

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

**Seventy-third Session
April 12, 2005**

The Joint Subcommittee on Human Resources/K-12 of the Senate Committee on Finance and the Assembly Committee on Ways and Means, was called to order at 8:03 a.m. on Tuesday, April 12, 2005. Chair Barbara Cegavske presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

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

ASSEMBLY COMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Steven J. Abba, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Rick Combs, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Jo Greenslate, Committee Secretary

OTHERS PRESENT:

Donald Kwalick, M.D. Chief Health Officer, Clark County Health District
Barbara L. Hunt, R.N., MPA, Washoe County District Health Department
Alexander Haartz, M.P.H., Administrator, Health Division
Jeanette Belz, Nevada AADAPTS

CHAIR CEGAVSKE:

Dr. Don Kwalick and Ms. Barbara Hunt will make a presentation.

DONALD KWALICK, M.D. (Chief Health Officer, Clark County Health District):
You received background information entitled A Statewide Plan for Chronic Disease: Nevada's Public Health Improvement Fund, with a cover letter from Ms. Hunt and me, to Assemblywoman Sheila Leslie, dated April 7, 2005 ([Exhibit C](#), original is on file at the Research Library.) We would like the line item reinstituted, and rather than call it Health Aid to Counties, it should be called

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Public Health Improvement Fund. We need the \$1.10 per capita to develop the infrastructure in order to get the personnel to collect and analyze data, screen for high-risk diseases, educate the public on prevention and early detection of disease and expand our partnerships and collaborations in order to lower our statistics that indicate a high level of chronic disease.

We look toward the resources to develop a comprehensive chronic disease prevention and control program.

BARBARA L. HUNT, R.N. (Washoe County District Health Department):
[Exhibit C](#) provides specific information. For example, on page 3 of 5, we have specified the activities we will carry out and expected outcomes for the biennium. As part of [Exhibit C](#), we have budgetary documents that specify how the money will be utilized.

HEALTH

HR, Health Aid to Counties – Budget Page HEALTH-24 (Volume II)
Budget Account 101-3209

CHAIR CEGAVSKE:

Committee, for your reference, this is a budget we will be looking at next Thursday. This is not in the Governor's recommended budget. If we were to reinstitute this at a cost of \$1.10 per capita as suggested by the Health Division, the cost would be \$2.4 million in fiscal year (FY) 2006 and \$2.5 million in FY 2007.

CHAIR LESLIE:

I want to thank the counties. I was the one who asked them to come back with a more coordinated plan. It is \$1.10 per capita, and you divided the money between Washoe County, Clark County and Carson City because they will have their own health district. Is that the rationale? What about the other rural counties? How would they participate in this?

Ms. HUNT:

Mr. Richard Whitley from the Health Division is here and can respond to that. Both the health districts in Washoe and Clark Counties have impact beyond our county boundaries, particularly through our media campaigns, to educate throughout the State of Nevada. We will provide technical assistance with our educational products and other resources to the rural areas. The Health Division is planning to work with their community health nurses in the rural counties to assist them in working on chronic disease prevention.

CHAIR LESLIE:

Would this plan cover the entire state?

Ms. HUNT:

Yes, that is the plan.

CHAIR LESLIE:

I like the new name. It better describes the purpose of the program.

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CHAIR CEGAVSKE:

Today we are looking at the Health Division budget accounts Closing List #1 ([Exhibit D](#), original is on file at the Research Library).

HR, Cancer Control Registry – Budget Page HEALTH-15 (Volume II)
Budget Account 101-3153

CHAIR CEGAVSKE:

There are no major closing issues in this account, and staff is recommending closing this budget with the technical adjustment displayed.

STEVEN J. ABBA (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

You are correct. There are no major budget closing issues in the Cancer Control Registry account for the upcoming biennium. I have a couple of points to make. This is a non-General Fund account. The account is funded with a grant from the Centers for Disease Control (CDC) and through collection of abstraction revenues.

