

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON K-12/HUMAN RESOURCES**

**Seventy-Third Session
April 27, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on K-12/Human Resources, was called to order at 7:35 a.m., on Wednesday, April 27, 2005. Chairwoman Sheila Leslie presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Ms. Sheila Leslie, Chairwoman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Ms. Chris Giunchigliani
Mrs. Debbie Smith
Ms. Valerie Weber

SENATE COMMITTEE MEMBERS PRESENT:

Senator Barbara Cegavske, Chairwoman
Senator William J. Raggio
Senator Bernice Mathews
Senator Dina Titus

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Larry Peri, Senior Program Analyst
Susan Cherpeski, Committee Attaché
Carol Thomsen, Committee Attaché

Chairwoman Leslie indicated that the meeting would begin with a presentation regarding the funding of the Medicaid program.

Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCFAP), Department of Human Resources (DHR), provided [Exhibit B](#) and explained that he would be presenting information regarding the status of the Medicaid payment projection, the Nevada Check Up payment projection, the supplemental appropriation request, changes to the budget associated with changes in the Federal Medical Assistance Percentage (FMAP) for state FY2007, and several other issues. Mr. Duarte said the information he would be presenting had been given to the Governor's Office and was a proposal, but had not yet been decided upon.

Mr. Duarte directed the Subcommittee's attention to page 2 of [Exhibit B](#) and said he would be explaining the Medicaid forecasting methodology and the latest projections for Medicaid and Nevada Check Up.

Mr. Duarte explained that the Medicaid payment projections (MPP) and the Nevada Check Up payment projections (CPP) were completed quarterly and used to develop the HCFAP budgets. A number of the payment runs had been used in the process of budget building through a number of phases of the budget. There was a payment run in June 2004, December 2004, and April 2005.

Mr. Duarte pointed out that page 3 of [Exhibit B](#) contained a brief summary of components of the Medicaid payment projection and the Check Up payment projection models. In simplest terms, there were 3 components. The first was caseload, and in the MPP and the CPP caseload was broken down into detailed eligibility categories. That data was supplied by the Welfare Division, and then reviewed by the Budget Office and Legislative Counsel Bureau (LCB) staff. The second component of the MPP and CPP was the cost per eligible (CPE). The CPE was determined by dividing the total costs by the number of eligible recipients by detailed category. The CPE was affected by changes in utilization, reimbursement rates, and payment policies. The third component was any changes in rates: adjustments for historic rate changes and estimates for future rate changes.

Mr. Duarte explained that page 4 ([Exhibit B](#)) addressed the MPP run. He introduced Patrick Cates, Administrative Services Officer IV, HCFAP, who was available to answer any questions. Mr. Duarte explained that there had been some issues with the December run, which was usually used to develop The Executive Budget. However, due to the issues, the June MPP had been used instead. Mr. Duarte said the December run had indicated a need for an additional \$70 million in new General Fund appropriations, and it had appeared that the increase over the June run was a result of underlying data issues, as well as the way the Division had compensated for that in selecting the CPE. The Division went through a process of evaluating the CPE before running the MPP and because of the data issues with the December run, the Division had started to pick and choose by category the subcomponents of each CPE. That process had led to an overprojection of the costs in a number of critical CPE categories. Because of that, the December MPP was rejected and instead the June MPP was used. He pointed out that for Nevada Check Up the December payment projection had been used in The Executive Budget.

Chairwoman Leslie questioned what had changed since the December run to ensure that the April run was correct. Mr. Duarte replied that the difference was that the underlying data had been flawed, there was missing information in several critical months of costs, and because those problems could not be corrected in time for The Executive Budget, the Division had used the June MPP. By the April run many of those underlying issues had been resolved, and the payment trends in each of the eligible categories appeared consistent with prior history, and there was a good reason why there might have been changes in a particular CPE.

Chairwoman Leslie pointed out that amounts had increased by \$6.1 million in FY2006 and \$2.7 million in FY2007, and the Subcommittee wanted to be sure that the April run numbers were correct. Mr. Duarte said he was much more confident in the data as most of the issues had been resolved. He assured the

Committee that his confidence level in the data had improved significantly over the last three payment runs.

Mr. Duarte pointed out that the December Check Up payment projection (CPP) was used in The Executive Budget, and he believed that information had been correct.

Mr. Duarte referred to page 5 of [Exhibit B](#), which was a chart that showed the cost by aid category for each of the eligible groups. He asked the Subcommittee to keep that information in mind regarding the cost drivers associated with the "Blind/Disabled" and "Aged" categories as he proceeded through his presentation. He pointed out that the Temporary Assistance for Needy Families (TANF) program was different in that it was driven by caseload. The changes in the latest MPP would be attributable to the categories of "Aged" and "Blind/Disabled."

Mr. Duarte said that page 6 ([Exhibit B](#)) addressed the April MPP, which had just recently been completed and presented to the LCB and the Budget Division. The data issues that had been evident in the December run had been addressed, and there had been major caseload changes since the MPP run used in The Executive Budget. Mr. Duarte indicated that caseload growth had decreased by 29,000 recipients, 13.2 percent, most of which was attributable to decreases in the TANF and the Child Health Assurance Program (CHAP) eligibility categories. The aged and institutional categories had decreased by a lesser amount.

Mr. Duarte directed attention to page 7 ([Exhibit B](#)) and said that the overall average CPE had increased to \$425 per member per month compared to the \$393 per person per month in The Executive Budget, which had used the June data. He pointed out that the TANF and CHAP CPEs had stayed in the same range or even decreased; however, most aged and disabled categories increased. The reasons for the increase included pharmacy and physician costs, and long-term care costs. He noted that the provider tax was passed in the 2003 Legislative Session and provided a revenue stream to support the long-term care funding and did not require additional General Fund appropriation.

Mr. Duarte emphasized that the pharmacy and physician costs and hospital costs were trending upward, which would affect the General Fund need. He said that in terms of the overall fiscal impact, the rerun of the April payment projection indicated a need for an additional \$8.8 million in General Fund for the Medicaid budget. Approximately \$500,000 of that total was due to a decrease in the federal financial participation rate in FY2007.

Mr. Duarte turned to page 8 ([Exhibit B](#)) and explained that the April CPP had also resulted in some significant changes over what had been recommended in The Executive Budget. Growth projections had increased by 2.3 percent and 14.3 percent for FY2006 and FY2007 respectively as compared to The Executive Budget. The average caseload was projected to be 30,429 children in FY2006 and 34,288 in FY2007. Mr. Duarte stressed that The Executive Budget included an enrollment cap of 30,000 recipients in FY2007.

Mr. Duarte indicated that there had also been changes in CPE relative to The Executive Budget. There was an increase of approximately 3.8 percent from \$106 to \$110 per person per month in FY2006. In FY2007 there was a 3.5 percent increase from approximately \$112 to \$116. The result was an

increased need of approximately \$3.1 million in General Fund over the next biennium. That amount included the difference between the recommended enrollment cap at 30,000 recipients and the April CPP without the cap on enrollment. Mr. Duarte said the Division had also submitted an amendment through the Budget Division to remove that cap in order to implement the HIFA (Health Insurance Flexibility and Accountability) waiver.

Mr. Duarte said that page 10 ([Exhibit B](#)) displayed the change in the federal financial participation rate for Nevada Check Up and for Medicaid. The Division had refigured the FMAP in the budgets accordingly. It appeared that Nevada Medicaid's FMAP had decreased from 54.97 percent, which was the percentage used in The Executive Budget, to 54.26 percent. The seemingly nominal amount would have an impact in the millions of dollars. For Nevada Check Up, the FMAP estimate had decreased from 68.33 percent to 67.98 percent. In terms of overall impact on the General Fund, the Nevada Check Up program would need an additional General Fund appropriation of \$41,000. For Medicaid the need was \$3.2 million; and for the Health Division, the Division of Mental Health and Developmental Services (MHDS), and the Division of Child and Family Services (DCFS), the impact was approximately \$1.1 million. Mr. Duarte noted that the majority of the funds passing through the Division to those sister agencies were federal, with some exceptions, which accounted for the General Fund impact.

Mr. Duarte added that there had been an FMAP adjustment to M-101 and M-200, associated with the April run. The April MPP was approximately \$8.8 million more than presented in The Executive Budget, \$500,000 of which was a result of the change in the FMAP for state FY2007.

Mr. Duarte continued outlining the information in [Exhibit B](#), and said that page 11 addressed the Medicare Modernization Act (MMA) and the "clawback" calculation. He commented that the changes in the clawback estimates had been discussed previously as the original estimates had indicated a potential savings of \$17.8 million, which had been included in The Executive Budget. The Division had thought it would cost less to pay the federal government to provide Part D, or pharmacy benefits, to dual eligibles than it would be for the state to provide it. The overall savings due to the clawback was estimated to be \$17.8 million; however, the original calculation was based on limited information and there had been an error in the calculation. It appeared that the savings would actually be approximately \$4 million. The revision of the clawback calculation required an additional General Fund appropriation of \$13.7 million in M-502.

Mr. Duarte said that page 12 outlined the FY2005 supplemental funding request of \$36 million to close the state fiscal year. He said that there was a need for \$17 million based on straight line projection of check runs. Some of the sister agencies, particularly DCFS and MHDS, had been having difficulties getting their claims paid through the system. He assured the Subcommittee that many of those issues were being resolved, but there was a need for cash and an additional \$1.2 million was needed to help those agencies catch up on claims payments. There were a number of other issues, some of which were associated with the University Medical Center (UMC). Approximately \$1 million was needed based on changes in policy for the payment of UMC trauma care. Mr. Duarte added that another \$17 million was needed based on projected claims catch up work that would impact the Division in mid-May.

Senator Raggio asked if that \$17 million was to reduce the backlog on claims. Mr. Duarte indicated that was correct and pointed out that page 13 in [Exhibit B](#) outlined some of the reasons for the request. There were several significant factors related to claims processing which contributed to that \$17 million. He said the Division had an estimation methodology that had been discussed with LCB staff. He added that a number of factors were difficult to quantify, but included the following:

- There were a number of claims in the system that were pending and had not yet been paid because budget authority had to be transferred in order to release the claims. Those claims would be released in the next few weeks.
- The catch up claims for the DCFS and the MHDS were being processed. The 2004 claims were being reconciled and the 2005 claims needed to be paid. Several of the big claims batches would be released in mid-May.
- There had been updates to some of the professional codes and reimbursements in the system for 2005. Additional codes were added at the national level, which would go into effect mid-May and pay retroactively to January 1, 2005.
- There was an expansion of pediatric rate enhancements for professional medicine codes, which were procedures performed in a physician's office. That was an enhancement in the rates for the treatment of individuals under 21 years of age, and it would become effective in mid-May and be retroactive to April 2004.

Senator Raggio remarked that he had heard from several physicians who had stopped treating children due to failure to pay. He asked if the expansion of rate enhancement would address the nonpayment issue.

Mr. Duarte observed that the failure to pay had more impact in 2004 than it did in 2005. The Division had worked with the Nevada State Medical Association and a number of major practice groups to resolve claims payment issues, many of which were related to specialty providers. The expansion related to pediatric subspecialists, who used to receive a higher reimbursement in 2003 and had worked with the Division and continued to see children while negotiating and making those adjustments. Mr. Duarte added that there had been an increase in the number of specialists agreeing to see Medicaid children, which was a positive sign.

Chairwoman Leslie inquired as to how the cash advances related to the issue. She remarked that she thought some of the repayment issues in the UMC were being resolved through a cash advance. There were cost containment measures as well that had been placed in the budget but not implemented. She asked how those factors were related.

Mr. Duarte explained that the cash advances for unprocessed claims did affect the situation. He said that over the past year, the Division had dramatically reduced that negative balance for making those advanced payments from approximately \$200 million to approximately \$23 million, which made the situation far less of an issue. However, there were claims associated with the UMC, some of the state agencies, and some groups of mental health providers, which still had negative balances for cash advances. Mr. Duarte pointed out

that physician groups had not accessed that to a great degree, and there were some that had negative balances, but it was not a large number.

Chairwoman Leslie said the cash advance number would be a larger number. Mr. Duarte emphasized that the cash advances that needed to be repaid were approximately \$23 million compared to what it had been at \$200 million. He opined that some of those would hit in May, and some would hit against those negative balances.

Chairwoman Leslie asked if that would mean a reduction, and Mr. Duarte said it would, but he did not know how many of those claims would actually hit against the negative balances.

Chairwoman Leslie pointed out that there was a big difference between \$17 million and \$36 million as a supplemental appropriation, and she said it was important to know exactly what was needed.

