

THE EIGHTY-SECOND DAY

CARSON CITY (Friday), April 29, 2011

Assembly called to order at 11:09 a.m.

Mr. Speaker presiding.

Roll called.

All present except Assemblymen Atkinson and Pierce, who were excused.

Prayer by the Chaplain, Pastor Albert Tilstra.

Another week is ending. As we are getting nearer to the deadlines that have been set, we can so easily become frustrated and upset with ourselves and with our fellow legislators. Forgive us for doing the things that make us uncomfortable and guilty when we pray.

We say we believe in God, yet we doubt God's promises.

We say that in God we trust, yet we worry and try to manage our own affairs.

We say that we love You, and yet we do not obey You.

We believe that You have the answers to all our problems, and yet we do not consult You.

Forgive us Lord, for our lack of faith and willful pride that ignores the way, the truth, and the life. Reach down and change the gears within us that we may go forward with You.

AMEN.

Pledge of allegiance to the Flag.

Assemblyman Conklin moved that further reading of the Journal be dispensed with, and the Speaker and Chief Clerk be authorized to make the necessary corrections and additions.

Motion carried.

REPORTS OF COMMITTEES

Mr. Speaker:

Your Committee on Ways and Means, to which were referred Assembly Bills Nos. 480, 498, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

DEBBIE SMITH, *Chair*

Assemblyman Conklin moved that the Assembly recess until 2:45 p.m.

Motion carried.

Assembly in recess at 11:19 a.m.

ASSEMBLY IN SESSION

At 2:54 p.m.

Mr. Speaker presiding.

Quorum present.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Conklin moved that the Assembly resolve itself into a Committee of the Whole for the purpose of a work session on Governor Sandoval's budget proposal for Health and Human Services, with Assemblyman Ocegueda acting as Chair of the Committee of the Whole.

Motion carried.

IN COMMITTEE OF THE WHOLE

Chairman Ocegueda presiding.

Quorum present.

Governor Sandoval's budget proposal for Health and Human Services considered.

CHAIR JOHN OCEGUERA:

I do not think I need to go over the particulars again. This will be just similar to the Committees of the Whole that we have done in the past. We will start by recognizing Mr. Combs.

RICK COMBS, ASSEMBLY FISCAL ANALYST, FISCAL ANALYSIS DIVISION, LEGISLATIVE COUNSEL BUREAU:

I have with me Mike Chapman, Principal Deputy Fiscal Analyst for the Assembly. Today, we have been asked to go through with you our document on the Department of Health and Human Services (DHHS) and the Governor's recommendations for the budgets of the Department. The report (Exhibit C) that is included in the Nevada Electronic Legislative Information System (NELIS) provides a real high-level review of the major recommendations included in the Governor's budget. The report also includes some information that was obtained by the money committees during their hearings on the budget. As I go through, I will try to reference some of the budget amendments that we received from the Governor's Office on Wednesday morning that affect a number of these accounts. I will just go through by each particular division, and then Mike will jump in on the Division of Mental Health and Developmental Services (MHDS) stuff that he is much more knowledgeable about than I am.

The first agency is the Director's Office. The Family-to-Family program: the Governor recommends eliminating funding for Family-to-Family in the amount of about \$2.5 million for the biennium and then using approximately \$940,000 of that to restore some funding for the Differential Response program and the Family Resource Centers that are funded in the Director's Office as well. The Family-to-Family program currently supports families of infants and toddlers by providing parenting classes, information, health, nutrition, and also infant cardiopulmonary resuscitation (CPR) classes and support to new parents. This program was created to try to provide a more proactive approach to prevent child abuse and neglect. Although the money committees have approved the Governor's recommendation to eliminate the funding for the program, the committees placed restoration of the Family-to-Family program on a potential add-back list if additional funds should become available during the biennium. On Wednesday we did receive a budget amendment from the Governor's Office adding back approximately \$96,000 in each year of the biennium. That money is added back to the Family Resource Centers in the rural areas, including rural Clark County, to fill gaps created by the elimination of the Family-to-Family program; although the money is being added back, it is not specifically being added back for the Family-to-Family programs but to the Family Resource Centers to fill in some of the gaps that will be left when the Family-to-Family program is no longer available.

The next area in the Director's Office is the Indigent Supplemental Account. The Governor's recommended budget includes transferring approximately \$19.6 million in the first year and \$19.8 million in the second year to the State General Fund. These revenues in the Indigent Supplemental Account are property tax revenues that are collected for hospital expenses related to the treatment of indigent persons who are involved in automobile accidents as well as to assist counties in catastrophic indigent hospital bills for those people who are unable to pay for themselves. This is a continuation of a budget reduction measure that has been in place for the past three fiscal years, and over that three-year period, approximately \$112.6 million in property tax proceeds have been redirected to the General Fund.

That is it for the Director's Office. In the Aging and Disability Services Division, the Senior Citizens' Property Tax Assistance program is recommended to be eliminated in the Governor's budget. This would result in a General Fund savings of approximately \$5.7 million in each year of the upcoming biennium. The program offers tax refunds to both homeowners and renters who qualify. During the current fiscal year, there were approximately 16,600 refunds with an average refund of \$267.

The Elder Protective Services area, the Governor recommends billing the costs for performing elder protective services for a General Fund savings of \$1 million in the first year and \$1.2 million roughly in the second. Those costs include funding to add 15 new social worker positions over the biennium to try to reduce the caseload to 40 cases per social worker for these Elder Protective Services cases. The budget amendments that were submitted on Wednesday morning added back General Funds of approximately \$2.25 million to fund this at the state level again; although the Governor's original budget recommendation was to have the counties pay for this service, the budget amendment that was submitted on Wednesday recommends adding the General Funds back.

The next area is the use of tobacco settlement funds in place of General Funds to other programs that are administered by the Aging and Disability Services Division: the Traumatic Brain Injury program and the Autism program. Basically, it replaces the General Funds with tobacco settlement funds in fiscal year (FY) 2012-13 that would have gone to the Trust Fund for Public Health under current law. That is a trust fund that has been tapped in this climate of budget reductions—I think for the past three years as well—to make up for General Fund revenue shortfalls.

In the Division of Health Care Financing and Policy on page 2 of our document, you will see a table that sets forth the Medicaid program and Nevada Check Up program rate reductions that were included in the Governor's recommended budget for the upcoming biennium. These rate reductions result in General Fund savings of approximately \$25.2 million in the first year of the biennium and approximately \$24.4 million in the second year. The rate reductions include reductions for dental services, durable medical equipment, and disposable medical supplies at a 25 percent rate reduction. As you will see on the table on page 2, there are a number of different services that are subject to a 15 percent rate reduction, including outpatient hospitals, home and community-based services for the frail and elderly, and laboratory, pathology, clinical, and radiology services. Inpatient hospitals, inpatient psychiatric facilities, and specialty inpatient hospitals will be subject to a 5 percent rate reduction. Skilled Nursing Facilities and hospice services provided by Skilled Nursing Facilities would be subject to a \$20 per bed-day rate reduction. In the budget amendments that were sent over on Wednesday, \$5 of that \$20 rate reduction was added back, so the Governor's revised recommendation would be for a \$15 per bed day reduction in the Skilled Nursing Facilities rate.

The Governor's recommended budget includes the elimination of nonmedical vision services for adults ages 21 years and older. This would result in a General Fund savings of \$1.8 million over the biennium. The Governor's recommendation also recommends transferring financial responsibility for a portion of the Medical Aid for the Aged, Blind and Disabled institutional and waiver population to the County Match program. This would result in a General Fund savings of approximately \$37.2 million over the biennium with a corresponding additional cost to the

counties from that transfer. Currently, the counties are only responsible for paying the state's share of costs for Medicaid clients in institutional care when their income falls between 156 percent and 300 percent of the federal benefit rate for Supplemental Security Income. The counties do not currently have any responsibility for the waiver recipients.

The budget amendments that were sent over on Wednesday appear to cap the county match at the total amount generated by the 8-cent ad valorem property tax rate for indigent care in the counties. This would appear to, at least on a projected basis, provide some relief to the counties from the amount that this original recommendation would have impacted them. The list of counties, I believe from looking at the amendment, that would receive a benefit from this add-back would be Carson, Lincoln, Lyon, Mineral, Nye, Pershing, and White Pine Counties.

The Health Insurance Flexibility and Accountability (HIFA) Waiver program is recommended to be eliminated in the Governor's recommended budget for a General Fund savings of approximately \$142,000 in the first year and \$223,000 in the second year. The HIFA Waiver program covered two groups of people: one was pregnant women with income levels between 133 percent and 185 percent of the federal poverty level; the program also provided a premium subsidy of \$100 per person per month for employees and spouses who work for small employers and who had household incomes that were less than 200 percent of the federal poverty level. The reason for the elimination of the HIFA Waiver program really is based on federal law. The Children's Health Insurance Program Reauthorization Act of 2009 basically resulted in the elimination of coverage for this group of adults.

The next thing in the Medicaid and Check Up budgets are mandatory rate increases that were included in the Governor's recommended budget. The Governor recommended General Fund support of approximately \$3.6 million in the first year and \$5.7 million in the second year for mandatory rate increases for free standing hospice services, Federally Qualified Health Centers and Rural Health Clinics, Indian Health Services, capitation rates for managed care, and inflation for pharmacy rates for the Check Up program only.

The Governor's budget also included approximately \$102.5 million in the first year and \$120.8 million in General Fund in the second year for projected caseload increases in the Medicaid program. In the Governor's budget as originally submitted, those caseloads were projected to increase by approximately 23.1 percent in FY 2011-12 as compared to the actual year of FY 2009-10, and then an additional 4.1 percent increase in FY 2012-13 over FY 2011-12.

In the Check Up program, the General Fund support was recommended to increase by \$261,000 roughly in the first year and \$656,000 roughly in the second for caseload growth as well. This was based on projected increases of 2.3 percent roughly in the first year and 4.0 percent in the second when compared to the previous year.

The next item is the fact that the Governor recommended replacing Federal Medical Assistance Percentage (FMAP) funds. Basically, the enhanced FMAP that was provided under the American Recovery and Reinvestment Act of 2009 (ARRA) ends at the end of this biennium, so there was a need to add back General Funds to replace those lost federal funds that were available only on a temporary basis. The Executive Budget projected the Federal Medical Assistance Percentage rate—that is, the percentage of the program that is paid for by the feds—to decrease from 63.93 percent in FY 2009-10 to 55.05 percent in FY 2011-12 and then increasing slightly again to 57.66 percent in FY 2012-13.

Typically, the Division of Health Care Financing and Policy, as well as the Division of Welfare and Supportive Services, work to rerun caseloads, the cost per eligible for the various caseloads, as well as the FMAP percentages based on updated information that we typically receive from the *Federal Funds Information for States* (FFIS) at this time in the biennium. Based on those reruns of the projection model, based on that updated information, there were decreases in the caseload projections, increases in some of the cost per eligibles, and those resulted in a net overall decrease from the amounts included in The Executive Budget. In the table on the bottom of page 3 of our presentation, you will see what the latest caseload

projections are for both Medicaid and for the Check Up program. You will see that the increase from FY 2010-11 projected to FY 2011-12 as amended is now approximately 6 percent in the Medicaid program, and then from FY 2011-12 to FY 2012-13, an additional 3.7 percent. For Check Up, it is a decrease, actually, from the FY 2010-11 projected level of 21,550 to 20,977, and then a slight uptick in the second year of the biennium of about 1.3 percent in caseload for the Check Up program. Additionally, the FMAP rate—I had indicated that it was budgeted in the original Governor's submittal at 57.66 percent. That would be, again, the federal government's portion of the program. Based on the additional information we received from *Federal Funds Information for States*, that amount has been increased to 59.26 percent for FY 2012-13. On April 22, the Budget Division submitted several budget amendments based on these revised projections for Medicaid and Check Up as well as the revised Federal Medical Assistance Percentage projections. Those modifications resulted in a General Fund reduction of approximately \$52.9 million over the biennium.

Moving on to the Health Division, the Governor has recommended billing the counties for several services provided by or funded by the Health Division. The first is General Funds of approximately \$595,000 in the first year and \$587,000 in the second year for inspection and permitting in the Consumer Health Protection account. These inspections are primarily of food establishments. The Governor's recommendation is to charge the counties in which those establishments are located for the cost of those inspections.

The Governor also recommended billing counties for Emergency Medical Services licensure and training services. This would have resulted in a General Fund savings of approximately \$753,000 in the first year and \$756,000 in the second year. This particular charge to the counties is added back in the budget amendments that were submitted by the Budget office on Wednesday; the Governor's latest proposal now is not to charge these costs to the county but to maintain that as a state-funded expenditure.

The Governor recommended elimination of about \$625,000 in each year of the upcoming biennium for tuberculosis and sexually transmitted disease program spending. The majority of the state funding is expended on medical treatment costs for tuberculosis.

The next agency is the Division of Welfare and Supportive Services. The Governor recommends \$1 million in the first year and approximately \$13.9 million in the second year for the development of an Eligibility Engine system that will determine eligibility for publically subsidized health care programs offered by the Department. The entire cost of \$1 million in the first year will be funded with federal funds, and approximately \$13.4 million of the total \$13.9 million costs in the second year will be funded with federal funds, so the General Fund makes up approximately \$595,000 of the total cost of the project. The addition of the eligibility system is necessary due to the Affordable Care Act. It is a key component in the Health Insurance Exchange program, and it needs to be able to integrate as well with the Division of Health Care Financing and Policy and the Division of Welfare and Supportive Services programs. The basic goal of this is to be able to store all of the eligibility rules for the state's publically subsidized health coverage programs in one place so that it can be accessed by individuals who are shopping for health coverage from various sources.

The next issue in Welfare and Supportive Services are the Temporary Assistance for Needy Families (TANF) reserve levels. The latest projections of the TANF reserve result in a negative reserve balance in the second year of the upcoming biennium based on the expenditures that are recommended in the budget. The Temporary Assistance for Needy Families funds are a block grant received from the federal government. We are basically allotted a certain amount of money, and that is what the program has to live within. There was a recent notification that the federal TANF Contingency Grant will be reduced by approximately \$3.4 million in FY 2011-12, and there were also the revised TANF cash assistance projections that were updated recently. Those two things have resulted in the projected negative ending reserve balance of \$2.5 million.

The Department's proposed solution to the negative \$2.5 million reserve is to include approximately \$2.5 million in Contingency Grant funds as a projection for FY 2012-13. The

Division has not received formal notice that it will receive these funds, so that may result in there being some risk, but as I understand it, the Division has received some at least positive statements from the federal level that these amounts will be available in the second year of the biennium. That is their proposal to try to address the negative cash reserve. I guess their argument would be that if you include those funds, there is no negative cash reserve at the end of the biennium. If those funds ultimately did not become available, there would be a need to implement reductions to the TANF program expenditures including possible reductions in TANF cash assistance grants in the second year of the biennium.

Due to the declining TANF reserve and the fact that the expenditures in the TANF program exceed the revenues that will be provided by the feds in both years of the biennium, there are reductions included in the Governor's recommended budget totaling about \$12.4 million in the first year of the biennium and approximately \$12.8 million in the second. These reductions are listed there for you under, I believe, five bullet points on page 5 of our document:

- The first one is to reduce the rate for kinship care payments from the current average level of \$894 to the non-needy caretaker rate of \$427. These are children that typically live with a grandparent or another close relative that receive these payments for taking care of those children. One of the budget amendments that was submitted on Wednesday restores the rate to 75 percent of the current level. By my calculation, that is about \$670 or \$671 instead of the reduction down to \$427.
- The Governor's recommended budget as originally submitted eliminated the TANF loan program. This program provides monthly financial payments that are used by families to meet needs for food and shelter and clothing until an anticipated future source of revenue becomes available for that family. The recommendation in the Governor's budget reduced TANF expenditures by approximately \$2 million in the first year of the biennium and \$2.3 million in the second year. Again, the budget amendments that were submitted on Wednesday restore, I believe, it is approximately 75 percent of the funding for the TANF loan program, which I believe will enable them to serve a larger number of families through the loan program than would have been provided if they had gone with the original Governor's recommendation. Of course, remembering that the ultimate decision whether to add this back is up to the Legislature, but the Governor's proposal would be to restore about 75 percent of the reduction to the TANF loan program.
- The next bulleted item is a reduction in the TANF funding provided to socialservice subcontractors. In the Governor's recommended budget, it is a 50 percent reduction. It decreases TANF expenditures by approximately \$700,000 in each year of the biennium. The subcontractors provide social service benefits to TANF recipients with either substance abuse problems or domestic violence issues. This recommendation would reduce by approximately one-half the number of clients served under the program.
- The next bullet point indicates that all transfers to other state programs within DHHS funded by TANF would basically be

eliminated during the upcoming biennium. Back when the economy was doing well and there were not as many TANF participants, there were more TANF funds than were required to support the TANF program, so some of those funds were used to enhance Title XX Social Services Block Grant funds in the other agency budgets. Because of the increased caseload in the reduction in the TANF reserve, those transfers are now no longer available for use in other DHHS programs.

- The final bullet point there indicates that the Governor's recommendation eliminates transfers of TANF funds also to the county child protection programs in both Clark and Washoe Counties. These transfers total approximately \$817,000 in each year of the biennium.

The Governor's original budget recommendation included General Fund appropriations of approximately \$10 million over the biennium to implement the Silver State Works program. This was an initiative of the Governor's to increase employment outcomes for the state's TANF population. The program would be a collaborative effort between the Department of Employment, Training and Rehabilitation (DETR) and the Division of Welfare and Supportive Services in an attempt to expand the total number of jobs in the state. The entire \$10 million under the Governor's proposal was to be used to reimburse employers for the costs associated with providing employment for TANF and TANF at-risk clients. If I am remembering correctly, I believe the amount of money that was redirected in the Department of Employment, Training and Rehabilitation budgets was approximately \$9 million over the biennium. I am not entirely sure that the information on the top of page 6, as we prepared it, is accurate anymore given the reduction that came over in the budget amendment on Wednesday. As I indicated, the original amount recommended by the Governor for this program was \$10 million in General Funds, and that amount in the budget amendments that came over on Wednesday was reduced to \$2 million over the biennium, \$1 million in each fiscal year. Perhaps the Department later in the presentation will be able to address what changes might have been made to the Silver State Works program as a result of that reduction in funds.

Also in the Division of Welfare and Supportive Services, included in the Governor's recommendation were child support reductions. The first one was that the Governor recommends eliminating the Employment Assistance program statewide. This would reduce child support expenditures by approximately \$172,000 over the biennium. There would also be a corresponding loss of federal matching funds of approximately \$334,000. The Employment Assistance program provides supportive services to noncustodial parents who are either unemployed or underemployed. It has the goal of trying to increase child support collections. The Governor also recommends eliminating 10 state positions that are collocated with Clark County Child Support Enforcement in Las Vegas. The recommendation will increase the caseloads for the case managers in Clark County. Finally, the Governor recommends eliminating three positions and associated costs from the Child Support Enforcement Program account. This will reduce state-funded child support expenditures by approximately \$121,000 over the biennium.

The General Funds in the Child Assistance and Development account have historically been used to match federal grants and provide funding for a portion of the TANF Block Grant maintenance-of-effort (MOE) requirement. That requirement is approximately \$2.6 million per year. The Governor recommends reducing the General Funds in the account by 69 percent roughly from the amount that was included in the 2009-2011 biennium legislatively approved budget for this purpose. The \$2.6 million annually is the minimum MOE level required by the federal government. The Governor also recommends utilizing certified matching funds in lieu of General Funds as the state's portion for the matching federal dollars. The certified matching

funds are qualifying expenditures from both public and private community partners; rather than the state providing it in the form of General Funds, it would be basically provided through in-kind services from public and private community partners. The recommendations will result in a monthly average of a little over 1,100 eligible children being unserved in the first year and approximately 1,500 eligible children being unserved in the second year. As I understand it, the goal would be to keep the most at-risk clients—continue their receipt of these services. That would be your New Employees of Nevada (NEON) program clients as well as other TANF at-risk clients. The families that would no longer be receiving services or waiting for services—basically they would be unserved—come from the discretionary population of the program.

At this point I am going to turn it over to Mike and let him go through the Mental Health and Developmental Services' recommendations.

MIKE CHAPMAN, PRINCIPAL DEPUTY FISCAL ANALYST, FISCAL ANALYSIS DIVISION, LEGISLATIVE COUNSEL BUREAU:

Thanks, Rick. Good afternoon, members of the Assembly. As Rick said, I will go through the Governor's more notable budget recommendations for the Division of Mental Health and Developmental Services. At the bottom of page 6, I have given you a chart that shows you the Governor's recommended funding changes compared to the funding that was approved during the 2009 Legislative Session.

Moving on to page 7, I would like to note at the top of the page that the Governor's recommendation does result in a number of positions being eliminated, approximately 175 positions, or approximately 10.2 percent of their workforce.

The first topic in the area of mental health is eliminating the state's one-third funding support for the community triage centers. One triage center is located in Clark County, and the other is located in Washoe County. The recommendation reduces General Fund support by \$1.25 million each year. That is apportioned between southern Nevada in the amount of \$750,000 a year with \$500,000 in Washoe County. The local governments and the local hospitals in these areas combine to make up the other remaining two-thirds of the funding support for the community triage centers. These triage centers were established by the 2005 Legislature initially as a one-shot, and they were continued in the budget beginning in the 2007 Session. During work sessions that have been held during this current session, there was some discussion regarding utilizing some funding that the Governor had recommended to establish a nonemergency transport contract service to move individuals from the local hospital rooms or emergency rooms in Clark County to the mental health facilities of Southern Nevada Adult Mental Health Services. During these budget hearings and work sessions, quite a bit of discussion was held to utilize this funding, which totals almost \$3 million over the biennium, and restore the state's funding support for the community triage centers. As a result of these discussions, it appears the Governor has submitted a budget amendment this week on Wednesday to restore the community triage centers and eliminate the funding for the recommended nonemergency transport services.

The next topic is the Governor's recommendation to reduce outpatient counseling services. This would reduce General Fund appropriations for these services by approximately \$1 million each year and would eliminate a total of 12.5 positions. The impact would be to discontinue services for approximately 875 individuals annually in southern Nevada, 456 individuals in northern Nevada, and approximately 130 individuals in the rural portions of the state.

The next topic is the Governor's recommendation to reduce supported living arrangements. This would generate a General Fund savings of approximately \$3.6 million in the first year of the biennium and \$3.5 million in the second year of the biennium. The reduced funding would eliminate 272 supported living arrangement placements throughout the state: 201 of those would be in southern Nevada, 35 in northern Nevada, and the 36 placements that have been authorized for rural clinics. In addition, the Governor also recommends eliminating 54 supported living arrangements at Desert Regional Center; this is the developmental services side of the Division. Supported living arrangements provide the financial assistance for rent and

utility payments in a variety of different types of settings from group homes all the way up to very intensive one-on-one assistance. This week on Wednesday we did receive a budget amendment as Rick referenced, and the Governor's recommendation is to take some of the savings from the adjustment to the FMAP and restore the mental health placements; that is the 272 placements I spoke of initially. The amendment does not include the 54 placements for Desert Regional Center.

The next bullet, on the bottom of page 7, is the Governor's recommendation to reduce General Funds by approximately \$3 million each year and replace it with reimbursements from the counties in support of the Mental Health Courts. Currently, the Mental Health Courts operate in Clark County, Washoe County, as well as a court in Carson City. The recommendation would eliminate approximately 14 positions. The funding also supports supported living arrangements, counseling, and medications for individuals that have been assigned to this program by the district courts in these counties. I want to point out here that this funding does not support the actual Court itself; it supports the services to the clients who are directed to the Court's services. I would like to point out that Senate Bill 469, on the top of page 8, has been introduced, and this would create the mechanism for the state to bill the counties for the Mental Health Court services.

The next bullet, on page 8, is the Governor's recommendation to reduce inpatient beds. This primarily affects Southern Nevada Adult Mental Health Services as well as Lakes Crossing Center in Sparks. As far as Southern Nevada Adult Mental Health Services go, the Governor's recommendation would continue the 22-bed closure that was approved by the 26th Special Session (2010). This is in building no. 3 on the southern Nevada campus. The Governor recommends an additional 22-bed reduction in building no. 3A. With these two different bed reduction recommendations, it would reduce the agency's inpatient bed capacity from 234 beds down to 190 beds. The recommendations also eliminate a total of 50.35 positions as well as related facility operating costs.

Regarding Lakes Crossing, the Governor, again, recommends two different components in this budget. The first one is eliminating 12 positions that have been held vacant during the current biennium. This was, again, done to generate General Fund savings, and this was approved by the 26th Special Session (2010). You can see the General Fund savings approximates about \$700,000 each year. In addition, the Governor recommends eliminating another 9.49 positions. The impact of these position eliminations requires the agency to reduce its inpatient bed capacity from a current level of 70 beds down to 66 beds. The General Fund reductions generated from this is approximately \$666,000 each year.