E-710 Replacement Equipment – Page HEALTH-17

One technical adjustment, shown on page 2 of [Exhibit D](#), relates to new information we received from the Purchasing Division and the Department of Information Technology on computer hardware and software prices. This account has been recommended to receive \$8,461 in FY 2006 and \$16,856 in FY 2007 for replacement hardware and software. That includes ten personal computers (PC), three laptops, three docking stations and various software packages.

The adjustments that have been made reflect the new pricing. One computer was eliminated because there are nine positions in this account, and there were ten PCs being replaced. Since this is a non-General Fund account, the funding goes back into the category from which it was taken to be used for other program issues.

E-805 Classified Position Reclassifications – Page HEALTH-18

The only other issue was in decision unit E-805 which reclassifies a clerical position to a cancer registrar position.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3153 AS SUBMITTED WITH THE TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF ON PAGES 2 AND 3 OF [EXHIBIT D](#).

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS AND ASSEMBLYWOMAN GIUNCHIGLIANI WERE ABSENT FOR THE VOTE.)

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CHAIR CEGAVSKE:

We will move on to page 4 of [Exhibit D](#). There are no major closing issues in this budget, but there are technical adjustments.

Environmental Public Health Tracking System – Budget Page HEALTH-20
(Volume II)
Budget Account 101-3203

MR. ABBA:

This account is also a non-General Fund account. It is funded through a CDC grant, a three-year planning grant that was received in 2002 and runs through September 2005. At that time, the Division anticipated requesting an extension of grant funding for another cycle of funding. They also indicated that if the funding is not approved through the CDC, this particular program will be terminated.

E-720 New Equipment – Page HEALTH-22

The adjustments on pages 4 and 5 of the closing sheets, [Exhibit D](#), relate to new information on computer pricing. This particular budget is recommended to receive \$9,472 in FY 2006 and \$6,680 in FY 2007 to replace two laptops, three desktop PCs and software purchases. The adjustments relate back to the new pricing information.

E-811 Unclassified Changes – Page HEALTH-23

This proposal deals with declassifying an existing classified education and information officer position. This position is a Grade 35. It is actually not a public information officer type of position. It is a health educator position within this account. My understanding is the Committees will take action on the issue of unclassified positions at a later date, but I wanted to draw your attention to the decision unit in this account.

SENATOR RAGGIO:

In the Senate Committee on Finance, there are a number of issues we have reserved pending resolution. Among them are the items appearing as E-811, unclassified salaries. When we close these budgets, it would be with that understanding.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3203 AS SUBMITTED WITH THE TECHNICAL ADJUSTMENTS INDICATED BY STAFF ON PAGES 4 AND 5 OF [EXHIBIT D](#).

CHAIR LESLIE:

I would like to second the motion and also note for the record that the Assembly is also reserving a decision on the unclassified pay issue. It is our understanding that once the Senate and Assembly agree on where we are going to draw the line on that issue, all the budgets will be adjusted accordingly.

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ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN GIUNCHIGLIANI WAS
ABSENT FOR THE VOTE.)

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CHAIR CEGAVSKE:
We will next address budget account 101-3101.

HR, Radiological Health – Budget Page HEALTH-33 (Volume II)
Budget Account 101-3101

CHAIR CEGAVSKE:
Please turn to page 6 of [Exhibit D](#).

BOB ATKINSON (Senior Program Analyst, Fiscal Analysis Division, Legislative
Counsel Bureau):

This budget account is the Radiological Health account. It regulates the industry that produces sources of radiation. The Subcommittee may recall, in the past this account included approximately \$250,000 of General Fund appropriation. In the 2003 Legislative Session, the Health Division came forward with a proposal based on recommendations from the Executive Branch Audit Committee to adjust fees in that account, hire appropriate staff and become a self-supporting account without General Fund assistance. The budget was closed that way. In the first year of the current biennium, the budget was closed the way it had been closed in the past. During the second year of the biennium, General Funds were removed. The Health Division adopted the regulations, put the staff in place and is now proceeding that way. The account is fully self-supporting, and there is no General Fund in this account any longer. I made one technical adjustment. There is a small, \$50,000 Indoor Radon Grant in this account. I aligned the expenditures in that grant with the source of revenue. With that, staff would recommend the account be closed as adjusted.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL
COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3101 WITH STAFF
RECOMMENDATIONS ON PAGES 6 AND 7 OF [EXHIBIT D](#).

