

THE THIRD DAY

CARSON CITY (Thursday), February 25, 2010

Assembly called to order at 10:38 a.m.

Madam Speaker presiding.

Roll called.

All present.

Prayer by the Chaplain, Bernie Anderson.

Thank You, Lord, for the opportunity to serve and the trust and responsibility that our neighbors have placed on us to watch out for their wellbeing. Keep us mindful of Your power and that, while we are temporary custodians of limited power, with You all things are possible.

Thank You for the Front Desk and Sergeant-at-Arms, and the fiscal analysts, bill drafters, researchers, guards, and custodians—all who try to ease our burden and add to our understanding.

We know that there is a season and a reason for all things under the sun and that, in time, this tide will indeed pass. We pray humbly for the strength and patience to meet the challenge of this day so we can see the light of Your promised bright tomorrow.

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.

Assemblyman Conklin moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering the budget.

Motion carried.

IN COMMITTEE OF THE WHOLE

Chair Buckley presiding.

Quorum present.

Budget recommendations considered.

CHAIR BUCKLEY:

Let's consider the prison's budget. I think this was one of the budgets that the Interim Finance Committee had a lot of concern with. The testimony was, at times, confusing. We did receive a housing plan, finally, but there was a lot of concern from members of the committee. Should the Nevada State Prison (NSP) be closed? Should Casa Grande be closed? What should we do about the proposed pay cuts to correctional officers? Should they receive the same pay cut as every other state employee or should their pay cut be greater? Let me open that up and get a sense of the Committee and where you want to land on that issue.

ASSEMBLYWOMAN MCCLAIN:

Thank you, Madam Chair. I chaired the budget subcommittee for public safety during last session. We spent a lot of time debating the merits of closing NSP and laying off 150 or so prison guards in Carson City where the economy is in terrible shape like the rest of the state. It was a consensus of that body and the money committees that it was not prudent to close NSP and build a new prison. So, we did not build a new prison; we didn't close NSP; we did not allow some of the rural camps to close, for economic reasons. But here we are again talking about the same issues. Last session it was suppose to save \$20 million to close NSP. This year it is down to \$12 million. We have had testimony from employee groups and correction officers, while in the mean time they have not been able to institute the furlough program. It has been extremely difficult to get numbers that are understandable from the Department of Corrections.

I see today, on my desk, there is a new memo justification on saving money. I think some of the questions are: Do you want to decimate the Carson City economy a little bit more? Do you want to close a perfectly good prison that is not as old as every one says it is? The original prison was built around the 1860s; the buildings that are there now were built in the 1920s and 1940s. The new units on the hill were actually built in the middle 80s. It is a functioning prison. As much as I hate to even think about it, our only death chamber is in there, so they would have to leave parts of it open. You would have to leave some staff there to continue maintenance on it. I just don't think that this is a prudent way of saving money when we can institute the furlough program in the prison, just as we have across other state agencies.

They have come up with several different ideas. I would like to have some of the guards, and some of the AFSCME people present their alternatives to the 8 hour days. The 12 hour shifts, apparently, work much better in a prison setting and the guards, about 80 percent of them, prefer the 12 hour shifts. I think that there are a lot of things we need to look at and we haven't been able to get the really good answers yet, but I don't think closing NSP or Casa Grande is the right way to go. I would love to hear suggestions from other members.

CHAIR BUCKLEY:

How are people feeling about the pay differential for the guards? Should they have the same cut as all the other state employees or do we increase the cut?

ASSEMBLYMAN COBB:

Thank you, Madam Chair. I am a little bit confused about how we are describing what the pay cut is. I know that certain individuals get extra benefits on top of what their normal pay is. So, when we're saying we're going to take away extra benefits from individuals, are we considering that all a pay cut or are we considering just take back just an extra benefit that someone has enjoyed over a period of time because we have to make some very tough decisions right now?

CHAIR BUCKLEY:

They way the law is written. If you work in a remote location, you get a remote pay differential. So, you are getting that pay now and if this legislation passes you won't get it. I consider that a pay cut. It is in your pay one week and if we pass it, it won't be in your pay the next week. Now, certainly we can talk about if should there even be remote differentials. Is that a necessary benefit to recruit and retain people to work in the rural communities? We are not talking about going forward; we are talking about taking it away from the folks who are getting it right now. So, I think it is a decision this body has to make. Are we going to do it or not? I would be curious what the thoughts are from some of our rural folks, because a lot of these prisons are in the rural locations. We made the decision long ago as a state, before most of us were serving, to build our prisons in remote areas; they are there. We are not going to close any one of them any time soon, I don't think. So, those folks are already living in those communities. They made their decisions based on what we told them we would do. Certainly they would get the same pay cut as everybody else; whether it is the 4.6 or if we increase the furlough hours to a higher one, but, will they take one on top of that?

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. I think that those increases were put in for a reason to get good staff to these rural communities. They are being given it in Lovelock and Ely. According to the memorandum that I have, it is the opinion of the Attorney General, that this is a contractual agreement with those people and it would be difficult to break this agreement. I think that those of us who have lived in the rurals for all our lives—we made that decision. I think that the increase they get is worth it to have those people there to staff our facilities. I just hope we would not take those increases away from them because I think it would make it harder to get the good staff that we need. In Lovelock we never hear anything. I think Lovelock runs really well, from the people I have talked to and to my knowledge. Sometimes in Ely we have a few problems, but I think most of them have been taken care of. So, for my own personal opinion, I think that the small increase they get is worth it to keep it. Thank you.

ASSEMBLYMAN GRADY:

Thank you, Madam Chair. In some ways I think the state created the problem that we are facing now. When the decision was made to put the prison in Ely, White Pine County was told that certain things would happen, like a new courthouse and things like that – that never happened. When they decided to put the prison in Lovelock it was based partially on economic development theory that the prison would bring in all these people to Lovelock and Lovelock would continue to grow – that never happened. We turn around, as a state, and said “through a contract, we will pay you people more money if you live in Fallon, Reno, or wherever and drive to Lovelock.” So, after the folks who are employed there took this as part of their employment package, we now say we have changed our mind, we’re not going to do that. I don’t think it is fair to them, just as I didn’t think it was fair to Lovelock when this was first done and nobody moved to Lovelock to cover these positions. I would agree with my friend from Elko that there is a contract and we ought to honor it. Thank you.

ASSEMBLYMAN COBB:

Thank you, Madam Chair. I am not going to address the legal issues; I haven’t had a chance to read the memo from the Attorney General’s office. Just coming from the private sector, we are looking at 13 percent unemployment; in real terms, it is probably over 20 percent, because people have just flat out given up looking for jobs. If people aren’t willing to take a job that has a steady paycheck, nice benefits, nice pension, I think we need to look at that as an issue of a problem not on the government side but on the other side. I think that when we are going through and talking about cuts to all sorts of areas but we don’t want to layoff teachers, but we are going to have to layoff teachers. If individuals are going to actually quit their jobs because they are not going to get these added benefits that they have been getting in the past I don’t think that is the fault of the government. I think that is the fault of the individual and it is a choice that they can make. We are not forcing them to quit. I just think that we keep going through all these budgets, we keep adding things back, we keep taking things off the table that are potential ways to save money for the state. At some point we need to say, “the private sector is doing this, the government needs to make some tough choices, and sorry we are not going to keep giving you extra benefits.” Thank you.

ASSEMBLYMAN GOICOECHEA:

Thank you, Madam Chair. I am going to echo the comments of my two colleagues in the front row. Clearly, I believe that because they have been receiving the 5 percent rule pay differential, those people that are presently under contract or employed, looking at the memorandum, probably need to receive it. I do agree that the Lovelock prison hasn’t worked out as well as it should. I would recommend going forward with any new hires, i.e. transfers if we could, that the differential should be shifted. I believe those people have relocated to the rural area, although you choose to call them remote. Lovelock and Ely are not that remote. We have a number of others, with our honor camps, whether it is Wells, Tonopah, or Pioche. Again, most of those people have chosen to live in that community. Let’s hire the people out of that community. I would like to move away from the 5 percent rule pay differential, but I do agree at this point it would be inappropriate to sever that contract. Thank you.

CHAIR BUCKLEY:

Assemblyman, have you checked with anyone about whether the remote option could be eliminated on a going forward basis? For example, if we do not want to breach our promise to the people who took the job, knowing that was the benefit structure, what if we eliminated it going forward? It is always difficult when you bring on those different disparities because then you have people working side by side getting different pay. But if you are going to phase it out and you don't want to affect people getting it now and you just want them to have the same 11 percent pay cut, with all the other state employees and not a 20 or 25 percent pay cut, that would be the only way to do it. I don't know if you have explored that at all?

ASSEMBLYMAN GOICOECHEA:

These are difficult times. I don't have to tell you. I think it requires difficult measures. I think it is a lot easier if we look at it when that person comes on; it is not available to them and it's not part of the package. That is a lot easier then somebody who has been there for ten years and telling them we moved them out there expecting a 5 percent pay differential and then telling them they no longer get it. I think going ahead—it might be tough on morale, and might also be tough on the bookkeeper but the bottom line is we have to make those changes.

ASSEMBLYMAN SETTELMAYER:

Thank you, Madam Chair. Many constituents have contacted me that they work at NSP, and, of course, they said give up the rural pay differential to save NSP. I told them that won't be enough money to do that so that is not reasonable. It is also unreasonable, to me, to try to change existing contracts with individuals. I do agree with previous speakers that going forward we do need to change it for the new hires or people who then transfer out to these more remote areas. The way I look at it we are already allowed to do a differential and have different pay systems set up within PERS, depending on which year you came into the system. There is clearly a difference on what package you are eligible for. So, in that respect I believe it can be done.

ASSEMBLYMAN HARDY:

Thank you, Madam Chair. On a little different issue, I am trying to digest the February 25 memorandum from the Department of Corrections and I have been unsuccessful in as much as I can not see a comparison of closure of NSP and Casa Grande as far as the net difference – where they go, and who's hired. It would be helpful to have a sheet of paper that actually makes a comparison that I can read as to be able to make that decision or have somebody walk us through it. It seems to me that it needs to be a fiscally responsible decision and it is hard for me to digest it. With Casa Grande, obviously we've heard testimony over the years that we haven't utilized it as much as we could. When the Tonopah Honor Camp gets closed it is easier to walk away from Casa Grande then it is from the Tonopah Honor Camp—it's probably a longer walk up there. I think there is some clarity that I'm not able to see in the memo as to what an apple is and what an orange is if we close NSP, particularly, and/or Casa Grande. Thank you.

CHAIR BUCKLEY:

I know we worked to try to get those answers in the Interim Finance Committee meeting and I think it was very difficult to get those straight answers.

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. I think that going ahead on the differential pay would not be necessary. I do not think we can break the contract with the people who are there now. In these tough economic times may be we can find people that will go take those jobs and maybe, like my partner from Eureka says, "it is really not that remote" and maybe they would be happy to get a good steady job rather than draw unemployment. I think going ahead would be perfectly . . . that is the way we should do it. They should not get that pay differential. Thank you.

ASSEMBLYMAN STEWART:

Thank you, Madam Chair. I have grave concerns about closing NSP. I know in southern Nevada the past few weeks the Ritz Carlton Hotel is closed, the Monte Logo is about to close, and these are properties that are perhaps as large as NSP and there are 600 plus workers that were put out of work there. Again, these are tough times. Private enterprise is making tough decisions and I think we have to make equally tough decisions here. Thank you.

CHAIR BUCKLEY:

There is no doubt we are making tough decisions. When you close the Ritz Carlton it's traumatic for 600 people, but when we close a prison we have to make sure those prisoners aren't going to be moving into our neighborhoods. So, not completely analogous, though both are tragic. What I struggle with is if we close NSP and the prisoners are sent, as discussed by Director Skolnik last week, to High Desert Prison and we give up on the idea to create a medical unit there—to have all the prisoners with medical conditions go there, which would cut down on our medical budget, then are we in the long run going to spend more money instead of less? I think that the best thing we can do is an effective cost benefit analysis and what is going to save us the most money in the short run and the long run. If we save \$12 million right now but it ends up next session costing you triple, we would have made a poor decision. To do that, we need the good data. We need to compare it. Where are we going to house those high cost medical inmates? Just where they are now, so that we are going to continue adding to a \$25 million medical budget? If the prison population goes up next year, what are you going to do? Are you going to build more, or are you going to reopen NSP or Jean? The problem with the prison plan is that it's been flip flopping all over the place—one minute we are going this route then it's this and then it's this. I think what we all need is we need to save as much money as possible in every budget but you need the data to be able to make the best decision possible and I feel, getting back to Dr. Hardy's point, that that is what we are missing.

I am inclined to recommend that we not close NSP, that we not close Casa Grande, and that we kick this to the Interim Finance Committee since as much as we are enjoying staying here in Carson City I think many of us would prefer to end this special session sooner rather than later. If we don't have the data—and we have been asking for it now for two weeks—we should not make a hasty decision which may cost us more money in the long run. We can kick it to the Interim Finance Committee for that cost benefit analysis and allow them to make the decision based on the data that we receive. We also should consider the remote deferential pay issue and not taking the pay away from the existing employees but examine eliminating the deferential for all new hires. We can see if that receives the assent of the body and if it does then we would check with legal counsel to make sure we can do that. I think we can. Make sure we open it up to public hearing, make sure we are considering all the items we need to consider making a good decision and if it makes sense we go forward with that plan.

ASSEMBLYWOMAN SMITH:

Thank you, Madam Chair. I agree with what you are saying because, as an IFC member, it has been really frustrating to me that we haven't received a good package of information about everything that is involved in closing and moving prisoners. There is transportation to be considered, and there are the medical issues and the meal issues. As an example, in the CIP committee last session we had a request to build a new execution chamber at the Ely prison and that did not move forward, of course. That would have to be handled if we closed NSP. There are so many unknowns and we keep asking for the information. All we got the other day was a list of each prison and how many prisoners are there—the list did not even have the capacity on it. So, for me, until I can see that analysis, of what it costs to house where and what it is going to cost to transport, what the moves would cost, what it costs to shut it down, how in the world would we know how to make those decisions? We are talking about cutting here. We are not talking about not cutting, we are talking about cutting in the most fiscally responsible manner and also in a manner that protects the prisoners, the public, and the staff that has to transport and house those prisoners. I am very concerned about making a hasty decision here about how we'll allocate all of those funds which would support the idea you are talking about because of that.

ASSEMBLYWOMAN MCCLAIN:

Thank you, Madam Chair. One of the other things we could think about—I know we have talked about this a lot—is requiring the 12 hour shifts. That would actually save some money in different areas, such as the travel pay and stuff. So, maybe if we consider the 12 hour shift for all the prisons and then deal with the other issues in IFC where we can see the cost benefit of that particular measure, and then we can put it together with the other costs like transportation, medical and the other costs. That might be the smart way to go and maybe we will actually get some numbers.

ASSEMBLYMAN SEGERBLOM:

Thank you, Madam Chair. As someone who is opposed to the death penalty— if closing the prison would mean we would eliminate the death penalty, I would support closing the prison.

ASSEMBLYMAN CARPENTER:

Thank you, Madam Speaker. In regard to closing this prison I think I have toured this prison many times and it seems to me it has a useful life. When they built this prison they really did it right. You can go in there. They were doing it the last time we were over there, and you can put in the plumbing and the electrical. They left the runway, I guess you call it, to do that. To me doing something like that is a lot cheaper than building a new prison. I then wonder what happens to the industries that are there, especially the license plates. I think they do a lot of other things there. I think somebody really put their thinking cap on; this prison has a lot of useful life in it. That is just my off the top of my head analysis. To do some remodeling there is going to be a lot cheaper than building a new prison somewhere.

CHAIR BUCKLEY:

One of the other things to consider – one of the cost drivers in prisons is overtime and part of the reason for the overtime sometime occurs when they have to do medical transports of prisoners because they don't let them go to the hospital by themselves. So, sometimes you have two guards, if they are a danger, and then you have to put the staffing back in the prison because you can't leave them alone either. So, that is one of the reasons why this medical concentration plan was established to see if that would cut costs in the long run, not just medical cost but transport costs, guard costs, and overtime costs. So, in the end, that might end up being a cost saver. I think that needs to be part of the data that needs to be analyzed. In the prison budget reductions there were also a number of other items such as charging the inmates through the Inmate Welfare Fund for electronics, the gymnasium, and other items. I assume we would go forward with all of those reductions, examine the pay differential on a going forward basis, not implement the differential elimination for existing personnel, and not close NSP and Casa Grande. Is there any other discussions? Let me get a sense of the committee members of how many think that would be a good resolution?

ASSEMBLYMAN SETTELMEYER:

I wonder if we can add to that, that there is a change for new hires.

CHAIR BUCKLEY:

Yes. Does everyone understand? Should I restate it or is it clear? I should restate it? Ok, the proposal would be to keep the budget reductions in the Governor's budget in regards to inmates, eliminate the pay differentials for correction offices for new hires and keep it for existing employees, not close NSP or Casa Grande at the present time, and allow the issue to go to IFC for an examination of the data which would be a cost benefit analyst to see whether it made sense.

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. Are we also going to look at trying to go to 12 hour days at most prisons?

CHAIR BUCKLEY:

Yes—I think that would be the direction and, as I understand it, that is in the four day, ten hour day bill, to have 12 hour shifts for prisons. That is in the furlough bill that is now in the Senate and we will be getting it this afternoon. I am really getting a sense of the body I won't include it in that because we are going to discuss that in the furlough bill.

ASSEMBLYMAN CHRISTENSEN:

Thank you, Madam Chair. I just had a question about the savings on the four-ten's, but if we are going to address that later I will just hold off on that.

CHAIR BUCKLEY:

Yes—that will be in a separate bill that we will hear this afternoon. Are there any other questions, comments, or suggestions? Again, I am just getting a sense of the body as a priority, it doesn't commit you—we obviously will get it written up so you all can see the details, but on all these budget items I want to get resolution on every single one of them, what the priority of the body is so we can move forward with the final budget bill. How many think that is the best way to go?

Okay, moving on. Can we have a discussion about the Nevada Equal Rights Commission? The proposal in the Governor's budget was to eliminate it, however, there was some holes that the testimony revealed in that.

ASSEMBLYMAN SEGERBLOM:

Thank you, Madam Chair. In my private life I deal with this agency a lot and I deal with the agency which the Governor's plan proposes to transfer this Commission to, which is the Emergency Operations Center (EOC) federal agency. I have two thoughts about this. Firstly, Nevada has never sought to have the federal government come into our lives. We have always wanted the federal government out of our lives. The thought that we would turn something over to the federal government is surprising to me. Secondly, as far as actually having contact with somebody, if you try to call the EOC in Las Vegas, it is an 800 number; you get a message and are unable to talk to someone. The Nevada Equal Rights Commission is there and people can call in times of economic hardship. It is the poor, the disadvantaged, minorities, and those discriminated against because of sexual orientation that are the people who need help and need to be able to talk to someone and discuss their issues with them. The Nevada Equal Rights Commission provides a vital service and I think this is a particularly inappropriate thing to do at this point in the economic cycle. So I would oppose eliminating the Nevada Equal Rights Commission. Thank you.

CHAIR BUCKLEY:

Further comments? Assemblyman Denis.

ASSEMBLYMAN DENIS:

Thank you, Madam Chair. I chaired the General Government Subcommittee for Ways and Means when this proposal came forward. The same concerns that my colleague expressed came forward and the committee was not sure that Nevadans could get the help they needed. There are at least two areas there that we would still have to cover in other areas. The concern is, if we are already cutting in other areas, that people will not get the help they need. I agree that we need to keep it so that we can make sure that those that need that help can get it. Thank you.

CHAIR BUCKLEY:

So I assume that the agency would still get a 10 percent budget cut. The agency would still be subject to a 10 percent budget cut but they would not be eliminated. Is that your thought?

ASSEMBLYMAN DENIS:

Yes, they would still have to take a cut but at least the work load would still increase and they might have to wait a little bit longer for the thing but at least they would get it.

CHAIR BUCKLEY:

Assemblyman Munford.

ASSEMBLYMAN MUNFORD:

Thank you, Madam Chair. I know in my district there are quite a few cases of discrimination and so forth. Many of those complaints have been referred to the National Association for the Advancement of Colored People (NAACP) and then some of my constituents come back and tell me that the NAACP refers them back to the Equal Rights Commission. We still need the Equal Rights Commission because maybe the NAACP might feel that the case load is too heavy. I know there are still a lot of things that need to be addressed and there are still a lot of problems in terms of equal opportunity and equal treatment. The only source and the only opportunity and option that they have in many cases are the Equal Rights Commission and I support trying to keep it open. Thank you.

CHAIR BUCKLEY:

To me, too much attention sometimes is paid to the differences people have instead of the similarities they have and I think businesses being accused of discrimination and employees accusing employers of discrimination would both prefer to have a Nevada entity involved and not the federal government. I think both will be equally disappointed if all they have is the feds making a decision as opposed to someone with a little bit more Nevada sense. Is there a sense that we would like to retain this function for Nevada if we can, with the 10 percent budget reduction that we are doing for other agencies? May I have a show of hands? Thank you.

We have covered a lot of the remaining areas of differences, so the next one would be higher education reductions. As everyone knows, higher education took a 13 percent cut already this year. The students were asked to increase their fees already this year, so what we are faced with is what level of cuts can be implemented this time and if we should deviate from the 10 percent to try to assist higher education. The exact numbers of the General Fund support were decreased 13.4 percent this biennium. The University of Nevada, Las Vegas (UNLV) received a 15.4 percent cut. Student fees were increased this biennium by 21 percent at UNLV, 16.5 percent at the University of Nevada, Reno (UNR), and 15.4 percent at the community colleges—with 9 percent of their staff eliminated. So, the question now is what level of cut should higher education receive going forward? I would like to keep higher education at the same level as was recommended for K-12, and that is at a five percent level. I think that would still be a significant cut to higher education, but would ensure at a time when so many of our unemployed are going back to school that they will have classes to attend as they try to get retrained for future educational opportunities that may be available. I will open that up for discussion.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. I agree that we are all concerned about higher education, and they have sustained substantial cuts that we reduced significantly last session. We realize that there is a tremendous demand because people are looking to retrain. People are looking to expand and further their education. I know that we are supportive of restoring something towards higher education and K-12, not that I can put a number on it today. We are very interested in supporting some restorations of funding because education is critical to our state as we move forward. Thank you.

CHAIR BUCKLEY:

We probably should separate out the discussion as well because higher education is targeted for a 13 percent cut, and the other state agencies are at 10 percent. So, maybe we should talk about that first. The reason is because of the pay differential. Higher education was slated for both a pay cut and a 10 percent cut, so when you add those together they are at a 13 percent cut level. So, they get hit twice, more than other state agencies. It gets confusing in the Ways and Means Committee because what we always try to do is have the pay cuts be the same for state employees, higher education, and K-12, but we don't control the pay in higher education and K-12. To make it even more complicated, when you look at state employees cuts, the program cuts of 10 percent aren't going to affect the salaries of state employees, but it may affect the salaries of higher education and K-12. It is just because of the way we budget and because of our state financing rules. That was the reason why higher education had the additional amount on the sheets.

ASSEMBLYWOMAN GANSERT:

If I could follow up, I haven't quite gotten that math, yet, because I remember the 10 percent cut and then an additional 1.75 percent cut to personnel costs. I'm not sure how we got to the 13 percent versus the 11.75 percent or even a little less than that because the 1.75 percent is on personnel, not on the entire budget, though personnel comprises the majority of the budget. So, could somebody help me with the math? I do agree that there is an additional cut on top of the 10 percent. I'm just not sure what that is right now.

CHAIR BUCKLEY:

Oh, Mark Stevens is here. I think higher education was having trouble figuring out the cuts as well. They were having discussions with the budget office. I don't know if Mark will come down or not. Sorry to pick on you, Mark. Assemblywoman Gansert was trying to ascertain the cuts proposed by the Governor and the percentage for higher education seemed higher than the other state agencies' proposed cuts. I thought I had heard a 13 percent cut when you factored in the additional salary cut recommendations, but the value of it seemed to be 1.75 percent, yet that wasn't the value placed on the state employees' proposed additional furlough hours, so just a lot of confusion. Do you have any clarity from your discussions with the budget office as to the exact proposal and its affect on higher education?

MARK STEVENS, ASSOCIATE VICE CHANCELLOR, NEVADA SYSTEM OF HIGHER EDUCATION:

Thank you, Madam Chair. There are a number of cuts on the sheets for higher education. There are the 10 percent reductions. There is also the 1.75 percent salary reduction. Chancellor Klaich talked to both bodies about that and felt the reduction should be aligned with that taken by state employees, which would be closer to a 1.15 or 1.17 percent reduction. There is also \$2.5 million that is being swept out of the Special Higher Education Capital Construction accounts on the sweep list. There are some other reductions included in the sheets that aren't separately identified, including elimination of plus-five percent for classified employees and a couple of other areas where it will impact higher education, but the specific amounts aren't separately identified. I do not know how the 13 percent number was specifically calculated. When I took a look at it, I got close in the upper 12 percent range, a little bit below 13 percent, when I added in the 10 percent reductions. The value that is included in the Budget Division sheets, at least for the salary reduction, the \$2.5 million in Special Higher Education Capital Construction funds, and an estimate of the plus-five percent reductions gets very close to the 12.8 or 12.9 percent range, so that's where I think that number came from.

