

MINUTES OF THE DECEMBER 8, 2014  
MEETING OF THE  
INTERIM FINANCE COMMITTEE  
LEGISLATIVE COUNSEL BUREAU  
Las Vegas, Nevada

Chairman Kieckhefer called a regular meeting of the Interim Finance Committee (IFC) to order at 9:07 a.m. on December 8, 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 Ben Kieckhefer, Chairman  
Assemblywoman Maggie Carlton, Vice-Chair  
Assemblyman Paul Anderson  
Assemblyman Nelson Araujo  
Assemblywoman Teresa Benitez-Thompson  
Assemblywoman Irene Bustamante Adams  
Assemblyman Richard Carrillo  
Assemblyman Chris Edwards  
Assemblyman John Hambrick  
Assemblyman Pat Hickey  
Assemblywoman Marilyn Kirkpatrick  
Assemblyman Randy Kirner  
Assemblyman James Oscarson  
Assemblywoman Ellen Spiegel  
Assemblyman Michael Sprinkle  
Assemblywoman Heidi Swank  
Senator Pete Goicoechea  
Senator Mark Lipparelli  
Senator David Parks  
Senator Michael Roberson  
Senator Debbie Smith  
Senator Joyce Woodhouse

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

Brenda Erdoes, Legislative Counsel  
Mark Krmpotic, Fiscal Analyst, Senate  
Cindy Jones, Fiscal Analyst, Assembly  
Sherie Silva, Interim Finance Committee Secretary

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  
Cheryl Harvey, Fiscal Analysis Division Secretary

Chairman Kieckhefer greeted Committee members, members of the public attending in Carson City and Las Vegas, and those listening on the Internet. He 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.

Chairman Kieckhefer asked for public comment in Carson City or Las Vegas, and there was none.

C. APPROVAL OF MINUTES OF THE AUGUST 27, 2014, MEETING.

ASSEMBLYMAN KIRNER MOVED TO APPROVE THE  
MINUTES OF THE AUGUST 27, 2014, COMMITTEE MEETING.

SENATOR PARKS SECONDED THE MOTION.

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

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

- 1. Department of Health and Human Services - Child and Family Services - Rural Child Welfare - FY 2015** - Addition of \$26,127 in federal Title IV-E Foster Care and Adoption Assistance Program funds and deletion of \$26,127 in federal Title XX Social Service block grant funds transferred from the Department of Health and Human Services Director's Office to align FY 2015 state budget authority with available grant funds passed through to rural counties to support child welfare services. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing. Work Program #C30570**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Agenda Item D-1 required a public hearing because it involved the allocation of block grant funds. He noted that there were other work programs on the agenda involving block grant funds, but they would be heard under Agenda Item F because they exceeded work program thresholds to acquire approval under *Nevada Revised Statutes* (NRS) 353.220. Item D-1 did not exceed the thresholds of NRS 353.220 and required a public hearing under NRS 353.337.

Chairman Kieckhefer opened the public hearing on Agenda Item D-1. Hearing no requests for public testimony, he closed the public hearing and called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA  
ITEM D-1.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

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

**1. Department of Health and Human Services-Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2015** - Addition of \$8,201,884 in federal Title XIX funds to support county agencies with the federal share of funding for Targeted Case Management services. Requires Interim Finance approval since the amount added to the Pass Through to Local Government category exceeds \$75,000.  
**Work Program #C31580**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the work program revision in Agenda Item E-1 required expeditious action within 15 days. The item was for the Committee's information only, Fiscal staff had no questions or concerns, and no action was required,

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

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Committee members had requested testimony on the following work program revisions included in Agenda Item F:

Agenda items F-1 and F-2, Office of the Governor, State Energy Office, would be heard together; items F-7, F-8 and F-9, Department of Education, would be heard together; items F-13, Nevada System of Higher Education (NSHE), University of Nevada, Reno, F-14, University of Nevada, Las Vegas (UNLV), F-15, UNLV Dental School,

F-16, Truckee Meadows Community College, and F-17, Nevada State College at Henderson, would be heard together; item F-19, Department of Agriculture, Dairy Commission; item F-21, Department of Business and Industry; item F-57, Department of Public Safety, Criminal History Repository; and item F-63, Department of Conservation and Natural Resources, Forestry Division.

Agenda item F-34, Department of Health and Human Services (DHHS), Public and Behavioral Health, and items F-40 and F-42, DHHS, Division of Child and Family Services, required a public hearing;

Assemblyman Carrillo requested further testimony on Agenda Items F-39 and F-41, DHHS, Division of Child and Family Services.

Senator Goicoechea requested further testimony on Agenda Item F-72, Department of Wildlife, Game Management, in conjunction with item F-19, Department of Agriculture, Dairy Commission.

There being no further requests for testimony, Chairman Kieckhefer asked for public comment and hearing none, he called for a motion.

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

SENATOR GOICOECHEA SECONDED THE MOTION

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

Chairman Kieckhefer announced that Agenda Items F-1 and F-2 would be heard together.

- 1. Office of the Governor - State Energy Office - Renewable Energy Fund - FY 2015** - Transfer of \$151,470 from the Reserve category to the Transfer to the Office of Energy category to fund projected energy program activities for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Transfer to the Office of Energy category exceeds \$75,000.  
**RELATES TO ITEM F.2. Work Program #C31476**

Refer to testimony and motion for approval under Agenda Item F-2.

- 2. Office of the Governor - State Energy Office - Renewable Energy, Energy Efficiency and Energy Conservation Loans Program - FY 2015** - Deletion of \$2,868,100 in Stipend Repayments and \$151,470 in Interest Income to align funding of projected energy loan activities for the remainder of the fiscal year. Requires

Interim Finance approval since the amount deducted from the Energy Loans category exceeds \$75,000. **RELATES TO ITEM F.1. Work Program #C31430**

Paul Thomsen, Director, Office of Energy, Office of the Governor, stated that he was available to answer questions concerning the Renewable Energy Fund and Energy Conservation Loans Program.

Assemblywoman Kirkpatrick said she was disappointed that loans had not been repaid when everyone was so optimistic about the loan program. She realized that there were jobs created and some state abatements were granted, but she wanted to make sure that the loans were paid back. She asked what action the Attorney General's (AG's) Office would take to collect the loans and whether the companies in default would be allowed to open another business or receive any more abatements within the state. She pointed out that federal dollars were used to implement the program and keep it operating, and no state funds were involved.

Mr. Thomsen explained that the Revolving Loan Program was an American Recovery and Reinvestment Act (ARRA) program created to provide low-interest loans to developers who could not get conventional loans. The idea was to pursue high-risk projects, put funding into those projects, and try to jumpstart renewable projects. A portion of the Office of Energy's budget was to be funded from the interest earned from the loans. He said that since some loans had defaulted and the interest amount was not as large as it was projected to be, the work program in item F-1 was necessary to reauthorize the Office of Energy to spend an additional \$151,470 out of the Renewable Energy Fund, which was a different fund within the Governor's Office of Energy.

Mr. Thomsen explained that about 19 loans were made to developers in the state, and their purpose was to jumpstart projects. There were four large bad loans, which the Attorney General's Office was aggressively pursuing to collect. The AG's Office had obtained judgments for all of the loans in default, equipment and items of value left by the developers would be liquidated, and the state would retain the funds.

Mr. Thomsen said that the Office of Energy was trying to be as aggressive as possible to get the funds back into the account, which was all federal money.

Assemblywoman Kirkpatrick said it did not appear that any of the 2009 loans had been repaid. She thought that some of the funds had been paid back, and she asked whether there were only four outstanding loans.

Mr. Thomsen replied the total amount of loans made was approximately \$17 million. The original principal loan account was about \$13 million, and about \$3.4 million had been revolved, which was a combination of interest and project funds currently being paid back. He said that since he had become Director, the agency had started to pursue more risk-adverse projects. He was proud of recent solar projects with the Desert Research Institute in northern Nevada, the City of Las Vegas, and the

Tahoe-Carson Irrigation District. He pointed out that the Office was continuing to make loans, while at the same time trying to collect the delinquent loans.

Assemblywoman Kirkpatrick acknowledged that Mr. Thomsen had been doing a good job. She assumed that the agency's next budget would not include substantial interest.

Mr. Thomsen replied that the original authority from the account was \$264,000 in interest, and that amount was being revised down to \$151,470, which was a more reasonable amount. He added that the Office had started to liquidate projects, such as one called H2, which was hydrogen fueling of cars. An estimator had been hired and the cars and hydrogen fueling station would be liquidated as soon as possible.

Mr. Thomsen said the goal of the program was to reach a final legal conclusion with the Deputy Attorney General. The Office was working hand-in-hand with the federal Department of Energy, the Office of the Inspector General, and the Federal Bureau of Investigation, and when a legal conclusion was reached, the Office would contact the Department of Energy and revise the amount of the fund based on any write-offs of loans not being paid.

Senator Roberson asked which companies were delinquent and the amounts of their outstanding loans.

Harry Ward, Deputy Attorney General, Office of the Attorney General, stated that his testimony would be limited because of pending litigation, but he would provide a review of the loan collection activities. He explained that when an entity received money from the account and became delinquent, the Governor's Office of Energy would try to get it to pay on the loan. If the entity refused, then the Office of Energy directed the A.G.'s Office to begin collection procedures. The AG's Office would send a delinquency letter, follow it up with another 30-day delinquency letter, file a Chapter 353C Notice of Collections, and ultimately file a Collection Summary Judgment in the county where the debtor owned property. If the debtor could not pay on the loan, it would be forced into some sort of bankruptcy.

Mr. Ward added that loans made to Avatar, Berkin, Enigma, H2 Technologies, and Sunburst Energy were delinquent and now in default.

In response to questions from Senator Roberson, Mr. Thomsen said that the five companies were licensed to do business in the state, but some had never materialized into companies or they had headquarters in other locations. He said that since December 2013, the Office of Energy had been considering how it could ensure that those types of loans would no longer be made. The Office had improved monitoring of borrowers, including quarterly inspections, required reports, and submission of invoices. Mr. Thomsen recalled that the Office of Energy had received a national award for efficient distribution of funds, but the result was that many of the loans were unchecked. The Office was currently working to strengthen compliance reporting, and the selection

committee was moving forward with a greater focus on the companies' ability to repay loans.

Senator Smith asked whether the Controller's Office was involved in collecting the debt.

Mr. Ward replied that under *Nevada Revised Statutes* (NRS) Chapter 353, the Controller's Office was required to be involved.

Senator Goicoechea asked whether there were repayment schedules the companies were supposed to meet.

Mr. Thomsen replied that there were repayment schedules, and companies that had missed payments were now incurring interest. He noted that most of the loans were approved in 2010 and the initial loans were made in 2011, and the contract schedules required payment by the end of 2012. Most of the companies did not make the deadline, and at that time, the Attorney General and the Office of Energy thought it was in the best interest of the state to try to renegotiate the terms to reestablish a payment schedule. Several companies had entered into renegotiation in good faith but still made no attempts to make payments. Mr. Thomsen said that when he assumed his position as Director, the companies were immediately moved into default and the legal process for collection was started. He said that through legal action, it was hoped that most of the accrued interest and principal could be collected.

Senator Goicoechea observed that 80 percent of the companies had not made a payment on the principal. In his opinion, if a company had not made a payment on its loan in five years, it should be out of business.

Assemblywoman Kirkpatrick recalled that when ARRA funds were granted, the state had the opportunity to disburse the funds immediately or create a program that, at the time, was hoped would spur energy and economic development. She said the state had taken a risk to work with the private sector to create a viable long-term program with the ARRA funds. She believed that the state should continue to pursue collection of the loans, because the original goal was that they would be paid back within three years. She suggested that the 2015 Legislature consider establishing payment schedules on a shorter timeframe. She wanted the public to understand that when the program was established, it was assumed that the interest could be invested in the Office of the Energy.

Mr. Thomsen noted that the funds were federal and the interest earned had to be used for federal projects. Any future collections would have no impact on the General Fund shortfall. He added that the terms of the contracts had been renegotiated by the Office of Energy, and the repayment schedules had been shortened to ensure success in repayments moving forward. He said the Office of Energy hoped to capture as much of the funding as possible and continue to make loans outside of the existing General Fund budget for the State of Nevada, promote projects for people to work, and see economic development from the federal program.

Senator Goicoechea said that he understood that they were federal funds, but the interest income was intended to be for the state. He was aware that some of the projects were making money for themselves but were not repaying their loans.

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

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

3. **Office of the Attorney General - Workers' Compensation Fraud - FY 2015** - Addition of \$71,003 in federal Justice Assistance grant funds transferred from the Department of Public Safety, Office of Criminal Justice Assistance, to assist the investigation of Electronic Benefit Transfers fraud. Requires Interim Finance approval since the amount added to the Criminal Justice Grant Expense category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31563**

Refer to motion for approval under Agenda Item F.

4. **Office of the Secretary of State - HAVA Election Reform - FY 2015** - Transfer of \$102,507 from the Reserve category to the Polling Place/Election Day Equipment category to ensure persons with disabilities have access to the election process and facilities. Requires Interim Finance approval since the amount transferred to the Polling Place/Election Day Equipment category exceeds \$75,000. **Work Program #C31455**

Refer to motion for approval under Agenda Item F.

5. **Office of the Treasurer – Nevada College Savings Trust - FY 2015** - Addition of \$43,774 in Non-Cash Revenue to account for Consumer Price Index annual adjustments and the Fiscal Year 2014 unused balance carried forward. Requires Interim Finance approval since the amount added to the Upromise Matching Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31346**

Refer to motion for approval under Agenda Item F.

6. **Department of Administration - Enterprise IT Services - Security - FY 2015** - Addition of \$293,933 in federal State Homeland Security Program (SHSP) grant funds transferred from the Nevada Department of Public Safety for the purchase and implementation of software, hardware, and services to increase cyber response capability. Requires Interim Finance approval since the amount added to the Persistent Cyber Threats category exceeds \$75,000. **Work Program #C31458**

Refer to motion for approval under Agenda Item F.



Chairman Kieckhefer announced that Agenda Items F-7, F-8, and F-9 would be heard together. (Refer to motion for approval under Agenda Item F-9.)

**7. Department of Education - Elementary and Secondary Education - Title I - FY 2015** - Addition of \$173,824 in federal Rural and Low Income Schools grant funds to provide funding to rural, high poverty districts to improve instruction and academic achievement to assist those districts in meeting adequate yearly progress. Requires Interim Finance approval since the amount added to the Rural and Low Income Schools Aid to Schools category exceeds \$75,000.  
**Work Program #C31429**

Mindy Martini, Deputy Superintendent for Business and Support Services, Department of Education, explained that the work program in Agenda Item F-7 requested the addition of \$173,824 in federal Rural and Low Income Schools grant funds, which were formula-driven funds to be passed through to any eligible school district. The only eligible school district in Nevada was Lyon County School District, based upon its location, size, and the fact that 20.73 percent of its students were at the high-poverty level.

Ms. Martini said the funds were flexible and designed to help support school districts increase academic achievement. The funds could be used for teacher recruitment, teacher professional development, educational technology, and safe and drug-free and limited English proficiency programs. She said that Lyon County School District had indicated that it would focus the funds on teacher recruitment and professional development.