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED (ASSEMBLYWOMAN GIUNCHIGLIANI WAS
ABSENT FOR THE VOTE.)

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CHAIR CEGAVSKE:
We will move on to budget account 251-3152.

HR, Health Radioactive & Hazardous Waste – Budget Page HEALTH-38
(Volume II)
Budget Account 251-3152

MR. ATKINSON:

Staff recommends this account be closed as recommended by the Governor. There was some discussion in Subcommittee, and we received responses from the Health Division regarding the amount that will be left in the trust fund. You will recall that in our discussion in the past, minimal activities occurred in this budget account, and the trust fund continued to grow. Based on needed cleanup activities on the hazardous waste site, the Division of Environmental Protection requested \$250,000 in authority each year for those activities. We wanted to look at the trust fund and ensure the integrity of the value of the trust fund was maintained. In the Health Division's response, they indicated that of the approximately \$11 million in the trust fund, about \$9 million is related to the radioactive waste site. In the next ten years, they do not anticipate any substantial cleanup activities. Those activities have generally been performed within the realm of interest earned on the trust fund, and the Division believes that will continue.

Regarding the hazardous waste site, based on the estimates by the Health Division and the Division of Environmental Protection, any cleanup activities needed over the next ten years will fit within the approximate \$2.3 million of the trust fund applicable to that site. The Health Division provided responses that satisfied staff regarding the value in the trust fund, and we recommend the budget be closed as recommended by the Governor.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 251-3152 AS OUTLINED ON PAGES 8 AND 9 OF [EXHIBIT D](#) IN ACCORD WITH THE GOVERNOR'S RECOMMENDED ADJUSTMENTS.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN GIUNCHIGLIANI WAS ABSENT FOR THE VOTE.)

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CHAIR CEGAVSKE:

Please turn to page 10 of [Exhibit D](#).

HR, Immunization Program – Budget Page HEALTH-72 (Volume II)
Budget Account 101-3213

Mr. Abba will discuss the closing of this budget. There are no major issues, and the staff recommends closing the budget with technical adjustments.

E-425 Enable, Motivate and Reward Self Sufficiency – Page HEALTH-74

E-800 Cost Allocation – Page HEALTH-75

MR. ABBA:

In this account, the General Fund appropriation of approximately \$1.5 million each year is used for vaccine purchases. That funding is located in the Base Budget. In decision units E-425 and E-800, you will see an additional

\$2.9 million in FY 2006 and \$3 million in FY 2007 in Title XXI funds transferred from the Nevada Check-Up program.

The General Fund in this account is used to match those funds, and those funds are also used in combination for vaccine purchases. The use of Title XXI funds started last biennium, and it has alleviated the need to request additional General Funds for this account. I bring that up because on page 11 of [Exhibit D](#), the Subcommittee might recall in discussing the Health Insurance Portability and Accountability Act of 1997 waiver and the Nevada Check-Up budget, there has been a request from the administration to lift the enrollment cap on the Check-Up program. In the second year of the biennium, the Check-Up program's enrollment was capped at 30,000 children. Lifting the enrollment cap would increase that enrollment to an estimated 31,000 per month. We received that request in the form of a budget amendment. I also want to let you know that the Division of Health Care Financing and Policy is looking at their current projections for enrollment in that program, and further adjustments may be necessary.