CHAIR BUCKLEY:

So it's the 10 percent budget reductions, the 1.75 percent salary differential compared to the 1.17 for state employees and the capital fund sweep. What was the other one?

MARK STEVENS:

There are some other items on the sheet, Madam Chair. On line 52 there is an elimination of a plus-five percent salary add-on that would impact the classified positions within the Nevada System of Higher Education, although the impact on higher education is not separately identified.

CHAIR BUCKLEY:

Would you mind putting that all on one sheet and doing the calculation for us, so that way if it's 12.8 or 12.9, we can accurately reflect that amount? Thank you.

MARK STEVENS:

I would be happy to do that, Madam Chair.

ASSEMBLYWOMAN GANSERT:

I just had a question about the plus-five percent. So, who gets the plus-five percent in the university system?

MARK STEVENS:

The classified employees would be eligible for that if they are working at a class or are bilingual. There are a number of other reasons for why one could get a plus-five, but it wouldn't impact the professional employees within the system. It would impact the classified employees within the system.

ASSEMBLYWOMAN GANSERT:

Could you just put a brief list together of what that is and the amounts, for informational purposes, because I never realized that. Thank you.

MARK STEVENS:

It would be an estimate but would be very close.

CHAIR BUCKLEY:

We will have to bring that up, too, on the discussion list on the plus-five. Exactly who is it available to? How many people are getting it? Do we eliminate it for the employees who are currently receiving it or going forward? What are the pros and cons? We would probably have some of the same legal issues taking it away, so we may have to check with our legal counsel. We will set that for a separate discussion, just so we know where we are going on that as well. Are there any more questions for Mr. Stevens?

ASSEMBLYMAN COBB:

Thank you, Madam Chair. Please forgive me. I am not on the budget committee, but we hear a lot about per pupil spending. I'm talking more about K-12 and things like that. Whenever people hear that we are adding in things like capital expenditures, everyone says, "Whoa, whoa, whoa. That's not per pupil spending. That's not teaching kids." So, now we are sweeping an account such as capital expenditures, and you want us to include that in the overall discussion in terms of taking money out of the education system?

MARK STEVENS:

I was attempting to answer a question on where the 13 percent number that the Budget Division is using and that was the only way that I could get up to that number. I was not the one that came up with the 13 percent figure, but I was trying to answer the question of how it was derived. It may be better to ask Mr. Clinger how that 13 percent reduction number was calculated. I haven't seen the numbers on how specific it was, but by adding that in I got very close.

CHAIR BUCKLEY:

Mark, when you prepare the sheet exclude the capital dollars separately when you calculate your percentages. Are there further comments or questions of Mr. Stevens? Thank you for putting yourself on the spot by sitting in the audience. So, we have two issues. We have the higher percent issue, as well as just what should the goal be on higher education funding. Are we going to try to reduce that amount or are we going to proceed with the 12.6 or 12.7, whatever it turns out to be without the capital expenditure portion?

ASSEMBLYMAN STEWART:

Thank you, Madam Chair. I am sure that we all, Republicans and Democrats alike, would like to reduce this 12 point whatever percent it is. The problem I have is that we have a hole or a level the Governor has set and we keep digging that hole deeper and deeper by removing these things, and we are going to have to be accountable at one point. I think we need to consider the total picture of a family. If we continue to reduce, reduce, reduce things, we are going to have to fill that hole somewhere. It's going to have to come from additional fees to families. It's going to have to come from additional cuts to other programs. I think we have to be very careful. I would love to reduce it down to zero cuts for my grandchildren's' future, my seven grandchildren, but we have to be realistic. We are going to have to fill this hole at some time. We keep digging deeper and deeper and there is no dirt on the side to fill it up. That's my concern. Thank you.

ASSEMBLYMAN BOBZIEN:

Thank you, Madam Chair. I want to express my appreciation to you for the style of work that we're going through right now because I think it is important to set out those aspirations and to take the temperature of the room when it comes to what our goals are. Representing my district where the University of Nevada, Reno, is located, I certainly heard the personal stories. We have all heard the personal stories, the challenges, the impacts that the proposed cut level will have on everyone. I hear from students. I hear from faculty. I hear from staff, but I also want to provide some comments just to show how pragmatic it is that we are looking at reducing these cuts. In my district higher education is economic activity. It is the engine that fuels the small businesses in my district and frankly it is the engine that is going to get this state back on the track. So, we need to step forward today and say we are going to work hard while we're here to reduce these cuts. I want to express my appreciation, and urge the members of the body to strive for this goal to reduce these cuts.

ASSEMBLYMAN HARDY:

Thank you, Madam Chair. In way of full disclosure I am a doctor, and so I'm interested in health and get paid by people who are sick, and hopefully people who want to be more well. I don't know that any of the votes that I am going to do will affect me any differently than anyone else. We're having a discussion about making cuts and restoring cuts that will apply to every single thing on the lines from one to seventy-five or pick a number on the sheets. We are going to have the same discussion about restoring Medicaid. We can tell the stories about the children who aren't going to have pediatric heart surgery because there's nobody to put the child asleep and more importantly anybody can put a child to sleep, but they can't get them to wake back up. We are going to have these discussions about why we're all upset because we're in a very difficult position. We are going to have difficult decisions that we are going to have to make on every single one of these, and it still comes back to some priorities. If we are going to start at the top with education on the sheets, well we're going to get down to health, and I don't know if there's anything more important than health. So, what is it that we're going to do? The Governor's proposed budget, and we can use all sorts of words for it, but bottom line is we're in a hole and we're still digging as we take our shovels and get rid of the cuts. I think we're in a hole, and we have to figure out what the Committee of the Whole is trying to do. Are we digging or are we trying to get out of this hole? From my personal standpoint, I don't want to hamstring education and at the same time I am recognizing that hamstrings are important to keep moving. I don't know that there's an easy way to raise my hand and say "This is my goal," because in that kaleidoscope it all has to fit with something, and so I think there are some, on both sides and in both houses, that are trying to figure out how to make it all work. I appreciate the opportunity to say how I feel or how I don't feel by either raising the hand or otherwise. I think we need to figure out where we're at with the bottom line and be able to work back up because if I commit now to something I'm not going to be able to fill something downhill from this discussion. So, I am not ready to raise my hand on something that I don't have a good firm understanding of.

CHAIR BUCKLEY:

Just to be clear, we will either make progress with the leadership of both caucuses and both houses and present proposals for consideration or we'll do it this way, and we will come up with a budget plan that will be a balanced budget that will make difficult decisions and difficult cuts. There is no way to balance this budget without harmful cuts. There is no way to do it. Everyone who is affected by a cut will be upset that they were not spared, but no one will be spared. We have to do cuts in a responsible manner. This morning we talked about cutting the pay of guards. If we offered that and they accepted it and made a decision to move, they have a contract right and could then sue us; tying it up in court. Is that a smart decision? Is that a smart cut? We received a sense of the body, and I was pleased that it wasn't all just one party. We had a common sense vote on what we thought made sense. We're going to get out of here soon, so if I have to go through every single one of these to get a sense, and then go through every single way to make it balance in public in a transparent manner, that is what we're going to do. We are going to come up with a balanced budget plan in this body. It will be done as soon as we go through all of these decisions. The only way I know how to do it on the expenditure side is to

say what are your priorities? You then examine your revenue to make it balance, and if you say in the end, “I want this cut versus that,” so be it. I started with education because of the educational requirement of education first. Education first says you consider the education budget first, not what’s left at the end. That’s what we did. So, health and human services is coming this afternoon, and I think you’re going to see from that budget that we’re going to have to make cuts, but at what level do we have to stop. Are we going to tell seniors that they’re not going to be able to chew? Are we going to tell those autistic children that we fought so hard to cover last time that they are now going to be cut off their coverage? Some cuts are going to have to happen, but we have to be careful which ones we make. We have to prioritize. That’s what we’re doing right here. We are prioritizing. I don’t know of any other way to produce a budget plan than to prioritize.

ASSEMBLYWOMAN KOIVISTO:

Thank you, Madam Chair. In my working life, I worked at the University of Nevada, Las Vegas, in the provost’s office. About 16 or 17 years ago, at the beginning of every class time, we had students lined up outside the door because they couldn’t get their classes. Do we want to go backwards to that? I think that’s our choice here today.

ASSEMBLYWOMAN SPIEGEL:

Thank you, Madam Chair. Every private sector business starts out their budget process by looking at their strategic imperatives and setting goals and priorities. Madam Chair, I really appreciate that we’re taking a good hard look at our priorities and looking at what we think is most important, not just for the short term, but also taking a longer term view of what’s important to the state of Nevada. As I look at the education and higher education systems, I look at the needs that that system fulfills. Firstly, it fulfills a promise that we make to our children, and I think that we can never lose sight of that. Secondly, and from a more practical and longer-term strategic vantage point, there are a couple of needs that our system of higher education meets. It trains professionals for us, for jobs that are very much needed to be filled and allows us to develop our own. Schools like Nevada State College train teachers and nurses who will fill valuable roles that we need to have filled. Additionally, I spoke to a number of people about bringing companies and bringing jobs to Nevada and building our economy and fostering economic development. All of the people I spoke with in various states throughout the country all tell me that Nevada needs to have a well-educated work force. Regardless of the industry, jobs have become increasingly more technical, and we need to have resources here in order to develop and then sustain economic development. I wholeheartedly support higher education, and I am delighted to make it a priority as we make some of these very difficult decisions. Thank you.

ASSEMBLYMAN SETTELMEYER:

Thank you, Madam Chair. My concept for discussion right now, to tell you the truth on raising hands or not raising hands, has nothing to do with the subject at hand. What I’m finding problematic is that coming from a business, I look first at how much money I have. So, if we’re going to go line by line and make a decision to lessen the affect, I feel responsible that at the same time we must be determining where we’re going to gain that money immediately. Otherwise, I feel we’re boxing ourselves into a corner, hence the old terminology that we’re making promises that our checkbook cannot keep, and that’s what I’m afraid of.

ASSEMBLYMAN AIZLEY:

I think that higher education has already been cut more than it should have been cut in the first place. The cuts to higher education are especially self-defeating. At the two universities, UNR and UNLV, it has resulted in less time for research; less time for research means less time for grant writing, less time for innovation and new ideas for economic development. By cutting and cutting and cutting, we are actually limiting the future revenue for the state of Nevada. I think we should minimize the cuts if possible.

ASSEMBLYWOMAN MASTROLUCA:

Thank you, Madam Chair. I understand and can respect the concerns that some of my colleagues have about making choices not knowing how much money is going to be there at the

end. But, I also feel strongly that we were elected to do a job to represent our constituents and part of that job is to make the special session as short as possible. If we don't have these discussions and we wait until we find out what the bottom line is, we're going to be here for a very long time. I don't know about you, but I can't afford it. I have a family at home and a job at home that I want to get back to, so that I can get back to my life and my constituents and be able to talk to them about issues that they're going to be facing in the next session, because the decisions are going to be a whole lot harder than they are right now. So, I appreciate the opportunity to move forward, and I appreciate the opportunity to talk in an open discussion about what's important to each one of us so that we can make intelligent decisions. Thank you.

ASSEMBLYMAN BOBZIEN:

Thank you, Madam Chair, for a second time. What we are doing right now in this chamber is actually amazingly similar to how things are done in the private sector and how things are done in an entrepreneurial spirit. We're putting together the business plan for this state's recovery, for this state's future. When a business sits down and says, or a group of entrepreneurs say that they have an idea for how they can build value, that they can make money on an investment, that they can deliver a superior product and plan for the future—that's what we're all doing. We all know our requirement to balance this budget. We all know that we will have to make hard choices to meet these aspirations, but step one in a business venture is laying out the vision and that's what we're doing here. I think we're striving to reduce these cuts, and we're going to have cuts to higher education, but reducing these cuts is a strong statement that this body can make, that we are investing in the future jobs for Nevadans in a full economic recovery.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. I know we're all concerned about education, K-12 and higher education, but we're also concerned about the hole. I think several of my caucus members talked about that. We need to be able to put this whole plan together. So, while it's important to prioritize, we also need to figure out how we can afford any of this. We seem to be working from the top down instead of looking at how much we may actually have to spend, if any is given, the federal money and the sweeps, and if mining ends up paying more than their original estimate or whatever comes in. So, I guess we need to be able to tie those together, of course, but we seem to be looking at the spending versus potential revenue and income that already exists, so that's where I am. It's very difficult to commit given that we don't have the entire picture. Thank you.

CHAIR BUCKLEY:

Well, the sweeps bill has arrived, so unless any of my remaining colleagues who have their buttons pushed feel the absolute need to weigh-in . . . We have one.

ASSEMBLYMAN MORTENSON:

Thank you, Madam Chair. There is a proposal to cut state employee's salaries by 1.5 percent, but university employees by 1.75 percent. I have heard no rational reason why one group should be discriminated against, especially when they are teaching us. I would propose that there be no differential. Whatever we decide to cut in the salaries should not be harder on the university employees than the other employees in the state.

ASSEMBLYMAN OHRENSCHALL:

Thank you very much for your indulgence, Madam Chair, and I will keep it brief. I was fortunate enough this last fall to have it be my last semester at UNLV. Many of my classmates were very happy for me and said, "James, we're very happy you're graduating in December, but we're scared about us." They asked, "Will the classes we need for our degrees be available? Will we be able to afford the increased tuition? When we started here because we wanted to become lawyers, we thought we could afford tuition. We thought we could take out loans and make it, but now with the increases, we're not sure we can finish. We feel like we're having the rug pulled out from under us." So, I hope that we will take action to not pull the rug out from under all of our students in Nevada. Thank you.

CHAIR BUCKLEY:

In response to my colleagues who are concerned about setting priorities. We are going to have a revenue discussion. It might be this afternoon, and if not, it will be tomorrow morning. It's coming, and of course, we have to consider both. I mean, how else could you prepare a balanced budget? You have to prioritize first. What is essential? What is your goal? What do you want to accomplish? That's what you do when developing your vision statement. That's what you do for your goals. Now, the next part will be what revenue we have to blunt the cuts. Firstly, the cuts that make no sense and will cost more in the long run, and, secondly, the cuts that we think will harm economic recovery. We will have that debate, and it will be done when we enact a bill that has spending. It will be discussed then as well. So, this isn't your final chance to say do we have a way to pay for this? Obviously, that discussion is coming. So, all of those in favor of establishing a goal of reducing the cuts to higher education to a five percent level, please raise your hands. Thank you.

Submitted Exhibits

See below.

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MEMORANDUM

DATE: February 25, 2010
TO: Members of the Nevada Legislature
26th Special Session, 2010
FROM: Fiscal Analysis Division *12*
SUBJECT: Information Requested from the Department of Corrections

At its February 10, 2010, meeting, the Interim Finance Committee requested information from the Department of Corrections. Attached are responses to those questions, and additional information on early release of prisoners provided by the department.

Attachments

DOC

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(NSFO 3m, 10-09)

(0) 11760

Original on File at the Legislative Counsel Bureau Research Library.

Assemblyman Ocegura announced if there were no objections, the Committee of the Whole would recess subject to the call of the Chair.

Committee of the Whole in recess at 11:57 a.m.

IN COMMITTEE OF THE WHOLE

12:36 p.m.

Chair Buckley presiding.

Quorum present.

Budget recommendations considered.

Assemblyman Conklin moved the introduction of BDR 10-28 that revises provisions relating to state financial administration.

Seconded by Assemblyman Horne.

Motion carried.

On motion of Assemblyman Ocegüera, the Committee did rise and report back to the Assembly.

ASSEMBLY IN SESSION

At 12:37 p.m.

Madam Speaker presiding.

Quorum present.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, February 25, 2010

To the Honorable the Assembly:

I have the honor to inform your honorable body that the Senate on this day passed Assembly Bill No. 1.

SHERRY L. RODRIGUEZ
Assistant Secretary of the Senate

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee of the Whole:

Assembly Bill No. 3—AN ACT relating to state financial administration; revising provisions relating to the transfer of certain money from the Abandoned Property Trust Account; providing for the temporary reduction by the Legislature of the assessment on state agencies for a portion of the costs of premiums or contributions for retirees with state service participating in the Public Employees' Benefits Program; authorizing certain sums appropriated to the Department of Health and Human Services to be transferred among the various budget accounts of the Department under certain circumstances; reducing certain amounts of money budgeted for the 2009-2010 and 2010-2011 Fiscal Years; providing for revisions of certain work programs necessary to carry out and process those reductions; requiring the transfer of certain money to the State General Fund; making corresponding changes relating to such transfers; and providing other matters properly relating thereto.

Assemblyman Ocegüera moved that all rules be suspended, reading so far had considered first reading, rules further suspended, and Assembly Bill No. 3 considered engrossed, declared emergency measure under the Constitution and placed on third reading for final passage.

Motion carried.

GENERAL FILE AND THIRD READING

Assembly Bill No. 3

Bill read third time.

Remarks by Assemblymen Hardy, Gansert, and Christensen.

Madam Speaker requested the privilege of the Chair for the purpose of making remarks.

Assemblyman Christensen moved that the Assembly recess subject to the call of the Chair.

Motion carried.

Assembly in recess at 12:47 p.m.

ASSEMBLY IN SESSION

At 12:52 p.m.

Madam Speaker presiding.

Quorum present.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Ocegüera moved that Assembly Bill No. 3 be taken from the General File and referred to the Committee of the Whole.

Motion carried.

Assemblyman Ocegüera moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering Assembly Bill No. 3.

Motion carried.

IN COMMITTEE OF THE WHOLE

Chair Buckley presiding.

Quorum present.

Assembly Bill No. 3 considered.

CHAIR BUCKLEY:

Let's open the hearing on Assembly Bill 3. Tracy, would you come down to the witness table for us and answer some questions? We have moved this train without you all so come down to the witness table and answer some questions for the good of the body and we will also ask Ms. Erdoes to come put on the record that this is not an ongoing authorization but the direction of one time money into these accounts. We want to make sure that everything is on the record and clear for the members comfort.

Tracy, the question from Assemblyman Hardy was regarding pages 53, 59, and 63. Turning first to page 53, paragraph 12, could you advise the body exactly why these funds are proposed to be swept and could it, in any way, jeopardize any claims?

TRACY RAXTER, ASSEMBLY FISCAL ANALYST, FISCAL ANALYSIS DIVISION, LEGISLATIVE COUNSEL BUREAU:

On page 53, item number 12, budget account 1013835, is the Division of Financial Institutions. This is their administration account and main operation account for the agency. The proposal that you see before you in the bill is a sweep of \$250,000. The balance in that account, as of the beginning of February, was approximately \$2.7 million. I would point out that this is also a recommendation that was made by the Governor in his proposal. The second one that Dr. Hardy indicated was on page 59, Section 53. This is a proposal for a sweep of \$150,000 from the Financial Institutions Auditing Account. This account is utilized for when a financial institution has failed and is a state chartered institution. The individuals that are paid out of this budget account have to go out to that financial institution and provide for an orderly shutdown of the institution. If it is transferred to another bank, they ensure that the process is done in an orderly manner and that all of the record keeping is taken care of. The sweep there is of \$150,000, which was also in the Governor's proposal. This sweep of \$150,000 is for FY 2010 and on page 63, Section 69 is the same account for a sweep of \$100,000 for FY 2011. Those are the purposes of those budget accounts. The first budget account, 3835, is the Financial Institutions administration account and 3882 is the Financial Institutions auditing account, which is the account that funds the staff that goes out and works with an institution that has failed.

ASSEMBLYMAN HARDY:

They have pretty well figured it out, as far as the "siloing" of where this comes from, coming from General Fund money. I do not think we are getting into the problem where we have taken it from what they put into it and, therefore, I think we are protecting ourselves from having a legal kick back or legal back kick from us. I think when we start looking at this, it is a one time thing in 2010. I guess one of the accounts is more ongoing because it happens again 2011, so I guess this is hitting it twice on a sweep as opposed as to hitting it once because we continue to put General Funds in it. Which brings me to the observation of us continuing to fund the General Fund of a thing that we are sweeping, which does not make much sense to me but that is not a major sticking point for me. Yes, I think they have done a good job trying to help me understand it better.

CHAIR BUCKLEY:

Tracy, with regard to Assemblyman Christensen's question, we put an S.O.S. into Brenda Erdoes but perhaps you can answer the question from your analysis of the bill and your working with Legal on the language. This bill only authorizes this to be done on a one time basis, is that correct?

TRACY RAXTER:

Please repeat the question. I am not sure which item he was referring to.

CHAIR BUCKLEY:

The question refers to all of the sweeps—that this bill does not allow authorize them to be swept again and basically sunsets. It is a one time action of the amount on the bill and does not authorize it to be done again.

TRACY RAXTER:

I would just reference the members of the Assembly to Section 83 of the bill and also Sections 84-86—these are where the monies that are being swept are. The bill proposes that all of these funds go into budget account 1019081, which is a budget account called Budget Reserve, which has been used in the past. In the last interim, this budget account was where we did all of the sweeps and we put all of that money there; it just reverts to the General Fund at the end of the fiscal year. You will note, as an example, in Section 83 it says these funds revert to the state General Fund at the close of FY 2009-2010. Those are the ones that apply to FY 2010 and are also the same for Section 84. In Section 85 and 86, they apply to the reversions that are applicable to FY 2011 but those sweeps would occur in those years and those years only.

CHAIR BUCKLEY:

So it does not authorize any continuing sweeps other than what is specifically set out in the bill?

TRACY RAXTER:

That is correct, Madam Chair.

ASSEMBLYWOMAN GANSERT:

I have a few questions. First, regarding the millennium scholarship, Mr. Clinger testified the other day that it was going to last until 2014 but we did not know if that was through school year 2014-2015 or 2013-2014. I just want to check to see if students that are currently enrolled would have enough funding available to allow them to finish.

TRACY RAXTER:

The proposal that the Governor presented was a sweep of \$5 million from the Millennium Scholarship fund and then also a redirection of \$3.8 million per year of unclaimed property proceeds that would have normally gone to the Millennium Scholarship fund and putting those into the General Fund. It is a total amount of \$12.6 million out of the two-year biennium. If that were to occur, the information provided by the State Treasurer indicates that the Millennium Scholarship fund would have a zero balance on or before the end of FY 2011. Staff has taken a look at this and has worked with the State Treasurer and has come up with a potential solution that the Legislature may want to consider. That would be to take \$2 million a year transfer from the College Savings Plan Endowment Account and transfer those funds to the Millennium Scholarship fund. There is a restriction that those funds be utilized for higher education purposes but, obviously, with the Millennium Scholarship fund, that would appear to meet that criteria. By doing that, it would reduce that total sweep of \$12.6 million down to \$8.6 million and the impact on the Millennium Scholarship fund would be that it would, according to the State Treasurer, extend the solvency date through FY 2015.

ASSEMBLYWOMAN GANSERT:

In this bill, we are actually sweeping but we are not replacing any at this time? So are we to expect another bill, maybe, to replace that? What do we need to do to take the 529 interest money to move it?

TRACY RAXTER:

I will defer that question to the Legal Division. It is my understanding that IFC (Interim Finance Committee) has the authority to approve that kind of a transfer.

BRENDA J. ERDOES, LEGISLATIVE COUNSEL, LEGAL DIVISION, LEGISLATIVE COUNSEL BUREAU:

Actually, this is something that we did look into and we came to the conclusion that because the section itself says that they can use the money for this purpose, they would be able to carry forward that transition without legislative act.

ASSEMBLYWOMAN GANSERT:

We will be looking to move \$2 million a year for both of these fiscal years; so this current year and next year, from the 529 interest going to the Millennium Scholarship Fund.

BRENDA ERDOES:

Yes.

ASSEMBLYWOMAN GANSERT:

My next question had to do with the Q1 bond funds. We have a large reserve account and I know that there was some investigation of whether we can use any of that or not. It is not on our sheets at all so I am assuming that it was resolved that we cannot use any of that money?

BRENDA ERDOES:

There are very strict requirements. It is 5 percent that can be used for administration of the bond provisions and those are being used. It is the administration of the bond provisions, so that

money could not be transferred to the state General Fund for unrestricted use. So there may be some money there; we were not actually able to confirm for certain as to whether they were using the whole 5 percent. Even if they are not, it is all that is allowed to be taken out. Even if they are not, you can only use that up to 5 percent for actual administration of those bonds. We wouldn't be able to put it in the General Fund for unrestricted use.

ASSEMBLYWOMAN GANSERT:

My last question is about the common interest communities. It looks like that is now off of our sheet so we are not taking any money from the Common Interest Community Fund.

