

MINUTES OF THE OCTOBER 22, 2014
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Las Vegas, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order at 9:08 a.m. on October 22, 2014, in Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, 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 Paul Anderson
Assemblyman David P. Bobzien
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Jason Frierson
Assemblyman John Hambrick
Assemblyman Pat Hickey
Assemblyman William C. Horne
Assemblyman Randy Kirner
Assemblywoman Marilyn Kirkpatrick
Assemblyman James Oscarson for Assemblyman Hardy
Assemblyman Michael Sprinkle
Assemblyman Lynn Stewart for Assemblyman Grady
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator David Parks
Senator Michael Roberson
Senator Joyce Woodhouse

COMMITTEE MEMBERS EXCUSED:

Assemblyman Tom Grady
Assemblyman Crescent Hardy

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

Brenda Erdoes, Legislative Counsel
Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Rick Combs, Director, Legislative Counsel Bureau
Eileen O'Grady, Chief Deputy Legislative Counsel
Alex Haartz, Principal Deputy Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Sherie Silva, Interim Finance Committee Secretary
Cheryl Harvey, Fiscal Analysis Division Secretary

Chairwoman Smith greeted Committee members, members of the public attending in Carson City and Las Vegas, and those listening on the Internet. She asked the secretary to call roll.

A. ROLL CALL.

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

B. PUBLIC COMMENT.

Chairwoman Smith asked for public comment in Carson City and Las Vegas, and there was none.

Assemblywoman Kirkpatrick announced that Assemblyman Joe Hogan and Assemblyman Pete Livermore had passed away within the last week. Assemblyman Hogan's family would be coming from Virginia for a memorial service in southern Nevada in November.

Assemblyman Hickey added that Assemblyman Livermore had passed away suddenly two days earlier, and his services would be held in Carson City on Monday, October 27, at St. Theresa's Catholic Church, time yet to be determined.

Chairwoman Smith called for a moment of silence for both Assemblymen.

C. APPROVAL OF MINUTES OF THE JUNE 19, 2014, MEETING.

SENATOR PARKS MOVED TO APPROVE THE MINUTES OF
THE JUNE 19, 2014, COMMITTEE MEETING.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson and Senator Roberson were not present for the vote.)

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

1. **Treasurer's Office – Nevada College Savings Trust - Endowment Account – FY 2015** Transfer of \$400,000 from the Reserve category to the Settlement Expenses category to fund a reimbursement to the Statutory Contingency Account for outside counsel services pursuant to NRS 41.03435. Requires Interim Finance approval since the amount transferred to the Settlement Expenses category exceeds \$75,000. **Work Program #C30976**
2. **Department of Health and Human Services - Public and Behavioral Health - Biostatistics and Epidemiology - FY 2015** - Addition of \$47,275 in federal Nevada Maternal and Child Health State System Development Initiative grant funds to provide data, statistics and information to the Maternal and Child Health and the Children and Youth with Special Health Care Needs programs for program planning, community-based needs assessments, policy recommendations, and program evaluations. Requires Interim Finance approval since the amount added to the State System Development Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30520**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the two work programs in Agenda Item D were submitted for expeditious action within 15 days. Agenda Item D-1 involved a request from the State Treasurer's Office for a transfer of \$400,000 from the Reserve category to the Settlement Expenses category to reimburse the Statutory Contingency Account. He recalled that the Department of Administration had requested, and the Committee had approved, an allocation to replenish the Statutory Contingency Account for outside counsel services for a case involving the Nevada College Savings Trust. He further explained that Agenda Item D-2 involved addition of federal monies for the Nevada Maternal and Child Health State System Development Initiative grant in the Division of Public and Behavioral Health, Department of Health and Human Services.

Mr. Krmpotic said that the Fiscal Analysis Division had no questions or concerns regarding the two items, and no action was required by the Committee.

Chairwoman Smith asked for questions from the Committee on Agenda Item D, and there were none.

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, announced that the Committee had expressed interest in hearing testimony on the following items: Agenda Items E-10, E-11, and E-80, Department of Education; E-14, Department of Agriculture; E-23 and E-28, Department of Health and Human Services (DHHS), would be heard with items E-76, E-77, E-78, and E-79, Silver State Health Insurance Exchange; E-24 and E-27, Health Care Financing and Policy, DHHS, would be heard together; E-26, Nevada Medicaid; E-45, Department of Public Safety; and E-75, Nevada Department of Transportation, would be heard with Informational Item G-8.a., Project NEON

Agenda Item E-46 had been withdrawn by the Budget Division.

Chairwoman Smith asked whether members wished to pull other items for testimony, and there were no further requests.

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

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

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson and Senator Roberson were not present for the vote.)

Work Programs

1. **Office of the Governor - State Energy Office- Renewable Energy Fund - FY 2015** - Transfer of \$260,372 from the Transfer to Energy Office category to the Reserve category to properly account for Office of Energy revenues. Requires Interim Finance approval since the amount transferred from the Transfer to Energy Office category exceeds \$75,000. **Work Program #C30933**

Refer to motion for approval under Agenda Item E.

2. **Office of the Attorney General - Administrative Fund – FY 2015** - Deletion of \$51,807 in federal Byrne Grant funds and \$728,141 in Court Settlement funds and Wells Fargo Settlement funds transferred from the Court Settlement account, and transfer of \$237,501 from the Personnel Services category to the Reserve for Reversion to General Fund category, \$45,710 from the Reserve category to the Wells Fargo Settlement Program category, and \$4,858 from the Personnel Services category to the Tobacco Retailer Settlement category to more accurately

reflect revenue receipts and to accurately fund the Criminal Mortgage Fraud Unit, Tobacco Enforcement and Tobacco Retail units, and the Statewide Cost Allocation Plan. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C31319**

Refer to motion for approval under Agenda Item E.

3. **Office of the Attorney General - Special Fund - FY 2015** - Deletion of \$575,064 in federal Omnibus Appropriation-Nuclear Waste grant funds to eliminate funding that has expired. Requires Interim Finance approval since the amount deducted from the Nuclear Waste Federal Funds category exceeds \$75,000. **Work Program #C31321**

Refer to motion for approval under Agenda Item E.

4. **Office of the Attorney General - Violence Against Women Grants - FY 2015** - Addition of \$325,415 in federal Violence Against Women Act (VAWA) - grants to Encourage Arrest Policies funds; \$184,827 in federal VAWA Rural grant funds; \$84,422 in federal VAWA Children Exposed to Violence grant funds; \$18,755 in United Health Antitrust Litigation/Drug Endangered Children grant funds, and \$78,781 in federal grant funds transferred from the Department of Public Safety - Office of Criminal Justice account; and deletion of \$142,778 in federal VAWA Services Training Officers and Prosecutors (STOP) grant funds. This request also transfers \$15,806 from the STOP Grant Administration Costs category to the Drug Endangered Children category to assist primary and secondary victims of intimate partner and dating violence, sexual assault, stalking, and drug abuse. Requires Interim Finance approval since the amount added to the Arrest Policies category exceeds \$75,000. **Work Program #C30191**

Refer to motion for approval under Agenda Item E.

5. **Office of the Secretary of State - FY 2015** - Addition of \$213,376 in federal Effective Absentee System for Elections (EASE) grant funds to provide voting services for uniformed service members, their family members, and other Nevada electors who reside outside the United States. Requires Interim Finance approval since the amount added to the EASE category exceeds \$75,000. **Work Program #C31226**

Refer to motion for approval under Agenda Item E.

6. **Treasurer's Office - Nevada College Savings Trust - Endowment Account - FY 2015** - Transfer of \$850,000 from the Reserve category to the Settlement Expenses category to resolve ongoing litigation in a civil action that was approved by the College Savings Board. This request is contingent upon the approval of the Board of Examiners at their October 14, 2014, meeting. Requires Interim Finance

approval since the amount transferred to the Settlement Expenses category exceeds \$75,000. **Work Program #C31120**

Refer to motion for approval under Agenda Item E.

7. **Treasurer's Office - Nevada College Savings Trust - Endowment Account - FY 2015** - Transfer of \$2,009,300 from the Reserve category to the Transfer to Nevada College Savings Trust Account category to continue the expansion of the Nevada College Kick Start program to a statewide status to include all Nevada families. Requires Interim Finance approval since the amount transferred to the Transfer to Nevada College Savings Trust Account category exceeds \$75,000. **RELATES TO ITEM E.8. Work Program #C31324**

Refer to motion for approval under Agenda Item E.

8. **Treasurer's Office - Nevada College Savings Trust - FY 2015** - Addition of \$2,009,300 in funds transferred from the Endowment Account to continue the expansion of the Nevada College Kick Start program to a statewide status to include all Nevada families. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM E.7. Work Program #C31330**

Refer to motion for approval under Agenda Item E.

9. **Department of Administration - State Public Works Division - Marlette Lake - FY 2015** - Transfer of \$135,534 from the Reserve category to the Operating Pumping Pass-Through category to repair air boxes at the Ash Canyon water treatment plant and install seismic monitors and a camera at the dam and spillway at Marlette Lake. Requires Interim Finance approval since the amount transferred to the Operating Pumping Pass-Through category exceeds \$75,000. **Work Program #C30886**

Refer to motion for approval under Agenda Item E.

10. **Department of Education - Proficiency Testing - FY 2015** - Transfer of \$74,000 **\$93,000** from the Reserve category to the System for Accountability Information in Nevada (SAIN) category to complete the infrastructure upgrade of SAIN **and update the Nevada Growth Model by adding the 2013-2014 data into the model.** Completion is anticipated in December 2014. Requires Interim Finance approval since the amount added to the SAIN category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31305. REVISED 10-6-14.**

Mindy Martini, Deputy Superintendent for Business and Support Services, Nevada Department of Education, explained that Agenda Item E-10 was a request for

\$93,000 from the Reserve category to support the System for Accountability Information in Nevada (SAIN) and the Nevada Growth Model.

Ms. Martini recalled that the 2013 Legislature had issued a letter of intent to the Department of Education requiring a review of progress made in completing certain information technology (IT) projects during fiscal year (FY) 2014 prior to releasing funds for FY 2015. The Department had submitted a report at the August Committee meeting and noted that a work program would be submitted for \$73,000 to support the Microsoft Sharepoint and Structured Query Language (SQL) server upgrade for the SAIN system. Additionally, the report discussed the need to update data each year for the Nevada Growth Model, and the request included an additional \$19,000 for the 2014 update to the Nevada Growth Model.

Ms. Martini introduced Dr. Steve Canavero, Deputy Superintendent for Student Achievement, and Glenn Meyer, Information Technology Services, who were present to answer questions from the Committee.

Assemblywoman Kirkpatrick asked whether the 2014 updated data would be available to the 2015 Legislature if the request for funding was approved.

Glenn Meyer, Director of Information Technology Services, Department of Education, replied that the updated data for the Nevada Growth Model would be available by February 2015.

Assemblyman Bobzien noted that the 2013 Legislature had allocated \$173,304 for development of the unique teacher identifier, which was now on hold pending the evaluation of alternative software. He was concerned because the teacher identifier was the foundation of the entire SAIN program.

Mr. Meyer explained that some preliminary work was done on the teacher identifier based on the existing teacher licensure system. The existing licensure number issued for each education license in Nevada was a unique number and could be used as an identifier. However, the number was consecutive, which was problematic in that it started at one and was now in the hundreds of thousands. He said there were some challenges, but they could be overcome by programming.

Mr. Meyer said since the request was made for funds to develop the teacher identifier, the Department had made a decision, based on Clark County's implementation of Infinite Campus, to consider a statewide edition of Infinite Campus, which also had a unique identifier module that assigned a unique identifier to every entity in the system, including teachers and students. He said that if the Department implemented a statewide Infinite Campus, the teacher unique identifier problem would be solved.

Mr. Meyer added that the teacher licensure division was going to ask for a request for proposal (RFP) in the next biennium to build a new licensure system. The RFP would also include the potential to build a new teacher unique identifier system within that application, which would have to exist within the licensure system anyway. Mr. Meyer

said the Department felt the request was redundant based on the other developments within the Department.

Assemblyman Bobzien recalled that Washoe and Clark County School Districts were on Infinite Campus, and he asked what other school districts were on Infinite Campus. He said Infinite Campus seemed to be a good way to go, but for those school districts not on Infinite Campus, a statewide implementation could serve them with the basic building blocks for future identifiers.

Mr. Meyer replied that Assemblyman Bobzien was correct, but he noted that it was the state's edition of Infinite Campus that provided the identifier, and currently Clark County was the only district that was part of the state edition. Infinite Campus was in use in Washoe County, but it was not yet connected to the state edition. The state edition was being offered to the state as a solution for Clark County's data upload to the state, but the state would need to purchase the state edition license in order for Washoe County to connect. Infinite Campus chose to use its state edition product to collect Clark County's data and send that data to the SAIN system.

Mr. Meyer said the Department anticipated that as soon as the state purchased Infinite Campus, Washoe County would be migrated into the state edition. He added that the State Charter School Authority had implemented Infinite Campus in the fall of 2014, but it was in the same situation as Washoe County in that it was not yet connected to the state edition. The plan was to migrate the charter schools into the state edition when it was purchased by the state. At that point, data would be received from one source for Washoe County, Clark County, and the State Charter School Authority, which would solve the unique identifier problem for those three districts.

Assemblyman Bobzien surmised that the decision had been made to implement Infinite Campus statewide, and it was a matter of providing connections with the school districts that did not yet have Infinite Campus. He asked whether there would be an opportunity to leverage a better deal for any of the districts in their software procurement because of the statewide edition. Essentially, the districts had to buy a district edition, and there was not an umbrella program for purchase of the district and the state editions. The statewide edition was being purchased above and beyond the district editions. He questioned whether there was a way to save money.