I bring this up because lifting the enrollment cap in the second year theoretically could increase the need for additional General Fund and Title XXI funds to purchase vaccines for FY 2007. Based on the additional caseload, the state match for additional Title XXI funds would be approximately \$86,000. At this point, staff does not recommend any additional General Fund support because the assumptions for additional General Fund and Title XXI dollars for the second year of the biennium is based on a number of variables. In this account, vaccine costs for immunizing children varies based upon the age of the child. The Division has many resources available to purchase vaccines. In the Appropriations Act, we have generally included language that allows the Division to move General Fund appropriations in the immunization budget between fiscal years. In addition, the money committees have historically issued a Letter of Intent, which is on page 12 of [Exhibit D](#), that specifically indicates the Division can proceed forward to the Interim Finance Committee (IFC) with a request for Contingency Fund appropriations if they run short in their immunization budget. At this time, staff does not recommend additional General Fund support for this account.

Item 2 on page 11 of [Exhibit D](#) is new information received a few weeks ago. The Division indicates there is a possibility of a new vaccine that would be introduced into the childhood immunization schedule. That vaccine is called Menactra. The Division anticipates that as early as July, this new vaccine will be introduced and they anticipate the federal government will participate in its purchase. The money committees have historically issued a Letter of Intent, a copy of which is found on page 12 of [Exhibit D](#), that would require the Division to appear before the IFC to discuss the new vaccine and its long-term fiscal implications prior to introducing it into its immunization schedule. Staff recommends that Letter of Intent be issued for the upcoming biennium.

E-710 Replacement Equipment – Page HEALTH-75

The technical adjustments shown on page 11 of [Exhibit D](#) deal with new information on computer hardware pricing. The account recommends new software and hardware. It includes seven PCs, five in FY 2006 and two in

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FY 2007, two laptops and one printer. Technical adjustments have been made to reflect the new pricing.

CHAIR LESLIE:

I am comfortable with staff's recommendation including the Letter of Intent. Immunizations are so important that we have to allow this agency to come back if things change. With Menactra, we will need to know, once staff knows, more about what strings are attached to the federal funding dollars.

SENATOR RAGGIO:

The motion should be to approve the budget together with the budget amendment that eliminates the cap with the appropriate Letter of Intent as suggested to allow the agency to come to the IFC.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3213 WITH STAFF RECOMMENDATIONS AS OUTLINED ON PAGES 10 AND 11 OF [EXHIBIT D](#) INCLUDING LETTERS OF INTENT FOR BOTH AN INCREASE IN IMMUNIZATION FUNDING AND THE POTENTIAL EFFECT OF MENACTRA, AND TO ELIMINATE THE ENROLLMENT CAP.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR CEGAVSKE:

Please turn to page 13 of [Exhibit D](#).

HR, WIC Food Supplement – Budget Page HEALTH-109 (Volume II)
Budget Account 101-3214

CHAIR CEGAVSKE:

Staff recommends closing the budget with technical adjustments. Mr. Abba will discuss the budget account.

MR. ABBA:

On page 13 of [Exhibit D](#), I have provided updated information on the projected participants, by category, that will be served for the upcoming biennium. The performance indicators in the *Executive Budget* are not accurate.

E-710 Replacement Equipment – Page HEALTH-112

The only closing issue on this account is found on page 14 of [Exhibit D](#). The *Executive Budget* provides a significant amount of funding for computer replacements for the upcoming biennium. It includes replacing 25 PCs each fiscal year of the biennium and 9 servers for each fiscal year of the biennium in addition to 4 laptops. The Women, Infants and Children (WIC) program has 36 clinic sites, and the program purchases all computers and servers for each of those sites. Some of these sites are not state operated, but the Division believes having a uniform inventory of computer equipment helps maintain a viable

program. The technical adjustments are made to pricing based on new information we have received. Staff concurs with this particular request.

One additional item is there are seven positions eliminated in the Base Budget. The WIC program is undergoing a number of organizational changes, primarily because of moving to community-based organizations versus state-operated clinics. Additionally, the introduction of the Electronic Benefit Transfer (EBT) system has had an effect on their operations. During the upcoming biennium, the WIC program may be coming before the IFC for work program changes that involve personnel modifications. This budget also includes \$600,000 in the Base Budget for each fiscal year to continue implementation of the EBT system. Rollout is currently in effect in Clark County, and the Division anticipates going statewide sometime during the upcoming biennium.