Moving into the developmental services portion of the agency, the first item I would like to bring out to you is the Governor's recommendation to assess the counties for services to children. The Governor's recommendation would generate General Fund savings of approximately \$5.7 million in FY 2011-12 and \$5.8 million in FY 2012-13. The General Fund reductions would be replaced by reimbursements from the counties where the children reside. The Governor cites *Nevada Revised Statutes* 435.010 as a basis for the recommendation which provides that the boards of county commissioners shall make provisions for the support, education, and care of children with mental retardation and related conditions, and they are empowered to make necessary contracts and agreements to carry out the provisions of these services. The table on page 8 gives you the region breakdown with the Desert Regional Center in southern Nevada, Sierra Regional Center in northern Nevada, and Rural Regional Center for the remainder of the state. The recommendation impacts a total of approximately 1,546 children. The associated cost is also displayed there. There was an error made in developing this recommendation which overstated the General Fund savings and understated the reimbursements from the counties by approximately \$1 million over the biennium. The Budget office and the Governor submitted budget amendments to correct this error and essentially reduce the amount of General Fund savings.

The next area, at the bottom of page 8, deals with the Self-Directed Autism Program. This began as a pilot program during the 2005-2007 interim period by the Division, and it provides fixed monthly allotments to families who have children with the diagnoses of autism spectrum disorder. I would like to point out that you probably heard throughout the session some initiatives to consolidate some of these programs. Right now, they are in basically three different areas of the Department's programs: I believe it is EIS (Early Intervention Services) in the Health Division, the Autism Treatment Assistance program (ATAP) in the Division of Aging and Disability Services, and the third program is here in Developmental Services. The children in this program not only have the autism disorder, but they also have the mental retardation disorder; they have to have the mental retardation diagnoses in order to be served for autism services out of this program. The Governor's recommendation does eliminate not only the General Fund out of this portion of the budget in support of 61 families, it also eliminates another 113 children out of the program that have been supported with TANF funding. As Mr. Combs pointed out, the reduction in the TANF reserves and the increase in expenditures has taken the TANF funding out of the portion of this budget. I would like to point out that on Wednesday, we did receive a budget amendment to restore the General Fund that was taken out of this portion of the budget; however, the Governor recommends placing that money, which is about \$828,000 in each year of the biennium, into the Division of Aging and Disability Services. I believe there is an initiative and there is some legislation that would take the autism services and place them into one program.

The next area I would like to discuss is the Family Preservation Program. This is a program that provides monthly cash assistance to low-income families who care for relatives with profound or severe mental retardation or children under six years of age who have developmental delays. This program provides a monthly assistance in an effort to keep them in their homes and, in turn, avoid more costly institutional placements. The Governor in the second year of the biennium recommended replacing \$1.2 million of General Funds with transfers from the Trust Fund for Public Health; these are the tobacco settlement funds. Again, that is in the second year of the biennium.

Moving into the Substance Abuse Prevention and Treatment Agency (SAPTA), two items I am pointing out this afternoon, the first one is the Governor's recommendation to reduce funding for the Co-Occurring Disorders program. This was a program that was established during the 2007 Session to provide funding for treatment services to individuals who are codiagnosed with both mental illness and substance abuse issues. The Governor's recommendation would reduce the funding from its current level of about \$1.5 million each year down to just under \$500,000 each year. During the budget hearings, the agency did indicate that they would shift a number of these individuals over to treatment services that are currently funded under the federal Substance Abuse Prevention and Treatment Block Grant by moving some of these individuals over to those. That source of funding, though, would probably displace some individuals who would be eligible to receive services under the Block Grant.

The last item I would like to point out for the MHDS portion of the presentation is the Governor's recommendation to reduce funding by approximately \$1.6 million each year for treatment services. This would impact the Division's ability to treat approximately 273 individuals annually. Funding was increased rather significantly during the 2007 Legislative Session in response to a growing waiting list that had been occurring throughout the state. As a result of the Governor's recommendation, the funding would be reduced from about \$5.1 million at the current level down to about \$3.6 million in each year of the biennium. On Wednesday the amendment package that was sent over from the Governor's Office did include the restoration of the funding of \$1.6 million in each year for this; the amendment would negate the Governor's original recommendation to reduce this funding.

RICK COMBS:

Thank you. The final agency in the Department is the Division of Child and Family Services starting on page 10 of your document. The Governor recommends limiting the state's

responsibility for mental health room and board expenses to children only in the custody of the Division. This would basically say the state would no longer have responsibility for youth that are in county juvenile probation custody or in parental custody. The recommendation would reduce General Funds by approximately \$2.8 million in each year of the biennium in the base budget, and then on top of that, it would provide additional savings of about \$1 million in the first year and \$1.4 million in the second year that would have been needed in the budget to address caseload increases. The administration's contention here is that mental health care should be the responsibility of the agency with the custody of the child. When the budget amendments arrived on Wednesday, one of the amendments was to include General Fund add-backs totaling approximately \$3.5 million in each year basically to replace the base-level funding for these room-and-board expenses. The reason that the add-back totals more than the General Fund savings that were recommended in the base has to do with the fact that it also restores Title XX money that was being used in the current biennium to fund those services as well.

The next item is the Clark and Washoe County Integration and the Rural Child Welfare budgets. For Clark County and Washoe County, The Executive Budget recommends providing the state's portion of the funding in the Integration accounts in the form of a capped annual block grant instead of using the historic method of line-item expense budgets for those agencies. The Governor's recommendation would include a performance improvement plan with targets to improve the safety, permanency, and well-being for abused and neglected children. There would also be a fiscal incentive program outside of the block grant that would hope to stimulate and support improvement in certain defined areas. Under the block grant proposal, the General Fund appropriations would total \$50 million in each year of the upcoming biennium; Washoe County would get \$12.5 million of that, and Clark County would get \$37.5 million of that. Outside of the block grant, there would be an additional \$7 million, \$1.75 million for Washoe County and \$5.25 million for Clark County. Although there was some concern earlier in the session that this was going to result in some reductions in the General Funds for the two counties, with the recent rejections of foster care caseloads, Medicaid reimbursements, and the adjustment to the Federal Medical Assistance Percentage rates that were discussed earlier, the Division indicates based on those factors that the Governor's recommendation will not result in reductions to the counties' funding.

For child protective services in the rural counties, the Governor had recommended that the cost for those services be allocated back to the counties. This would have generated General Fund savings of approximately \$2.4 million in each year of the biennium. Obviously, the same amounts would have been the charges to the counties for those services. This, again, is one of the items that in the budget amendments that were received on Wednesday is now proposed to be added back by the Governor.

In the juvenile justice area, there are recommendations to close three housing units at Nevada Youth Training Center (NYTC) and then increase one housing unit from 20 beds to 30 beds and then changing a housing unit to an intensive supervision unit. These are the results of budget reduction measures. The closures result in the elimination of 18 existing positions and would reduce the facility from 160 beds to 110 beds.

There are three other juvenile justice budget reductions of note. The first one is \$1.4 million each year that are currently provided to local jurisdictions for youth community programs, outpatient treatment, and evaluations of sex offenders. Those amounts are proposed to be eliminated in the Governor's budget. The Governor's original budget also recommended eliminating \$1.4 million in each year that are currently provided to Clark and Douglas Counties for the operations of youth camps: China Spring, Aurora Pines, and Spring Mountain, if I am not mistaken. The Governor also recommended replacing General Funds totaling \$6 million in each year with county funds for the support of youth parole services that are currently funded by the state. In the budget amendments that we received on Wednesday, of those three items there was

an add-back of, I believe, \$1.4 million in each year for restoring the funds for the three youth camps.

In addressing the impact to the counties under the Governor's proposal, the money committees had requested alternative proposals for consideration. The Nevada Association of Juvenile Justice Administrators had recommended eliminating an additional 110 juvenile correctional beds to reinvest the savings of those bed closures that would total approximately \$8.7 million in each year back into other juvenile justice programs, primarily the youth camps, and to provide continuation of mental health room-and-board payments for the children not in the Division's custody. The plan from the Association of Juvenile Justice Administrators did not recommend that youth parole services become the responsibility of the counties as well.

Just to touch base real quickly on an item that Mike [Chapman] brought up in regards to the Autism program, there are, I think, three Assembly bills that are floating around right now. I believe we either got all of them or at least a couple of them in Ways and Means currently, but it is because of their relationship to the budget that Mike talked about. Primarily, in its simplest form, what would happen is the roughly \$828,000 per year that was reduced from the Mental Health and Developmental Services budget for the Self-Directed Autism program would be added to the Aging Services Division's autism program, which is called ATAP (Autism Treatment Assistance Program). In addition, \$300,000 in each year would be transferred from Early Intervention Services in the Health Division. Roughly what that would do is double the amount of funding for the ATAP program in the Aging and Disability Services Division budget to \$2.4 million per year as opposed to the \$1.2 million that was recommended originally by the Governor.

That concludes what we had to go over with you today in terms of the various recommendations that were included for the Department of Health and Human Services. We would be glad to try and answer any questions that you might have. We brought the people that actually know the answers to those questions. They are sitting over here.

CHAIR OCEGUERA:

Thank you, Mr. Combs. Let us go to questions. Mr. Conklin.

ASSEMBLYMAN MARCUS CONKLIN:

Thank you, Mr. Chair. I have a couple of questions. I want to start on page 2 of the work session document under the Division of Health Care Financing and Policy. I am looking specifically at the Medicaid and Check Up rate reductions, Rick, and I am seeking to understand. Help me out. This is where I think I understand it: We are cutting the rate that we reimburse for services for those who are eligible under this program, correct?

RICK COMBS:

Right. It is the rate that would be paid to the provider of the service that would be reduced.

ASSEMBLYMAN CONKLIN:

Okay. You have listed this out as a General Fund savings of \$49.6 million, but it is my understanding that we will also lose the match. Is that correct?

RICK COMBS:

That is correct.

ASSEMBLYMAN CONKLIN:

How much is that match? Is it dollar for dollar? Is it two for one? Three for one?

RICK COMBS:

As indicated, the Federal Medical Assistance Percentage (FMAP) for Medicaid is slightly more than 50 percent. It is getting closer and closer to 60 percent as we go throughout the biennium, so it would be a slightly larger reduction in federal funds than it is in state funds that you see here.

ASSEMBLYMAN CONKLIN:

Right, so if it were 60 percent, then I could divide \$50 million by 5 and multiply it—oh, I will figure it out. It is roughly 50 percent, so we would say the actual loss of money spent is near \$100 million?

RICK COMBS:

Right.

ASSEMBLYMAN CONKLIN:

At a minimum?

RICK COMBS:

Yes.

ASSEMBLYMAN CONKLIN:

I will do the ratios later. It is irrelevant.

Then on the third page, what I am trying to figure out here is the relative cut that we are actually making in the economy that these things really affect. These are direct assistance dollars. We do not keep those. They go to businesses who provide services for people, so it is a direct infusion into our economy. On page 3 under the Medicaid caseload increases, we recognize that we are adding back in General Fund support \$123.3 million, but how does that relate to the price that we are paying? In other words, the \$49.6 million is a cut for everybody that is currently eligible to receive that service. This is the way that I am interpreting it. Then we recognize that there is a whole bunch more who are now going to be eligible as a result of declining personal income, basically, so more people will be eligible. We are adding money for that caseload, but it also means that that caseload, the hospitals are getting paid less for that new caseload that is coming in as well.

RICK COMBS:

That is correct, Mr. Conklin. The way the budget is built is any new services that we are budgeting to occur would be at the new budgeted lower-level reimbursement rate.

ASSEMBLYMAN CONKLIN:

So these are mutually exclusive items, the \$49.6 million is a reduction in reimbursements to providers—these are businesses in our state—and the \$223 million over the biennium, which are new people who are eligible for the program, is also at that reduced rate. From the hospital's perspective or from a provider's perspective—whether it is a doctor, a hospital, I do not care what it is—this money is going to go into our economy, but it is going to go in at a rate that is significantly reduced and, in many cases, probably below the actual cost of providing that service.

RICK COMBS:

I am going to look to Heidi [Heidi Gansert, Chief of Staff, Office of the Governor] just to give me a nod of her head if I get this right or not, but I believe the way the budget is built, you build in a caseload at the current rate, and then you decide to reduce that rate for the services that are provided. That is going to take into account both the existing caseload and the new caseload that you are adding, and all of that is going to now be at a lower rate. I am getting a nod of yes, so I believe that is the case. The way it is budgeted, you have got the existing caseload, and you have got new caseload, and then you have got a decision unit that for both the existing and the new caseload, reduces the amount that is necessary to pay for that caseload because you are not going to pay the provider as much as you would have paid them under the current rates.

ASSEMBLYMAN CONKLIN:

Mr. Chairman, if I may, let me rephrase the question because I want to make absolutely certain that I understand this. The item on page 2 where we talk about saving \$50 million for a

reduction in rate that we are reimbursing Nevada businesses, does that include the expanded caseload? Or is that just for current caseload? And the expanded caseload, which is mentioned later, does not show the reduction because it is built at the new rate?

RICK COMBS:

Heidi is indicating that I had it backwards, that either way it is in the budget at the new rate, but what Heidi is telling me is that the Maintenance (M) 200, the caseload increase, is at the lower rate as well and that the amount on the front page, the page 2 that you referenced, that that is just for the current caseload. The M200 decision unit, the \$102.5 million and the \$120.8 million, is at the new reduced rates as well; if you added back and increased those rates, you would have to make adjustments both to the base budget as well as to the caseload decision unit.

ASSEMBLYMAN CONKLIN:

Okay, that makes better sense to me. What that also means is from that \$223 million, that is a 15 percent reduction—what it would have been had we chosen not to reduce the rate at which our hospitals are getting reimbursed, and there is a match appropriately that would have come with that.

RICK COMBS:

That is my understanding. Yes.

ASSEMBLYMAN CONKLIN:

Thank you. Thank you, Mr. Chair.

CHAIR OCEGUERA:

Thank you, Mr. Conklin. Ms. Neal.

ASSEMBLYWOMAN DINA NEAL:

Thank you, Mr. Chair. You said that under the TANF program that they were being, I guess, scaled by who was most at-risk? How does that tier look like? Break it down. Give me an example, like who is at the top? Who is at the bottom?

JEFF FERGUSON, PROGRAM ANALYST, FISCAL ANALYSIS DIVISION, LEGISLATIVE COUNSEL BUREAU:

Thank you, Mr. Chairman. The TANF NEON clients would be served. Those that are most at-risk—the federal poverty level; they are at 100 percent or lower. Those would be served. Then there is the TANF at-risk; those are those who qualify for TANF but they are currently not on TANF. Those would also be served. Discretionary are those that are beyond that. Their income level would be approximately more than 130 percent up to about 250 percent of poverty level. Those would not be served under the current plan.

ASSEMBLYWOMAN NEAL:

Thanks, Mr. Chair. The person who is at the top—let us say, I have a 16-year-old girl, pregnant, does not have any money. She is on TANF, she has Medicaid, maybe she is even a part of the Kinship [Kinship Care Program]. Is she at the top of the list? Because she is being raised by her grandmother?

JEFF FERGUSON:

To be honest, I am not sure how that would qualify whether they are a dependent, whether their parent or custodian would be also involved or not. That might be a question that the agency could answer more deeply than I can.

CHAIR OCEGUERA:

All right, well, we will have them up in a moment. Other questions? Mr. Anderson.

ASSEMBLYMAN ANDERSON:

Thank you, Mr. Chairman. I am taking a look down here at the Division of Mental Health and Developmental Services, and I am, of course, looking at a number of items that we have all went through: eliminating one-third of the funding for triage centers; reducing outpatient counseling services; living arrangements reductions; taking away subsidies or, rather, assessing counties for Mental Health Courts; and the reduction of the inpatient beds. What I am getting at is, what is going to happen to all those people that are using those services? Has there been any testimony based on that? Have there been any estimates of what will happen to the people using those services?

MIKE CHAPMAN:

There has been quite a bit of testimony during a couple of different budget hearings that we had as well as a work session. Depending on what service you are looking at, as I understand the Division's approach, they attempted to, as they called it, "cut around the fringe," trying to keep as many people in service as possible. One of their goals is, as I understand it, to try and keep as many people out of institutional care as possible, and yet, you see bed reductions. Reduced supported living arrangements is an area that is one of their main goals trying to keep people out of institutions. They have some flexibility within their budget to adjust cost—try to find a slightly better contract, try to redirect some people into other services. As far as the assessment to counties, we have heard quite a bit of testimony during the budget hearings that if the counties either choose not to pay for the service or just cannot afford the service, we have heard testimony that some of these services would probably go away. They would not be provided. Again, those people who are in the Mental Health Court, as I understand it, these are people who are being convicted of crimes, but in lieu of directing them to incarceration, they have been redirected to this program. If they continue to have issues, they could possibly end up in local or state facilities.

ASSEMBLYMAN ANDERSON:

A follow-up, Mr. Chair?

CHAIR OCEGUERA:

Mr. Anderson, I would just say that the counties have signed up to speak as well, so they will probably be able to answer those questions for you as well. But go ahead if you have another question.

ASSEMBLYMAN ANDERSON:

My follow-up is this—and I am glad you hit on that point because that was my worry and that is why I was asking this question—if they go and are incarcerated instead of going through these services, is that going to cost us more in the long run? Is that care more expensive?

MIKE CHAPMAN:

As I understand it, inpatient services, regardless if it is provided by the Division or if there are individuals that are sent to state prison or local jails, those costs are typically more expensive. My understanding of a hard bed at Nevada State Prison is something around \$23,000 a year. The cost of a Mental Health Court client is something around, I believe the cost to the state of the program is something in the \$40 to \$50 per day range, so if you hit that with 365 days, I am sure you will come up with something less than \$20,000 a year.

CHAIR OCEGUERA:

Other questions for Fiscal staff? All right, I am not seeing any. Mr. Combs, I appreciate you being here. I appreciate you bringing the whole crew. Let us have Mrs. Gansert and Mr. Willden come up now.

Good afternoon, Mr. Willden and Mrs. Gansert. Go ahead and proceed.

HEIDI GANSERT, CHIEF OF STAFF, OFFICE OF THE GOVERNOR:

Thank you, Mr. Speaker. I want to thank you for having us here together. Health and human services are very important to all Nevadans. When we put together the original budget, we very carefully crafted it and spent a lot of time going through line item by line item to make the best choices because we wanted to make sure that we funded core services. It was an iterative process. We spent, actually, weeks on it, looking at what was originally proposed by the Gibbons [Jim Gibbons, former governor of the State of Nevada] administration. Before we actually put the original budget out, we added back \$118 million to health and human services. We wanted to make sure that we covered the most vulnerable populations. Some of those add-backs or restorations included personal care services, funding for autism programs, adult daycare, traumatic brain injury, early intervention, and independent living programs. Last Wednesday, we introduced another \$49 million in add-backs, most of which, about \$46 million, went to health and human services. Once again, we spent about two to three weeks with the Director [Mike Willden, Director, Department of Health and Human Services], with stakeholders, with legislative leadership, and we also listened to the testimony to see what the priorities were and what would be the areas where we should add money back. Most of the add-backs are related to mental health services and also adolescent services. Some examples that your staff went through—and they did a very good job of doing that—are elder protective services, more money towards autism, reinstatement of quite a bit of the money for the TANF loan and Kinship Care programs, and money for the northern and southern triage centers.

In some of the discussions that happened after we proposed these budget amendments, people talked about that it was rural-centric, that there was a lot of money that was going to the rurals. I picked out several of the programs to demonstrate how it truly is not. If you look at the autism money, if you look at elder protective services, 80 percent of those funds go to Clark and Washoe. When you look at TANF Kinship Care, the TANF loan programs, and the SAPTA program, about 87 percent and 90 percent of those funds go back to Clark and Washoe. In one case, the Community Juvenile Justice Programs, about 72 percent of that money, or \$4.3 million of \$6 million, goes back to Clark County. Some funding was exclusively for the urban areas; for instance, the southern and northern Nevada triage centers, those are just for Washoe and Clark. The Desert Regional Center and the Sierra Regional Center are for Clark and Washoe.

There was some money that was added back just to rurals; a good example would be the Family Resource Centers. When we looked at the money for the resource centers, we recognized that if we did not add back some money—it was about \$191,000—that those centers in rural Nevada would have to close. They really did not have a lot of different sources for funding.

We realize that all these services are critical, and we also realize that the reduced spending is difficult. Again, this is a difficult budget, but we wanted to make sure that could cover the core programs, and we think we have done that with the original budget and then, again, with these add-backs.

I wanted to take a moment to thank the Director. He has done an outstanding job. He and his staff have spent a lot of hours helping us put this together. I also want to thank your staff. They did an excellent job of going over the budget and also the add-backs. Thank you.

CHAIR OCEGUERA:

Thank you, Mrs. Gansert. Director Willden, comments?

MIKE WILLDEN, DIRECTOR, DEPARTMENT OF HEALTH AND HUMAN SERVICES:

Yes, thank you. Before we present ourselves for questions, I would like to answer, in a little more detail, three of the questions that were asked. The first was from Mr. Conklin regarding the economic impact of Medicaid. I just would want to make sure that it is clear that there are a number of dynamics within the Medicaid program. Clearly, I think you hit on the point that we are adding a lot more recipients. You can see that in the caseload growth. The FMAP, obviously, we have fallen off what we call the “federal FMAP cliff,” the ARRA cliff, where we

had a federal percentage as high as 64 percent. We are starting to step down, and then obviously, the most recent federal matching numbers are a little higher than we used in the Governor's budget, which was helpful. The real bottom line is after you go through the puts and takes and figure that out, what is the bottom line for the economy of Nevada? If you look at the last biennium authorization and appropriation for the Department, it was \$5.7 billion. This time, the Governor's recommended budget is about \$6.1 billion, so DHHS actually is a larger budget than the last biennium. If you look at after the special session, the last biennium was reduced to \$5.6 billion, and again, going forward, the Governor's recommended budget is \$6.1 billion. Specifically to Medicaid, when you take into effect the caseload growth, rate reductions, and other changes that are in The Executive Budget, Medicaid total spending authorized for last biennium was \$3.388 billion. The Governor's recommended budget for the next biennium is \$3.89 billion, so again, that is somewhere around \$500 million in additional health care spending in the economy. Again, yes, there are providers that are getting those rates that were discussed, the 15 percent rate reductions, but the overall spending in the economy—health care, Medicaid—is going up about \$500 million.

CHAIR OCEGUERA:

Mr. Conklin.

ASSEMBLYMAN CONKLIN:

Thank you, Mr. Chairman. Of course, you would call on me first for that. I appreciate it. I have two questions. The first question, Mrs. Gansert, you had mentioned the \$47 million add-back and that you chose to spend this on the neediest of needy. I am curious, could we have used that for education or higher education?

HEIDI GANSERT:

Thank you. We chose to reinvest this into health and human services because a lot of it was savings. Some of it was from a higher match. You could spend it for a variety of things in the budget, but because most of the money was derived from these accounts, we wanted to restore some of those funds.

ASSEMBLYMAN CONKLIN:

How much of that money came from the General Fund?

MIKE WILLDEN:

The \$49 million number that you just asked about, that \$49 million worth of savings came from a number of issues that I could go over. It is all General Fund. That is General Fund savings that were generated in DHHS when we went in and what we call "re-caseloaded" the Medicaid and Nevada Check Up budget, relooked at our cost per eligible case, reworked the Federal Medical Assistance Percentage through the budget; that saved about \$53 million. We also analyzed what we call the Intergovernmental Transfer account and looked at what we were going to end up spending this year and projecting what we can balance forward. That saves a little over \$14.5 million that we can offset General Fund in the next biennium. We added a recommendation that we implement some managed care initiatives in the next biennium, saving about \$4.5 million in General Fund. Your staff talked about the Silver State Works program that would save about \$8 million in General Fund. Those are the major initiatives that we looked at. Those, actually, saved about \$86 million in General Fund; about \$26 million of that has been previously used in the March 28 budget amendments that were sent over. When you back out the budget amendments that were previously sent, that left about \$60 million in General Fund to use for the add-backs that were recommended and sent this week. We used about \$49 million of that \$60 million in the add-back process.

ASSEMBLYMAN CONKLIN:

Basically, we are moving money around? It was money that was previously accounted for . . .

MIKE WILLDEN:

Previously budgeted in the Department's health and human services budgets, savings, and then when those savings were identified, we made recommendations as to where we could add back.

ASSEMBLYMAN CONKLIN:

A second if I may, Mr. Chair? You mentioned two sets of numbers. The first set of numbers you mentioned, Mike, specifically was \$5.7 billion spent in health and human services over the last biennium and \$6.1 in this biennium for a total increase of \$400 million, which is roughly a 7 percent to 9 percent increase. I am guessing it is probably closer to 7 percent from the number that I see here—it is probably a little bit less than 7 percent now that I do the math—and I am wondering how that compares relative to the potential caseload necessary? It is not always that we spend more or less, especially since one can argue, more or less, how much of it is our own money, how much we are investing in it versus how much we are eligible for. We talked earlier about being eligible for significant more numbers because the personal income of our citizens has fallen off a cliff. If you look at the recently released Bureau of Economic Analysis numbers, our population's income and wealth is declining probably faster than anywhere in the country, and that creates some eligibility for us. It creates some federal dollars for us. It creates a higher match for us. I am wondering, is all of that money rolled up into this figure? That all those federal dollars that we are eligible for at a higher rate? At some level, we are spending more as a part of the total budget, but we are not necessarily investing more as a state into these programs.