Mr. Meyer replied that the state edition was a separate purchase from the district edition. The Infinite Campus pricing model was based on a per-student licensing fee. He did not know how much the districts were paying per student, but when the state purchased the state edition, any districts that currently had Infinite Campus would receive a discount because the state would assume \$2.00 per student on the state dollar, and the districts would receive a percentage discount.

Assemblyman Sprinkle asked whether there would be an incentive for districts without Infinite Campus to join the statewide edition and what hurdles the smaller districts might face.

Ms. Martini clarified that no decision had been made concerning implementation of Infinite Campus. The Department's biennial budget request included an enhancement supporting Infinite Campus, which would be submitted to the 2015 Legislature for consideration.

Assemblyman Aizley asked what kind of data would be associated with a teacher's identification number.

Mr. Meyer explained that the purpose of assigning a teacher unique identifier was to identify the teacher's courses and the students in those courses. In order to develop the Nevada Educator Performance Framework (NEPF), the Department was required to tie a certain percentage of student performance back to the teacher for evaluation purposes. A unique identifier for each teacher would be required to link the courses and students in those courses. The information gathered was not teacher information: it was student information data concerning teacher performance.

Assemblyman Aizley said he did not understand how the student data would be used to evaluate the teacher's performance.

Mr. Meyer explained that every student had an assessment record and a growth score, which were averaged in the teacher's classroom. If a teacher had 20 students, the performance and growth scores of all 20 students would be averaged to give that teacher a score. The score would relate to the teacher evaluation and measure whether students were proficient and expressed adequate growth.

Assemblyman Aizley said he was concerned with evaluating teachers based on information in a database.

Assemblyman Stewart asked whether there was an equalizer or additional compensation for a teacher with a larger class size.

Steve Canavero, Deputy Superintendent for Student Achievement, Department of Education, replied that Committee members had asked excellent questions, which were actually under the purview of the Teachers and Leaders Council's efforts to implement the Nevada Educator Performance Framework. There were ongoing discussions by the Council and the Interim Committee on Education concerning many of the Committee's questions.

Chairwoman Smith asked for an update on the status of current year projects funded by Reserve funds.

Ms. Martini replied that the SQL and Sharepoint upgrade and the Nevada Growth Model were the two information technology (IT) projects being worked on during fiscal year 2015. The 2013 Legislature had appropriated \$1.2 million for various IT projects, and the Department anticipated reverting about 68 percent, or \$856,000, primarily because

of the potential of implementing the state edition of Infinite Campus. She reviewed the IT projects that had been undertaken to date, for a total of \$683,000:

- Build a daily attendance report
- Develop the unique teacher identifier
- Complete the electronic student transcript
- Convert data to the Common Education Data Standards

Ms. Martini added that there was a small amount, \$173,000, to repair the student identification system, which would also be reverted because the system was able to be repaired at no additional cost.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEM E-10.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Horne and Senator
Parks were not present for the vote.)

- 11. Department of Education - Elementary and Secondary Education Titles II V, and VI - FY 2015** - Addition of ~~\$987,250~~ **\$978,250** in Examination Fees to collect 50 percent of the cost of College and Career Readiness Assessments from Nevada's school districts. The college and career readiness assessments are required for pupils enrolled in grade 11 in the 2014-15 school year to be eligible for graduation pursuant to Assembly Bill 288 of the 2013 Legislative Session. Requires Interim Finance approval since the amount added to the State Assessments Aid to Schools category exceeds \$75,000.
Work Program #C31255. REVISED 10-6-14.

Mindy Martini, Deputy Superintendent for Business and Support Services, Nevada Department of Education, recalled that the 2013 Legislature approved Assembly Bill (A.B.) 288, which required the State Board of Education to select a College and Career Readiness Assessment. She said that the assessment would be administered for the first time in fiscal year (FY) 2015, and all eleventh-grade students must participate in the assessment to obtain a standard diploma. Ms. Martini pointed out that the results of the assessment would not be used to determine whether a student would receive a standard diploma: the student was just required to participate.

Ms. Martini said that at the July meeting of the State Board of Education, the Board approved negotiations with American College Testing (ACT), and the total cost of the contract for FY 2015 was \$1.98 million. She recalled that the Legislature did not appropriate funding to support the assessment, and the Department was not able to

support the entire amount. However, the Department was able to obtain \$1 million in federal assessment funds to support half of the cost, and all school districts with high schools agreed to pay the other half, \$978,250.

Assemblywoman Carlton asked how monitoring compliance of the system would be funded in the future to ensure that it was actually being done.

Ms. Martini replied that state funding of the examination was included in the Department's biennial budget agency request for consideration by the 2015 Legislature. The federal funds had been depleted with the implementation of the expanded assessment system. There was also a requirement in A.B. 288 that the Department must monitor compliance with the examination. She pointed out that the student unique identification number would be linked to the examination, so it would be known whether every student had taken the exam.

Ms. Martini added that the Department currently had a test security program available for all assessments to make sure that the test was administered appropriately. The Department was also working with WestEd to assist with the audit of the program, which would not involve any additional cost.

Assemblyman Stewart asked whether more money was being spent on the end-of-course test and ACT than was spent in the past on the High School Proficiency Examination (HSPE).

Dr. Steve Canavero, Deputy Superintendent for Student Achievement, Department of Education, replied that the general answer to the question was yes, but the specifics were not yet available. He pointed out that the eleventh- and twelfth-grade students were still subject to the HSPE requirement, but there were some cost savings because the tenth graders were not being assessed under the HSPE this year. He said that as the new requirement for end-of-course testing was phased in, there would be costs associated with development of the assessments, as well as better maintenance of those assessments once they were developed.

Assemblyman Stewart asked whether Dr. Canavero could provide an estimate of how much more would be spent once the new end-of-course assessments and ACT were implemented.

Dr. Canavero said he would estimate approximately \$2 million, some of which would relate to the Career and College Readiness Assessment, the ACT and the deferred costs associated with updating the Nevada Alternate Assessment for the one percent of students with disabilities who were unable to access existing assessments.

Dr. Canavero added that the difficult part for the Department in preparing for the 2015 Legislature was to determine what costs should be compared. Comparing the state and federal assessment money to prior fiscal years would not account for the change that the Department had been planning since 2010-2011 when it adopted new

standards. He explained that upon adoption of the new standards, the assessments would have to become aligned with those standards and also be able to measure the depth and breadth of those standards. Dr. Canavero speculated that the Department would compare the cost to align its existing assessment system to the new standards and measure the depth and breadth of the standards with the cost to purchase an assessment that was 100 percent aligned vertically as well as across.

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.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEM E-11.

SENATOR DENIS SECONDED THE MOTION.

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

- 12. Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2015** - Addition of \$361,593 in Campus Carry Forward to expend funds carried forward from State Fiscal Year 2014 for authorized purposes. Requires Interim Finance approval since the amount added to the University Operations category exceeds \$75,000. **Work Program #C30956**

Refer to motion for approval under Agenda Item E.

- 13. Nevada System of Higher Education (NSHE) - Truckee Meadows Community College - FY 2015** - Addition of \$276,798 in Campus Carry Forward to expend funds carried forward from State Fiscal Year 2014 for authorized purposes. Requires Interim Finance approval since the amount added to the University Operations category exceeds \$75,000. **Work Program #C30957**

Refer to motion for approval under Agenda Item E.

- 14. Department of Agriculture - Commodity Food Program - FY 2015** - Transfer of \$202,250 from the Reserve category to the Equipment category to purchase a refrigerated trailer and freightliner. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$75,000. **Work Program #C30492**

Lynn Hettrick, Deputy Director, Department of Agriculture, explained that the purchase of the truck and trailer being requested in Agenda Item E-14 was approved by the 2013 Legislature. The Department anticipated purchasing the truck and trailer in fiscal year (FY) 2014, but the purchase did not take place, and the Department was now requesting that the funds be moved into the FY 2015 budget for the purchase.

Assemblywoman Carlton asked whether there had been a review and mapping of routes so that the Commodity Food Program would be ready when the equipment was received.

Donnell Barton, Administrator, Food and Nutrition Division, Department of Agriculture, pointed out that the new trailer would replace a 20-year-old trailer, which would be retained and used in an emergency. She said that routes were being mapped, and the Division was in the process of bringing nonprofit agencies and other stakeholders together to develop a more effective delivery system of the commodity products. The process was started in May 2014, and OnStrategy was hired to be the facilitator for the group, which did not have a lot of data. A survey was developed with OnStrategy, and the state's two largest food banks, Clark County School District, Catholic Charities, and the Las Vegas Rescue Mission were asked to review the survey to determine whether it included the appropriate questions and would provide the needed information to develop a plan for more effective and efficient methods to serve the needy in Nevada. The survey was found to be adequate, and 252 food pantries and food banks were surveyed over the summer.

Ms. Barton said that the Division was in the process of reviewing the survey data, and the first stakeholders' meeting was scheduled on November 3, 2014, to review the data and develop better ways to address routes and deliver the food. Suggestions had been made to provide baskets of food with a wide variety of fruits and vegetables, protein, dairy, and whole grains, and to provide nutrition information. She said the Division hoped to have the program in place by January 2015.

Assemblywoman Carlton remarked that the Committee wanted to see the program succeed. She was frustrated with the length of time it had taken to implement the program. She asked whether the restructure of the Department of Agriculture was part of reason for delay. Nearly a full year had passed since the Legislature had approved the program, and meetings were just beginning.

Ms. Barton replied that the delay was caused by a variety of circumstances. The Food and Nutrition Division was transferred to the Department of Agriculture and was undergoing some restructuring. In addition, the new federal meal pattern was being implemented, as well as the Nevada School Wellness Policy.

Ms. Barton pointed out that Nevada was one of the few states that continually had a statewide distribution system run by the state. Several other states contracted out the food distribution system, and not all of the programs were run by one agency in many states. She said that the Division had researched whether there were other models the state could use.

Ms. Barton further explained that the state charged service and handling fees, and all of the fees were able to be used as state matching funds, which would be problematic if the state discontinued a program. As an example, The Emergency Food Assistance Program (TEFAP) required a 25 percent match, and if TEFAP were administered by

another agency, the Division would still have to retain funds to oversee and monitor the program. However, the service and handling fees could not be used as the 25 percent matching funds.

Ms. Barton said that after the survey was completed and various issues were researched, the stakeholders would meet to make decisions and develop a plan.

Assemblywoman Carlton noted that the request was to move FY 2014 funds to FY 2015, which began July 1, 2014. It was now October, and she asked why the work program was not submitted sooner. She said if there was a problem of transferring funds, she did not want it to become systemic.

Mr. Hettrick explained that the truck would not be available until later in the fiscal year, and payment would not be made until it was delivered. He said the delay had not affected the Division's ability to make deliveries. He added that the merger of programs into the Department had necessitated many work programs and changes. The merger had also brought about problems that were not anticipated.

Chairwoman Smith clarified that in the Food Security in Nevada Report, the mapping and analysis were supposed to be completed by July 1, 2014. She noted that food security was one of the identified priorities in the state, and the program was running far behind. She requested that the Division provide the results of the survey to the Committee's Fiscal Analysis Division staff for distribution to Committee members.

Ms. Barton agreed to provide the survey results to Fiscal staff.

Assemblyman Oscarson asked whether there had been an analysis of the effect of the state maintaining its own transportation versus contracting it out. He assumed the costs were significantly less for the state to distribute the food.

Mr. Hettrick replied that the value of the state maintaining its own fleet had been evaluated multiple times. The commodity food delivery system was unique, in that trucks would sit idle for long periods of time while food was delivered, and the cost for an outside contractor to make those deliveries would be prohibitive. He said the current program was still the most efficient and effective way to use the state's dollars.

Senator Goicoechea asked whether the truck and trailer had been bid. Mr. Hettrick replied they had been bid and ordered, and delivery was pending.

Senator Goicoechea affirmed that Freightliner was the successful bidder, and Mr. Hettrick said that he was correct.

Chairwoman Smith remarked that much of the discussion would be important to the legislators in the 2015 Legislative Session, and she hoped that the Department understood the Committee's concerns going forward.

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

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM E-14.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

- 15. Department of Business and Industry - Industrial Relations - Occupational Safety and Health Enforcement - FY 2015** - Addition of \$47,267 in Worker's Compensation and Safety Funds to enable the division to transition from the federal Department of Labor computer system to the state network. This will allow state IT resources to more effectively manage the internal network and connected devices. Requires Interim Finance approval since the cumulative amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30460**

Refer to motion for approval under Agenda Item E.

- 16. Department of Business and Industry - Industrial Relations - Occupational Safety and Health Enforcement - FY 2015** - Addition of \$20,518 in federal Department of Occupational Health and Safety grant funds and \$20,518 in Worker's Compensation and Safety funds to accept one-time funding for enforcement equipment purchases. Requires Interim Finance approval since the cumulative amount added to the Equipment category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30546**

Refer to motion for approval under Agenda Item E.

- 17. Department of Business and Industry - Housing Division - FY 2015** - Addition of ~~\$8,794~~ **\$58,176** in Loan Servicing funds and transfer of ~~\$50,268~~ **\$886** from the Reserve category to the Loan Servicing category to continue funding the loan servicing functions for the Housing Division. Requires Interim Finance approval since the amount transferred to the Loan Servicing category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30305. REVISED 10-2-14.**

Refer to motion for approval under Agenda Item E.

- 18. Department of Business and Industry - Housing Division - Special Housing Assistance - FY 2015** - Addition of \$1,996,715 in federal U.S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program (NSP) grant funds, \$72,120 in HUD Neighborhood Stabilization 3 Program grant funds and \$300,000 in NSP Mortgage Assistance Reimbursements to stabilize

communities that have suffered from foreclosures and abandonment. Requires Interim Finance approval since the amount added to the NSP Subgrantees category exceeds \$75,000. **Work Program #C30692**

Refer to motion for approval under Agenda Item E.