SENATOR RAGGIO:

You indicate there are 7.02 classified positions being eliminated. There are presently 19.77 full-time equivalencies (FTEs).

MR. ABBA:

That is correct.

SENATOR RAGGIO:

It does not show any reduction.

MR. ABBA:

The actual reduction occurs in FY 2005.

SENATOR RAGGIO:

There were 26.79 positions previously. Is that correct?

MR. ABBA:

That is correct.

SENATOR RAGGIO:

Eliminating the positions eliminates the salaries. Is that correct?

MR. ABBA:

That is correct.

SENATOR RAGGIO:

Do the community-based organizations receive compensation?

MR. ABBA:

Yes, the Health Division will have contracts with the various community-based organizations that operate clinic sites for them.

SENATOR RAGGIO:

Is there any savings? Is there a reason why they have moved to community-based organizations? Is it more program or more cost effective?

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MR. ABBA:

I do not believe there is cost effectiveness in terms of a cost reduction, but in terms of having presence in an area through community-based organizations, that has made the program more program efficient. The community-based organizations employ staff the Division has had a difficult time recruiting and retaining, including dietitians.

SENATOR RAGGIO:

That makes sense. Is there full accountability of community-based organizations? I ask because we are dealing with a lot of money.

ALEXANDER HAARTZ, M.P.H. (Administrator, Health Division):

Yes, we enter into a sub-grant agreement that has the full effect of a contract and there is performance monitoring as well as fiscal monitoring.

ASSEMBLYWOMAN GIUNCHIGLIANI:

I am looking at the population served versus what was in the *Executive Budget* on page 13 of [Exhibit D](#), and the numbers have been adjusted upward. I do not remember why.

MR. HAARTZ:

It was a mistake on our part when we prepared the agency request, and it was not corrected. The correct numbers for populations served are the 56,000 and the 60,000 shown on page 13 of [Exhibit D](#).

ASSEMBLYWOMAN GIUNCHIGLIANI:

Even though we had an actual population served of 11,939 for women, 12,909 for infants and 21,369 for children, as shown on page HEALTH-109 of the *Executive Budget*, you are projecting these increases by what percent?

MR. HAARTZ:

I cannot tell you the exact percentage, but the WIC program statewide is on target to serve the projected number of individuals indicated on page 13 of [Exhibit D](#).

ASSEMBLYMAN DENIS:

Does accountability include an audit of some type, at some point, such as every other year?

MR. HAARTZ:

Yes, one by the Health Division staff, and WIC is required to comply with the Single Audit Act at the federal level.

CHAIR LESLIE:

We have been using community-based organizations for some time, and in the Reno area, it provides better access than we would have at one central location. I support the movement toward community-based sites.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3214 WITH STAFF RECOMMENDATIONS AND TECHNICAL ADJUSTMENTS AS OUTLINED ON PAGES 13 AND 14 OF [EXHIBIT D](#).

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ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR CEGAVSKE:

We will move on to the next budget.

HR, Emergency Medical Services – Budget Page HEALTH-115 (Volume II)
Budget Account 101-3235

CHAIR CEGAVSKE:

This budget account is on page 15 of [Exhibit D](#), and Mr. Atkinson will discuss this account. There are no major closing issues, and staff recommends the account be closed as adjusted.

E-710 Replacement Equipment – Page HEALTH-117

MR. ATKINSON:

In the Emergency Medical Services account the adjustments are all related to computers and computer pricing due to a reduction in the price of printers shown under decision unit E-710.