Senator Kieckhefer asked whether Lyon County School District had submitted a written plan to the Department for use of the funds.

Ms. Martini replied that no written plan was submitted. The funds were pass-through formula-driven funds and no requests had to be submitted as in other grant programs. Once the funds were received by the District, they must be used for approved activities, but there was no required reporting. She added that the use of the funds could be audited after the fact.

Assemblywoman Carlton asked whether other school districts would be eligible to apply for the funds in the future.

Ms. Martini said that when she first heard that Lyon County School District was the only school district eligible for the funds, she looked into why other rural districts did not qualify. The Now is the Time Initiative was under the larger umbrella program called The Small Rural School Achievement Program. The federal government had made funds available to help small rural school districts that could not be as competitive as larger school districts. Nevada had 12 additional school districts that fell under the larger umbrella and were eligible for funds. Because Lyon had over 20 percent of its students in the high-poverty category, it was eligible for the smaller grant program.

Assemblywoman Carlton asked how long the program would last.

Ms. Martini said she was not sure of the length of time for the grants, but each year more school districts would become eligible. Even though a school district might be eligible to apply, it might not receive the funds under the program if it received other federal funds.

Assemblywoman Kirkpatrick noted that Lyon County's student population had decreased in the past year. She asked on which year's enrollment figures the grant award was based.

Ms. Martini replied she was not sure which enrollment numbers were used by the federal government in the formula. She would provide that information to the Committee.

Assemblyman Kirner affirmed that the federal funds received by school districts were in addition to the Distributive School Account (DSA), which would free up existing DSA funds. He asked whether audits would be conducted on how the grant funds and freed-up DSA funds were spent.

Ms. Martini replied that the federal government could audit the funds, but no reporting was required.

Senator Roberson remarked that he was glad to see that Lyon County would receive the grant funds, but he would like to see some accountability of the funds by the state.

Ms. Martini explained that the Department of Education had a grants management unit, which the Department was in process of centralizing under its reorganization plan. The grants management unit was responsible for checking billables and whether funds were being used properly. She said that the grants management unit would conduct an audit even if the federal government did not.

Assemblywoman Swank suggested that it would be useful to know how the grant money was being spent and whether it could be used as a model for other programs.

Senator Smith clarified that the federal funds should not be supplanting other funds, and Ms. Martini replied that Senator Smith was correct.

Refer to motion for approval under Agenda Item F-9.

8. **Department of Education - Elementary and Secondary Education - Title I - FY 2015** - Addition of \$250,000 in federal Project SERV - School Emergency Response to Violence grant funds to provide training and technical assistance in the development and implementation of high-quality school emergency operations plans. Requires Interim Finance approval since the amount added to the School Emergency Management category exceeds \$75,000. **Work Program #C31492**

Mindy Martini, Deputy Superintendent for Business and Support Services, Department of Education, explained that Agenda Item F-9 requested \$250,000 in federal School Emergency Response to Violence (SERV) grant funds. It was an 18-month grant that would assist the Department of Education, school districts, charter schools, and private schools in developing their emergency management plans.

Ms. Martini said that emergency plans were required under *Nevada Revised Statutes* (NRS) 392.620 and 392.640. The plans must be developed in consultation with local social service, law enforcement, and emergency management agencies. She said that most of the funds were anticipated to be subgranted to the Division of Emergency Management under the Department of Public Safety, which would use the funds to contract with an emergency school planner position.

Ms. Martini added that the Department staff member responsible for overseeing the program was in Las Vegas to answer specific questions.

Diana Hollander, Program Officer, Nevada Department of Education, testified from Las Vegas that the funds would be used to hire a school planner position and a staff member in the Department to help the school districts develop their emergency management plans. The districts had never had anyone help them facilitate emergency plans. She said that the goal was to request a full-time position in the 2015 Legislative Session, but in the meantime, the grant funds would be used to start working with the smaller school districts to develop high-quality plans in compliance *Nevada Revised Statutes*.

Senator Kieckhefer asked whether the Department would be requesting General Funds for the position in the 2015 Legislative Session.

Ms. Hollander replied that it was her understanding that a full-time state-funded school planner position would be requested in the 2015 Session. In the meantime, the grant funds would be used to hire a temporary school planner position at the Department of Education. She said that her position would continue after the grant period was over to assist with fees and regulations on a yearly basis.

Assemblyman Sprinkle noted that the program would be passed down to the Division of Emergency Management (DEM), which would distribute the funds as a subgrant. He asked whether DEM would have discretion as to which school districts would receive grant funds.

Ms. Martini clarified that a work program from the Division of Emergency Management would be submitted to the Committee at the January meeting. She understood that the Division would not be requesting a full-time position. During the next 18 months, the Department of Education would review all of the school district emergency plans, and as the districts needed assistance, the DEM would help them develop the plan they would need for their particular district. She noted that the program was very short, but she

hoped that the emergency plans for all of the school districts could be updated during the next 18 months.

Assemblyman Edwards noted that emergency managers were working for the school districts, and he asked why the plans did not currently exist and whether improvements could be made to the plans internally.

Chris Smith, Chief, Division of Emergency Management, Department of Public Safety, explained that only two school districts in the state had a full-time emergency manager. The rest of the school districts did not have an emergency management position, which left school districts without a trained professional to develop a comprehensive emergency management program. He recalled that in 2009, the Division began a concerted effort to start looking at school emergency management programs across the state. Mr. Smith said the Project SERV grant would revitalize the effort and update emergency plans for all school districts in the state. He noted that in the wake of the Sandy Hook shootings, there was federal guidance for the state to follow throughout all of the school districts, charter schools, and private schools.

Assemblyman Edwards asked why the school districts without plans could not duplicate plans of the two districts that had them.

Mr. Smith replied the DEM was not advocating for an additional position: it was advocating for the capability of the school districts to develop a comprehensive plan that would be tailored to the individual school district. He said that to make a plan for Clark County fit across the state in smaller counties, such as Elko County, would not be a benefit to Elko County. The number, type, and kind of resources and abilities of the local jurisdictions in the counties differed greatly. It was important for the DEM, as well as the Department of Education, to work directly with the school districts to develop plans that would work for them.

Mr. Smith explained that while there were elements of comprehensive emergency planning that were consistent across every jurisdiction within every state, the details and nuances of those plans were dependent on what resources were available to each of the school districts and communities. The DEM would develop comprehensive plans for each school district, as well as continue to increase the capabilities and skillsets of the staff within the school districts to develop and maintain their plans long after the grant funds were expended.

Assemblyman Edwards affirmed that part of the purpose of the grant was to develop the internal capability of the school districts to avoid requesting additional positions in the future.

Mr. Smith replied that was correct. The DEM wanted to develop the capability to do so within the school districts.

Assemblyman Oscarson said that he assumed that any emergency plan in place for Washoe and Clark Counties would be distinctly different due to individual district geographic and populations. He appreciated the fact that there would be challenges for the Division, but he hoped that information from Washoe and Clark County School Districts would be shared with the other counties to avoid duplication of effort and make the dollars go further.

Mr. Smith replied that the Department of Education and the Division of Emergency Management would be working with Clark and Washoe Counties' emergency management staff and stakeholders across the state to capitalize on the existing programs to make emergency plans as locally appropriate as possible.

Assemblywoman Kirkpatrick observed that this was an opportunity to use a grant to get information and create a program similar to the Homeland Security grant from several years ago. She noted that there were now distinct differences in safety requirements from the past. Every school in the state was different, and she thought legislators should be educated prior to the 2015 Legislative Session to ensure student safety across the state.

Refer to motion for approval under Agenda Item F-9.

- 9. Department of Education - Elementary and Secondary Education - Title I - FY 2015** - Addition of \$1,949,181 in federal Now is the Time Initiative grant funds to increase the capacity of school districts and communities to recognize and assist youth in need of intervention, create safe and secure schools, and implement a comprehensive plan to decrease youth violence and promote healthy development in children. Requires Interim Finance approval since the amount added to the Now is the Time Initiative category exceeds \$75,000.  
**Work Program #C31489**

Mindy Martini, Deputy Superintendent for Business and Support Services, Department of Education, explained that Agenda Item F-9 requested approximately \$2 million in federal "Now is the Time" grant funds, also known as Project Aware. She said that a report dated November 30, 2015, was recently submitted to the federal government, and a copy had been provided to the Committee's Fiscal staff.

Ms. Martini said that the purpose of the funds was threefold:

- To assist the Department of Education in increasing awareness of mental health issues among students.
- To provide training of school personnel and other adults who may come in contact with students who had mental health issues.
- To make connections as required to the services needed by the students.

Ms. Martini explained that the funds would support three school districts: Humboldt, Pershing, and Lyon Counties, which were also referred to as the "Frontier Coalition." Training would be provided to Nevada's Office of Suicide Prevention, which would use training from the National Youth Mental Health First Aid Organization. She said there would also be an evaluation conducted by the University of Nevada, Reno, and the Department of Education would use the funds to support a manager and an administrative assistant to help with the program.

Ms. Martini noted that since the work program was submitted, the federal government had approved indirect costs for the program in the amount of \$63,474. If the Committee approved the work program, Ms. Martini requested that a category 12 (Indirect Costs) be built into the work program, which would reduce the current category 41 (Now is the Time Grant) amount to \$1,885,707.

Ms. Martini said that Victoria Blakeney from the Department of Education was present to answer specific questions about the program.

Assemblywoman Kirkpatrick noted that the Governor's Committee on Mental Health, on which she, Assemblyman Hickey, Senator Roberson, and Senator Smith served, would be meeting the following day. Over the past year, the Committee had been considering ways to collaborate mental health services within the school district to continue to move forward. She was glad to hear that the Department and school districts had been working toward the same objective.

Assemblyman Sprinkle remarked that he was very glad to see the program move forward. It was a necessary program in this day and age, particularly for the kids. He asked what information was included in the report submitted to the federal government, especially in relation to the mental health aspect.

Victoria Blakeney, Education Programs Professional, Department of Education, explained that reports were required because in order to apply for the funding initially, the Department had to apply for two grants together, because one of the goals at the federal level was to see more of the federal organizations collaborate and work together. Consequently, Nevada applied for two State Department of Education grants: the School Climate Transformation grant and the Project Aware/Now is the Time grant.

Ms. Blakeney said that the Department of Education had applied for the grants together, but it was assumed that only one would be funded. If both grants were funded, the Department would have to resubmit a report on how the two projects would be separated as the School Climate Transformation Grant and the Project Aware Grant. She said the reports submitted were for a new budget, because some projects in the Project Aware grant were also included in the School Climate Transformation grant.

Ms. Blakeney recalled that at the October 22, 2014, IFC meeting, the Department had discussed positive behavioral interventions and supports as a framework in a school system for building on school climate transformation. The report included new funding

for positive behavior in other projects. In this particular resubmission of the budget, the federal government requested that the districts have more mental health professionals immediately put into the schools. She said the job descriptions for those positions had not yet been finalized; the Department was working with the rural mental health clinics and the Frontier Coalition to determine what the best licensing for the positions would be to provide immediate assessment and treatment to the children. A budget was resubmitted that included more mental health professionals.

Ms. Blakeney said the other report that was due was a timeline that showed how school climate transformation and the Project Aware goals would be accomplished.

Senator Smith agreed with Assemblywoman Kirkpatrick that the Governor's Committee on Mental Health was aware of the importance of the subject. The Committee had heard there were difficulties with the professional development component in this type of work because the districts were at different levels in their professional development. She wanted to know what the plan was to integrate professional development with other education issues, such as standards and bullying.

Chairman Kieckhefer called for a motion to approve the work programs in Agenda Items F-7, F-8, and F-9.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE  
AGENDA ITEMS F-7, F-8, AND F-9, AS AMENDED.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

10. **Department of Education - Elementary and Secondary Education Titles II, V, and VI - FY 2015** - Addition of \$14,363,334 in federal Improving Teacher Quality grant funds, \$2,275,118 in federal State Assessments grant funds, \$1,816,217 in federal Math and Science Partners grant funds, and \$5,847,726 in federal Striving Readers grant funds and transfer of \$75,188 from the Effective Teachers and Leaders Admin category to the Teacher Quality State Programs category to align state and federal funds to continue these programs. Deletion of \$9,260,615 in federal Effective Teachers and Leaders grant funds to eliminate funding that is no longer available. Requires Interim Finance approval since the amount added to the Teacher Quality Aid to Schools category exceeds \$75,000.  
**Work Program #C31436**

Refer to motion for approval under Agenda Item F.

11. **Department of Education - Career and Technical Education - FY 2015** - Addition of \$3,163,993 in federal Perkins Vocational Education grant funds to align state and federal authority to continue Career and Technical Education

programs. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C31418**

Refer to motion for approval under Agenda Item F.

12. **State Public Charter School Authority - FY 2015** - Addition of \$1,162,657 in federal Title IA At-Risk Children grant funds transferred from the Nevada Department of Education (NDE), \$48,450 in federal Title III English Language Acquisition grant funds transferred from NDE, \$346,629 in federal Title IIA Teacher Quality grant funds transferred from NDE, \$2,092,974 in federal Special Education grant funds transferred from NDE, \$13,892 in federal Early Childhood Education grant funds transferred from NDE, and \$121,759 in state English Language Learner funds transferred from NDE to align authority to continue these programs at state sponsored Charter Schools. Requires Interim Finance approval since the amount added to the Special Education category exceeds \$75,000. **Work Program #C31353**

Refer to motion for approval under Agenda Item F.

Chairman Kieckhefer announced that Agenda Items F-13 through F-17 would be heard together (refer to testimony and motion for approval under Agenda Item F-17).

13. **Nevada System of Higher Education (NSHE) - University of Nevada - Reno - FY 2015** - Addition of \$10,184,147 in Non-Resident Tuition and \$5,194,750 in Registration Fees to fund additional faculty, faculty startup costs, deferred maintenance projects, faculty merit, replacement equipment, and additional staffing to meet student services. This request is contingent upon Board of Regents approval at their December 4th - 5th meeting. Requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session. **Work Program #C31450**

Refer to testimony and motion for approval under Agenda Item F-17.

14. **Nevada System of Higher Education (NSHE) - University of Nevada – Las Vegas - FY 2015** - Addition of \$3,569,309 in Registration Fees, \$28,000 in Miscellaneous Student Fees, and \$1,786,705 Non-Resident Tuition to fund student financial aid, instructional operating, library support and replacement equipment. This request is contingent upon Board of Regents approval at their December 4th - 5th meeting. Requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session. **Work Program #C31486**

Refer to testimony and motion for approval under Agenda Item F-17.



- 15. Nevada System of Higher Education (NSHE) - Dental School - UNLV – FY 2015** - Addition of \$378,790 in Non-Resident Tuition to fund the replacement of obsolete computer software. This request is contingent upon Board of Regents approval at their December 4th - 5th meeting. Requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session.  
**Work Program #C31488**

Refer to testimony and motion for approval under Agenda Item F-17.

- 16. Nevada System of Higher Education (NSHE) - Truckee Meadows Community College - FY 2015** - Addition of \$467,271 in Non-Resident Tuition to fund additional part-time instructors. This request is contingent upon Board of Regents approval at their December 4th - 5th meeting. Requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session.  
**Work Program #C31451**

Refer to testimony and motion for approval under Agenda Item F-17.