Mr. Duarte indicated that he was working with the Budget Division to land on a number, and that number would be provided to the Subcommittee as soon as the decision was made. His presentation was merely to provide a range of numbers as well as the underlying issues influencing the numbers. Mr. Duarte stated that he understood the need to close the budget, but he did not have the information.

Chairwoman Leslie told Mr. Duarte that the Subcommittee could not close the budget until they had the information and he should get that to the LCB as soon as possible.

Mr. Duarte repeated that he understood. He said that in addition to those fixes to some of the physician reimbursements, agreements had been made with the UMC, which had experienced some difficulties submitting claims electronically and getting eligibility electronically. He had worked with them and overridden a number of denials of claims which could result in \$5 million or \$6 million in additional payments to the UMC, which was another issue that contributed to the \$17 million total.

Mr. Duarte emphasized that it was difficult to quantify those factors; another methodology had been used for projecting that \$17 million claims catch-up. Some of those issues were taken into consideration, but it was more or less a straight line projection of what the Division thought would be needed for claims payments.

Mr. Duarte continued his presentation and explained that page 14 ([Exhibit B](#)) detailed the Nevada Check Up supplemental funding request of \$600,000 for FY2005. The major reason for the request was an increase in the CPE over what had been used for the current budget. The CPE used for Check Up in the budget was \$85, but it was closer to \$104. Despite decreases in HMO payments and HMO reimbursement rates, there had been increases in other areas, particularly the non-HMO categories which affected children who were not in HMOs either in Washoe or Clark County. Some of those increases had contributed to the increase in the CPE, which was the major reason for the need for an additional General Fund appropriation in the Nevada Check Up program.

Mr. Duarte indicated that page 15 of [Exhibit B](#) contained a summary of the Medicaid information, including the impact of the new projections on caseload. The April MPP impact was approximately \$8.8 million, with approximately

\$500,000 of that being associated with the reduction in the state FY2007 FMAP. In terms of the impact of FMAP on the Medicaid budget, the amount was approximately \$3.2 million, not including the need of the sister agencies in the amount of approximately \$1.07 million. The impact associated with the amendment to Decision Unit M-502, the Medicare “clawback,” was approximately \$13.7 million. Mr. Duarte pointed out that the total for the FY2005 supplement request ranged from \$17 million to \$36 million.

Mr. Duarte indicated that page 16 ([Exhibit B](#)) showed the Nevada Check Up supplemental request, which was approximately \$644,000. The impact of the changes in caseload on the April CPP was \$3.1 million and the change in the FMAP was approximately \$40,000 in FY2007. The total amount to close FY2005 ranged between \$17.6 million and \$37 million, and the additional General Fund request for the 2005-2007 biennium was approximately \$30 million.

Chairwoman Leslie urged Mr. Duarte to “land on a number” for the supplemental as soon as possible to allow the LCB Fiscal staff time to analyze the information and its effects on the budgets. She added that the assumptions on the Check Up program were needed as well.

Chairwoman Leslie asked if Mr. Duarte had any information regarding the federal budget and the Medicaid program. Mr. Duarte indicated that he had heard the House Republicans and Democrats had agreed to work with the National Governors’ Association on a long-term plan for Medicaid, and the \$20 billion in cuts to the Medicaid program had not been approved. He said the decisions on the program would be delayed until a committee could be established to look at Medicaid reform.

Chairwoman Leslie remarked that was “the first bit of good news this morning.” She summarized that the shortfall appeared to be between \$17 million and \$36 million for the current year, and then there was approximately \$26 million for the Medicaid budget and \$4 million for the Check Up program, making a total request of approximately \$30 million in additional General Fund appropriation for the upcoming biennium. Mr. Duarte indicated that was correct.

Chairwoman Leslie verified that the Budget Division would be providing a formal budget amendment so the Subcommittee could move forward.

Chairwoman Leslie thanked Mr. Duarte for his presentation and indicated that the Subcommittee would begin closing budgets.

BUDGET CLOSINGS

DEPARTMENT OF HUMAN RESOURCES

DIVISION OF CHILD AND FAMILY SERVICES

JUVENILE JUSTICE PROGRAMS (101-1383) – BUDGET PAGE DCFS-1

Larry Peri, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), explained that there were not any major closing issues in BA 101-1383. Mr. Peri noted that there was a continuation of the Community Corrections Partnership Block Grant program, which was recommended for funding at \$666,195 in each year of the biennium. There was also a technical adjustment in M-100, which had contained several items not supported by

General Fund appropriations. The General Fund support had been removed and those costs had been apportioned to the correct federal revenue sources.

Chairwoman Leslie commented that it was unfortunate that the federal block grant was decreasing every year, as it was something she would like to see increased. She expressed appreciation to the counties for the efforts they had made with the block grant, which was keeping children out of state institutions, and she opined that perhaps in the next budget cycle, a way could be found to increase the state's participation.

Chairwoman Leslie indicated that she would accept a motion from the Subcommittee.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-1383 AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

* * * * *

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
CHILD AND FAMILY SERVICES ADMINISTRATION (101-3145)—BUDGET PAGE
DCFS-6

Mr. Peri explained that BA 101-3145 was the central administrative account of the Division of Child and Family Services (DCFS). He outlined the closing issues. The first issue was E-459, which recommended the addition of 15 new FTE positions over the biennium to reduce the staff to client ratio in the rural region. Thirteen positions were recommended in the first year with two additional positions in the second year of the biennium. The new positions would lower the staff to client ratio in the rural region from the current 1 to 28, which was funded, to 1 to 22 in the first year of the biennium, and then lower that to 1 to 19 in the second year of the biennium.

Mr. Peri pointed out that if the decision unit were approved, Decision Unit E-933 would then recommend that the new staff be transferred from BA 3145 to the Rural Child Welfare budget. He noted that the Division's budget accounts in the upcoming biennium contained a considerable number of transfer units, which was part of the Division's reorganization and realignment process.

Mr. Peri explained that the Division historically had difficulty recruiting and retaining staff in the rural region. He said that if the Subcommittee chose to approve the decision unit, one option would be to consider delaying the start date of several of the new staff. The date could be revised from the recommended date of October 1, 2005, to December 1, 2005, or January 1, 2006, in the first year for those 13 new positions. Additionally, if the Subcommittee chose to approve a delay or a phase-in on the new positions, staff would recommend that those changes be implemented in the Rural Child Welfare budget, where it was recommended to transfer those positions.

Mr. Peri indicated that staff would also seek approval to make adjustments for computer hardware and software prices in the budget for the new positions in both years of the biennium.

Senator Cegavske questioned if the agency had any current vacancies. She asked if the money for vacant positions had been used for another item in the budget and those positions had been eliminated, or if those positions were still contained in the budget and the new positions would be in addition to those positions.

Mr. Peri said he had reviewed the current authorized positions as outlined in the state human resources data warehouse, which was the personnel reporting system for the state. That information indicated that there were currently 51 social worker III positions authorized for the rural region with 43 of those filled and 8 vacant. He explained that those positions were not eliminated if they were not filled; the salaries were saved and at the end of the year were used to meet vacancy savings. The state portion would then revert to the General Fund.

Mr. Peri indicated that the second issue was Decision Unit E-458, which requested 6 new FTE positions to create a performance-based contracting and monitoring unit. Those positions would be funded with a combination of General Fund and Medicaid revenue, totaling \$318,519 in the first year of the biennium and \$420,414 in the second year of the biennium. Mr. Peri indicated that the agency had provided information indicating that the present system for restrictive out-of-home residential treatment did not provide or support optimal outcomes for children. In response to that and other related issues concerning higher levels of care, the Division and the Department had developed a proposal for the redesign of mental health residential treatment services. The performance-based contracting unit was part of that proposal to restructure those higher levels of care.

Mr. Peri noted that if the Subcommittee chose to approve the decision unit, the staff was requesting approval to work with the Department on the development of procedures to implement that redesign of residential treatment services. He said that the Division, in response to questions from the Subcommittee, had provided information that had previously been distributed. That information indicated that formal budgetary amendments would not be required during budget closings; however, the Department had requested flexibility during the upcoming biennium to move positions and funds between agencies and budgets within the Department. That flexibility would require specific language in the Appropriations and Authorizations Acts. Mr. Peri requested approval to work with the Department to define that specific language, which would most likely include review and approval by the Interim Finance Committee (IFC) during the biennium of any request to transfer resources within the Department. Approval would also be required to adjust computer hardware and software prices as needed.

Mr. Peri explained that the next decision unit, E-457, was a request to add 2 new FTE positions for the development of an in-house cost allocation unit, which would allow the Division to amend its cost allocation plan as needed to optimize federal revenue. During the interim, the Statutory Committee on Children, Youth, and Families adopted a recommendation to support that request and also made a recommendation that it be funded entirely with federal revenue, as one purpose of the unit would be to augment or maximize federal funds. The Executive Budget funded the positions at 75 percent General Fund. Mr. Peri noted that during several meetings, the Subcommittee had asked how much additional federal money was projected to be earned and collected on the basis of the unit and where those funds might be reflected in the Division's

budgets. The Division had indicated that there was no additional federal revenue built into the budgets and that it would take approximately 2 years to implement practice changes, including eligible juvenile justice services that could result in an increase of federal Title IV-E funds.

Mr. Peri said that if the Subcommittee opted to approve that cost allocation unit, the option of increasing federal Title IV-E revenues to support the total cost of the decision unit could be considered. He explained that the positions would not necessarily be funded 100 percent with Title IV-E funds, but if the Title IV-E funds were increased in the decision unit, the assumption was that additional Title IV-E funds could be earned for other functions. If the entire cost of the unit was funded with Title IV-E funds, those funds would be substituted for the General Fund portion, which was 75 percent and estimated at \$82,115 in the first year of the biennium and \$108,614 in the second year of the biennium. He indicated that staff requested approval to adjust computer hardware and software prices as well.

Mr. Peri outlined the other closing items in the budget. The first item was Decision Unit E-811, which requested changes to the unclassified salaries. He reminded the Subcommittee that those issues would be handled by the whole Committee, and he merely included it for information. Decision Unit E-903 requested the transfer of 11 existing regulatory oversight staff and associated costs from the Child Welfare Integration budget into BA 3145 as part of the Division's budget realignment process. Decision Unit E-910 requested the transfer of 85.57 existing FTE positions and associated costs to the Youth Community Services budget, which was recommended to be renamed Rural Child Welfare as part of the Division's budget realignment process.

Mr. Peri explained that Decision Unit E-911 recommended the transfer of 7.51 FTE positions and associated costs to the Southern Nevada Child and Adolescent Services budget as part of the Division's budget realignment process. He noted that there were several technical adjustments for the Subcommittee's consideration both in the base budget and Decision Unit M-100.

Mr. Peri added that the Budget Division had submitted revised figures regarding the Statewide Cost Allocation and the Attorney General Cost Allocation amounts in The Executive Budget. The federal Title IV-E revenue had been reduced in corresponding amounts to those revised figures. The Statewide Cost Allocation was reduced from \$192,539 in FY2006 and from \$191,650 in FY2007 to \$48,805 in each year of the upcoming biennium. The Attorney General Cost Allocation was reduced from \$646,015 in the first year of the biennium and \$643,033 in FY2007 to \$294,741 in the first year and \$300,037 in the second year of the biennium. He noted that there were also several miscellaneous revenue items left in the budget account that should not be included any longer due to transfers, which meant that Individual Support revenue of \$243 in FY2007 and Medicaid charges of \$1,660 in FY2007 had been eliminated.

Senator Cegavske thanked Mr. Peri and, referring to her earlier question, asked how long those 8 positions had been vacant. Mr. Peri said he had not reviewed each individual position in the system.

Senator Cegavske explained that she wanted to know about vacancies because there were many budget accounts with position requests, but there were also vacancies and there was no information on how long the positions had been

vacant or whether those positions should be eliminated. The agencies wanted to add new staff, but some of those vacancies were hard to fill and it did not seem that the new positions would be any easier to fill.

Senator Cegavske added that she felt she needed a "roadmap" to see where positions were being transferred. She commended staff for providing clarification on the transfers, and she thought the transfers were appropriate, but it was difficult to keep track. She stated that her concerns with the budget were the vacancies and the addition of new staff.

Chairwoman Leslie requested that a representative of the Division come forward to address the questions regarding staff vacancies. She reiterated that there were 8 vacancies in the rural region, and she questioned how long those positions had been vacant and asked why there had been difficulties in filling those positions.

Jone Bosworth, Administrator, Division of Child and Family Services, said her recollection of the vacancies in the rural regions was that there were two in particular that the agency had great difficulty in filling. Ms. Bosworth explained that one position had been a chronic vacancy in Lovelock, and the agency had been exploring creative ways to get staff. There were also some challenges in Pahrump. With integration, the rural region of DCFS had assumed the responsibility of child welfare service delivery in Pahrump, and it had been difficult to fill the supervisor position. Ms. Bosworth said that the agency had worked with the Department of Personnel through their certified management program to create a marketing and recruiting campaign to try and fill the chronic vacancies.