MR. ATKINSON:

I will provide an explanation of the recommendation to add \$5,220 to the account. At the time the *Executive Budget* was developed, the price of personal computers was approximately \$1,700. The Health Division found someone who would lease computers to them for \$555 a year. Based on that, and the thought that computers are replaced about every three years, the Health Division built into their budget and the Governor recommended funding to lease the computers starting in FY 2007. The Health Division would pay the leasing costs in FY 2008 and FY 2009. The most recent pricing from the Purchasing Division indicates the price of PCs is down to \$1,135. With that in mind, the \$555 leasing cost seems excessive. Staff is recommending funding be placed in the account to purchase computers instead of lease them. While it means the addition of \$5,220 to FY 2007, it also means that in the 2007-2009 biennium, \$9,990 in leasing costs would not be required. The price of Ethernet switches and the price of the three requested laptops in each year of the upcoming biennium have been adjusted to the most recent pricing available from the Purchasing Division. Staff recommends the account be closed as adjusted.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3235 AS ADJUSTED AND OUTLINED ON PAGES 15 AND 16 OF [EXHIBIT D](#).

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR CEGAUSKE:
Please turn to page 17 of [Exhibit D](#).

HR, Health Alcohol & Drug Rehabilitation – Budget Page HEALTH-121
(Volume II)
Budget Account 101-3170

CHAIR CEGAUSKE:
There are no major closing issues in this account.

MR. ATKINSON:
We are recommending this account be closed as recommended by the Governor. However, there are a couple of items to which I would like to call your attention.

M-303 Occupational Studies/Salary & Fringe Rate Adj – Page HEALTH-123

MR. ATKINSON:
In module M-303, the occupational study recommended that the rehabilitation program specialist series be eliminated, and in so doing, caused reclassification of the rehabilitation program specialist I position to a health program specialist I position which is a reduction in grade from 36 to 35. I need to make the Subcommittee aware of the fact that this reduction is built into the budget, and there are reduced payroll costs in the budget. However, in accordance with the State Administrative Manual, whenever a position is involved in a reclassification study and the position is downgraded, the incumbent is entitled to a retained rate for two years. The incumbents in those positions will receive the same rate of pay for the next two years. It could result in a shortage in that account, if every position were filled every day of the year. That is quite unlikely. In the past, there were enough staff vacancies to make up for any shortfall this might create.

M-502 Federal Mandate – Page HEALTH-125

There has been much discussion over the last two biennia of the Maintenance of Effort (MOE) requirements in this account. For the upcoming biennium, the MOE for the future years is fixed in the Governor's recommended budget in decision unit M-502. The amounts recommended in M-502 will meet the MOE requirement for the Substance Abuse Prevention and Treatment (SAPT) block grant.

For the current year, under No. 2 on page 18 of [Exhibit D](#), Senate Bill (S.B.) 89 recommended a supplemental appropriation of \$521,620.

SENATE BILL 89: Makes supplemental appropriation to Department of Human Resources for unanticipated shortfall in money for Fiscal Year 2004-2005 resulting from increased cost of maintenance of effort requirement for Substance Abuse Prevention and Treatment Block Grant. (BDR S-1190)

MR. ATKINSON:
When the Senate Committee on Finance looked at that appropriation, they amended the amount in the bill to \$261,620 and directed that \$260,000 of the

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current year collections from the MAXIMUS funding be applied to that MOE. The total MOE would still be met; however, some of it would be met with MAXIMUS funding. That bill, as amended, was approved by the Senate on March 30, 2005, and it is currently in the Assembly Committee on Ways and Means.

E-250 Working Environment and Wage – Page HEALTH-125

MR. ATKINSON:

Decision unit E-250 adds the continuation of the grant that was on the 45-day approval listing at the January 12, 2005, IFC meeting.

Generally adjustments are made any time new computers are purchased. We have talked about the most recent pricing by the Purchasing Division. It happened that pricing for the printers requested in this budget did not change. Therefore, there is no adjustment for that.

In the work session, and the meeting the week before, there was discussion about caseloads in the Bureau of Alcohol and Drug Abuse (BADA) programs. Staff points out that, historically, the General Funds included in this budget account are included to meet the MOE. The growth that has occurred over time in that account has been due primarily to the growth in the SAPT block grant. If any additional funds were to be added to this account now or in the future, staff reminds you those would have to be continued into future biennia to meet the MOE.