19. **Department of Business and Industry - Housing Division - Weatherization - FY 2015** - Addition of \$67,581 in federal Department of Energy (DOE) Weatherization Assistance Program grant funds and transfer of \$26,524 from the Reserve category to the DOE Subgrants category to continue to provide services through the Weatherization Assistance program. Requires Interim Finance approval since the amount added to the DOE Subgrants category exceeds \$75,000. **Work Program #C30324**

Refer to motion for approval under Agenda Item E.

20. **Department of Tourism and Cultural Affairs - Tourism Development-FY 2015** - Transfer of \$118,296 from the Reserve category to the Tourism Grant category to align the authority to meet grant obligations. Requires Interim Finance approval since the amount transferred to the Tourism Grant category exceeds \$75,000. **Work Program #C31278**

Refer to motion for approval under Agenda Item E.

21. **Department of Tourism and Cultural Affairs - Museums and History - Nevada Historical Society - FY 2015** - Addition of \$50,555 in federal funds transferred from the Nevada State Library and Archives for the digitization of the Emil Billeb Collection. Requires Interim Finance approval since the amount added to the Library Services and Technology Act category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30804**

Refer to motion for approval under Agenda Item E.

22. **Department of Health and Human Services - Director's Office - Public Defender - FY 2015** - Addition of \$55,855 in federal John R. Justice Program grant funds to allow payments to lending institutions for qualifying loans of recently-graduated attorneys working in the public sector. Requires Interim Finance approval since the amount added to the John R. Justice Program Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31184**

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-23, E-28, E-76, E-77, E-78, and E-79 would be heard together.

- 23. Department of Health and Human Services - Director's Office - Consumer Health Assistance - FY 2015** - Addition of \$6,281 in federal Support Establishment of State-Operated Health Insurance Exchanges grant funds transferred from the Silver State Health Insurance Exchange (SSHIX) and \$350,000 in Healthy Nevada Funds transferred from the Nevada Treasurer's Office to continue four existing ombudsmen positions who will provide assistance to consumers with the next SSHIX open enrollment through the end of this fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM E.79. Work Program #C31167**

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

Chairwoman Smith announced that Agenda Item E-24 would be heard with Item E-27.

- 24. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2015** - Addition of \$7,590,453 in One Cent Ad Valorem Tax funds, \$11,731,849 in Regional Transportation Commission Reimbursement funds, and \$11,245,692 in Indigent Accident funds transferred from the Department of Health and Human Services Director's Office and deletion of \$7,590,453 in Receipts from Local Government. This request also transfers \$5,622,846 from the Reserve for Indigent Accident Fund Supplemental Payments category to the Transfer to Medicaid Program category to use as state matching funds for Medicaid expenditures. Requires Interim Finance approval since the amount added to the Transfer to Medicaid Program category exceeds \$75,000. **RELATES TO ITEM E.27. Work Program #C31276**

Refer to testimony and motion for approval under Agenda Item E-27.

- 25. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2015** - Addition of \$75,734 in federal Title XXI grant funds and \$2,600,429 in federal Title XIX grant funds to pass through federal funds allowing the Division of Welfare and Supportive Services to continue development and operations of the eligibility engine. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **RELATES TO ITEM E.28. Work Program #C31029**

Refer to motion for approval under Agenda Item E.

- 26. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2015** - Addition of \$453,617,749 in federal Title XIX grant funds to continue providing medical services to low-income

adults covered by the expansion of the Nevada Medicaid program. Requires Interim Finance approval since the amount added to the Newly Eligible category exceeds \$75,000. **Work Program #C31027**

Leah Lamborn, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, stated that Agenda Item E-26 was a request to increase federal funding in category 13, Medicaid Expansion, in the amount of \$453,617,749. She explained that there was a shortage of funds caused by a larger caseload growth in the Newly Eligible category than originally projected when the budget was prepared. The current projection was that there would be 954,660 member months over what was legislatively approved, which was an average monthly caseload of 116,000 more than anticipated. Ms. Lamborn added that the cost-per-eligible (CPE) was also greater than what was projected by about \$75 per member month.

Chairwoman Smith asked for an overview of the factors that contributed to the increase in caseload and cost-per-eligible.

Ms. Lamborn replied that she could not speak to the increased caseload because the projections were made through other agencies within the Department of Health and Human Services. She said that most of the expenditures were for the population in managed-care organizations, and when the biennial budget was prepared, a preliminary number had been provided by the actuary for the managed-care rates. When the program was approved and the rates were certified, they came in higher than budgeted.

Ms. Lamborn further explained that the small fee-for-service population in the Medicaid Expansion program had experienced large expenditures in the following services:

- Hospital
- Inpatient
- Physician
- Pharmacy
- Hospital Outpatient Services
- Dental
- Indian Health Clinics
- Ambulance
- Mental Health
- Special Clinics

Ms. Lamborn said the increased costs were the result of the pending months that the recipients waited for eligibility to be determined. All of the recipients fell under fee-for-service, and the Division could not enroll them in managed care retroactively. In addition, the recipients had never received services previously, and they were able to utilize services that were never accessible to them.

Chairwoman Smith affirmed that the majority of the participants were in managed care, and she asked whether the goal was to have all of the patients in managed care.

Ms. Lamborn replied that managed-care programs were only available in Washoe and Clark Counties, which was the majority, and the maximum number in managed care would be about 87 percent.

Chairwoman Smith recalled discussions during the 2013 Legislative Session that certain people in this population would not go to the right location for their care. She asked whether Ms. Lamborn had any information concerning the managed-care population learning where to go to obtain the appropriate level of care.

Ms. Lamborn replied that the Division was working on the problem with the managed-care organizations. The impact had been greater than anticipated; there were more recipients on the program, and it had been difficult to get them assigned to a primary care physician and started in the process. She anticipated that the problems would subside after the initial enrollment period.

Chairwoman Smith asked which managed-care organizations served the managed-care population.

Ms. Lamborn replied that Amerigroup and Health Plan of Nevada were the managed-care providers.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEM E-26.

SENATOR PARKS SECONDED THE MOTION.

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

Chairwoman Smith announced that Agenda Items E-27 and E-24 would be heard together.

- 27. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX – FY 2015** - Addition of \$1,211,538 in federal Money Follows the Person grant funds, \$48,799,569 in federal Title XIX grant funds, and \$28,768,261 in funds transferred from the Intergovernmental Transfer Program account to support the payments to Medicaid providers for supplemental payments, reimbursement for non-emergency transportation services, and medical expenditures incurred by recipients who have transitioned from a nursing facility to a home and community based setting. Requires Interim Finance approval since the amount added to the Offline category exceeds \$75,000. **RELATES TO ITEM E.24. Work Program #C31277**

24. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2015 - Addition of \$7,590,453 in One Cent Ad Valorem Tax funds, \$11,731,849 in Regional Transportation Commission Reimbursement funds, and \$11,245,692 in Indigent Accident funds transferred from the Department of Health and Human Services Director's Office and deletion of \$7,590,453 in Receipts from Local Government. This request also transfers \$5,622,846 from the Reserve for Indigent Accident Fund Supplemental Payments category to the Transfer to Medicaid Program category to use as state matching funds for Medicaid expenditures. Requires Interim Finance approval since the amount added to the Transfer to Medicaid Program category exceeds \$75,000. **RELATES TO ITEM E.27. Work Program #C31276**

Leah Lamborn, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, explained that Agenda Items E-24 and E-27 involved a request to enact several changes in the Medicaid and Intergovernmental Transfer (IGT) accounts, which included the following:

- Addition of \$7,590,453 in one-cent ad valorem tax revenue to offset Clark and Washoe Counties' contributions for the Disproportionate Share Hospital (DSH) program, with a corresponding reduction of \$7,590,453 in receipts from local governments.
- Transfer of \$11,731,849 in Regional Transportation Commission (RTC) reimbursement funding from the IGT account to the Medicaid account to support the state share of paratransit services provided by RTC for Medicaid clients.

The work program also requested authority to transfer funding from the Fund for Hospital Care to Indigent Persons in the Director's Office to the Medicaid account, matched with federal dollars, and paid out in various ways.

Ms. Lamborn further explained that:

- The one cent ad valorem tax revenue, previously allocated to the Supplemental Account for Medical Assistance to Indigent Persons, was a direct offset for Washoe and Clark Counties' IGT obligation for DSH payments, which was the result of Senate Bill 452 (2013 Session).
- The Regional Transportation Commission funding was the non-federal share of cost-based rates to reimburse paratransit non-emergency transportation services.
- The 1.5 cents from the Fund for Hospital Care to Indigent Persons was also approved through S.B. 452 for a new upper payment limit (UPL) supplemental payment program for inpatient hospital services.

- The funds were collected through the IGT account, transferred to the Medicaid budget account, and paid out in either cost-based rates or supplemental payment programs such as DSH and UPL.

Assemblywoman Carlton remarked that the request was complicated. She asked the status of future reimbursements to the hospitals and the counties.

Ms. Lamborn replied that the Division had a request in the 2015-2017 biennial budget to increase reimbursement rates to inpatient hospitals for inpatient hospital services by 5 percent. The state was currently allowed to pay facilities up to the UPL, which was what Medicare would pay, and there was still a gap between what Medicaid reimbursed and what Medicare would have reimbursed. The request to increase rates by 5 percent and programs such as these for the supplemental payment programs would help to fill the gap. She said that most recently, there was about a \$100 million gap, and there were now three UPL programs:

- The private hospital supplemental payment program, which was anticipated to pay out about \$10 million
- The new program, which computed to about \$30 million
- The public hospital UPL program, which would pay about \$46 million

Ms. Lamborn said the gap still existed, but it was decreasing.

Assemblywoman Carlton confirmed that a decision had not yet been made on the funds and this was just a proposal. She wanted people to understand that the money would not be coming to them in the mail: it still had to be discussed in the 2015 Legislative Session.

Ms. Lamborn clarified that the work program for the new UPL program was approved during the 2013 Session through S.B. 452. Once the work program was approved, payments of \$30 million would be paid out each calendar year, and six quarters would be paid in FY 2015. The proposed increase to the reimbursement rates would be in the biennial budget for discussion during the 2015 Session.

Assemblywoman Carlton remarked that some hospitals would not qualify, and she asked whether they would have an opportunity to draw down any funds in the future.

Ms. Lamborn replied that under this particular UPL program, all hospitals were included. The difference was that the state was only able to pay the supplemental payments on fee-for-service claims, which did not include services provided through the managed-care organizations for the Medicaid program.

Assemblyman Oscarson said that he shared Assemblywoman Carlton's concern about the hospitals. The DSH money had affected many of the rural facilities and their ability

to provide services. Continuing to reduce DSH funds would severely impact rural health care, up to and including closing some programs. He asked that all of facilities, rural and urban, be kept informed of potential loss of funds.

Ms. Lamborn clarified that the rural hospitals were receiving DSH payments. She believed Assemblyman Oscarson was referring to the new Indigent Accident Fund Supplemental Payment program, in which critical access hospitals were not included because those facilities were reimbursed for actual costs through a cost settlement process.

Referring to the acute inpatient supplemental program, Assemblyman Sprinkle asked whether the state would have to make up the difference if the Board of Trustees chose to not transfer the monies in future years.

Ms. Lamborn replied there was an agreement that the Board would notify the Division ahead of time, and the State Plan would be amended to discontinue the program.

Assemblyman Eisen said he understood that the new supplemental payment program would be exclusively for Medicaid fee-for-service and not for managed care. He recalled that the entire Medicaid expansion population, at least in Clark County, was under managed care. He asked whether there was another program to address shortfalls, given the fact that a large portion of the existing Medicaid population and the entire expansion population were under managed care and would not qualify for the supplemental payment program.

Ms. Lamborn explained that, unfortunately, the Centers for Medicare and Medicaid Services (CMS) did not allow inclusion of managed-care claims in any supplemental payment programs because the managed-care contracts were risk based. She said that was the reason for requesting an increase to the reimbursement rates, which would be for both fee-for-service and managed care.

Assemblyman Eisen surmised that the idea behind changing the process within the Fund for Hospital Care to Indigent Persons was that the demand for indigent funds would be reduced with increased enrollments in Medicaid and private insurance plans. He asked whether significant reductions were projected in the demand for uncompensated care, which could result in the need for these kinds of supplemental programs.

Ms. Lamborn replied that with more Medicaid recipients enrolling in managed-care programs, there would be a greater impact on the hospitals since CMS did not allow supplemental payment programs for managed-care claims. Reimbursement rates would have to be increased to help offset the impact.

Assemblyman Eisen recalled that previously the Fund for Hospital Care to Indigent Persons dollars were used to offset costs for facilities that provided care to those who did not have a payer source (uncompensated care), and the projections were that the

need would decrease because there would be less uncompensated care as more people enrolled in insurance, whether Medicaid or private insurance. He asked whether any reduction was being seen in the uncompensated care being provided and where the projections currently stood for reductions in uncompensated care.

Ms. Lamborn replied it was too soon to realize reductions, but it was anticipated that claims that were historically eligible to be submitted to the Fund for Hospital Care to Indigent Persons would not be covered. A decrease was anticipated, but it was too soon to make any projections.

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

ASSEMBLYMAN FRIERSON MOVED TO APPROVE AGENDA
ITEMS E-24 and E-27

SENATOR DENIS SECONDED THE MOTION.

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

Chairwoman Smith announced that Agenda Items E-23, E-28, E-76, E-77, E-78, and E-79 would be heard together.