Chairwoman Leslie asked if, with the 8 vacancies, and the additional 15 positions that were requested, the agency would be able to fill all those positions. Ms. Bosworth said she thought the agency would be able to fill the positions, although there might have to be adjustments, such as changing the classification and hiring caseworkers rather than social workers. The agency was also reviewing a new program improvement plan and the training process to determine whether staff at a different level could be trained and certified in child welfare practices to fill those positions. Ms. Bosworth assured the Subcommittee the agency was utilizing a wide range of strategies to ensure that those positions could be filled.

Chairwoman Leslie questioned whether some of the social worker positions would be downgraded to caseworker positions. Ms. Bosworth said the agency was exploring every option to ensure that there was child welfare service delivery in the rural region. She pointed out that Clark County had filled positions with caseworkers rather than licensed social workers, which seemed to work very well in terms of expanding the pool of applicants.

Chairwoman Leslie expressed dissatisfaction with that arrangement, and asked Mr. Peri if the agency would need to return to the IFC for approval to make those adjustments.

Mr. Peri said that if the Division knew currently, or if the Division would know in a reasonable time period, which positions would be reclassified, those adjustments could be made before budgets were closed.

Ms. Giunchigliani agreed with Ms. Cegavske and remarked that perhaps a policy should be established that a position that had been vacant for a certain period

of time, such as nine months, be eliminated, which would provide a “clean slate” to start with in the next session. Ms. Giunchigliani acknowledged that there were hiring difficulties in the rural areas due to location and salary and access to social workers, but she felt there should be salary increases or a rural stipend rather than downgrading the positions.

Ms. Giunchigliani said that creating a vacancy policy that would be applied across all the budgets had been discussed several months earlier. There had not been a decision as to how long the position would have to be vacant before being eliminated. She said she did not want to hurt any of the agencies, and she knew the process could be very slow, but there should not be vacancies “just sitting out there.”

Chairwoman Leslie said she was generally in agreement with that policy discussion, but she felt that reductions in positions in the DCFS budget would harm children. She pointed out that the agency had been unable to fill those 8 positions, and she did not see how the agency would be able to fill an additional 15. Chairwoman Leslie asked how many of those positions the agency thought could be filled, how many of those positions were critical, and how many positions were being considered for reclassification.

Ms. Giunchigliani interjected that the salaries were not competitive and a new approach might be needed for recruiting in the rural regions. Chairwoman Leslie agreed that those issues should be considered in the future, but a decision needed to be made in order to close the budget.

Ms. Bosworth said that all the positions were extremely critical. There had been a Child and Family Services’ review, which had indicated that improvement was needed in outcome. Staff needed to be seeing families in the rural region, and the agency was attempting different strategies to ensure that happened, whether it meant a child development specialist position or a mental health counselor position or other positions would be seeing those families.

Ms. Bosworth pointed out that there was a stipend program through the federal Title IV-E contracts with the universities, which was being overhauled as far as what kind of incentives could be provided so that people would choose to serve in the rural region. In the past through those contracts, those who had used those funds to pay for their education had not been required to continue working in the state or accept state positions, and they were given payback options.

Ms. Bosworth assured the Subcommittee that the agency was working very hard with the rural counties and the universities to find ways to fill those positions. She reiterated that in order to improve the outcomes in the rural region, those positions needed to be filled so that those children and families could receive services.

Senator Cegavske said she had been trying to figure out how best to serve the people in need, but she had concerns about placing a position in the budget and leaving the position vacant indefinitely. She noted that delaying some of the positions more than two or three months might be an option, and the agency could review which positions should be reclassified. She requested feedback from the agency regarding other options, and noted that her question regarding how long the eight positions had been vacant had not been answered.

Ms. Bosworth apologized and said she had not been prepared to present that information on the vacancies. She stated that there was one position in Lovelock that had been a chronic vacancy and there had been discussions with current staff to see whether or not there was someone willing to relocate and fill that position. There was also a chronic vacancy in Pahrump, but she did not have information regarding the other six positions.

Ms. Bosworth emphasized that the DCFS was on a tight schedule in terms of the program improvement plan. She opined that there had to be a reasonable amount of time given to using the new recruiting strategies to see if they worked and those positions could be filled. At the same time, the agency needed to keep a very tight rein on how long to wait to see if those recruiting efforts and the stipend program worked. If those positions were not filled, then the agency would need to immediately take action and look at what other kinds of classifications would work to find people who could fill those positions.

Senator Cegavske wondered whether the agency had used strategies before that had simply not worked. She said she had reviewed the plans, but she wanted to know how long they should wait to see results. She stressed that she understood the need, but she was wondering whether there should be a longer delay in the phase-in of the positions so that there would be time for the strategies to work.

Chairwoman Leslie indicated that there were several options to consider. One of the options was to close the rest of the budget, hold the positions issue, and request that Ms. Bosworth provide a more detailed plan. Another option would be to increase the delay, approving a schedule where the positions would be phased-in over a period of time, and the agency would be required to report to the IFC. The last option was to approve the 15 new positions, which was in line with lowering the staff to client ratio, and then follow a strict time line. If the recruitment was not working within the time line, then the agency would have to return to the IFC with a revised plan.

Chairwoman Leslie indicated that the Subcommittee appeared interested in approving the 15 positions on a delayed schedule and requiring the agency to report to the IFC.

Senator Cegavske said she had understood that the agency would receive a certain amount of positions and then the agency would have to approach the IFC and request more positions as needed, delaying those positions to allow time to fill them.

Chairwoman Leslie noted that the 15 positions would need to be approved in order to reserve the money in the budget, but the positions could be authorized on a delayed schedule. Senator Cegavske agreed.

Senator Raggio pointed out that there was a limited amount of money available in the IFC Contingency Fund. He said it seemed that if there were 8 positions that had been vacant for a considerable amount of time, it was not realistic to assume that the agency would be able to hire enough people to fill those 8 positions and the additional 15 positions. He remarked that fewer positions should be authorized and then phased in. The agency could approach the IFC if more positions were needed.

Chairwoman Leslie asked if Senator Raggio was suggesting that the funding be reserved, with only a certain number of positions being authorized right away

and with the agency required to return to the IFC with a report and a request for additional positions.

Senator Raggio opined that the agency had not made the case that the position request was realistic. He said fewer positions should be authorized and then phased in. Chairwoman Leslie expressed uncertainty regarding the number of positions to approve.

Senator Raggio commented that perhaps the agency could fill 4 of the 8 vacancies and then 10 new positions could be approved, giving the agency 14 positions. If the agency was able to fill those positions, that would reduce caseload and prevent money from just "sitting there." He reiterated that if there was an emergency, the agency still had access to the IFC.

Chairwoman Leslie noted that there were 15 new positions requested with 11 of them being social worker III positions, 2 being social work supervisor positions, and 2 administrative assistant positions.

Senator Raggio said that the agency should prioritize the positions. He added that Ms. Giunchigliani had mentioned a few strategies that could be used in the future, but the budgets needed to be closed as soon as possible.

Ms. Bosworth requested additional time to prioritize the positions. She said she understood the Subcommittee's concerns regarding the vacancies, and she would be willing to provide further clarification as to which were chronic vacancies and which were new vacancies.

Chairwoman Leslie suggested that the rest of the budget be closed, leaving the position issue to be decided at a later meeting, which would allow Ms. Bosworth to return with a plan.

Chairwoman Leslie indicated that Decision Unit E-458 related to performance-based contracting, and she understood that was going well. She said she would accept a motion to approve E-458, requiring the Division to return to the IFC, and with language allowing staff to work with the Department on the development of procedures. The motion should also include approval of Decision Unit E-457 and the staff recommendation to increase federal Title IV-E revenue in the amount of \$82,115 in FY2006 and \$108,614 in FY2007. She noted that there would not be a decision on E-811 until later.

Senator Cegavske said she would follow the outline of the motion as described by Chairwoman Leslie.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3145 AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

Chairwoman Leslie clarified that the motion would close the budget without a decision on the 15 requested positions as well as the salary issues in Decision Unit E-811.

MOTION CARRIED UNANIMOUSLY.

* * * * *

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
CLARK COUNTY INTEGRATION (101-3142)—BUDGET PAGE DCFS-20

Mr. Peri explained that BA 101-3142 was established during the 2001-2003 biennium for the costs related to the integration of child welfare services. The Executive Budget recommended that the account, presently called Child Welfare Integration, be renamed Clark County Integration, and it would reflect a transfer of positions and programs to various other budget accounts within the Division as part of the Division's reorganization and budget alignment process. That reorganization would create a new account for Washoe County and transfer positions and support costs to the Rural Child Welfare budget. The remaining recommendations in the account would contain the cost estimates for the continuation of integration only for Clark County.

Mr. Peri indicated that there were a number of closing issues. The first issue was Decision Unit M-200, which recommended a total of \$3,465,729 over the biennium for projected caseload increases for Washoe County for foster care placements and for adoption subsidies. Those projected increases were based on population estimates from the State Demographer. Decision Unit E-935 recommended the transfer of those costs to the new Washoe County Integration budget.

Mr. Peri said that the second closing issue was Decision Unit M-201, which recommended 6 new FTE positions for Washoe County to accommodate those projected caseloads highlighted in M-200. The new positions were recommended for an October 1, 2005, start date. Mr. Peri indicated that, as the caseload projections that the new positions were based on would most likely gradually increase over the biennium, the Subcommittee might wish to consider delaying the start date of 3 of those 6 new FTE positions until December 1, 2005. If the Subcommittee were to approve a delay, staff would recommend that delay be implemented in the Washoe County Integration budget, which would be heard next. Mr. Peri added that he had discussed that option with Washoe County representatives who had indicated that they did not have current vacancies in their social worker positions.

Mr. Peri explained that Decision Unit M-205 recommended a total of \$3,651,775 over the biennium for projected caseload increases for foster care placements and adoption subsidies in Clark County. He noted that those projections were based upon population estimates from the State Demographer.

Mr. Peri said that Decision Unit M-207 recommended 9 new FTE positions for projected caseload increases in foster care licensing for Clark County. Eight of those positions were recommended in the first year of the biennium with one additional position in the second year of the biennium. The positions would start October 1, 2005. He pointed out that, as the projected caseloads in foster care licensing would most likely gradually increase over the biennium, the Subcommittee might consider delaying the start date of 3 of the 6 new licensing staff, which were included in the 8 positions for the first year, until December 1, 2005.

Mr. Peri noted that Decision Unit E-456 recommended 12 new FTE positions for Washoe County to reduce foster care staffing ratios from the current budgeted amount of 1 to 28 to 1 to 25 in the first year of the biennium and 1 to 22 in the second year of the biennium. Six of the positions were recommended for an

October 1, 2005, start date in the first year, and six additional positions were recommended for a July 1, 2006, start date in the second year of the biennium. Mr. Peri said the Subcommittee might consider delaying some of the positions or phasing them in. In the first year of the biennium, three of the six new positions could be delayed until December 1, 2005. In the second year, the six new FTE positions could be delayed until October 1, 2006. That delay would match the time frame recommendation for new staff for DCFS for the rural region in FY2007. Once again, if the Subcommittee chose to approve a delay in the start date, staff would recommend that delay be implemented in the Washoe County Integration budget where those positions would be transferred.

Mr. Peri outlined Decision Unit E-462, which recommended a total of 24 new FTE positions for Clark County over the biennium to reduce staffing ratios. He indicated that 8 positions would be added in the first year with an additional 16 in the second year of the biennium. Those staff would reduce the staffing ratio from the currently funded 1 to 28 ratio to 1 to 25 in the first year and 1 to 22 in the second year of the biennium. The 8 positions in the first year were recommended for a start date of October 1, 2005, and the 16 positions in the second year were recommended for a start date of October 1, 2006. The Subcommittee could delay the start date of 4 of the 8 positions to December 1, 2005, in the first year, and delay the start date of 8 of the 16 positions to December 1, 2006, in the second year. Mr. Peri said that Clark County representatives had indicated there were not any current vacancies in social worker positions.