- 17. Nevada System of Higher Education (NSHE) - Nevada State College at Henderson - FY 2015** - Addition of \$121,117 in Non-Resident Tuition to fund additional part-time instructors. This request is contingent upon Board of Regents approval at their December 4th - 5th meeting. Requires Interim Finance approval pursuant to Senate Bill 521, Section 8 of the 2013 Legislative Session.  
**Work Program #C31494**

Chairman Kieckhefer announced that Agenda Items F-13, F-14, F-15, F-16, and F-17 involved the Nevada System of Higher Education (NSHE) and would be heard together. The work program requests related to fees that were included in the funding formula for five NSHE institutions. He asked Chancellor Klaich to explain the requests to the Committee.

Dan Klaich, Chancellor, Nevada System of Higher Education, explained that the work programs included fees collected by the institutions that were in excess of the authorized revenues in their budgets. He pointed out that the authorized revenues were based on fiscal year (FY) 2012 completions, resulting in a three-year lag, and it should not be a surprise that a number of the institutions had experienced growth in those three years. He noted that the institutions had responded to a number of questions from the Committee's Fiscal Analysis Division staff, and representatives of the institutions were present to answer questions.

Assemblywoman Kirkpatrick said that at some point, the Legislature needed to understand what the institutions were doing to increase enrollment. She maintained that every institution should be growing, and if there were different ways to generate growth, they should be known. She said that her constituents in the south questioned why other institutions received more funding, and it would be helpful if she knew what

recruitment plans other schools had to increase enrollment. She wanted to ensure that the plans were equal across the state.

Chancellor Klaich replied that he would work with the institution presidents and their enrollment management personnel to provide information to the Committee. It would be beneficial to NSHE to gather that information as well, and if there were best practices being used by one institution, that information could be shared with others.

Senator Kieckhefer pointed out that the fees and tuition were collected due to the success in recruitment of students, many of whom were high-quality students coming from out of state. He gave credit to the universities for generating this revenue by doing what they set out to do when the funding formula was revamped to give them the independence and entrepreneurial opportunity to grow their institutions. The point of revamping the formula was to allow the institutions to feel comfortable increasing their enrollments without their General Funds being offset.

Senator Goicoechea asked what could be done to increase enrollment at Great Basin College.

Chancellor Klaich replied that he was currently working with the president of Great Basin College on a number of new programs, which hopefully would increase growth at Great Basin and prevent students from having to go out of state for certain programs.

Senator Goicoechea said that he believed there were opportunities for growth, and he looked forward to working with the Chancellor and others.

Assemblywoman Swank observed that some of the funding would be used for full-time positions and graduate assistantships. She asked Chancellor Klaich whether he thought the increase in tuition and fees was one-time in nature or increases in enrollment were becoming a trend. She was concerned that funding for the new positions would not be available in the future.

Chancellor Klaich explained that the increases in revenue were not due to increases in tuition or fees, which had already been adjusted. The additional funding was because of increases in performance with respect to a greater way that student credit hours generated by increases in enrollment. The presidents had been very cautious in how they budgeted their positions, and as they made long-term commitments, they understood that the commitments were their responsibility.

Assemblywoman Swank said that she wanted assurance that the funding would be available in the next several years when making the commitments.

Assemblyman Kirner asked whether the base point would always be two years in arrears or whether the gap could be closed to one year.

Chancellor Klaich explained that the formula would always be in arrears, which was the result of a decision that was ultimately made by the 2013 Legislature to use the most current actual numbers rather than projected numbers. Historical but actual numbers would always be used as opposed to projections.

Assemblyman Kirner affirmed that similar requests would be coming forward every interim for all of the institutions because of growth and increased performance measures.

Chancellor Klaich replied that was the hope: that the institutions would continue to grow and perform as expected by the Legislature.

SENATOR ROBERSON MOVED TO APPROVE AGENDA ITEMS F-13, F-14, F-15, F-16, AND F-17.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Smith and Assemblymen Benitez-Thompson and Oscarson were not present for the vote.)

- 18. Department of Agriculture - Nutrition Education Programs - FY 2015 -** Transfer of \$63,929 from the Operating category to the Transfer to Dairy Commission category to repay the Dairy Commission for personnel-related services for managing child nutrition grants. Requires Interim Finance approval since the amount transferred to the Transfer to Dairy Commission category exceeds 10 percent of the legislatively approved amount for that category.  
**Work Program #C31460**

Refer to motion for approval under Agenda Item F.

Chairman Kieckhefer announced that Agenda Item F-19 would be heard with Agenda Item F-72, at the request of Senator Goicoechea.

- 19. Department of Agriculture - Dairy Commission - FY 2015 -** Transfer of \$50,000 from the Operating category to the Bird Nuisance Control category to provide nuisance bird control to the Nevada dairy farmers. Requires Interim Finance approval since the amount transferred to the Bird Nuisance Control category exceeds 10 percent of the legislatively approved amount for that category.  
**Work Program #C31463**

- 72. Department of Wildlife - Game Management - FY 2015 -** Addition of \$142,472 in Predator Management Fees transferred from the Wildlife Fund account to fund predator management activities. Requires Interim Finance approval since the amount added to the Predator Management Nevada Department of Wildlife Projects category exceeds \$75,000.  
**Work Program #C31441**

James Barbee, Director, Department of Agriculture, explained that the work program in Agenda Item F-19 was initiated by the dairy industry when a dairy producer had requested additional nuisance bird (starling) control work that had been done in the past. The producer was informed that due to the Nevada Division of Wildlife (NDOW) funding reduction in the predator program, the work could no longer be provided. Looking for a solution, the producer went to the Dairy Commission, which fell under the umbrella of the Department of Agriculture, and using NRS 584.041(c), the producer requested the Dairy Commission's assistance in covering the cost of some of the starling work, which was estimated to be \$50,000.

Mr. Barbee noted that there was an anticipated budget shortfall in the Department of Agriculture's Nevada Wildlife Services (NWS) Predatory Animal and Rodent Control (PARC) account, and the decision was made to use existing NWS staff to provide the dairy industry with nuisance bird control. He said that the proposed transfer of \$50,000 from the Dairy Commission's Operating category to the Bird Nuisance Control category would reduce the \$96,000 General Fund shortfall in that account. Mr. Barbee said that through those endeavors, the Department would save some General Fund requests at the end of the year, and the industry would benefit as well.

Senator Goicoechea recalled that the Legislature had traditionally approved approximately \$500,000 in the Department of Agriculture's budget for cooperative efforts with the Department of Wildlife for large-animal damage control. State employees did not typically perform NDOW and predator work. He said that efforts needed to be coordinated between NDOW and the Department of Agriculture to ensure that the budgets were consistent. The dairy producers wanted to control the starlings, and he thought it was a good way to spend the money.

Senator Goicoechea added that the PARC state employees were depended upon to monitor and control wildlife, and coordination would be required between NDOW and Agriculture on some wildlife projects. He asked whether the Department of Agriculture had the ability, through the state employees, to perform nuisance bird control work for the dairy industry.

Mr. Barbee replied that he believed the Department could redirect resources and assume the PARC work, especially in an effort to save some General Fund requests at the end of the year, which was one of the goals of the request.

Senator Goicoechea asked how the Department of Agriculture and the Department of Wildlife determined which agency would perform certain functions and align their budgets accordingly.

Mr. Barbee replied that the Department of Agriculture and NDOW had been heavily engaged, and through their joint efforts, the budget proposal to the 2015 Legislature would resolve the budget problem.

Senator Goicoechea said that he wanted assurance from the Department of Agriculture and the Department of Wildlife that the citizens of the state, as well as the agriculture and wildlife sectors, would be protected through the Governor's recommended budget.

Patrick Cates, Deputy Director, Department of Wildlife, testified that he concurred with Mr. Barbee's statements concerning the upcoming budget presentations to the 2015 Legislature.

Assemblyman Anderson asked for clarification of the structure of the Department of Agriculture's budget. He questioned whether there was precedent for moving funds into industry-specific uses.

Mr. Barbee explained that the Predatory Animal and Rodent Control account reflected a \$400,000 revenue source, which was the NDOW contract funding under the authority of the Department of Wildlife Commissioners. The expenditure side included \$306,000 to support NDOW predator efforts by federal employees, which created a \$94,000 gap for Department of Agriculture salaries.

Mr. Barbee said the remaining \$94,000 was to be used to support Department of Agriculture employees' efforts with NDOW predation activities, which did not occur. When the budget was developed, the assumption was that the state employees would be doing NDOW predation work. However, over the past six years, that work had not been done by state employees, but rather under a cooperative agreement between the federal Wildlife Services and the Department of Wildlife.

Mr. Barbee further explained that the state employees, which four years ago were 12 employees and now were 7 due to the budget cuts, were focused on agriculture protection and not necessarily Department of Wildlife projects. This was all done in a cooperative agreement between federal Wildlife Services and the Department of Agriculture, and the federal Wildlife Services represented about 25 employees located across the state. The state employees not being in a position to do the NDOW work, and Wildlife Services performing all tasks associated with the NDOW predator plan, left the Department of Agriculture with no ability to use NDOW contract funding to support the employees' salaries. This created the \$94,000 shortfall.

Assemblyman Anderson asked whether these types of fund transfers had been made before.

Mr. Barbee replied that he believed this would be the first time that Dairy Commission funds would be put into the PARC account. Traditionally, it was done on the federal side in support of a federal program and did not offset the General Fund commitment of staff. He added that other things had been done to try to address the General Fund by removing the federal pick-up contract and putting some employees in existing high-mileage state vehicles. Also, one vacant position was being held open to try to create General Fund savings. He assumed that the Dairy Commission would pursue a direct contract with Wildlife Services if the work program was not approved.

Senator Goicoechea said the dairy producer needed help and the state did not have the General Funds required, but some combination of General Fund support was needed to protect the general public. He said it was unfortunate that the need for General Funds was not being recognized to provide for the general public in the state.

Chairman Kieckhefer asked for further questions and there were none. He then asked for public comment and hearing none, he called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA ITEMS F-19 AND F-72.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.  
THE MOTION CARRIED. (Assemblywoman Benitez-Thompson was not present for the vote.)

- 20. Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2015** - Deletion of \$51,067 in federal U.S. Department of Agriculture - Specialty Crop Block grant funds to transfer a full-time Agriculturalist position from the Pest, Plant Disease, Noxious Weed Control account to the Registration/Enforcement account to address a growing participation in the Good Agricultural Practices and Good Handling Practices programs as well as assist in the regulation of commercial fertilizers sold in the state. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31454**

Refer to motion for approval under Agenda Item F.

- 21. Department of Business and Industry-New Markets Performance Guarantee - FY 2015** - Transfer of \$6,250,000 from the Reserve category to the Qualified Equity Investment (QEI) Performance Refund category to allow for refunds to applicants meeting the performance requirements of the Nevada New Markets Job Act. Requires Interim Finance approval since the amount transferred to the QEI Performance Refund category exceeds \$75,000. **Work Program #C31587**

Bruce Breslow, Director, Department of Business and Industry, explained that the 2013 Legislature approved Senate Bill 357, Nevada New Markets Tax Credit Act. Agenda Item F-21 was a request to transfer \$6,250,000 from reserves to establish a Qualified Equity Investments (QEI) Performance Refund category to refund the equity investment or long-term debt security deposit to qualified Community Development Entities (CDEs).

Mr. Breslow explained that the 2013 Legislature approved the New Markets Tax Credit program and authorized \$200 million in future tax credits from the Insurance Premium Fund to be loaned to businesses to spur economic development. He noted that the \$200 million would normally flow to the General Fund. Prior to the allocation of the funds to be loaned, the CDEs were required to provide a security deposit to the state to ensure their commitment to the loan program. Once the loans were made, the

CDEs were entitled to a refund of their security deposit, which required transfer of the deposit funds from the Reserve category to the QEI category requested in Agenda Item F-21. The General Fund would be reduced by approximately 15 percent or 20 percent in the third and fourth year of the program, and the loans had to be repaid within seven years.

Mr. Breslow explained that the program provided one-time funding for loans to areas that had a parcel number in a low-income area. There were some projects that wanted to move forward, but the proposed parcels were not in a low-income area. The parcels must be designated by the federal government and the Internal Revenue Service to be in a low-income area. He noted that the employees who would be hired would also likely come from the low-income area. He noted that one project, a \$100 million fish farm in Winnemucca, could not be approved since Winnemucca no longer qualified as a low-income area because of mining.

Continuing, Mr. Breslow said that seven different Community Development Entities, certified by the Internal Revenue Service, had applied, and the \$200 million was split among them. As it moved to produce the regulations, the Department learned that the law provided that the CDEs could create sub-CDEs, which most of them did. If they received \$32 million, most of them split the funds into four sub-CDEs. One entity could loan \$8 million, another could loan \$8 million, and one could hold all of its money and do larger loans.

Mr. Breslow explained that a federal New Markets Tax Credit program had existed for some time, but this was the first venture for the state's New Markets Tax Credit program. The CDEs must loan all of their money by December 15, 2014, and if they did not, they had a six-month grace period. He explained that the only applications the Department would see in advance would be those in which two sub-CDEs wanted to combine their loans for a bigger project, and he would have the authority to approve that project if it showed economic opportunity. Mr. Breslow added that the lending was flexible, and loans could be combined with other lending institutions and federal new markets tax money. In addition, depending on the terms, a portion of a loan could be forgiven.

Mr. Breslow said that the CDEs and their bond counsels were starting to ask the Department for legal letter rulings on whether they could combine federal new markets tax credits, state new markets tax credits, and other things. The Department's response was that it could do everything authorized by law. It could not authorize loaning federal money, but the CDEs would not be precluded from doing it. The Department was proposing an amendment to the regulations that would set up a third-party new entity, in which the CDEs could combine other funding with the state's New Markets Tax Credit funding to allow them to create the loan to pass on.

On behalf of former Committee member Assemblyman Hogan, who had passed away, Assemblywoman Carlton observed that 29 percent were minority-owned businesses,

and Mr. Hogan would have said that was a pretty good number, but he would ask the Department to make it look better in the future.

Chairman Kieckhefer asked for further questions and hearing none, he asked for public comment. There being no public testimony, he called for a motion.

ASSEMBLYMAN ANDERSON MOVED TO APPROVE AGENDA  
ITEM F-21

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Parks and Assemblymen  
Araujo and Kirkpatrick were not present for the vote.)

- 22. Department of Business and Industry - Housing Division-Weatherization - FY 2015** - Addition of \$149,697 in federal Low Income Home Energy Assistance (LIHEA) grant funds transferred from the Welfare Division to continue to provide weatherization services to qualified low-income households. Requires Interim Finance approval since the amount added to the LIHEA Subgrants category exceeds \$75,000. **Work Program #C31030**

Refer to motion for approval under Agenda Item F.

- 23. Department of Health and Human Services-Aging and Disability Services - Federal Programs and Administration - FY 2015** - Addition of \$3,157,637 in federal Balancing Incentive Payment Program (BIPP) grant funds transferred from the Division of Health Care Financing and Policy for the development of enhancements to the case management system. Requires Interim Finance approval since the amount added to the BIPP category exceeds \$75,000. **Work Program #C31468**

Refer to motion for approval under Agenda Item F.

