Carson City and Douglas County from the State Health Division assessment for the cost of environmental health services provided in Carson City and Douglas County, pursuant to NRS 439.4905. **RELATES TO AGENDA ITEM E. 79.**

Refer to discussion and motion for approval under Agenda Item E.79.

- K. REQUEST FOR EXTENSION OF PERIOD WITHIN WHICH TO PROVIDE ADDITIONAL DOCUMENTATION REQUESTED BY THE BOARD OF EXAMINERS IN SUPPORT OF A REQUEST FOR A GRANT OR LOAN FROM THE DISASTER RELIEF ACCOUNT PURSUANT TO NRS 353.2755(2) – Department of Public Safety – Division of Emergency Management.

1. For requests related to the Caughlin Fire.
2. For requests related to the Washoe Drive Fire.

Richard “Rick” Martin, Emergency Management Program Manager, Division of Emergency Management, Department of Public Safety, explained that Agenda Item K involved two requests for extensions to complete the review of applications for the Caughlin Fire and the Washoe Drive Fire. He said the local jurisdictions had completed their applications, which had been submitted to the Division of Emergency Management for programmatic review. The applications had been submitted to the Department of Taxation for financial review, and the extensions were for time to complete those reviews and place both items on a future IFC agenda for final approval.

Mr. Martin said the request for the Caughlin Fire was for an extension until September 30, 2013, and the Washoe Drive Fire extension request was until November 30, 2013.

Hearing no further questions, Chairwoman Smith asked for public comment; there was none, and she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM K.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Denis and Roberson were not present for the vote.)

- L. APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c) – DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS – DIVISION OF MUSEUMS AND HISTORY – Request for approval to accept an unrestricted donation of \$49,206 from the Bruce Ward Estate Trust.

Peter Barton, Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs, explained that Agenda Item L was a request for approval to receive an unanticipated and unrestricted donation of \$49,206 to the Nevada State Railroad Museum from the Estate of Bruce Ward. Mr. Ward lived in southern California, and when he passed in 2011, his estate counsel notified the Division that the Nevada museum was in his will. He had left donations to 13 railroad museums across the country and a public television station in southern California.

Chairwoman Smith asked for questions from the Committee and the public. Hearing none, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA ITEM L.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Roberson was not present for the vote.)

- M. APPOINTMENT OF A SUBCOMMITTEE TO REVIEW AND ADVISE ON THE DEVELOPMENT OF PRIORITIES AND PERFORMANCE BASED BUDGETING (PPBB) BY THE DEPARTMENT OF ADMINISTRATION, BUDGET DIVISION.

Chairwoman Smith recalled that the 2013-2015 legislatively approved budget was closed with the concept of creating a subcommittee to review the development of the performance-based budget. She announced the appointment of the following members to the subcommittee:

- Assemblyman Anderson
- Assemblyman Bobzien
- Assemblywoman Carlton
- Senator Kieckhefer
- Senator Woodhouse
- Senator Smith

Chairwoman Smith said she would chair the subcommittee, and Assemblywoman Carlton would serve as vice-chair. Jeff Mohlenkamp, Director of the Department of Administration, and his staff and the Fiscal Analysis Division staff were anxious to begin working toward creation of the performance-based budget.

At Assemblywoman Carlton's suggestion, the subcommittee would plan to meet in Carson City in conjunction with the August IFC meeting. She said the subcommittee would report back to the full Interim Finance Committee on its progress.

N. INFORMATIONAL ITEMS.

Mark Krmpotic reported that the Committee had not requested testimony on any of information items in Agenda Item N.

Chairwoman Smith requested further information on item N-5(a) and an update on item N-5(b).

5. DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

- a. Monthly report on the status of the Unemployment Insurance Trust Fund balance for April 2013, pursuant to the request of the Interim Finance Committee's Subcommittee for Federal Stimulus Oversight, A.C.R. 34 of the 2009 Legislature.

Renee Olson, Administrator, Employment Security Division (ESD), Department of Employment, Training and Rehabilitation, stated that the report submitted to the Committee each meeting reflected only a snapshot in time. As of June 27, 2013, the Unemployment Insurance (UI) Trust Fund's loan balance owed to the federal government was approximately \$573 million. She said each day interest accrued at about 2.94 percent, and that interest payment would be due on September 30, 2013.

Ms. Olson explained that the original estimate approved in the Division's biennial budget of what would be owed on September 30 was approximately \$17 million. With the passage of Assembly Bill 482 (2013 Session), which created the Interest Repayment Fund and established an annual assessment on employers for payment of interest, ESD staff had been calculating and preparing notifications to employers on the special assessment.

Ms. Olson said that currently approximately 52,000 claims were being paid per week: about 30,000 were state claims and the remaining were federal unemployment claims. Approximately \$13.5 million in benefits was paid per week, of which \$7.5 million was state funds and \$6 million in EUC (Emergency Unemployment Compensation) funds.

Ms. Olson went on to explain that the state had been paying interest on federal loans from the General Fund for the past two years, and with the passage of A.B. 482, fiscal year (FY) 2014 would be the first year that employers would be assessed for the loan interest payments. Early projections were that approximately \$557 million would be owed to the federal government by September 30, 2013.