Mr. Peri summarized the other closing items as follows:

- Decision Unit M-202 recommended a total of \$507,322 over the biennium for the Washoe County Cost Allocation Plan, which distributed the cost of central services for Washoe County. If approved, M-202 would be recommended to transfer to the new Washoe County Integration budget.
- Decision Unit M-206 recommended 1 new FTE position for Clark County for the Interstate Compact on the Placement of Children to reduce the caseload from 40 to 35 families per caseworker. The position was recommended for a start date of October 1, 2005.
- Decision Units E-903, E-904, and E-905 transferred existing staff to other DCFS budget accounts as part of the budget realignment. Decision Unit E-903 recommended the transfer of 11 regulatory oversight staff to the Division's Administrative budget. Decision Unit E-904 recommended the transfer of 10 rural match-up positions to the Division's proposed Rural Child Welfare budget. Decision Unit E-905 recommended the transfer of 2 FTE positions to the Unified Nevada Information Technology for Youth (UNITY) budget, which was the Division's information systems account.
- Decision Units E-908 and E-909 recommended the transfer of costs related to the Wraparound in Nevada (WIN) program to the Northern Nevada and Southern Nevada Child and Adolescent Services budgets as part of the budget realignment process. Specifically, Decision Unit E-908 recommended the transfer of \$1,540,102 to the Northern Nevada Child and Adolescent Services budget in each year of the biennium. Decision Unit E-909 recommended the transfer of \$2,980,101 in each year of the

biennium to the Southern Nevada Child and Adolescent Services budget for WIN services.

- Decision Unit E-934 recommended the transfer of the Washoe County adjusted base costs to the new Washoe County Integration budget. Decision Unit E-944 recommended the transfer of costs to support the 2 percent cost-of-living adjustment (COLA) recommended in The Executive Budget.

Mr. Peri said that several small technical adjustments were recommended in the base budget, including an increase of \$1,148 in federal Title IV-B revenue in each year of the biennium to properly align available grant revenue. There were also residual expenditures left in the budget after all the transfers of expenditures to other accounts, and those had been eliminated, leaving only the proper revenue and expenditures for Clark County. The result was a net reduction in General Fund support of \$1,266 in FY2006 and \$1,278 in FY2007.

Senator Cegavske noted that there were several requests for additional positions. She asked how many vacancies were in those areas. Mr. Peri explained that the recommended positions were for Washoe County and Clark County. He indicated that in discussions with representatives from both counties, both counties had reported there were no current vacancies in social worker positions. Ms. Bosworth interjected that it was her understanding there were two vacancies.

Susan Klein-Rothschild, Director, Clark County Family Services, confirmed that currently there were not any vacant social worker positions, although there were two vacancies in other positions—a registered nurse position and an administrative position.

Senator Cegavske inquired whether the agency would be able to fill the 24 new FTE positions and if delaying the start dates would be helpful in that effort. Ms. Klein-Rothschild stated that the agency had a great need for those workers as soon as possible and would be able to fill those positions right away. She said there had been open listings for positions, and the agency had a large pool of applicants and had closed those listings, but those listings could be reopened at any time.

Chairwoman Leslie said she appreciated the Governor including the positions in The Executive Budget to help reduce caseload, but she agreed with the staff's recommendation for phasing in the positions.

Senator Raggio opined that the child welfare programs were good programs, but the requirement had been that the formula for state participation would be maintained in both the Washoe County Integration and Clark County Integration budgets. He asked if the level of state participation in the proposed budget was still within the formula that had been decided upon to fund the programs.

Senator Raggio recalled that the state was funding the "back-end" and transferring positions into county positions, and he wanted some indication that the total budgets of the two programs reflected that policy. He inquired if the new positions would be funded by the state or the county. He commented that if the positions were funded completely through the state, he wanted an explanation of why.

Chairwoman Leslie questioned the status of the long-term funding plan, and she recalled that Senator Raggio had requested a weekly update earlier in the session, but she had never seen a report.

Diane Comeaux, Deputy Administrator, Division of Child and Family Services (DCFS), responded to Senator Raggio and Chairwoman Leslie. Ms. Comeaux pointed out that the future funding plan had never been officially approved. Because of that, the agency had not looked at whether or not the funding percentages had remained the same. She recalled that approximately 65 percent of the total was back-end services for which the state was responsible. Ms. Comeaux conceded that the counties had added several requests to their budgets, but the counties needed the additional personnel for the program improvement plan.

Ms. Comeaux indicated that she had provided a list of items that had been added over the past two years, and some of those items had not included dollar amounts. She repeated that she had not seen whether the percentages had remained the same, but she would be willing to work with LCB staff to determine whether that was the case.

Ms. Comeaux said that the status of the future funding plan had not changed, and the Division had moved forward with what the Governor had agreed to do. She acknowledged that there was legislation to require the DCFS to have a future funding plan, and she was watching the outcome of that legislation closely.

Chairwoman Leslie noted that the Division had not met that requirement in the past. Senator Raggio said that before the money committees formally approved the recommendations of the subcommittee, he would like to see an analysis of the funding participation. He indicated that there had been a firm policy that had been part of the integration agreement. He asked how the new positions would be funded.

Ms. Comeaux indicated that the new positions were funded through the General Fund and Title IV-E revenues because they served the foster care population, which was a caseload the Division was attempting to reduce, and part of the back-end services that were the responsibility of the state. Senator Raggio clarified that the budget contained the back-end services the state was funding. He asked that Ms. Comeaux include that information in the analysis. Ms. Comeaux agreed to provide that information.

Ms. Giunchigliani asked if there was a funding formula plan that had not been used in The Executive Budget. Chairwoman Leslie pointed out that the Division had gone forward with the general outline of decisions made during the last two biennia, but there was still no formal future funding plan.

Michael Willden, Director, Department of Human Resources, said he carried a letter dated May 20, 2003, from the Governor to Senator Raggio, which was the agreement entered into the previous session as to how the agency would move forward. Mr. Willden said there were six basic principles outlined in the letter, and he assured the Subcommittee that the agency had tried to follow those six principles. With regard to the future funding formula, the letter said that the agency was committed to creating a fixed funding formula, if it could be agreed upon after each county had at least one full year of operation. He noted that there had not yet been a full year of operation; the transfer of resources to Clark County had been completed in October 2004.

Mr. Willden said that the agency was trying to figure out how to deal with higher levels of care by transferring or reorganizing higher levels of care. However, there had not yet been an agreement regarding the fixed funding formula, and he did not think there would be an agreement until the next legislative session. The goal would be to have that fixed funding formula for the 2007 session.

Mr. Willden said the letter also addressed the issue of how the agency passed-through state and federal funds to support Clark and Washoe Counties. He stated that the agency was following the principles outlined by the Governor to Senator Raggio in the letter.

Ms. Giunchigliani said she would expect that in the next session there would be a final funding formula plan.

Chairwoman Leslie added that she would like to see the Interim Committee on Children, Youth, and Families work on the funding formula as it had previously.

Mr. Willden outlined the five other principles contained in the letter. He said that the letter started by stating that "recognizing that if integration did not occur, the state would retain the responsibility to adequately fund the child welfare system" and indicated that the Governor committed to the following principles:

- Caseload staffing ratios had to be equitable between the three entities: Clark County, Washoe County, and the rural counties. Equitability was a key point.
- Foster care rates could not be disparate among the entities.
- The Division would pass-through the non-federal share of legislatively-approved cost-of-living increases, which meant if a county approved a higher increase, the state was not committed to giving an increase higher than that given to the state.
- The state would fund reasonable staffing for caseload growth. The Division would be able to work with the counties to transfer higher levels of care, allowing for the flexibility to ask the IFC to move money between child welfare and various budgets within the DCFS.
- The Division was committed to devising a fixed funding formula after one year of full integration in each county.

Senator Raggio thanked Mr. Willden and commented that it had been much longer than a year. Mr. Willden repeated that the date of the letter was May 20, 2003, but the dates of implementation had been delayed for several reasons. Senator Raggio remarked that it had been a very long year.

Chairwoman Leslie pointed out that there would be a new governor in the next biennium, and the new governor might not be on the same page as the current governor. She opined that it was necessary to get those issues settled to continue progress rather than regressing.

Chairwoman Leslie reiterated that The Executive Budget was consistent with the principles that had been outlined. She indicated that she would accept a

motion to approve the budget as recommended by staff with the delay of the start dates and other technical adjustments.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3142 AS RECOMMENDED BY STAFF WITH THE DELAY OF START DATES AND TECHNICAL ADJUSTMENTS AS WELL AS THE UNDERSTANDING THAT THE BUDGET WOULD BE SEPARATED INTO THREE BUDGET ACCOUNTS.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

* * * * *

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
WASHOE COUNTY INTEGRATION (101-3141)—BUDGET PAGE DCFS-34

Mr. Peri said the new Washoe County Integration budget would reflect the decision units discussed and approved in earlier budgets for transfer into BA 101-3141.

Mr. Peri said that E-935 would allow for the transfer of money that had been recommended for projected caseload increases in foster care placement and adoption subsidies from the Clark County Integration budget. Decision Unit E-936 included new staff for case management of those projected increases. He requested approval for staff to make changes to start dates of positions and to the associated costs. Decision Unit E-934 recommended the transfer of the adjusted base costs for Washoe County from the Clark County Integration budget.

Mr. Peri continued and said that Decision Unit E-930 recommended the transfer of \$3,228,656 in each year of the biennium in federal Title IV-E revenue from the Rural Child Welfare budget, which was a pass-through of revenue earned by Washoe County for the eligible Title IV-E expenses for front-end services. He explained that the match requirement was met by Washoe County and did not require state General Funds. Decision Unit E-937 would allow for the transfer of \$507,322 over the biennium for the Washoe County Cost Allocation Plan, and E-944 would recommend the transfer of the Governor's recommended 2 percent salary increase for state employees. That total amount would be \$204,774 over the biennium. The integration agreement allowed cost-of-living adjustment increases to former DCFS staff that had transferred to Washoe or Clark Counties, and the state's participation was limited to that amount recommended for state employees. If Washoe County provided an increase to their employees larger than the 2 percent, that difference became Washoe County's responsibility.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3141 AS RECOMMENDED BY STAFF WITH PHASING IN OF POSITIONS AND TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

* * * * *

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
UNITY/SACWIS (101-3143)—BUDGET PAGE DCFS-39

Mr. Peri explained that BA 101-3143 was the Division's automation budget account and there were no major closing items. He outlined the other closing items:

- Decision Units E-900 and E-906 recommended the transfer in of existing positions from the Department of Information Technology (DoIT). Decision Unit E-900 recommended a transfer in of 6 existing computer network technician III positions and 4 computer system technician IV positions as well as associated costs from DoIT. Those requests were based on recommendations of the Information Technology Optimization Study Oversight Committee. Decision Unit E-906 transferred 2 existing DoIT employees to the Unified Nevada Information Technology for Youth (UNITY) project. Twelve FTE positions were currently assigned to UNITY and located on-site at DCFS. Additionally, the Joint Subcommittee on General Government had already approved the transfer of those positions from the DoIT to the DCFS.
- E-905 recommended the transfer of 2 FTE positions and mainframe costs from the Clark County Integration to BA 101-3143 as part of the realignment process.
- Decision Units E-910 and E-911 transferred training funds and computer hardware for 2 of the positions transferring from the DoIT. The Budget Division had submitted an amendment, which required a correction to eliminate data processing services revenue of \$6,652 in the first year of the biennium and \$3,500 in the second year of the biennium. If the Subcommittee approved the decision units, staff requested approval to implement the budget amendment, which would result in an increase of General Fund support in the amount of \$3,553 the first year and \$1,870 in the second year. Decision Unit E-911 would also require an adjustment to computer hardware and software prices.
- In Decision Unit M-100 there was an increase of \$3,106 in each year of the biennium required in the Statewide Cost Allocation plan based on revised figures provided by the Budget Division. Federal Title IV-E Medicaid revenues were increased to accommodate the revised total amount of \$19,488 per year.
- In Decision Unit E-710 there were small adjustments recommended for hardware prices in the amount of \$5,905 in the first year and \$165 in the second year. Decision Unit E-712 also reduced hardware prices by \$210 in FY2006 based on revised prices from the Purchasing Division for computer hardware/software vendors.

Chairwoman Leslie indicated that she would entertain a motion from the Subcommittee.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE BA 101-3143 AS RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS AND APPROVAL OF BUDGET AMENDMENT NUMBER 37.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

* * * * *

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
CHILD CARE SERVICES (101-3149)—BUDGET PAGE DCFS-48

Mr. Peri indicated that there was one closing issue. Decision Unit E-451 recommended one new child care development surveyor II position and associated costs to assume the child care facility licensing caseload for Carson City. The additional costs were funded primarily with Child Care Development Block Grant funds. He said that if the Subcommittee chose to approve the decision unit, staff would request approval to adjust computer hardware and software prices.

Mr. Peri outlined the other closing items. Decision Unit E-901 recommended the transfer of 4 existing social worker III positions to the Division's Rural Child Welfare budget as part of the budget realignment process. He said the Division had indicated that the transfer would result in all child welfare social worker positions, including the foster care licensing staff, being located in one account.