- 24. Department of Health and Human Services-Aging and Disability Services - Home and Community Based Services - FY 2015** - Transfer of \$210,539 from the Personal Assistance category to the Community Services Option Program for the Elderly (COPE) Purchase of Services category to fund a projected shortfall due to increase per person, per month costs of service. Requires Interim Finance approval since the amount transferred to the COPE Purchase of Services category exceeds \$75,000. **Work Program #C31340**

Refer to motion for approval under Agenda Item F.

- 25. Department of Health and Human Services-Aging and Disability Services - Sierra Regional Center - FY 2015** - Addition of \$32,500 in federal grant funds transferred from the Nevada Governor's Council on Developmental Disabilities to



continue membership with the State Employment Leadership Network (SELN). Requires Interim Finance approval since the amount added to the SELN Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31390**

Refer to motion for approval under Agenda Item F.

- 26. Department of Health and Human Services-Health Care Financing and Policy-Administration - FY 2015** - Transfer of \$6,833,516 from the Fiscal Agent category to the Utilization Review category to support increased utilization of medical services requiring prior authorizations due to higher than legislatively approved caseload. Requires Interim Finance approval since the amount transferred to the Utilization Review category exceeds \$75,000. **Work Program #C31570**

Refer to motion for approval under Agenda Item F.

- 27. Department of Health and Human Services-Welfare and Supportive Services - Administration - FY 2015** - Addition of \$270,000 in federal Title XIX funds for software upgrades required for the migration of Nevada's Silver State Health Insurance Exchange Business Operating System solution to the federal Supported State Based Marketplace infrastructure. Requires Interim Finance approval since the amount added to the Health Care Reform Eligibility Engine category exceeds \$75,000. **Work Program #C31366**

Refer to motion for approval under Agenda Item F.

- 28. Department of Health and Human Services-Public and Behavioral Health - Immunization Program - FY 2015** - Addition of \$104,466 in federal Enhancing Nevada's Immunization Information System grant funds to Interface with Centers for Disease Control and Prevention's Vaccine Tracking System (VTrckS) Vaccine Ordering and Management System. The funds will allow the agency to add public electronic ordering capabilities for vaccines to Nevada's statewide immunization information system. Requires Interim Finance approval since the amount added to the Immunization Information Technology Enhancement category exceeds \$75,000. **Work Program #C31387**

Refer to motion for approval under Agenda Item F.

- 29. Department of Health and Human Services-Public and Behavioral Health - Immunization Program - FY 2015** - Addition of \$155,591 in federal Nevada Billing Implementation Project grant funds to implement the strategic plan for billing of immunization and vaccines to private health insurance providers. Requires Interim Finance approval since the amount added to the Immunize Billing Project category exceeds \$75,000. **Work Program #C31423**

Refer to motion for approval under Agenda Item F.

- 30. Department of Health and Human Services-Public and Behavioral Health - Public Health Preparedness Program - FY 2015** - Addition of \$19,246 in federal

Homeland Security Biowatch Program grant funds to pay the University System to collect and analyze air samples and provide performance reports to the U.S. Department of Homeland Security. Requires Interim Finance approval since the cumulative amount added to the Biowatch Grant category exceeds \$75,000. **Work Program #C31364**

Refer to motion for approval under Agenda Item F.

- 31. Department of Health and Human Services-Public and Behavioral Health - Biostatistics and Epidemiology - FY 2015** - Addition of \$21,945 in federal U.S. Department of Agriculture Women, Infants and Children (WIC) grant funds transferred from the WIC Food Supplement Account to pay for 50 percent of the conversion of WIC reports from the FoxPro format to the Statistical Analysis Software format and statistical analysis on WIC data. Requires Interim Finance approval since the cumulative amount added to the State System Development Grant category exceeds \$75,000. **Work Program #C31219**

Refer to motion for approval under Agenda Item F.

- 32. Department of Health and Human Services-Public and Behavioral Health - Chronic Disease - FY 2015** - Addition of \$840,777 in federal Public Health Actions to Prevent and Control Diabetes, Heart Disease, and Obesity grant funds to provide for the evaluation of existing programs, implement preventative measures, and support development in an effort to combat chronic conditions that may result from diabetes, heart disease, and obesity. Requires Interim Finance approval since the amount added to the Federal Diabetes Grant category exceeds \$75,000. **Work Program #C31249**

Refer to motion for approval under Agenda Item F.

- 33. Department of Health and Human Services-Public and Behavioral Health - Chronic Disease - FY 2015** - Addition of \$128,918 in federal Quitline Capacity grant funds to continue direct services for the Nevada Tobacco Users Helpline. Requires Interim Finance approval since the amount added to the Quitline Capacity category exceeds \$75,000. **Work Program #C31354**

Refer to motion for approval under Agenda Item F.

Chairman Kieckhefer announced that Agenda Items F-34, F-40, and F-42 involved allocations of block grant funds and required a public hearing. He opened the public hearing on Agenda Item 34.

- 34. Department of Health and Human Services-Public and Behavioral Health - Chronic Disease - FY 2015** - Addition of \$354,338 in federal Preventive Health and Human Services (PHHS) block grant funds to support state public health programs for rape prevention education, chronic disease management, work-site wellness, training for public health professionals, and evaluation of the Community

Health Worker program. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the amount added to the PHHS Block Grant category exceeds \$75,000. Work Program #C31358**

Christine Mackie, Chief of the Bureau of Child, Family, and Community Wellness, Division of Public and Behavioral Health, Department of Health and Human Services, explained that the purpose of the work program in Agenda Item F-34 was to request approval of \$354,338 in authority for newly expanded funding through the Preventative Health and Human Services block grant. The intended activities to be implemented with the funding were rape prevention education, community health-worker program evaluation efforts, worksite wellness efforts and activities, early childcare and education, and obesity prevention efforts.

Chairman Kieckhefer asked for public testimony and hearing none, he closed the public hearing on Agenda Item 34.

Refer to motion for approval under Agenda Item 42.

- 35. Department of Health and Human Services-Public and Behavioral Health - Emergency Medical Services - FY 2015** - Addition of \$75,634 in federal Emergency Medical Services for Children (EMSC) Partnership grant funds to support Nevada's pediatric population through quality training of pre-hospital providers and rural hospital emergency staff and ensure access to essential pediatric equipment. Requires Interim Finance approval since the amount added to the EMSC category exceeds \$75,000. **Work Program #C31377**

Refer to motion for approval under Agenda Item F.

- 36. Department of Health and Human Services-Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2015** - Transfer of \$448,031 from the Personnel Services category to the General Medicine Services category to increase contracted internal medicine services health screenings and physicals to all admissions to the psychiatric observation unit to assure compliance for Medicare and Medicaid reimbursement. Requires Interim Finance approval since the amount transferred to the General Medicine Services category exceeds \$75,000. **Work Program #C31206**

Refer to motion for approval under Agenda Item F.

37. **Department of Health and Human Services-Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2015** - Transfer of \$4,125,144 from the Personnel Services category to the Professional Services category to fund contract psychiatrists and nurses to support current agency operations and maintain quality patient care. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C31373**

Refer to motion for approval under Agenda Item F.

38. **Department of Health and Human Services- Public and Behavioral Health - Behavioral Health Administration - FY 2015** - Addition of \$579,659 in federal Cooperative Agreements to Benefit Homeless Individuals for States (CABHI) grant funds to enhance or develop infrastructure and service systems. Requires Interim Finance approval since the amount added to the CABHI Grant category exceeds \$75,000. **Work Program #C31509**

Refer to motion for approval under Agenda Item F.

Chairman Kieckhefer announced that Agenda Items F-39 and F-41 would be heard together (refer to testimony and motion for approval under Agenda Item F-41).

39. **Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2015** - Transfer of \$4,500,000 from the IV-E Washoe County category to the Child Welfare category to support child welfare services for Washoe County. Requires Interim Finance approval since the amount transferred to the Child Welfare category exceeds \$75,000. **Work Program #C30909**

Refer to testimony and motion for approval under Agenda Item F-41.

40. **Department of Health and Human Services - Child and Family Services - Washoe County Child Welfare - FY 2015** - Deletion of \$10,108 in federal Social Services Title XX block grant funds transferred from the Department of Health and Human Services Director's Office to align FY 2015 state budget authority with available grant funds passed through to Washoe County to support child welfare services. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the cumulative change to the Child Welfare category exceeds \$75,000. Work Program #C30574**

Agenda Item F-40 involved allocation of block grant funds and required a public hearing. Refer to testimony and motion for approval under Agenda Item F-42.

Chairman Kieckhefer announced that Agenda Items F-39 and F-41 would be heard together.

- 41. Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2015** - Transfer of \$8,867,933 from the IV-E Clark County category to the Clark County On-Going category to support child welfare services for Clark County. Requires Interim Finance approval since the amount transferred to the Clark County On-Going category exceeds \$75,000.  
**Work Program #C30908**

Jill Marano, Deputy Administrator, Division of Child and Family Services, Department of Health and Human Services, asked the Division's Administrative Services Officer to explain Agenda Items F-39 and F-41.

Priscilla Colegrove, Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services, explained that the purpose of the work programs in Agenda Items F-39 and F-41 was to realign authority for federal funds earned through the Title IV-E Foster Care program. She said that General Funds were a block grant for both of the budget accounts, and there were also county funds for child welfare that earned Title IV-E, which would also be passed through in the one category the Division was attempting to combine. The IV-E funding was earned based on the caseloads that were IV-E eligible, and it would make it easier for the Division to track expenditures if all of the foster care funding was in one category.

Assemblyman Carrillo asked how the amount of the IV-E funding was determined.

Ms. Colegrove explained that the categories being moved were the IV-E funding earned on the county funds – it was not all of the IV-E funding. The amounts were based on the population and IV-E eligible caseloads maintained by the counties. She added that the transfers were just a pass-through of federal funds.

Chairman Kieckhefer asked for further questions and hearing none, he asked for public comment. There being no public comment, he called for a motion.

SENATOR SMITH MOVED TO APPROVE AGENDA ITEMS  
F-39 AND F-41.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bustamante Adams, Hambrick, Hickey, Kirkpatrick, and Swank were not present for the vote.)

- 42. Department of Health and Human Services - Child and Family Services - Clark County Child Welfare - FY 2015** - Deletion of \$30,132 in federal Social Services Title XX block grant funds transferred from the Department of Health and

Human Services Director's Office to align FY 2015 state budget authority with available grant funds passed through to Clark County to support child welfare services. **Requires Interim Finance approval since the work program involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing and since the cumulative change to the Clark County Ongoing category exceeds \$75,000. Work Program #C30575**

Chairman Kieckhefer announced that Agenda Items F-34, F-40, and F-42 involved allocation of block grant funds and required a public hearing. (Refer to public testimony under Agenda Item F-34.) He opened the hearing for public testimony on Agenda Items F-40 and F-42 and hearing no requests to testify, he closed the public hearing and called for a motion.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE AGENDA ITEMS F-34, F-40, AND F-42.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hickey and Kirkpatrick were not present for the vote.)

- 43. Department of Health and Human Services - Child and Family Services - Juvenile Correctional Services - FY 2015** - Addition of \$200,359 in Reimbursement of Expenses from Rite of Passage (ROP), to reimburse the state for projected utility costs for Fiscal Year 2015. Requires Interim Finance approval since the amount added to the Utilities category exceeds \$75,000. **Work Program #C31004**

Refer to motion for approval under Agenda Item F.

- 44. Department of Employment, Training and Rehabilitation - Employment Security - FY 2015** - Addition of \$669,546 in federal Workforce Investment Act National Emergency grant (WIA NEG) funds for dislocated worker training. Requires Interim Finance approval since the amount added to the WIA NEG category exceeds \$75,000. **Work Program #C31367**

Refer to motion for approval under Agenda Item F.

- 45. Department of Employment, Training and Rehabilitation - Employment Security - FY 2015** - Addition of \$360,317 in federal Unemployment Insurance Supplemental Budget Request funds to align state budget authority with grant authority. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000. **Work Program #C31404**

Refer to motion for approval under Agenda Item F.

- 46. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2015** - Addition of \$44,663 in federal Program Integrity and IT Infrastructure grant funds to align state budget authority with grant authority for the completion and implementation of phase II of the Unemployment Insurance (UI) Modernization project. Requires Interim Finance approval since the amount added to UI Modernization Phase II category exceeds the \$75,000. **Work Program #C31365**

Refer to motion for approval under Agenda Item F.

- 47. Department of Corrections - Correctional Programs - FY 2015** - Addition of \$800,000 in Reimbursement of Expenses - Workforce Investment Act (WIA) funds from the WIA of 1998 Adult and Dislocated Worker Program to establish reimbursements for program activities such as vocational training and mental health and substance abuse evaluations. Requires Interim Finance approval since the amount added to the WIA Workforce Connections category exceeds \$75,000. **Work Program #C31487**

Refer to motion for approval under Agenda Item F.

- 48. Department of Corrections - Prison Industry - FY 2015** - Transfer of \$60,343 from the Lovelock Correctional Center (LCC) Drapery category to the LCC Garment Factory category to support Prison Industry activities. Requires Interim Finance approval since the amount transferred from the LCC Drapery category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30255**

Refer to motion for approval under Agenda Item F.

- 49. Department of Motor Vehicles - Automation - FY 2015** - Addition of \$100,000 in Start-Up Electronic Lien Transfer (ELT) – A.B. 309 funds and \$53,197 in Reimbursement ELT – A.B. 309 funds to establish and implement a system to process security interests electronically, pursuant to A.B. 309 of the 2013 Legislative Session. Requires Interim Finance approval since the amount added to the ELT – A.B. 309 category exceeds \$75,000. **Work Program #C31411**

Refer to motion for approval under Agenda Item F.

- 50. Department of Motor Vehicles - Automation - FY 2015** - Transfer of \$38,716 from the Enterprise Information Technology Services (EITS) Facility Charges category to the Voice Telecommunications category to upgrade the obsolete phone system at the Hawthorne field office; fund annual support and maintenance for the statewide Interactive Voice Response; and cover a projected short fall for EITS 800 toll free charges. Requires Interim Finance approval since the amount transferred to the Voice Telecommunications category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31553**

Refer to motion for approval under Agenda Item F.

- 51. Department of Public Safety - Highway Patrol - FY 2015** - Addition of \$168,275 in federal Highway Safety grant funds transferred from the Department of Public Safety - Office of Traffic Safety account to provide funding for overtime to allow additional troopers to patrol Nevada highways, interstates, urban, and rural roadways. Requires Interim Finance approval since the amount added to the Joining Forces Grant category exceeds \$75,000. **Work Program #C31204**

Refer to motion for approval under Agenda Item F.

- 52. Department of Public Safety - Highway Patrol - FY 2015** - Transfer of \$59,705 from the Reserve category to the Crash Fund category to fund the repair or replacement of highway patrol vehicles that become damaged due to collision. Requires Interim Finance approval since the amount transferred to the Crash Fund category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31286**

Refer to motion for approval under Agenda Item F.

- 53. Department of Public Safety - Highway Patrol - FY 2015** - Deletion of \$248,648 in Nevada Highway Patrol Dispatch Cost Allocation to appropriately align budgeted expenditures with available revenue. Requires Interim Finance approval since the amount deducted from the Operating category exceeds \$75,000. **Work Program #C30184**

Refer to motion for approval under Agenda Item F.