Chairwoman Smith said she had asked Ms. Olson to update the Committee because legislators were being asked questions from employers that had received notices of the increased assessment.

Ms. Olson said the Division had been receiving questions as well and understood the employers' concerns were understandable. She explained that A.B. 482 set forth the calculation that would be made to determine the assessment rate for employers, which was calculated by dividing the interest accruing and payable on federal advances by 95 percent of the total taxable wages paid by all employers in the state during the immediately preceding calendar year. The rate of assessment for the current payment was .0008854. The final billings would be sent out on June 28, and Ms. Olson invited employers to call the Division with any questions they may have when they receive the billings.

Chairwoman Smith remarked this was an unusual circumstance: employers would have a short window of notification and payment.

Ms. Olson agreed; the bill had stipulated that the assessment notices had to be sent by June 30, 2013, and it was a quick turnaround from passage of the bill to preparation and mailing of the assessments to the employers, which would be due July 31, 2013.

Assemblyman Hickey said lawmakers were glad to support Senate Bill 515 (2013 Session) to bond on the UI debt, but the challenge was how to cover the interest payments. He said the increase was significant for some employers, particularly because of the short time frame, and he was not aware that payment of the increased assessment would be required so quickly after passage of A.B. 482. He asked whether there could be any flexibility for businesses to make their payments in installments.

Ms. Olson said she did not believe so. With the interest payment on the loan due on September 30, 2013, ESD staff would need time to collect the assessments and make the payment by the due date. She would check the *Nevada Revised Statutes* as to what authority she might have to make those decisions.

Chairwoman Smith said she assumed that through the continuous discussions during the 2013 Legislative Session, employers were aware of the debt and plans to repay it. She asked how well employers were informed after the Session about what would occur.

Ms. Olson said presentations were made to representatives of several employer groups, including the Nevada Taxpayers' Association, Manufacturers Association, Chambers of Commerce, Nevada Employers' Association, and Nevada Resort Association.

Kelly Karch, Deputy Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation, added that ESD sent newsletters to all employers after the legislative session, and the assessment information was bolded in red. The Division also prepared a fact sheet of information concerning what was occurring.

Mr. Karch said many employers had used an assessment of .08854 instead of .0008854, and they were panicked by the increase. One employer had called the Division thinking that he owed \$20,000, when he actually owed \$191. He said the bills would include the assessment amount and the equation as to how the assessment was calculated.

Chairwoman Smith said it would be helpful if Committee members could receive a copy of the fact sheet that had been sent to employers to refer to when answering constituent concerns.

Ms. Olson pointed out that the presentations to the different employer groups were made before, throughout, and after the legislative session.

Senator Goicoechea asked what the mid-range of the assessment would be. He had received a number of calls from his constituents.

Dave Schmidt, Economist, Department of Employment, Training and Rehabilitation, replied that \$25.00 a head would be the maximum amount. The assessment would be only on the amount of taxable wages paid in 2012.

Senator Goicoechea affirmed that the assessment would be paid only once annually in July. Mr. Karch said that was correct.

Chairwoman Smith said a lot of misinformation was circulating, and the fact sheet would be useful to Committee members when responding to their constituents.

Senator Kieckhefer asked whether the assessment would be ongoing annually if the debt were securitized. Ms. Olson replied the assessment would end once the federal debt was refinanced into a bonding situation.

- b. Quarterly report on the status of the transition of the Community College Apprenticeship program for the period ending March 31, 2013 (letter of intent, 2011 Legislature).

Assemblyman Ohrenschall said it appeared to him there had been a decline in apprenticeships since transition of the program to the community colleges.

Renee Olson, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation, replied that the hours being requested for the upcoming year appeared to be lower, and the Division was working with the community colleges on their scope of work. She did not know why the hours would be less, but she would obtain the information and provide it to Assemblyman Ohrenschall.

Chairwoman Smith said she had followed the apprenticeship program since its transition to the community colleges, and she did not think there was a connection between the lower hours and the transition. She noted the community colleges' role was not new: only the funding mechanism was changed. It was possible that the apprenticeship numbers had declined with the slowdown of the construction industry since the recession.

Ms. Olson added that ESD had experienced some confusion when using federal money versus state money. She said the Department had worked through most of the problems and there was a better understanding of the needs. She did not want to make any assumptions on why the hours had decreased, but she tended to agree with Chairwoman Smith.

O. PUBLIC COMMENT.

Chairwoman Smith asked for public comment or testimony; there was none.

P. ADJOURNMENT.

Chairwoman Smith reminded Committee members that the next IFC meeting would be in Carson City on August 29. She thanked the Fiscal Analysis Division and agency staff for providing the support for the meeting and Committee members for their perseverance.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 1:31 p.m.

Senator Debbie Smith, Chairwoman
Interim Finance Committee

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

EXHIBITS
INTERIM FINANCE COMMITTEE
June 27, 2013

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Mark Krmpotic, Senate Fiscal Analyst	Statement of IFC Contingency Account Balance