Mr. Peri said there were several technical adjustments for the Subcommittee's consideration. The budget had contained positive vacancy savings of \$2,645 in the first year and \$2,742 in the second year of the biennium. He pointed out that there should be no vacancy savings or there should be a negative number reflected, so those had been eliminated. In the base budget, the Statewide Cost Allocation amounts of \$11,108 in each year of the biennium had been removed as well. Unallocated Child Care Development Block Grant funds were utilized for other expenditures with the residual amount being moved to FY2007. In M-100 Statewide Cost Allocation amounts of \$5,081 in each year were eliminated. General Fund support of \$2,131 for fringe benefit changes had been removed and replaced with Child Care Development Funds in M-300. Decision Unit M-304 removed \$3,036 in the first year and \$6,361 in the second year of the biennium in General Fund salary adjustments, which had been replaced with Child Care Development funds. The last item was Decision Unit E-711, which adjusted computer hardware prices in the amount of \$948 in FY2006 to reflect the latest prices from State Purchasing. A corresponding decrease in Child Care Development funds was recommended.

Mr. Peri noted that the net General Fund reduction due to those technical adjustments was \$1,412 in the first year and \$27,904 in the second year of the biennium.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3149 AS RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
RURAL CHILD WELFARE (101-3229)—BUDGET PAGE DCFS-55

Mr. Peri presented the closing issues of BA 101-3229. He said the first issue involved provider rate increases for higher levels of care in E-458. The Executive Budget recommended a total of \$4,568,856 over the biennium for provider rate increases for higher levels of care, residential group care, and non-residential services. The increases affected Level I through Level III Group Care, Therapeutic Foster Care, and Wraparound Service providers. He said that, in response to a Subcommittee request, the Division had provided detailed information and comparisons of current and proposed rate increases.

Mr. Peri continued and explained that the second issue was increased funding for projected caseload increases in higher level group care placements in M-201. In FY2006, a total of \$1,263,149 was recommended to accommodate an additional 45 cases. In FY2007, an additional 24 cases were projected, for a total of 69 new cases over the biennium at a cost of \$1,942,476. The caseload distribution between the three regions for higher levels of group care placements was 73 percent for Clark County, 16 percent for Washoe County, and 11 percent for rural Nevada. The average cost per case was \$2,350 per month.

Mr. Peri pointed out that BA 101-3229 might be affected by the Department's proposal to redesign mental health residential treatment services. The Department had requested flexibility during the 2005-2007 biennium to potentially move positions and funds between agencies and budgets within the Department, which would require specific language within the Appropriations and Authorizations Acts.

Mr. Peri remarked that the Subcommittee had heard about projected decreases in the Federal Medical Assistance Percentage (FMAP) earlier in the meeting, and he was suggesting that both Medicaid revenue and Title IV-E Child Welfare revenue for the maintenance portion of child welfare expenses should follow the FMAP, and utilizing the latest estimates for FMAP rates for the upcoming biennium might require revenue adjustments in the Rural Child Welfare budget and the Clark County and Washoe County Integration budgets and would require additional General Fund support.

Mr. Peri noted that there were other closing issues. The first issue was the transfer in of 100.57 existing FTE positions due to the Division's proposed reorganization. Decision Units E-901, E-904, E-910, and E-912 itemized those positions. The transfer was related to the Division's reorganization and budget realignment process. The second issue contained in E-933 was the transfer in of 15 new FTE positions for lowering the staff to client ratio. He indicated that those transfers had been discussed during the hearing on the Division's administration budget and the Subcommittee had chosen to hold that decision until a later time. The third issue was Decision Unit E-913, which recommended the transfer of \$212,880 in each year of the biennium in existing funding for mental health placements to the Northern Nevada Child and Adolescent Services budget. Decision Unit E-914 recommended the transfer of \$261,600 each year to the Southern Nevada Child and Adolescent Services

budget. Decision Unit E-917 recommended the transfer of \$1,027,020 each year in existing funding for youth parole placements to the Youth Parole Bureau budget, BA 101-3263. It would allow all youth parole-related placements costs to be accounted for in one budget account. Decision Unit E-930 transferred the existing funding of \$3,228,656 in each year of the biennium in federal Title IV-E child welfare revenue to Washoe County for front-end services. The match requirement was met by Washoe County. Decision Unit M-200 recommended a total of \$355,669 over the biennium for a projected 12 percent annual increase in rural adoption subsidy cases.

Mr. Peri explained that the technical adjustments involved the revised figures provided by the Budget Division for the Statewide Cost Allocation Plan. Those amounts were increased by \$45,964 in each year of the biennium, yielding a revised total of \$77,072 in each year of the biennium. Federal Title IV-E revenue had been increased to support the adjustment.

Chairwoman Leslie opined that the Governor's recommendations were good, although she would like to have higher provider rate increases. She pointed out that the Subcommittee would make a decision regarding M-201 at a later time.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE
BA 101-3229 AS RECOMMENDED BY STAFF WITH TECHNICAL
ADJUSTMENTS AND HOLDING E-933 FOR A LATER TIME.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
TRANSITION FROM FOSTER CARE (606-3250)—BUDGET PAGE DCFS-68

Mr. Peri explained that there were no major closing issues in BA 606-3250, which was the account designed to administer funds for assisting youth transitioning out of foster care at 18 years of age. The base budget estimated collecting slightly over \$1.3 million in each year of the biennium and expending approximately \$1.8 million each year by utilizing a portion of the reserve balance. The funding recommended for expenditure in the upcoming biennium was approximately 53 percent for Clark County, 25 percent for Washoe County, 13 percent for rural counties, and 9 percent for Indian tribes. He noted that there were not any adjustments recommended, and he suggested that the Subcommittee close the budget as recommended by the Governor.

Ms. Giunchigliani pointed out that there was a bill related to youth aging out of the foster care system that no longer needed to be processed. That bill provided funding for foster youth aging out of the system to pay for university or community college classes or trade schools; however, the transition account already provided that funding so the bill was unnecessary.

SENATOR CEGAVSKE MOVED TO CLOSE BA 606-3250 AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

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

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
CHILD DEATHS REVIEW (101-3251)—BUDGET PAGE DCFS-70

Mr. Peri noted that BA 101-3251 was a new budget account without any major closing issues. For the upcoming biennium, the budget recommended collecting \$150,105 in FY2006 and \$147,705 in FY2007 in revenue from the sale of certified copies of a certificate of death. He noted that there was a technical adjustment, which would even up the revenue in the second year to match that of the first year. The suggestion was an increase in licenses and fees revenue in the amount of \$2,400 in the second year with a corresponding increase in Review Committee operating supplies, which would make the amount \$150,105 in the second year as well.

Chairwoman Leslie remarked that she had read the spending plan that had been submitted for the account, and she informed the agency that she wanted to continue seeing quarterly reports.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3251 AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

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

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
CHILD WELFARE TRUST (645-3242)—BUDGET PAGE DCFS-72

Mr. Peri noted that there were not any significant closing issues in BA 645-3242. He explained that the Child Welfare Trust was a collection account for children's benefits, including Social Security, Supplemental Security Income, Veteran's Administration, and court-ordered benefits. There were not any adjustments recommended, and staff suggested the Subcommittee consider closing the budget account as recommended by the Governor.

SENATOR RAGGIO MOVED TO CLOSE BA 645-3242 AS
RECOMMENDED BY THE GOVERNOR.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
VICTIMS OF DOMESTIC VIOLENCE (101-3181)—BUDGET PAGE DCFS-74

Mr. Peri explained that BA 101-3181 was funded primarily by the collection of \$20 on each marriage license sold in the state. He pointed out that the budget recommended a decrease in grant expenditures. The actual expenditures in FY2004 were approximately \$3.2 million, and in FY2005 the authorized expenditures were approximately \$3.6 million. Those amounts would be reduced to approximately \$3 million in each year of the 2005-2007 biennium. The revenue was recommended to increase slightly to approximately \$3.1 million but, due to the lowering of grant expenditures, the reserve category was recommended to increase from approximately \$500,000 in each year of the current biennium to \$827,707 in FY2006 and to \$1,150,310 in FY2007. He noted that grant awards were made on a three-year cycle.

Chairwoman Leslie asked why the reserve was being increased. Ms. Comeaux replied that the grant awards were over a three-year period, and there had not been increases in the grant awards. A number of the people who received the awards were also receiving Victims of Crime Act (VOCA) money. At the federal level, there was a question as to whether or not the VOCA money would continue to be funded. The reserve was being increased so that programs could be shifted from VOCA funding to grant funding without an interruption in service.

Chairwoman Leslie pointed out that there was always speculation as to whether or not VOCA funding would continue. She asked if it appeared that the funding would actually disappear. Ms. Bosworth interjected that the federal budget recommended significant cuts to the VOCA funding. She added that there were many recommended cuts in the federal budget and it appeared that at least some of those cuts would take place.

Chairwoman Leslie commented that the increase in reserve was slight in the first year, but rather significant in the second year.

Senator Cegavske expressed concern regarding the projections included in the performance indicators. She noted that the FY2004 projection had been 10,500 clients served quarterly but the actual served was 19,135. The projection for FY2006 was only 12,000 served. It appeared that the projections in every category were much less than the actual amounts. She asked if the agency was still comfortable with the projections included in the performance indicators.

Ms. Bosworth agreed that the indicators needed to be reviewed. Information was gathered from all the grantees in order to create projections. The agency was using a new process in trying to increase funding for specific grantees. She remarked that she had heard testimony that there was an increase in domestic violence, and she agreed that the numbers should be reexamined.

Chairwoman Leslie asked who oversaw the grant awards process. Theresa Anderson, Deputy Administrator, DCFS, said the Division oversaw the grant awards using a committee of internal and external stakeholders to review those proposals. Chairwoman Leslie remarked that there was no citizen group that was involved. She said she did not want to see the Division holding onto money in a reserve that could be spent to help victims of domestic violence.

Ms. Bosworth clarified that the "internal and external stakeholders" referred to by Ms. Anderson included private citizens. Chairwoman Leslie commented that that was just during the review of individual grants and private citizens were not involved in the policy decisions regarding how much was expended in the account.

Ms. Giunchigliani said she, too, was concerned about the increase in the reserve and asked if there was a way to have the expenditures tied directly to the actual amounts, which would reduce the amount, but give the agency more money to put into the grants.

Mr. Peri said that the Subcommittee could consider increasing the proposed expenditures in each year of the biennium to the actual expenditures accumulated in FY2004, which would be \$3,254,587 in each year of the upcoming biennium, an increase of approximately \$300,000 each year. That decision would reduce the amount going to the reserve to approximately \$500,000 in the first year and approximately \$600,000 in the second year of the biennium. He noted that making those changes would parallel the reserve budgeted and legislatively approved for the current biennium.

Chairwoman Leslie said she liked that option and opined that those changes were still "fiscally cautious." She did not want to make decisions based on what might happen in Washington, D.C., with the federal budget.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE
BA 101-3181 AS RECOMMENDED BY STAFF WITH TECHNICAL
CHANGES AND WITH THE CHANGES IN THE GRANT
EXPENDITURES AND THE RESERVE.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

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

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
CHILD ABUSE AND NEGLECT (101-3271)—BUDGET PAGE DCFS-76

Mr. Peri noted that BA 101-3271 was funded entirely with federal grant funds. There were two grants: the Child Abuse and Neglect Grant, and the Children's Justice Act Grant, which were Title IV-B funds. There were revisions to the Statewide Cost Allocation plan as submitted by the Budget Division. The recommended amount of \$9,586 each year would be reduced to \$2,831 each year. A corresponding increase was made to operating costs for the Children's Justice and Child and Abuse federal category operating costs. Staff had no recommendations other than the technical adjustments.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3271 AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

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

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
JUVENILE ACCOUNTABILITY BLOCK GRANT (101-3262)—BUDGET PAGE
DCFS-80

Mr. Peri explained that BA 101-3262 was established in FY1999 to accept the Office of Juvenile Justice and Delinquency Prevention's Juvenile Accountability Block Grant. There were certain requirements on how that money was distributed. The budget reflected the most recent grant award of \$495,700, which was a reduction from earlier years. Due to the reduction in grant award amounts, positions in the account were reduced from 2.51 FTE positions to 1.51 FTE positions in FY2006 and then eliminated entirely in FY2007. Mr. Peri noted that there was a technical adjustment to the Statewide Cost Allocation amount from \$5,600 each year to \$104 each year of the upcoming biennium due to revised amounts provided by the Budget Division. In M-300 there was a residual amount of General Fund that had been misplaced in the account, so that \$4 had been removed. Similarly, in M-304 there was a \$9 General Fund salary adjustment revenue item, which had been eliminated with a corresponding increase in federal grant revenue. He reiterated that there was no General Fund included in BA 101-3262 to fund the recommended 2 percent cost-of-living adjustment.