- 54. Department of Public Safety - Criminal History Repository - FY 2015** - Addition of \$198,000 in federal Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking Office (SMART) grant funds transferred from the Department of Public Safety - Criminal Justice Assistance account for the digitization of current hard copy sex offender registration files and overtime for current employees to process the anticipated increase in volume. Requires Interim Finance approval since the amount added to the SMART Grant category exceeds \$75,000. **Work Program #C31405**

Refer to motion for approval under Agenda Item F.

- 55. Department of Public Safety - Criminal History Repository - FY 2015** - Addition of \$248,050 in federal National Criminal History Improvement Program (NCHIP) grant funds transferred from the Department of Public Safety - Criminal Justice Assistance account to fund the replacement of ten Livescan fingerprint devices utilized to transmit and post criminal arrest records to the Central Repository for Nevada Records of Criminal History and the Federal Bureau of Investigations National Crime Information Center. Requires Interim Finance approval since the amount added to the NCHIP Grant category exceeds \$75,000. **Work Program #C31406**

Refer to motion for approval under Agenda Item F.



- 56. Department of Public Safety - Criminal History Repository - FY 2015** - Addition of \$487,420 in federal Background Check grant funds transferred from the Department of Health and Human Services (DHHS) – Division of Public and Behavioral Health for the implementation of the Records of Arrest and Prosecutions (RAP Back) module of the Nevada Automated Background Check System. Requires Interim Finance approval since the amount added to the DHHS-RAP Back category exceeds \$75,000. **Work Program #C31407**

Refer to motion for approval under Agenda Item F.

- 57. Department of Public Safety - Criminal History Repository - FY 2015** - Addition of \$230,192 in federal National Instant Criminal Background Check System Act Record Improvement Program (NARIP) grant funds transferred from the Department of Public Safety - Criminal Justice Assistance account to fund travel for outreach training and contracted temporary staff for the entry of backlogged dispositions. Requires Interim Finance approval since the amount added to the NARIP Grant category exceeds \$75,000. **Work Program #C31415**

Julie Butler, Administrator, General Services Division, Department of Public Safety, explained that the General Services Division housed the Nevada Criminal History Repository, which included the arrest and disposition information statewide. She said the purpose of the work program in Agenda Item F-57 was to accept \$230,192 in federal grant funds from the Bureau of Justice Statistics to hire ten temporary workers to work on the Criminal History Repository's backlog of court dispositions and to organize the criminal history records system.

Ms. Butler recalled that in June 2014, the Division requested that IFC approve a request to hire ten permanent staff and ten temporary staff to address a backlog of 800,597 recently discovered court dispositions that had not been submitted to the Criminal History Repository in over 20 years. The problem of incomplete criminal history records plagued criminal history repositories nationwide, and Nevada was no exception. She said that incomplete criminal history records could be detrimental to individuals, job applicants, regulatory agencies, and employers, and it was the Division's duty to post the dispositions as quickly as possible.

Ms. Butler said that the Division had been asked to provide the status of the backfill and hiring of the positions authorized in June 2013, as well as a projected data entry completion date. As of November 29, 2014, the Repository had received 909,710 dispositions to backfill, which was an increase of 109,113 dispositions since June 2014. Permanent and temporary staff hired since June had data entered 25,899 dispositions into the criminal history system, leaving a balance of 883,911.

Ms. Butler said she was glad to report that all 78 Nevada courts were now submitting dispositions to the Repository, which was the reason for the increase since the June meeting. As of June 2014, only 57 courts, or approximately 73 percent, were reporting their dispositions. She extended thanks to the Administrative Office of the

Courts for its support and outreach to the remaining courts to ensure they were reporting.

As for staffing, Ms. Butler said that of the ten permanent employees authorized by the Committee in June 2014, seven had been hired, two were in the pre-employment background screening process, and one had recently terminated. All ten of the temporary staff authorized in June had been hired, and the Division was running a day shift and a swing shift to accommodate the new positions, using existing leased office space that was reconfigured to accommodate the positions. Ms. Butler said that at current data-entry rates, with ten permanent and ten temporary staff, it was projected that the backfill project could be completed by the middle of calendar year 2019.

Ms. Butler noted that many of the dispositions took additional research from staff to match them to their corresponding arrest events, and they were time-consuming to data enter. Additionally, staff had to dual-enter the dispositions into state and FBI criminal history systems because an automated interface between the two did not exist.

Finally, Ms. Butler said it had been the Division's experience that there was frequent turnover of temporary staff. They would leave when they were offered permanent employment elsewhere, which was expected, but it affected the overall data entry rate.

If the Committee authorized the receipt of the current grant award, Ms. Butler said the Division would hire ten additional temporary staff to work on the backfill project. It would be the Division's intention to run a graveyard shift to accommodate all 30 positions within the existing office space. The Division anticipated that the new temporary staff would start in April 2015 after a permanent position to supervise the staff was hired and trained. With the additional ten positions devoted to the backfill project, the Division projected that it would be able to complete the project by the middle of calendar year 2018, which was slightly longer than the projected FY 2017 timeframe that was reported to the Committee in June. However, Ms. Butler explained, the volume had also increased since that time.

Chairman Kieckhefer asked the length of the grant period.

Ms. Butler replied the grant period was October 1, 2014, to September 30, 2015. It would be the Division's intention to fully expend the grant funds by the end of the federal fiscal year (FFY), but if that could not be done, an extension would be requested from the Bureau of Justice Statistics.

Chairman Kieckhefer asked whether the Division would be able to reapply for additional grant funds to maintain the ten positions through FFY 2018 if the existing funds were expended by the end of the federal fiscal year.

Ms. Butler said that it would be possible to reapply. The National Instant Criminal Background Check System Act Record Improvement Program grants involved an annual solicitation. The Division would review the status of the program in February or

March 2015 to determine whether another grant application would be necessary to continue the positions.

Chairman Kieckhefer affirmed that the ten temporary positions would be hired in April 2015, and they would work through September 2015.

Ms. Butler replied that realistically, it was not likely that all of the federal grant monies would be spent by the end of September, which would require the Division to balance forward the grant authority into state fiscal year 2016. If it was decided to apply for a new award, the Division would request IFC authority to accept it at that time.

Assemblyman Kirner said he recognized that the Division was addressing the backlog, and he asked how other current activities were being handled.

Ms. Butler explained that the new employees were trained on the current activities because they were easier to data enter, and then they worked on the backlog items, which required more research. She added that the Division had permanent staff who worked on the current workload, which was up-to-date.

Senator Smith said she had recently visited the Office, and she suggested that a tour be scheduled during the 2015 Session to visualize the challenges of the Division. She pointed out that the background checks involved every aspect of people's daily lives – public safety, domestic violence, illegal weapons, employment, and background checks for caregivers – and the work was overwhelming. She added that the public safety functions were huge.

Assemblyman Edwards asked whether the grant funds could be used to pay overtime to current employees to help reduce the backlog. If the money could not be expended by the end of the federal fiscal year, he questioned whether it could be used to contract temporary hires after the end of the fiscal year.

Ms. Butler replied that the grant funds could not be used to pay overtime. Temporary employees would essentially be on a contract with the state's temporary employment agencies. She noted that it was not uncommon for state agencies to be unable to expend all of their grant funds and subsequently balance the remaining funds forward.

Chairman Kieckhefer asked for further questions and there were none. He then asked for public comment and hearing none, he called for a motion.

SENATOR PARKS MOVED TO APPROVE AGENDA ITEM F-57.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Carrillo, Hickey, Kirkpatrick, and Oscarson and Senator Roberson were not present for the vote.)

- 58. Department of Public Safety - Capitol Police - FY 2015** - Transfer of \$43,189 from the Personnel Services category to the Contracted Security category to provide for private contract security services at the Grant Sawyer Building in Las Vegas. Requires Interim Finance approval since the amount transferred to the Contract Security category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C30981**

Refer to motion for approval under Agenda Item F.

- 59. Department of Public Safety - Justice Assistance Act - FY 2015** - Addition of \$200,000 in federal Sex Offender Sentencing, Monitoring, Apprehending, Registering and Tracking Office grant funds, \$63,029 in federal Forensic Science Improvement grant funds, \$252,807 in federal National Criminal History Improvement Program (NCHIP) grant funds, and \$235,477 in federal National Instant Criminal Background Check System - Act Record Improvement Program to continue to provide funding to sub-recipients for new and ongoing federal projects. Requires Interim Finance approval since the amount added to the NCHIP Grant category exceeds \$75,000. **Work Program #C31398**

Refer to motion for approval under Agenda Item F.

- 60. Department of Public Safety - Justice Assistance Grant Trust - FY 2015** - Deletion of \$18,406 in federal Justice Assistance Grant funds and transfer of \$1,475,681 from the Reserve for Federal Funds category to the Justice Assistance Grant category to provide pass-through funding to state and local government agencies for various law enforcement projects and programs. Requires Interim Finance approval since the amount transferred to the Justice Assistance Grant category exceeds \$75,000. **Work Program #C31457**

Refer to motion for approval under Agenda Item F.

- 61. Colorado River Commission - Power Marketing Fund - FY 2015** - Transfer of \$286,588 from the Purchasing Assessment category to the Reserve category to consolidate all reserve balances within the Reserve category. Requires Interim Finance approval since the amount deleted from the Purchasing Assessment category exceeds \$75,000. **Work Program #C31578**

Refer to motion for approval under Agenda Item F.

- 62. Department of Conservation and Natural Resources - Forestry Division - FY 2015** - Addition of \$28,978 in federal U.S. Fish and Wildlife Service (USFWS) - Vulnerability Models grant funds to support activities related to the enhancement of rare plant conservation in the Great Basin by incorporating updated location and geographic extent climate models, which will be useful for a broader range of vulnerability assessment. Requires Interim Finance approval since the cumulative

amount added to the USFWS Vulnerability Models Grant category exceeds \$75,000. **Work Program #C31386**

Refer to motion for approval under Agenda Item F.

- 63. Department of Conservation and Natural Resources - Forestry Division - Inter-Governmental Agreements - FY 2015** - Addition of \$125,445 in Clark County Receipts and deletion of \$50,000 in Washoe County Receipts and \$851,271 in Elko County Receipts. This request also transfers \$308,360 from the Reserve category to the Clark County category to reconcile the legislatively approved budget to the final budgeted amounts approved by the county commissioners for the county fire protection districts in Eureka, Elko, and Clark counties for Fiscal Year 2015. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds \$75,000. **Work Program #C31308**

David Prather, Acting Administrator, Nevada Division of Forestry (NDF), Department of Conservation and Natural Resources (DCNR), testified that Agenda Item 63 involved a work program to reconcile the legislatively approved budget to the final budgeted amounts for the all-risk fire protection districts in Eureka, Elko, and Clark Counties for fiscal year (FY) 2015.

Senator Goicoechea noted that the transition of all-risk emergency response services from NDF to Clark and Elko Counties appeared to be moving forward. He asked what would be done with the NDF equipment during the transition, and he was particularly interested in the disposition of a 3/4-ton truck in Jiggs, Nevada. He suggested that it might be more beneficial to leave the equipment with the county rather than return it to NDF.

Mr. Prather replied it would depend on the county, but for the most part, the equipment would stay within the county and not be returned to the NDF, although some equipment would be returned to the Division to operate the Wildland Fire Protection Program. He did not know the disposition of the truck in Jiggs, but he would provide the information to Senator Goicoechea. He noted that the trucks that stayed in the county would be maintained by the county.

Assemblyman Sprinkle asked the status of the transitions in the counties, particularly Clark County.

Mr. Prather replied that Elko County was on schedule to transition January 1, 2015, and the agreements between NDF and the County would be submitted to the Board of Examiners for approval the following day. Clark County was in the process of developing its transition plan, which was planned to take place on July 1, 2015. He said that DCNR and the Division of Forestry were ready to assist the counties in any way possible.

Assemblyman Sprinkle asked for an update on the Wildland Fire Protection Program and whether Elko and Clark Counties would be joining the program after they completed their transition.

Mr. Prather said that Elko County would be joining the program as of July 1, 2015. Clark County had not committed to joining the program, pending completion of its transitional issues. Participation in the program was going well, and the first meeting with all of the participants in the program was scheduled the following week.

Assemblyman Sprinkle said he understood that there was not much of a wildland season in Nevada this past year, and the program was not implemented this last fire season: it would start next season.

Mr. Prather said the program was started in FY 2013, and FY 2014 was the first full year of implementation. The first contracts would expire the end of the year, and the Division was currently working on the second two-year contracts.

Chairman Kieckhefer asked for further questions and there were none. Hearing no requests for public comment, he called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA  
ITEM F-63.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hickey, Kirkpatrick  
Oscarson, and Spiegel were not present for the vote.)

- 64. Department of Conservation and Natural Resources - Environmental Protection - Water Pollution Control - FY 2015** - Addition of \$41,701 in federal Clean Water Act Section 106 - Environmental Protection Agency grant funds, \$24,081 in Water Permit fees, and \$107,192 in federal Department of Energy (DOE) grant funds transferred from the Nevada Division of Environmental Protection Administration account to continue water pollution control regulatory activities. Requires Interim Finance approval since the amount added to the DOE Grant category exceeds \$75,000. **Work Program #C31348**

Refer to motion for approval under Agenda Item F.

- 65. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Corrective Action - FY 2015** - Addition of \$97,000 in federal Environmental Protection Agency - Underground Storage Tank (UST) grant funds to provide education, testing methods, inspections of UST systems for compliance with federal regulatory requirements, and other assistance to prevent UST leaks and the resulting environmental contamination. Requires

Interim Finance approval since the amount added to the UST category exceeds \$75,000. **Work Program #C31375**

Refer to motion for approval under Agenda Item F.

- 66. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2015** - Addition of \$126,538 in federal Clean Water Act (CWA) Section 106 - Environmental Protection Agency (EPA) grant funds, \$76,965 in federal CWA Sec 106 Monitoring Initiative - EPA grant funds, \$44,513 in federal CWA Section 604B - EPA grant funds, \$170,734 in federal Wetland Program Development grant funds, \$1,535,750 in federal CWA Section 319H Non-Point Source - EPA grant funds, and \$194,805 in federal Department of Energy grant funds transferred from the Nevada Division of Environmental Protection Administration account to continue support for activities relating to state water quality laws, regulations, and the federal CWA. Requires Interim Finance approval since the amount added to the Federal 319 CWA category exceeds \$75,000. **Work Program #C31174**

Refer to motion for approval under Agenda Item F.

- 67. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2015** - Addition of \$259,806 in federal Southern Nevada Public Lands Management Act (SNPLMA) grant funds to support efforts to integrate the existing Lake Clarity Crediting Program's tools, databases, and forms into a single web-based platform and incorporate new research findings and improvements to individual tool components. Requires Interim Finance approval since the amount added to the SNPLMA - U.S. Geological Service Grant category exceeds \$75,000. **Work Program #C31295**

Refer to motion for approval under Agenda Item F.