TRACY RAXTER:

That is correct.

CHAIR BUCKLEY:

Just to add to that for a moment. The Senate also took up the sweeps bill yesterday and they landed very close to where we did. There were a couple exceptions; one is that they did not sweep the problem gambling fund and we did. In discussing this with Senator Horsford, I mentioned that it will probably add two more days onto our schedule if we both have the same identical bill, we both amend it, and send them to the other house—it is not very efficient. We suggested that we split it in the middle between the Senate and Assembly. Obviously, everybody is concerned about problem gambling, but as we talked all morning we cannot keep everything the same—there has to be cuts. So that is one suggestion that was made. There were continuing concerns about the home owners association and whether this may lead them to doing more assessments, which we did not want to see happen; so the recommendation was to take that off. The Senate had a few things that they did not include that we had included, so they were going to accept those; then it came over and there was a small substance abuse treatment account but other than that there were no differences between the Senate and what the Assembly did. All of the ones that we took off, due to legal concerns or policy concerns that we talked about yesterday, it appears they are in agreement with. I believe, although nothing is certain, that we will be able to do one bill without having substantial amendments. Further questions?

ASSEMBLYMAN GOICOECHEA:

On Section 79, I want clarification. That is the premium holiday for Public Employee Benefit Program (PEBP), correct or incorrect?

TRACY RAXTER:

Section 79 is not the premium holiday. There is a fund called the Retirement Benefits Investment Fund. You may recall that in FY 08 the Legislature approved transferring funds to be set aside for future health insurance costs for state retirees. This represents that amount of money; it is \$24.7 million. What Section 79 does is that it takes the \$24.7 million out of that retirement benefits investment fund and moves it back to the State Retirees Health and Welfare Benefits Fund, which is the actual fund that is utilized by PEPB for the payment of health insurance costs for state retirees. This is a one shot utilization of funds that were placed there in FY 08. Once this sweep is done those funds will no longer be there and this opportunity will not exist again.

ASSEMBLYMAN GOICOECHEA:

It depletes the fund and from there on in the future those assessments would just go right into the PEBP account directly.

TRACY RAXTER:

That is correct. Section 6 of the bill provides for changing the assessment, if the Legislature would do that, because we are sweeping the \$24.7 million. The assessment for FY 11 can be reduced, so Section 6 allows for the temporary reduction of the Retired Employee Group Insurance (REGI) assessment for FY 11.

ASSEMBLYMAN GOICOECHEA:

That is the 95 to the 75 reduction in subsidy?

TRACY RAXTER:

It is not a reduction in the subsidy; it is a reduction in the assessment to state payroll that goes into the retiree health and welfare benefits fund.

CHAIR BUCKLEY:

Tracy, along the same lines, the Governor had proposed an \$11 million premium holiday and a \$14 million sweep of the investment account. PEBP indicated that they felt it would cause serious harm to the fund and I thought the alternate suggestion was to only sweep the REGI investment fund for a total of \$14.760 million and not to take the value of the premium holiday, so that the amount would be lowered. I think that is what we had discussed as a potential solution. Can you address that?

TRACY RAXTER:

Certainly, Madam Chair. You are correct; the Governor did recommend a premium holiday. It would have been \$11.3 or \$11.4 million to state employees and then also \$3 million from the Distributive School Account (DSA), for a total of approximately \$14.4 million. When this was first looked at by the Public Employees Benefits Board or the program itself, back in January, they were estimating excess reserve over and above their IB and R reserve [1:12:05] of about \$11 million; however, the medical trend for cost in the program is based on updated information they got from their actuary because they are in the process of developing the rates for FY 2011. Based on that updated information, it shows the medical costs are trended a little higher this year than what they were expecting. The expected excess reserve that was going to be utilized to adjust as part of the rate settings in FY 2011 went down from \$11 million to around \$6 or \$7 million. I would also point out that the legislatively approved budget, approved in the 2009 Session, also contemplated that the majority of those excess reserves would be utilized in FY 10-11 as part of the rate setting structure. In other words, it allows the premiums for the participants in the program to actually be lower than what they would otherwise be. Based on that information, it appeared advisable to staff. We have relayed that information to leadership that a premium holiday was not necessarily advisable.

CHAIR BUCKLEY:

Tracy, does the amount in this bill have to be modified to reflect the \$14.760 million, as opposed to the amount that is now in the bill?

TRACY RAXTER:

No, Madam Chair. The amount in the bill is \$24.7 million, but that represents the full amount of money that is in the Retirement Benefits Investment Fund. The General Fund share of that is \$14.760 million, which you see on the sheets that Andrew Clinger went over yesterday. That represents the General Fund piece that, by reducing the assessment for REGI in FY 2011, will result in a General Fund savings of the \$14.760. That will be offset by a portion of the \$24.7 million which will be transferred and that is the amount that is in the bill.

CHAIR BUCKLEY:

Thank you for that clarification. Just to make it clear, will the sweeping of these reserves of the REGI trust fund, according to PEBP, result in them having to reassess how the benefits structure exists?

TRACY RAXTER:

The sweep of the \$24.7 million represents funds that were set aside in 2008 by the Legislature for future liability of retiree health insurance and will have no impact, according to PEBP, on their current plan or the plan going forward for this biennium. That was merely future liability that was being set aside to meet the GASB (Governmental Accounting Standards Board) standards for recognizing—there is not a requirement to set aside those funds but to recognizing what that liability is.

ASSEMBLYMAN ANDERSON:

In this particular area, we made cuts—to the GASB program. We made cuts of \$53 million. We took money from there in the last session. I want to make sure I am dealing with the right

funding area. Are we placing the state at greater risk here and in the future and meeting the GASB responsibility rather than being one of ten states that are trying to put something aside for the economic problems that will be facing the state in the future? It is a multi-sided question as all my questions are.

TRACY RAXTER:

You are correct. We did sweep money out of some of the funds that were set aside. The 2007 Legislature set aside approximately \$52 to \$53 million. Some of that was for FY 2008 and some was for FY 2009. The amount for 2008 had already been placed in the Retirement Benefit Investment Fund before the state shortfall occurred in the 2008-2009 interim. So those funds could not be swept, but the 2009 funds appropriated by the Legislature were able to be swept in 2009. In regard to your second question about the future impact on the state by doing this sweep, the funds are future retiree health insurance cost. Assuming the actuarial value is correct, these costs will have to be paid sometime in the future unless the Legislature makes some change to the benefits structure for retirees for this program or the PEBP Board itself and somehow adjusts the benefit structure for the program. Barring those two things, there would be a potential for paying these costs in the future. Particularly what year that would occur is undetermined at this point.

ASSEMBLYMAN STEWART:

Does this mean there are no funds left in that fund at all?

TRACY RAXTER:

That is correct.

ASSEMBLYMAN CARPENTER:

With the actions we are taking here, will there be any reduction in the benefits to the retirees, either in retirement or health benefits? Will they remain the same?

TRACY RAXTER:

This was presented by the PEBP Board. They presented three options originally in January. One was a premium holiday, another was a slight sweep from REGI that pays current fiscal year claims, and the third option was this proposal that we are reviewing today. The PEBP did not indicate that this would impact the retiree benefits for health insurance in the current biennium. Again, these are the funds that were set aside for future liability and there was no identification of which fiscal year in the future that these funds would be utilized. It was just to acknowledge that there was a future liability for the GASB purposes and the setting aside those funds. The proposal now would be, instead of sweeping those and utilizing these funds in the future, they would still be utilized to pay for state retiree health care; but they would be utilized in FY 2011. Any future state retiree health benefit cost will be paid through the assessment and the subsidy that is approved by the Legislature in a future biennium.

CHAIR BUCKLEY:

I think this is what is called making the worst possible choice of many difficult and hard options. It is not good, taking money out of the reserve; it is not going to help but we do not have a lot of good choices. This is the least harmful of the options presented by PEBP.

TRACY RAXTER:

Madam Chair, there is one point that I would like to clarify. There are two sweeps on the list that everybody did receive; one of those sweeps is on line 6, on the first page, which is the account for the Prevention and Treatment of Problem Gambling. I just wanted to make sure that everybody was aware that this sweep was in the Governor's 10 percent list and we are displaying it here and it is being reflected in the sweep bill. It will not be counted in the 10 percent reduction, so it will not be double counted. The other item is on line 18 on the second page, which is the Nuclear Waste Project Office. This is a sweep of \$57,563 in FY 10 and a sweep of \$970,000 in FY 11— the same thing. A portion of this sweep was recommended by the Governor in his proposal and his 10 percent list. We have reflected this as a part of the sweep

and included it in the sweep bill; we are not going to be double counting this as part of the 10 percent reductions.

CHAIR BUCKLEY:

Thank you; we know you have been having a difficult time—you have sweeps and you have reductions. You have four different types of the reduction sheets and compiling them all is a lot of work and we appreciate all that you are doing for us. Thank you for the clarifications. Is there anyone that would like to provide testimony on this measure?

ASSEMBLYMAN GOICOECHEA:

I was curious as to the net value of the sweeps and is it reflected on the spreadsheets that staff has provided the members?

CHAIR BUCKLEY:

Could we get an updated sheet which reflects the bills that everyone could utilize?

ASSEMBLYMAN GOICOECHEA:

I would be fine with the value of this bill; it would give us something to work on.

TRACY RAXTER:

The spreadsheet that was provided to all of the members—on the last page we do have the totals of what is in the bill. The total is \$123 million in FY 2010 and approximately \$73.9 million in FY 2011, for a total of \$197.4 million. I would point out that the transfer from the Retirement Benefits Investment Fund of the \$24.7 million is not in that total. The other item, that is not in that total, which is in the bill, is the \$3.8 million per year from the Unclaimed Property Account that would go to the General Fund.

ASSEMBLYMAN GUSTAVSON:

I have been going through this and trying to do a quick auditing just to compare the bill with the spreadsheet that we have and I am still going through that. To follow up with my colleague from Eureka, as far as a total number goes, I am trying to compare the budget items with the spreadsheet and the bill itself. Budget account numbers 409, 410, 466, and 468—I have not seen on the spreadsheet yet. Could you assist me with those numbers? I am not on Ways and Means so I am not as familiar with these spreadsheets as some of the other members.

TRACY RAXTER:

I refer you to the second page. On line 21, there is a spreadsheet and it lists state agency names, the state public works board, and then it says CIP projects of \$6.9 million. That is all of the budget account numbers that you referenced in fund 409, 410, 466, and 468.

ASSEMBLYMAN GUSTAVSON:

On page 55.

TRACY RAXTER:

That is correct.

ASSEMBLYMAN GUSTAVSON:

Thank you. I did not see those numbers in the spreadsheet. Thank you very much.

ASSEMBLYMAN HARDY:

Have we taken the \$3.8 million from the unclaimed property? What does that leave us in the unclaimed property?

TRACY RAXTER:

Nevada Revised Statute (NRS) 128.620 provides that the first \$7.6 million each year of the ending balance in the unclaimed property fund is to be transferred to the millennium scholarship trust fund. In the 2009 Session, in the General Appropriations Act there was a section placed in there to redirect half of that amount, \$3.8 million per year, to the General Fund. What you see in the bill today in front of you is the other \$3.8 million per year, the other half, which is still statutorily required to go to the Millennium Scholarship Trust Fund based on NRS 128.610.

I can not tell you what the current balance is in the Unclaimed Property Fund. The statute provides that at the end of each year the first \$7.6 million is what is transferred out first before anything else.

CHAIR BUCKLEY:

Is there anyone who would like to provide testimony in the Committee of the Whole on this measure? Seeing none I will close the public hearing and bring it back to committee.

Submitted Exhibit

See Below.

LCB - TRACY RAXTER
FISCAL

A	B	C	D	E	F	G	H	I	J	K	L	M
1				State of Nevada								
2				Fund Sweeps								
3				Fiscal Year 2010 & 2011								
4	Fund	Agency/Agency Name	B/A	Budget Account Name	Balance As of 4-Feb-10	PY 2010	PY 2011	Total	Governor's Proposal	Difference		
5											Sweeping General Fund appropriation transfers for sweeping proceedings related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
18	101	012 Governor's Office	1005	Nuclear Waste Project Office	1,233,000	57,963	970,000	1,027,963	0	1,027,963	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
19	101	741 Insurance Division	3824	Insurance Education and Research	487,000	250,000	-	250,000	0	250,000	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
20	233	745 Dairy Commission	4470	Dairy Commission	587,310	350,000	-	350,000	0	350,000	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
21		State Public Works Board		CIP projects	6,921,414	6,921,414	-	6,921,414	0	6,921,414	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
22		Supreme Court		Supreme Court Reserve Sweeps	1,900,000	-	-	-	0	350,000	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
23	615	Department of Taxation	6069	Department of Taxation Bonds	\$2,313,976	15,000,000	15,000,000	30,000,000	704,159	(704,159)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
24	210	Insurance Division	3802	Insurance Indemnity Fund	10,366,342	-	-	-	8,000,000	(8,000,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
25	235	Employment Security Division	4771	Employment Security Special Fund	9,500,805	6,500,000	-	6,500,000	6,500,000	(6,500,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
26	101	702 Wildlife Department	4457	NOOW Heritage Account	5,662,780	-	-	-	5,600,000	(5,600,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
27	328	170 Legal Services Bureau	2630	Inmate Financial Committee Contingency Fund	43,313,966	5,000,000	-	5,000,000	5,000,000	(5,000,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
28	601	170 Legal Services Bureau	1335	Disaster Relief	6,846,757	4,000,000	-	4,000,000	4,000,000	(4,000,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
29	101	744 Housing Division	3838	Low Income Housing Trust Fund	17,650,046	-	-	-	3,000,000	(3,000,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
30	405	NSHE	6110	Special Capital Construction Fund For Higher Education	1,425,205	2,500,000	2,500,000	2,500,000	2,500,000	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
31	775	Attorney General's Office	1348	Tort Claim Fund	6,238,772	-	2,000,000	2,000,000	2,000,000	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
32	101	650 Department of Public Safety	4709	Criminal History Repository	2,622,176	1,000,000	-	1,000,000	1,566,236	(566,236)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
33	223	741 Insurance Division	3817	Insurance Examiners	860,393	600,000	700,000	1,300,000	1,300,000	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
34	224	580 Public Utilities Commission	3900	Regulatory Fund	5,550,111	1,000,000	-	1,000,000	1,000,000	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
35	101	040 Secretary of State's Office	1050	Secretary of State	10,475,845	975,000	-	975,000	975,000	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
36	535	440 Department of Corrections	3728	p1 Capital Projects	1,045,974	945,000	-	945,000	945,000	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
37	101	500 Commission on Mineral Resource	4220	Bond Reclamation	4,509,427	427,817	-	427,817	427,817	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
38	101	550 Agriculture	4545	Agric Registration/Enforcement	2,615,066	800,000	-	800,000	800,000	-	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
39	101	700 Conservation/Natural Resources	4144	AB3001	36,393,986	-	-	-	750,000	(750,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
40	101	810 Dept. of Motor Vehicles	4722	Motor Vehicle Pollution Control	884,154	-	-	-	700,000	(700,000)	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	
41	101	081 Budget and Planning Division	9081	Budget Reserve Account	1,422,148	1,223,266	-	1,223,266	643,960	579,306	Sweeping proceeds related to Yucca Mountain. The agency will continue to be supported with General Fund appropriations and will not receive any additional funding from the Highway Fund. The Governor has recommended a reduction of \$225,954 which is included in this 10% budget reduction bill.	

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	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2													
3													
4													
5	Fund	Agency Name	BIA	Budget Account Name	Balance As of 4-Feb-10	FY 2010	FY 2011	Total	Governor's Proposal	Difference			
42	801	660	Controler's Office	6300	Rainy Day	632,516	632,516	632,516	632,516	-			
43	101	300	Department of Education	2706	Discretionary Grants-Unrestricted	732,421	300,000	600,000	600,000	-			
44	201	650	Department of Public Safety	4729	Emergency Response Commission	301,635	301,635	301,635	301,635	-			
45	101	650	Department of Public Safety	4728	Contingency Account for Hazardous Materials	218,794	218,794	218,794	218,794	-			
46	330	030	Attorney General's Office	1038	Consumer Advocate	500,000	500,000	500,000	500,000	-			
47	601	650	Department of Public Safety	1338	Emergency Assistance Subaccount	697,648	500,000	500,000	500,000	(500,000)			Advised by Legal Counsel that negative to sweep per Article 9, Section 2 of the Constitution.
48	210	741	Insurance Division	3894	Self-Insured Assoc. Insolvency	1,031,869	-	-	-	-			
49	101	741	Insurance Division	3818	Captive Insurers	444,121	400,000	500,000	500,000	(500,000)			Advised by Legal Counsel that negative to sweep per Article 9, Section 2 of the Constitution.
50	101	748	Real Estate Division	3820	Common Interest Communities	2,867,192	-	-	-	-			
51	101	650	Department of Public Safety	3872	Home Disaster Asst. Program	476,042	476,000	476,000	476,000	-			
52	101	550	Agriculture	4957	Weights & Measures	913,494	450,000	450,000	450,000	-			
53	101	709	Environmental Protection	4147	Hazardous Waste Management	14,276,871	382,098	382,098	382,098	-			
54	101	500	Commission on Mineral Resource	6207	Cash Pooled Bond Investments	516,457	138,557	138,557	138,557	-			
55	101	406	Health Division	4547	Marjuana Health Registry	323,981	267,283	267,283	267,283	-			
56	101	550	Agriculture	4537	Gas Pollution Standards	645,895	250,000	250,000	250,000	-			
57	101	755	Financial Institutions Division	3853	Financial Institutions Audit	2,702,550	250,000	250,000	250,000	-			
58	101	755	Financial Institutions Division	3852	Financial Institutions Audit	380,789	150,000	100,000	250,000	250,000	-		
59	101	130	Department of Taxation	6058	Severe Financial Emergency	727,864	275,000	225,000	225,000	-			Advised by Legal Counsel that negative to sweep per Article 9, Section 2 of the Constitution.
60	101	050	Treasurer's Office	1089	Silco's & Disabled Pensions	323,225	-	-	200,000	200,000	(200,000)		
61	216	748	Real Estate Division	3826	Real Estate Educ & Research	1,269,692	200,000	200,000	200,000	-			
62	101	930	Board of Examiners	4889	Emergency Fund	458,581	200,000	200,000	200,000	-			
63	101	709	Environmental Protection	3184	Air Quality Management	6,263,076	184,464	184,464	184,464	-			
64	101	080	Department of Administration	1009	Construction Education Account	128,647	128,647	128,647	128,647	-			
65	201	650	Department of Public Safety	4081	Motorcycle Safety Program	406,472	126,418	126,418	126,418	-			
66	101	040	Secretary of State's Office	1057	Motorcycle Training	237,867	100,000	100,000	100,000	-			
67	101	741	Insurance Division	3821	Insurance Recovery	167,060	100,000	100,000	100,000	-			Advised by Legal Counsel that negative to sweep per Article 9, Section 2 of the Constitution.
68	210	742	Industrial Relations Division	6025	Uninsured Employers Claim Act	13,251,177	-	-	100,000	100,000	(100,000)		
69	216	748	Real Estate Division	3827	Real Estate Recovery Account	469,112	100,000	100,000	100,000	-			
70	101	709	Environmental Protection	3188	Mining Reclamation/Redemption	2,690,934	82,752	82,752	82,752	-			
71	101	230	Poison Control	3714	POCS	560,734	62,282	62,282	62,282	-			
72	101	650	Poison Control	4703	Poisonless	277,662	55,728	55,728	55,728	-			
73	101	705	Department of Water Resources	4218	Poison Response & Disaster Relief	50,000	50,000	50,000	50,000	-			
74	201	650	Department of Public Safety	4689	Bicycle Safety Program	197,624	46,811	46,811	46,811	-			
75	101	061	Budget and Planning Division	1344	Gratuity Reward Fund	10,508	10,508	10,508	10,508	-			
76	101	061	Budget and Planning Division	2590	Controlled Substance Grants	3,796	3,796	3,796	3,796	-			

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	A	B	C	D	E	F	G	H	I	J	K	L	M
1	State of Nevada												
2	Fund Sweep												
3	Fiscal Year 2010 & 2011												
4													
5	Fund	Agency Name	BIA	Budget Account Name	Balance As of	FY 2010	FY 2011	Total	Governor's	Proposed	Difference		
77	101	704 Parks Division	6190	Performance Guarantees	4-Feb-10	2,002	2,002	4	2,002	2,002	-		
78	Total Other Non-General Fund Sources					380,879,438	123,534,098	73,868,572	187,453,570	222,331,096	(24,927,726)		

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Assemblyman Ocegueda moved to do pass Assembly Bill No. 3.

Assemblyman Conklin seconded the motion.

Motion carried.

On motion of Assemblyman Ocegueda, the Committee did rise and report back to the Assembly.

ASSEMBLY IN SESSION

At 1:30 p.m.

Madam Speaker presiding.

Quorum present.

REPORTS OF COMMITTEES

Madam Speaker:

Your Committee of the Whole, to which was referred Assembly Bill No. 3, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

BARBARA E. BUCKLEY, *Chair*

GENERAL FILE AND THIRD READING

Assembly Bill No. 3.

Bill read third time.

Roll call on Assembly Bill No. 3:

YEAS—41.

NAYS—Goedhart.

Assembly Bill No. 3 having received a constitutional majority, Madam Speaker declared it passed.

Assemblyman Ocegueda moved that all rules be suspended and that Assembly Bill No. 3 be immediately transmitted to the Senate.

Motion carried.

Madam Speaker moved that the Assembly recess until 3 p.m.
Motion carried.

Assembly in recess at 1:39 p.m.

ASSEMBLY IN SESSION

At 3:29 p.m.
Madam Speaker presiding.
Quorum present.

Assemblyman Ocegüera moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering the budget cuts to Health and Human Services.
Motion carried.

IN COMMITTEE OF THE WHOLE

Chair Buckley presiding.
Quorum present.
Health and Human Services budget cuts considered.

CHAIR BUCKLEY:

As you recall, we did hear from Mike Willden and the presentation of the proposed cuts to the Health and Human Services budget. We are not going to re-review those. There are a number of those cuts that will painful are going to go forward. This is just the list of some that was compiled to reexamine in greater detail, to make sure that we did the cost benefit analysis to understand all of the decisions we are facing.

ASSEMBLYWOMAN LESLIE:

I am here to present this as the vice chair of Ways and Means and the chair of the joint subcommittee that takes up these budgets. The Department of Human Resources, as you all know, is the largest department in state government. It consists of five divisions: the Division of Welfare, Aging and Disability Services; Child and Family Services; Mental Health; Developmental Services; and Health Care Financing and Policy, which we usually call Medicaid.

Before I begin, I really want to thank Mike Willden. Thank you, Mike, for all the help you have given us and the help of your staff as we've been working over the last three weeks or so, through the IFC and through leadership, to really understand what the proposed cuts would mean to our citizens. They have done a lot of extra work; they have taken tons of phone calls, tons of emails, and responded always very quickly and very nicely. I really do appreciate that.

You should all have a sheet of paper. It doesn't say "the ugly list." Its title is "The Worst Human Services Budget Reductions". So, that is what I am going to be working on. If I get into trouble Mike is going to save me but I do know these budgets fairly well having served on that committee many years so we will see if I can answer your questions. There are other people here who would like to offer public testimony who are obviously more expert in this field than I am and they can probably answer any detailed questions as well.

Let's start at the top. You will see four boxes and off to the right, in the final column, you will see "Governor Restored". So, what these boxes represent are original cuts that were in the Governor's original list. Through the work of IFC and public testimony and the town hall meetings that many of us attended, the Governor did agree to restore these four items. I will briefly go over those. The first one is to delay growth for residential placements in rural Nevada. This is on the Development Services side—you can see the total amounts in that column. The second item is to reduce the residential caseload growth by 142 placements. This is for the severely mentally ill in Las Vegas. What we are doing here is restoring 85 housing

slots. You will recall that over the last six to eight years, we talked a lot about restoring the mental health budget, especially in housing, especially in Las Vegas, because the only public health emergency in our state that was ever called was in Las Vegas, when the emergency rooms were so full of mentally ill people. You remember that; people with broken arms that were waiting long hours because we couldn't get the mentally ill out of those beds. We know one of the keys to reducing that problem in Las Vegas is to have housing resources. The Governor originally had asked for a \$2.7 million, almost \$2.8 cut. Actually, it was more, almost \$4 million. Mike knows this. We put back \$2.7 million and the reason we did not put back the extra \$1.2 is that Mike has been managing the budget really well. He knew we were in this situation and so they have not ramped up the housing caseload slots because they did not know what we were going to do in the special session, so there is a natural opportunity to save some money there. The bottom line is 85 more people in Las Vegas will have housing because of this restoration. The third one we have talked a lot about already in the special session—these are the optional services from Medicaid. This item represents the \$4.9 million in dentures and the adult-day-care program. We heard a lot of testimony about that at the town halls for people with Alzheimer's, so that they have a place to go during the day and give their families a break, and have transitional rehabilitative out-patient services. If you are thinking: What about the hearing aids? What about the glasses? We are going to get to that in a minute. The Governor has restored all of these in the budget. The final item the Governor restored was the 77 field services staff at Welfare; you know the welfare case loads naturally go up in a deep recession and we have a court case and Federal mandates that say we have to process applications in a certain amount of time. We need those 77 positions in order to do that. So, the bottom line is that the Governor has already agreed to put back \$9.3 million. The rest of the items on this page are items I would like for you to consider restoring to the budget. As the Chair said, we have been processing this through leadership the last two weeks and through IFC. I think there is general agreement that these are very important items, to protect our most vulnerable citizens.