- 28. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2015** - Addition of \$2,600,429 in federal Title XIX grant funds, \$75,734 in federal Title XXI grant funds, and \$3,216,422 in federal Support Establishment of State-Operated Health Insurance Exchanges grant funds transferred from the Silver State Health Insurance Exchange for the design, development and operation of an eligibility engine to determine eligibility for publicly subsidized health care under the Affordable Care Act. Requires Interim Finance approval since the amount added to the Health Care Reform Eligibility Engine category exceeds \$75,000. **RELATES TO ITEMS E.25, 76, 77, 78 and 79. Work Program #C30729**

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

- 29. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2015** - Addition of \$286,567 in Healthy Nevada Funds transferred from the Department of Health and Human Services (DHHS) - Director's Office to support community partners' outreach efforts in assisting clients with Supplemental Nutrition Assistance Program applications. Requires Interim Finance approval since the amount added to the DHHS Subgrants category exceeds \$75,000. **Work Program #C31227**

Refer to motion for approval under Agenda Item E.

30. **Department of Health and Human Services-Welfare and Supportive Services - Child Support Enforcement Program - FY 2015** - Addition of \$166,797 in federal Child Support Program grant funds and transfer of \$85,926 from the Reserve category to the Information Services category to meet contract obligations for a feasibility study to replace or modernize the Child Support Enforcement Program computer system. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000. **Work Program #C31162**

Refer to motion for approval under Agenda Item E.

31. **Department of Health and Human Services - Public and Behavioral Health - Low-Level Radioactive Waste Fund - FY 2015** - Addition of \$90,944 in Non-Radioactive Burial Fees to realign revenue and expenditure authority of hazardous waste burial fees collected from US Ecology, Incorporated for the closed low-level waste site near Beatty, Nevada. Requires Interim Finance approval since the amount added to the Perpetual Care Fund category exceeds \$75,000. **Work Program #C30970**

Refer to motion for approval under Agenda Item E.

32. **Department of Health and Human Services - Public and Behavioral Health - Cancer Control Registry - FY 2015** - Transfer of \$80,000 from the Reserve category to the Operating category and \$6,720 from the Reserve category to the Division Cost Allocation category to pay for contracted services to collect and maintain Nevada cancer incidents data required to meet program reporting obligations to the Centers for Disease Control. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C30864**

Refer to motion for approval under Agenda Item E.

33. **Department of Health and Human Services - Public and Behavioral Health - Immunization Program - FY 2015** - Transfer of \$781,097 from the Reserve category to the Attorney General Settlement Funds category to provide vaccinations and medications to Nevada's most needy populations. Requires Interim Finance approval since the amount transferred to the Attorney General Settlement Funds category exceeds \$75,000. **Work Program #C31150**

Refer to motion for approval under Agenda Item E.

34. **Department of Health and Human Services - Public and Behavioral Health - WIC Food Supplement - FY 2015** - Addition of \$3,075,704 in federal U.S. Department of Agriculture - Women, Infant and Children (WIC) State Agency Model grant funds to implement a new eligibility system for the Nevada WIC program. Requires Interim Finance approval since the amount added to the WIC State Agency Model category exceeds \$75,000. **Work Program #C31176**

Refer to motion for approval under Agenda Item E.

- 35. Department of Health and Human Services - Public and Behavioral Health - Health Facilities - Admin Penalty - FY 2015** - Deletion of \$183,334 in Fines, Forfeitures and Penalties to realign revenue and expenditure authority of administrative sanctions collected from health facilities found to be in violation of statutes and regulations. Requires Interim Finance approval since the amount deducted from the Facilities Projects category exceeds \$75,000.
Work Program #C30919

Refer to motion for approval under Agenda Item E.

- 36. Department of Health and Human Services - Public and Behavioral Health - Public Health Preparedness Program - FY 2015** - Addition of \$959,276 in federal Centers for Disease Control, Public Health Emergency Preparedness (PHEP) grant funds and transfer of \$512 from the In-State Travel category to the PHEP category and \$18,000 from the Basic Poison Control category to the PHEP category to promote and protect the health of all Nevadans and visitors to the state through prevention of disease, injury, disability, early detection to threats to public health, and response to natural and human-caused events. Requires Interim Finance approval since the amount added to the PHEP category exceeds \$75,000.
Work Program #C30640

Refer to motion for approval under Agenda Item E.

- 37. Department of Health and Human Services - Public and Behavioral Health - Public Health Preparedness Program - FY 2015** - Addition of \$925,587 in federal U.S. Department of Homeland Security (DHS) - Biowatch Program grant funds to pay for the university system to collect and analyze air samples and provide performance reports to the U.S. DHS. Requires Interim Finance approval since the amount added to the Biowatch Grant category exceeds \$75,000.
Work Program #C31217

Refer to motion for approval under Agenda Item E.

- 38. Department of Health and Human Services - Public and Behavioral Health - Community Health Services - FY 2015** - Addition of \$135,433 in federal Title X in Nevada Health Insurance Enrollment Program grant funds to assist uninsured clients residing in rural Nevada with enrollment in the Silver State Health Insurance Exchange, Medicaid, or the Children's Health Insurance Program. Requires Interim Finance approval since the amount added to the Affordable Care Act Enrollment category exceeds \$75,000.
Work Program #C31263

Refer to motion for approval under Agenda Item E.

39. **Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2015** - Transfer of \$818,701 from the Personnel Services category to the Mental Health Technician Services category to fund contracted Mental Health Technicians to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Mental Health Technician Services category exceeds \$75,000. **Work Program #C31223**

Refer to motion for approval under Agenda Item E.

40. **Department of Employment, Training and Rehabilitation - Rehabilitation - Vocational Rehabilitation - FY 2015** - Addition of \$283,519 in federal Section 110 Vocational Rehabilitation grant funds to fund CareerConnect. CareerConnect is a new collaborative program between the Board of Regents of the Nevada System of Higher Education and the Rehabilitation Division to serve students attending the Western Nevada College, and Truckee Meadows Community College. CareerConnect will allow eligible and interested community college students with disabilities to participate in coordinated service provisions that will lead to successful employment outcomes. Requires Interim Finance approval since the amount added to Third Party Cooperative category exceeds \$75,000. **Work Program #C30975**

Refer to motion for approval under Agenda Item E.

41. **Department of Employment, Training and Rehabilitation - Rehabilitation - Blind Business Enterprise Program - FY 2015** - Deletion of \$825,134 in federal receipts from the Fallon Naval Air Station as the revenue contract to provide food services expired. Requires Interim Finance approval since the amount deducted from the Business Enterprise category exceeds \$75,000. **Work Program #C31008**

Refer to motion for approval under Agenda Item E.

42. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2015** - Addition of \$300,000 in Unemployment Insurance (UI) Trust Loan Interest Assessments and deletion of \$14,199,461 in UI Trust Fund Temporary Assessments to properly account for the revenue and align the authority with the final interest payment due on the federal UI loan. Requires Interim Finance approval since the amount deducted from the UI Interest Repay category exceeds \$75,000. **Work Program #C30881**

Refer to motion for approval under Agenda Item E.

- 43. Department of Motor Vehicles - Motor Vehicle Pollution Control - FY 2015 -** Transfer of \$995,030 from the Reserve category to the City/County Air Quality category for distribution of excess reserve funds to county governments. Requires Interim Finance approval since the amount transferred to the City/County Air Quality category exceeds \$75,000. **Work Program #C31025**

Refer to motion for approval under Agenda Item E.

- 44. Department of Public Safety - Forfeitures - Law Enforcement - FY 2015 -** Transfer of \$111,000 from the Reserve category to the Parole and Probation Federal category to purchase offender monitoring and evidence collection equipment. Requires Interim Finance approval since the amount transferred to the Parole and Probation Federal category exceeds \$75,000. **RELATES TO ITEM E.47. Work Program #C29941**

Refer to motion for approval under Agenda Item E.

- 45. Department of Public Safety - Forfeitures - Law Enforcement - FY 2015 -** Transfer of \$75,000 from the Reserve category to the Parole and Probation Federal category to purchase rifles and associated gear for rural officers. Requires Interim Finance approval since the cumulative change to the Parole and Probation Federal category exceeds \$75,000. **Work Program #C30453**

Natalie Wood, Chief, Nevada Division of Parole and Probation, Department of Public Safety (DPS), introduced Major O'Rourke to explain the request in Agenda Item E-45.

Major John O'Rourke, Deputy Chief, Division of Parole and Probation, Department of Public Safety, stated that the purpose of Agenda Item E-45 was to request funding for a work program for the DPS Forfeitures account to purchase approximately 32 rifles for the Parole and Probation (P&P) officers in the rural districts of the state.

Major O'Rourke explained that the officers in the rural areas vitally needed rifles, and it was his opinion that all officers within the Division of Parole and Probation should have rifles. The request was to provide rifles in the rural areas first because the resources in those districts were far less than in the urban areas.

Major O'Rourke said that P&P officers were often called for assistance throughout the year. He had recently obtained some statistics from the Department's computer-aided dispatch (CAD) system, the Spillman system, and just the agencies that used the Spillman system responded to over 1,000 calls for service in the last fiscal year. He pointed out that the police departments in Las Vegas, Reno, and Sparks did not use the Spillman system, so accurate records did not exist reflecting how many actual assists were provided by P&P officers during the year. Whenever a law enforcement officer called for backup, P&P officers were ready to respond. He pointed out that they were category I POST (Peace Officers Standards and Training) certified peace officers

and received the same training that all POST-certified officers received through their initial certification program.

Citing examples of the types of calls that P&P officers responded to, Major O'Rourke recalled that he was a first responder at the Sparks Middle School shooting earlier in the year, and two P&P officers had arrived at the scene before him. Also earlier in the year, there was a homicide suspect in Lyon County, and P&P officers teamed up with the Lyon County Sheriff's Office to determine the best way to capture the suspect. Officers were also involved in the shooting at Renown Hospital in 2013. He said that P&P officers were often involved in incidents in the rural communities, and they were properly prepared and equipped, other than with rifles. Major O'Rourke said that the rifles would not only assist the officers in crisis situations, they would provide cover and concealment from a greater distance than a handgun or shotgun. He noted that the range of a handgun was about 15 yards, a shotgun was approximately 50 yards, and the rifle could reach to approximately 300 yards with accuracy.

Major O'Rourke explained that the request for 32 rifles in the rural counties would comprise a pilot program; there was not enough money in the Forfeitures account to purchase rifles for all of the P&P officers. He added that rifles would be a necessary tool in the rural districts because the resources were so unique and much smaller than in the urban areas. As a Division and a Department, management felt it was incumbent upon them to provide the officers with the tools they needed in the rural districts.

Assemblyman Frierson stated that providing backup to other law enforcement agencies did not appear to be the major goal or mission of the Division. He asked how providing the backup had affected the core mission of the Division, which was to supervise offenders and help them reintegrate back into society.

Major O'Rourke replied that the Division's number one goal was supervision of offenders and their successful reintegration into society. The problem that was a large workforce of P&P officers were in the field and on the radio system every day. When there was a call for service, the P&P officers were equipped, minus the rifles, to assist other law enforcement agencies. The Division considered providing assistance to other agencies as part of its mission.

Assemblyman Frierson noted that there was a difference in the range of handguns and rifles, but the Division officers were able to assist with the shootings at Sparks Middle School and Renown Hospital without rifles. He asked whether officers were involved in incidents when rifles were actually needed until police or sheriff deputies arrived.

Major O'Rourke said that most of the active shooter training was with rifles. Rifles would provide officers with a better real-life scenario to survive a crisis involving engagement with an active shooter in a school, mall, or theater. He reiterated that the rifles would provide more cover and concealment from a greater distance.

Assemblyman Frierson asked whether the officers were adequately able to provide backup in the shooting events without rifles.

Major O'Rourke explained that the P&P officers were not on the entry team at Sparks Middle School, but they were prepared to enter with the weapons they had. At the Renown shooting, the P&P officers secured the outside area. In both situations, the rifle would have been the preferred weapon.

Assemblyman Frierson asked whether there were any additional training costs associated with the issuance of the rifles.

Major O'Rourke said that funds were built into the 2015-2016 budget for the first training session, which was two days. He explained that certified trainers within the Division and other Department agencies had agreed to assist with training. Instructors would travel to the rural areas to reduce costs. He added that training funds were not built into the FY 2016-2017 budget for ammunition costs, but the costs could probably be absorbed by the Division internally. Funding would have to be requested in the following biennium for ammunition.

Major O'Rourke pointed out that training would coincide with the officers' handgun recertification twice each year. Officers would be required to qualify with their rifles at the time they qualified with their handguns.

Assemblyman Stewart asked whether the Division had pursued acquiring surplus military equipment and weapons.

Major O'Rourke replied that the Division had considered that possibility, but many of the weapons were worn. There were several different styles of rifles being used, and the Division would have to replace parts and pieces of each rifle. He said that the Division had looked at rifles at the Sierra Army Depot in Herlong, California, but it was determined that they would be too expensive to repair and restore.

Assemblyman Sprinkle asked what type of training P&P officers currently received after POST certification to respond to active shooter situations and assist law enforcement personnel.

Major O'Rourke replied that some of the training was provided in the POST classes. The Division was currently partnering with the Highway Patrol Division to help get the P&P officers certified in active shooter situations. He noted that the Highway Patrol Division trained many agencies in the rural districts, and it was the lead training group for active shooter situations.

Major O'Rourke recalled that in the late 1990s or early 2000s, the Department of Public Safety conducted a course on active shooter situations with local agencies, and every Highway Patrol officer and some P&P personnel went through that training.

Assemblyman Sprinkle asked whether there were any contractual agreements with local law enforcement agencies that stipulated P&P officers equipped with rifles would be considered in the overall operational plan when responding to crisis situations.