- 68. Department of Conservation and Natural Resources - Environmental Protection - Water Quality Planning - FY 2015** - Addition of \$35,730 in Lake Tahoe License Plate Fees transferred from the Division of State Lands - Tahoe License Plates account, to fund the development of a web-based platform to assist Douglas and Washoe Counties and the Nevada Department of Transportation in implementing the Lake Tahoe Total Maximum Daily Load. Requires Interim Finance approval since the amount added to the Lake Tahoe License Plate Program category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31303**

Refer to motion for approval under Agenda Item F.

- 69. Department of Wildlife - Conservation Education - FY 2015** - Addition of \$140,021 in federal U.S. Fish and Wildlife Service - Wildlife Restoration grant funds and \$89,756 in Sportsmen Revenue transferred from the Wildlife Fund

Account for enhancements to the department's Hunter Education Program and improvements to two regional shooting facilities. Requires Interim Finance approval since the amount added to the Hunter Education category exceeds \$75,000. **Work Program #C31382**

Refer to motion for approval under Agenda Item F.

- 70. Department of Wildlife - Conservation Education - FY 2015** - Addition of \$51,430 in Sportsmen Revenue transferred from the Wildlife Fund account to fund the department's publication program. Requires Interim Finance approval since the amount added to the Publications category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31391**

Refer to motion for approval under Agenda Item F.

- 71. Department of Wildlife - Conservation Education - FY 2015** - Addition of \$33,000 in Resource Enhancement Stamp funds and \$26,699 in Sportsmen Revenue transferred from the Wildlife Fund account to promote the Dream Tag program and augment the divisions electronic and online outreach programs. Requires Interim Finance approval since the amount added to the Administration category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31425**

Refer to motion for approval under Agenda Item F.

- 72. Department of Wildlife - Game Management - FY 2015** - Addition of \$142,472 in Predator Management Fees transferred from the Wildlife Fund account to fund predator management activities. Requires Interim Finance approval since the amount added to the Predator Management Nevada Department of Wildlife Projects category exceeds \$75,000. **Work Program #C31441**

Refer to testimony and motion for approval under Agenda Item F-19.

- 73. Department of Wildlife - Diversity - FY 2015** - Addition of \$16,299 in federal U.S. Fish and Wildlife Service - State Wildlife grant funds, \$65,000 in federal Bureau of Land Management - Wildlife Conservation Management grant funds, and \$8,777 in Sportsmen Revenue transferred from the Wildlife Fund account for State Wildlife Action Plan related activities. Requires Interim Finance approval since the amount added to the State Wildlife Grant Plan Implementation category exceeds \$75,000. **Work Program #C31403**

Refer to motion for approval under Agenda Item F.

- 74. Department of Wildlife - Habitat - FY 2015** - Addition of \$413,825 in federal U.S. Fish and Wildlife Service - Wildlife Restoration grant funds for water development activities. Requires Interim Finance approval since the



amount added to the Wildlife Water Development category exceeds \$75,000. **Work Program #C31402**

Refer to motion for approval under Agenda Item F.

- 75. Department of Transportation - FY 2015** - Addition of \$10,524,833 in Highway Fund Authorization, \$293,382 in Federal Highway Administration grant funds, and \$32,819 in funds transferred from the Nevada Department of Transportation Senate Bill 5 Regional Transportation Commission Public Road Project account to re-establish remaining FY 2014 authority for the F Street Project, for the purpose of reopening F Street under Interstate 15 in Las Vegas, Nevada. Requires Interim Finance approval since the amount added to the F Street Project category exceeds \$75,000. **Work Program #C31240**

Refer to motion for approval under Agenda Item F.

- 76. Department of Transportation - FY 2015** - Addition of \$73,125 in Reimbursements from Sprint Nextel to balance forward unexpended authority related to the reconfiguration (AKA re-banding, separating) of public safety frequencies from cellular frequencies. Requires Interim Finance approval since the amount added to the Nextel Re-banding category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C31389**

Refer to motion for approval under Agenda Item F.

- 77. Department of Transportation - FY 2015** - Addition of \$229,000 in Highway Fund Authorization and \$5,530,763 in U.S. Federal Transit Administration grant funds to establish sufficient authority for the department's Transportation/Multimodal Planning division to administer these federal programs. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds \$75,000. **Work Program #C31419**

Refer to motion for approval under Agenda Item F.

- 78. Department of Transportation - FY 2015** - Addition of \$943,805 in Highway Fund Authorization to balance forward unexpended authority related to the Electronic Documentation System. Requires Interim Finance approval since the amount added to the operating category exceeds \$75,000. **Work Program #C31464**

Refer to motion for approval under Agenda Item F.

- 79. Adjutant General and National Guard - Military - FY 2015** - Addition of \$9,575,969 in federal Department of Defense funds to provide for ongoing and new construction projects and services to comply with applicable regulations. Requires Interim Finance approval since the amount added to the Army Facilities category exceeds \$75,000. **Work Program #C31446**

Refer to motion for approval under Agenda Item F.

- 80. Adjutant General and National Guard - Military - FY 2015** - Addition of \$75,000 in federal Department of Defense funding to support ongoing document management services through the state's Master Cooperative Agreement with the National Guard Bureau. Requires Interim Finance approval since the amount added to the Admin Services Activities category is \$75,000.  
**Work Program #C31459**

**Position Changes**

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Office of the Attorney General – Private Investigator Licensing Board	030/1032	0009	AG Criminal Investigator II P/T Code: 13.248 Grade 38 Step 01, Employee/Employer Paid Retirement \$51,865.92	Administrative Assistant I F/T Code: 02.213 Grade 23 Step 01, Employee/ Employer Paid Retirement \$27,895.68
Department of Business and Industry – Nevada Athletic Commission	749/3952	0005	Administrative Assistant I Code: 02.213 Grade 23 Step 01, Employee/Employer Paid Retirement \$27,895.68	Management Analyst II Code: 07.625 Grade 35 Step 01, Employee/ Employer Paid Retirement \$45,560.16

Refer to motion for approval under Agenda Item F.

**G. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS  
DIVISION.**

1. Request to modify the scope of CIP Project 13-M17, HVAC System Renovation – Northern Nevada Correctional Center, to replace additional piping and air distribution systems, to receive and expend an additional \$1,169,255, and to transfer authorized money in the total amount of \$1,169,255 from CIP Project 13-M12, Replace Air Handling Units – Lovelock Correctional Center, to fund the scope change, pursuant to Assembly Bill 505, Section 34 (2013 Session).

Chris Chimitz, Deputy Administrator, State Public Works Division, Department of Administration, testified that Agenda Item G.1. involved two requests for projects in the 2013-2015 Capital Improvement Program (CIP):

- Project 13-M17 – Expand the scope of work at the Northern Nevada Correctional Center to replace additional piping and air distribution systems and accept and expend an additional \$1,169,255.
- Project 13-M12 – Transfer of \$1,169,255 in excess project funds at Lovelock Correctional Center to fund the expanded scope of work on Project 13-M17.

Mr. Chimitz explained that Project 13-M17 was a heating, ventilation, and air conditioning (HVAC) renovation at Northern Nevada Correctional Center, and due to unforeseen conditions in the field, the scope had increased. The associated costs now exceeded available funding by approximately \$1.2 million. The Department of Corrections was requesting a funding transfer from the second project, 13-M12, the Lovelock Correctional Center Air Handling Units project, to cover the shortfall in 13-M17.

Mr. Chimitz said that during the Department's detailed assessment of Project 13-M17, various consultants and Public Works Division staff discovered additional items at the site that needed attention. The items were concealed behind walls and hardwood ceilings and were unknown at the time the 2013-2015 Capital Improvement Program was prepared. The original scope of Project 13-M17 included replacement of existing HVAC, and the current request was to expand the scope of work to include replacement of other air distribution systems and piping.

Mr. Chimitz added that pursuant to Assembly Bill No. 505 (2013 Session), if both projects were in the same CIP and the same agency, which the two projects were, the Department was allowed to request transfer of funds from 13-M12 to 13-M17 to address the increased scope of work.

Senator Goicoechea asked what the estimated cost was for the Lovelock air-handling project.

Mr. Chimitz replied that the estimate for construction in the 2013-2015 CIP was \$2.8 million.

Senator Goicoechea questioned why the bid was nearly twice the amount of the Division's estimate.

Mr. Chimitz responded that the bid on the Lovelock project was nearly \$1.5 million under the Division's estimate, which was a very good bid. At the time of the bid opening, the supply and demand curve was favorable, but the situation was changing. He said that the bid results were used as a basis for estimates in the 2015-2017 CIP. He anticipated that future estimates would be more closely aligned to the current market conditions.

Assemblyman Carrillo asked what types of items were discovered behind the walls and ceilings.

Mr. Chimitz replied that the buildings varied in age from 25 to 40 years old, and the ductwork that served the equipment had begun to leak. There was corrosive action in the pipes and valves, and the distribution systems needed attention.

The second factor was when the original estimate was prepared, the Public Works Division anticipated using more off-the-shelf or modular-type equipment. While doing selective demolition to investigate the conditions, the configuration of the interstitial space was such that off-the-shelf modular equipment could not be used – it had to be

custom-designed equipment to fit in the space. Mr. Chimitz said that the Division determined that it would be reasonable to use longer-life equipment since it was so difficult to access.

The last reason for the unforeseen problems was access to the facility without causing overtime for the guards or displacement of inmates in the buildings. The construction would be scheduled in smaller phases than normal to not disrupt the activities in the buildings.

Mr. Chimitz pointed out that the increase was a project increase – not just simply an increase in construction. There was a larger scope, a larger design effort, a larger contingency, and a larger construction.

Assemblyman Carrillo said he understood the reasons for the increases, and he thanked Mr. Chimitz for the explanation.

Chairman Kieckhefer asked for further questions from the Committee and there were none. Hearing no requests for public comment, he called for a motion.

ASSEMBLYMAN CARRILLO MOVED TO APPROVE AGENDA  
ITEM G.1.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bustamante Adams,  
Hickey, Kirkpatrick, and Oscarson were not present for the vote.)

2. State Public Works Division – CIP Project Exception Report provided pursuant to NRS 341.100(8)(g).

Chairman Kieckhefer asked for questions from the Committee concerning Agenda Item G.2., the CIP Project Exception Report, and there were none.

#### H. 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 on page 199 of volume II of the meeting packet (copy attached as [Exhibit C](#)), which reflected the following balances for fiscal year (FY) 2014 as of December 8, 2014:

Unrestricted General Fund Balance	\$6,198,121
Unrestricted Highway Fund Balance	\$1,536,576
Restricted General Fund Balance	\$3,172,000

Mr. Krmpotic explained that the current requests before the Committee totaled \$2,282,500, and if they were approved, the Unrestricted General Fund balance would be \$3,915,621. The balance in the Unrestricted Highway Fund portion of the Contingency Account totaled \$1,536,576, and there were no current requests before the Committee. The Restricted General Fund balance was \$3,172,000, which was detailed on pages 202 and 203 of volume II of [Exhibit C](#). Mr. Krmpotic said there were no requests for allocations of Restricted General Funds from the Contingency Account.

Chairman Kieckhefer asked for questions from the Committee, and there were none.

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

1. Judicial Branch – Judicial Elected Officials’ and Supreme Court – Request for an allocation of \$782,500 to implement a Court of Appeals.

James Hardesty, Chief Justice, Nevada Supreme Court, explained that the request from the Contingency Account had been approved by the Board of Examiners. The request for an allocation of \$782,500 would fund the first six months of the Court of Appeals. He recalled that implementation of a Court of Appeals had been authorized by Senate Bill 463 of the 77th Legislative Session (2013), and the funding was consistent with the amount requested and tentatively approved by the Legislature.

Justice Hardesty noted that Question 1 on the November 2014 General Election ballot was approved by a vote of 54 percent to 46 percent, and the process had begun to establish the Court of Appeals.

Chairman Kieckhefer congratulated Justice Hardesty for the Court’s efforts toward passage of Question 1. He understood that the selection committee had narrowed the list of applicants to three names to be sent to the Governor for his appointment.

Justice Hardesty replied that was correct, and the Governor was in the process of conducting interviews with three nominees for each of the three seats. He was anticipating that the Governor would make his selections soon. The Court was in the process of implementing the Court of Appeals, and hearings were conducted the previous week on the presumptive transfer of cases to the Court of Appeals. He had been working with staff on identification of cases for the Court of Appeals’ judges, and the process was moving forward as planned. He added that accommodations were also being prepared for the new judges and their staff members, as well as furniture and equipment, and the funds were allocated in the budget for the Court of Appeals. The new appointees would be sworn in on Monday, January 5, 2015, their investiture would occur on January 12, and on January 14, he hoped to be able to hand them 150 cases to begin working.

Senator Smith thanked Justice Hardesty and the staff of the Legislative Counsel Bureau Legal and Fiscal Analysis Divisions for their efforts toward a smooth transition once the ballot measure passed.

Justice Hardesty remarked that during the 2013 Legislative Session, Senator Smith was very astute in recognizing that if the Court of Appeals began as planned on January 5, 2015, a number of *Nevada Revised Statutes* would need to be amended and she, along with the Legal and Fiscal Analysis Division staff, had done a tremendous job. He thanked Senator Smith for her assistance.

SENATOR SMITH MOVED TO APPROVE AGENDA ITEM I.1.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bustamante Adams and Oscarson were not present for the vote.)

2. Department of Administration – Board of Examiners – Request for an allocation of \$1,500,000 to replenish the Reserve for Statutory Contingency Account.

Julia Teska, Director, Department of Administration, explained that the Department was requesting \$1.5 million from the Interim Finance Committee Contingency Account to replenish the balance in the Reserve for Statutory Contingency Account. She said that the largest expenses paid from the Statutory Contingency Account were for outside counsel and attorneys who were not associated with the Attorney General's Office. A significant portion of the current costs was related to outside counsel for the lawsuit involving the City of San Francisco, which was being conducted in another state, and lawyers must be licensed to practice in California.

Ms. Teska added that some expenses were for post-conviction relief claims. Any expenses in excess of the amount budgeted in the Public Defender's budget were paid from the Statutory Contingency Account. Other expenses paid from the Contingency Account were to reimburse the counties for costs related to state ballot measures, which were currently \$345,000 for the questions on the November 2014 ballot.

Finally, Ms. Teska said there were often significant payoffs for annual and sick leave to retiring state employees, and state agencies funded with General Funds could request up to \$12,000 per position from the Statutory Contingency Account for those costs.

Ms. Teska recalled that the Department had requested reimbursement to the Statutory Contingency Account in August 2014, and she had hoped that it would not be necessary to submit another request prior to the 2015 Legislative Session. However, there was an appeal taking place with the lawsuit in San Francisco, and it was currently estimated that if that process continued through the end of the fiscal year, there would be more than \$1 million in outside counsel claims. She added that additional

post-conviction relief stale claims had been submitted for payment from the account as well.

Ms. Teska added that \$1 million was held back in the General Fund balance for one-shot funds to replenish the Contingency Account, which would address the projected shortfall in the post-conviction relief account, as well as additional outside counsel bills that might be received. She said that \$1.5 million was being requested at this meeting, and a second request for approximately \$1 million would be made during the 2015 Legislative Session.

Chairman Kieckhefer asked whether it was known how long outside counsel would be required for the case in San Francisco. Ms. Teska replied that she did not know.