MIKE WILLDEN:

There is probably a lot of questions in your question there, but let me start with this. First, caseload; you asked about caseload and sort of are we planning for everybody? Are there waitlists? That's what I sort of got out of your discussion or your question there. In the Medicaid program, there is not any such thing as a waitlist. There may be some wait time. When somebody applies under the criteria that we have established in Nevada, we determine them to be eligible or not eligible. You do not get waitlisted. Everybody that applies that is determined to be eligible is put on. Sometimes it takes us 45 days, a couple of months, depending on what type of an eligibility determination process that is. Medicaid is the single biggest driver for, if you will, our caseload. We project that, and I think we project that fairly accurately lately. There is not a waiting list or anything. We are capturing, we believe, everybody that comes forward.

In Nevada Check Up, it is maybe a little bit different story. Again, we do not waitlist people there. There is wait time. But we have seen declining enrollment in the Check Up program, and that is purely because of the economy. As people get poorer, they fall out of the income criteria that makes them Nevada Check Up eligible, and their poorness, if you will, makes them Medicaid eligible. That is part of the growth in Medicaid. The other big driver of spending—and it is not even reflected in the dollars that I just mentioned to you—is the Supplemental Nutrition Assistance Program (SNAP), or the food stamp program, that has had unbelievable growth. We see the dollars for administering the program in the state budget, but you do not see the dollars or the benefits that are hitting the economy, the grocery stores. In our other programs, we do have waitlists—some of our waivers, some of our mental health programs, some of our child care programs. But I can tell you—and I have testified before—those waitlists, I think, are moving at reasonable paces. We have something we call Olmstead, that if you are on the budget committees, you hear us talk a lot about the Olmstead requirements. For budgeting purposes, we try to move our waitlists at less than 90 days, and we are doing that, to

my knowledge, in all of our programs except for one, which is our Physical Disabilities Waiver, and that one moves more like a year or more to get through that.

ASSEMBLYMAN CONKLIN:

Before I ask my final question—and I apologize, but I have a litany on these budget items, Mr. Chair—I will say, Mike, it has been a pleasure to work with you over the years, and I recognize that you are probably the very best in the business at what you do. Certainly, we should be honored to have you on our team. But for whatever that is worth right before I ask the last question . . .

MIKE WILLDEN:

I will try to be nice in my response.

ASSEMBLYMAN CONKLIN:

I take some exception to the expenditure portion, and let me tell you why. There is roughly, at least by my math, \$223 million that we are going to add in additional Medicaid spending because we are now eligible for it. We are adding that in, but that is at a rate that is roughly 15 percent reduced. The amount we should be spending is closer to \$263 million because it is at a lower rate. Then you add back the \$50 million—and I am doing just some reverse multiplication here. If \$50 million represents 15 percent, then the total budget should have been roughly \$330 million, and it was roughly less by \$50 million than that. So we should have spent roughly \$590 million to \$595 million. Instead, we are going to spend closer to \$470 million. That money that is different—that in-between money, that 15 percent—that 15 percent has a multiplier effect on top of everything else, so it is not necessarily what we spend; it is what we did not spend but should have. When you multiply that out, that is about—by my math—about \$335 million of economic activity that would have been generated by those 15 percent cuts. I used a 2.4 multiplier, which is low. The last study I saw in 2008 was 2.49 multiplier for Nevada, which happens to have one of the highest Medicaid multipliers. Medicaid, for those who do not know, is a direct expenditure into the economy because it mostly goes to private businesses. I am sure Mrs. Gansert knows that; her husband is a physician and probably works, I assume, sooner or later in this area. The problem that I have is that money is going to have a shrinking effect on the economy. The second problem is that money is largely going to service providers and hospitals, and we have been reducing this rate for years.

There comes a point where that rate is so far below cost, and every time that we cut that rate, hospitals and providers have two choices. Choice Number One: I can cut my service; I can no longer offer certain services that are high-dollar services or where the investment is so high that they naturally are being paid for by the litany of other people who have basic service needs. Or I can raise my rate. I am going to assume most businesses would choose to raise their rate until they reach some market maximum, but who are you raising the rate on? You are raising the rate on people who can afford health insurance or who can afford to make payments, but by raising the rate of those who have insurance, guess what happens to the price of insurance? It goes up. Now what happens? Again, we are shrinking the pool of people who have insurance. It is literally an unnecessary tax on those who currently have access to the health care system to such a point where more and more people will not be able to get access. It is almost like moving a bubble of people who do not have access to health care. I object to this kind of cut. I recognize that we have done it before, but we are getting to a point where we just cannot accept it anymore. I appreciate that, Mr. Chair.

HEIDI GANSERT:

Thank you. I appreciate your comments. This budget was very difficult to build. We tried to make sure that we maintained the core services. We chose to reinvest the dollars that were saved into health and human services. The rate reductions are difficult. We are still looking at those. When Mr. Willden went over the numbers as far as what was available to add back, it sounded like there was about \$10 million left. In fact, there was about \$7 million that we had to set aside

because of some changes that may be happening in a particular program, but there is about \$4 million left. Overall, we recognize the rates are difficult. We also recognize that we did reinvest in health and human services and that the total spending is still \$5 million more. I understand how we could have spent more if there were not rate reductions, but the total spending for the Medicaid budget, which is very significant, is about \$500 million.

ASSEMBLYMAN CONKLIN:

Mr. Chair, to you and through you to Mrs. Gansert. I recognize that, but it still falls short of what we should be spending based on what we know. That shortfall of what we are spending—I do not care how you slice it—will ultimately be an increase to people who have health insurance.

In the last election cycle, one of my very good constituents—I make sure it is always the last house I go to because I always wind up in their garage for about an hour, talking to them. They are wonderful people. They own their own business. They have lived in their house for years now, absorbed the housing market crisis and everything else. This cycle, when I was sitting in there, the mother is talking to me and she is explaining to me, “How can the price of health insurance be so high?” I said, “Well, naturally, price inflation for medical care has gone up. It is the highest in the country of all the Consumer Price Index (CPI) multipliers.” We talked at length, and then she disclosed to me that her house payment is less than the price of her health insurance. Now I am going to have to explain to her with this budget that the next increase that she gets is basically because we are not willing to do our fair share with Medicaid, which would actually probably make more health insurance available to people who could afford it. It is unfortunate. I recognize that it is tough times; I am not saying that it is not. But I am telling you, we are taking all of our potential tools to deal with this problem off the table when we choose to accept simply just cutting the rate. Thank you, Mr. Chair.

CHAIR OCEGUERA:

Thank you, Mr. Conklin. Let us move to Ms. Neal, on your left.

ASSEMBLYWOMAN NEAL:

Thank you, Mr. Chair. I have a question on Silver State Works. I am curious about two parts of this. In the program, the Governor recommends that \$10 million be used for the reimbursement cost for employers. It is supposed to cover training, equipment, and fees. In the Silver State Works program specifically, the participants are only eligible to do roughly \$600 worth of training that they can be paid for? That amounts to a month and a half. The incentives for the employers go to four to six months. They are able to receive as high as \$5,000 if they have significant and multiple employment barriers. I know my constituents, who happen to be TANF; we have multiple employment barriers. There is a missing skill, probably not even the ability to type—no training whatsoever. The other issue is the job. I am trying to figure out how you envision this to work. It seems like who this program would service is not the TANF folks. If they are capped at the \$600 for training, and that money is supposed to be used to pay for training, are we getting ready to pay fees and equipment for these employers with no job at the end of it or a job that is worth anything? I do not think we are trying to put them in—and not to put down McDonald’s, but that is not the goal. We want real, sustainable employment at the end of this for the TANF people, correct? That is what I am hoping is happening. You got to explain to me the difference why we are giving such a high incentive but yet capping that training dollars at \$600 after a month and two weeks.

CHAIR OCEGUERA:

Mr. Willden.

MIKE WILLDEN:

Thank you for the question. Let me back up a little bit and explain how the TANF employment program currently works and then what the Silver State Works . . .

ASSEMBLYWOMAN NEAL:

In that answer, can you also deal with the fact that Silver State Works programs will also help the unemployed, other targeted populations? It is not just going to be for TANF. Explain that part, too.

MIKE WILLDEN:

Thank you for the question again. The Silver State Works program was an initiative to put people back to work. It included several populations: the unemployed, TANF, TANF at-risk, veterans, displaced workers, those types of things. It was an initiative with the Governor's Office with the Department of Employment, Training and Rehabilitation (DETR) and the Department of Health and Human Services. The initial proposal was that we would repackage about \$9 million of DETR money that they have in their current funding arsenal to focus on Silver State Works initiatives—and I will get to those. Included in the Governor's budget was \$10 million to specifically be used to assist with the TANF and the TANF at-risk populations. To better explain how the employment program works, within TANF, we do have recipients that have, in my opinion, many more barriers to employment than most people out looking for work. They have been away from the job market for a much longer time, may not have as much education, all kinds of life issues, transportation issues, and whatever. We have in the TANF budget money that helps with those types of initiatives now. We have about \$1.7 million or \$2 million that we support TANF families trying to get back to work. We can help them with clothing; we can help them with transportation; we can pay for them to go to classes; we run community work experience programs; we can subsidize on-the-job training (OJT). All those things are still in the Governor's recommended budget.

Silver State Works was an overlay on top of that in addition to that effort that when people were ready to go to work—whether they were from the unemployment pool, the TANF pool, the TANF at-risk, all those pools I talked about—there were three initiatives that we spent a lot of time on, particularly Director Mosley's [Larry Mosley, Director, DETR] staff, looking at three initiatives across the country: Texas Works, Georgia Works, and a Rhode Island program. The three new initiatives in the Silver State Works program is one where people who are unemployed, whether they are on TANF or not, could go and get job training while they still get their unemployment benefits. That is the \$600 program that you are talking about. They can get reimbursement for their job training, their work expenses, while they are getting training during the short-term period. They can still get their employment, still potentially get their TANF benefits, and get this job training opportunity. That is the first initiative in Silver State Works.

The second new initiative in Silver State Works is that individuals that are placed in a job—and there are also all kinds of questions about what does an employer have to sign, are they going to guarantee a job, are they not going to displace them, and we are addressing all those questions. But the second initiative is that we can pay for up to 50 percent of their salary for a period of time. I think the design is 90 days to 120 days where that is a carrot, an incentive for an employer to take someone on, a new employee, and we can reimburse their salary for that period of time.

The third component of Silver State Works is an incentive component that after an employer keeps—trains and keeps an employee—that there could be up to \$2,000 payments for the employer for job retention: \$500 the first month, another \$500 the second month, another \$500 the third month, another \$500 the fourth month—up to \$2,000 dollars.

Those were, if you will, the design components. The first one is reimbursement to the client, the second one is kind of a job share of the cost of getting people to work, the third are the incentives to the employer. Our goal was to put 10,000 Nevadans out in these job opportunities with the repackaged Department of Employment, Training and Rehabilitation money and the new TANF money. With our budget amendment, that would downsize the pool of money from about \$20 million down to about \$11 million. Our goal would be to put about 6,000 Nevadans through this.

ASSEMBLYWOMAN NEAL:

A follow-up? What are the jobs? What kinds of places are these? If you are going to cut TANF—you are cutting in several different areas here, there needs to be an actual benefit for those communities to go through the program. I know what the program is. It is like a mimic of the Georgia Works program. I am familiar with it. But we are talking about communities that are already underserved; now they are being further decimated as far as the money, and now we are talking about a program that just pretty much came into existence somewhere in March of this year. I want to know what jobs, because I do not recall there being any real significant wage-earning jobs out there that would benefit anybody right now, and certainly probably not in the next four months.

MIKE WILLDEN:

Assemblywoman Neal, I do not know that I can give you a list of the jobs, but I can tell you from my experience—and I am sure you have got experience in this also—that you are never going to take people and get them all out in a \$20 an hour job. That has never been my experience in my 30 years of doing this job. Every employer that we can work with that wants to sign up and deliver a job, we are going to work with them. Big employers, small employers, I am not going to pick on anybody. If they have a job, we will try to match a client with that job. If it is an \$8 or \$9 an hour job, the recipient will still qualify for other benefits: SNAP benefits, TANF benefits, health care through Medicaid. Our goal is to get people back to work and transition them up through the employment food chain. You are more employable from an employed position; that is clear. Employers want to hire somebody who is currently employed or has as few distance from their last employment as possible; we need to get people back to work in any job that an employer will deliver.

CHAIR OCEGUERA:

Mr. Stewart.

ASSEMBLYMAN STEWART:

Thank you, Mr. Chairman. I agree with the Majority Leader when he said that we are very blessed to have you working for the State of Nevada, Mr. Willden. I was a little slow when you began your presentation. Can you give me again the figures for the current biennium that are being spent and then your budget for the next biennium? Could you go over that again, please?

MIKE WILLDEN:

Thank you, Mr. Stewart, for the question. I am reading off the pie charts that we present to the Legislature each time. In the current biennium that we are in, the Department of Health and Human Services' legislative-approved biennial budget in total spending: \$5.743 billion. That was the legislative-approved coming out of the last legislature. After we went through the special sessions and the budget cuts over the last couple of years, that was reduced down to \$5.602 billion. That is the budget we are working under. That is all programs in DHHS. The Governor's recommended budget for the 2011-2013 biennium is \$6.085 billion unadjusted.

ASSEMBLYMAN STEWART:

So in spite of all the economic problems that we are going through, you have actually been able to increase the amount of money we are spending on these people that need it so badly. Thank you very much for doing that.

CHAIR OCEGUERA:

Mr. Horne.

ASSEMBLYMAN HORNE:

Thank you, Mr. Chairman. I have two or three questions. Starting at page 1, Mr. Willden, particularly in the recommendation of about \$1.2 million reduction in the tuberculosis and

sexually transmitted disease programs, I am curious as to what those funds are spent on particularly.

MIKE WILLDEN:

I am going to have somebody from the Health Division—Marla are you out there?—come up and help me. These are dollars that we pass through to the local health districts and community health nursing programs. Obviously, they are to protect society and aid people that have tuberculosis and prevent that spread of tuberculosis and sexually transmitted diseases, but I cannot tell you specifically what they do or how they spend them.

ASSEMBLYMAN HORNE:

I am curious if these dollars are purely administrative or they go directly, as Mr. Willden said, to prevent the spread of tuberculosis and sexually transmitted diseases.

MARLA MCDADE WILLIAMS, DEPUTY ADMINISTRATOR, HEALTH DIVISION, DEPARTMENT OF HEALTH AND HUMAN SERVICES:

Thank you. They are for treatment, prevention, and education of sexually transmitted diseases and tuberculosis. It is a combination of local government fees, fees to the individuals, as well as some of the General Fund money.

ASSEMBLYMAN HORNE:

I question the cutback, especially when if you have a tuberculosis outbreak. I cannot even imagine what will happen if that were to happen at, say, one of our large properties down south. I will move to the next question I have if I can, Mr. Chairman. On page 5, the Kinship Care reduction, I calculate that at a 52 percent reduction. Was there a calculation on, I guess, the possible percentage of those children that may end up in foster care? An educated guess?

MIKE WILLDEN:

Thank you for the question. The Kinship Care program—I probably need to give a little bit of history here. The Welfare Division runs two programs that help families that are taking care of relatives. The first is the Kinship Care program. The second one is what we call the Non-Needy Caretaker program. If you are a relative of a child other than the parents—aunts, uncles, lots of types of relatives—you can apply for TANF assistance for that relative of yours, and we call that the Non-Needy Caretaker program. A typical case in the Non-Needy Caretaker program would get a monthly payment around \$427 a month for two kids. The Kinship Care program was a program we designed to help keep children and families out of the child welfare system. This program has been around for several years. The payment is geared at 90 percent of the foster care rate. Primarily this is grandparents because it has got an age restriction on it, and there are about 360 families a month that get this payment now. It is, again, 90 percent of the foster care payment, which, for a two-child household, is about \$894 a month. The primary purpose is to keep those children out of child welfare.

ASSEMBLYMAN HORNE:

I understand that . . .

MIKE WILLDEN:

. . . And we restore half the cut.

ASSEMBLY HORNE:

How I have learned what is going on with Kinship is that many of these families and mostly grandparents are taking care of the grandchildren because they have this assistance, many of them would not be able to—because they are only on their Social Security, and while they are pleased they can be able to take care of their grandchildren with this assistance, some of them with this type of reduction are not going to be able to do that. As much as they are going to want to, I think they are going to find that extremely difficult to be able to do. Half of that could be

that food for that month that is reducing, and when that occurs, I think that that whole rationale on keeping them in their family as opposed to putting them into the child welfare system will not mean anything because that is where they are going to end up. They are going to end up right back into welfare, and we will not have saved any money, and we will have broken up a family in doing that.

That leads me to another, I guess, cost-saving measure here. It is on page 6 and the child support reductions in Employment Assistance program (EAP) expenditures for eligible noncustodial parents who are unemployed or underemployed. I guess the goal is you are going to increase collections and compliance. That does not make any sense to me. The whole purpose of that program was not the deadbeat parent but for those who are unemployed and cannot get a job, which a lot of people cannot today, or underemployed. We are going to cut that and then say, "We are going to go out and make them pay." That does not seem to make any sense either. Then the custodial parent is the one that is going to suffer on that end, because I think the counties are picking up some of that tab, if I am correct.

MIKE WILLDEN:

Mr. Horne, on the child support Employment Assistance program, you are correct. There are four state staff assigned in the child support program that assists noncustodial parents to help them get jobs so that they can pay their child supporter payer at a higher level. Our thought process in doing this, again, after you look at where we could potentially save money is that there are other employment programs, specifically at DETR, Department of Employment, Training and Rehabilitation, and we will be working within the child support program to refer those individuals into DETR for employment assistance. We would not have this specialized four-person team, but there is still the whole host of services available to any unemployed Nevadan at DETR.

ASSEMBLYMAN HORNE:

Final question, Mr. Chairman?

CHAIR OCEGUERA:

Mr. Horne.

ASSEMBLYMAN HORNE:

On page 7, the Mental Health Court. Mrs. Gansert, you were here for much of the discussions on Mental Health Court and the importance, the money that it is saving in incarceration costs alone for those persons who are in and out of local and state detention facilities but for their mental illness. The whole rationale we had for creating these courts was to interrupt that cycle and get them treatment. We realized it in a short amount of time the monies we were saving by keeping them out of detention centers and prisons, and we have seen it in other jurisdictions as well. I do not understand the rationale on how this is not going to be a money saver. I am curious on how the Governor got to this conclusion that cutting Mental Health Courts is actually going to save money.

HEIDI GANSERT:

Thank you, Mr. Horne. As far as that program, we actually did not cut the program itself. We asked the counties to provide the services for that. I have talked to Mr. Willden. He has provided an analysis of what happens with those people, because you have to remember that we have many services for the mentally ill. This is a set-aside program, so we were hoping that the counties go ahead and pay for that program, but if not, Mr. Willden can go over the services that are available to all of those individuals.

ASSEMBLYMAN HORNE:

If the counties cannot pay for it or will not pay for it, Mr. Willden, you are going to set up courts?

MIKE WILLDEN:

No. Let me kind of walk through, I guess, a three-step thought process. First, the Mental Health Courts are a valuable program. As we discussed several times, what we have tried to do is retain the core services. What Mental Health Court does, again, we do not pay for the Court—the bailiffs, the staff, things like that. What these funds do is hire primarily case managers; we call them psychiatric case workers. They are each assigned a caseload of the mentally ill consumers that run through the Court. They work with those individuals to keep them, if you will, compliant with all their mental health treatment issues, and hopefully, they stay out of jail and do not commit crimes and do not go into the psychiatric hospital and those kinds of things; so it is a good program. But again, we looked at more around the fringe and tried to retain core services. If the counties do not fund the Mental Health Courts, if there is not a funding mechanism, then yes, the Court system would go away. Those individuals—roughly 150 in the Washoe Court, 70 to 75 in the Clark County Court, and a smaller number, I think, 25 or 30 in the Carson City Court—would still be eligible for all the mental health services that we currently provide. They just would not get the specialized set of services that we have established since 2003 for those individuals. They would have to basically be part of the general pool of services that we provide.

ASSEMBLYMAN HORNE:

That is the problem. Even if the counties came to fund the staffing of the Mental Health Courts, the problem lies when the services on which the Courts rely upon to send these individuals to not just the absolute core program, but there are specialized programs. If these types of individuals come through there are not there, the Courts are not going to have any other option for them but to incarcerate them for the safety of the community, and their hands are going to be tied. It will be a fiction to have the Mental Health Court. Through all this—and I will end there, Mr. Chairman—I keep hearing this shared sacrifice, but all of this is all sacrifice by people in need. Those are the only ones that are sacrificing as far as I can see so far. Thank you, Mr. Chairman.

CHAIR OCEGUERA:

Thank you, Mr. Horne. Let us go to Mr. Munford.

ASSEMBLYMAN MUNFORD:

Thank you, Mr. Chair. I just wanted to pass on to Mike that I appreciate you very much for being so sensitive and so compassionate with my constituents, because so many of them are recipients of your services. We have two welfare facilities in my district. I also want to pass to Mrs. Gansert and through you to the Governor for not closing my two offices down. There has been so many rumors. Everyone was calling me constantly and they were in fear that they were going to close one or the other down and move everybody over to Belrose [Belrose Welfare Office]. I appreciate both of them being able to stay open because it also provides jobs for many of the residents in the area. Plus, because many of the recipients live in my district and because of the price of gas and all the other means of transportation, it would definitely impact them in a very difficult way. I am just passing on just praise. Thank you. I appreciate what is happening in my district. We are feeling good about it. Thank you.

CHAIR OCEGUERA:

Mr. Ellison.

ASSEMBLYMAN ELLISON:

Thank you, Mr. Chairman. Maybe Mrs. Gansert can help me on this. Heidi, I am looking over this, and from the original budget that the Governor proposed based on Health and Human Services, how much money has been added into this program since we started? From everything that is on this sheet right now, I am trying to go back and add in these different totals. Can you give me an increase number?

HEIDI GANSERT:

Thank you. The original budget, we restored \$118 million that was proposed to be cut, and we added another \$46 million roughly, which would bring you up to about \$166 million that was not originally intended for Health and Human Services. Again, we really tried to protect the core services. Also in this budget, we took into consideration the counties. Although we have asked the counties to pay for the mental health services, there are some programs in this last amendment that give relief to the counties because we know that they are also struggling with their budgets. Thank you.

ASSEMBLYMAN ELLISON:

I see that in here and I am looking at increase, increase, increase all along this thing. I am looking at the Medicaid caseload projections for the biennium, and it says 2012 Governor's Recommendation: \$295 million. Look at FY 2012-13, it is \$308 million. You can see that going up. It is not going down. It is increasing.

Then one of the questions that I had—and maybe you can help me—I do not understand this on page 5, the Silver State Works? You mentioned \$600. Is that a month charge that they give somebody? Is that a week charge? What is that?

MIKE WILLDEN:

Mr. Ellison, the \$600 number that has been mentioned, it is one of the three, if you will, tools that we have worked with DETR to help people get back into the job market. What the \$600 is it is actually \$200 that a client or a recipient can receive three times. What it is, again, is for the unemployed individuals who can match themselves or be matched up with an employer to get job training, job skill. It is, if you will, a client reimbursement of their work expenses during that training period. There is up to \$600 that can be paid to a client for their work-related expenses while they are in a job-training experience. It is not a payment made to the employer. It is a payment made to the client.

ASSEMBLYMAN ELLISON:

Then there was \$1,000, if I gathered this right, that would go to the employer that can help you do offsets? Is that correct also?

MIKE WILLDEN:

Mr. Ellison, those numbers on page 6 are some of the ranges that we talked about for things. But the basic Silver State Works programs are those that I mentioned earlier: the up to \$600 payment that could be made to a client; the second program is a 50-50 reimbursement of wages for an employer that would take on a new client; and then the third thing is the up to \$2,000 incentive payments for an employer to retain a client. In our rough budgeting, we have anticipated that the Silver State Works program may cost us roughly \$2,000 per client to help them get placed in a job. That is the budgeting estimate we are using per client placement.

ASSEMBLYMAN ELLISON:

Okay, thank you. I see a lot of changes in this myself, and I see it moving forward and upward, not downward. I think you have made a lot of strides. There are areas for corrections in everything, but at least I see that increase. Maybe it is just me, but with based on what the state economy is, I see us going forward and upward. Thank you.

CHAIR OCEGUERA:

Mr. Ohrenschall.

ASSEMBLYMAN OHRENSCHALL:

Thank you very much, Mr. Chairman. I have a couple of questions. First question for Director Willden—if you look at pages 8 and 9 of the work session document, the funding for children with autism—I have some figures that are given to me that there are 350 children waiting for treatment; 115 of them are waiting over a year. Do you think that under this budget

proposal, we will be able to at least restore the kids who were getting treatment under the prior budget?