The first item is child welfare; actually, let's talk about the first two. You remember that we have changed our child welfare system to an integrated system and the state is responsible for funding to the counties in order to have an integrated system. The first box represents a 10 percent cut to the Washoe County child welfare program. What this would mean in Washoe County is that there would be a huge decrease in home services. A lot of times we try and provide in-home treatment to keep abuse and neglected kids safely within their family environment, because we all know that parents are the best at raising kids. We would be eliminating family preservation services, we would be eliminating respite care for foster families—which is so they could have a break once in a while and get out of town—and increasing case loads. In Clark County, which is the next box, the \$6.1 million represents at least 27 jobs that would be eliminated. Foster care caseloads would increase to about 50 foster children per case worker. Just to give you an idea, the national standard is about 11 to 15 kids. So, if we went to 50, obviously that would not be good for the children and we might be facing some federal penalties as well.

The third item . . . actually, let's take the next three items. You are very familiar with this, the personal assistant services item, where the Governor is recommending that we reduce the rate that we reimburse for the cost of providing assistance to disabled people in their daily living. This is assistance for things such as taking showers, getting dressed, and being able to go out. During the 2009 Session, the Governor had proposed a \$3.00 an hour cut. Through lots of testimony, those of you who served on Ways and Means, had hours and hours of testimony about the ramifications of cutting the personal care attendant services hours. We ended up cutting their salary by \$1.50. What we are recommending to you today is that we not cut it another \$1.50—that we leave it where it is now at the original \$1.50 cut.

The next item is increasing the Nevada Check-Up premiums. The Governor is suggesting is that we triple the fees. You can see the amounts there. What it would mean and just to remind you, Nevada Check-Up is our SCHIP program, which is health care insurance for children of working families. It is not for the poorest families because they are served through Medicaid. Nevada Check-Up serves people who are working, but either their employer doesn't offer insurance or they can't afford family coverage. Even though the amounts look small to you, from \$25 to \$75 a quarter, it is a tripling, a 300 percent increase to these families. Many of

them, I think, would drop off of Nevada Check-Up. What happens is then we have more children without health insurance. The last study I saw showed that Nevada is the fourth worst in the nation in terms of the number of our citizens who have health insurance, so obviously kicking more kids off of health care is not going to be a good thing for our state.

The next item is what I was talking about before, the other optional services of Medicaid for adults—the non-medical vision and the hearing aids. This is for the seniors who we know need to eat but they also need to hear and see, so we are proposing putting that back in the budget. The next item is the Governor's proposal to decrease, by \$10 a day, the per bed and day rate in our skilled nursing facilities and our nursing homes. Of course, our seniors in nursing homes are among our most vulnerable people and the last thing we want to do is lower the quality of our nursing homes.

The next item is decreasing, by another 5 percent, the hospital rates. If you recall this from the 2009 Session, we did decrease it by 5 percent then, so this would be an additional 5 percent, for a total rate decrease of 10 percent. It does not apply to most of the rural hospitals but it does apply to rural hospitals in Elko, Churchill, and Boulder City. I think everyone in the body is pretty familiar with this item since we heard it so much in the last session. We are recommending we not enact an additional 5 percent rate decrease in that area.

The next item will also be very familiar to everyone and that is the autistic children. It represents a \$1.5 million decrease in the amount that we allot for families of autistic families; some are for families of autistic children who are also mentally retarded, who purchase services that are very specific to their children. We would be decreasing the amount of money that we reimburse parents to purchase those services; so, what we would be doing through this cut is taking kids off their treatment. Kids that are getting treatment now would not be able to get all of their treatment; parents would have to decide which services they would be sacrificing.

The last one is another mental health cut which we are recommending be restored, which is for co-occurring disorders—people who have a severe mental illness and substance abuse. We know those rates are very high. It represents 42 people getting services today in Clark County and 18 in Washoe County, so these are among our clients in mental health in need of integrated services who would no longer be getting those. We know people aren't getting services, which are severely mentally ill, often end up in our hospital emergency rooms, our jails, and our prisons. We do not think that is a good investment. The other thing I want to draw your attention to is the amount of federal dollars that we get that coincides with this amount of money. If you take the \$9.3 million and the \$25 million we are suggesting, we put back \$34.4 million into the budget. The federal match for these items is \$32 million. The total amount of money back into our economy—and remember, jobs go along with this because in health and human services a lot of the services are provided by people—is a put back of \$68.4 million. I won't ask the assistant majority leader to repeat his lecture to us from yesterday about the multiplier effect. I just want you to know how much federal money we would be getting if we put this amount back in the budget.

I guess, in conclusion, I would like to put back more things. We are still not funding tobacco prevention. We are still taking away substance abuse prevention dollars when we know we have one of the highest rates of substance abuse in the country. There are more mental health cuts that I personally would like to put back, but we can't, the money isn't there. I would ask that you consider these priorities. I started out with a three page list when we started and I'm down to one page. I think that if we restore these services, it will not only save jobs, even more importantly, it will save lives. I am asking for your consideration for these budget restorations. Madam Chair, I am happy to entertain any questions. Bring Mike Willden down if you need him. I know there are some people who would offer public testimony.

CHAIR BUCKLEY:

Thank you for your testimony. Assemblywoman Leslie, do you know or should we ask Mike Willden? If you separate out the items on this page, what are still the overall cut to health and human services?

ASSEMBLYWOMAN LESLIE:

Mike can give you a more accurate number I am sure.

CHAIR BUCKLEY:

There was intimation earlier that there aren't cuts being made. This is a targeted list of some of the worst ones but overall, between the agency cuts and the public health trust funds, tobacco funds, all the agencies within the department's jurisdiction, how much is being cut?

MIKE WILLDEN:

From my testimony I provided yesterday or the day before, our thirteen page cut list does not include the federal dollars. The total number of reductions being made in Health and Human Services is \$155 million; \$108 million of that is off the five documents that Director Clinger presented for the Governor's cuts—the travel and training, the staffing cuts, and the sweeps. On top of the \$108 million there was \$41 million worth of the tobacco sweep and almost \$7 million related to the Temporary Assistance to Needy Families (TANF) block grant. So, the total reduction in Health and Human Services was almost \$156 million. So, if I am following this add back list, it is roughly \$25 million. So, it would be \$56 million minus \$25 million.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. I want to thank you for going through all of these cuts. I want to thank Mike for all the help and the reiterations that have transpired to try to get this thing cleaned and make sense of it.

I had a question about the personal care assistant rates. I was thinking, during testimony, and had asked and I thought that they had said that we could cut the \$1.50 and the services would still be provided because they would reorganize what they were going to do. Thank you.

ASSEMBLYWOMAN LESLIE:

Madam Chair, might I answer that and then turn it over to Mike Willden? There are actually three areas and that is why they are out there in three ways. I think what you are referring to is the St. Mary's program. What we want to do is have consistency in the rates. The St. Mary's program did come forward and say they could manage by redoing things. I am sure that they would rather have the \$1.50. The big money is actually in the Medicaid portion – so there are three areas – and Mike will give more details on that.

MIKE WILLDEN:

Madam Chair and Assemblywoman Gansert, to break out the three line items, you can see the first one was \$431,000. That is what we call the St. Mary's program, which is the Office of Disability Services. They are currently paid a higher rate of \$18.50 versus the other personal care attendants (PCAs) who make \$17.00 an hour. The difference in the two rates, as I testified before, is that St. Mary's is getting paid for the case management plus the services and the other providers provide just the services. The second line down, the \$72,000 and some change, is the impact on the Aging Divisions' Home and Community Based Services. The third line down, the \$2.9 million to \$3 million is the impact of the personal care services in the Medicaid program.

ASSEMBLYWOMAN GANSERT:

Thank you. I understand. I just thought that St. Mary's said they could do it for less. I was wondering if everybody else could do it for less. Do we need to add this back or can we still get the services?

ASSEMBLYWOMAN LESLIE:

What I would say is that we have to have consistency in the rates. I would hate to penalize St. Mary's for being the one who said they could manage. I have not seen the letter so I am not sure what was said. My impression of it was that they would rather try to muddle along then lose the program—they are very committed to providing this service. I would hate to say that we were not going to pay you because you said you could manage. We don't want competition between personal care attendants; we have some testimony here from people who actually use these services—they can explain it much better than I. My recommendation would not be to reduce the St. Mary's program. I personally think, based on the testimony we had during the session, that disabled people who are served through the Medicaid program would definitely suffer if we enacted the additional \$1.50. They wouldn't be able to hire people and the quality of care would suffer. They could probably answer that better.

ASSEMBLYWOMAN GANSERT:

Thank you, that is actually more to my question. It is not differentiating them, because I think they are a huge help. I completely agree. It is at what price can we afford to do it?

Thank you.

CHAIR BUCKLEY:

Thank you, Ms. Gansert. I don't see any other questions. Thank you, Assemblywoman Leslie. Thank you, Mr. Willden. Wait, we have another question.

ASSEMBLYMAN MUNFORD:

Thank you, Madam Chair. I just want to say to Mike, I thank you for what you do in my district. You are always accessible and you respond to my calls. I wanted to also ask you, I think Berry Gold mentioned it yesterday, about the diaper program. I received quite a few calls. I guess it was up to 300. Where is it now?

MIKE WILLDEN:

Let me give you a little background on the incontinence products and the policy that we have recommended. Medicaid pays for what we call non-durable medical supplies, for things like diapers and gloves for changing those types of things. We recommended the policy to limit the number of the incontinence products that would be reimbursed without prior authorization. The old policy was 300. Again, we did some national polling and checking around and the average seems to be 186. Our recommendation is to move forward with the policy of 186 and, again, I would want the committee to know, if someone needs more than 186 and there is a rationale, we will accommodate that, but we are not going to automatically fill 300 diapers or incontinence products, every month. The 186 will be the limit without additional justification. I also note, for the committee, that if you are on Medicare, they don't pay for any diapers.

ASSEMBLYMAN MUNFORD:

Some of my constituents are on medication, a lot different type of prescription drugs, and it makes them feel like they may need additional diapers because of that. They are not regular like you would normally be if they were not on these medically prescribed medicines.

CHAIR BUCKLEY:

Mike, I think this is just one of those ones you can never explain and needs to come off the list. Thank you, again, for your testimony and how hard you worked.

CHAIR BUCKLEY:

We will open the hearing for public testimony. Paul, I know you were waiting before our break, so thanks for waiting; we really appreciate it.

PAUL GOWINS, CHAIRMAN, COMMISSION ON PEOPLE WITH DISABILITIES:

Thank you, Madam Chair. I appreciate the opportunity to speak today.

My name is Paul Gowins and I am currently the Chairman on the Commission of People with Disabilities. I looked at the "worst" list today and I appreciate the opportunity to talk about this worst list.

As a person who deals with the Commission on Disability, there is not one area in here that is not affected by somebody I talk to on a daily basis. Whether you are old or young, whether you happen to be in the St. Mary's program or happen to be in the institution, you probably are going to have a disability and I am supposed to say something for you today.

First of all, there will be some experts addressing other parts of this list, but my expertise mostly has been in the area of personal care attendants. I have to tell you that I receive personal care attendant services through St. Mary's and have for many years. That aside, I sat on the fundamental review when Governor Quinn was Governor. I also helped work on the rates commission when these rates were set—it was ten years ago. So, when we see these cuts—a \$1.50 doesn't seem like much. It is really difficult to explain to somebody what happens with the \$1.50. I surveyed three companies before I came here. One company—the last time the rate was cut—took their employees down 75 cents, a fairly efficient way to do that. One of the middle grade companies took their employees down \$1.00—starting from an average rate of

about \$10 or \$11. The last company I spoke with took their employees down \$1.50. One company said, “We are no longer going to do state people because we are going to try to do private—only because we can not make it at that rate.”

There have been quite a few questions about St. Mary’s and I want to speak on their behalf, not just because I am receiving services, but there is one real major difference with that program. They provide health insurance for individuals if they work 30 hours per week. I am not aware of any other company that provides that type of service, and retirement and those kinds of things; they are really truly employees and they are looked at as long-term employees. I think that is a real major thing because if you keep cutting a good program like that we are going to lose—they have approximately 200 employees now—and they are going to lose their health insurance. So, what do you think is going to happen there? I don’t think that is going to be cost effective for us.

The last \$1.50 cut round, everybody ate the bullet and tried to make it adjust. If we have the same take next time, if you take 30 percent out of \$10 an hour, they are going to be making minimum wage again. We haven’t done minimum wage since 1985 when we first developed some of these programs. I really think you seriously need to look at the impact. Often, when we talk about the programs, we look at the community based versus the institutional care. It doesn’t matter to me, because I am representing people with disabilities. If you are in an institution or if you are in the community and you have a disability, we need to be concerned about how we deal with it. I had a friend trying to open a safe and he said, “We don’t crack the safe, we don’t break the bank, we just brutalize it.” Right now people with disabilities in the state of Nevada are being brutalized with every service you cut. If you are in education—you get it; any of these programs—you get it. It is very, very important to look at really what is going on and how it is going to decimate the system.

I think they often try to pit the community services against those that are in institutions. If you look at Nevada overall, \$170 million a year is spent in the institutions and about \$70 million in community based. Within the institutions they average about 3,000 customers a month and in the community, it is about 5,500. You can see, we have done very well at balancing that—it use to be very different. We used to build 500 beds a biennium for institutional beds and we have not done that in years. These small little \$1.50 increments make a big impact over a period of time. I really encourage you to restore these issues.

I would challenge anybody that has not been to a nursing home in a long time to show up at a nursing home at a shift change on a Saturday, or go to one at 12 o’clock at night to visit their grandmother, and see what the staffing is like. I cannot tell you what the conditions are like. I know they are trying to comply with the law. I heard the man speak at the last IFC about just barely trying to comply with the law. So, just trying to comply with the law – what does that tell you? I would really encourage you to do something about the cuts and getting them restored.

I could talk about any one of these to a great extent. Keep in mind we are not just talking old people; we are talking children. We’ve got them cut up in a pile—we will feel like a bunch of pit bulls getting put into a bull pit and having to fight it out to see if the old people win out over the little kids. We really need to have these cuts restored and really look at it as a holistic thing in the system. I can guarantee to you that if we do these cuts, the impacts that you are going to see in trying to see and fix the problems when you come back during regular session are going to be decimated. You are really going to have some difficulties on trying to deal with the problems that are created with \$1.50 cut. I could say more but I need to be conscious of your time.

CHAIR BUCKLEY:

Thank you, Mr. Gowins, and thank you for all your advocacy for individuals with disabilities. I don’t see any questions; thank you very much.

PAUL GOWINS:

Madam Chair, it always scares me when I don’t get any questions. I don’t know if I said the right things or the wrong things. Hopefully we said the right ones.

CHAIR BUCKLEY:

Let’s have a show of hands: right or wrong? It looks all right to me.

We have a number of other people signed in to testify. I think I will just go down the list. We have three seats so I will ask you to come up three at a time. We have Larry Matheis, Kevin Schiller, and Jon Sasser.

KEVIN SCHILLER, DIRECTOR, WASHOE COUNTY SOCIAL SERVICES:

Thank you, Madam Chair and other members of the committee. For the record, I am Kevin Schiller, Director with Washoe County Social Services.

The primary impacts of these cuts in child welfare . . . the best way I can phrase it is that we don't deal with the numbers so much as we deal with families and children.

One of the things that we try to do in our business is we are trying to keep kids home and we are trying to get kids home. In dealing with abused and neglected children and the impact of these cuts, the most dramatic will be the loss of intensive in-home clinical services to the children and the families we serve. To highlight this—what has occurred in Washoe County with the help of these services? We have reduced our foster care placement rate from about 1,020 kids, at its highest, to about 765-770 children, currently. This is a result of being able to respond, provide services, and get into a home to prevent that ultimate trauma, which is foster care placement.

I would also emphasize that foster care placement, once it does occur, the number one goal that we have as soon as that child is placed, is to return the child to their family of origin. With these reductions what we may see, and one of the concerns is, that placement numbers will climb. In the reduction of services and the increase in placements, ultimately I may be before you in the next session talking about an increase in foster care placements and again, an ultimate impact to the budgetary situation that we are currently here discussing.

I would also highlight that the other reductions that many of you are hearing about, such as adult mental health, children's mental health and other services, have a cumulative effect on the families and the kids that we serve.

I appreciate the ability to talk to you today. I urge you as much as possible if you can spare the children these reductions—it may ultimately benefit the children and the ability to keep them in their homes. I acknowledge that we are in a deficit that we need to come to the table and support, but I want to emphasize beyond just the financial impact. It is truly going to impact the families and the children and the citizens of Washoe County. Thank you.

CHAIR BUCKLEY:

Thank you for your testimony.

LARRY MATHEIS, EXECUTIVE DIRECTOR, NEVADA STATE MEDICAL ASSOCIATION:

Thank you, Madam Chair. Larry Matheis, Executive Director of the Nevada State Medical Association. I have also been the chair of the Nevada Covering Kids and Families Coalition and I serve on the board of Access to Health Care Network in northern Nevada.

I was asked to talk to you about our concerns about the Nevada Check-Up Program and the consequences of the premium increases. I would like to make three points about that.

First, the amount of the premium increases is likely to simply result in people not being able to make the choice and afford that program. It wasn't that long ago, before the state children's health insurance program was developed by the federal government as a joint federal and state program, those children were getting some care. They were county indigent; they didn't qualify for Medicaid, but they got some services. What they didn't get was preventive services; what they didn't get were the things that come with more robust coverage. They got the essential care that comes primarily from going to an emergency department. With the creation of Nevada Check-Up and its equivalents around the country, those children found their way into the system early enough that they got the preventive services, the immunizations, and the other things that really do matter at that age. These are families that are marginally in the system and, in effect, the premium increase simply becomes a cap without a cap—there were savings then.

My second point is savings in Medicaid and savings in programs like the Nevada Check-Up Program are illusory; they are huge cuts in the over-all program. As with Medicaid, there are two federal dollars for every one dollar that you remove of state money. So you remove three dollars from your total budget— from the total program—not one—and that has consequences. It has consequences for what services are available, it has consequences in terms of the over-all

economy by people who have money—taxpayers who have money to spend. So, as with Medicaid, so it is with Nevada Check-Up. Those children are going to get minimal services, but they are not going to get the essential services, there are going to be more costs down the road. If their needs are not met until too late, we will get them in the Medicaid program, or we'll get them in the mental health program. We will have children with disabilities that will be undiagnosed until they have to be treated. The cost savings are illusory and I think you should always be careful about short-term savings that turn into major long-term costs.

The third point is that these children used to be considered county indigent patients. They were the category that would use county services. If you turn them back into becoming uninsured, which is what the premium increase is going to do to a lot of them—their families won't be able to make the premiums—they will be uninsured. Yes, there are some programs, like the Access to Health Care Network, but those are already strapped; they are already beyond their capacity in terms of absorbing more of a safety net function. For the counties, I don't know if it is an unfunded mandate; it is certainly going to be an unfunded increase in our shift in the burden of taking care of children who are uninsured and who have emergencies and other health care needs.

So, for those three reasons, we would encourage you to consider not implementing the premium increases and not implementing what is in effect a cap without a cap on the number of children who will be enrolled in the Nevada Check Up Program.

Thank you, Madam Chair.

CHAIR BUCKLEY:

You are welcome. Mr. Gold.

BARRY GOLD, DIRECTOR OF GOVERNMENT RELATIONS, AARP-NEVADA:

Madam Chair and members of the Assembly, for the record my name is Barry Gold. I am the Director of Government Relations for AARP-Nevada.

Yesterday, when I spoke to you, I said, "I wanted to speak on behalf of the most vulnerable, who could not be here today." I talked about some of the cuts and some of the impacts and would like to go into those a little deeper today.

One of the things we talked about earlier and that Assemblywoman Leslie talked about was adult day care. We are very appreciative that adult day care has been restored. I think that some of the testimony before—we've heard about how that is one of the last options for families to stay together. At a health committee meeting there was a woman who begged and pleaded, "Please don't make me put my mother back into a nursing home." She came out because her mother could go to adult day care. These services we are talking about aren't merely ugly as I said before, they are horrific and they are unthinkable. So we appreciate that the adult day care is currently off that list and it is really important. As Mr. Matheis said, "These actually save us money, because if people go into nursing homes, it costs all of us more."

I would like to talk about some of the other things. The ability, just because you are old, poor, or sick, to be able to see and hear and chew should never be considered optional. We do appreciate that dental has been added and that is very important, but I would like to talk about vision for a minute. Imagine today, and I look around and I see many of you are wearing glasses and those who aren't, maybe like me wearing contacts, for vanity reasons, but imagine if today you broke your glasses or imagine if after today you could never get another pair of glasses again for the rest of your life. That is what we are talking about; these are poor people on Medicaid. So imagine how many people in our state are going to become functionally blind over \$150 pair of glasses; that is a horrific thing to think about. We are not talking about designer frames; we're not talking about expensive glasses that these people get. Imagine if today none of you could get another pair of glasses. How many people would become functionally blind? Mr. Ocegüera, you have this wonderful baby, which I saw yesterday. Imagine if because you couldn't get a pair of glasses, you couldn't watch him grow up? Let me ask the members of the body and the people who are watching—what if you couldn't watch your children or your grandchildren grow up over a pair of glasses? It is a terrible thing to think about.

Now, I want to talk about hearing. I turned the microphone off for a reason because I know that there are some people in this audience today who might have hearing aids and I bet if you

asked them, hearing aids don't just improve the quality of their life a little, it allows them to function; it allows them to interact with others. That is how important hearing aids are.

I said I wanted to speak on behalf of the most vulnerable because we are talking about these Medicaid services for people over the age of 21. It is not just the AARP members that I represent; it's all people over 21. So, imagine how many people aren't going to be able to interact fully in life over the cost of a hearing aid.

After saying that, on behalf of—you have heard me say this before—the 311,000 AARP members across the state and all the most vulnerable that we are talking about all across Nevada who rely on these services to live their lives with some dignity and as much independence as possible; we urge you to restore these important services back to the budget.

Thank you.

CHAIR BUCKLEY:

Thank you, Mr. Gold. There are no questions. We appreciate your testimony.

I would like to ask Jan Crandy in Las Vegas and Ralph Toddrey here in Carson City to come to the table.

RALPH TODDRE, MEMBER, NEVADA COMMISSION ON AUTISM SPECTRUM DISORDERS:

Thank you, Madam Chair.

For the record, I'm Ralph Toddrey. I am on the Nevada Commission on Autism Spectrum Disorders. At this time, autism is on a tremendous rise—the last time I spoke to you was at the regular session earlier in the year—and it affected 1 in 150 children. It now, since that time, affects 1 in 110, and those numbers are guaranteed to keep growing. We cannot afford to cut the services of those receiving them from the regional centers. Receiving services from the regional centers is incredibly important to these children and to these families. In order for them to receive these services, they must meet certain conditions and one of them is income. So, a lot of these people at the regional centers, which this cut will affect, are in the lower income bracket.

Hours of therapy are the key for opening the door for these children into a world through improved communication, socialization, and behavioral skills. Once a child begins to receive therapy, stopping or reducing that treatment may, and, in most cases, will cause regression. Cutting the amount of time that a child receives therapy puts an incredible burden on the family and that child. In scientific research, research has shown over and over again that the number of hours of therapy a child receives makes all the difference. Too little will not help the child and that is exactly what will happen under these proposed cuts. Treatment in doses that are too small will not be effective.

The amount of therapy they are now receiving through the autism self-directed funding at the regional centers is at the lowest amount that shows effectiveness. Cutting that would put them in a crisis situation and will undo the positive effects of treatment to date. In the long run, cutting that treatment now will result in much, much more expense in the future. Our goal is to get our children to be able to lead a productive, independent, and somewhat typical life and without that therapy and treatment now, it will not happen. Eventually the state will have to take on the burden of that care at a much higher rate and that is bad for everyone. I urge you to consider this request not only for the sake of our children, but for the future of the financial burden that it will put on the state.

This financial crisis is not going away soon. This small amount of funding has done wonders for the children and families getting it. Some families are supplementing this funding at a rate they can barely afford, just to add additional hours to what they are getting through these centers. With this cut they will not be able to afford that supplementation. For the 400 kids who will see their treatment decline and their life change drastically, I urge you to not do these cuts. Thank you.