Linda Anderson, Chief Deputy Attorney General, Office of the Attorney General, testified that the Attorney General's Office had contacted the San Francisco City Attorney, who had expressed commitment toward settlement. Representatives from the Governor's Office and Ms. Anderson were tentatively scheduled to go to San Francisco on December 19 to discuss settlement opportunities.

Chairman Kieckhefer asked whether the payments to Bingham McCutchen LLP were for outside counsel on the San Francisco case. Ms. Anderson said that the firm had done an excellent job representing the state and had put it in a stronger position than the AG would have been able to do.

Chairman Kieckhefer asked for further questions and hearing none, he asked for public comment. Hearing no requests for public comment, he called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE  
AGENDA ITEM I.2.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bustamante Adams and  
Oscarson were not present for the vote.)

J. STATE DEPARTMENT OF CONSERVATION AND NATURAL  
RESOURCES – DIVISION OF STATE LANDS – Request approval for the  
exchange of property between the Nevada Department of Corrections and  
Thomas and Tonia Porada, pursuant to NRS 323.100

Charles Donohue, Administrator, Division of State Lands, Department of Conservation and Natural Resources, explained that Agenda Item J was a request for a land exchange, which was simply a lot-line adjustment. The Division of State Lands was approached by a private party, the Porada family, to exchange a portion of the Nevada State Prison property on East Fifth Street in Carson City to fence in a portion of the family's back yard that was continually being accessed by children on dirt bikes and

students attending the nearby middle school. He said that the state was in agreement, as long as Mr. Porada assumed responsibility for all costs, which he had done.

Chairman Kieckhefer asked for questions from the Committee and there were none. Hearing no requests for public comment, he called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA  
ITEM J.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bustamante Adams and  
Oscarson were not present for the vote.)

K. DEPARTMENT OF ADMINISTRATION – MERIT AWARD BOARD –  
Requests approval to award \$25,000 to a state employee for an employee  
suggestion, pursuant to NRS 285.070.

Rosa Mendez, Chair, Merit Award Board, thanked the Committee for the opportunity to present a Good Government, Great Employees award as submitted by Theron Huntamer, an employee of the Division of Public and Behavioral Health, Department of Health and Human Services (DHHS), as per *Nevada Revised Statutes* (NRS) 285.070, section 2. She noted that representatives from the Division of Public and Behavioral Health, Ms. Marta Jensen and Mr. Mark Winebarger, as well as Mr. Huntamer, were present.

Ms. Mendez read the following testimony concerning the Merit Award process:

At the Board's April 21, 2014, and June 13, 2014, meetings, the Merit Award Board reviewed the findings and recommendations of the Department of Health and Human Services regarding Mr. Huntamer's merit award suggestion, as submitted to the Board on July 11, 2013. After obtaining additional information about eligibility, the Board determined at its June 13, 2014, meeting, that the suggestion was eligible for an award, pending verification and documentation from the agency regarding the actual cost avoidance of expenditures, in adherence with NRS 285.070, section 2(b).

On September 23, 2014, the Division of Public and Behavioral Health provided the Board with a memo confirming the avoidance of expenditures in the total of \$266,710.36, made possible by Mr. Huntamer's suggestion.

Per NRS 285.070, sections 3(a) and 3(b), the award may not exceed [ten] percent of the amount of any actual savings to the state, as determined at the end of the second fiscal year after the adoption of the employee's suggestion, or a maximum total of \$25,000, whichever is less. Based on



the expenditure avoidance amount of \$266,710.36 provided to the Board by the agency, the lesser amount is the \$25,000.

In accordance with NRS 285.070, section 5, the Board respectfully requests approval of payment in two equal installments of \$12,500. The first installment would typically be paid by the agency in the fiscal year in which the suggestion was adopted, with the second installment to be paid no later than 30 days after the end of the subsequent fiscal year. The Board does recognize that this is not a possibility and the payment will not be able to meet the timeline as outlined in NRS, due to the cost avoidance not being confirmed and realized by the agency until after fiscal year 2014.

In closing, I would like to add that the Board feels that recognizing employees for their contributions and saving money for their agencies is very worthwhile, and we would greatly appreciate your consideration of our request for funding of this award. We would be happy to entertain any questions you may have. Thank you.

Senator Smith congratulated Mr. Huntamer and thanked the Merit Award Board for its efforts. She noted that Senator Rhoads had proposed merit award legislation two or three times, and she decided to carry on his efforts. She said the award was exactly as the Legislature had intended, and it was a great motivation for other employees to work toward cost-saving solutions.

Theron Huntamer, HIV/AIDS Epidemiology Capacity Coordinator, Office of Public Health Informatics and Epidemiology, Division of Public and Behavioral Health, DHHS, explained that his suggestion was to change the format from paper to a visual format in Vital Records, eliminating the need for counties to print and transmit records and have the state re-transcribe the records into a digital database. He read the following statement.

I would like to specifically thank you Madam, Senator Smith, for co-sponsoring the merit award legislation in 2011, which is actually why I am here today. However, respectfully, pursuant to NRS 281.661, I am hereby notifying you that I qualify for whistle-blower status and that I am seeking protections from retaliations and demand for the same.

While this award is an honor, I understand that I am the first recipient of the full award. Had my experience to this point been a positive one, as you and the others in both houses unanimously intended, then this would truly be a wonderful occasion. Unfortunately, this has not been my experience. This process has been an arduous journey that would have not come to full fruition except for my continuous efforts,

I went to college and amassed a bunch of debt. I saw the merit award as an opportunity to save both the state and the taxpayers' money while utilizing the skills I learned in school to help offset my college debt.

The merit award, through the course of implementation, as is, sets the suggesting employee up for failure. NRS 285 is a law and not a guideline. I fully expected to be here prior to July 1, 2014. Publicly, all parties involved have been supportive; however, one-on-one, in the halls and through the grapevine, I have been subject to contrary statements and actions. I truly believe that the only reason I am here is because I have filed a grievance. Had I known then what I know now, I never would have put myself in the position of compromising my future with the State of Nevada and the HIV Surveillance Program.

It is imperative that I clarify the award is for the total amount of \$25,000, due and payable in two installments of \$12,500, and that I do not run the risk of having the award amount diminished.

I will make myself available to this committee to share my ordeal with supporting documentation, in the event an investigation into this matter is initiated, which may assist in clarifying as to why there has only been one award issued prior, since the 2011 legislation.

I am also concerned that the A.B. 321 requirement to inform all state employees of the Merit Award Program, defining it as an opportunity, is false. I would not wish this current process on any well-intentioned state employee. Thank you.

Chairman Kieckhefer thanked Mr. Huntamer for his comments and asked him to provide the secretary with a written transcript if possible, and the Committee would follow up on his concerns.

Senator Roberson thanked Mr. Huntamer for having the courage to make his statement.

Chairman Kieckhefer noted that the award was to be paid in two installments, and Agenda Item K was for approval of the full \$25,000. He said that \$12,500 had already been achieved through the cost avoidance, and an additional \$12,500 would be paid upon verification of the cost avoidance moving forward. He asked representatives of the Division of Public Health to clarify how the verification process would work.

Marta Jensen, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services, said that she was the employee who calculated the backlog cost avoidance going forward. She confirmed that the payment would be made in two installments of \$12,500. The first payment would be paid from fiscal year (FY) 2014 as a stale-dated claim, and the second payment would be paid at the conclusion of FY 2015. She said the actual costs going forward had not yet been

calculated, and the information presented was based on the backlog only. However, Ms. Jensen explained, calculations were being made on a monthly basis from information received electronically from all counties. The calculations originally done in September were from Clark County and Carson City, but going forward, information would be collected from all counties. She said the Division fully expected to make the second payment of \$12,500 to Mr. Huntamer at the end of FY 2015.

Chairman Kieckhefer clarified that approval of Agenda Item K would be for two payments of \$12,500 each. He said that he appreciated Mr. Huntamer's candor, and he hoped that he would work with the state to make the process a good one for employees of the state.

Chairman Kieckhefer asked for further questions and hearing none, he called for public comment. There being no public comment, he called for a motion.

SENATOR SMITH MOVED TO APPROVE AGENDA ITEM K.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

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

L. COMMITTEE ON INDUSTRIAL PROGRAMS – Semi-annual report on the status of current and proposed industrial programs for correctional institutions, pursuant to NRS 209.4818.

Sarah Coffman, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented the highlights of the semi-annual report on industrial programs for correctional institutions on behalf of the Committee on Industrial Programs ([Exhibit D](#)).

- The Prison Industries program, which was operated by the Department of Corrections, generated a net income of \$355,657 in fiscal year (FY) 2014.
- The program operated six state-sponsored programs, all of which generated profits during the year.
- The Committee on Industrial Programs discussed four major issues throughout the 2013-2015 interim, which included:
  - The drapery shop had generated a net loss for the last 8 1/2 years. In order to make the program more profitable, the Committee voted to approve the consolidation of the drapery shop with the garment factory. The garment factory now supported 70 percent of the fixed costs associated with the two programs, while the drapery shop supported 30 percent. The two programs combined generated a net income of \$37,508 in FY 2014.

- Jacob's Trading Company was a private organization operating in the Florence McClure Women's Correctional Facility. The company opened a third shift and increased the number of inmates employed from 44 in FY 2013 to 56 in FY 2014.
- The Prison Ranch Program increased the number of horses that it was able to board from 1,500 to 2,000 in FY 2014 and, as a result, increased the boarding fees from \$1.9 million in FY 2013 to \$2 million in FY 2014.
- Alpine Steel, a private company operating through the Prison Industries Program, owed \$438,945 to the Prison Industries Program. The company stopped operations in the High Desert State Prison and, as a result, the Attorney General's Office issued a judgment to dispose of all of the equipment left behind by Alpine Steel. The Department of Corrections was currently in the process of selling the equipment.

Ms. Coffman further explained that the 2013 Legislature issued a letter of intent directing the Department of Corrections to report quarterly on miscellaneous sales and revenues generated by the Prison Industries Program. During FY 2014, the agency was able to generate \$282,879 more than the legislatively approved amount. The increase in revenues was primarily due to increases in orders from the furniture shop, increased number of horses being boarded, and a large order from the drapery shop.

Inmate wage assessments through September 30, 2014, were \$157,688, which included room and board expenditures and a 5 percent allocation to the Prison Industry capital improvements fund and victims of crime fund.

Finally, Ms. Coffman reported that during the 2013-2015 interim, the Department of Corrections was unable to initiate any new programs.

Senator Smith asked whether Alpine Steel was still in business. She questioned whether the company was bidding on any state projects.

Ms. Coffman said that she thought they were still in business, but they were not operating at High Desert State Prison. She would follow up on further information for the Committee.

SENATOR ROBERSON MOVED TO ACCEPT THE SEMI-ANNUAL REPORT FROM THE COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

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

## M. OFFICE OF THE GOVERNOR – Presentation on budget issues.

Mike Willden, Chief of Staff, Office of the Governor, explained that Agenda Item M related to the biennial budget ending fund balance. He said that *Nevada Revised Statutes* (NRS) 353.213 required that a biennial budget must include a not-less-than 5 percent and not-more-than 10 percent ending fund balance. When the Legislature passed the Appropriations Act in the 77th Legislative Session (2013), section 67 of the Act outlined a process whereby if the Director of the Department of Administration identified a possible shortfall in the ending funding balance, the Director was to notify the Board of Examiners. He noted that the subject of the ending fund balance was on the agenda of the Board of Examiners' meeting on the following day. The Board would be required to make a determination whether the ending fund balance could be less than \$80 million, and if so, the Governor may take action to direct agencies to create reserves to help with the ending fund balance. Section 67 of the Appropriations Act also required notification to the Interim Finance Committee if the Legislature was not in Session, which was the reason for appearing before the Committee.

Mr. Willden referred to two handouts related to the request: [Exhibit E](#), *Office of the Governor – Presentation of Budget Issues*, a one-page spreadsheet that detailed the fiscal year (FY) 2015 General Fund balances, and [Exhibit F](#), a PowerPoint presentation titled *FY 2015 Fund Balance*, which would be presented by Julia Teska, Director of the Department of Administration.

Mr. Willden noted that [Exhibit E](#) reflected the following amounts for the unappropriated ending fund balance as of July 1, 2014:

Legislature Approved	\$181,005,962
Actual/Projected	\$183,544,262
Difference	\$ 2,538,300

He explained that the Legislature had approved \$3,292,255,768 in unrestricted revenue for FY 2015, but in December 2014, the Economic Forum Technical Advisory Committee (TAC) projected \$3,205,289,294, which would result in a shortfall of \$86,966,474 at the end of FY 2015. He noted that there was about \$3.4 million in restricted and unrestricted General Fund revenues, which was approximately \$84.5 million less than approved by the 2013 Legislature.

Mr. Willden pointed out that several supplemental appropriations were projected to be made to the Distributive School Account (DSA), Commission on Postsecondary Education, Department of Health and Human Services, Office of the Military, Department of Corrections, and Department of Forestry. He said that the \$81,330,520 appropriation to the DSA would be a challenge, and the Administration would try to manage the number and amount of supplemental appropriations.

Mr. Willden said that the ending General Fund balance as of June 30, 2015, was projected to be \$7,983,542, but a 5 percent minimum ending fund balance would be

\$169,897,428. The goal would be an ending fund balance of \$170 million, but a shortfall of \$161,913,886 was projected.

Mr. Willden reviewed a list of possible solutions to the shortfall found on page 5 of [Exhibit F](#), which totaled approximately \$100,000,000:

• Rainy Day Fund	\$28,061,106
• Active Employee Group Insurance System (AEGIS) Holidays	\$17,000,000
• Unemployment Insurance Savings	\$ 700,000
• Behavioral Health New Medicaid Billing for Managed Care Organizations or Eligible Patients in Rawson-Neal Hospital	\$10,000,000
• Private Hospital Upper Payment Limit Savings	\$ 1,284,150
• Taxation – Unclaimed Overpayments	\$ 100,000
• Salary Adjustments – Nevada System of Higher Education (NSHE)	\$ 6,574,649
• Reserve Sweeps from Multiple Accounts	\$36,267,938

Mr. Willden pointed out that legislative approval would be required to authorize sweeping funds from the reserves. The ending fund balance would still be approximately \$62 million less than the 5 percent threshold. The Governor's Office and the Department of Administration would continue efforts to identify additional solutions.

Mr. Willden announced that Medicaid enrollment had started to decline, which would positively affect the General Fund balance.

Assemblywoman Carlton asked Mr. Willden to expand on the holidays for the state's portion of the active employee group insurance program. She asked what the current reserve was in the AEGIS account.

Julia Teska, Director, Department of Administration, replied that she did not have the actual reserve balance with her, but staff at the Public Employees' Benefits Program (PEBP) had indicated that the projected balance would accommodate two premium holidays, and the state entities would not have to make their contribution to the insurance program for two months.

Assemblywoman Carlton remarked that if the state was going to receive a premium holiday, the state employees should also have a premium holiday. She would hope that the Governor and Board of Examiners would consider granting a holiday for the employees in fairness to them after they had endured multiple salary cuts.

Assemblyman Kirner asked for clarification of the proposed NSHE salary adjustments.

Mr. Willden explained that when salaries were budgeted, a built-in vacancy factor was included in each agency budget account. If the agency did not meet the vacancy factor, adjustment dollars could be requested to pay salaries through the end of the year. He said the goal was to not have to issue any salary adjustment dollars to the agencies, including the University System.