Chairwoman Leslie indicated that she would entertain a motion to close the budget as recommended by staff with technical adjustments.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3262 AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

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

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
YOUTH ALTERNATIVE PLACEMENT (101-3147)—BUDGET PAGE DCFS-84

Mr. Peri explained that the Youth Alternative Placement budget contained funding payments to both the China Spring Youth Camp in Douglas County and the Spring Mountain Youth Camp in Clark County. The closing issue in the budget was a requested increase in funding for the China Spring Youth Camp and the Spring Mountain Youth Camp.

Mr. Peri said that representatives of the youth camps had appeared before the Subcommittee on several occasions. Douglas County representatives, on behalf of China Spring, had requested restoration of the historical funding ratio for funding of the China Spring Youth Camp. The historical ratio was 36.8 percent General Fund support and 63.2 percent county funds versus the ratio which was currently in effect for FY2005 of 29.6 percent General Fund and 70.4 percent county funds. The historical ratio had been in effect from FY1990 through FY2003. That ratio had changed based on a request by China Spring representatives to fund increases with 100 percent county funds, which had been recommended by the Governor and approved by the Legislature in the 2003 Legislative Session.

Mr. Peri pointed out that the cost to restore the historical ratio to the amounts recommended in The Executive Budget would require additional General Fund support totaling \$169,341 in each year of the upcoming biennium, for a total of \$338,682. He noted that Senate Bill 491, which was currently in the Senate Committee on Finance, would amend *Nevada Revised Statutes* (NRS) 62B.150 and place the 63.2 percent county portion of the historical funding ratio in statute, which would then require the state to continue the historical 36.8 percent General Fund support for the camp.

Mr. Peri added that Douglas County representatives had also requested enhancements to the China Spring and Aurora Pines Girls Facility budgets. The increases totaled \$461,502 in FY2006 and \$527,563 in FY2007 and would provide for merit salary increases, holiday pay, utility and food cost increases, and the addition of 6 new FTE positions. Those positions were proposed to achieve a 1 to 10 staffing ratio during waking hours and maintain a 1 to 20 staffing ratio during sleeping hours. The General Fund portion of the enhancement request, utilizing the historical ratio of 36.8 percent General Fund, would total \$169,833 in FY2006 and \$194,143 in FY2007 for a total of \$363,976 over the biennium. The remainder of costs totaling \$625,089 for the upcoming biennium for the requested enhancements would be supported with county funds.

Mr. Peri recommended that, if the Subcommittee chose to approve the request, the 6 new positions could be delayed until October 1, 2005, which would match the recommended starting dates for new positions in both the Nevada Youth Training Center and Caliente Youth Training Center budgets. He noted that, in addition to the amount recommended in The Executive Budget, the total General Fund needed to restore the historical ratio and to fund the enhancements would be \$702,658 over the biennium.

Mr. Peri indicated that representatives of Clark County had also requested additional General Fund support totaling \$1.4 million over the biennium. The Executive Budget continued General Fund support for Spring Mountain of \$341,809 in each year of the upcoming biennium. Clark County had provided information indicating that the additional funds would be used to provide placement services, counseling, and after-care services for an additional 60 youth at the camp. No additional detailed backup calculations had been provided to support the requested amount. He pointed out that there were not any technical adjustments recommended.

Chairwoman Leslie asked representatives from the two camps to come forward to address the Subcommittee's questions. She remarked that there had been much discussion earlier in the session regarding the historical funding ratio, and she felt comfortable using that historical funding ratio for the China Spring Youth Camp, which would cost an additional \$338,682 for the biennium. She pointed out that there was an additional request of \$363,976 from China Spring for enhancements, and Clark County was requesting an additional \$1.4 million.

Kirby Burgess, Director, Clark County Department of Juvenile Justice Services, indicated that he had received a letter from Senator Raggio, to which he had responded, and he offered to share that information with the Subcommittee. Mr. Burgess explained that there had been an initial misunderstanding regarding the funding request, which had been mistakenly assumed to be \$6.8 million. However, \$6.8 million was the total cost of running the camp, and that amount had not been requested. Rather, Mr. Burgess had requested that the Spring

Mountain Youth Camp receive the same consideration given to the China Spring Youth Camp.

Mr. Burgess said the request was for \$1.4 million over the biennium, which would cover the additional services the camp hoped to provide. He pointed out that the state's contribution to the Spring Mountain Youth Camp historically had been very low and was only 5.5 percent of the budget. Nonetheless, the camp wanted to expand to serve approximately 60 more children and offer specialized after-care services.

Mr. Burgess commented that if those wrap-around services were provided for youth after they left the youth camp, they were less likely to re-offend and be placed into the state's custody. He added that he worked to establish more community partnerships as part of the reentry effort for youth leaving the youth camp. Those community partnerships made it possible for youth to leave the camp a month early and be placed in a residential living environment with educational and employment services, which would allow more youth to be served at the camp itself.

Chairwoman Leslie requested specific detail as to how the \$1.4 million would be used. Mr. Burgess said he had not been asked for that information at the earlier hearings, but he would be willing to provide that to the Subcommittee. He indicated that approximately \$150,000 would be used for specialized after-care services, which included counseling and reentry services for youth. The after-care services expansion would include the creation of two parole officer positions. Additionally, \$380,000 would be used to contract with a private provider for services for the youth leaving the youth camp. The money would also be used to hire a Spring Mountain Treatment Coordinator who would oversee the contractual arrangements.

Chairwoman Leslie asked if the state had ever supported the Spring Mountain Youth Camp with General Fund. Mr. Burgess said the camp received an annual appropriation of \$342,000 from the state and that was all.

Chairwoman Leslie asked if there was a difference in statute that explained the relationship between the state and the two youth camps. Mr. Peri indicated that the difference was that no funding formula existed in statute for the Spring Mountain Youth Camp while there was one for the China Spring Youth Camp.

Chairwoman Leslie wondered why that was the case, and Mr. Peri explained that in 1989 when the issue was presented, the China Spring Youth Camp was just beginning and required some stability for its funding sources. The Spring Mountain Youth Camp was not an issue at that time, and the formula that had been in effect for most of the last 22 fiscal years was specific to counties with a population under 400,000 and was simply a means to address the need for a stable funding source for the China Spring Youth Camp.

Judge David Gamble, Douglas County, agreed with Mr. Peri's explanation and stressed that the statute currently limited the applicability to counties with populations under 400,000. Judge Gamble remarked that, historically, the state had always chosen to fund China Spring according to a shared county/state formula, while Spring Mountain had been funded with an annual appropriation of \$342,000.

Chairwoman Leslie asked if there had been an increase in the amount. Mr. Burgess explained that Spring Mountain Youth Camp was started in the

early 1970s in an effort by Clark County to keep Clark County youth closer to the community. At that time, the process was much less formalized than it was when the China Spring Youth Camp was started. Clark County had provided an unmandated service to the youth in Clark County and consequently saved the state money in staffing and construction costs. Mr. Burgess noted that as funding was tight and much of the federal funding was disappearing, the camp needed a little assistance.

Mr. Peri clarified that in the past Spring Mountain Youth Camp had been funded on a per bed cost, and that amount had been higher than the \$342,000 the camp currently received. However, there had been a recommendation in The Executive Budget years earlier to eliminate the youth parole services from state supervision and transfer youth parole to the counties, which meant the budget was presented with no funding for youth parole. Mr. Peri said that the Legislature at that time had not approved that recommendation and restored the youth parole function as a state responsibility. In order to find money to restore youth parole, reductions had been made to the amounts given to the Spring Mountain Youth Camp, which resulted in the net figure of \$341,809, which was carried on for several biennia. He reiterated that the initial contributions to Spring Mountain Youth Camp had been higher.

Judge Gamble added that it was important to understand that most of the youth treated at the youth camps did not have to have state treatment at the Nevada Youth Training Center or the Caliente Youth Center. Providing funds to Spring Mountain Youth Camp for expansion of their programs and continuing support of the China Spring Youth Camp with the funding formula resulted in a tremendous savings for the state, both in initial placement costs and in youth parole supervision afterward. Most of the youth who left the camps used county probation officers rather than the state's youth parole services, which saved the state money.

Senator Raggio agreed that both facilities were very valuable. Over the years, the camps, particularly Spring Mountain, had been an opportunity to keep young offenders near their communities rather than sending them to the facility at Elko, which was extremely crowded. He indicated that the China Spring Youth Camp was an opportunity that the juvenile court judges saw to have an alternative to more serious confinement. Senator Raggio emphasized that each of the institutions over the years had been essential to the process of dealing with juvenile offenders.

Senator Raggio opined that the state had underfunded the camps and not met its responsibility at either institution. He indicated that he had asked the Budget Division why more funding had not been included in The Executive Budget, and he had been informed that the China Spring enhancement request had been included on a list of priority items developed by the DCFS, but the request was too far down the DHR priority list and had not been included in the budget.

Senator Raggio said as more funds were available than in the past, the camps should be a high priority and the budgets of the two camps should be augmented. He indicated that a letter he had received from Mr. Burgess detailed the needs of the Spring Mountain Youth Camp, and he pointed out that Douglas County had both China Spring Youth Camp and Aurora Pines Girls Facility. In each of those facilities, it was impossible to meet merit salary increases or keep pace with the increases in utility and food costs with flat support from the state. Senator Raggio opined that the budgets for those

facilities should be augmented, although he did not necessarily agree that there should be a specific funding ratio.

Chairwoman Leslie agreed and said that if there was going to be a policy shift in regard to the funding for the facilities, the Subcommittee needed additional information to determine a reasonable amount. She asked Mr. Burgess to provide detail in writing regarding his request. Mr. Burgess agreed and said he would work with Mr. Peri.

Chairwoman Leslie indicated that Judge Gamble had provided sufficient information regarding the request for the China Spring Youth Camp.

Ms. Giunchigliani urged caution regarding the long-term implications of increasing funding. She thought additional funding was needed, but wanted the counties to be aware that it was not an ongoing responsibility of the state.

Chairwoman Leslie agreed and said more discussion was needed and that perhaps the Interim Committee on Juvenile Justice or the Interim Committee on Children, Youth, and Families would be appropriate forums for that discussion.

Senator Cegavske said the history of the funding for the camps was interesting. She indicated that she had visited both camps and was fairly familiar with the Spring Mountain Youth Camp and Mr. Burgess. She complimented Mr. Burgess and said it was a very “admirable” camp and addressed a great need in Clark County. However, she agreed that more information was needed to determine the correct funding level and it was the county’s responsibility to provide that information.

Chairwoman Leslie indicated that the Subcommittee would not make a decision on the budget account yet and would continue to work with Judge Gamble and Mr. Burgess to determine what level of funding was needed.

Assemblyman Denis asked if there had been any structural damage to the facilities at the Spring Mountain Camp due to the weather. Mr. Burgess responded that there had been some problems due to the unusually severe weather. The Spring Mountain Youth Camp facilities had originally been built as an Air Force base in 1971, and there were many infrastructure challenges, such as overhead power lines, old plumbing, and so on. There had been a power outage for several days and the camp had almost been evacuated, but those problems had been repaired.

Chairwoman Leslie reiterated that BA 101-3147 would be held until further information was available. Chairwoman Leslie indicated that as BA 101-3147 was being held, the Subcommittee would move to the next budget account.

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
JUVENILE CORRECTIONAL FACILITY (101-3148) – BUDGET PAGE DCFS-86

Mr. Peri explained that the Summit View Youth Correctional Center, located in southern Nevada near Nellis Air Force Base, was a 96-bed secure juvenile facility for male offenders. He noted that there were no new positions recommended in the budget and there were no major closing issues in the budget account. There was a large General Fund increase recommended in the adjusted base budget, which included funding for debt retirement on the construction costs of the facility. In the current biennium, those costs were

paid by savings realized from refinancing. A total of \$1,273,994 was recommended in FY2006 and \$1,278,508 was recommended in FY 2007.

Mr. Peri said that E-375 recommended \$151,446 in each year of the biennium for additional psychiatric and prescription medication services for the youth population. Decision Unit E-810 recommended a two-grade salary increase for all classified correctional personnel funded with General Fund salary adjustment revenue.

Mr. Peri indicated that there was a technical adjustment to be made in the base budget for overtime pay from the recommended amount of \$56,517 in each year of the biennium. Based upon a recalculation of the projected overtime costs for the upcoming biennium, it would require additional General Fund, and the amount was recommended to be increased to \$96,618 in FY2006 and \$104,953 in FY2007. Staff also recommended a reduction in the amount for private contractor placements from \$109,500 in each year of the biennium to \$54,750 in each year, which would provide for one placement. Mr. Peri noted that there had been no expenditures recorded for contract placements thus far in FY2005. The recommended adjustment would provide for one placement for a full year at \$150 per day.