CHAIR BUCKLEY:

Ralph, I have a question for you. You work in the private sector when you are not advocating for children with autism, and your industry has seen huge amounts of cuts, loss in revenue; what would your advice be to the state as we look at a solution toward our budget shortfall? How do you balance everything effectively?

RALPH TODDRE:

One of things we have found in our industry—I work for Sunbelt Communications Company—is that you can go through and you can find areas that you can effectively cut, but trying to run a business on cuts does not work. You have to have revenue. I don't understand and have no idea how we can expect, as a state, to just cut, cut, and cut to meet this shortfall, without actually doing something with revenue.

ASSEMBLYMAN COBB:

Thank you, Madam Chair. I'm not actually that familiar with the state of your business but I know journalists, in general, are doing pretty poorly. The Reno-Gazette Journal has laid off a lot of people and certainly cut back on any types of perks that they've had, and, coming from the private sector, we've done the same thing. We've raised health care premiums; we've taken back all cellular phones; we've taken back cars; and in certain cases, we have lowered salaries and laid off a huge number of people. Have you done the same things with your business—laid people off, taken back perks, things like that—or have you exclusively raised your fees on your customers?

RALPH TODDRE:

No, we are not raising our fees on our customers; we are looking at other ways of creating revenue through other sources. It is not that easy just to raise your fees. Yes, we have gone through and done the cuts that we could afford to do without completely destroying our product. You get to a point where you are going to destroy your product and then your chances of receiving revenue in the future are going to be slim and none, and you are going to put yourself in a position of going out of business, which a lot of the media places have done. Newspapers, which you have mentioned in general—a lot of those have already gone out of business.

We are looking at what we are doing and we're working with consultants. I am currently at a project with John Hopkins University, working with their fellowship program to develop new sources of revenues for our medium. So, we are looking for those new sources of revenue; we're not looking at going out and trying just to raise the cost. The key is the new sources.

ASSEMBLYMAN COBB:

That is a very interesting concept because you are talking about innovating and you are talking about what is the next thing for the realm of journalism. For instance, online, in blogging and things like that; you are seeing that increase significantly versus readership in a lot of the print newspapers. That is innovation, that's creating new markets, and that is finding ways to create new revenue, much along the lines of perhaps a project like, in Nevada, where we had the opportunity for a Yucca Mountain type source of revenue from the National Waste Fund. Of course, that is not just going out and raising fees, taxes, and things like that. I believe they are two different things. That is why I just wanted to clarify. As we approach this, I think as best as we can, from a business perspective in terms of being successful, we are going to have to get creative and innovative and not just cut, but also not just run back and raise fees and taxes every time.

Thank you.

RALPH TODDRE:

Correct. I agree with that.

CHAIR BUCKLEY:

So is the answer a balance? It can't all be fees and taxes. It can't all be cuts. It has to include innovation as well?

RALPH TODDRE:

I absolutely think so. That is what we have gone through in our industry and that is what we've gone through from a business standpoint. In some areas there will be some things that would be considered fees and taxes. As a television broadcaster, we are working with cable companies in order for them to pay for our products. That does get passed on to the consumers, so in some ways, it is kind of like a tax. In order for us to get re-transmission consent money, more than likely the cable companies and the satellite companies will pass that along to the

consumer; we understand that. It is just a necessary thing of doing business and trying to stay in business.

CHAIR BUCKLEY:

Thanks for your perspective — we appreciate it. Let's go back to Las Vegas and see if we have cleared up the problem with the line.

JAN CRANDY, MEMBER, NEVADA COMMISSION ON AUTISM SPECTRUM DISORDER:

For the record, my name is Jan Crandy.

We have to work so hard to build services and then, instead of growing them, we have to chip away at them until they are no long effective. I believe citizens will stand behind you as you change the direction Nevada is headed. Autism services in Nevada, like other programs, are already underfunded.

The Governor's proposed budget decreases funding to these children by 22 percent; that is a big cut. I can tell you right now it is very hard to buy services—enough services to treat these children at the current funding levels that they are getting. The current funding supports about ten hours per week, less for older children. If we cut the funding to what the Governor is suggesting, families will not be able to buy ten hours a month. I also think it will drive them to do treatment that is not evidence based.

Funding autism is expensive but it is cost effective and, in the long run, it will save Nevada millions of dollars. These are not just words, it is fact. Without treatment, children with autism will need lifelong support and some will require institutional living. I wanted to share with you how expensive the choice to not fund treatment can be.

Today, in Las Vegas, there is a 20 year-old that, in the past, did not receive treatment. He is currently being taken care of at St. Rose Hospital. It's been a month-long stay at a total cost of \$74,818.00 to Medicaid. This is not his first visit; he has had five ER visits since 2008 to St. Rose Hospital. I don't know what other costs are to other hospitals.

In Elko, there is a 16 year-old girl and she is one of the children who received the regional self-directed funds. At 16, she was originally receiving \$778 a month. With the previous cut that we took, before this cut we are proposing, she received \$450 a month; she was on the self directed money. This is hardly enough money to purchase respite, definitely not enough to purchase treatment. Mom is a single mom; her child has critical behavior issues. At Thanksgiving, mom could no longer handle it. This state, at Medicaid's expense, has placed her in Texas Neuro Rehab Residential home and she remains there today. Of course, our Medicaid dollars are paying for her stay. I don't know the cost per day, but I am pretty sure it is significantly more than the monthly allotment the state autism funding programs are providing.

If we look at both of those, how much is funded, and we look at how much we are funding for one child for autism per year, it is less than that monthly stay.

Now I want to share one of the success stories with you. One of our initial children that we funded by the autism self-directed program, Chloe—she started right when we got that funding—began regular kindergarten this year without an IEP; she will be an independent adult one day. We have to continue the services at the current level to insure that those children are not in out-of-state placements in the future and have the opportunity to live independent lives. I assure you that funding these children now is going to save Nevada money—these are just a handful of the kids, there are now over 6,000 children in Nevada with autism. We are already going to have to pay for out-of-state placements. They are coming right now. It is going to start to impact us very soon because with those kids—10 years ago, 13 years ago—the incident was 1 in 10,000. Those kids are growing up and we are not going to have placements for them in Nevada so we will have to place them out-of-state, which is very expensive.

Thank you. Please put back the funding for the autism kids. It will save us money in the long term. We cannot afford not to.

CHAIR BUCKLEY:

Thank you for your testimony. Does the gentleman who is next to you want to testify as well?

DR. ALAN SOMPHONE, M.D., ANESTHESIOLOGIST, SUNRISE HOSPITAL AND MEDICAL CENTER
DEPARTMENT OF ANESTHESIOLOGY:

Thank you, Madam Chair. My name is Alan Somphone. I am an anesthesiologist here in Las Vegas. I represent a group of 50 anesthesiologists. Our group is the largest provider of obstetric anesthesia services in southern Nevada.

Under the current cuts to Health and Human Services, it is being proposed that the Medicaid reimbursement be reduced to that of the federal Medicare levels. So, just to give you some of the numbers—the current Medicaid reimbursement is about \$37 per unit for anesthesia time. The federal Medicare rates effective March 1st will be \$16 per anesthesia unit, which is effectively a 56 percent reduction.

Our main concern in our group is that three out of the eight hospitals that we cover are almost exclusively underserved Medicaid patients. At those three hospitals we are barely able to cover those services at the current reimbursement levels, and the problem we are having right now is with the 56 percent reduction. How we are going to be able to cover those hospitals? The main services we provide are anesthesia for C-sections as well as labor epidurals for pain.

With almost every anesthesiologist I have spoken to here in southern Nevada, the proposal that we have made in the past, and we are not sure if anyone has actually heard this, is if the Governor is asking for a 10 percent reduction, every anesthesiologist I know is more than happy to take a 10-15 percent reduction. But a 56 percent reduction would be devastating to the population we serve. A 10-15 percent reduction would serve two main purposes. Firstly, it would allow continued access of care to anesthesia services. Secondly, and as mentioned before, it would also preserve an equal amount of federal matching dollars.

Thank you for your time.

CHAIR BUCKLEY:

Thank you for your testimony and we know that you have been waiting several hours and came back and forth. So, thank you very much for that.

Are there questions of the committee? I don't see any. Thanks again for your testimony.

Also signed in at Las Vegas is Tom Morten. Please come forward now and thank you for waiting around for us.

Tom Morten, Director, Clark County Department of Family Services:

Thank you, Madam Chair and members of the Committee of the Whole. I would like to speak briefly about the potential impact of the proposed 10 percent reduction of the state integration budget to Clark County Department of Family Services.

I would like to start with the point that previously to this, as a result of the last session, the Clark County integration budget was reduced by approximately 9.35 percent, or almost \$10 million. As a result of that, we currently have 40 positions that are held vacant and likely will not be filled for several years, so we are already experiencing a severe impact of budget reductions. Assemblywoman Leslie mentioned a figure of 27 persons. I want to point out that this is one of two possible scenarios and the scenario of 27 positions is predicated on the assumption of a concurrent 10 percent reduction in payments to foster parents, and 10 percent reductions in payments to adoptive parents through adoption subsidy payments. I also would point out that the figure of 27, and I will reiterate this in a minute, is based on an average cost per position based on our collective bargaining agreement. We lay off people, if that is necessary, based first on probationary positions and secondly, on seniority. I currently have 20 people on probation in Clark County, 14 of those being funded by the state integration budget and approximately 10 of those are case managers. So, that reduction would result in a nearly permanent loss again for the next few years of 10 case managers, who currently average 30 children per worker, and would increase caseloads.

The second scenario, if we hold payments to foster parents and adoptive parents harmless, would mean that all of the cut would accrue to the personnel side of the budget. Again, using an average cost figure, that would mean the elimination of 87 positions, on top of the 41 already held. I really estimate, based on the parameters I said earlier, which have to do with seniority and the fact that when you enter a reduction in forces you are largely eliminating lower, not higher paid people, that this could be as many as 100 or more of our 266 current filled and funded state positions.

A secondary impact is that as a result, again, of our contract, we would have to lay off across the board and that would mean targeting not only state funded positions, but obviously county positions based on seniority. Ultimately, eliminating 100 positions could touch more than 200 positions as people are laid off—there is bumping as a result of seniority. I would point out that one of the potential impacts of that is that as many as 600 children may experience a change in case manager or caseworker. The licensing of foster homes might be delayed and we would face the dilemma of either leaving kids in unlicensed homes, losing federal reimbursement, or being forced to move children into other foster homes, resulting in overcrowding.

A study in Milwaukee found that each change of case manager lengthens the time in foster care by three months. If I project that out, the consequence of changing case managers for 600 children could cost the state of Nevada \$2 million in additional foster care payments. So, when you roll all of this up, basically as I said, we have currently 266 positions of which about 215 are direct child-serving positions. There is no way to take 10 percent cut out of personnel without decimating our service capacity. I would echo what Mr. Schiller said as well. We have already, as a result of prior costs reductions, reduced our Family Preservation Services and our Family Clinical Services. There really is no place left in our budget to go other than payments to parents on behalf of children, or significant—and I would even use the word draconian—cuts to the service capacity of the child welfare agency.

Lastly, I would also point out that we primarily in child welfare identify maltreated children and maltreated families. We assess, we plan, and then we refer. We are morally, legally, and constitutionally obligated to make reasonable efforts to prevent the removal of children and make reasonable efforts to make sure that families have an opportunity to have their children returned to them safely. That becomes pretty impossible to do when mental health services are not accessible, drug treatment services are not accessible, adequate housing and childcare and a multitude of other community services are not accessible. All of that will mean, ultimately, that kids will stay longer in foster care because families cannot make progress, because they cannot access services; and that, in turn, will increase the cost of foster care in Nevada.

Thank you very much.

CHAIR BUCKLEY:

Thank you for your testimony. There are no questions. Is there anyone else that would like to provide testimony in Las Vegas?

NANCY MCCLAIN, DIRECTOR, CLARK COUNTY SOCIAL SERVICES:

Good afternoon. My name is Nancy McClain. I am the Director of Clark County Social Services and also the Chair of the County Social Service Administrators of Nevada, which is an affiliate of NACO.

The counties, as you know, serve individuals who can't be served by other programs under a statutory requirement. We are part of the continual services that serve Nevada residents in all counties. Our services are those that many states provide as a Medicaid waiver and we have many concerns about the cuts that you have to make, that will shift the burden of these costs to the counties because of our statutory requirement.

To give you some examples—food for thought—as you go through this process, we are extremely appreciative of the restoration of the adult day care funding—that is a critical service in our community and certainly one of the least restrictive options for the elders and disabled in the community. However, nursing home costs are still expected to increase if Medicaid waiver programs and the home and community-based programs are capped. We estimate that about half of the people who would be moving toward those programs might have to be institutionalized if those programs are not available. If they move it even into the Medicaid match program, which is the least expensive option we have for nursing home care, the cost to Clark County is estimated to be about \$2.5 million a year under the enhanced FMAP rate, closer to \$3 million a year when that rate expires.

As you probably know, one additional nursing home client can exhaust the indigent medical budget of a small county because their funds are so limited. I would also point out that while the state is facing the serious budget shortfalls that you are having to deal with, the counties' indigent programs, which are funded by property taxes, are also facing, in many cases, up to

double digit budget cuts, in addition to what we might receive in terms of clients who cannot be served by the state.

Cuts to mental health services will drive mentally ill persons to emergency rooms, which you have already heard today, and limit access to medical care for people with true emergencies. The cost of medical care for seriously mentally ill persons who are homeless averages about \$50,000 a year because of repeated emergency room visits and because of the increasing severity of their medical conditions. In Clark County, we see many, many homeless individuals who are mentally ill; who are repeatedly using emergency rooms. The cuts of the Rawson-Neal Hospital concern us greatly. As you know, if county medical funds are depleted, hospitals are not paid for treating county indigents, although they still have the responsibility to provide the care. That is of great concern to us because the hospitals throughout our community are also facing the Medicaid cuts to the reimbursement rate. In many ways it is a double hit that they will be facing.

In terms of our medical services budget, the likely point of failure is outpatient specialty care, which is an optional program that we've implemented because we have limited access to specialty care through our hospitals. Providers will not accept clients if they are not paid; if we run out of money, we will not be able to pay them. Some of these services include oxygen for people who are homebound, oncology treatments for individuals with cancer, dialysis and other lifesaving treatments.

You have my support and my sympathy as you go through this process and I want to make sure that you are aware that all of the counties in Nevada, all the indigent programs, stand ready to help in any way we can. We just wanted to make sure that you are aware of the cost shifting possibilities and unintended consequences that could result. Thank you for your time.

CHAIR BUCKLEY:

Thank you for your testimony. Is there any one else in Las Vegas who wants to provide testimony? I don't see any. How about in Carson City? Who would still like to testify? Let's take Mr. Welch, Mr. Perry, and Mr. Ashleman and then we will come with the rest. Thank you for being here today.

BILL WELCH, PRESIDENT, NEVADA HOSPITAL ASSOCIATION:

Madam Chair and Assembly members, thank you for the opportunity to speak to you regarding this issue.

For the record, my name is Bill Welch, President of the Nevada Hospital Association. I have presented to you three documents. I assure you I will not walk you through the entire documents. I would like to give you a brief overview of them and then close with some comments.

One of the documents you received is a one-page flyer which we presented to those of you who are on the finance committees, as well as the health care committees; you have seen it before. This document basically shows you the amount of costs, uncompensated healthcare costs, hospitals provide annually, which is in excess of \$1 billion. It also demonstrates to you what our pair mix is, showing how that has changed dramatically over the last few years, going from only 36 percent of our patients paying the costs of health care services to 30 percent of our patients, so that we currently have 70 percent of patients who do not cover the cost of healthcare they received. It shows you that the hospitals are currently operating under a 3.91 negative operating margin. It also demonstrates to you some of the consequences as a result of that as far as reduction in the services we are able to provide.

The second document that is provided to you is a power point presentation that I presented to the Health Care Committee and to the Interim Committee on Finance. This gives you a little bit more background to the prior document. It provides you an overview of the challenges that the hospital community is facing in trying to maintain their viability. It reviews some of the efforts that the hospitals are trying to make to manage the more than \$1 billion in uncompensated costs of healthcare; it then reviews to you some of the consequences of where we find ourselves as a result of the difficult economic environment that we find ourselves in.

The last document that was provided has two sides to it. The first side which looks like this—I apologize for the busyness of the document—but we tried to get a lot of facts on one sheet. We tried to summarize the information that had been presented in these various prior documents. I am going to review this in my closing comments. The second side provides you

an overview of the history of Medicaid reimbursement to hospitals. As I've listened to the debate, and the difficult debate that it has been for you, a lot of questions have come up about what has Medicaid reimbursement been to hospitals? This document shows you what Medicaid rates have been and how they compare to our cost. Our costs have been going up dramatically and yet our Medicaid reimbursements—we've had slight adjustments—are declining. Currently we are at 2001 level rates of reimbursement. With the proposed cut on the table we would be at 1999 rates of reimbursement for services. Unfortunately, I am not able to say that our costs for providing those services are at 1999 levels, as well.

In summary of all this information, in 2009 Nevada's hospitals—full service acute care hospitals—operated at a \$130 million net loss. This includes the 5 percent reduction in Medicaid reimbursement that was imposed on the hospitals during the last regular legislative session, as well as the sweeping of the indigent accident fund—the supplemental fund which covers the cost of individuals who are in accidents or who have catastrophic healthcare needs, who find themselves in the hospital and have no other source of payment. Those two reductions affected the hospitals negatively \$40 million annually.

Hospitals have attempted to manage this and have tried to reduce their overhead operating expenses. This has included the reduction or the laying off of 1,150 full-time equivalent employees. I can assure it is more employees than that but the best we could provide for you today was full-time equivalencies. More than 1,100 individuals have been laid off as a result of these efforts to manage our costs. Ultimately, we've had to hit services and last year more than 18 different type of services throughout our hospitals statewide have had to be reduced or eliminated, and there are more reductions being considered, both in staff and as well as services. As I indicated, even with these efforts, our hospitals still lost \$130 million last year.

Hospitals must—just as you do at the Legislature—try to balance their budgets and they will have to do that. And yet we find ourselves faced today with an additional 5 percent cut and with the enhanced FMAP that means \$21 million annually to the hospitals and additional reduction in payments for services, services for which we already do not get covered as far as the cost incurred for providing that service. If you add the impacts of the 2009 Legislative session, as well as these proposed cuts in this budget, hospitals will have taken a \$60 million reduction in payment for services on an annual basis. That will be impossible to absorb and still maintain the current status. Hospitals will find themselves having to have additional staff reductions and will ultimately have to continue to reduce and eliminate services that we provide. Who does this really affect? This affects the 2.9 million plus individuals that our hospitals care for on an annual basis, either through admissions to the hospitals, through visits to the hospitals emergency rooms, or for outpatient diagnostic services that individuals are not otherwise able to obtain because of their payment sources or lack of payment sources. Nevada's hospitals are truly your only 24-hour, 365 days per year safety net providers. We encourage you to support this effort through restoring these cuts and I would be happy to answer any questions, Madam Chair, that the members may have.

Submitted Exhibits

See below.

Worst Human Services Budget Reductions

Restored by Governor

Agency	Description	Total Amount	
MHDS	Delay growth for residential placements in Rural Nevada.	\$ 242,355	Governor Restored
MHDS	Reduce residential caseload growth by 142 placements in safe housing.	\$ 2,750,000	Governor Restored all but \$1,250,000
HCFP	Eliminates optional services for adults 21 years and older and reduces utilization management costs to First Health Services Corporation as a result of the elimination of optional services (Dentures, Adult Day Health Care & Transitional Rehabilitative Out-patient Services).	\$ 4,939,318	Governor Restored all but \$1,282,066
Welfare	Eliminate 77 intermittent field services staff set to start on June 1, 2010	\$ 1,381,899	Governor Restored
Total Restored by Governor:		\$ 9,313,572	

Additional Restorations Under Consideration

DCFS	Reduction of 10% in the general fund money passed through to Washoe County Department of Social Services in support of the Child Welfare Integration Budget.	\$ 2,046,368	Governor Cut
DCFS	Reduction of 10% in the general fund money passed through to Clark County Department of Family Services in support of the Child Welfare Integration Budget.	\$ 6,101,647	Governor Cut
Aging	Reduces the rate for Personal Assistance Services for disabled persons from \$18.50/hour to \$17/hour. This is the program operated by St. Mary's.	\$ 431,496	Governor Cut
Aging	Reduces the rate for Personal Care Attendant services for aging persons from \$17/hour to \$15.50/hour. This matches the reduction for PCS services in the Medicaid program.	\$ 72,237	Governor Cut
HCFP	Reduces the Personal Care Services (PCS) reimbursement rate in the Medicaid program by \$1.50 per hour. The rate will be reduced from \$17.00 to \$15.50 per hour.	\$ 2,993,573	Governor Cut
HCFP	Increases Nevada Check Up premiums as follows: Families 100-150% FPL from \$25 to \$75 a quarter; Families 150-175% FPL from \$50 to \$140 a quarter; Families 175-200% FPL from \$80 to \$180 a quarter.	\$ 1,065,444	Governor Cut
HCFP	Eliminates optional services for adults 21 years and older (Non-medical Vision, Audiology, Therapy, Hearing Aid Dispenser).	\$ 1,282,066	Governor Cut
HCFP	This decision unit reduces the base per diem rate paid to free-standing Skilled Nursing Facilities by \$10 per bed/day on March 1, 2010.	\$ 3,053,113	Governor Cut
HCFP	Decreases Inpatient Hospital, Specialty Inpatient Hospital, and Residential Treatment Center rates by 5%. The rate reduction will be applied only against medical/surgical beds per diem rates. Neonatal intensive care, maternity, and inpatient psychiatric beds will be excluded from the reduction. The reduction will apply to both in-state and out-of-state facilities.	\$ 6,235,042	Governor Cut
MHDS	Reduces the monthly support rates by 22% for autistic children and self-directed support clients at the division's three regional centers as a result of a reduction in available TANF funds.	\$ 1,486,285	Governor Cut
MHDS	Reduces funding for the co-occurring mental illness and substance abuse treatment program. The reduction would result in 60 fewer clients receiving services statewide.	\$ 350,944	Governor Cut
Total Reduction Recommended by Governor:		\$ 25,118,215	

2/25/2010 11:57 AM

ASSEMBLYWOMAN LESLIE/HHSD

Assemblyman Ocegüera moved that the Committee of the Whole recess until the call of the Chair.

Motion carried.

Committee of the Whole in recess at 4:49 p.m.

COMMITTEE OF THE WHOLE IN SESSION

At 4:50 p.m.

Vice Chair Anderson presiding.

Quorum present.

Health and Human Services budget cuts considered.

VICE CHAIR ANDERSON:

Questions? Thank you very much.

RENNY ASHLEMAN, REPRESENTATIVE, NEVADA HEALTH CARE ASSOCIATION:

For the record, I am Renny Ashleman, from the Nevada Health Care Association, along with Mr. Perry, who is the executive director of that association. We very much appreciate the privilege of addressing you on these matters of great concern to us. You certainly have our sympathy. I am a lot happier to be sitting at this table than I am at the ones that you have at the present day. As you know, you have a couple of handouts from us. I am not going to go over the material in these handouts. I know your time is precious and we would all like to get out of here as soon as we can.

As you further know, this industry has already contributed by allowing it to be taxed to help with the matching money and to help with the cost in the past. We also pay fairly good assessments to cover the cost of our own inspection. So, we are doing some of the things that you wish to have other people join you in doing today.

The essential message of what would happen with these next cuts is that the state that already has the fewest nursing beds per capita will get worse. We are not reimbursed for our costs, as is the case of the hospitals. We have had two of our chains notify us that they will close two buildings under these costs. Our analysis is that at least two more buildings that are currently not making it financially will have to close. That will cause a loss of roughly 600-700 jobs and it will cause a loss of 600-700 beds.

This is a real problem, because when you move patients—because of course those people cannot just go home—you have something that is called relocation shock, which is very hard on people, primarily the aged population. It will basically fill the remaining beds that we have in this state that might be vacant causing a little bulge in the python. Guess who that affects? It affects the hospitals—they won't be able to get their people out. Eventually you overcome the python bulge; it won't go on forever but it will be a difficult proposition. What you won't be able to overcome is that Medicaid pending patients will no longer be in anyway desirable to us; the incremental loss on it will be just too great.

What is the meaning of this? The meaning of this is that, in fact, the projected \$3 million savings, which will cost the industry \$10 million, won't be achieved because it is more expensive to keep people in hospitals than it is to keep them in nursing homes. The shock to Medicaid will be fairly severe; the shock to the hospitals will be much more severe because at nursing homes rates, they are not being paid for the costs of their beds even remotely. The factor is about 10-1 on that.