Major O'Rourke replied that he was not aware of any contracts with other agencies. He said that personnel from all public safety agencies were very proficient; they all trained together and knew what they needed to do in certain situations. It did not matter whether the first responder was a P&P officer or a Fish and Game official – everyone was trained on the same type of entries into those situations. He reiterated that officers in the rural areas were miles away from other resources, and when they needed assistance, it would take some time for someone to arrive.

Assemblyman Hambrick asked whether the weapons would be assigned to each officer and if they would have scopes.

Major O'Rourke replied that the rifles would be equipped with EOTECH scopes. There were 32 officers, including lieutenants, in the rural areas, and each would be assigned a weapon.

Assemblywoman Kirkpatrick said she was concerned that the state was struggling with budget shortages, and the local governments should contribute resources. She believed that the request should be part of a bigger discussion during the 2015 Legislative Session concerning a vision and plan for the long-term, and the local governments should be included. The state had to be careful inserting itself when there was already local authority to perform certain activities. She said she had the highest regard for state employees going above and beyond to rectify any situation, but she did not think that the request was appropriate until the Legislature could meet and determine what the state and local governments were supposed to be doing. She asked whether the Division was currently in need of officers.

Major O'Rourke replied there were 23 vacancies in the Division statewide. Three officers were signed up for the next POST academy, but there were problems with the background check process. There were 50 individuals waiting in phase 2 of the background process, and the delay was caused by a shortage of polygraphers, which was a department-wide problem.

Major O'Rourke agreed with Assemblywoman Kirkpatrick's comments about specific roles for the state and local governments, but when P&P officers were called upon, especially in the rural areas and even in the larger counties, they would be there to assist. He said he would be remiss if he did not send officers into situations where they could be of benefit to other agencies.

Assemblywoman Kirkpatrick said that she did not believe the Interim Finance Committee was the appropriate body to have the conversation when the state was facing a difficult budget in the next biennium, and she did not support the request at this time. She wanted to meet with the Nevada Association of Counties (NACO) concerning

how the counties could help with the situation. She noted that Clark County voted for an increase in the sales tax to provide more law enforcement officers on the ground, and they also worked with the hotel security personnel. She had talked to several law enforcement personnel who would just like to have training, and it was time to make long-term rather than short-term changes.

Senator Goicoechea asked what type of rifles the Highway Patrol officers carried and whether every officer carried a rifle.

Major O'Rourke replied that every Highway Patrol officer carried the same rifle being requested for the P&P officers.

Senator Goicoechea said he had always supported public safety entities being equipped to the extent possible. However, the request was an expansion that probably needed to be included in the 2015-2017 biennial budget.

Assemblyman Kirner asked Major O'Rourke if he knew whether the Washoe County School District had rejected similar rifles. Major O'Rourke replied that he was not aware of any rejection.

Assemblyman Kirner said he would like to know the answer before he voted on the request.

Chairwoman Smith commented that the item was more than just a request for funding for rifles: it was a policy discussion for the entire state. She was concerned that the request was being made for the rural areas while most of the justification took place in the urban areas. She did not sense any Committee support for the request, and she asked the Division to be prepared to discuss the request and policies concerning the role of Parole and Probation in both the rural and urban areas during the 2015 Legislative Session.

Chairwoman Smith stated that no action would be taken on Agenda Item E-45.

Major O'Rourke thanked the Committee for its consideration.

46. Department of Public Safety - Highway Patrol - FY 2015 - Deletion of \$248,648 in the Nevada Highway Patrol Dispatch Cost Allocation and transfer of \$11,027 from the Personnel Services category to the Reversion to Highway Fund category to appropriately align budgeted authority due to approved changes in personnel and the elimination of the Aircraft Program. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C30184**

Refer to motion for approval under Agenda Item E.

- 47. Department of Public Safety - Parole and Probation - FY 2015** - Addition of \$32,000 in federal Justice Assistance grant funds transferred from the Department of Public Safety - Criminal Justice Assistance account to support offender monitoring and evidence collection equipment. Requires Interim Finance approval since the amount added to the Community Safety Enhancement category exceeds 10 percent of the legislatively approved amount for that category. **RELATES TO ITEM E.44. Work Program #C30265**

Refer to motion for approval under Agenda Item E.

- 48. Department of Public Safety - Parole and Probation - FY 2015** - Addition of \$107,482 in federal Justice Assistance grant funds transferred from the Department of Public Safety - Justice Assistance Grant Trust Account to upgrade the fiber optic network infrastructure for Parole and Probation, Parole Board, Office of Professional Responsibility, and the Office of Criminal Justice. Requires Interim Finance approval since the amount added to the Fiber Optic Network Upgrade category exceeds \$75,000. **Work Program #C30667**

Refer to motion for approval under Agenda Item E.

- 49. Department of Public Safety - Emergency Management Division - FY 2015** - Addition of \$41,520 in federal U.S. Department of Energy (DOE), Emergency Preparedness Working Group (EPWG) grant funds transferred from the Department of Public Safety - Emergency Management Assistance Grant account to support emergency response activities related to low-level radiological waste. Requires Interim Finance approval since the cumulative amount added to the Operating category exceeds \$75,000. **Work Program #C30623**

Refer to motion for approval under Agenda Item E.

- 50. Department of Public Safety - Emergency Management Division - FY 2015** - Addition of \$115,028 in federal Homeland Security Grant Program (HSGP) funds transferred from the Department of Public Safety - Emergency Management Assistance Grant account to continue to support resource management costs associated with improving emergency response and reducing the threat of terrorism. Requires Interim Finance approval since the amount added to the HSGP Resource Management category exceeds \$75,000. **Work Program #C30733**

Refer to motion for approval under Agenda Item E.

- 51. Department of Public Safety - Emergency Management Assistance Grants - FY 2015** - Addition of \$735,940 in federal U.S. Department of Energy (DOE), Emergency Preparedness Working Group (EPWG) grant funds to continue to enhance emergency response capabilities related to the transportation of low-level radiological waste. Requires Interim Finance approval since the amount added to the DOE EPWG category exceeds \$75,000. **Work Program #C29392**

Refer to motion for approval under Agenda Item E.

- 52. Department of Public Safety - Emergency Management Assistance Grants - FY 2015** - Addition of \$1,847,657 in federal Homeland Security Grant Program, Emergency Management Preparedness Grant (EMPG) funds to continue to support comprehensive emergency management at the state and local levels and to encourage the improvement of mitigation, preparedness, response and recovery capabilities for all hazards. Requires Interim Finance approval since the amount added to the EMPG Aid to Locals category exceeds \$75,000. **Work Program #C30605**

Refer to motion for approval under Agenda Item E.

- 53. Department of Public Safety - Criminal History Repository - FY 2015** - Addition of \$355,000 in federal National Criminal History Improvement Program (NCHIP) grant funds transferred from the Department of Public Safety - Criminal Justice Assistance account to continue the review of criminal history records. Requires Interim Finance approval since the amount added to the NCHIP Grant category exceeds \$75,000. **Work Program #C30434**

Refer to motion for approval under Agenda Item E.

- 54. Department of Public Safety - Fire Marshal - FY 2015** - Addition of \$129,753 in Federal Emergency Management Agency (FEMA), Assistance to Firefighters Grant (AFG) funds to purchase equipment for hazardous material related training. Requires Interim Finance approval since the amount added to the FEMA AFG Grant category exceeds \$75,000. **Work Program #C31007**

Refer to motion for approval under Agenda Item E.

- 55. Department of Public Safety - State Emergency Response Commission - FY 2015** - Transfer of \$250,000 from the Reserve category to the State Emergency Response Commission (SERC) Grants category to fund grants awarded to local emergency planning committees and state agencies. Requires Interim Finance approval since the amount transferred to the SERC Grants category exceeds \$75,000. **Work Program #C30767**

Refer to motion for approval under Agenda Item E.

- 56. Department of Public Safety - State Emergency Response Commission - FY 2015** - Addition of \$176,294 in federal U.S. Department of Transportation (USDOT), Hazardous Materials Emergency Preparedness (HMEP) grant funds and transfer of \$44,073 from the Reserve category to the USDOT/HMEP Grant category to support emergency planner and responder personnel throughout the state in training and planning for hazardous materials emergencies. Requires Interim Finance approval since the amount added to the USDOT/HMEP Grant category exceeds \$75,000. **Work Program #C30960**

Refer to motion for approval under Agenda Item E.

- 57. Department of Public Safety - Cigarette Fire Safety Standard and Firefighter Protection - FY 2015** - Transfer of \$39,000 from the Reserve category to the Information Services category for the development and implementation of a web based certification system for the Nevada Fire Standard Compliant Cigarettes Program. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31005**

Refer to motion for approval under Agenda Item E.

- 58. Department of Public Safety - Justice Assistance Act - FY 2015** - Addition of \$361,090 in Residential Substance Abuse Treatment (RSAT) grant funds and \$254,144 in National Criminal History Improvement Project grant funds and deletion of \$93,201 in Forensic Science Improvement grant funds, \$72,707 in Project Safe Neighborhood grant funds, \$42,862 in National Instant Criminal System Background Investigations grant funds, and \$3,436 in Bulletproof Vest grant funds to appropriately align authority and continue providing funding to sub-recipients. Requires Interim Finance approval since the amount added to the RSAT Aftercare - Federal Portion category exceeds \$75,000. **Work Program #C30993**

Refer to motion for approval under Agenda Item E.

- 59. Department of Conservation and Natural Resources - State Historic Preservation - FY 2015** - Addition of \$230,341 in federal Bureau of Land Management grant funds and \$121,513 in funds transferred from the Nevada Department of Transportation to continue support for the agency's state historic preservation programs. Requires Interim Finance approval since the amount added to the Survey and Planning category exceeds \$75,000. **Work Program #C30534**

Refer to motion for approval under Agenda Item E.

- 60. Department of Conservation and Natural Resources - Administration - FY 2015** - Addition of \$76,127 in Ruby Pipeline Lahontan Cutthroat Trout Habitat Project funds to support activities of the state's Sage-Grouse Habitat Preservation Project. Requires Interim Finance approval since the amount added to the Sagebrush Ecosystem Team category exceeds \$75,000. **Work Program #C30488**

Refer to motion for approval under Agenda Item E.

- 61. Department of Conservation and Natural Resources - Division of Water Resources - FY 2015** - Addition of \$15,906 in Federal Emergency Management Agency (FEMA) Community Assistance Program grant funds and \$83,215 in FEMA Dam Safety grant funds to continue support for the agency's Dam Safety

and Flood Community Assistance programs. Requires Interim Finance approval since the amount added to the Federal Dam Safety Grant category exceeds \$75,000. **Work Program #C31016**

Refer to motion for approval under Agenda Item E.

- 62. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2015** - Addition of \$80,000 in funds transferred from the Chemical Hazard Prevention account and \$610,849 in funds transferred from the Air Quality Management account to fund the agency's contract commitments for explosive manufacturing/engineering support for the Chemical Accident Prevention Program, the Rural Nevada Ozone Initiative, the Wood Stove Exchange Program, and laboratory services. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C30965**

Refer to motion for approval under Agenda Item E.

- 63. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2015** - Addition of \$17,605 in federal Leaking Underground Storage Tank (LUST) grant funds, \$118,400 in federal Environmental Protection Agency (EPA) Exchange Network grant funds, \$7,681 in federal EPA Underground Storage Tank grant funds, \$10,000 in Civil Penalties, and \$931,644 in funds transferred from the Management of Hazardous Waste account. This request also transfers \$72,164 from the Reserve category to the Resource Conservation and Recovery Act Grant category, \$132,854 from the Reserve category to the Waste Administration category, and \$772,546 from the Reserve category to the Petroleum Fund category to continue support for the agency's ongoing regulatory and administrative activities. Requires Interim Finance approval since the amount transferred to the Petroleum Fund category exceeds \$75,000. **Work Program #C30968**

Refer to motion for approval under Agenda Item E.

- 64. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2015** - Addition of \$17,634 in Contract Services Charges to fund environmental analysis and mitigation services at the Yerington Mine site. Requires Interim Finance approval since the cumulative amount added to the Corrective Actions category exceeds \$75,000. **Work Program #C31170**

Refer to motion for approval under Agenda Item E.

- 65. Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund - Administration - FY 2015** - Addition of \$200,000 in federal Environmental Protection Agency (EPA), Drinking Water State Revolving Loan Fund (SRLF) - Administration grant funds to continue operating costs associated with the administration of the SRLF Program. Requires Interim Finance approval since the amount added to the Drinking Water State Revolving Fund 10 Percent Set-Aside category exceeds \$75,000. **RELATES TO ITEM E.66. Work Program #C31192**

Refer to motion for approval under Agenda Item E.

- 66. Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2015** - Addition of \$200,000 in federal Environmental Protection Agency grant funds transferred from the State Revolving Fund and \$131,234 in federal Department of Energy grant funds transferred from the division's Administration account to continue funding the agency's existing contracts and other special projects. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **RELATES TO ITEM E.65. Work Program #C31061**

Refer to motion for approval under Agenda Item E.

- 67. Department of Wildlife - Fisheries Management - FY 2015** - Addition of \$43,000 in federal U.S. Fish and Wildlife Services (USFWS), State Wildlife Grant (SWG) T5R1 funds and \$28,392 in USFWS, SWG T6R1 funds to research and study the relict leopard frog and Pahrump poolfish. Requires Interim Finance approval since the amount added to the SWG Aquatic Conservation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31045**

Refer to motion for approval under Agenda Item E.

- 68. Department of Wildlife - Fisheries Management - FY 2015** - Addition of \$107,816 in federal U.S. Fish and Wildlife Services Wildlife Management Assistance grant funds to support the recovery of native aquatic species in the Muddy River located in Southern Nevada. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C31125**

Refer to motion for approval under Agenda Item E.