Assemblyman Kirner understood the vacancy factor. He asked whether the reserve sweeps would eliminate reserves across the board or only a portion of the reserves.

Mr. Willden replied that the amount proposed was a portion of the reserves. Staff had been reviewing all of the reserves, and a larger amount, \$36 million, was on the books, but staff had not worked through all of the calculations and processes with the agencies. He noted that use of reserves had been necessary in several instances over the last five or six years.

Assemblyman Kirner remarked that some agencies were obviously counting on using their reserves in the future, and if their reserves were swept, he asked whether there might be new budget issues.

Mr. Willden replied that he did not believe so. The calculations were currently being analyzed to avoid getting into a situation of solving a problem this year and creating another in the next biennium.

Assemblywoman Kirkpatrick said she was concerned that the shortfall must be dealt with before June 30, 2015, and it was important for the public to be informed.

Mr. Willden agreed that the goal was to resolve the shortfall before June 30, 2015. An ending fund balance of less than 5 percent could affect bond ratings and have other consequences. He said any fiscal year (FY) 2015 shortfall would have to be resolved in the 2015-2017 biennial budget submitted by the Governor.

Assemblywoman Kirkpatrick said a negative impact on the state's bond rating would create another budget problem in the 2015 Legislative Session. She suggested that serious discussions concerning reserves be held in the 2015 Session. The reserves were meant to be available in case of catastrophic events, but they had been swept every year since 2005. She wanted everyone to understand that the purpose of the reserves was to cover unanticipated situations during the interim and was not meant to be swept to resolve shortages.

Mr. Willden noted that if the proposed solutions were implemented, the ending fund balance of \$107,971,385 would not meet the 5 percent goal, and the first dollars raised in the FY 2015-2017 biennium would have to be used toward the \$61,926,043 shortfall. Assemblywoman Kirkpatrick observed that the approximately \$62 million shortfall would be based on use of the proposed solutions.

Mr. Willden replied that she was correct, but he was optimistic that the problem would be resolved.

Assemblyman Sprinkle was concerned with the reserve sweeps. He asked why there was an \$81,330,520 shortfall in the Distributive School Account.

Mr. Willden replied that the shortage was caused by two factors: increased enrollment and the hold-harmless factor.

Ms. Teska referred Committee members to page 2 of her PowerPoint presentation ([Exhibit F](#)), which reflected a brief history of the DSA fund balance from FY 2012 through FY 2015. In FY 2012 and FY 2013, the actual ending fund balances were significantly higher than what were legislatively approved. She noted that the projected balances would have been approved by the 2011 Legislature during the depth of the recession. The FY 2012 and FY 2013 balances were the result of revenues exceeding the budgeted amounts and in FY 2013, there was a reversion in excess of \$70 million from the DSA to the General Fund.

Ms. Teska noted that the ending fund balance of \$183,544,262 in FY 2014 was close to the legislatively approved balance of \$181,005,962, but the starting balance was \$87 million higher than the legislatively approved amount because of higher-than-anticipated revenue collections in FY 2013. She recalled that approximately \$28 million was transferred to the Rainy Day Account as required by *Nevada Revised Statutes*.

In FY 2015, the ending fund balance was projected to be \$7,983,542, which was significantly below the legislatively approved amount, but Ms. Teska noted that the balance did not include the \$28,061,106 transfer to the Rainy Day Fund.

Moving to page 3 of [Exhibit F](#), Ms. Teska explained three large revenue issues that contributed to the current biennial budget problem.

- Gaming Revenues Below Forecast – FY 2014 was \$9 million below forecast, and FY 2015 was projected to be \$41.5 million below forecast.
- Net Proceeds/Mining Taxes Below Forecast – FY 2014 was \$69 million below forecast and FY 2015 was projected to be \$72 million below forecast.
- The primary driver on the expenditure side was the Distributive School Account, largely due to higher-than-projected enrollment caused by increased population. DSA enrollment:
  - FY 2014 – approximately \$19.3 million over approved (3,464 students)
  - FY 2014 – Hold Harmless – approximately \$7.6 million (1,369 students)
  - FY 2015 – approximately \$53 million over approved (9,378 students)
  - FY 2015 – Hold Harmless – approximately \$17.5 million (3,092 students)

Ms. Teska explained that the hold-harmless provisions allowed school districts and/or charter schools to receive funding based on the higher of their current year's enrollment or the immediate prior year, unless their enrollment had declined more than 5 percent, in which case they could do a two-year look-back and receive the higher of the current year, the prior year, or the year before that.



Ms. Teska pointed out that in FY 2015, there were 9,378 students over the projection, amounting to \$53 million over the budgeted amount. In addition, there was a hold-harmless amount of \$17.5 million for 3,092 students, which was unusually high. The total shortfall in the DSA, absent any revenue adjustments, would be \$97 million for FY 2015. She said that the projected revenue shortages and increased expenditures totaled \$290 million in shortfalls for the 2013-2015 biennium. Fortunately, she added, some of the revenue sources, such as sales tax, were coming in higher than projected.

Senator Goicoechea asked why the hold-harmless expenditures doubled and whether the increased enrollments would actually be realized.

Ms. Teska replied the figures were based on the current enrollment numbers, and count day had already occurred for 2015. The actual supplemental amount of \$81.3 million shortfall in the DSA was based on the count-day enrollment, the count-day hold harmless, and the revenue projections made by the Economic Forum. She did not anticipate a material change between now and the end of the 2015 Legislative Session.

Assemblyman Hickey recalled that there had been some concern about the new funding formula for higher education approved in the 2013 Session and the ability for the institutions to retain tuition and out-of-state fees. He understood that the institutions had realized higher amounts and he asked whether they would be candidates for the sweeps.

Mr. Willden replied that there were five work programs on the Committee's agenda dealing with excess fees at the NSHE institutions. In conversations with the Governor, he believed that the commitment was made to the institutions to retain excess fees. However, NSHE had recently been notified that the institutions would be asked to help with the ending fund balance through salary adjustments rather than their excess fees. All agencies were being asked to help achieve a more solid ending fund balance.

Senator Kieckhefer remarked that some would take exception to the idea that the institutions had excess fees: they were based on actual students in the seats, as were K-12 students.

Assemblywoman Bustamante Adams asked what the current bond rating was for the state. Neither Mr. Willden nor Ms. Teska had the information on hand.

Mark Krmpotic, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, replied that depending upon the agency, the state's bond rating was either AA or AA+.

Assemblyman Anderson said he wanted to understand the long-term effects of not meeting the 5 percent threshold. He asked which items would require Interim Finance Committee (IFC) or legislative action to provide the proposed funding.

Mr. Willden responded that the goal was to meet the 5 percent ending fund balance, but if it could not be done, the first dollars raised in the 2015 Session would be required to

shore up the 2015 ending funding balance to the 5 percent. He was uncertain what the fiscal consequences would be if the bond rating were reduced, particularly if the fund balance was not in the red. Mr. Willden added that most of the transactions and sweeps would require action by the IFC or the Legislature through work programs and/or legislation. It was not the Administration's intent to complete the necessary transactions without legislative approval.

Assemblyman Anderson asked whether there were concerns about the amount of cash on hand at the end of the fiscal year.

Ms. Teska replied that she did not have a specific cash-flow analysis, but there were concerns that a fund balance below \$100 million would create cash-flow problems for the state in terms of available cash to meet obligations, regardless of the fund balance. The biggest impact of a fund balance below 5 percent would be bond rating, but the state needed to be in the best possible position going forward from a cash-flow standpoint.

Ms. Teska recalled that the state was able to maintain a 5 percent ending fund balance during the recession, but the difficulty now was that the budgets had not been restored after making the reductions during that time. The current problem would need to be mitigated as best possible to keep the state in a good position in the short-term and going forward in the long-term. She added that the problem also emphasized the importance of maintaining funds in the Rainy Day Fund.

Assemblyman Anderson said that he appreciated the information, which helped the Committee understand that the state had a hole in its budget that must be patched before starting on the next biennial budget. There were many important decisions to be made, and he appreciated the fact that the problem could not be considered a short-term issue.

Ms. Teska referred the Committee to page 5 of [Exhibit F](#), which reflected Proposed Solutions, and she clarified that the majority of the solutions would require legislative action. She noted that all but one of the items had been addressed when resolving the shortfalls during the recession years. The only item on the list not previously addressed was the Division of Public and Behavioral Health New Medicaid Billing for January through June 2015.

Ms. Teska explained that the salary adjustment funds for FY 2015 were the differences between the budget that was proposed by the Governor and the budget that was approved by the 2013 Legislature. The salary proposal in the Governor's Recommended Budget included three furlough days a year and a 2.5 percent salary reduction. The 2013 Legislature approved the restoration of the 2.5 percent salary reduction and required six days of furlough. Over \$16 million was allocated to the salary adjustment fund for NSHE and state agencies, which was the difference between the two proposals. The majority of the salary adjustment funds accessed in FY 2014

were from NSHE, and some funds were used from smaller agencies. Over \$9 million was reverted from the \$16 million in salary adjustment funds in FY 2014.

Ms. Teska pointed out that part of the revenues in the total General Fund resources included \$40 million in FY 2015 that were reversions from state agencies. The balance of the salary adjustment funds that were not NSHE constituted almost 25 percent of the total reversions. She noted that NSHE reserves were not under the purview of the Department of Administration, and the System's contribution of salary adjustment funds was its way of helping to solve the budget problem.

Ms. Teska said that she was aware the \$36,267,938 in reserve sweeps was causing some anxiety, but it was not the intention to sweep 100 percent of agency reserves. Only the reserves over and above the amounts required by the agencies' operations would be considered. She noted that the approximately \$36 million amount had already been discounted by 20 percent, because it was likely that 100 percent of the funds identified would be available. Ms. Teska said the Administration was attempting to take a conservative approach to solving the problem.

Referring to [Exhibit E](#), *Office of the Governor – Presentation on Budget Issues*, Assemblyman Oscarson said he was interested in the outstanding amounts for medical, salaries, and revenues for the Nevada Department of Corrections (NDOC). He asked whether the \$793,191 deficit in medical reflected outstanding unpaid medical bills, and he questioned the reasons for the \$1,171,710 deficit in salaries and the \$1,279,523 shortage in revenues. He did not understand how NDOC generated revenue.

Ms. Teska explained that in FY 2014, NDOC had requested Contingency Account funds for salary shortfalls caused by overtime expenses to cover vacant positions to transport inmates to and from medical facilities. She said the Budget Division and Department of Corrections were working on different methods of budgeting salaries to avoid shortfalls in the 2015-2017 biennium.

Ms. Teska further explained that NDOC revenues were directly related to federal grant funds incorporated into the Department's operating expenditures for the incarceration of immigrants. When federal funds were received in excess of what were budgeted, the excess was reverted to the General Fund, and when the federal funds were less than budgeted, the state had to make up the shortage.

Ms. Teska said that a portion of the medical funds was removed from the budget to place inmates on Medicaid, which should have come from another funding source and consequently left NDOC short of state funds.

Mr. Willden recalled that about a year earlier, a policy was established that when inmates were outside of an institution for a 24-hour period, they could be Medicaid billable. The policy affected Carson-Tahoe Regional Medical Center, which was no longer able to receive the corrections reimbursement rate versus the lower Medicaid

reimbursement rate, resulting in a significant loss of income. The Medical Center had stopped accepting non-emergency surgeries for inmates, causing NDOC to move inmates throughout the system to receive certain medical care.

Mr. Willden added that there had also been dissatisfaction with NDOC's ability to forecast medical expenses in the past, and the staff of the Department of Health and Human Services had been working with NDOC staff to develop a better tool for forecasting medical claims for the correctional institutions.

Assemblyman Oscarson remarked that moving an inmate a significant distance for medical treatment caused overtime and travel expenses. He said efforts were being made toward developing tele-medicine capabilities that would streamline the process and help avoid having to move inmates from the facilities. He added that the refusal of Carson-Tahoe Regional Medical Center to accept inmate patients was putting pressure on many other facilities in the area.

Assemblyman Edwards recalled that Ms. Teska had said that there was a 230 percent increase in the number of hold-harmless students, but the numbers had not been audited. He asked when the numbers for overall student enrollment and the hold-harmless counts would be audited and verified.

Ms. Teska noted that prior to becoming the State Budget Director, she was the Deputy Superintendent at the Department of Education. She said that the Department's audit staff had been conducting audits since the count days, which ran from the middle to the end of September. The audit staff should be finalizing its fieldwork in the near future so that the district reports could be issued. She said that typically, audit adjustments did not account for a major change in enrollment.

Ms. Teska explained that education was funded on enrollment on a single day, and there was not a lot of variation once the information was obtained from the school districts. She did not anticipate significant changes in enrollment after the audits. She noted that when the hold-harmless law was put into effect, there were just 17 school districts. The advent of charter schools had contributed to more movement of students among charter schools, districts, and charter schools and districts. She said it was possible that the same student could be counted twice under the provisions of the current hold-harmless law, which the Department was required to follow.

Assemblyman Kirner asked whether the Rainy Day Account would be completely swept.

Ms. Teska replied that the proposal was to take all of the funds from the Rainy Day Account in FY 2015. The current law required that 1 percent of projected revenues for FY 2016 and FY 2017 must be deposited to the Rainy Day Account.

Senator Smith thanked Ms. Teska for clarifying that the budget cuts made during the recession had not been restored. She believed that there was a perception that the

cuts had been restored, particularly to education, when in fact they had not been. She recalled that during the 2011 Session, the Fiscal Analysis Division staff had prepared a chart of where General Fund money could be cut, and there was none outside of the Department of Health and Human Services and education. She thought the Committee should know that there were only small amounts of money in other budget areas that could be cut.

Mr. Willden thanked the Committee for the opportunity to present the information.

On behalf of the Committee, Chairman Kieckhefer thanked Mr. Willden and Ms. Teska for appearing and sharing the information concerning the shortage in the FY 2015 ending fund balance.

#### N. INFORMATIONAL ITEMS.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that there had been no requests for additional testimony on any Informational Items.

Chairman Kieckhefer announced that Michael Chapman, Deputy Fiscal Analyst, Fiscal Analysis Division, would be retiring, and this was his final IFC meeting. He congratulated Mr. Chapman and thanked him for his many years of service to the state.

#### O. PUBLIC COMMENT.

Chairman Kieckhefer asked for public comment and there was none.

#### P. ADJOURNMENT.

There being no further business to come before the Committee, Chairman Kieckhefer adjourned the meeting at 1:17 p.m.

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Senator Ben Kieckhefer, Chairman  
Interim Finance Committee

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

**EXHIBITS  
INTERIM FINANCE COMMITTEE  
December 8, 2014**

<b>Exhibit</b>	<b>Witness/Agency</b>	<b>Description</b>
A	*****	Agenda
B	*****	Meeting Packet
C	Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Statement of IFC Contingency Account Balance as of December 8, 2014
D	Sarah Coffman, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Committee on Industrial Programs Semiannual Report
E	Mike Willden, Chief of Staff Office of the Governor	Presentation of Budget Issues
F	Julia Teska, Director Department of Administration	Presentation on Fiscal Year 2015 Fund Balance