That concludes my remarks, I will be happy to take questions. I think Mr. Perry has a few more remarks that he would like to add.

CHARLES PERRY, EXECUTIVE DIRECTOR, NEVADA HEALTH CARE ASSOCIATION:

Thank you very much, Mr. Vice Chairman, and thank you members of the Assembly for listening to us today.

Echoing what Mr. Ashleman said, I want to thank you very much for the sacrifices that you make to serve the state. I know that there are many and we appreciate it very much.

The one thing that I would like to impress upon you and that I ask for you to please understand is that any problems with access to care that comes from any decisions that are made by our providers to limit access to certain individuals to nursing homes is something that we absolutely do not want to do. It is not in our best interest, it has never been in our best interest, and never will be in our best interest to deny service or to turn people away from our facilities and that is not what we want to do. We realize that you are faced with a difficult decision here today, but we appreciate your listening to us and we hope if there is any way possible that these cuts can be restored that you will consider it.

Thank you very much.

VICE CHAIR ANDERSON:

Assemblywoman Smith.

ASSEMBLYWOMAN SMITH:

Thank you, Mr. Vice Chairman. I wanted to take this opportunity, not to really ask a question, but to indicate that I appreciate the information and the testimony. I've learned so much about this industry and the connections to our state government over the last few years

from all of you. This is the perfect example that what we do at state government absolutely impacts the private sector; that we have a distinct relationship. The money that we influence affects the private sector and the jobs that you provide, not to mention the care that your industry provides. I think it is an important thing for us to recognize.

We currently have something like \$260 million in contracts that the state pays in tax revenue to the business sector in this state. We have a symbiotic relationship, if you will, and I think your businesses and what you do is the perfect example of that. I didn't want to let this opportunity pass by to make note of that.

Thank you, Mr. Chairman.

VICE CHAIR ANDERSON:

Thank you, Mrs. Smith. Are there other questions? Thank you gentlemen.

ASSEMBLYMAN HARDY:

Mr. Vice Chairman?

VICE CHAIR ANDERSON:

Wait gentlemen. Don't run away. Assemblyman Hardy, of course.

ASSEMBLYMAN HARDY:

Thank you. I was trying to get a feel for the cuts vis-à-vis the total amount of money that we are looking at. I suspect that somebody has written down, "what they could live and what they couldn't live with." It seems to me we need to see some numbers in order to be able to say how this would affect the kaleidoscope of trying to work that final budget number that we are at. So, if the presenters could get that to us, I would appreciate it, whether those be the presenters that were in Clark County or here, so that we can start to figure out where the pieces fit. I'd appreciate it.

VICE CHAIR ANDERSON:

Thank you. Gentlemen, if you could help with the development of those numbers for our fiscal staff, we would appreciate that. Doctor Hardy, is that sufficient?

RENNY ASHLEMAN:

The problem we have is that we are already well below cost and those are costs that are audited by the state. So, you are asking us how much more below costs we can go and function. No one is going to tell you that we couldn't lose \$100 industry wide. The fact is we have been deteriorating steadily over the last many years as it is, just as the hospitals have presented. In terms of any material number, we really cannot absorb any more and expect to keep all these facilities open and all these folks employed. There really isn't a worthwhile number from the standpoint of the state of Nevada to offer to you.

BILL WELCH, PRESIDENT, NEVADA HOSPITAL ASSOCIATION:

Mr. Chairman, if I might respond as well. Nevada's full service acute care hospitals are already operating at a \$130 million deficit. Adding an additional \$21 million will go directly to the bottom line. Our only choices in balancing that would be to attempt to shift that cost to other payers in the community. I don't believe that there is an appetite for any payer to want to absorb that. I think that is represented in the data that we presented in showing that the insurance population pays the costs of healthcare services and shrank from 36 to 30 percent in just two years. With all the cuts that we have made, we still find ourselves in that difficult situation; we are continuing the cuts from the last legislative session of some \$15 million in Medicaid rate reductions. We are still experiencing the \$25 million sweep of the IAF supplemental funds. I believe that the hospital community has stepped up and has tried to balance to a \$40 million reduction in annual payments for services. I don't believe that the hospital community—without having to take steps as I've indicated previously, and that is for the reduction or attempt to shift that cost—I don't believe that there are many options left for us. Thank you.

VICE CHAIR ANDERSON:

Assemblyman Hardy, I presume then that maybe your question would be best followed up with them directly. It sounds to me as if they are saying we are cut so deep, we can't bleed anymore.

ASSEMBLYMAN HARDY:

Thank you, Mr. Vice Chair.

VICE CHAIR ANDERSON:

Gentlemen, thank you. Ms. McMullen and Mr. Sasser.

CONNIE McMULLEN, CHAIR, STRATEGIC PLAN ACCOUNTABILITY COMMITTEE:

For the record committee members, I am Connie McMullen, Chairman of the Strategic Plan Accountability Committee for seniors in our state.

I am here today to talk about small business—the small guy—and those seniors and people with disabilities who are displaced out of our state.

First of all, I want to talk about the personal care attendant rate reduction that is being discussed, not the St. Mary's program but that program that is being discussed in both aging and Medicaid, the \$17 down to \$15.50. This was a rate that was hard fought for by both the disability SPAC and the senior SPAC in 2003. It was first identified as an area that was not being serviced and served well for people with disabilities. They told us that, we fought for that, we joined, and we came together and made sure that that rate was adopted—the \$18.

Last session we again got word that it would be reduced and we fought for that again. We heard from the small businesses, the personal care agencies and the disability people themselves and seniors who rely on those services. The personal care attendant agencies told us this, and the majority of them are small businesses, that they would either stop doing the service, that they would go out of business, or that they would only take private pay—those people who could afford it, not the low income person who is on Medicaid. These are small businesses that are doing the best they can in our communities, in our neighborhoods, to keep people living in their homes, in our communities, and in our neighborhoods.

So let's talk about who those people are. They are low income people as I said; they do not have too many options in the community. Their last resort is to be institutionalized. This is a hypothetical. They may be confined to a wheelchair using incontinent products such as the diapers; they may not have someone looking in for them; they may not have family and may rely on their neighbors for charity care. That must be a very frightening experience, but it is a real and true experience for a lot of people living in our neighborhoods. It might even be your neighbor.

So let's talk about the cut in the per diem rate paid for freestanding nursing homes. This is an ongoing concern and it overlaps into the personal care attendant rate because people rely on that to stay in their homes; otherwise they are institutionalized. If they cut the rate, what is the incentive for the nursing home to take these people? They are the lowest paid—they are not private pay—they have only so many beds for them, and its Medicaid. What is the business incentive to take this group of people?

A lot of you know me because I have been advocating in this state for the out-of-state placement problem. We have a certain group of people in this state, at least 78, maybe 286 annually, who are put out-of-state in nursing homes because Nevada nursing homes won't care for them because they are behaviorally challenged. They are the most at risk; they don't get along well; they have behavior problems; and they are challenged. So Medicaid pays for their care in other states, some as far away as Massachusetts. What is the incentive? If we can't get an enhanced rate for the nursing home industry—if we cannot expect them to take an enhanced rate to care for these people—what is the incentive to take those people? There is none; this is the end of the line. It is like Mr. Perry said, "we do not want to turn anybody away." What is their option? What is their due process as human beings? That is what I am here to talk about. All we are doing is shifting the cost and we are making it harder for people—low income people—to stay in their homes, in their communities and now in the institutions, as well. That is all I have to say. I thought I would bring up that end of the reality, because there is no place for them to go.

Thank you.

VICE CHAIR ANDERSON:

Questions for Ms. McMullen? I see no questions, thank you for your testimony. Mr. Sasser?

JON SASSER, REPRESENTATIVE, WASHOE LEGAL SERVICES:

Thank you, Mr. Vice Chair. For the record, Jon Sasser, representing Washoe Legal Services. I also have the pleasure to serve with Mr. Gowins on the Commission for Services for People with Disabilities and with Mr. Matheis over the years with the Nevada Covering Kids Coalition as its advocacy chair.

The group asked me to go last today because over the years, I have had an opportunity to touch and work on most of these programs that you are hearing about today and so, if some question came up, I would be here if someone was unable to answer. The people testifying before me have done a superior job, so luckily I will not have to play that role.

Let me just make a few remarks. I have listened to many, like Assemblyman Goedhart, who have spoken eloquently about the pain that the private sector is in and that private families are in and that people are tightening their belts. I appreciate that pain. Unfortunately, what happens when the private sector is in pain and needs to cut costs, the way they cut costs is often by laying people off; people lose their jobs. Where do the people then go who now need to be helped? They come to the state and come to our safety net programs.

As you probably know, our Medicaid program has some 20,000 recipients more than you budgeted just a few short months ago and is expecting to have 40,000 more by the end of this biennium. Our food stamp program is some 33,000 over the projected caseload, just seven months into the fiscal year, and our TANF program is some 4,000. The state is seeing the people who are coming as a result of the recession and the impact that it has had on the private sector. The role of government is somewhat different than that of a private business. Our role is to be there and to provide the services that these folks need in this very difficult time. As we have talked about before, if we are looking at cutting in this time of increased need, we can look at three things. We can look at cutting out groups of people that we cover—eligibility groups. In Nevada, we have very few optional eligibility groups under the federal program.

The next big one would be to cut out the entire population that the nursing home industry serves. So we could just stop paying for them. That would be one group we could eliminate. Since we don't have any optional groups to eliminate, we then have to look at cutting services and that is why you saw things like glasses and hearing aids being eliminated, because we have very few optional services that we can cut.

The final place where we can cut is rates. You have heard all of these folks who have had their rates set ten years ago at the last big rate commission and have had them cut already, coming back for another cut. The consequence from that, we saw from the last hospital cut, may be things like the closing of the cancer clinic where people receive their oncology services at UMC. That is the situation that we are dealing with.

If we dealt with this entire almost \$900 million problem through cuts alone, we would be looking at not 10 percent cuts and not the most horrible that you are reducing here, but 22 percent. We would be looking, as we know from the next item from testimony at IFC, the elimination of the Nevada Check-Up Program and the elimination of the Mental Health Court. The Early Childhood Intervention Program is facing cuts, and there is a reduction of services to pregnant woman under the HIPPA waiver. So, in every time that I have been involved in the last few years when we faced one of these crises, we have taken a balanced approach. We have cut, as we've had to do, and we've raised revenues, as we've had to do. You did about a billion dollars of each at the last session.

I am encouraged that we are even having this discussion today because I assume that in some room that I am not in, somebody is looking at some revenues and that gives us the option perhaps of avoiding these most painful of cuts.

I applaud you for listening to us today and I urge you to find that revenue and to avoid these cuts and the ones that would be far, far worse if we have to cut deeper. Thank you very much.

VICE CHAIR ANDERSON:

Questions for Mr. Sasser? Thank you very much for your testimony. It was most helpful for all of us.

Submitted Exhibits

See below.

05:58:00 p.m. 02-25-2010 1/1

February 22, 2010

Dear

I am an anesthesiologist who has lived and worked in Las Vegas for over 27 years. I am writing to you at this time to address a serious concern I have with respect to the proposed drastic revision of the Medicaid reimbursement schedule for anesthesia services.

The proposed overnight rate reduction of over 43%, linking reimbursement to Medicare rates, will severely limit access to care. Our parent organization, the American Society of Anesthesiologists has long battled the Medicare fee schedule because of the gross inequality in reimbursement to our specialty. This has been recognized by the GAO for a long time. Additionally, our State recognizes this in the form of the DIR rates for reimbursement for anesthesia services, which currently are more than 300% of the Medicare fee schedule.

The result of this will be to force anesthesiologists to cost shift, making access to care for Medicaid patients more difficult. You are well aware of problems that Medicare patients face in their ability to access care (witness the Mayo Clinic in Arizona). This will no doubt be duplicated in our State.

The group of anesthesiologist I work with helped to pioneer the development of the State's only pediatric open heart surgery program. Additionally, we care for the vast majority of obstetrical and pediatric patients in Clark County. I ask that you take a second look at this drastic rate reduction, unprecedented in the history of the State's program. I realize that the State is in dire financial straits and that we all need to play a part in weathering this economic storm. As a long time member of the medical community in Nevada I am more than willing to play my part, but surely a 43% reduction in reimbursement is a burden that you have asked no one else to bear.

I thank you in advance for your time and look forward to your response.

Sincerely,

Edmond S. Freis, MD
3010 W. Charleston Blvd. #150
Las Vegas, NV 89102
epf@cox.net

Dr. Edmond S. Freis MD
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Scott Fielden MD
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rsk@baylormedical.com
(602)340-2300



Protect Patients' Access to Hospital Care

Patients are affected when health care funds are reduced

In 2008, patients received the following care from Nevada's 33 acute care hospitals:

- Patient admissions – 262,000+
- Newborns – 36,000+
- Emergency room visits – 871,000+
- Other outpatient visits – 1,900,000+
- Dialysis patients - 8,300+
(46,000 treatments annually)
- Plus additional health care services

Pressure to reduce or eliminate hospital services continues...

Did you know?

- For the six months ended June 30, 2009, Nevada's acute care hospitals were operating at a negative 3.91 operating margin or losing -\$130,000,000 annualized.
- More than **half** these hospitals were operating at a loss.
- During that same timeframe, these hospitals were estimated to provide \$1,015,000,000 in cost of uncompensated care to their communities which is primarily driven by Medicaid, Medicare, Other Government Programs and uninsured paying less than the cost of care.
- Medicare, Medicaid, Other Government Programs, and uninsured represent 70% of the patients utilizing hospital services and are paying less than the cost of hospital care. These programs continue to reduce, freeze or adjust their payment rates with increases less than the rate of inflation.

While Nevada hospitals have worked hard to manage their costs (which is demonstrated by the average increase in cost per patient day over the last 8 years of 5.5% compared to the national average of 6.0%), in order to remain viable, Nevada hospitals have been forced to limit or eliminated access to certain services:

- Outpatient dialysis
- Post emergency hand clinic
- Rancho Rehab inpatient services
- Chemotherapy
- High risk obstetrics
- Outpatient mammography
- Medicaid high cost pediatric patients
- Outpatient pediatric dialysis
- Pediatric scoliosis with significant implants
- Adult Vagus nerve stimulators (used for epilepsy and depression treatment)
- Level II nursery
- Neonatal intensive care
- Obstetric services
- Cardiac rehab
- Nuclear medicine
- TheraSpheres/SIR-spheres radioisotope therapy implants (used for liver cancer treatment)

Additional services at risk include:

Inpatient

- Neonatal Intensive Care
- Neurosurgery
- Nursery
- Obstetrics
- Oncology
- Orthopedics

Inpatient - continued

- Thoracic Surgery

Outpatient

- Chemo/Infusion Therapy
- Dialysis
- Wound Therapy

As further budget reductions are being considered, patients seeking care at their community acute care hospital are only **increasing**...

- Number of the uninsured is growing - (unemployment continues to increase)
- Medicaid case load is increasing - (35% in the last 12 months)
- Medicaid and Medicare rate reductions are driving more patients to hospitals since lower cost settings won't provide the care
- Number of Medicare-age patients is growing and seeking more services than younger population

We are your community's only 24 hour, 365 day safety net provider.

Further Medicaid payment reductions will impact access to care for the many Nevadans we care for each day. Support your safety net providers so that we can be here to support you when you need us.

Bill Welsh
NHA

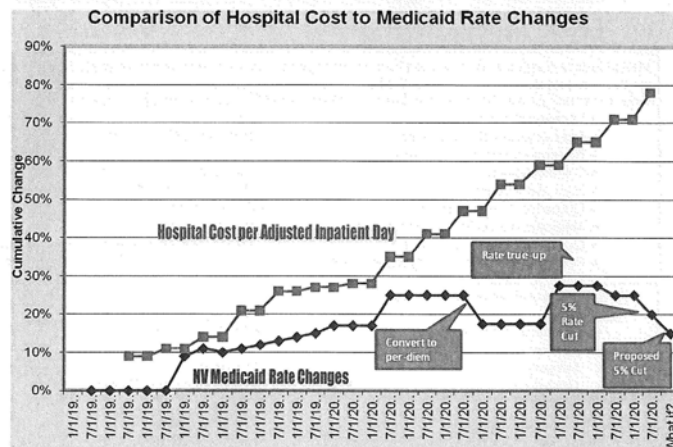


Nevada's Medicaid Story

Due to the economic downturn across the United States, most states are faced with reduced funding for their Medicaid programs. Nevada's unique position is the starting point from which we must consider those reductions:

- Nevada ranks 50th in the U.S. in terms of Medicaid enrollment per capita.
- Nevada ranks nearly last in the U.S. in terms of Medicaid dollars spent per capita.
- Nevada Medicaid does not have a Medically Needy program.
- Nevada is only 1 of 16 states without presumptive-eligibility or a similar process for pregnant women, which would allow women to become eligible for Medicaid and access care more quickly.

Below is the recent history of Medicaid rate changes and the related rate of change in hospital costs:





Decreasing Access To Health Care Services in Nevada (updated 1/11/10)

As a result of the growing cost of uncompensated health care service provided by Nevada hospitals, our industry is faced with a unique challenge of having to shift the cost of health care services to a diminishing group of insured payers; and when hospitals can no longer continue to cost-shift, they are ultimately forced to reduce and/or eliminate services. Despite the cost-shifting and Nevada hospital's efforts to cut costs, a reduction of services for the medically needy has taken place in several communities within our state.

Problem

Uncompensated Cost

Uncompensated Cost 2008 (1)	\$733,000,000
5% Cut in Medicaid Budget in Sept. 2008	\$15,000,000
IAF/Supplemental Fund Sweep	\$25,000,000
Unemployment Impact (2)	\$242,000,000
Estimated Annual Uncompensated Cost in 2009	\$1,015,000,000
(Additional uncompensated community benefits are \$75 million)	

(1) Per Uncompensated Cost Reports & NV Hospital Report for 2008 FYE's

(2) Per Uncompensated Cost Reports & NV Hospital Report for 2008 FYE's. Uninsured Uncomp. Cost \$295,079,673 x 82% increase in unemployment rate 9/08-9/09 per BLS.

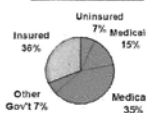
The problem drives the cost shift which creates a hidden tax

Percentage of Cost Paid

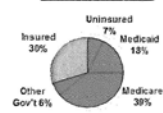
	2007	2008
Uninsured **	10%	5%
Medicaid **	70%	63%
Medicare *	81%	72%

* Per 10/08 - all short-term acute care hospitals
** Per 2008 FYE Uncompensated Cost reports for > 100-bed hospitals

2007 Data



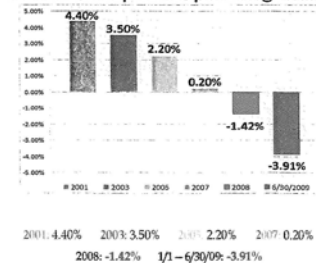
2009 Data



- 1/3 of those receiving care (insured seen in green) pay for the cost of their care plus any unpaid cost for all other patients
- The other 2/3 (seen in red) are the government payers and uninsured who pay less than the cost of care.

Hospitals Cannot Further Cost-Shift, Leaving Hospital to Function with a NEGATIVE Operating Margin

Nevada Hospitals Operating Margin



The Final Result Impacts Access to Care

University Medical Center (Las Vegas)

- Eliminated routine outpatient kidney dialysis
- Eliminated the post-emergency hand clinic
- Eliminated Rancho Rehabilitation inpatient services
- Eliminated outpatient oncology
- Eliminated University Women's Center, high risk obstetrics & outpatient mammography

North Vista Hospital (North Las Vegas)

- Eliminated the level II nursery
- Closing the newborn intensive care unit in January

Pershing General Hospital (Loveless)

- Discontinued cardiac rehabilitation
- Discontinued nuclear medicine

Desert View Regional Medical Center (Pahrump)

- Closed the Labor & Delivery department

Sunrise Hospital & Medical Center (Las Vegas)


- Not accepting Medicaid reimbursement for high-cost pediatric cases
- Stopped providing select high-cost services, such as outpatient pediatric dialysis, TheraSpheres/SIR-spheres radiosotope therapy implants (for liver cancer), pediatric scoliosis with significant implants, and adult Vagus nerve stimulators (for treating epilepsy and depression).

Bill Welsh
NHA

2/22/2010

Access to Hospital Care Service Reductions due to Economic Environment

Presented by
Bill Welch, President & CEO
Nevada Hospital Association
Nevada Legislature, February 2010 Special Session




1

Current state of Nevada hospitals

Overview of current economic factors and impact on hospitals:

- Hospitals provide benefit to their communities
- Who uses hospital services (payer mix)
- Who covers the cost of hospital care and who doesn't
- Hospital operating margins

Result:
Hospital services will be reduced which affects patient access



2

Bill Welch
NHA

1

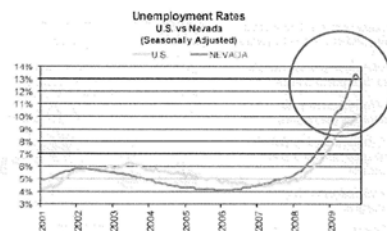
2/22/2010

Mounting pressure on the healthcare system

- Uninsured
- State of Nevada Revenue Shortfalls
 - Medicaid cuts
- Healthcare Reform
 - Impact of Medicare payment reductions

3

Greater impact in Nevada



Sources:
Nevada Dept. of Employment, Training & Rehabilitation
U.S. Bureau of Labor Statistics

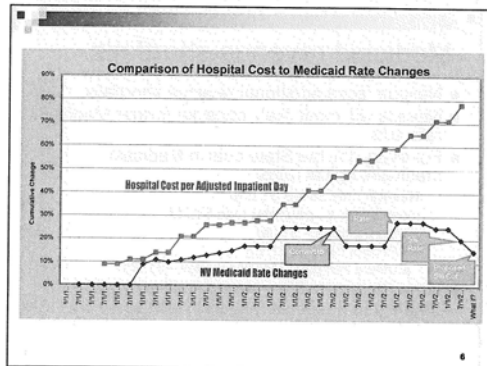
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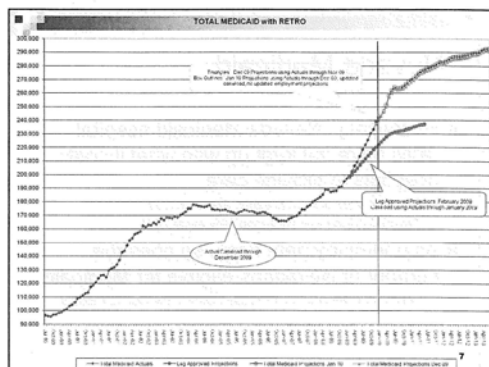
Nevada Medicaid

- Historically, Nevada Medicaid hospital rates have not kept up with what it costs hospitals to provide care
 - Hospital rates are at the same level as in 2001
 - Hospital costs have increased 50% since 2001
- As unemployment rises, so does the number of Nevadans eligible for Medicaid
 - Medicaid caseload has increased 35% in the last 12 months

5



2/22/2010



Medicaid revenue shortfalls

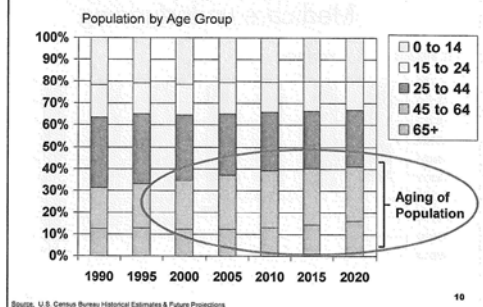
- Nevada faces additional revenue shortfalls
- Nevada will most likely consider further Medicaid rate cuts
- For every 1% the State cuts in Medicaid medical/surgical rates:
 - Nevada only saves \$1.2M
 - Hospitals (i.e., patients) lose \$4.3M
 - State portion – \$1.2M
 - Federal match – \$1.9M
 - Others that pay at Medicaid rates – \$1.2M
- If the State cuts 5% - Nevada will **only save \$6.0M** and hospitals (patients) **will lose \$21.5M**

2/22/2010

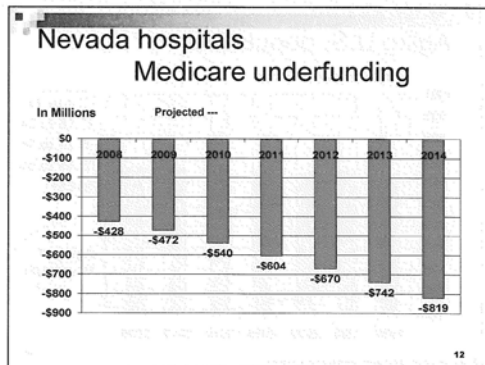
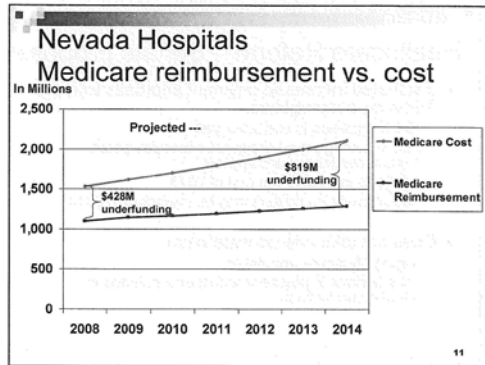
Healthcare Reform – Senate proposal