- 69. Department of Wildlife - Habitat - FY 2015** - Addition of \$309,437 in Upland Game Stamp fees transferred from the Wildlife Fund Account to fund Upland Game Stamp projects as approved by the Nevada Board of Wildlife Commissioners. Requires Interim Finance approval since the amount added to the Upland Game category exceeds \$75,000. **Work Program #C30740**

Refer to motion for approval under Agenda Item E.

- 70. Department of Wildlife - Habitat - FY 2015** - Addition of \$206,593 in Duck Stamp fees transferred from the Wildlife Fund Account to fund Duck Stamp projects recently approved by the Nevada Board of Wildlife Commissioners. Requires Interim Finance approval since the amount added to the Duck Stamp Projects category exceeds \$75,000. **Work Program #C30741**

Refer to motion for approval under Agenda Item E.

- 71. Department of Wildlife - Habitat - FY 2015** - Addition of \$381,469 in Habitat Conservation Fees transferred from the Wildlife Fund Account to continue funding approved conservation projects. Requires Interim Finance approval since the amount added to the Habitat Rehabilitation/Restoration category exceeds \$75,000. **Work Program #C30742**

Refer to motion for approval under Agenda Item E.

- 72. Department of Wildlife - Habitat - FY 2015** - Addition of \$415,834 in federal Bureau of Land Management grant funds for the Nevada Partners for Conservation and Development program for habitat restoration in Nevada. Requires Interim Finance approval since the amount added to the Nevada Partners for Conservation and Development Program category exceeds \$75,000. **Work Program #C30744**

Refer to motion for approval under Agenda Item E.

- 73. Department of Transportation - FY 2015** - Transfer of ~~\$132,000~~ **\$89,000** from the Equipment category to the Washington Consultant category to provide adequate funding for the fiscal year. Requires Interim Finance approval since the amount transferred to the Washington Consultant category exceeds \$75,000. **Work Program #C30241. REVISED 10-6-14.**

Refer to motion for approval under Agenda Item E.

- 74. Department of Transportation - FY 2015** - Addition of \$50,000 in License Plate fees and transfer of \$625,867 from the Reserve category to the Bike Path Planning category to establish authority to receive revenue generated through the new "Share the Road" specialty license plate and continue funding the Bicycle and Pedestrian Safety Program. Requires Interim Finance approval since the amount transferred to the Bike Path Planning category exceeds \$75,000. **Work Program #C31237**

Chairwoman Smith announced that Agenda Item E-75 and Informational Item G.8.a. would be heard together.

- 75. Department of Transportation - Bond Construction – FY 2015** - Transfer of \$94,090,813 from the Reserve category to the 2014 Bond Issue category to properly account for bond construction expenditures. Requires Interim Finance approval since the amount transferred to the 2014 Bond Issue category exceeds \$75,000. **Work Program #C31221**

G. INFORMATIONAL ITEMS

8. Department of Transportation - Administration
a. Status Report on Project NEON in Las Vegas

Rudy Malfabon, Director, Nevada Department of Transportation (NDOT), introduced the following NDOT staff members, who were present in Carson City.

- Cole Mortensen, Project Manager, Project NEON
- Bill Hoffman, Deputy Director
- Robert Nellis, Assistant Director for Administration
- Felicia Denney, Chief, Financial Management Division

Mr. Malfabon explained that Project NEON was a half-billion dollar transportation investment in southern Nevada on Interstate 15 (I-15). There were many benefits associated with the project, and recently the Department recommended to the Nevada Board of Transportation to change the funding for the project from a public/private partnership to bonding. He reviewed a printed version of a slide presentation, copies of which were distributed to Committee members ([Exhibit C](#)). Following is a summary of the presentation and information provided by Mr. Malfabon:

Project Benefits (Slide 2)

The project benefits included:

- Safety and Congestion – 1,000 crashes per year
- Connectivity/Mobility for City Redevelopment Efforts
- Congestion: Improves Freight Mobility and Economy
- Creates 5,000 Jobs in Hard-hit Employment Sector
- Southern Nevada Needs 21st Century Transportation System
- Benefit/Cost Ratio of 5.8

The benefit/cost ratio of 5.8 would be for Phase I, and the ratio would range from 2.0 to 5.8 for Phases 1, 3, and 4, as well as Phase 2, which would be funded by the City of Las Vegas. The benefit/cost ratio was calculated based on fewer vehicle crashes, time savings, less air pollution, and less wear and tear on personal and commercial vehicles operating on this section of I-15 after completion of the project.

Statewide Comparison (Slide 3)

The section of I-15 would be greatly improved to address the area with the highest crash rate in the state, which also had the highest volume of traffic of any highway in the state.

Downtown Redevelopment (Slide 4)

The project was in proximity to several areas of economic development importance to the City of Las Vegas and Clark County, including the Fremont District in downtown Las Vegas, the Arts District off Charleston Boulevard, the Medical District to the west on Charleston Boulevard, and the Symphony Park area where the Smith Performing Arts Center was located. The City of Las Vegas was also considering the possibility of constructing an arena in the area.

Map of I-15 and U.S. 95 (Slide 5)

The map depicted the missing connection between the carpool High Occupancy Vehicle (HOV) lanes in the middle of U.S. Highway 95 to the express lanes in the middle of I-15. Until the connection was built, the HOV lanes on U.S. 95 would not be used to their fullest potential.

Aerial View of the Project (Slide 6)

The aerial view reflected the improved connectivity in this area of Las Vegas. Martin Luther King Jr. Boulevard would cross over Charleston Boulevard, which would relieve congestion at the intersection. Grand Central Parkway would have an at-grade intersection at Charleston Boulevard and continue south after Project NEON was built.

Project NEON would provide new access from I-15 northbound to Alta/Bonneville, which would improve access to the outlet mall, the Symphony Park area, the Lou Ruvo Center, the World Market Center, and the Clark County Government Center.

New Scope Improvements (Slide 7)

An active traffic management system was added to the project, which would allow modification of the speed limit in real time based on actual traffic conditions. The system had been used effectively in Seattle, Washington, to better manage freeway traffic on I-5 and other freeways in that area. Speed limits could be changed and lane assignments could be made to warn motorists of a closed lane due to accidents.

New Scope Improvements (Slide 8)

Two existing express lanes on I-15 would be converted to an HOV lane and general-purpose lanes. All traffic would be able to use the general-purpose lanes, and only carpools or public transit would use the HOV lane.

What's Changed? (Slides 9 and 10)

The Department tried to be innovative in financing a major project, but as the public/private partnership (P3) delivery option was investigated, detailed discussions were held with the three short-listed teams. While NDOT still viewed P3 as a viable option to deliver large projects such as Project NEON, it became apparent that the teams wanted NDOT to accept more risk in order to lower the cost of the P3 project. Under the P3 delivery model, the private financing would have been paid back over 35 years, which meant the infrastructure, the lanes, the bridges, and the ramps had to be available to the public for use in order for NDOT to make a payment (availability payment) to the P3 partner.

Some of the payment was tied to a fixed escalation rate of 1.75 percent, and 10 percent of the payment was tied to the consumer price index (CPI). The teams were requesting that NDOT increase the amount tied to the CPI from 10 percent to 20 percent for the annual availability payment.

There was also concern with the risk of future appropriations, which was of concern for the Interim Finance Committee when NDOT asked for the bonding for the right-of-way in December 2013. The risk was of concern to the P3 teams as well. The acquisition of right-of-way must be timely and well-coordinated with the construction phase of the project in order to avoid delay claims during construction of the design/build project.

Some work on Martin Luther King Jr. Boulevard was included in Phase 2, which was to be funded by the City of Las Vegas. The Martin Luther King Jr. Boulevard would have a bridge over Charleston Boulevard, and since the City was going to be involved in funding that phase of the project, it would have been involved in permits to the design/builder under the P3 project, and the City would have to review and improve some of the designs for which it would have maintenance responsibility. The P3 teams were concerned about the possibility of delays or additional requirements from the City, which could lead into price increases on their behalf.

Initially, NDOT assumed that a \$200 million final acceptance payment would be made upon completion of construction, and the P3 teams requested splitting the payment into two payments of \$100 million each – one half-way through construction and one upon completion. That was a significant change to NDOT, because it had planned on a \$200 million payment after construction, which was four to five years in the future.

NDOT required that the labor for operations and maintenance be paid at prevailing wage, and the P3 teams struggled with the risk of projecting wage increases over a 35-year operations and maintenance period.

Why Bond instead of P3? (Slide 11)

Various factors led NDOT to change from P3 to bonding:

- The debate over long-term funding for transportation was a huge issue being deferred until the next session of Congress.
- After issuance of the \$100 million highway revenue bonds for right-of-way acquisitions in February 2014, NDOT received 16 bidders and a 2.6 percent interest rate. Due to NDOT's conservative approach to borrowing, NDOT received a bond rating of AAA.
- It was taking longer to get through the imminent domain process for part of the right-of-way. The project affected many commercial properties, and they were taking much longer to acquire because of lawsuits and the process.
- Because right-of-way acquisition controlled when construction could start, no time savings would be gained by using the P3 delivery method, and the risk of delay to the P3 partner would have been greater. No time would be lost by financing through bonding, as the right-of-way schedule was the same for either delivery method, and the project would be finished in nearly the same timeframe.
- Since NDOT maintenance crews would not be reduced, NDOT would not realize any savings in operations and maintenance performed by the private partner under the P3 delivery method. NDOT had to commit to payments for operations and maintenance over the 35-year period, whereas NDOT could be more flexible if the project was bonded and operations and maintenance could be performed by NDOT on its own schedule.
- If the project were bonded, 95 percent of the project costs would be eligible for federal reimbursement. Due to various factors associated with private financing, the federal reimbursement rate would have dropped to about 65 percent, which was significant on a half-billion dollar project.

Affordability Goals (Slide 12)

Under the bonding delivery method, NDOT still achieved the three affordability goals for the project:

- A healthy Highway Fund balance of \$90 million would be maintained.
- Historical debt service payments would not be exceeded.
- The project would not be delivered at the expense of the rest of the capital improvement program in northern and southern Nevada and statewide.

Construction Bond Payments (Slide 13)

The graph showed a green line at three times NDOT's debt service coverage, and NDOT's policy for bond issuance was actually two times debt service coverage. NDOT operated conservatively with its debt obligations, and it believed that it could remain below the \$90 million annual debt service line and still maintain its AAA bond rating.

Design Build Delivery (Slide 14)

One of the benefits of the design/build process was to allow the design/build team to present its ideas, be innovative, and possibly complete the project ahead of schedule by the end of 2019.

Mr. Malfabon said he had concluded his formal presentation, and he and his staff were available to answer questions.

With regard to the work program request in Agenda Item E-75, Mr. Malfabon explained that when NDOT balanced forward unexpended bond proceeds, the money was placed in a reserve account and a work program was submitted to the IFC to move the funds into an account that NDOT could use and expend.

As far as the right-of-way process and the reason that the \$100 million in bond funds approved by the IFC in December 2013 had not been spent down as quickly as intended, Mr. Malfabon explained that there was a very strict process called the Uniform Relocation Act. The environmental phase of the project was approved two years ago, and then an engineering and right-of-way study had to be done to establish how much property would be needed. Property owners were notified that NDOT had to take the property or receive easements, appraisals were conducted and reviewed, and then negotiations were conducted to reach a settlement with the property owners.

Mr. Malfabon further explained that in cases that could not be settled, NDOT had to go to court, but when that was necessary, the settlement amount was submitted to the Board of Examiners for approval. There were some cases when property owners had alleged that the project had affected their property values even before an offer was made to acquire the property. In those cases, the property owners wanted additional costs, plus interest, and some cases were taken to court and settled. He said that several offers would be going out soon, and there were over 100 parcels to acquire in the next phase of the project. In summary, Mr. Malfabon said that the schedule had been controlled by acquisition of the right-of-way and a fair and impartial process, whether through the courts or through settlements.

Chairwoman Smith asked what the estimated total cost would be for property acquisition for the project.

Mr. Malfabon replied the cost was previously estimated to be \$150 million for Phase I, and the Interim Finance Committee had approved an additional \$100 million for Phases III and IV.

Assemblyman Eisen noted that NDOT would assume responsibility for maintenance with its existing staff, and he asked whether the Department had sufficient personnel to perform the maintenance for Project NEON as well as all of the other projects in the state.

Mr. Malfabon replied that the Department had been analyzing maintenance needs. Construction crews had been reduced, and those positions had been reclassified, with Committee approval, to maintenance positions for federal programs that were at risk of losing funds if NDOT did not comply with federal regulations. He added that several of the programs funded through the American Recovery and Reinvestment Act and one-shot projects funded by the Legislature had been discontinued.

Assemblywoman Kirkpatrick said that she was glad the project would be funded with bonds, which was a much better and more stable method of funding. The Legislature would work with NDOT and the local governments to provide funding for completion of the project.

Assemblyman Anderson recalled that in initial discussions concerning the P3 program and financing of the project, cost and time were big factors that seemed to move the project schedule and alleviate the need to use bonding. He asked whether other projects had to be pushed back or were limited because Project NEON would be bonded.

Mr. Malfabon responded that the proposed biennial budget request included bonding for the construction phase in the next biennium. Other projects would not be deferred; the capital improvement program was averaged without the one-shot revenue sources to determine the level of revenue in years to come. The reason projects would not have to be deferred was because of the payoff of current bonds.

Mr. Malfabon recalled that the P3 program was first considered because of the financial status of the Highway Fund, which at the time had a balance of \$35 million. However, the Fund had been built up by federalizing expenditures as much as possible and being cautious with expenses. The Highway Fund was again healthy, and projects would not be deferred.