On the next technical adjustment, Mr. Peri provided the option of a reduction in the amounts recommended for debt retirement payments on the construction costs of the facility. The State Treasurer's Office had provided information to the Fiscal Analysis Division that due to savings realized from refinancing, the entire amount recommended in the budget for debt retirement in FY2006 of \$1,273,994 could be eliminated with the exception of \$500 for required trust fee expenses. In FY2007, the recommended amount for debt retirement of \$1,278,508 could be reduced by \$1,105,611, leaving \$178,711 for the balance of the debt retirement payment, plus the \$500 trust fee. Mr. Peri said that option would result in a General Fund reduction. He added that the Treasurer's Office had indicated that the Budget Division had been advised of that option and was apparently formulating a plan to incorporate those savings into its analysis of the Economic Forum update and other miscellaneous budget adjustments.

Mr. Peri continued his presentation and said the recommended adjustment in M-100 eliminated the Statewide Cost Allocation Plan amounts and increased operating supplies by \$122 in FY2006 and \$119 in FY2007. There was also a small reduction in M-425 for carpet cleaning costs by \$882 in FY2006 based on an amendment submitted by the Budget Division regarding all deferred maintenance items in The Executive Budget. That amendment proposed to move all the expenditures recommended in FY2007 to FY2006, which in BA 101-3148 would allow for carpet replacement rather than cleaning.

Chairwoman Leslie complimented the agency on the work that had been done at the facility. Robert McLellan, Deputy Administrator, DCFS, thanked Chairwoman Leslie for her comments and said the facility was doing very well.

Chairwoman Leslie opined that the Subcommittee should choose the option of refinancing that Mr. Peri had presented and indicated she would entertain such a motion.

SENATOR CEGAVSKE MOVED TO CLOSE BA 101-3148 AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

* * * * *

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
CALIENTE YOUTH CENTER (101-3179) – BUDGET PAGE DCFS-92

Mr. Peri explained that the closing issue in the Caliente Youth Center budget was the recommended addition of 12 new FTE positions to enhance the direct care staff-to-client ratio from 1 to 10 during waking hours to 1 to 8. The budget narrative indicated those ratios were recommended by the United States Department of Justice (DOJ) and were nationally practiced standards in juvenile justice. The Memorandum of Understanding between the state and the DOJ required a 1 to 10 ratio, although a 1 to 8 ratio was preferred. Mr. Peri reiterated that the 1 to 10 ratio was required; the 1 to 8 ratio was preferable but not required. He noted that if the Subcommittee approved the recommendation, staff requested approval to correct the retirement code on 10 of the recommended new positions to reflect the proper police/fire employer paid retirement option.

Mr. Peri pointed out that there was the issue of the superintendent's residence. He explained that NRS 63.130 provided a perquisite for the superintendent for a residence, utilities, furnishings, and appliances. The house owned by the state for that use in Caliente was in disrepair and uninhabitable. In lieu of the house, the Division, through an agreement with the superintendent, had been providing a housing and utilities stipend. That agreement was scheduled to end July 1, 2005, based upon the anticipation that the unclassified salary increase recommended in the budget would be approved.

Mr. Peri said that the base budget also included \$10,800 in each year for continuation of the housing stipend. He explained that staff's initial recommendation was to eliminate that stipend if Decision Unit E-811 was approved; however, that recommendation had been reviewed and it appeared that the two items were not connected. He pointed out that if the Subcommittee wanted to maintain parity between Caliente and Elko, it should be taken into account that the superintendent at the Nevada Youth Training Center in Elko was given a housing stipend and a house was provided and those conditions were not connected to the salary. Mr. Peri advised that the Subcommittee consider those two situations as separate issues: the unclassified salary, which would be decided later, and the continuation of the \$10,800 stipend amount in each year of the biennium.

Mr. Peri added that there was a concern that a stipend might not be legal under NRS 63.130. He said that a legal opinion had not been requested, but the Subcommittee could consider a bill draft request (BDR) that would clarify the statute and allow for a stipend for housing in lieu of a home.

Mr. Peri said there was also a recommendation for \$209,071 for deferred facility maintenance in FY2006, primarily for the replacement of carpet and lighting fixtures. Decision Unit E-810 recommended a two-grade salary increase for all classified correctional personnel. There were some technical adjustments. Staff was recommending a reduction in overtime pay from the \$168,719 in each year of the biennium to \$101,201 in FY2006 and \$103,214

in FY2007. Mr. Peri explained that the adjustment was based upon a recalculation of projected overtime costs for the upcoming biennium. There was also a suggestion to eliminate \$1,217 in each year in callback pay, which was not normally budgeted. He pointed out that no accounts within the Division contained legislatively-approved callback pay in the current 2003-2005 biennium. Decision Unit M-100 recommended an adjustment to the Statewide Cost Allocation Plan. The adjustment eliminated the Statewide Cost Allocation Plan amounts and reduced the Transfer from Education funding by the same amount, which would be \$2,209 in FY2006 and \$2,176 in FY2007.

Chairwoman Leslie said she liked the Governor's recommendation, which was in line with the DOJ's preferred ratio. She agreed that the question of the superintendent's residence and salary were two separate issues. Chairwoman Leslie asked what the agency planned to do with the house since it was uninhabitable and whether the agency planned to continue providing a stipend.

Diane Comeaux, Deputy Administrator, DCFS, responded and explained that the original plan was to request the ability to sell the land and reinvest the money and build a home on the campus. That request had been withdrawn in lieu of providing a higher salary instead of housing for the superintendent. She said that it had been assumed that the continuation of the stipend would depend on whether or not the salary increase was approved.

Chairwoman Leslie asked if the housing at the Nevada Youth Training Center would remain the same. She asserted that whatever choice was made it should be the same for the Caliente Youth Center and the Nevada Youth Training Center. If the state provided housing or a stipend in Elko, then the same needed to be provided in Caliente.

Ms. Comeaux said she realized that the Subcommittee wanted to separate the salary and the housing issues, but the original plan had been to reduce the salary for the superintendent in Elko to compensate for the housing.

Chairwoman Leslie repeated that the issues should be separate and asked what the Subcommittee wanted to do regarding the housing.

Senator Cegavske agreed that the salary was a separate issue that would be addressed at a later date and could not be used to decide the housing issue. She added that she was concerned about the stipend for housing and utilities and that needed to be addressed. Senator Cegavske said that she was also concerned about the 12 new staff members requested, and she wondered if there were any vacancies.

Senator Cegavske noted that the federal guidelines did not require the 1 to 8 staffing ratio, and as the center already met the 1 to 10 staffing requirement, she did not see a need to add staff.

Ms. Bosworth apologized for not having more detailed information on the vacancies, but she did know that there was a total of 17 vacancies in the Caliente Youth Center and the Nevada Youth Training Center. There had been difficulties with filling the nursing positions, but there had not been any problems filling the types of positions requested in the budget. She indicated that she would provide additional information regarding the vacancies.

Senator Cegavske asked how many positions were needed. Ms. Bosworth said all the requested positions were necessary to achieve the 1 to 8 staffing ratio. Senator Cegavske asked if the agency would be able to fill the positions, and Ms. Bosworth responded affirmatively.

Senator Cegavske added that she was concerned that Ms. Bosworth did not have the vacancy information as those were questions that were normally asked at the budget hearings. She reiterated that the federal government was not requiring the 1 to 8 staffing ratio, and she felt that the 1 to 10 ratio was sufficient.

Chairwoman Leslie said she preferred the 1 to 8 staffing ratio, and there was not an issue with vacancies because the agency had indicated there would be no problem filling the positions. She repeated that she agreed with the Governor's recommendation for the 1 to 8 ratio, even though it was not a federal requirement. She pointed out that the staff at the facility was working with difficult youth in difficult situations and more staff was needed. She suggested that the Subcommittee approve the Governor's recommendation.

Chairwoman Leslie returned to the housing issue and said she had conferred with Mr. Peri and she thought the issues should be kept separate. The Subcommittee could make a decision regarding the salary at a later time, but she would request a bill draft to allow the agency to provide a housing stipend, given that the house in Caliente was uninhabitable.

Senator Cegavske interjected that she would hesitate to make a decision regarding the stipend until the salary decision was made. Chairwoman Leslie pointed out that the BDR could be requested but it did not necessarily have to be processed.

Ms. Giunchigliani asked if the BDR was necessary to change the law so that the agency could provide a stipend. Chairwoman Leslie said that was staff's recommendation. Ms. Giunchigliani clarified that the stipend was interpreted as either providing a house or money, which in the case of the Nevada Youth Training Center was a house. She asked if there was an equivalent cash value to ensure the two superintendents were being treated in an equitable manner. Chairwoman Leslie pointed out that Caliente and Elko were very different communities.

Ms. Bosworth interjected that she had a letter from the Attorney General's Office stating that a bill was unnecessary and the agency could provide a stipend under the current statute. Chairwoman Leslie advised Ms. Bosworth to provide a copy of that letter to the LCB staff.

Senator Mathews urged the Subcommittee to be cautious regarding the salary and housing issue because it was important to maintain equity. She stressed that the issues should be kept separate.

Senator Cegavske remarked that, in speaking to staff, she had discovered that only one position, a training officer I, would be needed to maintain the staffing ratio at 1 to 10, which she thought would be the best way to close the budget.

Chairwoman Leslie clarified that Senator Cegavske was suggesting removing 11 of the Governor's recommended positions, and she disagreed.

Senator Mathews said she was in agreement with Chairwoman Leslie and would suggest that the Subcommittee approve the positions necessary for the 1 to 8 ratio because the center worked with difficult children, and those two extra youth made a large difference, particularly in a crisis situation.

Ms. Giunchigliani agreed with Senator Mathews. She pointed out that the staff at the center had a very difficult job, and she commended the recommendations that the Governor had made.

Senator Cegavske stated that the center was doing a good job, and she supported the agency, but she felt the 1 to 10 ratio was adequate. Chairwoman Leslie thanked the Subcommittee for their comments and said she would entertain a motion.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE THE BUDGET AS RECOMMENDED BY STAFF WITH THE INCLUSION OF THE POSITIONS FOR THE 1 TO 8 RATIO, THE TECHNICAL ADJUSTMENTS, INCLUDING THE RETIREMENT CODE CORRECTION, AND A REQUEST FOR A BDR REGARDING THE HOUSING STIPEND.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Senator Cegavske informed the Subcommittee that she would be voting no, but she appreciated the discussion.

Ms. Weber verified that the current ratio at the center was 1 to 10. Chairwoman Leslie indicated that the ratio was 1 to 10, which meant the state was in compliance with the U.S. Department of Justice's requirements.

MOTION CARRIED ON THE ASSEMBLY SIDE.

Chairwoman Leslie indicated that a separate motion would be taken on the Senate side.

SENATOR MATHEWS MOVED TO CLOSE THE BUDGET AS OUTLINED IN ASSEMBLYWOMAN GIUNCHIGLIANI'S MOTION.

SENATOR TITUS SECONDED THE MOTION.

MOTION FAILED ON THE SENATE SIDE WITH SENATOR CEGAVSKE VOTING NO. (Senator Raggio was not present for the vote.)

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
NEVADA YOUTH TRAINING CENTER (101-3259) – BUDGET PAGE DCFS-98

Mr. Peri indicated that the issues in BA 101-3259 were similar to the issues discussed in the previous budget account. Decision Unit M-502 recommended a total of 15 new staff members to reduce the staffing ratio during waking hours from 1 to 10 to 1 to 8, similar to the Caliente Youth Center budget.

Mr. Peri noted that, if the Subcommittee chose to approve the recommendation, staff requested approval to make technical adjustments to the recommended new positions, which would include correcting the salary steps from step 2 to step 1, and correcting the retirement code on one position to reflect the proper police/fire employer paid retirement option.

Mr. Peri explained that Decision Unit M-425 recommended \$506,682 in FY2006 for deferred maintenance, including sidewalk renovation, a new soft water tank, and window blind replacement. Sidewalk renovation was the major expense, estimated at \$500,000 by the State Public Works Board. The Budget Division submitted Budget Amendment 69, which eliminated the \$500,000 recommended for sidewalk renovation, indicating that major portions had already been replaced by the Public Works Board through Americans with Disabilities Act (ADA) improvements. He noted that staff had reduced M-425 by \$500,000 with a corresponding reduction in General Fund to reflect that budget amendment. He pointed out that the Subcommittee could choose to accept that amendment or make any adjustments.