- Estimated increased payment shortfalls with the following assumptions:
 - 5.5% increase in costs per year
 - 2.8% average market basket increases before reform reductions are applied
 - Projects impact to the end of 2013 (additional populations may be impacted in 2014)
- Does not take into consideration:
 - Aging Medicare population
 - Any additional payment reductions included in Healthcare Reform

Aging U.S. population



2/22/2010



2/22/2010

Direct impact to patient care

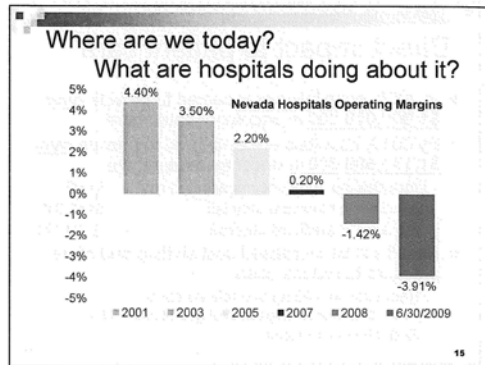
- In 2009, hospitals are expected to provide over \$1,000,000,000 in uncompensated care
- By 2010, hospitals are estimated to provide over \$1,133,500,000 in uncompensated care
 - Includes the 2009 uncompensated cost — \$1.0B
 - Increase in Medicare shortfall — \$112.0M
 - Increase in Medicaid shortfall — \$ 21.5M
- Result will be increased cost shifting and more pressure to reduce costs
 - Reduction in staffing and related costs
 - In 2008, Nevada hospitals employed 24,000+ FTE's
 - Reduction in services

13

Indirect impact to patient care

- Each of items below will impact the full service acute care safety net providers — either forcing patients to hospital ER's or not allowing patients to leave the hospital timely
 - Reductions to Mental Health Services
 - Reductions to freestanding skilled nursing facilities
 - Elimination of optional Medicaid services for adults (vision, audiology, hearing aids, day health care, etc.)
 - Increased furlough hours and not filling vacancies will slow Medicaid eligibility

2/22/2010



- What are hospitals doing to stay financially viable?
- Cost management
 - ☐ Reducing staffing costs
 - ☐ Reducing supply costs
 - ☐ Reducing professional fees
 - ☐ Reducing other costs
 - ☐ Reducing investments in new services due to limited cash availability
 - ☐ Evaluating reduction or elimination of services that lose money
- 16

2/22/2010

Service evaluation

- Hospitals consider the following when deciding which services to close or reduce:
 - ☐ Services with negative margins
 - ☐ Number of patients served
 - ☐ Others in the community that provide the service and if there will still be enough capacity in the community if one service provider closes
 - ☐ Whether the service is core to other services provided by the hospital

17

Services affected to date

University Medical Center (Las Vegas)

- Discontinued routine outpatient kidney dialysis
- Closed post-emergency hand clinic
- Discontinued Rancho Rehabilitation inpatient services
- Discontinued outpatient oncology (chemotherapy) – Reopened with private contributions
- Closed University Women's Center (high-risk obstetrics and outpatient mammography)

North Vista Hospital (North Las Vegas)

- Closed the Level II nursery
- Closed NICU and reduced obstetric services

Pershing General Hospital (Lovelock)

- Discontinued cardiac rehabilitation
- Discontinued nuclear medicine

Desert View Regional Medical Center (Pahrump)

- Discontinued obstetric services

Sunrise Hospital & Medical Center (Las Vegas)

- Not accepting Medicaid reimbursement for high-cost pediatric cases
- Discontinued outpatient pediatric dialysis
- Discontinued TheraSpheres/SIR-spheres radioisotope therapy implants (for liver cancer)
- Discontinued pediatric scoliosis with significant implants
- Discontinued adult Vagus nerve stimulators (for treating epilepsy and depression)

18

2/22/2010

Services at risk

■ Services that generate a loss to hospitals

□ Inpatient

- Intensive Care Nursery
- Neurosurgery
- Nursery
- Obstetrics
- Oncology
- Orthopedics
- Thoracic Surgery

□ Outpatient

- Chemo/Infusion Therapy
- Dialysis
- Wound Therapy

19

Who is being impacted?

The patient

■ All those needing hospital care in Nevada

□ In 2008 hospitals provided care to:

- Inpatient admissions – 262,000+
- Newborns – 36,000+
- ER visits – 871,000+ (19% are admitted)
- Other outpatient visits – 1,900,000+
- Dialysis patients – 8,300+ (46,000 treatments annually)

20

2/22/2010

Need for hospital safety net continues to grow . . .

which affects more patients

- Unemployed (uninsured) population has more than doubled since 2008
- Medicaid projected to increase by approximately 50% from 2008 to 2013
- Aged population projected to grow faster than other groups

21

Conclusion

- Going forward you will need to consider:
 - As Nevada revenue shortfalls are incorporated into the budget
 - Impact any additional reductions will have on the availability of hospital services
 - Remember, we are your community's only 24 hour 365 day safety net provider

22



**NEVADA HEALTH CARE
ASSOCIATION**

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Las Vegas, NV 89102
(702) 434-2273 ♦ (702) 434-3974 (Fax)
www.nvhca.org

Testimony of the Nevada Health Care Association.

The proposed \$10.00 per patient per day reduction in the Medicaid rate will create a problem with access to care and, we believe, will yield the State very little -if any- of the projected "savings". I would respectfully remind the Committee this proposal COSTS our profession \$10,000,000.00 to possibly save \$3,000,000.00.

Currently, Nevada's Skilled Nursing Facilities are admitting patients / residents who are of a pending status with Nevada Medicaid. The definition of a Medicaid "Pender" is that an application for benefits has been submitted for approval but has not been processed. Under good conditions the wait for Medicaid approval can be from 45 to 60 days. The approval process for Hospitals has the same processing time as the Skilled Nursing Facilities. Approval of this reduction will result in Skilled Nursing Facilities not being able to admit a patient / resident from the hospital setting until the Medicaid application is approved.

Medicaid pays \$1,429.00 per day for a med/surg patient in the hospital. They will pay this amount until the patient no longer needs acute services and is reduced to an "administrative rate" of \$237.00 per day for Skilled Care or \$180.00 per day for Intermediate Care; all resulting in MORE costs to the Program. By contrast the nursing home rate is \$187.00 per day. I believe it's important to note that Medicaid imposes no limits to the time a patient may spend in the hospital.

Without the safety net provided by the Skilled Nursing Facilities these patients will have to be retained in the more expensive acute care settings until such time as appropriate discharge can be arranged. Our members have told us they will, at a minimum, reduce the number of

CHARLES PERRY - NCHA

beds available for Medicaid pending and Medicaid eligible residents. Many of the facilities already are not accepting these residents as they transition to alternative payment sources such as Medicare. One of the major providers indicates it will likely close at least one its facilities. See attached.

Nursing Home Provider Tax

As a result of working collaboratively with the Division of Health Care Financing and Policy (DHCP) over an extended period of time to develop a new Rate Methodology, we reached agreement on a methodology that should have resulted in \$200.00 per day but yielded only \$180.00 per day. This was due to budget constraints (later described a "budget neutrality"). The "Base Rate" being paid at that time was \$121.00 and the difference was made up by the Provider Tax. The current proposal is to cut the \$121.00 to \$111.00. The result is \$27.61 below our actual costs. Plainly if 70-80% of your patient load is compensated for dramatically below cost, you cannot stay in business.

Charles Perry

From: Charles Perry [Charles@nvhca.org]
Sent: Tuesday, February 16, 2010 8:33 PM
To: Judee Spagnola
Subject: FW: Nevada Medicaid



A handwritten signature in cursive script, appearing to read "Charles Perry", is written over the printed name and address.

Charles Perry
Nevada Health Care Association
4550 W. Oakey Blvd #99b
Las Vegas, NV 89102
702-434-2273

From: Dale Patterson [mailto:dpatterson@ehcmail.com]
Sent: Tuesday, February 16, 2010 7:27 AM
To: Charles@nvhca.org
Subject: Nevada Medicaid

Charles,

We have become aware of proposed additional Medicaid rate cuts equal to or exceeding \$10.00 per patient day effective as early as March 2010. Due to the already existing State underpayment of over \$12.50 per day below calculated cost, it is difficult to see any clear path as to how a facility could properly deal with such a dramatic additional decrease in Medicaid rates without serious negative consequences.

Certainly, some facilities would be forced to stop admissions as they could not afford to staff at appropriate levels to provide the requisite patient care. Freezing wages is already a given, but some facilities would also have to give consideration to other possible ways to align staffing with the financial resources available. This would likely result in staff reductions in some locations and continue a downward spiral in employment in the state—only serving to make the problem that much worse.

Restricting admissions would help reduce the loss to a facility, but it would be counterproductive to the State's needs as it would result in decreased provider tax revenues and the state's ability to maximize the federal match. Only about 35% of the rate cut would be saving state dollars. Given the existing federal match rate and the impact of a rate decrease of this magnitude upon Nevada's economy, we would urge legislative leadership to find other ways to balance the state's budget problems.

Sincerely,

Dale Patterson, CFO
Evergreen Healthcare
Desk 360-604-4212
Cell 360-798-3025
Fax 360-816-1568

FUNDAMENTAL CLINICAL CONSULTING

February 19, 2010

To Whom It May Concern::

This letter is in response to the Nevada Department of Health and Human Services proposed budget cut of \$10.00 per day for Skilled Nursing Facilities. This reimbursement reduction against our most frail, at risk, and vulnerable seniors is most concerning.

Fundamental Clinical Consulting currently manages 9 inpatient properties representing around 1200 inpatient beds and the largest post acute provider in the state of Nevada. Currently, 60-65% of our population consists of Medicaid and/or Medicaid pending recipients that we are currently caring for at a price of \$17.00+ per patient per day lower than our actual costs. With this additional reimbursement cut, there would be a shortfall of around \$27.61 per patient per day. With this type of devastating cut, we would be left with no other choice than to implement the following steps:

Step 1: Two buildings would need to cease operations and move forward with facility closure (loss of 269 beds to the community);

Step 2: Immediately cease taking Medicaid and/or Medicaid pending patients at our remaining 7 facilities - resulting in patients staying in the acute hospital leading to "new patient access" issues to those same hospital beds;

Step 3: Comprehensive review of all remaining Skilled Nursing Facilities operations based on this reimbursement cut; and implementing cost reductions such as personnel reductions, wage reductions; wage freezes, etc... to help sustain operational cash flow needs;

Step 4: Pursue decertifying our Skilled Nursing Facilities Medicaid beds from the Medicaid program.

It is our hope that these steps would not be needed and that our elected representative will vote "no" against the 10% reimbursement cut for Skilled Nursing facilities.

Respectfully,

Darrin Cook
Regional Vice President
Fundamental Clinical Consulting

American Health Care Association

National Center for Assisted Living

LONG TERM CARE ECONOMIC IMPACT STATISTICS

Senator Harry Reid (D-NV)

NURSING FACILITIES, STAFF & PATIENTS
In Nevada

48 Nursing Facilities
 5,662 Employees
 4,724 Patients Cared for Every Day

14% of patients rely on Medicare; 58% rely on Medicaid; 28% pay for care with private or other funds.

JOB VACANCIES FOR NURSING FACILITY STAFF
In Nevada

331 Long Term Care Job Vacancies
 20.0% Vacancy rate for Registered Nurses (RNs)
 11.5% Vacancy rate for Licensed Practical Nurses (LPNs)
 10.9% Vacancy rate for Certified Nurse Aides (CNAs*)

* Individuals often can train to be a CNA in a few weeks; some facilities may offer assistance with training.

LONG TERM CARE'S ECONOMIC IMPACT
Direct & Indirect Contribution To Nevada

\$540.9 million or 0.4% of state economic activity
 (direct effect)
 \$805.1 million or 0.7% of state economic activity
 (total impact)

"Long Term Care Facilities" include nursing facilities, assisted living and other long term care residential facilities.

American Health Care Association • National Center for Assisted Living
 1201 L Street NW • Washington DC • 20005
www.ahcanca.org

CHARLES PERRY - NCHA

American Health Care Association

Economic Impact of Long Term Care Facilities

Nevada

January 2009

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total State Activity
Output (in millions of dollars)	\$540.9	\$81.0	\$183.1	\$805.1	0.7%
Labor Income (in millions of dollars)	\$333.1	\$28.0	\$61.3	\$422.4	0.6%
Employment (jobs)	9,560	670	1,510	11,730	0.7%
Estimated Impact	State/Local	Federal	Total		
Tax (in millions of dollars)	\$31.7	\$97.9	\$129.6		

LTC facilities support other industries and sectors statewide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	9,860	\$570.0
Real Estate and Rental	1,300	\$180.9
Retail Trade	330	\$23.8
Finance and Insurance	10	\$8.8
Accommodation and Food Services	100	\$8.3
Professional - Scientific and Tech Services	30	\$4.5
Manufacturing	80	\$3.3
Wholesale Trade	10	\$2.3
Administrative and Waste Services	10	\$1.4
All other industries	10	\$1.7
Total	11,730	\$805.1

NAICS: North American Industry Classification System

Note:

Numbers may not add due to rounding.

Sources:

Economic impact analysis: The Lewin Group analysis using Impact Analysis for Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc, 2007 data
Population data: U.S. Census Bureau, <http://www.census.gov/>

Economic Impact Definitions

Direct Effect represents the impact (e.g., change in employment or revenues) for the expenditures and/or production values specified as direct final demand changes.

Indirect Effect represents the impact (e.g., change in employment or revenues) caused by the iteration of industries purchasing from industries resulting from direct final demand changes.

Induced Effect represents the impacts on all local industries caused by the expenditures of new household income generated by the direct and indirect effects of direct final demand changes.

Total Impact is the sum of the direct, indirect and induced effects.

Labor Income is the sum of employee compensation and proprietary income.

Prepared by:

The LEWIN GROUP

American Health Care Association

National Center for Health Care Policy and Research

Economic Impact of Long Term Care Facilities

Nevada

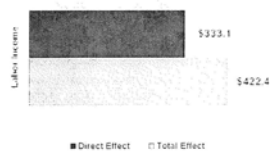
January 2009

Long Term Care (LTC) facilities* support an estimated \$805.1 million or 0.7% of the state's economic activity

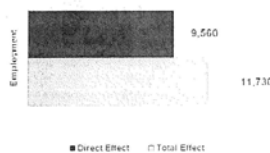
LTC facilities support \$805.1 million in revenue...



LTC facilities support \$422.4 million in labor income...



LTC facilities contribute to approximately 11,730 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on Nevada represents...

- 0.4% of economic activity
- 0.4% of labor income
- 0.6% of employment

LTC facilities' **total** economic impact on Nevada supports...

- 0.7% of economic activity
- 0.6% of labor income
- 0.7% of employment

LTC facilities generate \$129.6 million in tax revenue...

- \$31.7 million in state/local taxes
- \$97.9 million in federal taxes

Demographics of Nevada

Population (2007)	2.5 million
% Population 65+ years (2007)	11.1%
% Population 85+ years (2007)	1.1%
State economic activity (2007)	\$120.5 billion

Prepared by:

The LEWIN GROUP

Assemblyman Ocegüera moved that the Committee of the Whole recess until the call of the Chair.

Motion carried.

Committee of the Whole in recess at 5:10 p.m.

COMMITTEE OF THE WHOLE IN SESSION

At 6:15 p.m.

Chair Buckley presiding.

Quorum present.

Budget recommendations considered.

CHAIR BUCKLEY:

We are still in the Committee of the Whole. We can go through the agreements or try to narrow our differences and review the plan that was just discussed. What would probably be most helpful for me, Assemblywoman Gansert, is if we go through the document that I gave you several days ago. We will compare the differences.

Obviously, there are some substantial similarities to what I prepared and gave you, but I see some differences, too. Maybe we can start with Health and Human Services. Have you agreed to try and restore the ugly list that we heard today?

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. I do not have a copy of your plan right now. Does everyone have copies of everything?

CHAIR BUCKLEY:

I only gave this plan to you, Senator Raggio, and Senator Townsend. I did not give it to all of your members. I am not sure if you did. I can make copies of it, if you like.

So, let's start with Health and Human Services.

ASSEMBLYWOMAN GANSERT:

On Health and Human Services, we were trying to restore all the cuts on the ugly list. The numbers are off a little bit because I had a number from this morning and not this afternoon. I think it is just off a bit.

CHAIR BUCKLEY:

Is the Governor's restoration in the \$24 million or is the Governor's restoration now in the \$273 million and you are adding the rest of the ugly list, on line 20?

ASSEMBLYWOMAN GANSERT:

That is correct.

CHAIR BUCKLEY:

We never got to do a vote, a hand vote on the ugly list but it sounds like we have reached agreement that the worst of the Health and Human Services cuts will be restored. Is that the sense of the committee? Okay. I won't do hands if I am getting enough nods.

Let's go to K-12. Our list, obviously, reduced the K-12 cut to 5 percent and you are saying you will go from 10 to 7.5 percent. Assemblyman Cobb.

ASSEMBLYMAN COBB:

Thank you, Madam Chair. Since you are asking for the sense of the committee, I do want to point out that, without speaking for anyone else, when I look at this overall proposal, I look at it as an overall package. If we are going to go line item by line item, I do not want to commit to anything by saying, "I definitely want this level of funding for this." I think we need to return to the old method of how you budget by looking at the overall picture. If we adopt this as an overall picture, yes, I am fine with restoring that list, which we discussed earlier. I want to make

sure that it is understood, as you are asking the sense of me, and I think a lot of the other committee members who brought this forward, that we look at this as a single unit and that is what we are agreeing to not each individual line on its own.

CHAIR BUCKLEY:

We have to achieve agreement with both houses and the Governor; two-thirds of the houses, if we do not have the Governor. Every part of it has to be balanced. It goes without saying that if we all reach agreement on line 32 alone, we will still have a lot of work to do because the budget must be balanced, but I understand what you are saying.

Okay, you are proposing to change the cut for K-12 from 10 to 7.5 percent, instead of the 5 percent we proposed?

ASSEMBLYWOMAN GANSERT:

Yes. We are trying to restore some of the money to K-12. You can see that higher education is on there for a restoration of 2.5 percent, as well.

CHAIR BUCKLEY:

You agreeing with the restoration of the Nevada Equal Rights Commission (NERC), but our numbers are different.

ASSEMBLYWOMAN GANSERT:

I was using spreadsheets from the Governor's office and our Fiscal staff to try to figure out what the numbers should be and that was the latest number that I had. Really, this document is an attempt to try to integrate the ideas that we have been hearing, as far as restoration of funds for education and for health and human services. I know there were concerns about Nevada State Prison. We were also trying to . . .

CHAIR BUCKLEY:

No. Do not get me wrong. I think it is good. We made this offer two days ago, and I have not heard anything. This is progress. Maybe we can go home tomorrow.

I am not offended by you accepting some of the ideas that we gave and suggesting alternatives. That is what this process is all about. We can check with staff to make sure which numbers are right but with the idea of agreeing to restore the Equal Rights Commission. I think it is a positive step.

Nevada State Prison, the same thing? You are agreeing to keep it with us, that we should keep it open? What about pay differentials? You are agreeing that the correction officers will not have the extra cut. Is that still with the idea that we discussed today? That we would eliminate the differentials going forward?

ASSEMBLYWOMAN GANSERT:

Yes.

CHAIR BUCKLEY:

There are the State Purchasing contracts and the reduction in state contracts. That is \$6.3 million. That is the same number I gave you. With higher education, we reduced it to 5 percent and you are reducing it to 7.5 percent. Those are the two major differences. There is the restoring of the Judicial College, which is Senator Raggio's item, I am sure. There is the restoration of dignity protection. I do not think we had that, but it is very minor.

If anyone has questions along the way, jump in.

Secretary of State—is that agreeing to the Secretary of State fees as Ross presented them yesterday?

ASSEMBLYWOMAN GANSERT:

No. It does not have new fees from the Secretary of State. These are the numbers that were provided by Fiscal staff. And they might be the same numbers that the Governor had. There are so many spreadsheets out there. We are trying to figure out what they were without any fee increases for the Secretary of State.

CHAIR BUCKLEY:

Are you agreeing to the restorations in the office? What about the fees to finance that?

ASSEMBLYWOMAN GANSERT:

We do not have any new fees from the Secretary of State in this document.

CHAIR BUCKLEY:

Okay. Assemblywoman Kirkpatrick.

ASSEMBLYWOMAN KIRKPATRICK:

Thank you, Madam Chair. I am sorry. What is the dignitary protection?

ASSEMBLYWOMAN GANSERT:

The dignitary protection is for the Governor. At some point in time, it was cut out, and I think that was reflected in the \$273 million. We wanted to make sure it stayed, but that number may be duplicated. It was our understanding that it might have been cut out of part of this budget. We wanted to make sure they still had the dignitary protection.

CHAIR BUCKLEY:

In the 10 percent budget document provided by the Governor, there was a proposal to eliminate the protection for the First Lady because there will not be one fairly soon. There were some other minor changes. We can cross-reference that with the page in the larger document.

The State Treasurer's Office is the same. The State Controller's Office is the same. The Legislative Counsel Bureau, the Supreme Court, Nevada Check-Up—all the rest of those are the same.

ASSEMBLYWOMAN GANSERT:

I think you will find that most of them are the same.

CHAIR BUCKLEY:

The Federal Medical Assistance Percentages (FMAP) are the same. The federal funds are still the same.

ASSEMBLYWOMAN GANSERT:

We tried to confirm all the numbers.

CHAIR BUCKLEY:

We still need to confirm, Assemblywoman Leslie, whether we are getting an additional \$22 million from the feds. Would you please check on that?

Unclaimed property is the same. Tax amnesty—we had tax amnesty at \$15 million and you have changed it to \$5 million.

ASSEMBLYWOMAN GANSERT:

In discussions with the Governor's Office, it sounded like it would be closer to \$5 million. The \$15 million reflected what was expected from the tax amnesty program and part of that would go to local governments. We reduced that to a conservative amount of \$5 million.

CHAIR BUCKLEY:

We think that is not aggressive enough but okay. There is \$25 million from the Capital Projects Fund. Just for the members of the body that are not familiar with this, Assemblywoman Smith, in consultation with the Clark County Superintendent, received their permission to allocate \$25 million from their capital bond program in order to help ensure that not as many teachers were laid off. We appreciate that work that you did. Obviously, Assemblywoman Gansert, I assume you want to credit Assemblywoman Debbie Smith.

ASSEMBLYWOMAN GANSERT:

I absolutely would, and for the next item, too.

CHAIR BUCKLEY:

We really need to work together and get a balanced budget that makes sense. But I also want to give her the credit for all of her hard work. It was not an appropriation of funds but, instead, was a collaboration to stop the layoff of teachers and credit goes where credit is due. I would like to thank Assemblywoman Smith for all of her work over the last two weeks.

Okay. What is next? The Clark County Reclamation Fund, which is Senator Horsford's idea. You are obviously willing to support his idea. We did not have the spend down balance on our worksheet, but that was on Andrew's sheet from yesterday.

ASSEMBLYWOMAN GANSERT:

I incorporated that into here.

CHAIR BUCKLEY:

We are fine with that, I am sure. There is \$91 million from the Unclaimed Property Program. What is that?

ASSEMBLYWOMAN GANSERT:

That is an innovative idea. Basically, we receive unclaimed property pretty consistently. It has been growing over the years. That is the same fund we have used in the past to help fund the Millennium Scholarship. We have had some discussions, and we could pledge \$5 million or \$10 million, any particular amount, and you can pick the number of years, to be able to receive this \$91 million. As an example, if you were to pledge \$10 million over a 10 year period, you could yield \$70 million. So, \$10 million for 10 years, we could monetize that and receive \$70 million. If you took \$10 million over 20 years, the monetization would be \$130 million, just to have some benchmarks.

ASSEMBLYMAN OCEGUERA:

Would this be similar to a securitization, then, similar to what the Lieutenant Governor tried to do with the tobacco funds?

ASSEMBLYWOMAN GANSERT:

It is different in that when he was trying to securitize the tobacco funds, we really did not know how much we were going to receive. There was uncertainty with that. Whoever was going to provide those funds or provide a note or an amount of money for the note, we would not receive nearly as much money because of the uncertainty that had to do with the stream of cash or flow from tobacco companies. The Unclaimed Property Fund is extremely stable and taking a piece of it and monetizing it over a period of time, whether it is 10 years, 15 years, or 20 years, can produce millions of dollars. We would expect to have a low interest rate given that it is secured by the unclaimed property and given that it is with the state of Nevada.