MIKE WILLDEN:

Mr. Ohrenschall, this is probably going to require a little more math than people might want to hear, but let me run through this real quickly. I believe that the ATAP (Autism Treatment Assistance program) program, which is the program that we want to primarily fund for autism services going forward, they are currently serving about 110 children, I believe. I believe there is a waitlist of about 200 for the ATAP program. The Governor's recommended budget includes about \$1.2 million a year for the ATAP program. The amendments that we sent over this week would suggest two additional changes, that we add back some of the money that historically has funded children in the Mental Health and Developmental Services, specifically the Autism Self-Directed Care program; that we take that \$828,000, we add it back, but we not add it back in the Mental Health and Developmental Services' budget; we also augment ATAP. The third leg of the stool is that we have looked at the Early Intervention Services' (EIS) budget, and that is for children ages zero to three, that we looked at our historical expenditures there for children with autism. That is running about \$211,000 when you throw in administrative costs. We are recommending a transfer out of the Early Intervention Services' budget of a little over \$300,000 also to ATAP.

What we are trying to do is recommend that ATAP be the primary portal for autism, and so if these recommendations were accepted, the ATAP budget would have about \$2.4 million a year to serve children. We estimate that that can serve about 150 children to 160 children a year going forward. The mental health budget, there is about 174 children in the mental health budget that are currently getting some form of autism services. We are going to shift those children, those families, from autism-specific funding to general developmental services funding, so they are not going to come out of service. The third leg, again, the Early Intervention Services' budget, if a family with a child ages zero to three demands or insists that they receive autism services, developmental services, from EIS, we will provide it. Again, we are going to try to refer to ATAP, but we will provide it out of Early Intervention Services. If we come back in two years and staff asks us how much money we spent in Early Intervention Services, there would still be autism spending. I will guarantee it. But again, we are going to focus on the primary portal for autism to be through the ATAP budget.

ASSEMBLYMAN OHRENSCHALL:

A follow-up, Mr. Chairman? Director Willden, then, do you foresee fewer children on the waiting list under this proposed budget? Or the same? How do you work it out?

MIKE WILLDEN:

Mr. Ohrenschall, I think that is difficult to—as you know, the, if you will, diagnosis of autism more and more—I think it is 1 in 160 children now are being identified. I might have the numbers wrong. But the prevalence of detecting autism is increasing every day, so even though we are trying to address more money into the system, improve our ability to take children off waitlists, and get them more timely services, I do not think I can give you a guarantee that the waitlists will go down over time. I think autism is going to continue to be identified earlier and more frequently, and I think this is a challenge for the State of the Nevada going forward as all states. I think we will probably struggle to deal with waitlists for some time to come.

ASSEMBLYMAN OHRENSCHALL:

I think we both realize how crucial it is that these kids get treatment early if they are going to have a chance to lead a normal life. I am glad that we are going to try to restore as much funding as we can.

One question I have about the \$828,000 add-on that the Governor has proposed. What does that take away from? Who will lose treatment and funding because of that?

MIKE WILLDEN:

Mr. Ohrenschall, as I indicated, in the Mental Health and Developmental Services' budget, children with autism were funded through the \$828,000 of General Fund that we have been talking about. We also had TANF money in the Mental Health and Developmental Services' budget, and if my memory serves me right, at about \$1.3 million a year. Children, families that were doing our Autism Self-Directed care program in the Developmental Services' autism budget, that was the funding stream. The TANF funding stream, we cannot support it anymore because of the problems in the TANF Block Grant. The General Fund \$828,000 we are suggesting adding back and, again, moving it to ATAP. But the children, the families that are currently being served in the mental health system, we will move them to our generic or general funding pot, and they will continue to get services. What that will create in the Mental Health and Developmental Services' budget is a potential backlog for all the services that we provide in Mental Health and Developmental Services, not just autism specific, but there are many families that access our developmental services.

ASSEMBLYMAN OHRENSCHALL:

Do you have an idea how bad the backlog might be?

MIKE WILLDEN:

I do not have that, but I can provide that to you. I do not have that here today. I do not think it is a significant waitlist. It is not on my radar, I can tell you that.

ASSEMBLYMAN OHRENSCHALL:

Thank you, Director Willden. Mr. Chairman, I have a brief question for Chief of Staff Gansert?

CHAIR OCEGUERA:

Okay.

ASSEMBLYMAN OHRENSCHALL:

Mrs. Gansert, page 6 of the work session document, child care reductions. I think the estimate is about 1,100 children in FY 2011-12 will lose their child care support and 1,500 in FY 2012-13. I guess my concern is that I see that as a potential snowball. If folks will not be able to have child care, then maybe they will not be able to have that extra job; their incomes are going to be reduced. I just wonder what the Governor's feeling is about that, because that is my worry. If they were able to have child care before now, maybe they have got to stay home to watch the kids and not be able to go out and work.

HEIDI GANSERT:

Thank you. Director Willden can answer the technical aspects of this, but I know what we changed really was the percent of poverty, I think, for people who were eligible. This was one of the many things that we had to balance with the needs for Kinship Care and autism and various services.

ASSEMBLYMAN OHRENSCHALL:

Thank you, Mrs. Gansert. Thank you, Mr. Chairman.

CHAIR OCEGUERA:

Mr. Brooks.

ASSEMBLYMAN BROOKS:

Thank you, Mr. Chair. I have two questions. First of all, I would like to thank Mr. Willden for his service to the state. Mr. Willden, I guess I have a little bit of an issue with the Silver State program. I am going to go back to my colleague who had discussed this concern with you as well. My question is, we seem to be cutting a lot of the programs that have to do with helping minority and indigent families—or I should say all low-income families—yet, we set aside

money to train individuals to go to work and then provide OJT, on-the-job training dollars, to certain businesses. Our community has shown through actions of many of the nonprofits like the Urban League that these programs just do not work. They are not sustainable. I would like for you to look at that data. Once the OJT money has been dissolved, these businesses just do not have the ability to keep these folks on payroll. The OJT allows them to subsidize up to 80 percent to 90 percent of the amount of money that they would pay these individuals, but once that money is gone two or three or four months down the road, these jobs terminate these individuals. I go back to my colleague, and I understand what she is saying. If we are taking away the basic services that are helping these individuals in these communities and then we are offering this training of some sort—I do not know if that is answering phones; the training is not as intricate as one would think—to take on an \$8 an hour job, and then we subsidize these jobs that cannot inherently sustain them, are we not doing them a disservice? Is not that just pouring good money after bad? I guess my question to you is, would not that money that is in the Silver State fund be more effective to go into trying to help some of these businesses, maybe? Or maybe even go back to helping some of the individuals in these communities that need child care subsidies or some of these programs that we are taking money from?

MIKE WILLDEN:

Mr. Brooks, I obviously do not have the experience that I know you do in some of these employment programs—and I am happy to discuss it more with my colleagues at the Department of Employment, Training and Rehabilitation—but I guess I would provide two comments. I think we have heard loud and clear over the last couple of months that people are concerned that the Silver State Works may have had more money in it at risk like the Kinship Care and the TANF loan programs. That is why in the budget amendments that have been transmitted this week, we have made these adjustments, taking \$8 million out of the Silver State Works initiative, leaving \$2 million left to move forward with, and then trying to restore some of the TANF basic assistance programs. Again, in my experience in my years of working in the Welfare Division, 25 years there, I can tell you that the clients I have worked with, they do not want to stay home. They would like to get employed, and I am willing, I guess, to try anything I can to help them get a job. If it is four, six, eight months, that is better than four, six, eight months not working. I am willing to do about anything to try to get them back to work and try to get the economy working. I think if we do not make a concerted effort, the TANF caseload growth is going to continue to go up, and we are going to continue to invest dollars on the cash assistance side. The curve is not in the turn, so I think we have to do something to turn the curve.

ASSEMBLYMAN BROOKS:

May I follow up, Mr. Chair? There was recently \$4 million that was brought down from the federal government to help subsidize the Urban League to do this. We are comparing these monies, and I think we are just chasing our tails. Our constituency cannot even follow up on many of these programs when you begin to take away child support reductions and child care reductions. They just do not have the capacity to stick to some of these problems nor the fortitude. I think that we are fooling ourselves if we think we are doing something for them when we really are not. I will leave that for a minute. I just want to make sure that we understand that what affects one of us directly affects all of us indirectly. If we are doing the same thing that we know does not work and trying to get a different result, that is the definition of insanity.

I just wanted to move on to Mrs. Gansert really quick here. Mrs. Gansert, I noticed that the amount of money that has been taken from the Health and Human Services' budget pales in comparison to what we have taken from education. I am just concerned and I am wondering why have we cut so deep in education, which could really make a difference in the lives of the constituencies that we represent? Where we have people that do want to make a difference and go on to make a decent living and try to better themselves, why would we cut so deep into the

only thing that could really help us? Not that I would like to see any of these services cut, either, but there is just a big disparity in the amount of money. Can you explain why those decisions were made to do that?

HEIDI GANSERT:

Thank you. This budget, as I have mentioned before, was very difficult to put together because we do have reductions in pretty much every budget. Some of the factors that went into building this budget was that we had significant caseload growth. I think we had about \$269 million originally built in for Medicaid caseload growth. There was also lower revenues provided by local governments. You have to be able to balance the budget, and you have to look at the different pots of money. Education, of course, is a priority, and we tried to put as much money as we could. That is one of the reasons we made available the bond reserves. That is one of the reasons we looked at reallocating some of the different pools of money to be able to help in education.

We are fortunate that the Economic Forum is going to be heard on Monday—or we will be having a hearing on Monday—to look at the forecasts that they created on December 1. We believe that they are going to come back with positive numbers. The Technical Advisory Committee had their hearing on Monday or Tuesday. What the Technical Advisory Committee does is they put together the small revenue streams, not the big streams that the Economic Forum does. They put together the small streams, and just those came up with \$72 million. The Governor has pledged that he is going to spend all that money towards education because we want to restore some of that funding. Again, it is difficult to balance the budget, and we know that some of these services are required because we do have many people who are struggling right now. We feel for them, and we want to help them. At the same time, we do have cuts in education and in other areas, and we are going to try to restore as much as possible after the Economic Forum comes in. Thank you.

ASSEMBLYMAN BROOKS:

A final follow-up, Mr. Chair? I can appreciate the hard work and the difficult decisions that need to be made, but I think it is a sad day for the State of Nevada when we as the decision makers feel that it is more important to take away people's right to really better themselves in life and to balance a budget on the back of those that really cannot speak up and help themselves. Then to realize that we have an antiquated tax system and we have got people that are making billions of dollars off the backs of our natural resources here in Nevada. I challenge you to go and relook at this budget and think about the fact that injustice anywhere is a threat to justice everywhere. Thank you.

HEIDI GANSERT:

Thank you. Again, the budget was very difficult to put together. We are looking forward to the numbers from the Economic Forum. If you were to actually look at the education cuts—and we talked about that in the Committee of the Whole—70 percent of the cuts are related to treating all school district employees more closely, not even exactly, as state employees. A lot of it really is not programmatic cuts. It is more about how we pay people. We have asked all school district employees to take the same cut as has been proposed for state employees, which would be 5 percent, and to contribute some to their Public Employees' Retirement System (PERS). Again, when it comes to health and human services, the needs are very great right now, and we had to add some money. We had to restore some of these funds because of the times and the struggling families that we have right now. Thank you.

CHAIR OCEGUERA:

Mrs. Mastroluca.

ASSEMBLYWOMAN MASTROLUCA:

Thank you, Mr. Chairman. I just have a few questions. First, Mr. Willden, could you clarify something for me? A question that was posed by my neighbor here from District 22 about the additional money that has been put into health and human services, is that in any relation to the higher caseload numbers that we have?

MIKE WILLDEN:

The three biggest driving factors on our budget, the first one is caseload. It absolutely is. Mrs. Gansert indicated several \$100 million had to be added for caseload. I would just take a minute to comment here. With the passage of the Recovery Act, ARRA (American Recovery and Reinvestment Act of 2009), and with the passage of the Affordable Care Act, states cannot roll back their eligibility. We cannot change our eligibility criteria under those pieces of legislation. You can make your eligibility criteria more liberal, cover more people. You cannot restrict. Everybody that is eligible for Medicaid under the existing rules, we need to serve them. That is why you see the high caseload growth. Yes, millions were added there.

The second biggest factor to the budget was coming off the ARRA cliff. In the biennium we just left, we got 64 percent federal match for our Medicaid expenditures. That meant we were only putting in 36 percent General Fund dollars. Now that has shifted. The 64 percent is dropping down to the mid 50s, as Mr. Combs indicated. We fell off a cliff although it is a little better. A tremendous amount of money had to be added back this biennium because of the change in the state Federal Medical Assistance Percentage. Those are the two biggest drivers in our budget.

ASSEMBLYWOMAN MASTROLUCA:

So the money that was added back was added back because we were required to by the federal government to pay our half or our portion of these programs?

MIKE WILLDEN:

Large portions, but again, as Mrs. Gansert indicated, when we were putting the budget together and the \$119 million that the Governor added in, there were certain services that the Governor absolutely did not want us to cut: the bigger ones were personal care attendants—I think that was a \$60 million add-back; adult day health care—I do not remember the number. There were some fairly large service areas that under agency request, we were going to have to cut to get to our budget targets, and those were add-backs, significant and large.

ASSEMBLYWOMAN MASTROLUCA:

My second question is for Mrs. Gansert. I have had this concern previously in budget hearings. It just looks to me like we are constantly cutting in places where we could be paying a little bit less now, and by not paying for those things, we are going to be paying a whole lot more later, such as the Mental Health Court. I thought it was interesting the discussion that was had about Mental Health Court. The counties came to the budget hearings and very clearly stated—and I believe they will very clearly state again when we get to them later on—they are not going to pay for Mental Health Court. The amount of money that we would spend on Mental Health Court is a pittance compared to what it is going to cost to have to house and care for people who go on for a long period of time without any kind of help. It is the same for outpatient counseling. Outpatient counseling is so much less expensive if we can pay for that now versus paying for long-term care later.

HEIDI GANSERT:

Thank you. Again, in building this budget, we tried to take all of those factors into consideration. An example that the Director just used was the personal care services or attendants. We know that those services are very important to keep people in their homes, and that is why we added those back or restored the funding originally. Again, we had to weigh things. We had to weigh whether we should have the counties pay for the Mental Health Court

or whether we should put money into Elder Protective Services, if we should put money into autism, if we should put money into Kinship Care. We were weighing all those factors. We also recognize in the court system, they have been trying to work together—the different members of the court. There are other specialty courts. There are drugs courts, DUI (driving under the influence) courts. They may be able to work together to help come up with a solution. Again, a lot of the add-backs that we just did was to relieve some of the impacts to the counties. Again, it is our hope that we were able to provide some relief for things like Elder Protective Services, that maybe they will have the funding available for the Mental Health Courts. Thank you.

ASSEMBLYWOMAN MASTROLUCA:

But you did not have the conversation with them and get them to say to you unequivocally, “Yes, we will be able to pay for these because you have added money back in other places.”

HEIDI GANSERT:

Thank you. We have talked to some of the counties. Actually, the directors talked to many of the stakeholders. If you look at the total pushdown or services that we were asking the counties to pay, I think it was probably around \$135 million originally. We significantly reduced that. Again, we recognize those Courts are important. We also recognize that there are programs available through regular mental health services. We are hoping that the Courts can find a way to maybe streamline some of what they do or maybe there is some funding available; I am not really sure. But we have given great relief to a lot of the items that were required or asked the counties to pay through this budget amendment.

ASSEMBLYWOMAN MASTROLUCA:

My last question is regarding the Family Resource Centers (FRC) and the Family-to-Family. I notice in the add-back document that the add-backs for FRCs are for rural FRCs, I believe to try and fill gaps that were caused by eliminating the Family-to-Family program, but in the urban areas, the Family-to-Family program makes a huge impact. For example, there are two standalone Family-to-Family programs in southern Nevada, one in Henderson and one in Las Vegas. The one in Las Vegas, if you look at the statistics, it has had a huge impact in family reunification, keeping families together, helping families stay out of the child welfare system, and that program will be completely eliminated without any funding. Can you talk to me about why the decision was made to put the funding back into rural FRCs in an attempt to restore Family-to-Family but not in the urban areas?

MIKE WILLDEN:

Mrs. Mastroluca, as members may know, there are 18 Family Resource Centers in Nevada. Those 18 Family Resource Centers provide a multitude of services. I will simplify it into three groups. They provide basically cradle-to-grave well-being family services; that is what we call the traditional family resource center services. Many of them—I believe, actually, 11 of them—have received differential response funding from the Legislature and from the Casey Foundation [Annie E. Casey Foundation] to provide, if you will, child welfare diversion services, and until now, they have received Family-to-Family funding. Each of those three funding streams are about \$1.2 million each year. In looking at where we had to make the cuts, we prioritize where we would have the most flexibility. The Family Resource Center funding, as I have said, is very flexible. It is cradle-to-grave funding. The Family Resource Centers can choose whatever types of well-being services that they want to provide. Family Resource Center is a statutory program. Family-to-Family is specifically, as we have discussed, for parenting skills, those kinds of things—again, diversion from child welfare—but it is less flexible than the Family Resource Center funding.

What we did, a long story short, when we looked at eliminating programs, we eliminated the less flexible Family-to-Family, and wanted to continue Family Resource Center and support our differential response initiative. Why we added back to the rurals, as we looked at those three legs of the stool and looked at who was losing what funding streams, we identified I think it is

about nine of the Family Resource Centers that appeared that may be in danger of closing—one clearly said they would close, the Pershing Family Resource Center—so we looked at trying to add back some operating funds so they would be able to keep their doors open. I would note of that \$96,000 add-back, about \$31,000 of that is for the Family Resource Centers in Clark County, the rural ones: Mesquite, Bunkerville, Laughlin, the rural ones. It is not just rural rural, it is the rural Clark County. Again, the Family Resource Centers will have about a \$2.4 million a year funding stream. Again, if they choose to provide Family-to-Family funding services, they can do that, but they would have to prioritize their funding throughout all the other services they want to provide. They will have FRC funding and differential response funding but not Family-to-Family funding.

ASSEMBLYWOMAN MASTROLUCA:

Thank you. I just wanted to make a last point. I understand and appreciate the Governor's position on flexibility. It has been very obvious in the education budget and, again, in the child welfare budget and in the Health and Human Services budget. I really just wish that we could have tried flexibility when we actually had money to give them instead of giving them flexibility with less money to work with. Thank you.

CHAIR OCEGUERA:

Mr. Frierson.

ASSEMBLYMAN FRIERSON:

Thank you, Mr. Chairman. One of my concerns—and I would presume that many of my colleagues are concerned—is about how we seem to have a lack of attention to long-term costs. A couple of my colleagues have mentioned how much some of these cuts are going to cost when the folks that are receiving these services have to go elsewhere. My district has several senior mobile home parks where a dollar makes a difference every month. They are living month-to-month every single month. One of them, the space rent, was raised a dollar, and several had to leave. It was just a dollar a month. So when I am looking at proposals like eliminating the Senior Citizens' Property Tax Assistance program, an average of \$267 in a refund is a big deal to the senior citizens in my district and in a lot of folks' districts. We are talking about these cuts as if these folks are just going to go away until times get better, and then we can start taking care of them again. These folks are not just going to go away. These folks are going to be in our jails and prisons and in our hospitals. I am concerned about what seems to be, again, a lack of attention to long-term costs of some of these decisions. My question is, has any thought whatsoever gone into how much this is going to cost us not just this year but in the next year and the year after? As I look at it right now, this seems to be a guaranteed increase in costs no matter how we look at it if we simply just cut the folks that need the help the most and hope that they go into a cave until the next legislative session.

MIKE WILLDEN:

Mr. Frierson, I guess to answer the question, we have not done specific calculations for each of these service reductions what they may cost us long term. It is obvious that many of these preventive services and primary services and in-home services, if they are reduced, they may cost us more money down the road. Have we done a specific calculation? No. That would take a lot of work. I do not think I could ever give you a dollar to do that. All I can say is we are committed to doing the best with the resources we have, and we will try to fit our clientele, our consumers, into every service we can help them with. We will do our best going forward, and many of these may have long-term ramifications.

ASSEMBLYMAN FRIERSON:

A follow-up, Mr. Chair? We have been talking about difficult decisions, and it just seems to me we are deciding not to decide. Some of these decisions are not difficult; they are disastrous. I would simply ask that we continue to look at the long-term costs. That seems to be the

responsible thing to do is to not set a budget and ignore what is going to happen in two years but recognize this is going to put us in two years in a much worse spot than we are now if we do not make decisions that take that into consideration.

HEIDI GANSERT:

Thank you. Again, I appreciate the work of Director Willden because we have gone over these budgets with a fine-tooth comb to make the best decisions with the resources that we have. That is what has led us to a lot of these add-backs. We did consider what would save us money in the long term or be smarter in the long term. Again, I pointed out the personal care services earlier because that was an enormous add-back. That was about \$60 million, but we know how important it is to help people stay in their homes and that it is also cost-effective. I think we have taken that into consideration. He has excellent staff working for him to help us with these decisions. Some of the changes that we talked about as far as the Silver State Works versus the Kinship Care, we were listening to legislators. We were listening to stakeholders in these priorities. We just did not make those decisions. We took in significant input, and this is where we have landed right now. We appreciate the concerns because we too understand that these families are struggling. There are difficult decisions. Thank you.

CHAIR OCEGUERA:

All right, that looks like the end of the questions. Thank you for being here this afternoon and into the evening. I know we have several judges here. Judge Breen and Judge Doherty are both here. May we go to the judges now?

VICE CHAIRWOMAN SMITH:

Good afternoon. I imagine one of you have figured out a lineup, so if one of you will introduce yourself and proceed with your testimony?

FRANCES DOHERTY, DISTRICT COURT JUDGE , SECOND JUDICIAL DISTRICT COURT:

Thank you, Assemblywoman Smith. My name is Frances Doherty. I am accompanied by Carey Stewart. To my right is the esteemed Honorable Judge Peter Breen. I am a district court judge in the Second Judicial District Court, Washoe County. I have been sitting in that position in Department 12 for a period of eight years. Prior to that time, I was a juvenile court master for a period of five years. I am currently the presiding judge in Juvenile Court in Washoe County, and I come here today to offer some information both from my perspective as a Juvenile Court judge as well as information I have collected from other district court judges who are concerned about the reduction in the juvenile justice budget as suggested by the Governor's Office.

I would first like to say that the Court truly appreciates the add-back figures that were accommodated through the Governor's Office with respect to board and care and the youth camps. Each of those components of the juvenile justice system offer critical diversionary placements for children; we are, by virtue of those funds, able to keep children in lower-level placements closer to their homes and out of the state's care.

What we are here to discuss with you are our concerns with respect to the remaining \$17 million that is being cut out of the juvenile justice system by virtue of the proposed figures. What the judges are concerned about as a whole and what we are concerned about in particular is the dismantling of a juvenile court system that really has been created both in this nation and in this state over a period of the last 100 years. We have put together in Juvenile Court a method and manner in which we protect community safety and we work to grow healthy children into healthy, contributing members of our society by means of practices that address safety as well as child interests. We do that and we have done that through this legislative body in a period of over 40 years by creating a system in which the counties address preventive services for children, address interventions that are meant to keep children out of the system through our preventive programs, or to the extent children come into our Juvenile Court, who are provided both consequences as well as services to redirect their negative behavior into more positive, community-oriented, child-growing environments. And then your Legislature, through Chapter

62 [of the *Nevada Revised Statutes*], identified the state as the deep-end provider of children whose services require commitment or require placement by virtue of their danger to our communities and their deep-end involvement in our system such that the earlier intervention, probation, and consequences imposed at this county level were ineffective to divert the children from the state system.

What we have done in the counties to accommodate those state burdens is in the last five years, we have reduced our juvenile commitments to the state by almost 50 percent. We have kept children in our counties; we have redirected their negative behavior; we have increased our ability to successfully terminate children who are on probation by using more efficiency, evidence-based practices, and interventions that we have identified both monetarily and with evidence and support will result in outcomes that will have healthy, successful children. Despite those reductions by 50 percent of state commitments, we are looking now at a budget that tells us \$17 million over the biennium continues to be or is now unavailable to allow our children to work between our systems and with the state to continue to develop safety interventions, consequences, and services to support their growth.

The judges both north and south have a concern that the justice system that we have been working with, with the tremendous success that we have had, is brick-by-brick being dismantled in a manner that we cannot effectively remain successful in diversion, remain successful in keeping children out of the state care, and most importantly, remain successful in keeping our communities safe and our children out of the adult system.