Assemblyman Oscarson thanked NDOT staff for their work on the I-15 Highway project after the recent flood.

Chairwoman Smith remarked that she was also glad the project would be funded with a traditional method. She asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE
AGENDA ITEM E-75.

SENATOR DENIS SECONDED THE MOTION.

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

Chairwoman Smith announced that Agenda Items E-23, E-28, E-76, E-77, E-78, and E-79 would be heard together.

- 76. Silver State Health Insurance Exchange - Administration - FY 2015** - Addition of \$761,967 in federal Third Level One Support Establishment of State-Operated Insurance Exchanges grant funds and deletion of \$149,664 in Fees from Qualified Health Plans to support continued operations of the Health Insurance Exchange. Requires Interim Finance approval since the amount added to the Third Level One Establishment category exceeds \$75,000. **RELATES TO ITEM E.28. Work Program #C30842**

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

- 77. Silver State Health Insurance Exchange - Administration - FY 2015** - Addition of \$4,711,172 in federal Support Establishment of the Affordable Care Act's Health Insurance grant funds and deletion of \$769,365 in Fees from Qualified Health Plans to support the state-operated health Insurance exchange and the Division of Welfare and Supportive Services (DWSS). Requires Interim Finance approval since the amount added to the Transfer to DWSS category exceeds \$75,000. **RELATES TO ITEM E.28. Work Program #C30844**

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

- 78. Silver State Health Insurance Exchange - Administration - FY 2015** - Addition of \$4,007,632 in federal Support Establishment of State-Operated Health Insurance Exchanges grant funds to continue operations of Nevada's state-operated Health Insurance Exchange and transfer funds to the Division of Welfare and Supportive Services (DWSS). Requires Interim Finance approval since the amount added to the Transfer to DWSS category exceeds \$75,000. **RELATES TO ITEM E.28. Work Program #C30847**

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

- 79. Silver State Health Insurance Exchange - Administration - FY 2015** - Addition of \$20,353,163 in federal Support Establishment of State-Operated Health Insurance Exchanges grant funds and deletion of \$2,865,393 in Fees from Qualified Health Plans and transfer of \$563,248 from the Reserve category to the Operating category, \$219,843 from the Reserve category to the Exchange Implementation Grant category, \$120,923 from the Reserve category to the Transfer to the Attorney General's Office category, and \$6,281 from the Reserve category to the Transfer to Consumer Assistance category to continue operations of the state-operated Health Insurance Exchange and to transfer funds to Consumer Health Assistance. Requires Interim Finance approval since the amount added to the Exchange Implementation Grant category exceeds \$75,000. **RELATES TO ITEMS E.23 and 28. Work Program #C30851**

- 23. Department of Health and Human Services - Director's Office - Consumer Health Assistance - FY 2015** - Addition of \$6,281 in federal Support Establishment of State-Operated Health Insurance Exchanges grant funds transferred from the Silver State Health Insurance Exchange (SSHIX) and \$350,000 in Healthy Nevada Funds transferred from the Nevada Treasurer's Office to continue four existing ombudsmen positions who will provide assistance to consumers with the next SSHIX open enrollment through the end of this fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM E.79. Work Program #C31167**

Janise Holmes, Governor's Consumer Health Advocate (GOVCHA), Office for Consumer Health Assistance, Department of Health and Human Services, stated that Agenda Item E-23 addressed funding to maintain four ombudsman staff within the office. She explained that the ombudsmen worked with constituents statewide from Jackpot to Laughlin, Nevada. Currently GOVCHA responded to about 2,000 phone calls per month, or an average of 100 phone calls per working day, from constituents with questions or complaints about health-care related issues. Calls for services were received from insured, as well as under-insured and uninsured, Nevadans. She said that GOVCHA had responded to over 3,400 cases and closed and resolved about 3,300 cases.

Ms. Holmes said that since its inception, GOVCHA had saved constituents in the state approximately \$43 million. Constituents were able to either negotiate or reduce the cost of their health-care bills with the hospitals or medical providers. Assistance was provided to constituents to help them find appropriate health-care insurance either through state programs, private health insurance, and/or the Silver State Health Insurance Exchange. Providers had also been assisted with recouping payment for uncompensated care. She added that common cases resolved by GOVCHA ombudsmen related to mental health, access to care, inpatient or emergency services within Nevada's facilities, hospital billing and ancillary services, primary and specialty care, transplant cases, many cancer cases, and educating consumers on state

programs and services, including the Affordable Care Act and the Silver State Health Insurance Exchange.

Ms. Holmes explained that several of the ombudsmen, including the four in the request, were certified application counselors qualified to assist consumers with signing up for health insurance plans or accessing services on the Nevada Health Link website, and to provide education to communities through outreach and health fairs. Two of the ombudsmen in the GOVCHA office were bilingual Spanish speaking and able to reach a large demographic of consumers who called the GOVCHA office.

Assemblyman Oscarson said he had dealt with Ms. Holmes' office, both in the hospital and consumer capacity, and the staff had done an outstanding job of providing fair and easy-to-understand resolutions to the various problems.

Chairwoman Smith agreed, adding that the GOVCHA was considered by legislators to be one of the best providers of constituent services in the state.

Assemblywoman Carlton asked what percentage of providers versus patients was served by GOVCHA.

Ms. Holmes replied she did not have a percentage, but GOVCHA received calls from everywhere within the state, either directly from a constituent or from a community-based agency. Providers also gave consumers GOVCHA's contact information, and GOVCHA's information was included on any adverse determination correspondence that a consumer received from an insurance company.

Assemblywoman Carlton asked whether the questions and issues were tracked and if a report was available. She would like to receive the report and track access.

Ms. Holmes explained that when consumers contacted GOVCHA, demographic information was gathered, including their specific health plan, complaint or issue, illness, disease, or disorder. The information was compiled into a report, which she would provide to Assemblywoman Carlton.

Chairwoman Smith asked Ms. Holmes to provide the report to the Committee's Fiscal Analysis Division staff, who would share it with Committee members.

Assemblyman Sprinkle asked what the process was to access assistance from the ombudsmen and how the information was provided to consumers.

Ms. Holmes explained that GOVCHA collaborated with all state agencies within and outside of the Department of Health and Human Services, including the Division of Insurance in the Department of Business and Industry. She said GOVCHA was also requesting a worker's compensation ombudsman position, which would be funded separately. The GOVCHA participated in state-related health fairs, small business conferences, and nonprofit organization and foundation activities. In addition, the Office

communicated with all providers and hospitals in the state. The current request included funding to continue an ombudsman position in Elko, Nevada, who served the northern, rural, and tribal communities of the state.

Chairwoman Smith asked for questions and there were none.

28. Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2015 - Addition of \$2,600,429 in federal Title XIX grant funds, \$75,734 in federal Title XXI grant funds, and \$3,216,422 in federal Support Establishment of State-Operated Health Insurance Exchanges grant funds transferred from the Silver State Health Insurance Exchange for the design, development and operation of an eligibility engine to determine eligibility for publicly subsidized health care under the Affordable Care Act. Requires Interim Finance approval since the amount added to the Health Care Reform Eligibility Engine category exceeds \$75,000. **RELATES TO ITEMS E.25, 76, 77, 78 and 79. Work Program #C30729**

Steve Fisher, Administrator, Division of Welfare and Supportive Services (DWSS), Department of Health and Human Services (DHHS), explained that Agenda Item E-28 was a request to augment revenue and expenditure authority for the Affordable Care Act, specifically the eligibility engine within the DWSS. The companion work program to item E-28 was previously approved at the August Committee meeting and balanced forward uncommitted State General Funds for the project. He said that the work program in this request augmented the federal match for the project.

Cari Eaton, Finance and Research Officer, Silver State Health Insurance Exchange, explained that Agenda Items E-76, E-77, E-78, and E-79 requested approval to carry forward an additional \$26,049,512 in federal grant authority for state fiscal year (FY) 2015. She said the entire state FY 2015 authority would be \$51,628,813, \$46,503,800 of which was federal grant funds that must be obligated by December 31, 2015. A portion of the funds would be used to support the DWSS and the Governor's Office of Consumer Health Assistance.

Senator Kieckhefer asked whether there was a relationship between the original planned use of the funds and what they would now be used for as the transition to the federal health insurance exchange was taking place.

Damon Haycock, Information Systems Project Manager, Silver State Health Insurance Exchange, replied that the previous dedication of the funds was used to implement the state-based marketplace. The state was transitioning to the supported state-based marketplace, and the funds would be leveraged to continue to implement the process. Funds would be dedicated to increased consumer assistance, to the navigator and exchange facilitator program, and to a robust marketing campaign for re-enrollment and enrollment of the uninsured in Nevada. He said the funds would also be used to support all personnel travel and operating expenses. The general mission remained the

same, which was to enroll uninsured Nevadans in quality health insurance programs for which they were eligible.

Senator Kieckhefer asked for an explanation of the assignment of responsibilities under the new system and whether the staffing approved under the original concept of the state-based system would be carried forward into the next budget cycle.

Mr. Hancock replied the plan was to request the same 13 staff members approved by the Legislature for the original implementation of the state-based marketplace. He noted that 25-40 staff members were approved for other state-based marketplaces, and Nevada's staff was very lean and policy-driven with a lot of oversight and management. The requirements to become a supported state-based marketplace were similar to the original state-based marketplace, and oversight and plan certification, consumer outreach, and marketing functions must be continued. The Exchange still had to provide assistance to Nevadans enrolling in qualified health plans, as well as to partner with other agencies such as the Division of Welfare and Supportive Services. Mr. Hancock said it had been difficult for the staff of 13 to get everything done, but they had been as successful as possible and planned to continue into the next biennium.

Senator Kieckhefer said that the Legislature would be reviewing the program costs very closely in the 2015 Session.

Assemblywoman Kirkpatrick asked what the policy was concerning use of external services outside of the Exchange staff. She had recently heard complaints about opportunities for external entities to participate.

Mr. Hancock explained that the request for proposal (RFP) process was used for all procurements, including marketing and outreach functions. He said the office was firmly dedicated to supporting the competitive process for other contractors and vendors to participate in supporting the Exchange. All navigators and enrollment assisters had been allowed to request and participate in that process.

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

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA
ITEMS E-23, E-28, E-76, E-77, E-78, AND E-79.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED (Assemblyman Horne and Senator Denis
were not present for the vote.)

80. Department of Education - Elementary and Secondary Education - Title I - FY 2015 - Addition of \$748,340 in federal Nevada School Climate Transformation grant funds to develop, enhance, or expand statewide systems of support including technical assistance to school districts and schools implementing an evidence-based, multi-tiered behavioral framework for improving behavioral outcomes and learning conditions for all students. Requires Interim Finance approval since the amount added to the School Climate Aid to Schools category exceeds \$75,000. **Work Program #C31465. RECEIVED AFTER SUBMITTAL DEADLINE 10-7-14.**

Mindy Martini, Deputy Superintendent for Business and Support Services, Nevada Department of Education, explained that Agenda Item E-80 involved a request for authority to receive \$748,340 in federal funding for a Nevada School Climate Transformation grant. She said the grant would support the rollout of the Positive Behavioral Interventions and Support (PBIS) program.

Ms. Martini said that this was the first time funds had been awarded for state-level school transformation grants, and Nevada was one of only twelve states to receive a grant. Over the next two years, seven school districts would be participating in the grant: Douglas, Clark, Washoe, Elko, and a coalition of three districts, Humboldt, Pershing, and Lander, and 93 schools would be involved. Ms. Martini added that the grant funds would also support the PBIS technical assistance center at the University of Nevada, Reno (UNR).

Assemblyman Bobzien asked how the school districts were selected to receive funding and when students from the districts that did not receive funding could be involved in the program.

Victoria Blakeney, Education Programs Professional, Department of Education, explained that the districts were chosen because the request for proposals (RFP) was specific in the types of screening wanted for the chosen districts, and the seven districts met the requirements of the grant. She said the grant was written to include training for technical assistance centers and for external coaches to become technical assistants for the other districts in the state, along with the PBIS Nevada assistants.

Assemblyman Sprinkle wanted to confirm that no state match was required for the grant.

Ms. Blakeney replied that no state matching funds were required.

Chairwoman Smith asked whether there were subgrants other than to the school districts and UNR.

Ms. Blakeney responded that the only subgrant would be to UNR for the PBIS technical assistance center.

Assemblyman Eisen said that he did not understand how the distribution of funds to the school districts was determined. He noted that districts with dramatically different populations received the same amount of funds to use for capacity building.

Ms. Blakeney explained that there were two different methods of delivery of funds to the districts – per school involved in the project, and a lump sum for capacity building. The larger districts would not implement the program districtwide: they were going to use a zone concept. For example, funds would be provided to only one zone in Clark County, which contained 17 schools. She pointed out that the population sizes were equal when looking at zones versus district. A per-school amount would be granted, which would be equal among the districts, and a per-district capacity-building amount would be used to create a district leadership team so that each school in the grant program would have the leadership and capacity to understand the PBIS program.

Assemblywoman Kirkpatrick requested that the Department provide her with follow-up information on the criteria for distribution of the funds. She wanted to understand the selection process for the zones and distribution of funds, because the public often questioned why some institutions had certain opportunities and others did not.

Ms. Martini agreed to provide the information to the Fiscal Analysis Division staff for distribution to the Committee members.