ASSEMBLYMAN OCEGUERA:

Have we checked with the State Treasurer, the legality of it and the possibilities there? Is she on board with this?

ASSEMBLYWOMAN GANSERT:

We have taken counsel with a person to check these numbers. Not with the State Treasurer but with someone who is an expert in financial analysis. I think it would be important for the State Treasurer to check this and go head out.

CHAIR BUCKLEY:

Who reviewed it? Can you say?

ASSEMBLYWOMAN GANSERT:

I would rather not say.

CHAIR BUCKLEY:

So, explain it to us in more detail.

ASSEMBLYWOMAN GANSERT:

We take a portion of the unclaimed property, which we consistently have done. Again, we have used that before for the Millennium Scholarship. You pledge a certain amount; it could be \$5 million, \$7 million, or \$10 million, whatever you need to do, for a certain period of time. It is a secure note using unclaimed property that we should be able to get a very good interest rate on, to be able to produce \$70 million or if we needed \$90 million, whatever the amount would be.

CHAIR BUCKLEY:

Help me out here. We have unclaimed property in the State Treasurer's Office, and the property belongs to someone else. We do not know if they are going to come forward and claim it. We are holding it. Do you take a portion of those assets and sell it or do you borrow against it?

ASSEMBLYWOMAN GANSERT:

You borrow against it. You pledge a conservative portion of it to receive funds today, knowing that you will use those other funds to pay off the amount. You do not use general funds. It is aside from the General Fund. It is not making a hole in the General Fund. You use the amount that is in Unclaimed Property. Again, we have been moving \$7.6 million a year to the Millennium Scholarship Fund on a consistent basis. We have also used unclaimed property. The State Treasurer has been very good about finding extra unclaimed property on a conservative basis that we have moved over when we have needed to, to look at reserves.

CHAIR BUCKLEY:

What do you think the interest rate would have to be? What is the discount factor?

ASSEMBLYWOMAN GANSERT:

I do not have that information. I was basically provided ballpark estimates of what we could get if we pledged certain amounts for certain time frames. Again, if we were to pledge \$10 million, over a 10 year period, we could borrow in the ballpark of \$70 million today.

CHAIR BUCKLEY:

Is it a loan? It is really a loan, is it not?

ASSEMBLYWOMAN GANSERT:

It would be a loan that is secured using unclaimed property. Again, that is not General Fund dollars. They are monies that are sitting over in another pool of funds.

CHAIR BUCKLEY:

How ironic that Republicans are suggesting getting a loan for operating expenses and the Democrats have concerns. If you wait long enough, anything can happen.

ASSEMBLYWOMAN GANSERT:

I guess that is where our concerns are. We do not want to raise significant amounts of fees or new revenues, taxes, at a time when so many households are hurting and when the economy is sluggish. It looks like the recovery is not going to happen tomorrow. It is not going to happen the day after that. We do not know how long it is going to take. How can we support some of these programs that we think are important, like K-12 and Health and Human Services? How can we do that without taking substantial revenue, substantial funds out of the economy in the form of taxes? This was our innovative idea.

CHAIR BUCKLEY:

I think that these are really, really tough times. I have to say that ideas I would have rejected out of hand before, I don't do anymore, on anything we are considering. I worry about this, and I look forward to hearing your testimony tomorrow on how it makes sense. I am not going to condemn the idea because we have to come together very quickly and enact a balanced budget and reduce the amount of proposed cuts to education and to all those other items we talked about today. We wouldn't be doing our jobs if we weren't. We look forward to hearing more about that.

What are the rest of the differences?

ASSEMBLYWOMAN GANSERT:

We have state park fee increases. It is my understanding that \$750,000 is a conservative number. We have the Athletic Commission, for increased gate fees of approximately \$500,000, which I believe is also a conservative figure. The Gaming Control Board license investigation fees are equivalent to the 10 percent cut to the Gaming Control Board. This would be the increase in the hourly rate for new licensees. We also have mining. My understanding is that \$62 million would be a reasonable number to expect from mining. The other reductions, I believe, are numbers that came through the Governor's Office and probably our Fiscal staff and are numbers they probably agreed to. The Insurance Premium Tax, I believe the \$5 million was the Governor's Office. We did leave that one. We had testimony the other day on that.

Again, in this our objective was to integrate a lot of the ideas from both the Democrats and the Republicans, from both houses, to try and put together a plan that would work, moving forward for Nevada. Not just in the near term, but also in the long term. We, too, are concerned about some of the substantial cuts that we face. Therefore, we made an effort to restore some of the funding and I truly appreciate, and I mean that, I truly appreciate the homework that had been done on some of these numbers. I apologize for not letting you know that earlier. Some of these numbers that were put together, I know that took a lot of time and energy. The effort, again, was to make sure these numbers were accurate, checking with the different spreadsheets. This is somewhat of a fluid document but is the concept of what we think is within our realm, something we want to work with is on this paper. We also were very concerned with collective bargaining and transparency, and we talked about that a little bit earlier. We believe that the majority of taxpayer dollars are spent through collective bargaining; we need to have some sunshine on it. It should be under the open meeting law.

CHAIR BUCKLEY:

Assemblywoman Kirkpatrick.

ASSEMBLYWOMAN KIRKPATRICK:

Thank you, Madam Chair. I just have two questions. On line 36, regarding the Clark County Redevelopment Authority Funds, we swept all of their money last time and their mothballing it, doing all the right things. Where did that come from? They mothballed it last time. Secondly, with the Gaming Control Board licensing fees, how many new properties are going to open up, to give those dollars?

CHAIR BUCKLEY:

The Clark County Redevelopment Agency number is a technical adjustment, in addition to our figures. They abolished that last year, and we just did not claim all of that money in last year's reconciliation. This really came from the Budget Division and our staff. It is a technical adjustment.

Assemblyman Horne.

ASSEMBLYMAN HORNE:

Thank you, Madam Chair. I am interested in two things. I would like more clarification, more detail on how they came up with the \$62 million for the mining. How did they reach that number? Is it an educated guess or assumption? Also, the closing of Casa Grande still gives me pause and concern. What is the rationale of closing Casa Grande?

CHAIR BUCKLEY:

I think you are agreeing with us to add it back.

ASSEMBLYMAN HORNE:

Is this adding it back?

CHAIR BUCKLEY:

It is adding it back.

ASSEMBLYWOMAN GANSERT:

You know what, the way that it is on here, I think that we discussed that this afternoon and that was not integrated as an “add back.” Nevada State Prison was an “add back.” This is still under reductions at the bottom so this is something we would have to discuss.

CHAIR BUCKLEY:

We had proposed on our sheet that we gave them, not closing Casa Grande, instead sending both, as we discussed this afternoon, to the Interim Finance Committee with the data analysis. Are you changing your mind from this afternoon when we discussed the resolution on the prisons? No? We need to fix that then.

The fees you are proposing are approximately \$67 million. Assemblyman Ocegueda, with regard to mining, I know you have been working on this issue for two weeks, what is the \$62 million. How does that compare to where you are with mining, if you can disclose that information? I do not know. Obviously, I know you are working on a bill draft of what is going to be introduced tomorrow.

ASSEMBLYMAN OCEGUERA:

Correct. That number is fairly close to the adjusted forecast that, quite frankly, does not come out until March 1, 2010. It is privileged information for those mining companies. But yes, it is within reason.

CHAIR BUCKLEY:

Was there additional money from mining that they offered, in addition to this?

ASSEMBLYMAN OCEGUERA:

On top of that, there was another \$42 million.

CHAIR BUCKLEY:

So if the industry is going to support that, and we can use that to lower the reductions to K-12 to 5 percent, are you willing to do that, to prevent the layoff of teachers in our state?

Assemblyman Goicoechea.

ASSEMBLYMAN GOICOECHEA:

Thank you, Madam Chair. As it pertains to the mining revenues, that was the only number we had to work with, which was the projected net proceeds. Clearly, I know the majority leader is privy to some other increases that we just didn't know of, so that is the number we plugged into this spreadsheet. I think most of us, as we look at this sheet, both in this house and in the Senate, what we are trying to do is hold the line to the extent we can so that we aren't faced . . . anything we put back into this budget, the reductions, will end up being something in the base budget, for next session, that we have to work from again. We are just trying to make sure . . . I think our caucus and the other caucus is trying to get as much reduction out of this as we can. None of us wants to reduce K-12. None of us wants to reduce higher education. But the bottom line is, we are going to have to squeeze this down, or we will never get through to next session.

CHAIR BUCKLEY:

Those are legitimate points. The majority leader has spent the last couple of weeks working on what seems to be a fair resolution.

ASSEMBLYMAN GOICOECHEA:

That is fair and we, again, were not working with mining. We knew the majority leader was. But on the flip side, we took the initiative and tried to look at the unclaimed property to see if we could fill a hole with that. Again, I think we are all on the same page; we are all trying to get there and get this budget balanced with as little pain as possible.

CHAIR BUCKLEY:

If mining supports the increases, you are going to support them, too?

ASSEMBLYMAN GOICOECHEA:

I would like to see what they are proposing.

CHAIR BUCKLEY:

Fair enough. Assemblywoman Smith, did you have anything to add about anything?

ASSEMBLYWOMAN SMITH:

I think the only thing I have to add at this point is that I was put into an uncomfortable position tonight because some of this was privileged information. While we have spent a lot of work on that, I personally did not have a copy of this previous spreadsheet because it was so confidential. My personal situation has been compromised with the people I have been working with. I have apologized to those folks. I need to say, for the record, that sometimes this information that is put out confidentially needs to stay confidential. It really allows us to maintain our relationships and do the work we need to do. Thank you, Madam Chair.

CHAIR BUCKLEY:

Just so we are clear, the money from the Clark County School District was something that the staff said they would recommend to the Board, or that they would at least discuss it, and the Board would have to make the final decision. When we gave you that plan, it was in confidence so that we wouldn't burn the relationship. We made sure that the proper people were supportive of it. And that is the disadvantage of handling it in this manner. We would have loved the opportunity, before you used our confidential spreadsheet, to just give them the courtesy of a head's up.

ASSEMBLYWOMAN GANSERT:

My apologies. I truly apologize. I thought that because I had received some feedback on these numbers that these numbers were actually out there. I did not realize the confidential nature of them. I would have plugged in some other number if I needed to. Again, I apologize. I did not realize that those numbers were confidential at this point in time.

CHAIR BUCKLEY:

I had only given it to you, Senator Raggio, Senator Townsend and no one else, for that very reason. I apologize to you, as well, Assemblywoman Smith.

Finishing the review, the Insurance Premium Tax on the sheet we gave you was \$15 million and here you have it at \$5 million. Again, with \$90 million to \$163 million, we really wanted to incentivize the insurance commissioner to begin collecting these taxes. It is not fair to all the businesses that are paying their taxes. We really wanted a more aggressive target. What was your thinking in lowering that?

ASSEMBLYWOMAN GANSERT:

You know, in listening to the insurance commissioner's testimony, I think he testified that they had 96 audits over a period of four years and received \$300,000. To be able to collect even the \$5 million, he was going to have to do over 1,100 audits. The concern was to have a number on here that made sense. And, again, I think they only did 96 audits over a period of four years. We, too, want to be aggressive. If someone owes an Insurance Premium Tax, we are completely in support.

CHAIR BUCKLEY:

I think the concern that we had after the hearing is that the insurance commissioner has the ability to contract out for auditors and probably that is the better way to go rather than hiring state employees. It seemed that they could take a more aggressive approach using the private sector.

Assemblywoman Smith.

ASSEMBLYWOMAN SMITH:

Thank you, Madam Chair. I have not looked at this until just this moment. I know when I was reviewing a lot of our consultant agreements, that is an area where we spent a lot of money, contracting out. As we are going through this issue, we need to talk about that some more because we already spend millions of dollars, if I am not mistaken, on contracting out. We need to figure out if we already have that built into the budget, in our professional contracts.

CHAIR BUCKLEY:

I think we have \$6.3 million in reduction, and that includes the lease.

ASSEMBLYWOMAN SMITH:

What I am saying is that I think we already contract out for some of this work we are talking about. We need to look at those agreements and see if, on the auditors' side, if we're already contracting and already have that built into our budget. When I was looking into contracts during session, what I was told was, "Well, we have these contracts, but we do not always spend down the money that is in them." Maybe that is where we can find some of that work and some of those savings.

CHAIR BUCKLEY:

That's a good idea. Thank you. Assemblyman Atkinson.

ASSEMBLYMAN ATKINSON:

Thank you, Madam Chair. I have a question about line 58, the Clark County Reclamation Fund. Is that coming from the Clean Water Coalition or the Clark County Water Reclamation District?

ASSEMBLYWOMAN GANSERT:

That was a number that was provided to us, so I do not have the details. I think that we had someone do some research on that. But I don't have the information on it.

CHAIR BUCKLEY:

It is from the Clean Water Coalition, which is the project that is not going to go forward due to lack of feasibility. The plan was to distribute it. Senator Horsford was working with them to redirect it to prevent some layoffs and to also see if there could be a plan on some bonded capacity to produce jobs. That is what that was. Any further questions? Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:

Thank you, Madam Chair. Could I come back to the unclaimed property question, for just a moment? Since the property that is under the unclaimed property office is unclaimed, obviously, and people show up and have a right to claim, provided they can prove who they are, do we know what percentage of the outstanding unclaimed property that is sitting there, that they are trying to bank against, as compared to the amount of unclaimed property that is coming in on an annual basis? Do they have a formula by which they determine which funds are available and how much they need to keep on hand to meet the yearly or annually first time notice of coming to pick up your \$1.25 or whatever the amount is?

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. On the unclaimed property, again, there is quite a bit of unclaimed property which gets deposited with the state every year. It pretty much reaches a steady state in that quite a bit is paid out. I believe the Treasurer has been very aggressive with trying to get money back to people. It is a growing fund, and we have used it for the Millennium Scholarship Program, and we have also used it for reserves. We have moved money out of it before because we had more than the Treasurer believed we needed at the time. It is something that we can look at and examine and make sure that there is an appropriate amount that we can leverage to receive funds today, in the near term.

ASSEMBLYMAN ANDERSON:

Madam Chair, I also have a question about the Gaming Control Board license and investigating fee on line 63. Does this hold up with the information Chairman Neilander provided to us yesterday, relative to if we did away with those quality controls, making sure the games are legal and making sure we are getting our fair share or cut of the dollars and all the other needs for the legitimacy or keeping the reputation legitimate; the reputation of Nevada gaming as being straight up? Is this predicated on the belief that we are going to make additional cuts in this particular area to the people who are going to be doing these investigations? In other words, are there going to be fewer auditors?

ASSEMBLYWOMAN GANSERT:

The \$4.2 million is the 10 percent cut to the Gaming Control Board's budget. It is not related to the auditors. Mr. Neilander testified that he would have to cut some personnel if we did, in fact, cut the \$4.2 million. Yesterday, he suggested that he could increase the hourly rate on new investigations for gaming licenses in the state of Nevada. We talked about how they travel overseas and that there is a lot of global operators, now, who want Nevada licenses and that if he were to raise the fee on new investigations, that we could approximate covering his 10 percent cut.

ASSEMBLYMAN GOICOECHEA:

Thank you, Madam Chair. I, too, also want to apologize to my colleague from Reno and the Senator across the hall. We did not know these were confidential numbers. We have seen so many of these spreadsheets in the last ten days; we see items appear and disappear on them. I, too, have to apologize, but I don't think any of us knowingly changed any sheet or any number. We were just crunching numbers and had no idea that they were supposed to be confidential. Apparently, those are the only two items that we weren't supposed to talk about? I would like to know so that we don't transgress again.

CHAIR BUCKLEY:

It is a little too late now.

ASSEMBLYMAN GOICOECHEA:

I would agree, but are those the only two items? Again, we had no clue what was confidential and what wasn't. I have a stack of them here I cannot step over, these spreadsheets provided by staff.

CHAIR BUCKLEY:

Next time you are going to release our plan, just check with us first, and we will tell you which ones are confidential.

ASSEMBLYMAN GOICOECHEA:

We would be glad to do that and I think, if there is time, we would like to have some numbers from you. Thank you.

CHAIR BUCKLEY:

At any time, you know where my office is. Assemblyman Atkinson.

ASSEMBLYMAN ATKINSON:

Thank you, Madam Chair. On line 44, it says see attachment, but there isn't one. I am assuming that the attachment is the entire list. It's not what we voted on today? This \$197 million is actually the entire number from the Governor's original list, not what we had today. Am I correct?

ASSEMBLYWOMAN GANSERT:

I think it reflects what was passed out today. We were able to update that number to what was included in the bill today. I think the majority leader can confirm that.

ASSEMBLYMAN ATKINSON:

I am confused because I have two different versions.

Assemblywoman Kirkpatrick:

Could I ask the same question? I thought they said we needed to add in the \$24.7 million and then we needed to add in the \$3 million, which made it \$225 million, which is what I ended up with. I am just trying to understand this because they kept telling us that we had to add this and had to add that to get to that number. So maybe most of us were confused during that process.

ASSEMBLYWOMAN GANSERT:

Madam Chair, I do actually remember part of the PEBS trust, but I am trying to remember if that was included. This number reflects exactly what was on the spreadsheets that had the sweep accounts on them, which we had listed today. In testimony, earlier, I believe Mr. Raxter from

Fiscal said that there was \$24.7 million. I am not sure if that is reflected on this sheet or not. But that would be to the good.

ASSEMBLYMAN OCEGUERA:

We did pass the bill exactly like this. There might be some changes in other things but this is how we passed the bill.

CHAIR BUCKLEY:

That would have to be adjusted. We prepared this sheet that was used to make the changes and at the time that we did, line 40 had the PEBS cut. However, our staff, in preparing the final bill, thought it would be more prudent for the PEBS investment reduction to be in the sweeps bill. That is why you see it. Our sheet was prepared before our staff decided it would be easier to combine it in one bill. Am I right, Tracy? Yes? Good. That is why there is a discrepancy.

Assemblywoman Spiegel.

ASSEMBLYWOMAN SPIEGEL:

Thank you, Madam Chair. Assemblywoman Gansert, tomorrow when you present information on your innovative idea of securitizing unclaimed property, I am hoping that there is some information that you could present to us. Specifically, I am wondering if you could comment on the experiences of Louisiana and Connecticut and if you could comment on the legal cases in California and New York. If you could also include an analysis of how we would address the concerns that have been raised by the securities industry related to escheatment laws and interstate aspects relating to having companies that are based in Nevada, that have operations in other states, and vice versa, and the interstate implications of having assets from one taken and reverted to be used in the operation funds of another. I may have some additional questions. If I could email those to you, I would appreciate that.

Submitted Exhibits

See below.

DRAFT GF Balance 02252010b (2).xlsx			
	A	C	E
1	State Of Nevada		
2	Projected General Fund Shortfall		
3	2009 - 2010 Biennium		
4		As Of	
5		February 16, 2010	
6			
7	Shortfall:	FY 2010	FY 2011
8	General Fund Revenue	\$ (234,473,496)	\$ (352,958,806)
9	General Fund Reversions	\$ (7,100,000)	\$ (10,500,000)
10	Distributive School Account Shortfall	\$ (84,020,858)	\$ (122,694,466)
11	Medicaid Caseload Shortfall	\$ (28,371,212)	\$ (32,507,446)
12	Eliminate Line of Credit	\$ (15,000,000)	\$ (15,000,000)
13	Move Line of Credit to FY 2011	\$ (15,000,000)	\$ 15,000,000
14	Projected Shortfall 2009-11 Biennium	\$ (383,965,566)	\$ (503,660,718)
15			
16			
17	Solutions:		
18	Reductions to Operating Appropriations:		
19	Budget reductions proposed by the Governor (February 16th cut list)	\$ 82,516,181	\$ 191,420,860
20	Less Restoration of Portion of HHS Reductions	\$ -	\$ (24,695,034)
21	Less Restoration of Portion of K-12 Reductions (reduces K-12 to 7.5%)	\$ (10,545,456)	\$ (15,511,095)
22	Less Nevada Equal Rights Commission Reductions	\$ -	\$ (982,752)
23	Less Restoration of NSP	\$ (487,147)	\$ (12,330,386)
24	Less Restoration of Corrections Pay	\$ (1,160,857)	\$ (4,503,404)
25	Reductions in State Purchasing Contracts	\$ -	\$ 6,300,000
26	Reduction - Nevada System of Higher Education	\$ 16,701,712	\$ 50,105,007
27	Less Restoration of Portion of NSHE (reduces NSHE to 7.5%)	\$ (4,175,428)	\$ (12,526,252)
28	Less Restoration of Judicial College	\$ -	\$ (290,000)
29	Less Restoration of Dignitary Protection	\$ -	\$ (180,000)
30	Reduction - Secretary of State (updated per 2-19-10 response)	\$ 368,052	\$ (300,000)
31	Reduction - Office of State Treasurer	\$ 40,964	\$ 122,126
32	Reduction - Office of State Controller (updated per 2-17-10 response)	\$ 146,106	\$ 398,758
33	Reduction - Legislative Counsel Bureau	\$ 1,003,146	\$ 2,939,661
34	Reduction - Supreme Court	\$ 291,431	\$ 820,355
35	Nevada Check Up surplus due to lower than projected caseload	\$ 1,611,578	\$ 4,561,940
36	Clark County Redevelopment Authority funds offset to Casa Grande Debt repayment	\$ 1,150,000	\$ 1,150,000
37	Total Reductions to Operating Appropriations	\$ 87,460,283	\$ 186,499,784
38			
39	Redirected Fund Transfers		
40	Public Employees Benefits Program - REGI Investments	\$ 6,900,000	\$ 7,860,000
41	Suspend Unclaimed Property Transfer to Millenium Scholarship Fund	\$ 3,800,000	\$ 3,800,000
42	Total Redirected Transfers	\$ 10,700,000	\$ 11,660,000
43			
44	Fund Sweeps (see attachment)	\$ 123,534,998	\$ 73,868,572
45			
46	Federal Fund offsets		
47	Additional FMAP Funds	\$ -	\$ 88,488,706
48	Additional SNAP Funding	\$ 250,000	\$ 1,250,000
49	Enhanced FMAP rate - State "Clawback" payments	\$ -	\$ 16,544,966
50	Transfer Department of Corrections ARRA funds	\$ 72,178,069	\$ (72,178,069)
51	Transfer NSHE ARRA Funds	\$ 92,389,311	\$ (92,389,311)
52	Total Federal Fund offsets	\$ 164,817,380	\$ (58,283,708)
53			
54	Revenues and Fees		
55	Increase in Unclaimed Property Transfer (per State Treasurer 2-19-10)	\$ 4,100,000	\$ -
56	Tax Amnesty	\$ -	\$ 5,000,000
57	Clark County SD Capital Projects Funds	\$ -	\$ 25,000,000
58	Clark County Reclamation Fund	\$ -	\$ 56,000,000
59	Spend Down Ending Fund Balance	\$ -	\$ 4,963,535
60	Unclaimed Property Program	\$ -	\$ 91,000,000
61	State Park Fee Increases	\$ -	\$ 750,000
62	Athletic Commission	\$ -	\$ 500,000
63	Gaming Control Board License Investigation Fees	\$ -	\$ 4,200,000
64	Mining	\$ -	\$ 62,000,000
65	Total Revenues and Fees	\$ 4,100,000	\$ 249,413,535
66			
67	Other Reductions:		
68	State Employees 4/10 Schedule with 10 hours per month furlough	\$ -	\$ 6,168,000
69	Executive Budget Office Other Recommended Reductions	\$ 5,176,303	\$ 3,538,137
70	Executive Budget Office Recommended Travel and Training Reductions	\$ 586,604	\$ 772,430
71	Executive Budget Office Recommended Vacant Position Eliminations	\$ 1,358,735	\$ 4,619,910
72	Collect Outstanding Insurance Premium Tax	\$ -	\$ 5,000,000
73	Voluntary Retirements	\$ -	\$ 5,000,000
74	Close Casa Grande Transitional Housing Facility	\$ 700,000	\$ 1,264,609

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	A	C	E	G
75	Total Other Reductions	\$ 7,821,642	\$ 26,363,086	\$ 34,184,728
76				
77	Total Solutions to Projected Shortfall	\$ 398,434,303	\$ 489,521,269	\$ 887,955,572
78		\$ 14,468,737	\$ (14,139,449)	\$ 329,288

On motion of Assemblyman Ocegüera, the Committee did rise and report back to the Assembly.

ASSEMBLY IN SESSION

At 7:08 p.m.

Madam Speaker presiding.

Quorum present.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Assembly Bill No. 1; Senate Bill No. 1.

Assemblyman Ocegüera moved that the Assembly adjourn until Friday, February 26, 2010, at 9 a.m.

Motion carried.

Assembly adjourned at 7:08 p.m.

Approved:

BARBARA E. BUCKLEY
Speaker of the Assembly

Attest: SUSAN FURLONG REIL

Chief Clerk of the Assembly