What we are asking you today is to look at the additional figures and to understand, as we do, there is a shrinking of our economic environment in Nevada, and we are all Nevadans. We are all committed to the success of this state. We are also in that commitment committed to the success of our children. By dismantling 50 percent of our juvenile justice system, that system that takes the most severe children, and telling us now, "We will take a few. We will take them when we are ready. We will not take more than one that we are able to accept, so keep them in your detention centers where you are going to maintain them in a more risky environment, in an environment that increases their negative behavior. And for goodness sake, do not send us the mentally ill children, because mental health now is the responsibility of the counties." It is inconsistent with our philosophy, it is inconsistent with our obligations to address all the children who we encounter in our system, and we all know that philosophy is inconsistent with what our obligations are to our community as a whole. No system is able to say, "Go ahead and send us your healthy kids. We will put them in our commitment facilities. But we are no longer going to give you alternatives to place those children in facilities for mentally ill children who are in the deep end of the criminal behavior. You are going to have to deal with them yourselves." It is an unacceptable view of the juvenile court system. It is inconsistent with state and federal law. It is a system that we can improve if we continue to have the dialogue of how we shrink this system in these shrinking times but not dismantle it.

The Supreme Court [of Nevada] has created a commission, the Supreme Court Commission on Reform of Juvenile Justice in Nevada. We have yet to meet. All of us in the system have high hopes for the outcome of that commission. We are asking the Legislature to give us the opportunity in the next two years to continue to work with you in reforming our juvenile justice intervention services, but do not cut us off at our knees by dismantling a primary portion of our system before we even have those opportunities. We will today, we will tomorrow, we will next week, and we will over the next few weeks meet with every single individual who has a commitment to recognizing shrinkage is necessary in the budget but recognizing that we cannot dismantle a juvenile court system for which we have exclusive jurisdiction and authority to act by dismantling the pieces and telling us the counties need to serve and operate those functions. It will not function.

The judiciary is absolutely committed to the legislative development of our system, the legislative need to reduce our funding, but please do not do that at the expense of an overall system that is constitutionally consistent with state and federal law and which in the future, if

you proceed without further recognition of our challenges legally and otherwise, could result in a system in which our juvenile detention centers are backed up, your state commitment centers are backed up, our children with mental health are unserved, our communities are less safe, and we have no solutions by virtue of poor planning. I ask you to consider recognizing the challenges that are being imposed on the counties, working with the judges as well as the counties to address this in a more holistic manner, not allowing certain components to be placed at the county level without insider discussion, and letting us come back to you with something more foundationally sound, community-successful, and oriented towards the children's needs as well as those of our community.

I will be happy to answer any questions. Carey Stewart is the director of Washoe County Department of Juvenile Services, which I oversee. Carey Stewart is also the president of the Nevada Association of Juvenile Justice Administrators, and he would like to share with you, before we turn to Judge Breen, the additional view of the administrators if that is all right?

VICE CHAIRWOMAN SMITH:

Yes, thank you, Judge Doherty. Are there questions for Judge Doherty? Okay, I do not see any. Go ahead, Mr. Stewart.

CAREY STEWART, DIRECTOR, WASHOE COUNTY DEPARTMENT OF JUVENILE SERVICES:

Thank you, Assemblywoman Smith and members of the Assembly. As Judge Doherty mentioned, my name is Carey Stewart, and I am the director of Washoe County Juvenile Services. I am also the president of the Nevada Association of Juvenile Justice Administrators.

When this legislative session began, statewide juvenile justice was looking at approximately \$26 million in cuts. Since the session has began and through committee hearings, the Juvenile Justice Administrators have proposed alternative solutions to those cuts, and we have also provided to the Division [Division of Child and Family Services] an add-back list that if funding became available where money would be placed on a priority for juvenile justice for it to move forward. The Juvenile Justice Administrators are very appreciate and pleased to hear that two areas are on the recommend list that have funding added back in, and those are in the county camps and the room-and-board placements for kids who are placed outside of their parents' home but remain in their parents' home.

One area of concern of the Juvenile Justice Administrators at this time that remains is the county assessment or charging the counties for the youth parole function. It has been always the stance of the Juvenile Justice Administrators that since parole is a state function, it must be funded by the state. When we initially saw this passed down to the counties to charge for this function, when we asked questions, there were rumors out there that stated that the county probation departments could absorb these cuts because they had a lot of money to do so. I can tell you from Washoe County's perspective and also the perspective of my colleagues that that money does not exist. Over the past three and a half years, jurisdictions—namely mine in Washoe County—we have reduced our operating budget by over \$4 million, which is approximately 25 percent of our budget. To absorb or to pay for the youth parole function, it would have to be at the expense of early intervention and prevention programs that are designed to keep kids out of—the depenetration of—the juvenile justice system.

Even though juvenile justice is going to experience cuts—because when we began this process we knew that not all the funding could be built back in—in order to move forward, we have two varied components that are at least on the table to be built back in—again, the camps and the room-and-board. The youth parole function is very key. It is a state function that needs to be funded by the state, and if that funding is added back in, we can move forward this juvenile justice system that is very effective, and we can move it forward in the commission that Judge Doherty mentions. I thank you for your time and would happily answer any questions there may be.

VICE CHAIRWOMAN SMITH:

Questions for Mr. Stewart? Okay, Judge Breen.

JUDGE PETER BREEN, SENIOR DISTRICT JUDGE, SECOND JUDICIAL DISTRICT COURT:

Good evening. My name is Peter Breen. I am a Senior District Court Judge. For the last 17 years, I have never been before the full Assembly or the Senate. I have had the pleasure of appearing before the Legislature concerning the specialty courts. Together with myself and Senior Judge Blake [Archie Blake, Senior Judge, Second Judicial District Court] we preside over almost all of the specialty courts in northwestern Nevada; that is Mineral County, Churchill County, Lyon County, Douglas County, Carson City, Storey County, and Washoe County. By specialty courts I mean the Drug Courts, the felony DUI courts, the veterans courts, and what I am here on today is the Mental Health Court.

We preside over people who find themselves continuously arrested and charged with criminal behavior because their activity is directly connected to a serious mental illness for which they cannot help themselves and for which they cannot stop this activity. The other night when I was called before the Senate to testify, I likened this to an endless highway. I could have just as well said a trail of tears, because these people get on this way because the people they live with cannot help them; they do not have the expertise or the knowledge. And then they travel to the streets and live out there, where there is no mercy, and then to the jails, where there is no mercy and no tolerance. You do not find many tolerant people who are also incarcerated in jail. Then there are the courts and then on to the jails and prisons as well, only to repeat the cycle again. They are vulnerable people in a dangerous environment. The other people out there are very dangerous to them.

I would like to tell you just a minute's worth of time about the history of the Mental Health Court. We came over here. We got enabling legislation in 1999. There was some financial difficulty I think the state was in, and we did not get any money, so we decided to start it through a groundswell of support on a volunteer basis with 20 or 30 people. We accumulated our statistics and our knowledge, justified ourselves, and came over here to the Legislature in 2001 and were able to fund our Mental Health Court. We then grew and went on to national acclaim. We are one of the four mentor courts for the mental health courts in the nation. People come to us four or five times a year to see what we do so they can be helped in starting their own mental health court. We developed three mental health courts in Nevada: in Clark County, in Carson City, and over in Reno.

I want to emphasize that our Mental Health Courts take people from all over the state. We are truly a statewide organization, along with the history of mental services in this state. People in every county have come to one of our Mental Health Courts in Las Vegas, Reno, or Carson City, and we have sent people to other mental health courts. In our northern area, we have had 212 transfers in the last five years into the specialty courts in Washoe County; 89 of them have been to the Mental Health Courts. We are not talking about just three local courts; we are talking about a considerable number of people who are reached throughout the state.

All of the judges—Judge Glass [Jackie Glass, District Judge, Eighth Judicial District Court], Judge Tatro [John Tatro, Judge, Justice and Municipal Court, Carson City], and myself—testified to the various committees in the Legislature and said the following things. One, we are very successful. We have a retention rate of around 90 percent; that is people who stay in our courts. A recidivism rate, people who get rearrested and charged for a crime after they graduate, of 25 percent, just like the other specialty courts. That is the best success rate you can have in criminal justice. We save money. We have been studied more than any other criminal institution, phenomena, in the history of the United States put together—more than all of them put together. They all tell the same story. We save about a minimum of \$2 to \$10, \$12 for \$1 you invest in our courts. For example, one of the studies we did in Reno—which we gave to one of the committees here; I forget exactly which—was this: In the last four years, there were 204 people in the Second Judicial District who did not accept Mental Health Court although they were qualified and could have gone, and they decided not to do it. Those 204 people were

sentenced to and served a minimum term in prison, which totaled 313 years. I have heard testimony today about the cost of prison; it was like \$20,000. We testified that it was \$17,500. It costs about \$4,500 to go through Mental Health Court. You do the math. What is going to cost more? This is not some vague cost you are going to occur in some time in the future or you cannot readily identify it.

The common denominator of people in our Mental Health Court is that they were incarcerated the year before. These people are going to go to jail. Let us say the Courts are eliminated July 1. They are going to be going to prison or jail next year. About 70 percent of our people are felons in Mental Health Court, so you kind of figure it out how much it is going to cost next year. I understand the prison budget was raised, and that is a good thing if we are not able to continue with our Mental Health Courts, because we are going to send—what is there?—about 400 people in our Mental Health Courts. And it fluctuates between, in our court, 180 to 225 people. We sort of know, we have a pretty good idea of what is going to happen if we do not have Mental Health Courts.

We appreciate all the compliments we have gotten from the people who have testified here today. Believe me, plenty from the legislators who have asked me questions over the years and this year. But we are still on the chopping block; there is no doubt about it. Judge Glass, Judge Tatro, and myself all testified that without this money, the Mental Health Courts in Nevada will die. It is a death sentence; there is no question about it. To say that we might make it based on hope or that maybe the counties are going to pick up the bill, that is a delusion. It is not going to happen. I have sat through the various budgetary meetings; I am sure you are quite familiar with the Second Judicial District Court. It is only through drastic action that we have agreed to take that we are going to be able to keep the staff necessary to run those courts. By that, I mean what the counties are already paying: the bailiff, the court clerks, and each of our courts has staff to handle the—well, Judge Blake and I handle anywhere from 1,200 people to 1,500 people. Total that in all of our specialty courts. It takes some people to handle that. But we have made some agreements and taken some drastic measures, and we believe we can continue on with no more cuts. We hope there is not going to be anymore.

I have heard today, and I have heard it before, that there is hope—I think Mrs. Gansert testified tonight—that the courts whose budget—I do not know what it is, but in Washoe County it is maybe \$2 million or \$3 million; I really do not know—they hope that the courts can handle this by mixing the Drug Court and the Mental Health Court together. Nobody has ever asked me what I think about that although I have been doing this for 17 years. We cannot do that. In Drug Court, you are dealing with a population that to call them volatile is an understatement. You have to deal with the demons of addiction in a different way than you do with mental illness, although 70 percent of the people in the Mental Health Courts have a co-occurring problem, and I will speak to that in a second. But you got to deal with the people in the Drug Court, let us say, “roughly.” You cannot deal with the people in Mental Health Court that way. You must earn their confidence and their trust, and actually, when you do, they are not very difficult if you can maintain that. I have personally found that there is a considerably less problem with drug abuse and alcohol in Mental Health Court once they are involved and buy into the program than there is in Drug Court. They cannot be mixed. The expertise required in mental health services is considerably higher than that for drug abuse and more complex. I can tell you, I believe it with every fiber in my being that if we mix the Drug Court with Mental Health Court, the mentally ill people would be gone. They just would not be there in about two months. And we have separated our courts along the lines of more difficult, less difficult, different problems. We did that years ago. That is in keeping with all the national research there is today. We have been doing it.

We have to earn the credibility of the mentally ill. They are ill, but they are not dumb. They are not stupid. They see whether or not we can deliver on the services. The magic of this Court is that we can make everybody, including ourselves, accountable. They are entitled to services; we make sure they get them. I might not be able to pronounce some of the illnesses and the

medications, but I know when something is wrong and something is not working. I make the other people find the right thing. That is the beauty of the trial court. If we do not have these services, it will not take very long before the mentally ill go out and do what they have always done before they had this Court: they go to the streets and they disappear, and then they wind up dead, seriously injured, or in prison. That is what happened before we started the Court. That is what is going to happen afterwards. I can assure you that the funding comes from you, the state, not from the county, not from the courts mixing more and more people with less and less resources. There will be no way unless we can get it done here. That is the truth. There will be no magical mixing and stirring of everybody and increasing the numbers and putting everybody together. That is where they are in prison; they are all together. That will not happen.

There is one last thing I would like to say. We do have a very good specialty court system. It is hard for me to talk about myself, but we are the envy of the nation. You hear this all over. Let us say, "Sorry, there is not enough money," and we disband our court. In a few years, somebody is going to think of this again and they are going to say, "By golly, why do we not start up a mental health court? I just thought of it!" Are you going to start from scratch and try to find all the expertise that we have developed over 10 years and start again? Is that good? I would say no, it is not. We get services from highly trained and skilled staff and mostly housing, which I would say is most of our budget. Thank you for hearing me out.

VICE CHAIRWOMAN SMITH:

Judge Breen, thanks for being here and for the work that you have done in the Mental Health Court for so many years. Questions? Assemblywoman Kirkpatrick.

ASSEMBLYWOMAN KIRKPATRICK:

Thank you, Madam Chair. This question is for Judge Doherty. I have seen first-hand from some constituents in my district that were juveniles and got into trouble and went through the system and went to Rite of Passage, which is a fabulous facility, which I see that we have cut dollars to that, and are now going to school full time. He will be graduating next month, and he is very excited that he was able to do all that. What specifically will your choices be if this budget does pass, and for the short term—because the hope is that our economy will turn around—how will we survive this? I do not sit on Ways and Means, but I know that it is late, so a shorter answer is better for me because I do get the importance of the service that your court does.

JUDGE DOHERTY:

Thank you, Madam Chair. In response to Assemblywoman Kirkpatrick's question, here is what we are asking. We are asking that you not push down youth parole into the counties' arena. By doing that, you are, in effect, in actuality, dismantling a significant one-half component of our juvenile justice system. We will work with you in shrinking those budget dollars. We will work with you in increasing our efficiencies, continue to fund youth parole, continue to fund board and care, continue to fund the camps and allow youth parole and the state to continue to support the placement of children who are in the deep end of our juvenile justice system, who may not be appropriate for placement in our commitment facilities, but who may need other placements to address their criminality and their mental health challenges.

The judges know the challenges that you all have. We are here to work with you to maintain a system that is smaller, that remains in place. Let us regroup as a state and as a court system and a justice system to continue to serve the most dire children. The state is the commitment of last resort. The state is the entity with the expertise and the ability to provide those very specific and direct services, commitment of deep-end children, parole of deep-end children, and appropriate placement of deep-end children with mental health challenges.

As a judge, the federal law mandates that every time I take a child out of a home, whether it is a child welfare abused child or a child out of the home because of juvenile justice reasons, I have to make a finding that the placement is suitable, that the placement I am taking the child and

putting him or her in is the least restrictive and is suitable under Title IV of the Social Security Act. These cuts, in essence, tie the courts' hand in being able to make those findings in so many of our cases. Remember that juvenile justice children are 50 percent to 70 percent diagnosable with a mental health challenge. In our facilities as we all sit here today, in our youth facilities that the state oversees, in our detention centers that our counties oversee, 20 percent of those children are seriously emotionally disturbed children. They should not be in the juvenile justice system, but they are, and we are not complaining. We recognize the challenges and responsibilities of the court and of the state. But if you say to us, "We are going to push down these costs, and through Senate Bill 476 we are going to eliminate your ability to transfer mental health children. Transfer healthy children, but do not transfer mental health children." We are not able to constitutionally, to federally or state, fulfill our obligations to the community, to the state, and to the constitutional and federal government. Those are our challenges.

We can do this. We are not asking for terrific attention or special treatment. Originally, you were cutting the juvenile justice system by 50 percent. I am glad you are not doing that now. I am glad that percent has moved down under 35 or so percent. But 35 percent, in the method and manner in which the reductions are identified, are going to dismantle our system, and we cannot put that back together in two years without a little up-front work right now. We cannot do it. But we absolutely consider the state partners. We trust this Legislature. You have given us a phenomenal juvenile justice court and system in Chapter 62 [of the *Nevada Revised Statutes*]. You did that. We execute it. We follow the wisdom that you have identified. Do not give up on the statutory provisions that you have created and dismantle it in a way that we are not going to be able to regenerate if and when the time comes. We will work with you in reducing commitments. We will work with you in keeping children out of the state's care. But we cannot function in the way the budget is reduced and the legislation as proposed under S.B. 476.

VICE CHAIRWOMAN SMITH:

Further questions? I do not see any. Thank you for spending some time with us today. We appreciate your testimony.

Okay, next? Why do not we have representatives from the counties come from the table? I have Washoe County, Clark County, and Mr. Fontaine.

Good afternoon, gentlemen. One of you may go ahead and introduce yourself for the record and proceed.

JEFF FONTAINE, EXECUTIVE DIRECTOR, NEVADA ASSOCIATION OF COUNTIES:

Good evening, Madam Vice Chair. If it is Okay with you, I will go ahead and start.

First of all, we appreciate the opportunity to discuss the totality of impacts of the Department of Health and Human Services' budget on counties. In the budget, the proposals would shift about \$96 million in costs to Nevada's counties in the next biennium. Of course, this comes at a time when counties are also struggling because of declining revenues and, in many cases, an increase in demand for services. In addition to the cost shifts, the budget also continues a sweep of a program called the indigent medical fund which is about \$40 million over the biennium. The source of that fund is a special ad valorem tax of 2.5 cents which is levied as a property tax in every county. This fund was established at the request of the counties and hospitals over 20 years ago to help counties meet their statutory obligation to pay for the costs of treating the medically indigent. It helps keep hospitals open, and it helps counties meet their obligation. About half of the money that is paid out of that fund goes to University Medical Center (UMC), which is the largest public hospital in our state and the largest provider of indigent care.

We very much appreciate the Governor relieving some of the impact of the proposals on the counties in his add-backs; however, there are still some significant impacts that I would like to talk about. The one specific impact which I would like to spend a minute on is actually the largest cost-shift, which would also affect all the counties, and that is the proposal to require counties to pay more of the cost of long-term care and nursing-home care. That would be about \$37 million. In the add-back, the Governor proposes to cap the liability of counties at the

revenue generated by 8 cents in property tax, and we appreciate that and it would help a number of the rural counties. But the fact is that it would still leave about a \$35 million impact to county governments. The other point related to this particular proposal is that it is really based on the premise that all 17 counties participate in this match program through an interlocal agreement and making the payments to the state. There is no guarantee—and I certainly cannot make any commitments on behalf of all 17 counties—that they will, in fact, participate in this program.

There are a number of other cost-shifts that you heard about in the budget and, again, they in total add up to significant cost for the counties. Counties really are the safety net. They serve the people that no one else will serve, and these are people who do not qualify for Medicaid and all the other federal and state programs, many of which you heard about this afternoon. I just want to conclude by saying that we are very concerned about, again, the totality of the cost-shifts, revenue diversions, and other things that would impact the ability of counties to serve people and families in need.

With that, Madam Vice Chair, I would be happy to answer any questions.

VICE CHAIRWOMAN SMITH:

Thank you. Questions for Mr. Fontaine? Okay, I do not see any. Mr. Schiller, Mr. Ortiz?

ALEX ORTIZ, REPRESENTATIVE, CLARK COUNTY:

Good afternoon, members of the Assembly. I would just like to refer you to a document that is in the NELIS system and you may have a hard copy thereof, and that is the “Governor’s Recommended Budget Direct Impacts to Clark County” (Exhibit D). It is a three-page document that we put together that essentially lists out the impacts to Clark County based on all of the Governor’s recommended budget proposals. Of those items, over half—approximately 16 of the 20 or so items on that list—are directly impacted from the DHHS budget, and that is a total of over \$110 million of the approximately \$242 million impacts to Clark County alone. We are also very appreciative of the add-backs that have been proposed, which I think will help minimize some of those impacts to us as well. I would also like to state that we have in Las Vegas essentially three or four of our subject-matter experts, as I will call: the director of our Family Services, Mr. Tom Morton; the interim director of Clark County Social Service, Tim Birch; director of Juvenile Justice Services, Mr. Fritz Reese; and also a representative from UMC that can answer more detailed questions. With that, if you have any questions, I would be happy to answer them. Thank you.

CHAIR OCEGUERA:

Questions from the Committee? I am not seeing any. You were saying that there are three people in Las Vegas as well?

ALEX ORTIZ:

Speaker, yes, sir.

CHAIR OCEGUERA:

All right. Gentlemen in Las Vegas, go ahead.

TOM MORTON, DIRECTOR, DEPARTMENT OF FAMILY SERVICES, CLARK COUNTY:

Mr. Speaker, I will be very brief. Clark County and the Department of Family Services appreciated the opportunity to work with Mr. Willden and the Department of Health and Human Services to provide input on developing a budget that reduces the overall immediate impact on core child welfare services. We are generally in support of the block grant concept and believe it will provide us flexibility and funding going forward. Because the incentive funds are fluid, the county’s position on the incentive funds then and now is that they cannot be used for core operating expenses but rather as one-time monies that are used to enhance core child welfare services. However, the block grant concept, as amended, provides us the ability to evaluate child welfare expenses over the next two years and make any necessary adjustments to

accommodate the incentive program component that will fully go into effect in FY 2013-14. In that respect, we thank both Mr. Willden and the Governor's staff for amending the original proposal and providing this flexibility over the next two years. Thank you.

CHAIR OCEGUERA:

Thank you. Questions from the Committee? Let us go to the other folks in Las Vegas.

FRITZ REESE, DIRECTOR, DEPARTMENT OF JUVENILE JUSTICE SERVICES, CLARK COUNTY:

Thank you, Mr. Speaker. First of all, I would like to thank the Governor and his staff for the put-backs. I realize, too, that those put-backs also have to be approved by the legislative process, but in order to provide some insight into what those actually mean—in terms of those Medicaid reimbursements for room and board, that served 287 youth that were either juvenile sex offenders or mental-health-specific youth that needed treatment that were still in the custody and care of their families that were provided services with those dollars. In terms of the biennium for Clark County, that is roughly about \$3.6 million, and so I highly encourage you to maintain those put-backs.

The other piece that is important to juvenile justice statewide, in my opinion, and as we heard from Washoe County, is the reimbursement to the youth camps that really provides an opportunity for youth not to go into state correctional care. For example, 250 youth went through Spring Mountain Youth Camp last year. That would be key, which I would encourage you to keep that.

I think Judge Doherty was eloquent and passionate in her statement, which is all true and I thoroughly support, and I thank her for her leadership and compassion for juvenile justice statewide because this what we are talking about. We are talking about the integrity of our system, not just for Washoe County and not just for Clark County, but for statewide. The one thing I want to reinforce, instead of reiterating her statements, is that we firmly believe that the cost of youth parole should be encumbered by the state as opposed to billing back the counties. It's a state system, as she mentioned. It is one that has congruency and consistency and provides excellent service. To pass that on just, for example, for Clark County, that is \$4 million. I know sometimes there is the perception that even in juvenile justice around the state throughout the counties, there are additional resources. I think Mr. Stewart [Carey Stewart] was appropriate in his comments when he said they have taken significant cuts, almost to 25 percent of their operating budget, just from two years ago. Also here in Clark County, Juvenile Justice Services has experienced 15 percent cuts in the last two and a half years. We are looking at 9 percent right now along with the additional cuts that the state is passing on with their proposal.

I strongly urge you to maintain the cost of youth parole into the state budget. That would mean not only would the cuts—just not Clark County and Washoe County, but the cuts that would take place statewide—that would reduce our ability in our communities in terms of providing appropriate intervention services within the youths' homes and their families as opposed to the reimbursement of state parole. I thank you for the opportunity for my statements.

CHAIR OCEGUERA:

Thank you. We appreciate you being here. Are there questions from the Committee? Mrs. Benitez-Thompson.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Thank you, Mr. Chair. My question is regarding gaps in services. I guess this is specific to social services. When we are seeing cuts in the state, I am wondering how many of the services that we are seeing eliminated or cut at the state level do you have the capacity to pick up currently? I am thinking like supported living arrangements. If those are gone at the state level, is there an ability for service providers to redirect those people to county services? And the same with outpatient counseling services and such like that?

ALEX ORTIZ:

I think that our interim director of Social Service will speak next to that point. He can answer your question more specifically. We really do not have the capacity to absorb some of those costs, but I think he can answer in more detail.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Sorry, if I can, I was thinking the table . . .

KEVIN SCHILLER, DIRECTOR, DEPARTMENT OF SOCIAL SERVICES, WASHOE COUNTY:

Directed to Mrs. Benitez-Thompson, overall, in terms of what we are expecting today, we are anticipating about a \$25 million hit to Washoe County in terms of impacts. In follow-up to your question specific to the Social Services entity, we ultimately do not know where that all is going to end up in terms of those reductions. I can tell you in the children's services world, in those youth that we serving at-risk, they specifically, from the perspective of the block grant, are being addressed from a funding level. We do have, as you note, a charge that is coming to us for developmental services for those children under 18. That will have an impact in the Children's Services Division specific to how we provide services and have to prioritize those services.