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

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM E-80.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

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

Position Changes

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Transportation – Administrative Services – Buildings and Grounds	800/4660	073020	Administrative Assistant I, Code 02.213, Grade 23, Step 10, Employer Paid Retirement \$35,537.76	Maintenance Repair Worker II, Code 09.487, Grade 25, Step 10, Employer Paid Retirement \$38,669.76
Commission on Postsecondary Education	360/2666	0005	Compliance Auditor Investigator II, Code 11.365, Grade 33, Step 01, Employee/Employer Paid Retirement \$41,906.16	Administrative Assistant III, Code 02.211, Grade 27, Step 01, Employee/Employer Paid Retirement \$32,677.20
Department of Administration – Victims of Crime Program	931/4895	0004	Crime Victim Compensation Specialist, Code 12.368, Grade 32, Step 07, Employer Paid Retirement \$45,956.88	Program Officer III, Code 07.643, Grade 35, Step 06, Employer Paid Retirement \$50,174.64

Refer to motion for approval under Agenda Item E.

F. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported the balances in the Interim Finance Committee Contingency Account as shown on the Interim Finance Contingency Account balance statement on page 237 of volume II of the meeting packet (copy attached as [Exhibit D](#)), which reflected the following balances for fiscal year (FY) 2014 as of October 22, 2014:

Unrestricted General Fund Balance	\$6,206,178
Unrestricted Highway Fund Balance	\$1,536,576
Restricted General Fund Balance	\$3,172,000

Mr. Krmpotic explained that there were no Contingency Account requests before the Committee at this meeting. He noted that since the August 27, 2014, meeting there was \$2,887,905 in reversions from state agencies' Contingency Account funds that were previously allocated. The reversions largely stemmed from agencies ending the fiscal year with more funding available than had been projected when they had requested the Contingency Account allocations.

Mr. Krmpotic noted that the Department of Conservation and Natural Resources reverted \$1,140,608, which was associated with the reimbursement to the Forest Fire Suppression account from other agencies the Department had assisted in fire fighting over the past two years.

G. INFORMATIONAL ITEMS.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Committee members had requested testimony on the following informational items: Item G-1, Office of the Attorney General, Home Again Program, and G-5, Department of Business and Industry, Home Retention Program, would be heard together, and Item G-8.a., Report on Project NEON, Department of Transportation (previously heard with Agenda Item E-75).

Chairwoman Smith asked for requests for testimony on other informational items and there were none.

1. OFFICE OF THE ATTORNEY GENERAL – Home Again Program, National Mortgage Settlement – Quarterly report for the period ending June 30, 2014 (letter of intent, 2013 Legislature).
5. DEPARTMENT OF BUSINESS AND INDUSTRY – Office of the Director – Home Retention Program – Quarterly report regarding the status of the program's implementation and the ongoing management and success of the program for the periods ending June 30, 2014, and September 30, 2014 (letter of intent, 2013 Legislature).

Eric Witkowski, Chief Deputy Attorney General, Office of the Consumer Advocate (OCA), Office of the Attorney General (AG), stated that he would provide an update on the Home Again Program.

Mr. Witkowski recalled that the Home Again Program started in August 2012 with contingent approval by the Interim Finance Committee and then was approved by the 2013 Legislature. Approximately \$3.5 million of the program's \$33 million budget had been spent. He said the OCA was considering changing some of the focus of the program, including a possible down-payment program in fiscal year (FY) 2015, but the amount of money would be capped by what the Legislature approved, which was about \$13.8 million.

Mr. Witkowski said the Consumer Advocate's Office estimated that about \$3 million would be spent on the Home Again Program, which would leave a balance of about \$10 million for a down-payment program during FY 2015. A focus group had been meeting to work on the details of the program, which would be included in a quarterly report to the Committee in December.

Mr. Witkowski explained that the housing market had changed. In 2010, 70 percent of homeowners were underwater, and currently 29 to 30 percent of them were still underwater. There were also more requirements people had to meet to purchase a home, and the OCA was considering ways to shift resources toward those individuals.

Mr. Witkowski said if the down-payment program were moved forward, there would be a balance of \$16 million to \$18 million in Home Again Program funds available. Various programs would be submitted to the 2015 Legislature for approval, including a request from the Nevada Supreme Court for funds for the Remediation Program and a proposal to fund the Department of Business and Industry's Consumer Assistance Division (CAD) unit that was suspended in 2009.

Assemblywoman Kirkpatrick said that she lived in North Las Vegas, where 70 percent of the homes were underwater. Her neighbors of 20 years lost their home because they did not qualify for any of the assistance programs. Before she would approve a down-payment assistance program, she wanted to understand why homeowners were still underwater and losing their homes. She also did not understand why only \$3 million of the Home Again Program budget had been spent.

Michele Johnson, President and Chief Executive Officer, Financial Guidance Center, explained that the National Mortgage Settlement funds and Home Again Program were never designed to provide funds to specific homeowners. Through the Attorney General Office's partnership with legal services, resources were provided to Nevada homeowners that had not been previously accessible. To date, nearly 20,000 households had been assisted through the program.

Ms. Johnson explained that control over the ultimate outcome was with the lender and servicer. Although the state had partnerships with Fannie Mae, Wells Fargo, and Bank of America that brought concessions to the homeowners that they might not have otherwise, the state could not control the servicers' policies. She noted that Bank of America serviced mortgages for over 1,800 lenders, and each one had different criteria. Some of them refused to cooperate and since there was no way to make them cooperate, those families were unable to find resolution to stay in their homes. The goal of the Home Again Program was to help those families navigate through the available programs to see if any could help, and if not, to help them relocate to safe and affordable housing and proceed to the next portion of the Home Again Program, which was to restore their credit and find the funds to purchase another home. Ms. Johnson said that there was not enough money available to help everyone who was harmed by the crisis.

Ms. Johnson pointed out that many of the assistance programs, especially in Nevada, helped prolong the issue. She had recently attended a meeting with the FHFA (Federal Housing Financing Agency) Director, and she learned that there were 42,000 Nevadans who had not yet taken advantage of HARP 2 (Home Affordable Refinance Program), which was the one federal program that was advantageous for Nevadans because it allowed them to refinance their mortgage if they were Fannie Mae or Freddie Mac

insured, with no qualification as far as loan to value. Homeowners could refinance and take advantage of low interest rates as long as they were current on their mortgage.

Assemblywoman Kirkpatrick remarked that if the funds were not intended to help those 42,000 Nevadans, then they should not be intended to help first-time homebuyers.

Assemblyman Sprinkle said that if changes in lending practices were intended to prevent what occurred during the recession, he questioned what the rationale was to help people with their down payments. He asked who would qualify for down-payment program assistance.

Ms. Johnson replied it was envisioned that the down-payment program would assist first-time homebuyers, which were defined as those who had not owned a home in the past three years, and those in the low- to moderate-income bracket. She noted that there were high costs associated with purchasing a home, and it was challenging for those in the low- to moderate-income categories to save money for the down payment and associated closing costs.

Ms. Johnson added that there were several down-payment assistance programs throughout Nevada, most of which were out of funds. They were all successful, which was why the Attorney General's Office wanted to hold a focus group consisting of representatives throughout the state – realtors, lenders, title officers – to determine whether the down-payment assistance program would be viable. Members of the focus group indicated that the program would be helpful.

Mr. Witkowski noted that there was some debate concerning the structure of the program, and it was recommended that buyers must provide half of the down payment, and therefore they would be vested in the home and tend not to walk away.

Assemblyman Sprinkle said he believed that assistance should be provided to help Nevadans move into homes. There was value in ownership, but he wanted to ensure that families were not being set up for more failure.

Chairwoman Smith observed that there were still unknowns about the program's process.

Mr. Witkowski replied that was true. Significant debate was held in the focus group concerning what could be done for existing homeowners; federal programs such as HAMP (Home Affordable Modification Program) and HARP were for that purpose. The group could not agree on how to reach those homeowners, but the members still saw a need for down-payment assistance. The details and criteria for the program were still being developed.

Chairwoman Smith asked how the Office of the Attorney General's Home Means Nevada program and the Department of Business and Industry's Home Again program were being coordinated.

Ms. Johnson replied there was not a true relationship between the Home Again and Home Means Nevada programs other than the fact that B&I assisted counseling agencies that were working with individual homeowners in the Home Means Nevada program.

Chairwoman Smith asked whether there was any overlap or duplication by the two programs.

Ms. Johnson said the programs were totally different and separate in their intent, and there was no duplication.

Chairwoman Smith asked whether there was a need for the two programs to work together or the only commonality was that the two agencies shared a funding source.

Bruce Breslow, Director, Department of Business and Industry, explained that the two programs had completely separate purposes, but B&I worked with the AG's Office on many levels. He had been the Director of B&I for two years, and it was his opinion that the following were needed:

- A fair and fast path to foreclosure to clear the empty homes from the inventory and fill them with owner-occupants.
- New programs in the Housing Division. The following new programs had recently been successfully instituted:
 - The Hero to Home Mortgage Program was started in June and had helped 70 veterans and military members get new mortgages at a 2.75 percent interest rate.
 - The Home is Possible Down-Payment Grant Program was launched in September 2014 and had already helped 39 families buy homes in the state. The average family served had an annual income of \$54,000 and a mortgage loan of \$173,000.
 - The Mortgage Credit Certificate Program served nine qualified homebuyers during September 2014. They were first-time homebuyers, and the program provided a federal income tax credit of up to 40 percent of the interest paid on their mortgages. The nine families would collectively save about \$18,000 a year for the life of their loans.

Mr. Breslow noted that the federal programs involved a lot of money; some individuals took advantage of them and some did not, but there were many challenges. He recalled that the Home Retention and Home Means Nevada Programs depended upon the Housing and Urban Development (HUD) agency to sell the notes to the state, and it took a year and a half to get a qualified pool. When the pool was finally obtained, half of the notes had liens and others were involved with homeowners' association

foreclosures. He said it was difficult to navigate through HUD and finalize the purchase of notes.

Mr. Breslow went on to explain that the U.S. Treasury had promised the state would receive \$70 million of uncommitted hardest-hit funds to buy notes, and after the state developed a business plan, the Treasury changed the rules to provide a dollar-for-dollar match for occupied homes only.

Mr. Breslow reviewed organizational changes made with the creation of the Board of Directors of Home Means Nevada, which approved bylaws allowing him to appoint the President and Vice President, and he replaced himself as the President with the Administrator of the Housing Division. He said the Board had more expertise than when the program first began and the Housing Division had eight vacancies. The Housing Division was now strong and successful, and the program leadership and direction should be trusted. He added that the new Administrator of the Housing Division, CJ Manthe, would be providing updates to the Committee in the future.

Chairwoman Smith asked how many homes in the Home Retention Neighborhood Stabilization Program qualified for the notes.

Mr. Breslow said that HUD had initially said that the state could purchase 1,200 notes, but the number was reduced to 800, to 600, and then to 480. When the notes were analyzed for purchase, only about 220 to 260 were viable to purchase. He asked Ms. Zakowska to provide the Committee with specific information.

Anna Zakowska, Chief Executive Officer, Home Means Nevada (HMN), Department of Business and Industry, testified that the state had purchased 220 notes from HUD, and purchase of 60 additional notes would be finalized the following week. Of the 220 first notes, 35 percent of the homeowners expressed interest in loan modification. Some modifications had been approved, and other homeowners were in the process of completing their application package.

Ms. Zakowska explained that the other goal of the Home Retention Program was neighborhood stabilization. Some of the homeowners chose a different path and surrendered the house with a deed in lieu of foreclosure. There were 48 pending deeds in lieu of foreclosure, and two of them had been recorded and signed by the borrowers. Three short sales were also approved by the HMN Board. Currently, there were six area properties being prepared for rehabilitation and sale to owner-occupants to help with neighborhood stabilization.

Ms. Zakowska said there was a successful door-knocking program to engage the homeowners and discuss loan mitigation options. From the door-knocking program, an additional 60 homeowners were in the beginning stages of considering possible modification or signing a deed in lieu of foreclosure.

Assemblywoman Carlton stated there was a group of people being left out of assistance programs. They had made payments on their homes, lived through the economic rollercoaster, had jobs, and were making a good living. They ended up unemployed, and when they were reemployed, they were then under employed. She believed that those were the people who needed help. They might fall behind on utility and other bills, but they made their house payment, and because they were responsible, they were being left behind with no assistance. Assemblywoman Carlton said that a neighborhood stabilization program was needed to keep those people in their neighborhoods. She was afraid that they would start giving up and start another rash of foreclosures in the near future.

Mr. Breslow stated that Assemblywoman Carlton was correct. The state did not have any authority, leverage, or input to force national lenders to allow for loan modifications. Modifications could only be done on the loans purchased by the state, which would be the lender. He said a U.S. Senator from Washington and another from Oregon had been pushing for a federal program to help the homeowners Assemblywoman Carlton referred to, but the legislation had been stalled in committee for over two years. Mr. Breslow added that the Department of Business and Industry did not have extra funding to create a program.

Mr. Breslow noted that in-state banks and credit unions were vested in their communities and were more willing to negotiate with homeowners. He understood that there were still 40,000 homes in the state that could be foreclosed upon; the owners were simply waiting to be evicted, but the banks could not be forced to foreclose.

Chairwoman Smith asked for further questions and there were none. She thanked everyone for providing the Committee with the information, and she looked forward to further discussion concerning the housing situation. She noted that the items were informational only and no Committee action was required.

H. PUBLIC COMMENT.

Chairwoman Smith called for public comment and there was none.

I. ADJOURNMENT.

Chairwoman Smith announced that the next Committee meeting would be held on December 8, 2014, in Las Vegas.

There being no further business to come before the Committee, Chairwoman Smith thanked everyone for their work and participation and adjourned the meeting at 12:21 p.m.

Senator Debbie Smith, Chairwoman
Interim Finance Committee

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

EXHIBITS
INTERIM FINANCE COMMITTEE
October 22, 2014

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Rudy Malfabon, Director Nevada Department of Transportation	Project NEON Slide Presentation
D	Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Statement of IFC Contingency Account Balance as of October 22, 2014