Mr. Peri continued outlining closing issues and said that Decision Unit M-503 recommended one new academic teacher for the center's accredited junior/senior high school to achieve a 1 to 20 teacher-to-student ratio for students with disabilities. Decision Unit 810 recommended a two-grade salary increase for all classified correctional personnel. Decision Unit E-710 recommended a total of \$135,868 in General Fund support for replacement equipment. He noted that there were several technical adjustments. Staff recommended an adjustment to overtime in the base budget from \$214,426 to \$103,683 in FY2006 and from \$214,423 to \$105,769 in FY2007. Those adjustments were based upon a recalculation of projected overtime costs. Decision Unit M-100 recommended a revision of the Statewide Cost Allocation figures based on revisions from the Budget Division. That cost would be eliminated and the operating supplies in the Special Education category would be increased by that same amount, which was \$4,279 in both years of the biennium.

Chairwoman Leslie noted that the ratio issue had already been discussed, but she questioned the sidewalk project. Ms. Comeaux indicated that all the sidewalks at the facility had not yet been fixed. When the Public Works Board had looked at the sidewalks, some sidewalk work had been completed, so a recommendation was made to withdraw the request without checking with the agency. Ms. Comeaux said she had spoken with the Budget Division and there was an amendment forthcoming.

Chairwoman Leslie expressed frustration that the amendment was not ready because she did not think the sidewalk money should be removed from the budget. She suggested that the Subcommittee close the budget without accepting the amendment which would leave the funding in place.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE THE BUDGET AS RECOMMENDED BY STAFF WITHOUT ACCEPTING BUDGET AMENDMENT 69, WHICH WOULD HAVE ELIMINATED THE \$500,000 FOR THE SIDEWALK PROJECT, WITH THE 1 TO 8 STAFFING RATIO, THE REDUCTION IN THE SOFT WATER TANK, AND WITH OTHER TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Senator Cegavske stated once again that she thought the staffing ratio should be left at 1 to 10.

MOTION CARRIED ON THE ASSEMBLY SIDE.

Chairwoman Leslie indicated she would hear a motion on the Senate side.

SENATOR MATHEWS MOVED TO CLOSE THE BUDGET AS
OUTLINED IN ASSEMBLYWOMAN GANSERT'S MOTION.

SENATOR TITUS SECONDED THE MOTION.

MOTION FAILED WITH SENATOR CEGAVSKE VOTING NO.
(Senator Raggio was not present for the vote.)

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
YOUTH PAROLE SERVICES (101-3263)—BUDGET PAGE DCFS-105

Mr. Peri explained that the adjusted base budget in BA 101-3263 recommended a reduction in three existing positions in FY2007, based on the expiration of the federal Going Home grant. There were not any major closing issues, but there were a few closing items. The first item was E-917, which recommended the transfer in of youth parole placement costs from the Rural Child Welfare budget. Mr. Peri pointed out that the Subcommittee had approved that transfer in the Rural Child Welfare budget. Decision Unit E-804 recommended \$3,410 in each year of the biennium for a cost allocation payment to the Nevada Highway Patrol for dispatch services. Decision Unit E-817 recommended \$10,213 each year for cost allocation payments to the Nevada Department of Transportation for maintenance of the 800 MHz radio system. He requested permission to make any necessary adjustments once the budgets were closed for the Highway Patrol and the Department of Transportation if the Subcommittee chose to approve those decision units.

Mr. Peri noted that there were two technical adjustments. The Going Home grant expenses were reduced by \$11,606 in FY2006 and by \$7,928 in FY2007 to match available grant revenue. That adjustment would result in a corresponding decrease in General Fund revenue. In Decision Units M-300, M-304, M-305, and E-811, the Going Home grant revenue for assorted personnel expenses had been removed. He explained that the Going Home grant only supported classified personnel and should not be a revenue source in the unclassified salary decision units. In FY2007, the grant expired, meaning there were no grant-related personnel expenditures, so those had been removed and General Fund revenue and the General Fund salary adjustment revenue authority had been increased to fund the eligible personnel expenses.

SENATOR CEGAVSKE MOVED TO CLOSE THE BUDGET AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

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

Chairwoman Leslie requested that the Subcommittee read the materials provided to them regarding other closing items as Mr. Peri would only be presenting the major closing issues in the next two budgets.

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES (101-3281)–
BUDGET PAGE DCFS-112

Mr. Peri indicated that the first closing issue was Decision Unit E-452, which recommended 9.04 new FTE positions to reduce waiting lists for the outpatient programs and the early childhood programs. The second closing issue was the recommendation of 3 new FTE positions in Decision Unit E-453 for utilization management and review of Medicaid services. He reminded the Subcommittee that E-453 was part of the Department's proposed redesign of mental health residential treatment services and the Department had requested flexibility during the upcoming biennium to potentially move resources. As noted earlier, that would require specific language in the Appropriations and Authorizations Act. He noted that, if the Subcommittee chose to approve either decision unit, staff requested approval to make adjustments to computer hardware and software costs.

Mr. Peri pointed out that Decision Unit E-908 recommended the transfer in of other costs, which had already been approved in other budgets. He added that staff would request some flexibility in adjusting payments to the Division of MHDS for medications, rental costs, et cetera. Also, there were technical adjustments to be made in the Statewide Cost Allocation and the elimination of standby pay.

Chairwoman Leslie said she was pleased with the budget recommended by the Governor, which added 9 new positions, but she did have a proposal for the Subcommittee. She asked the Subcommittee to consider converting the Wrap-around in Nevada (WIN) program contract positions to full-time state positions. The Interim Committee on Children, Youth, and Families had discussed that issue at length and had recommended that those positions be converted. The Division had also submitted that recommendation to the Governor, but that had not made it into the budget.

Chairwoman Leslie said she had asked Mr. Peri to calculate the amount of money that would need to be added to the budget in order to convert those positions, and the total was \$1.4 million in General Fund in BA 101-3281 over the biennium for the northern and rural regions, as well as the southern region, which was contained in another budget account.

Chairwoman Leslie indicated that she had worked with the WIN program, and felt it was a great program; however, contract staff did not receive benefits and were continually looking for a better job, which had led to a high turnover rate. She asserted that the program would not get the desired results with those kind of contract positions.

Senator Cegavske agreed with the Governor's recommendations regarding much of the budget, particularly those areas related to mental health services. She

disagreed with Chairwoman Leslie's proposal to convert the contract positions to state positions.

Senator Cegavske remarked that in the past she had been concerned about equity between the north and south, but the budget seemed to address that concern. She verified that the budget would add 9.04 new FTE positions in the north and 11.51 new FTE positions in the south to reduce waiting lists. There would also be the addition of 3 new FTE positions in the north and 5 new FTE positions in the south for management of Medicaid services.

Ms. Giunchigliani agreed that the contract positions should be converted to state positions. She asked how many positions would be affected by that change. Chairwoman Leslie said the conversion would create 40 new FTE positions in the southern region, and 26 FTE positions in the northern and rural regions, which meant a total of 66 FTE positions would be affected. Chairwoman Leslie emphasized that the cost of conversion from contract to regular employees with benefits would be \$1,471,357 over the biennium.

Ms. Giunchigliani remarked that the amount was less than she had expected for 66 FTE positions. Chairwoman Leslie pointed out that the positions were included in the budget as contract positions, and the conversion would merely make those positions state positions with benefits.

Ms. Giunchigliani said that the conversion would create more accountability and ensure that the employees were properly trained.

Senator Titus agreed and said the psychology of the conversion was important as well as it would show that the state was committed to the program. She asked Ms. Bosworth if the conversion would create a problem with keeping staff. Ms. Bosworth responded and opined that the conversion would help the agency retain staff members. She said that in the past, staff members had left contracted positions because they needed benefits. She claimed that the conversion would stabilize the work force.

Assemblywoman Gansert asked what the turnover rate was. Ms. Bosworth indicated that it was 20 percent annually.

Chairwoman Leslie said she would entertain a motion.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE THE BUDGET AS RECOMMENDED BY STAFF WITH THE NEW POSITIONS AND THE CONVERSION OF CONTRACT POSITIONS TO STATE EMPLOYEES IN THE WIN PROGRAM.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

MOTION CARRIED ON THE ASSEMBLY SIDE WITH MS. WEBER AND MRS. GANSERT VOTING NO.

MOTION FAILED ON THE SENATE SIDE WITH SENATOR CEGAVSKE VOTING NO. (Senator Raggio was not present for the vote.)

Chairwoman Leslie indicated that the Senate would make a separate motion.

SENATOR CEGAVSKE MOVED TO CLOSE THE BUDGET AS
RECOMMENDED BY STAFF.

Chairwoman Leslie noted that as the motion had not received a second, she would entertain a different motion.

SENATOR TITUS MOVED TO CLOSE THE BUDGET AS
RECOMMENDED BY STAFF WITH THE NEW POSITIONS AND THE
CONVERSION OF CONTRACT POSITIONS TO STATE EMPLOYEES
IN THE WIN PROGRAM.

SENATOR MATHEWS SECONDED THE MOTION.

MOTION FAILED WITH SENATOR CEGAVSKE VOTING NO.
(Senator Raggio was not present for the vote.)

* * * * *

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES
SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES (101-3646)–
BUDGET PAGE DCFS-123

Mr. Peri explained that BA 101-3646 was similar to BA 101-3281. Decision Unit E-453 recommended 11.51 new FTE positions to address the waiting lists for the Children's Clinical Services and Early Childhood Services programs. Decision Unit E-454 recommended five new positions for Medicaid utilization review. There were inflationary increases to prescription drug prices included in M-101, and staff requested flexibility to make modifications once the MHDS budgets were closed. Mr. Peri pointed out that the Budget Division had submitted amendment number 32 seeking to restore a .51 FTE position to the budget that had been transferred to Clark County through child welfare integration. If the Subcommittee chose to approve that amendment, staff requested approval to adjust the funding source to include eligible federal Medicaid revenue. He noted that staff would also need approval to make final adjustments to amounts payable to MHDS in southern Nevada for meals and snacks for DCFS clients.

Mr. Peri said that in the base budget the elimination of standby pay in the amount of \$18,720 per year was recommended. Terminal annual leave payments of \$1,796 each year had also been eliminated as they were not typically budgeted. Inspection and certification costs had been reduced by \$7,600 in each year as that had inadvertently been funded twice in the budget. He noted that the last issue was a technical adjustment to the Statewide Cost Allocation.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO ADD THE 11.51
NEW FTE POSITIONS, TO RESTORE THE .51 FTE POSITION, TO
CONVERT THE CONTRACT POSITIONS IN THE WIN PROGRAM TO
STATE EMPLOYEES, AND TO ALLOW STAFF TO ADJUST
COMPUTER HARDWARE AND SOFTWARE COSTS AS NEEDED
AND MAKE ANY OTHER TECHNICAL ADJUSTMENTS
NECESSARY.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Senator Cegavske stated that she would be opposing the WIN program employee conversion. Chairwoman Leslie indicated that the Assembly and Senate would consider the motions separately.

MOTION CARRIED ON THE ASSEMBLY SIDE WITH
MRS. GANSERT AND MS. WEBER VOTING NO.

SENATOR CEGAUSKE MOVED TO CLOSE BA 101-3646 AS
RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

Chairwoman Leslie noted that the motion had received no second. She indicated she would entertain another motion.

SENATOR MATHEWS MOVED TO CLOSE THE BUDGET AS
OUTLINED IN ASSEMBLYWOMAN GIUNCHIGLIANI'S MOTION.

SENATOR TITUS SECONDED THE MOTION.

MOTION FAILED ON THE SENATE SIDE WITH SENATOR
CEGAUSKE VOTING NO. (Senator Raggio was not present for the
vote.)

Ms. Giunchigliani pointed out that as there had been closing differences the issues would be raised in another meeting, and she urged the members of the Subcommittee to review the WIN program and ponder the issues. She emphasized that the WIN program was for children, and consistent accountable employees were important to ensure the success of the program. She did not want to "lose the employees and lose the program."

Assemblywoman Gansert requested more information on the WIN program. Chairwoman Leslie asked Ms. Bosworth to provide additional information. She thanked Mr. Peri for his hard work on the budget accounts.

Chairwoman Leslie adjourned the meeting at 11:01 a.m.

RESPECTFULLY SUBMITTED:

Susan Cherpeski
Committee Attaché

APPROVED BY:

Assemblywoman Sheila Leslie, Chairwoman

DATE: _____

Senator Barbara Cegavske, Chairwoman

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on K-12/Human Resources</u>			
Date: <u>April 27, 2005</u>		Time of Meeting: <u>7:30 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B	Charles Duarte/DHCFP	Budget Presentation (16 pages)