In the Adult Services Division, to kind of answer the question more generically, what we are seeing is based on the impact of the nursing home match, which is proposed that is about \$3.1 million in the first year of the biennium and \$3.6 million in the second year; what that is going to do is force us to prioritize our services to the indigent in relationship to those programs. As an example, we have instituted a transitional living program using our general assistance dollars and our monies to the indigent, which is actually creating a huge cost savings at some level initially because what is happening is some of these clients were incarcerated as you heard testimony earlier. Based on the rates that they were impacting the community were averaging \$15,000 to \$20,000. What we are trying to do is reinvest funding towards housing for those. With the prioritization of those services ultimately and the pass-down of those services, we are going to have to prioritize and reduce our capacity across that division in order to meet these required reductions.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

I think what I am trying to gauge, and it might not be a tangible number that we can come up with, is the gap in services. I think that there is the thinking that a population that is served at the state level through one resource, if that resource is not there, that that resource might exist somewhere else. It might be at the county level. It might be in the community. What I want a better feel of is for those folks, are there other services that they can go to or not? My intuition and my experiences told me that a lot of times, we have worked a lot in not duplicating services. If you are not getting it at the state level anymore, then I guess I am just wondering where we put these people.

KEVIN SCHILLER:

Assemblywoman Benitez-Thompson, for the rural counties, I think the situation may be a little bit different. In some areas of the state, if the state does not provide a particular service, it is probably not going to be provided. It probably may not even exist. Mental health services come to mind. There is really sort of two impacts here at least in the rural counties that I can think of. One is if the state cuts a service, then the service may or may not be available otherwise. But what seems to be more prevalent in the budget proposal here for the rural counties at least is more of shifting the cost through assessments to the counties to continue to provide those services. That is going to have some different impact because there are many counties out there, at least a number of counties, that simply cannot absorb the additional cost to pay the state to provide those services.

CHAIR OCEGUERA:

All right, let us bounce back to Las Vegas.

TIM BURCH, INTERIM DIRECTOR SOCIAL SERVICE DEPARTMENT, CLARK COUNTY:

Good evening, Mr. Chairman and members of the Committee of the Whole. I wanted to thank you for the opportunity to share with you how the proposed budget cuts in health and human services would affect the neediest citizens of Clark County. As Mr. Fontaine pointed out earlier, pursuant to the *Nevada Revised Statutes* [Chapter] 428, social services at the county level are the safety net. We provide services to folks who do not qualify for other local, state, or federal assistance programs. We provide financial assistance, which is rental assistance, transportation to residences outside of Clark County, and assistance for the cremation of burials. We also provide medical assistance which includes outpatient specialty and primary care at University Medical Center hospital, emergency room care, inpatient hospital care, pharmacy services, and of the point of order for the evening, nursing home care. Long-term care placement certainly is going to be the topic of our focus for now.

In order to paint the picture of what the \$12 million per year or \$24 million biennium shift to the county for long-term care and Medicaid Match services would look like, I need to give a little context to show you that over the last two budget cycles, Clark County Department of Social Service has already reduced its medical budget by over 30 percent as well as its financial assistance programs by over 60 percent. We have also had to reduce our full-time staffing pattern by 19 percent and reduce 100 percent of our full-time staff for an overall staffing-pattern reduction of 26 percent. That is as a result of two consistent cycles of ad valorem property tax revenue decreasing as well as the 4-cent redirect from the last legislative session, which I understand establishes a current for this session as well. We are looking at the impact of this. Also, Senate Bill 485, the Medicaid Match figures, the waiver clients, would add an additional \$6 million per year in cost for serving folks that we currently do not serve for community and home-based waiver clients. This would double our caseload from our current 900 clients per month to over 1,800 clients per month.

It is important to point out that the Medicaid Match program was created in 1989, as Mr. Fontaine pointed out, through the Nevada Association of Counties (NACO), and it was a buy-in for all the counties to participate. Since its inception, it has been said that we participate at 156 percent of the supplemental security income rate up to 300 percent; that is held constant. What is not held constant is the number of participants. When it began, we had 165 eligible participants, and it cost us \$850,000 a year. As I mentioned earlier, we have 900 eligible clients we are currently responsible for to an annual cost of over \$17 million to Clark County Department of Social Service. What we are asking is as you consider the cuts to health and human services or the redirect to the counties that you keep in mind the most fragile and vulnerable populations of Clark County, which is our client base. I would be happy to answer any questions at this time.

CHAIR OCEGUERA:

Thank you. Mrs. Kirkpatrick.

ASSEMBLYWOMAN KIRKPATRICK:

Thank you, Mr. Chairman. Actually, my question is for those centered in northern Nevada.

CHAIR OCEGUERA:

Okay, that is fine.

ASSEMBLYWOMAN KIRKPATRICK:

Here is my question. I am a little bit confused because the previous two speakers said the budget was so great with the add-backs. I am beside myself. What I would like you to have them prepare for me by Tuesday is with the add-backs, but also with the other cuts from the 9 cents, the impacts that they are going to have that they are still crazy about.

ALEX ORTIZ:

Through you, Mr. Speaker, to Assemblywoman Kirkpatrick, we will do that.

CHAIR OCEGUERA:

Thank you. Any other comments or questions? All right, it looks like we just have a couple more folks. In this north here, I have Mr. Welch, Mr. Musgrove, Mr. Shick—I do not know if you are still here—and Rebecca Gasca. That is who I am seeing so far. We will do those right now.

Why do not you go ahead and proceed, Mr. Welch.

BILL WELCH, PRESIDENT, NEVADA HOSPITAL ASSOCIATION:

Thank you, Mr. Chair, members of the Committee of the Whole. I appreciate the opportunity to speak to you today with regards to our concerns for the proposed budget that you are being asked to consider.

Specifically with respect to the budget, hospitals are being asked to accept or to absorb an additional 5 percent cut in hospital payments for inpatient services. We are being asked to accept a 15 percent cut in hospital services for outpatients. We are being asked to accept a continuation of the sweep of the indigent accident supplemental fund, which Mr. Fontaine spoke to earlier, amounting to approximately \$20 million a year. The two prior cuts that I referred to collectively amount to \$30 million to \$32 million a year.

I have heard discussions today about Nevada's safety net. I would ask the question of the Administration and of this Legislature, understanding the challenges of the budget that are before you, I understand and I am sympathetic. Our hospitals, though, are part of that safety net service. Nevada hospitals are your only 24-hour-a-day, 7-days-a-week, 365-days-a-year provider of emergent health care services—the only provider. We care for more than 1 million emergency room patients a year in our hospitals. We admit more than 260,000 patients to our hospitals for inpatient hospital services annually. Where will these patients go as our services are forced to be reduced?

Today, with the challenges of the economic times that we also are experiencing, Nevada's hospitals' short-term acute care, where the bulk of this emergency room care and inpatient services are being provided, are operating at a negative operating margin of 3.95 percent and have been operating in the negative margin for more than two years now. That means 20 out of 33 Nevada hospitals are operating with negative margin. Yet for the second budget cycle, we are being asked to accept reductions and reimbursements for services, and this is at a time when we are already being reimbursed for indigent care and for Medicaid recipients at a rate below our cost.

While I did not plan to go into some of this detail, Mr. Chair—and I apologize, but I will keep it brief—based upon some of the questions that I have heard several of the Assembly members raise today, I think it would be beneficial to understand some of the driving factors. In 2010, Nevada Hospitals will have absorbed approximately \$1 billion in the cost of uncompensated health care services—cost, not charges. We have seen a shift in our insured population negatively by 14 percent. We have seen an increase in our uninsured population—these are patients hospitals are serving—of 33 percent. We have seen an increase in the Medicaid population that we serve of 21 percent. This is in a two-year period of time. Where will we be in two years when you next consider a budget if these proposed cuts are accepted?

Going back to the budget. As I mentioned a minute ago, we had a 5 percent cut in reimbursement to hospitals and the IAF supplemental sweep, the indigent accident fund. I would like to digress for one second. With respect to the indigent accident fund, as Mr. Fontaine mentioned the purpose of what it was raised, we were told that this would be a temporary sweep, that we would sweep these funds for one year. This was in 2008 in the Special Session. Then in 2009—at least this is how I would like to remember it, and maybe the legislators who were here will remember differently—the budget challenges continued. We were asked to accept that sweep of \$20 million to \$25 million a year on the indigent accident fund program for two more years. What we are seeing now in the proposed legislation that has been presented to this body is that we want to continue the sweep permanently—not for the next biennium, but indefinitely. We are also being asked, as we understood these sweeps in the past, these funds would be used

to fund Medicaid. While there was nothing in writing, no legislation specific to that, that is what we understood the purpose of these funds would be used for. The legislation that has been presented to this Legislature—as we interpret the legislation, it now can be used for any purpose. That is very concerning to us.

These sweeps in 2009 affected hospital reimbursements for services by \$40 million to \$45 million annually. What did that mean? Hospitals, as I pointed out were operating in the red and had to try to reconcile that. We have reduced our operating expenses as efficiently and as effectively as we can without impacting services to patients as best as we can; yet we have not succeeded. In 2009 we were operating at just over 2 percent negative operating margin; we are now operating at 3.9 percent, and that is after we have reduced 31 different, specific hospital services. These include programs that are focused around women, children, and those with chronic illnesses, and why? Because those are the populations that are the heaviest users, our benefactors, our recipients, our participants of the uninsured Medicaid/Medicare programs, the most vulnerable population that we serve. We do not have a choice of who we serve. If we provide the service, we have to provide it to whoever presents.

As we try to reconcile and balance our budgets, we, then, have to look at those services that are causing the most negative impact that compromise the continued viability of our health care delivery system. That is why you see those types of services close. For example, we have seen two obstetrics (OB) in Clark County close within the last 12 months to 18 months. We have seen cancer outpatient services, we have seen outpatient dialysis services, we have seen in neonatal intensive care-unit (NICU), and the list goes on. We have lost 1,300 employees during this time period as a result of these closures.

Now, in 2011, we are being asked to accept these additional cuts that I referenced a few minutes ago. What will that mean to us? That will mean that we will have to continue to try to manage our budgets—and we will—and try to sustain and maintain as many services as possible, but I have hospitals who now are willing to publicly declare that under these economic times, these are the specific services that we are considering having to close. That information will be distributed to you Monday morning. In the past when I have been asked to speak to the Legislature about this or to the Administration, I have been asked to be confidential as far as any specific hospital. The situation has gotten so dire that I am now authorized to provide this information to you by specific hospital, by specific service, and that will be the information that you will be receiving Monday morning. You will see an additional 20 services, and I do not believe that is the bottom. I do not believe that will get us to a point that we can continue to sustain our services when we look at the growth of the uninsured, the Medicaid, and the Medicare populations, none of which are paying the cost of service; 69 percent of our patients presented in hospitals now are either uninsured or in government programs that do not cover the cost of health care services.

I will close there, Mr. Chair, with the following questions to this body. As I stated, I will be providing you all this information. Monday, you will receive this information, and I will make myself available to you individually, and I will be looking forward to the opportunity to speak to the various money committees, Ways and Means Committee, budget committees, etc. But, is access to hospital services to Nevadans an essential part of Nevada's health safety net service? Again, I believe the 1 million emergency room (ER) patients we care for, the 260,000 people who are admitted to our hospitals, and the 29,000 that we employ would all tell you, "Yes, Nevada's hospitals are essential to the health safety net system." The second question I would ask you, "Is having a hospital services abatable in this community essential to a viable economy?" Every economic study I have ever seen has suggested that hospital health care services are one of the top three components to insure that you have a viable, growing economy. What industry will want to come to Nevada if they know their employees are not going to have access to the health care services that they need? I do not think many.

With that, Mr. Chair, I will be happy to answer any questions. I appreciated the opportunity to speak to you today.

CHAIR OCEGUERA:

Thank you, Mr. Welch. Mr. Conklin.

ASSEMBLYMAN CONKLIN:

Thank you, Mr. Chairman. Mr. Welch, you and I have talked over the years on many occasions. We heard testimony earlier from the Governor's staff and the Budget office that while, in fact, the health and human services budget is growing, the actual amount being spent per person, those that we are required to fund, is actually declining. That is what that amounted to although they did not say it just like that. It is the reality, and I think I can thank my colleague, Mrs. Mastroluca, for fine-tuning that. What I would like to get a picture from you is exactly how much it is declining and what that comes on top of off? I do not have the specific numbers, but let me tell you exactly what I am looking for—and I do this for all the members of the body who have never heard it. The Medicaid reimbursement amount has never been, as far as I know, 100 percent of what I am going to estimate is cost or billable charges or however you do it. It has always been a lower number. But over the last at least three budget cycles that I can think of, it has been in decline. Can you take me through that decline? And also tell me specifically now—because I am looking at a page that shows it as a percentage—what that new rate will be? I am looking at a percentage decline of 15 percent. I cannot remember what the last rate was. Was it 55 percent of cost? Do you get what I am saying? What is that new rate at least as far as you can tell from this budget?

BILL WELCH:

I will try to answer your question with several responses; 2009 is the most complete data that we have. In 2009, the cost to provide care to Medicaid recipients was \$443 million. Of that, hospitals absorbed \$180 million of that cost uncompensated. The state provided \$70 million of that cost; the federal government provided \$168 million of that cost. These are approximate numbers. Of the state share, as we understand it, approximately \$25 million of that came from the indigent accident supplemental fund. The hospitals' share of funding Medicaid for hospital services was approximately 40 percent to 45 percent of the total cost. With the proposed budget cuts that are being considered, I would project us to be covering more than 50 percent of the cost for hospital Medicaid services. Currently, we are running at 53 percent to 58 percent of our cost with Medicaid. When we ran these numbers in 2009, we estimated that to be 58 percent, but our costs have continued to decline since, whereas our rates have stayed neutral. With these proposed cuts for inpatient services, if we could keep everything the same as they were today, at best we would be receiving somewhere between 50 percent and 53 percent of our costs for reimbursement of the services that we provide. However, considering inflation and other factors, we will probably be receiving something less than 50 percent of our costs that we provide.

ASSEMBLYMAN CONKLIN:

Mr. Chair, if I may? Because I am a numbers person, I am just going to put this into terms that maybe I can try to understand what you are saying. If 50 percent—and you said it was 58 percent—of all of your costs were from Medicaid recipients, that is more than half of all your business. You only receive 50 percent of that in reimbursements, and that is of cost, not of charges. In order for you to break even, the other 50 percent that are at least paying a bill have to absorb the 50 percent of the 50 percent that is not being paid. In mathematical terms, that is a 50 percent price increase to cover the cost by those who are paying a bill. Do you follow what I am saying?

BILL WELCH:

Mr. Chair, to Assemblyman Conklin, let me emphasize that 50 percent of our business is not Medicaid recipients. Seventeen percent of our volume based upon our most recent data would be Medicaid recipients, but of that population, you are absolutely correct. Making the mathematics simple, using the 50 percent number that you stated, that 50 percent that is

uncompensated, we have a couple of options. One, try to become more efficient in reducing our overhead and operating expenses. Two, shift that cost to the commercial payer who is paying cost plus. Three, eliminate the service. We have become and are trying to continue to be more efficient. We have shifted to the point that payers are no longer willing to accept. That is clearly apparent in our contract negotiations. I understand where they are coming from. You see us at Level 3. “Beacon 3,” I guess, would be the term I would use where we are now forced to close services and lay off staff.

ASSEMBLYMAN CONKLIN:

Thank you.

CHAIR OCEGUERA:

Okay. Mr. Sherwood.

ASSEMBLYMAN SHERWOOD:

Thank you, Mr. Chair and Mr. Welch. You paint a dire situation. I think Mr. Conklin is on to something. With fewer people paying fewer dollars means the folks that have cost plus—which would be anybody with, I guess you would call it private health insurance—pay more, and now you have private health insurance companies or even self-funded companies who want bigger contracts and a lower rate. The sustainability in the last two years does not work, and there is no reason to suspect that it will work for the next two years. My question is, as a physician or a doctor, what is my incentive to practice here? You can have hospitals here without doctors, right? And reimbursement rates for physicians that do not cover their cost? Is there a next step? Is there something that we can do to keep the doctors whole? Short of surgical centers and then the hospitals—the only services that they have are emergency services, and they do not offer any services, and now we have a two-tiered health system rather than a universal health system. I guess the question would be, what is the hope for retaining the physicians we have and possibly even getting more physicians for the hospitals that we have? We have a lot of hospitals. We just do not have a lot of physicians.

BILL WELCH:

Mr. Chair, through you in response to Assemblyman Sherwood’s question, it should be pointed out that Nevada already has a severe shortage of physicians. We have one of the poorest rates of physicians to population in the country. In response to your question about hospitals providing services, I would like to clarify that hospitals do not provide health care. Hospitals are facilitators of health care services. We bring together and provide the resources to physicians, nurses, and other health care givers. Without physicians, without nurses, there will not be health care services regardless of how many hospitals that you have standing there.

With respect to how do we maintain physicians, we are trying to figure out how to recruit physicians, but your question is very good, “How do we maintain them?” I am not sure. They can speak for themselves. In this proposed budget is reductions and reimbursements to them as well. I know what they are asking us to do. I have had hospitals report this to me recently. The physicians are coming to us and asking us to keep them whole because they cannot absorb it either. I wish that I had a good answer for you, but under the current economic picture, the current environment, I am very concerned about the viability of Nevada’s health care delivery system.

ASSEMBLYMAN SHERWOOD:

A follow-up, Mr. Chair?

CHAIR OCEGUERA:

Mr. Sherwood.

ASSEMBLYMAN SHERWOOD:

We already had testimony that we cannot cap the number of clients on Medicaid. That is based on a number, and if it goes to 600,000, which looks like that is where it is headed, which would be 10 percent of our population. That is the number, right? If that trend continues—we talk about how we do not have any forward-thinking conversations—maybe not right now for this budget but for the one after that, would you entertain opting out of Medicaid as a state?

BILL WELCH:

Mr. Chair to Assemblyman Sherwood, whether we opt out of Medicaid or we continue Medicaid, these individuals will continue to be needing and wanting to access health care services. Whether we have a Medicaid program or we look to the counties or we look to the insured population, these individuals are still going to need care and they are still going to need to be paid for. What we need to be thinking about is how we are going to make this the most efficient system and how we can spread this responsibility amongst us all as equitably as possible so that we can ensure the infrastructure of the system. Eliminating Medicaid? I do not know that that is an option unless we are looking at block grant. Mr. Willden and his staff would be the best to respond to that because there are options with block grants on how you can create programs. But at some point in time, you eliminate Medicaid and you do not look at block grants. The counties have already indicated they cannot absorb the hit. The hospitals and the provider community are getting to the point they no longer can absorb the hits, and so you will just not see a full health care delivery system. You may see emergent medical care through urgent care centers. Who will fund them, I am not sure. Who will support them, I am not sure. That is a pretty scary thought to me, Mr. Sherwood.

CHAIR OCEGUERA:

All right. Let us go to Mr. Musgrove.

DAN MUSGROVE, REPRESENTATIVE, THE VALLEY HEALTH SYSTEM:

Thank you, Mr. Chairman. Today, I am wearing a couple of different hats. My client, the Valley Health System, wants to echo the comments of Mr. Welch. The reason I am here today is also that I represent a nonprofit called WestCare, who has stepped up to the plate for a number of years and took on the role of providing services through the community triage center.

Back in 1999, actually, Sheriff Jerry Keller of the Las Vegas Metropolitan Police Department put together a group of stakeholders who realized that hospital emergency rooms and jail cells were being overwhelmed by folks that we call “chronic inebriates” and the mentally ill. In other words, the first responders that are so important to this safety net that we have all been talking about today were getting overwhelmed by dealing with individuals that were not being serviced by the mental health programs that currently existed in the state at that time. They did some studies and found out that there is a model of something they wanted to emulate out of Memphis called the community triage center, which allowed first responders—whether it was police, ambulance services—to take these folks who it was not appropriate for them to be in a hospital emergency room or it was not appropriate for them to be in jail, as you heard Judge Breen talk about, but it was more appropriate for them to be in a situation where they could get treated, get out of their crisis. So many of these folks were self-medicating because they could not get their mental health drugs because the system that we had back then was just so dramatically overwhelmed. It was the community who came together to try to give another source of treatment that was unlike anything that this state had ever seen. It took a number of years at this Legislature to get the state involved in funding it.

It was the Subcommittee [Subcommittee on Human Services and Capital Improvements] this session that saw the Governor’s budget, and Vice Chair Mastroluca and Vice Chair Leslie, during the earlier hearings that we had this session, identified the fact that community triage was a very, very important resource. They suggested taking one of the ideas that the Governor had given dealing with transportation. In a perfect world—and that is one of the things that I want to

talk about—the transportation is a wonderful idea, and I want to give kudos to Mike Willden and his staff for coming up with the idea. The trouble is that there are so many other cuts going on in this budget that the stakeholders across the state felt that it really would have been useless to the system without all the other spokes of this wheel that we have.

Assemblywoman Mastroluca came to a meeting that we had in December. This is a redundant statement that they heard me make back during the first hearing, but I want to make it for all of you today. There was a stakeholder meeting, a bunch of the mental health advocates met and gave presentations to a number of legislators who showed up—a lot of freshmen, a lot of folks that are in the health care committees. Assemblywoman Mastroluca asked me specifically, and this was when we first received the Governor’s recommendation back around October 15, “What is your solution with all these cuts?” I could not answer her at that time. Then it dawned on me as I was driving home that everything that the advocates were talking about, everything that is on pages 6, 7, and 8, were our solutions to the mental health crisis. This budget dismantles them to such a dramatic degree that I think that we will be back in crisis very, very soon. Our hospital emergency departments (EDs) will be full again of mental health chronic inebriates—our jail cells. Right now the Las Vegas Metropolitan Detention Center is the largest mental health hospital we have in the State of Nevada. They have over 600 people on any given day that are receiving psychotropic drugs. Judge Breen talked about it with eloquence, but this is the system that we have, the spokes of the wheel that have to work interchangeably for us not to go into crisis.

I was with the County [Clark County] back in 2004 when the county manager at the time, Thom Reilly, declared a crisis because one out of every three emergency beds that we had in southern Nevada were filled by a mentally ill or chronic inebriant. We certainly do not want to go there again. My fear is that not only community triage is important but Mental Health Court and outpatient and sustainable living arrangements are all the things that this Legislature, hearing advocates for years and years, have built dollar by dollar to put together a system that we are afraid is going to be dismantled. I just want to leave you with that and ask for your support on all of these measures. I stand open to questions.

CHAIR OCEGUERA:

Thank you, Mr. Musgrove. Questions? All right, I am not seeing any. Ms. Gasca? I am sorry, I did see one question. Mrs. Mastroluca.

ASSEMBLYWOMAN MASTROLUCA:

Thank you, Mr. Chairman. I just had a quick question, Mr. Musgrove, and I am sure that Mr. Welch could probably chime in on this also. Could you let me know how well-prepared our hospital emergency rooms are to handle patients with mental health needs?

DAN MUSGROVE:

Mr. Welch might be more appropriate. Really, all we do is act as caretakers. It is not the hospital’s role—we are acute care facilities. We can deal with bumps and bruises and broken bones and illnesses, but mental illness deserves to be in a mental health facility. We can medicate them and stabilize them, but it is not a treatment facility. We are caretaking them until they can get moved into the state system. Still, with all the things that the state is doing really, really hard to do—when Dr. Cook [Harold Cook, Administrator, Division of Mental Health and Developmental Services] testified in front of your committee, I think he stated that it was at least 45 hours to 50 hours that they are staying in those hospital emergency departments. Folks, that is two days. We have done the math. I will not do it right now, but we can usually turn around an emergency room bed in about 2.5 hours. Divide 2.5 into 50, figure out how many we got on any given day—the numbers change. When it was a crisis, it was a 100; that is a lot of beds that are not being accessed by your loved ones. It is your loved ones that are sitting in those waiting rooms waiting to get to those beds.

BILL WELCH:

Mr. Chair, I would only reinforce Mr. Musgrove's comments. Hospital ERs are there to triage the patient, do the initial assessment, and then move the patient to the level of care. We are prepared to deal with the physical conditions. The psychological conditions, all we can do is we clinically evaluate. If they have a medical condition, that is treated, and then they are prepared for transfer to an appropriate facility. They are not receiving mental health services in our hospital ERs other than whatever medications they are being provided to stabilize them until such point in time they can be transferred to the appropriate setting for their care.

ASSEMBLYWOMAN MASTROLUCA:

Thank you very much, Mr. Welch. I appreciate the comments, Mr. Musgrove, and I appreciate the time that you have taken to educate myself as well as my committee on the importance of these issues. It is a good reminder that those times where you need to get a loved one into a hospital and you are sitting in an emergency room waiting, chances are the reason you are waiting is because those beds are being taken by mental health patients that are unfortunately not getting the treatment they deserve. Thank you, Mr. Chairman.

CHAIR OCEGUERA:

Thank you, Mrs. Mastroluca. Now, Ms. Gasca.

REBECCA GASCA, LEGISLATIVE AND POLICY DIRECTOR, AMERICAN CIVIL LIBERTIES UNION OF NEVADA (ACLU):

Thank you, Mr. Chair. Those of you who normally sit on the Ways and Means Committee know that you normally do not see me in your Committee. Today, I am compelled to speak with respect to the constitutional level of care that may be impacted by some of these budgetary proposals.

The ACLU is not a budgetary expert by any means. We do not take any position relating to specific levels of funding nor any tax creations, impacts fees, anything of that sort. We do, however, take positions on constitutional level of care. You heard some specific testimony from the judges earlier this evening. You have heard about how the budgetary impacts will result in possible undermining of the constitutional obligations that the state has with respect to criminal justice-related issues in particular. We are concerned about Mental Health Courts. We are concerned about the juvenile parole obligations that the state has. We are concerned about juvenile justice issues in general, particularly with regards to early intervention services and those types of services that are generally provided to young adults or juveniles in order to keep them out of long-term involvement with the criminal justice community.

The ACLU certainly cannot take positions on specific levels of funding, particularly because constitutional challenges generally stem in as applied situations. But I just wanted to make it clear that we are certainly watching these very difficult decisions that are being presented to you today. We are not oblivious in the fact that we are in dire fiscal straits, but there are certain issues that the state is constitutionally obligated to provide, and we hope you will take that into consideration as you move forward.

I will be here tomorrow morning to be present at the Ways and Means' consideration of several bills, in particular, Assembly Bill 528. I am going to leave my comments brief on that, but that is the Governor's response to moving funds from the medical marijuana program to fund substance abuse programs. We are quite disappointed in the fact that as we see it, the state is playing what we consider a game of monkey in the middle with medical marijuana patients. We have abdicated our responsibility. We have unfortunately created a system where many patients turn to the black market to find their medicine, and, at the same time, we are scalping the funds that they contribute to access this constitutionally allowed medical care in Assembly Bill 528 by turning those excess revenues over to other areas of the budget rather than reinvesting them in the program.

I want to share one quick story, and that is of a student at the University of Nevada, Reno (UNR), whose grandmother just died. She was dealing with various types of chemotherapy, radiation treatments. This woman could not swallow. This woman was in severe pain for many, many months. This granddaughter bought this grandmother's medication on the black market, and that is because her grandmother could not grow her medicine herself. This is an unfair situation to put students in. It is an unfair situation to put grandchildren in, to force them to go and buy their grandparents' medication rather than provide a system that protects the interests of patients.

We hope you take this into consideration because 10 years ago, the state's constituency did pass this constitutional amendment, and the state has unfortunately neglected its responsibility to provide constitutional access to this medicine. With the moving of funds from the medical marijuana program to other areas, we certainly see that as a continued abdication of responsibility to the state. We hope you will reconsider it or at least reconsider taking a look at the overall status of the medical marijuana program in order to provide better care for our constituencies. We also hope that you consider the long-term impact of the budgetary decisions on particularly the criminal justice system as a whole and as they relate to the short and long-term impacts of the decisions you make. Thank you, Mr. Chair.

CHAIR OCEGUERA:

Thank you, Ms. Gasca. Any questions? I am not seeing any. Mr. Shick.

SCOTT SHICK, CHIEF JUVENILE PROBATION OFFICER, DOUGLAS COUNTY JUVENILE PROBATION DEPARTMENT:

Thank you, Mr. Chairman, members of the Assembly. This will be brief. I represent Douglas County Juvenile Services and also the rural juvenile jurisdictions in our state. I want to echo the comments of Judge Frances Doherty, Carey Stewart from Washoe County, Fritz Reese from Clark County, and our concerns regarding the juvenile budget and the pushdown.

That unresolved concern of \$6 million per year for the biennium, we just hope that you will take another look at that and know that the Nevada Youth Parole Divisions, an organized, expert, cooperative system brings solutions to the table regarding complex issues at getting juveniles on track before they reenter our communities. Parole is a necessary state function and should continue to be funded by our state. I want you folks to know that we do work hard with our state partners and we avoid duplicity, we streamline this process, and we do it right for kids. If our rural juvenile jurisdictions are required to pay for these services, we will have more lay-offs and a significant reduction in the community-based juvenile justice strategies that we have researched and implemented on a statewide basis. In addition to that, we will most likely increase commitments to our state's custody and back up our detention centers with dead time.

I am just asking from the rural standpoint—and I know there are rural Assembly persons in this room—to take a look at this. Juvenile Services is not fat. We are doing the best with what we got. Like a lot, we know we got to take some cuts. We are prepared to do that. We are prepared to work with our state partners and stay at the table with them and get through this. We do not need to regress to a system that trains kids for prison. We have been there, and it did not work. Like I said, we need to streamline and move forward. Thank you very much. I would encourage you to at least get in touch with your local juvenile administrators and help us get this right for years to come. Thanks very much. Thanks, Mr. Chairman.

CHAIR OCEGUERA:

Thank you. Thank you for staying around as well. All right, let us have public comment. Anyone from the public wanting to speak? If there is anyone in Las Vegas, we cannot see you. All right, I do not see any. Mr. Conklin.

Exhibit A is the Agenda. Exhibit B is the Attendance Roster.

Exhibit C

**ASSEMBLY COMMITTEE OF THE WHOLE
WORK SESSION ON GOVERNOR'S BUDGET PROPOSAL FOR
HEALTH AND HUMAN SERVICES**

Agency: Department of Health and Human Services Date: April 29, 2011
Budget Pages: DHHS Director-1—DHHS DCFS-112, Volume II and III

Overview

This report provides a high-level review of the major recommendations included in the Governor's recommended budget. The report also provides information that has been obtained by the Health and Human Services Joint Subcommittee throughout the budget review process regarding the Governor's recommendations.

Director's Office

Family-to-Family Program – The Governor recommends eliminating the Family-to-Family Connection (F2F) program to achieve a General Fund savings of \$2.5 million over the upcoming biennium, and using \$471,149 of the savings in each year to restore funding for the Differential Response (DR) program and the Family Resource Centers (FRC). The F2F programs support families of infants and toddlers by providing parenting classes, information on child safety, health, nutrition and infant CPR, and support to new parents as a proactive approach to preventing child abuse and neglect.

Currently there are 20 F2F programs statewide (18 operating within FRCs and 2 stand-alone). Based on the Governor's recommendation, the 2 stand-alone facilities would close, and the F2F program and FRC facility in which it operates in Pershing County would close. Additionally, 3 F2F programs co-located with FRCs would not provide F2F services whatsoever, and 13 FRCs would attempt to continue some of the F2F services. Although the money committees approved the Governor's recommendation to eliminate funding for the F2F program, the committees placed the restoration of the F2F program on a potential add-back list should additional funds become available.

Indigent Supplement Account – The Governor recommends that the property tax proceeds in the Indigent Supplement Account, budgeted at \$19.6 million in FY 2012 and \$19.8 million in FY 2013, be redirected to the State General Fund to offset revenue shortfalls instead of reimbursing Nevada counties for indigent hospital care. Since December 2008, approximately \$112.6 million in property tax proceeds collected for indigent claims has been redirected to the General Fund, leaving minimal amounts to pay claims. Claims are funded through property tax revenues equivalent to one-cent per \$100 of assessed value and a property tax levy of 1.5 cents on each \$100 of assessed valuation.

Current law requires that revenue in the Fund be used to reimburse hospitals for expenses related to the treatment of indigent persons involved in automobile accidents, and to assist counties with catastrophic indigent hospital bills once the county has exhausted funds from its indigent account.

Aging and Disability Services Division

Senior Citizens' Property Tax Assistance – The Executive Budget recommends eliminating the Senior Citizens' Property Tax Assistance program for a General Fund savings of \$5.7 million in each year of the upcoming biennium. The program offers refunds to both homeowners and renters who qualify. During FY 2011, 16,610 refunds were issued, with an average refund of \$267.

Elder Protective Services – The Governor recommends billing the counties for the cost of performing Elder Protective Services (EPS) duties, for a General Fund savings of \$1.0 million in FY 2012 and \$1.2 million in FY 2013. It should be noted that the total amount to be billed includes funding to add 15 new Social Worker positions over the biennium, in order to reduce the caseload to 40 cases per Social Worker. The counties would be billed annually based upon the average percentage of EPS cases in each county during FY 2010 and FY 2011. This proposed methodology is different from the billing methods recommended for other divisions within the Department of Health and Human Services. For example, the Division of Child and Family Services (DCFS) is recommended to bill for child protective services based upon each rural county's share of Nevadans in the age cohorts for that service. Therefore, it has been discussed that EPS services should be billed based upon residents aged 60 and older in each county.

Use of Tobacco Settlement Funds in Place of General Fund – The Governor recommends redirecting funding for the Traumatic Brain Injury (TBI) and Autism programs from the General Fund to Tobacco Settlement funds in FY 2013, for a General Fund savings of \$2.7 million. The Tobacco Settlement monies would cover \$1.49 million in TBI costs, plus \$1.18 million in autism costs. The Tobacco Settlement funds would come from the April 2012 payment made to the Trust Fund for Public Health, which receives 10 percent of each year's Tobacco Settlement payment.

Division of Health Care Financing and Policy

Medicaid and Check Up Rate Reductions – The Governor recommends rate reductions for medical services providers during the 2011-13 biennium, resulting in a General Fund reduction of \$25.2 million in FY 2012 and \$24.4 million in FY 2013. Recommended rate reductions are reflected in the table below.

Provider/Service	Rate Reduction	2011-13 GF Savings
Dental services, durable medical equipment, and disposable medical supplies	25%	\$9.9 million
Outpatient hospitals	15%	\$2.7 million
Ambulatory surgical centers, ambulance services, and end stage renal disease services	15%	\$2.2 million
Non-primary care physicians, physician assistants, nurse midwives, and nurse practitioners	15%	\$7.7 million
Home and community-based services for the frail elderly, adult group care, and disability waivers	15%	\$1.8 million
Non-pediatric beds for Intermediate Care Facilities for the Mentally Retarded and Developmentally Disabled (ICF/MR)	15%	\$1.2 million
Laboratory, pathology, clinical, and radiology services	15%	\$0.7 million
Inpatient hospitals, inpatient psychiatric facilities, and specialty inpatient hospitals	5%	\$13.2 million
Skilled Nursing Facilities (SNF) and hospice services provided by SNF (paid at 95 percent of daily SNF bed rate)	\$20 per bed day	\$10.2 million
Total		\$49.6 million

Eliminate Non-Medical Vision Services – The Governor recommends eliminating non-medical vision services for adults ages 21 years and older, resulting in a General Fund reduction of \$1.8

million over the 2011-13 biennium. Recipients would continue to be able to have eye exams, but funding would no longer be available to purchase glasses or other eye appliances. The agency indicates 7,833 patients, aged 21 years and older, received non-medical vision services during FY 2010.

Funding Shift to Local Governments – The Governor recommends transferring financial responsibility for a portion of the Medical Aid for the Aged, Blind and Disabled (MAABD) institutional and waiver population to the County Match Program, resulting in General Fund savings of \$37.2 million for the 2011-13 biennium. Currently counties are only responsible for paying the state share of costs for Medicaid clients in institutional care whose income falls between 156 and 300 percent of the federal benefit rate (FBR) for Supplemental Security Income (SSI). Counties currently have no financial responsibility for waiver recipients. The Governor's recommendation makes counties responsible for both the institutional population at a lower percentage of FBR and the waiver population.

HIFA Waiver Program – The Governor recommends eliminating the Health Insurance Flexibility and Accountability (HIFA) waiver effective November 30, 2011, when the waiver expires, resulting in a General Fund savings of \$141,097 in FY 2012 and \$223,400 in FY 2013. The HIFA waiver includes coverage for pregnant women with income levels from 133 to 185 percent of the federal poverty level (FPL) and a premium subsidy of \$100 per person per month for employees and their spouses who work for small employers (2-50 employees) and who have household incomes less than 200 percent of the FPL. The HIFA waiver cannot be extended due to requirements contained in the Children's Health Insurance Program Reauthorization Act of 2009.

Mandatory Rate Increases for Medicaid and Check Up – The Governor recommends General Fund support in the amount of \$3.6 million in FY 2012 and \$5.7 million in FY 2013 for mandatory rate increases for free standing hospice services provided through Medicaid (2.84 percent annually), Federally Qualified Health Centers and Rural Health Clinics (2.3 percent annually), Indian Health Services (4.58 percent annually), capitation rates for managed care organizations (0.5 percent annually) and inflation for pharmacy rates for the Check Up program (3.4 percent annually).

Medicaid Caseload Increases – The Governor recommends General Fund support in the amount of \$102.5 million in FY 2012 and \$120.8 million in FY 2013 for Medicaid caseload increases during the 2011-13 biennium. Medicaid caseloads are projected to increase by approximately 23.1 percent in FY 2012 over the actual caseloads for FY 2010, and by approximately 4.1 percent in FY 2013 over the projected caseloads for FY 2012.

Check Up Program – The Governor recommends General Fund support in the amount of \$260,869 in FY 2012 and \$655,499 in FY 2013 for caseload growth in the Check Up program during the 2011-13 biennium. Check Up caseloads are projected to increase by 2.28 percent in FY 2012 compared to FY 2011 projected caseloads and by an additional 4.09 percent in FY 2013 compared to FY 2012.

Replace Expiring Increased FMAP – The Governor recommends net General Fund increases of \$96 million in FY 2012 and \$66.2 million in FY 2013 as a result of the expiration of the enhanced Federal Medical Assistance Percentage (FMAP). The Executive Budget projected the rate to decrease from 63.93 percent in FY 2010 to 55.05 percent in FY 2012 and 57.66 percent in FY 2013. The FMAP rate was enhanced by ARRA during the 2009-11 biennium.

Revised Caseload Projections and FMAP – Typically, the Division re-runs the Medicaid and Check Up projection models in March of each legislative session using the most recent caseload and cost per eligible (CPE) information available. This information is used by the money

committees in conducting their final review of the Medicaid and Check Up budgets to determine if funding modifications should be considered prior to budget closings.

Based on the results of the projection model re-runs, conducted in March 2011, the agency projects decreases in caseload projections and increases in CPE projections, which result in a net overall decrease from the amounts included in The Executive Budget. The tables below summarize the revised caseload projections for the Medicaid and Check Up programs.

Medicaid Caseload Projections 2011-13 Biennium					
FY 2010	FY 2011 (Projected)	FY 2012 (Gov Rec)	FY 2012 (Amendment)	FY 2013 (Gov Rec)	FY 2013 (Amendment)
240,496	278,586	295,940	295,300	308,076	306,369

Note: Caseload totals include Special Low Income Medicare Beneficiaries (SLMBs).

Check Up Caseload Projections 2011-13 Biennium					
FY 2010	FY 2011 (Projected)	FY 2012 (Gov Rec)	FY 2012 (Amendment)	FY 2013 (Gov Rec)	FY 2013 (Amendment)
21,713	21,550	22,040	20,977	22,944	21,241

Additionally, the FMAP for the second year of the biennium is traditionally revised during the legislative session, based on information provided by the Federal Funds Information for States (FFIS). According to an issue brief published by the FFIS on March 25, 2011, the FMAP rate for Nevada is projected to increase to 60.28 percent in FFY 2013, resulting in a blended FMAP rate of 59.26 percent for FY 2013, an increase of 1.60 percent compared to the blended FMAP rate of 57.66 percent used in The Executive Budget.

On April 22, 2011, the Budget Division submitted several budget amendments based on revised caseload projections for the Medicaid and Check Up programs and the revised FMAP projections. The modifications result in a General Fund reduction of \$52.9 million during the 2011-13 biennium.

Health Division

County Payment for Health Division Programs and Services – The Governor has recommended billing the counties for several services provided by and/or funded by the Health Division:

- The Governor recommends replacing General Funds of \$594,760 in FY 2012 and \$586,759 in FY 2013 with county reimbursements for inspection and permitting in the Consumer Health Protection account. Since the majority of the inspection work is for food establishments, the Division has utilized the number of food establishments in each rural county as the basis for apportioning the costs to each county.
- The Governor recommends billing counties for Emergency Medical Services licensure and training services, for a General Fund savings of \$752,723 in FY 2012 and \$755,653 in FY 2013. The Health Division has indicated that each county's share was calculated based upon the Division's calculation of work hours in each county.
- The Governor recommends elimination of \$625,184 per fiscal year in General Fund for state tuberculosis and sexually transmitted disease program spending. The majority of this state funding (\$617,804) is expended on medical treatment costs for tuberculosis. Currently, the Health Division reimburses the county health districts (Clark, Washoe, and Carson City) as well as the Community Health Nursing program for treatment of persons with tuberculosis in the counties.

Division of Welfare and Supportive Services

Eligibility Engine System – The Governor recommends total funding of \$1.0 million in FY 2012 and \$13.9 million in FY 2013 for the development and implementation of an Eligibility Engine system that will determine individual eligibility for publicly subsidized health care programs. The entire FY 2012 cost of \$1.0 million will be funded with federal funds, and the \$13.9 million in FY 2013 will be funded with \$13.4 million in federal funds and \$494,838 in General Funds. The Eligibility Engine will be integrated with the Health Insurance Exchange (HIX), the Division of Health Care Financing and Policy (DHCFP), and the Division of Welfare and Supportive Services (DWSS) public assistance programs, as mandated under the Affordable Care Act. The Eligibility Engine is a key component of the HIX, because it will store all of the eligibility rules for the State's publicly-subsidized health coverage programs in one place that will be accessible to all individuals shopping for health coverage from multiple entry points.

TANF Reserve Levels – Based on the most recent Temporary Assistance to Needy Families (TANF) Block Grant source and use data provided by the Welfare Division at its March 31, 2011, caseload meeting, TANF-related expenditures as recommended in The Executive Budget (cash assistance, eligibility, administration, etc.) for the 2011-13 biennium exceed available resources (block grant plus maintenance of effort [MOE]) in each year. As a result, the balance of unspent TANF funding is projected to decrease to \$5.3 million at the end of FY 2012, and then to negative \$2.5 million at the end of FY 2013. TANF expenditures as recommended by the Governor were originally projected to result in unspent TANF funds of approximately \$1.0 million at the end of FY 2013. However, recent notification that federal TANF Contingency Grant will be reduced by \$3.4 million in FY 2012, along with the revised March 31, 2011, TANF cash assistance projections, result in the projected negative ending TANF reserve.

The Director of the Department of Health and Human Services (DHHS) and the administrator of DWSS have indicated the negative TANF reserve will be addressed by including \$2.5 million in TANF Contingency Grant funds in FY 2013, which would bring the projected TANF reserve to zero at the end of FY 2013. However, DWSS has not received formal notice it will receive these federal funds for FY 2013, and their inclusion to balance the TANF source and use statement may be risky. If the 2011 Legislature approves the TANF budget as recommended by the Governor, and if TANF Contingency Grant funds of \$2.5 million are not provided by the federal government in FY 2013, the Division would have to implement reductions to TANF program expenditures beyond those recommended by the Governor in The Executive Budget, including possible reductions in TANF cash assistance grants.

TANF Expenditure Reductions – Due to the declining TANF reserve and the fact that TANF expenditures exceed TANF revenues in both years of the 2011-13 biennium, significant reductions in TANF expenditures are required. Accordingly, The Executive Budget contains five recommendations that reduce or eliminate existing programs and funding transfers in the TANF budget. These recommendations, which reduce TANF expenditures by a total of \$12.37 million in FY 2012 and \$12.75 million in FY 2013 include:

- Reduce the rate for kinship care payments from the current average level of \$894 to the average non-needy caretaker rate of \$427. This recommendation reduces TANF expenditures by \$1.68 million in FY 2012 and \$1.76 million in FY 2013, and will affect approximately 500 children in each year of the biennium. The Kinship Care program provides cash benefits for children living with relatives. The Director of DHHS has testified that this reduction may be restored by the Governor through a budget amendment.
- Eliminate the TANF loan program, which provides a monthly financial payment designed to meet a family's needs such as food, shelter, and clothing until an anticipated future source of income is received. This recommendation would reduce TANF expenditures by \$2.03 million in FY 2012 and \$2.34 million in FY 2013. The funding would otherwise serve an average of 524 families in FY 2012 and 604 families in FY 2013, with an average

monthly benefit of \$316. The most common benefit recipient is a household with an otherwise work-eligible recipient awaiting receipt of Supplemental Security Income (SSI). The Director of DHHS has testified that this reduction may be restored by the Governor through a budget amendment.

- Reduce TANF funding provided to social service subcontractors by 50 percent, decreasing TANF expenditures by \$694,544 in each year of the biennium. These subcontractors provide social service benefits to TANF recipients with substance abuse and domestic violence issues. This recommendation would not reduce the per-client cost, but would reduce by approximately one-half the number of clients served (from 372 clients to 182 clients).
- Eliminate all transfers to other state programs within DHHS, reducing TANF expenditures by \$7.14 million in each year of the biennium. These transfers include: \$3.3 million annually to DCFS for child welfare case management and protective services; \$1.7 million annually to MHDS for rural clinics; \$1.1 million annually to MHDS for autism; \$754,063 annually to the DHHS Director's Office for use as Title XX funds in the Grants Management Unit; and \$307,849 annually to the Health Division for rural counties.
- Eliminate transfers of TANF funds to county child protection programs in Clark and Washoe Counties, which reduce TANF expenditures by \$817,498 in each year of the 2011-13 biennium.

Silver State Works – The Governor recommends General Fund appropriations of \$6.0 million in FY 2012 and \$4.0 million in FY 2013 in the TANF account to implement the Silver State Works (SSW) program, which is a plan to increase employment outcomes for the State's TANF client population. The SSW program would be a collaborative effort between the Department of Employment, Training and Rehabilitation (DETR) and DWSS. The plan's objective would be to enhance Nevada's economy by expanding the total number of jobs in the State, and increasing the working population through employment incentives, on-the-job training, the Community Work Experience Program, and targeted training. The Governor recommends the entire biennial cost of \$10 million be used to reimburse employers for costs associated with providing employment for TANF and TANF at-risk clients. Employers would be able to utilize the reimbursement to pay the costs associated with on-the-job training, equipment, fees, etc. Employer incentives will likely be paid over a four to six-month training period, with a pay structure that encourages job creation and job longevity. Incentives are envisioned to range from \$1,000 to as high as \$5,000 for participants with significant and multiple employment barriers. All work eligible individuals would be required to develop and participate in a Personal Responsibility Plan, which would address the entire family, including items such as school attendance, medical care, immunizations, etc.

Child Support Reductions – The Governor recommends eliminating the Employment Assistance Program (EAP) statewide, which results in reduced state-funded child support expenditures of \$172,111 over the biennium, and a corresponding loss of federal matching funds of \$334,097 (based on the 66 percent Federal Financial Participation [FFP] matching criteria). The EAP provides supportive services to eligible non-custodial parents who are unemployed or under-employed, with the goal of increased child support collections and compliance with court orders. The Governor also recommends eliminating ten state positions that are co-located with Clark County Child Support Enforcement in Las Vegas. This recommendation reduces state-funded child support expenditures by \$494,704 over the biennium, with a corresponding loss of federal matching funds of \$960,307. The elimination of these ten positions will increase caseloads for case managers in Clark County, impacting the collection of child support payments. Further, the Governor recommends eliminating three positions and associated costs from the Child Support

Enforcement Program account, reducing state-funded child support expenditures by \$120,694 over the biennium, with corresponding reductions in federal matching funds of \$234,287.

Child Care Reductions – The General Funds in the Child Assistance and Development account have historically been used to match federal grants and provide funding for a portion of the TANF Block Grant Maintenance of Effort (MOE) requirement, which is \$2.6 million annually. The Governor recommends reducing General Fund appropriations for this account by 69.2 percent, from the 2009-11 legislatively approved level of \$16.9 million to \$5.2 million for the 2011-13 biennium, which is the minimum MOE level required by the federal government. The Governor further recommends utilizing certified matching funds in lieu of General Funds as the State’s portion for matching federal funds. Certified matching funds consist of qualifying expenditures from both public and private community partners. These recommendations result in a monthly average of 1,111 eligible children unserved in FY 2012 and a monthly average of 1,515 eligible children unserved in FY 2013. All TANF NEON and all TANF at-risk clients would be served – the unserved clients would come from the discretionary population, which generally consists of families with incomes between 131 percent and approximately 250 percent of the Federal Poverty Level.

Division of Mental Health and Developmental Services

The Division of Mental Health and Developmental Services (MHDS) is responsible for the development, administration, coordination and evaluation of state treatment and training programs for mentally ill and mentally retarded citizens. The Governor recommends the following total funding for the Division:

Division of Mental Health and Developmental Services						
Funding Source	Legislature Approved 2009-11 Biennium		Governor Recommends 2011-13 Biennium		Increase / (Decrease)	
General Fund	\$465,740,537	66.0%	\$401,189,215	65.0%	\$(64,551,322)	-13.9%
Balance Forward	\$467,742	0.1%	\$552,328	0.1%	\$84,586	18.1%
Federal Fund	\$64,565,483	9.2%	\$53,157,106	8.6%	\$(11,408,377)	-17.7%
Interagency Transfer	\$168,780,646	23.9%	\$139,755,250	22.6%	\$(29,025,396)	-17.2%
Other Fund	\$5,841,155	0.8%	\$22,727,036	3.7%	\$16,885,881	289.1%
Total MHDS	\$705,395,563	100.0%	\$617,380,935	100.0%	\$(88,014,628)	-12.5%

As noted in the table above, the Governor’s recommended 2011-13 budget decreases overall funding for the Division by 12.5 percent (13.9 percent General Fund reduction) when compared to the funding approved by the 2009 Legislature. For the Division, the Governor recommends decreasing the total number of positions from 1,717.23 FTE (adjusted base) to 1,541.99 FTE, a net decrease of 175.24 FTE, or 10.2 percent.

Eliminate the State’s One-Third Funding Support for Community Triage Centers – The Governor recommends eliminating General Fund support of \$1.25 million each year representing the State’s one-third share of support for the Community Triage Centers (CTCs) in Clark (SNAMHS - \$750,000) and Washoe (NNAMHS - \$500,000) Counties. The local governments and hospitals combine to make up the remaining two-thirds funding support for WestCare Nevada to operate the centers in Las Vegas and Reno. The community triage centers were initially established by the 2005 Legislature as an alternative to taking individuals experiencing mental health and substance abuse crisis episodes to local hospital emergency rooms. During its work session held on March 29, 2011, the Human Services Joint

Subcommittee discussed an alternative proposal to restore the State's one-third funding support for the community triage centers by utilizing General Funds of \$1.27 million in FY 2012 and \$1.75 million in FY 2013 recommended by the Governor to implement a non-medical transportation service of clients from local emergency rooms to the SNAMHS inpatient facilities. The alternative proposal was supported by various stakeholder groups in Clark County. The current contractor for the community triage center in Las Vegas has a van available to transport individuals to the SNAMHS campus as necessary. They also noted the local hospitals have also considered using their non-emergency vehicles as well to assist in transporting individuals to SNAMHS inpatient facilities.

Reduce Outpatient Counseling Services – Outpatient counseling services provide individual and group therapy opportunities that teach individuals to manage their emotions and behaviors, and are offered in conjunction with service coordination and medication services. The Governor's budget reduces funding for outpatient counseling services by \$1.2 million each year, including General Fund savings of \$957,551 in FY 2012 and \$959,898 in FY 2013, and eliminates a total of 12.51 positions. A total of seven positions are eliminated at SNAMHS (4.0 Licensed Psychologists and 3.0 Clinical Social Workers); five positions at NNAMHS (3.51 Licensed Psychologists and an Administrative Assistant); and a Licensed Psychologist in the Winnemucca clinic. Information submitted by the Division notes that the recommendation would affect services to approximately 875 individuals annually at SNAMHS, approximately 456 individuals annually at NNAMHS, and 130 individuals in the rural portions of the State.

Reduce Supported Living Arrangements – The Governor recommends funding reductions of \$4.4 million each year, including General Fund of \$3.6 million in FY 2012 and \$3.5 million in FY 2013, by eliminating 272 supported living arrangements (SLAs) statewide: 201 at SNAMHS, 35 at NNAMHS, and all 36 placements currently authorized for Rural Clinics. In addition, the Governor also recommends further funding reductions of \$2.5 million (\$1.4 million General Fund) each year by eliminating 54 SLAs at Desert Regional Center. Supported living arrangements provide financial assistance for rent and utilities in a variety of settings (e.g., group homes, individual placements, etc.) and provides training to develop independent living skills as an alternative to institutional placement. As a result of the FMAP and Medicaid caseload adjustments previously mentioned, the Department Director has prioritized the restoration of funding for the 272 mental health SLAs. However, Fiscal staff had not received an amendment reflecting the Department's or Governor's priority at the time this document was prepared.

Assess Counties for Mental Health Court – The Governor recommends reductions in General Funds of \$3.0 million each year, with corresponding reimbursements for recovery of Mental Health Court costs, from Clark (\$1.68 million) and Washoe (\$1.2 million) Counties, as well as Carson City (\$112,670 in FY 2012 and \$113,390 in FY 2013). The Mental Health Courts provide counseling and administrative staffing (9.01 positions at SNAMHS, 4.0 positions at NNAMHS and 1.0 position in Carson City), as well as SLAs and medications in support of individuals directed to the program by the district courts in the respective jurisdictions. Individuals are placed in the program due to habitual arrests and convictions of crime resulting from mental illness, as well as substance abuse related to mental illness as an alternative to incarceration in local or state facilities. Senate Bill 469 as introduced would require a county which has established a mental health court to provide the services for defendants assigned to the program, and would allow for the county board of commissioners to enter into contracts and agreements necessary to provide services for individuals assigned to the program.

Reduction of Inpatient Beds – The Governor recommends the continued closure of the 22-bed inpatient unit in building 3 at SNAMHS as approved by the 26th Special Session (2010), as well as the closure of the other 22-bed unit in building 3A. As a result, SNAMHS inpatient hospital capacity decreases from 234 beds to 190 beds (the Rawson-Neal Hospital). General Funds are

reduced by \$3.8 million in FY 2012 and \$3.9 million in FY 2013. A total of 50.35 positions are recommended for elimination as well as related facilities operating costs.

The Governor also recommends eliminating 12 positions at the Lake’s Crossing Facility in Sparks that were held open during the current biennium in order to achieve budget reductions that were approved by the 26th Special Session. The recommendation results in General Fund reductions of \$700,333 in FY 2012 and \$711,356 in FY 2013. In addition, the Governor also recommends eliminating an additional 9.49 positions, which reduces the inpatient capacity at Lake’s Crossing from 70 to 66 beds. The recommendation further reduces General Funds by \$656,225 in FY 2012 and \$666,491 in FY 2013.

Assess Counties for Services to Children – The Governor recommends General Fund savings of \$5.7 million in FY 2012 and \$5.8 million in FY 2013 by shifting the cost of service coordination provided to children under 18 from state funds to reimbursement from the counties where they reside. The Executive Budget cites NRS 435.010 as the basis for the recommendation. This statutory provision states that the boards of county commissioners shall make provision for the support, education and care of children with mental retardation and related conditions, and are empowered to make necessary contracts and agreements to carry out the provision of services. Based on information provided by the Division, the following table displays the number of children impacted, as well as the number of equivalent Developmental Specialist positions, that provide service coordination to children:

Agency	# of Children	# of Service Coordinators	FY 2012 General Fund Cost	FY 2013 General Fund Cost
Desert RC	1,120	25	\$ 3,161,290	\$ 3,307,429
Sierra RC	299	7	\$ 1,685,899	\$ 1,637,502
Rural RC	127	3	\$ 889,602	\$ 864,199
Total DS	1,546	35	\$ 5,736,791	\$ 5,809,130

The costs noted above include salary and benefits for service coordinators (Developmental Specialists) and clinical services, as well as costs for SLAs, respite and purchase of services agreements. It was also noted during the budget hearing that the amounts noted above are overstated by \$385,460 in FY 2012 and \$604,292 in FY 2013 due to the inclusion of agency-requested caseload growth that was not included in The Executive Budget. The Budget Office submitted Budget Amendments A240 and A241, reducing the amount of county reimbursements and associated General Fund savings associated with this recommendation by the noted amounts.

Eliminate Self-Directed Autism Services – The Self-Directed Autism Program, which began as a pilot program during the 2005-07 biennium, provides fixed monthly allotments to families to purchase self-directed services of their choosing, including occupational, physical and speech therapies, behavioral training, daily living skills development, recreational/social activities and respite care. The Governor’s recommendation to eliminate the Self-Directed Autism Program affects a total of 174 families served by MHDS: 107 at Desert Regional Center, 38 at Sierra Regional Center, and 29 at Rural Regional Center. Of the 174 families in the program, 113 currently receive financial assistance through TANF funding of \$1.4 million each year transferred from the Division of Welfare and Supportive Services (DWSS). The transfer of TANF funds are recommended to be eliminated in the 2011-13 biennium due to the DWSS priorities for use of those funds in its core programs. The remaining 61 families currently receive financial assistance provided by General Funds of \$828,573 each year.

Should the recommendation to eliminate the program be approved, the Division indicates the families could transition into the residential supports program to take advantage of other service

and treatment options. The Division further notes that some individuals may end up on a waiting list due to other individuals who are at risk of institutionalization or having been on the waiting list longer as mandated by the federal Home and Community Based Waiver administered by the Division of Health Care Financing and Policy. As a result of the FMAP and Medicaid caseload adjustments previously mentioned, the Department Director has prioritized the restoration of autism funding for the 61 families supported with General Fund. However, the Director's recommendation would place the funding with the Division of Aging and Disability Services in order to consolidate autism services within one agency. Fiscal staff had not received a budget amendment reflecting the Department's or Governor's priority at the time this document was prepared.

Family Preservation Program – Supplant General Funds with Tobacco Settlement Funds – The Family Preservation Program (FPP) is a statewide program providing monthly cash assistance to low-income families who care for relatives with profound or severe mental retardation, or children under six years of age who have developmental delays, in their homes. The FPP aims to strengthen and support families so that they may remain intact and to limit or avoid the need for institutional placements. The Governor recommends replacing \$1.2 million of General Funds in FY 2013 with funds transferred from the Trust Fund for Public Health resulting from the anticipated April 2012 receipt of Tobacco Settlement funds.

Reduce Funding for the Co-Occurring Disorders Program – The Governor recommends General Fund reductions of \$1.02 million each year in the Substance Abuse Prevention and Treatment Agency (SAPTA) by eliminating the equivalent of 174 individuals (average cost of \$5,849 per person) from participating in the program each year. The 2007 Legislature approved General Fund appropriations of \$1.0 million in FY 2008 and \$2.0 million in FY 2009 to begin this service as a pilot program. The 2009 Legislature continued the program at a reduced level of \$1.5 million each year. If the Governor's recommendation is approved, funding will decrease from the FY 2011 work program amount of \$1.5 million to \$476,070 in FY 2012 and \$475,712 in FY 2013, a decrease of approximately 68 percent.

Substance Abuse Treatment Services – The Governor recommends General Fund reductions of \$1.59 million each year by reducing the equivalent of 273 individuals (average cost of \$5,833 per person) who would participate in treatment services provided by community nonprofit treatment providers. As a result of the recommendation, the agency notes that wait times for access to treatment programs will increase, and may result in persons choosing not to wait for or not to seek treatment at all. The 2007 Legislature approved increased appropriations for treatment services of \$1.5 million in FY 2008 and \$2.3 million in FY 2009, which established a work program amount of \$5.1 million. While the Governor recommended decreasing appropriations by \$401,556 in FY 2010 and \$374,068 in FY 2011 during the 2009 Legislative Session, the Legislature instead chose to reduce methamphetamine education grants by the same amount in order to preserve funding for treatment services at the FY 2009 work program level of \$5.1 million. If the Governor's recommendation is approved, funding will decrease from the FY 2011 work program amount of \$5.1 million to \$3.6 million each year, or 29 percent.

Division of Child and Family Services

Limit Responsibility for Mental Health Room and Board Expenses – The Division has submitted Senate Bill 476, and the Governor has included reductions in his budget to reflect limiting the Division's responsibility for funding mental health room and board expenses to children that are in the Division's custody for juvenile justice. Funding is recommended to be eliminated for this purpose for children not in the Division's custody, such as youth in county juvenile probation custody or parental custody. General Funds are reduced by approximately \$2.8 million in each year of the 2011-13 biennium and an additional \$1.0 million in FY 2012 and \$1.4 million in FY 2013 of General Fund increases are eliminated that would have been required to address

caseload increases. The Division asserts that its responsibility should be limited to the provision of correctional care of delinquent youth in state facilities and mental health care should be the responsibility of the agency with custody of the child. The Governor has included funding for base expenditures and approximately half of the anticipated growth in this service in his list of priorities for restoration with the General Fund savings identified through the revised FMAP and Medicaid caseload projections.

Clark and Washoe County Integration and Rural Child Welfare Budgets – The Executive Budget recommends providing the State's portion of funding in the Washoe and Clark County Integration accounts to those counties in the form of capped annual block grants, instead of the historic model of line-item expense budgets. The new funding method includes a performance improvement plan with performance targets to improve the safety, permanency and well-being outcomes for abused and neglected children. A fiscal incentive program, outside of the block grant, is also proposed to stimulate and support improvement in defined areas. Under the block grant proposal, General Fund appropriations would total \$50.0 million in each year of the 2011-13 biennium for the two counties to support child welfare services (\$12.5 million for Washoe County, \$37.5 million for Clark County). Outside of the block grant, an additional \$7.0 million supports the fiscal incentive program (\$1.75 million for Washoe County and \$5.25 million for Clark County). The Division estimated initially that the recommended changes would result in reductions in General Funds to the two counties of 3.6 percent over the biennium, but based upon recent rejections of foster care caseloads, Medicaid reimbursements, and the FY 2013 FMAP rate, the Division indicates that the Governor's recommendation will not result in reductions to the counties' funding.

The State's cost for the provision of child protective services (CPS) in the rural counties is recommended to be allocated to the counties receiving the services. General Fund appropriations are recommended to be reduced by \$2.4 million each year with the same amount recommended to be allocated to the rural counties based on a random moment sampling analysis of the agency's activities. Clark and Washoe Counties have historically funded the costs and provided CPS in their jurisdictions.

Juvenile Justice Closures – The Governor recommends the closure of three juvenile detention housing units, increasing one housing unit from 20 to 30 beds, and changing one housing unit to an intensive supervision unit at Nevada Youth Training Center (NYTC), as a budget reduction measure. The closures result in the elimination of 18 existing positions. If approved, the juvenile justice closures would also address the decrease in the number of commitments for correctional care at NYTC by reducing the 160-bed facility to 110 beds.

Other Juvenile Justice Budget Reductions – The Governor recommends eliminating \$1.4 million each year provided to local jurisdictions for youth community programs, outpatient treatment and evaluations of sexual offenders. The Governor also recommends eliminating \$1.4 million each year provided to Clark and Douglas Counties for youth camps that provide residential treatment programs to children who have been adjudicated delinquent by Nevada courts. Finally, the Governor recommends replacing General Funds totaling \$6.0 million each year with county funds for the support of supervising post incarcerated youth and facilitating re-integration processes to assist youth to prosper within the communities they reside.

In addressing the impact on the counties under the Governor's proposal, the money committees requested an alternative proposal for consideration. The Nevada Association of Juvenile Justice Administrators (NAJJA) presented an alternative plan, which considered the Governor's proposal and instead recommended eliminating an additional 110 juvenile correctional beds to reinvest the combined savings of approximately \$8.7 million each year back into the juvenile justice programs, youth camps, and to provide for the continuation of the mental health room and board payments for children not in the Division's custody. Unlike the Governor's

recommendation, the NAJJA plan did not recommend that youth parole services become the responsibility of the counties. Additionally, the Department of Health and Human Services has included the juvenile justice programs on a priority add-back list in anticipation of available revenue due to revised FMAP rates.

Exhibit D

Governor's Recommended Budget Direct Impacts to Clark County <small>April 28, 2011</small>		
State Budget	Biennium Amount	Impact
Continued Revenue Diversion of Property Tax State proposal is to continue diversion of 9 cents of property tax to support higher education.	\$117 million	5 cents of property tax normally used for capital projects (\$65 million) and 4 cents of property tax from the countywide operating rate (\$52 million), which would otherwise support countywide services such as Social Service, courts and child welfare, would continue to be diverted to support higher education.
Continued Sweeping of the Indigent Accident Fund (IAF) and Supplemental Fund State proposal is to continue sweeping of the IAF and Supp Fund.	\$32.5 million	2.5 cents of property tax intended for medical care for indigent persons would continue to be swept by the State. The continued sweeping of these funds directly contributed and contributes to UMC's critical status.
Long Term Care (MAABD) State proposal is to shift patients between 156% and 124% of federal SSI income levels to the county. Counties already fund patients between 156% and 300% of federal SSI income levels.	\$24.1 million	<ul style="list-style-type: none"> Closure of all Social Services satellite offices. Elimination of burials for all indigent persons, using only cremations. Elimination of financial assistance program that assists those facing homelessness, impacting about 8,000 individuals and families. Elimination of approximately 80 jobs, or approximately 50% of the workforce in Social Services.
Child Welfare Reduction in base budget by approximately \$7 million, which grows to \$10 million per year with lost matching funds.	\$20 million	Two options: <ul style="list-style-type: none"> Apply all cuts to personnel, and eliminate approximately 130 jobs. Caseloads will grow to 40-45 cases per worker. Apply cuts to personnel, foster care payments, and adoption subsidies. Eliminate approximately 30 jobs, cut payments to foster parents by 14.3%, cut adoption subsidies by 17%. Children currently living in a family setting will be returned to Child Haven.
Pre-Sentence Investigations Shifts funding responsibility for pre-sentence investigations to Clark County. Previously done by Department of Public Safety.	\$10.6 million	Unfunded Mandate: No funding is available for this function. If required to fund this function, Clark County would have to eliminate approximately 125 jobs to fund this unfunded mandate.
Youth Parole Services Shifts funding responsibility for youth parole, including costs for re-incarceration of youth recidivists. Cuts reimbursement of detention holds for youth that have been re-arrested after release.	\$8.6 million	Unfunded Mandate: No funding is available for this function. The Department of Juvenile Justice Services cannot absorb these costs. If required to fund this function, Clark County would have to eliminate approximately 92 jobs to fund this unfunded mandate.
Developmental Services Costs Requires counties to fund "care, support, and education of children with mental retardation." This is a service not previously required of counties.	\$6.5 million	No funding is available for this function, which would be new to Clark County. If required to fund this function, Clark County would have to eliminate approximately 77 jobs to fund this unfunded mandate.

State Budget	Biennium Amount	Impact
<p>5% Medicaid Cuts for UMC Further reduces Medicaid rates that were reduced previously. A 5% cut added to the cuts taken in 2008 would disproportionately affect services such as maternity, neonatal ICU, and psychiatric care.</p>	\$4 million	<p>UMC is already struggling as a hospital, with a projected loss of \$75 million in FY 2011. Adding an additional \$4 million in losses exacerbates this situation. An independent consultant has acknowledged that if UMC continues on its current path, it will face closure by 2014. Further cuts will cause some providers to cease taking Medicaid clients, or eliminate the services entirely.</p>
<p>Room & Board for Youth Placements Eliminates funding that provided reimbursement for local placement of 287 youths who required JSO or mental health-specific, in-patient treatment.</p>	\$3.6 million	<p>Three options:</p> <ul style="list-style-type: none"> • Cease services to youth in need of mental health services to the community. Treatment of this kind is unavailable in the community. • Place the youth out-of-state where costs will be reimbursed. • If Clark County is required to fund these placements, 43 jobs will need to be eliminated to provide funding.
<p>Mental Health Court Shifts funding responsibility of Mental Health Court to Clark County.</p>	\$3.4 million	<p>Unfunded Mandate: No funding is available to support the Mental Health Court in Clark County.</p>
<p>Elder Protective Services Requires Clark County to fund the cost of Elder Protective Services performed by the state.</p>	\$2 million	<p>Unfunded Mandate: No funding is available for Elder Protective Services. If required to fund this function, Clark County would have to eliminate approximately 24 jobs to fund this unfunded mandate.</p>
<p>Eliminates TANF Funds for Child Welfare Continued elimination of TANF Funds that have been used to support the child welfare system through funding for child abuse and neglect investigators.</p>	\$1.6 million	<p>TANF-Emergency Assistance funds have been used for the support of Child Protective Services within the child welfare system. In particular, these funds had been used to fund 10 investigators who respond to reports of abuse and neglect. Continued elimination of these funds will sustain prior reductions and delays in investigating cases.</p>
<p>Eliminates Funding for Child Support Enforcement Eliminates funding for 10 child support enforcement workers that work on cases in which the collection of money owed goes to the state general fund. Clark County handles over 39,000 cases for the state.</p>	\$1.45 million	<p>Elimination of 10 jobs, which would have provided \$12.1 million annually in child support collections for the state. Approximately 14% increase in caseload for remaining workers from 1,144 cases per worker to 1,305 cases. Delay in collection of support for needy families as well as the state.</p>
<p>Community Triage Center Elimination of state portion of funding that provides diversion of public inebriates and those with co-occurring disorders an alternative to emergency departments and jails. The CTC is a 3-part partnership between the state, local governments, and hospitals. Clark County contributes as both a local government and as a hospital.</p>	\$1.4 million	<p>Closure of the Community Triage Center, and loss of 27 jobs at WestCare. Elimination of diversionary services for public inebriates and the mentally ill, which will cause overcrowding in all Southern Nevada emergency departments, increased delay in care for those in need of emergency department services. Increased cost to the taxpayers due to use of higher-level, more costly services by individuals would have normally received care at the CTC.</p>

State Budget	Biennium Amount	Impact
<p>Community Corrections Block Grant Eliminates the Continuum of Care Program (CCP) and the Family Empowerment Program (FEP), two intensive supervision programs that serve youth who would otherwise be incarcerated. Instead these programs allow service in the community and support for the families.</p>	\$1.2 million	<ul style="list-style-type: none"> Elimination of 11 jobs, including 5 Probation Officers, 2 Mental Health Clinicians, and 4 part-time staff. Elimination of services to approximately 215 youth that has helped to reduce the rate of commitment to state facilities by 36% in the last four years. Recidivism and commitment of youth to the state will increase, leading to increased costs to the state and removal of the youth from their families and community.
<p>Eliminates "All Risk" Fire Service at Mount Charleston Elimination of fire and EMS services to the residents and visitors of Mt. Charleston.</p>	\$1.2 million	Currently, Clark County subsidizes this function with an \$800,000 appropriation each year. Requiring this function to be performed by Clark County alone would result in the loss of state jobs and an increase in the cost of service to all Clark County taxpayers of \$1.2 million (or approximately \$1000 per resident).
<p>Eliminates Support for Youth Correctional Camps Eliminates support of Spring Mountain Youth Camp, a 100 bed facility located 45 minutes from Las Vegas on Angel Peak, established in 1972. SMYC has a success rate over 90%.</p>	\$1 million	Reduction in number of beds at SMYC, and diversion of youth who would have filled the beds to other facilities. Some of these placements may be in state facilities, adding additional cost to the state.
<p>Eliminates and Shifts Responsibility for Medical Services Related to Tuberculosis Shifts funding responsibility for medical services for tuberculosis patients to Clark County.</p>	\$817,600	Unfunded Mandate: No funding is available for medical care related to tuberculosis. If required to fund this function, Clark County would have to eliminate approximately 10 jobs to fund this unfunded mandate.
<p>Eliminates Youth Correctional Aftercare Program Provides support for Aftercare Program wraparound services and supervision for youths returning to the community after SMYC.</p>	\$500,000	Loss of 3 jobs, including 2 Probation Officers and 1 Clinician. Approximately 98% of the 250 youths placed at SMYC annually receive wraparound support and supervision, with an 88% success rate. Without ongoing support, recidivism will rise.
<p>Eliminates Funding for Child Support Employment Assistance Program Eliminates 4 positions that provide assistance to non-custodial parents so they can support their children.</p>	\$379,700	Loss of 4 jobs, and all services to unemployed, non-custodial parents in need of training, education, and employment services that assist in their ability to pay their child support obligations.
<p>TOTAL (Does not include proposed "Add Backs" or indirect impacts.)</p>	\$242 Million	Loss of approximately 636 jobs, elimination of programs and services to citizens, difficulty in receiving services left remaining.

On motion of Assemblyman Conklin, the committee did rise and report back to the Assembly.

ASSEMBLY IN SESSION

At 7:02 p.m.
Mr. Speaker presiding.
Quorum present.

GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Assemblyman Livermore, the privilege of the floor of the Assembly Chamber for this day was extended to the following students and chaperones from Carson Montessori School: Cole Ashton, Tezia Boyce, Fiona Carrick, Maritza Filson, Logan Kelley, Damian Moore, James Perkins, Ivan Ramirez, Madison Haag, Julisa Saenz, Chris Sanchez, Leslie Sanchez, Denton Thom, Jake Toreson, Fox Ventura, Sam Bean, Nick Brown, Gina Castillo, Sophia Choat, Kinsley Dagget, Gabe Fanning, Dylan Hickman, Justin Kattenhorn, Sasha Kieth-Handschuh, Becca Linn, Johnny Lopez, Jaidyn Shepard, Kayla West, Rosalie Antonucci, Celeste Chaffee, Mary Milburn, Denise Ortiz, Kacie Osier, Isabelle Ramos, Ulani Rizo, Daniel Sanchez, Tony Sclafani, Gavin Seymour, Beyanka Sigala, Cheyenne Straw, Logan Tomassen, and Matt Toreson.

Assemblyman Conklin moved that the Assembly adjourn until Monday, May 2, 2011, at 11 a.m.

Motion carried.

Assembly adjourned at 7:03 p.m.

Approved:

JOHN OCEGUERA
Speaker of the Assembly

Attest: SUSAN FURLONG

Chief Clerk of the Assembly