CHAIR LESLIE:

There are a couple of issues in this account from the Assembly side. First, on item No. 2 on page 18 of [Exhibit D](#), we heard S.B. 89 yesterday, and I do not believe there is any objection to the amount of the supplemental, but I know Assemblyman Lynn Hettrick objected, and I did as well, to the Senate plan to use the MAXIMUS unilaterally for this particular purpose. We had a list of things the Legislature agreed to fund last time. The MAXIMUS money did not come in at the level we had expected, but there is a certain amount of money in there. I know we will be discussing that on Thursday when we close the Department of Human Resources (DHR) Administration budget, and I know Assemblyman Hettrick wants to make a statement, as well as one other Assembly member. Nevada Elder Count has already approached me saying they would like their money. I think we can close this budget with the amount indicated and argue about the funding later.

Regarding the issue on caseload growth, we had a discussion that this is one of the few, if not the only, DHR budget that does not allow for caseload growth. I asked the Alliance for Addictive Disorders Advocacy, Prevention and Treatment Services (AADAPTS) group to come forward with a proposal. I believe they have one. I do not know if you want to hear that now or if we should hold this budget. I would like to hear their proposal sometime today.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Because the MAXIMUS money was insufficient, we created a list of priorities last time. Now that the money is coming in, we should stick to that list rather than create a new list of where to utilize the money. I would agree we could

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recommend closing this, as long as the amount is correct, and we can argue about whether the funding should be from MAXIMUS or General Funds later. I would say it should be from General Funds at this point.

SENATOR RAGGIO:

The big issue in closing this budget is that the reason for the large increase in General Funds is due to the MOE. I do not know that this is the place to debate S.B. 89, but there is only so much money. There is no MAXIMUS money coming in. We have to provide for that amount in FY 2005, and in discussing it with the director, we decided that was as good a place as any for it. If we do not put it there, we are going to have to use General Funds.

CHAIR LESLIE:

We are aware of that, but the amount of money in MAXIMUS right now, the cash in hand, is enough to fund the things on the list. We are going to talk about that on Thursday. My suggestion would be to go ahead and close it with General Funds. On Thursday, we can vote on the MAXIMUS issue. Alternatively, my other suggestion is to hold this whole budget because I still want to hear from the AADAPTS people about the caseload growth.

SENATOR RAGGIO:

I am missing the point. That has nothing to do with this budget.

CHAIR LESLIE:

The amount of the supplemental. We can close it with General Funds.

SENATOR RAGGIO:

The supplemental is not before us today. My point is, if you will note, the General Fund increased dramatically because of the need to maintain effort. The issue of how we fund FY 2005 is not before this Subcommittee.

CHAIR LESLIE:

I understand what you are saying.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3170 AS RECOMMENDED BY THE GOVERNOR.

SENATOR TITUS SECONDED THE MOTION.

CHAIR LESLIE:

The Assembly is going to hold this budget.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

ASSEMBLY: THE ASSEMBLY IS HOLDING THE BUDGET.

CHAIR CEGAVSKE:

Please turn to page 19 of [Exhibit D](#).

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HR, Health Alcohol Tax Program – Budget Page HEALTH-129 (Volume II)
Budget Account 101-3255

CHAIR CEGAVSKE:

There are no major closing issues in this account. Staff is recommending the account be closed as recommended by the Governor. I would accept a motion.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3255 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR CEGAVSKE:

The next budget we will address is on page 20 of [Exhibit D](#).

HR, Health Public Health Tobacco Fund – Budget Page HEALTH-131 (Volume II)
Budget Account 263-3212

MR. ABBA:

There are no closing issues in this account. Staff recommends the budget be closed as recommended by the Governor. On page 21 of [Exhibit D](#) is information provided by the Division that shows allocation of available tobacco settlement funds for the upcoming fiscal year and the allocation of tobacco settlement funds that occurred in the current fiscal year. In this account, the only monies that can be allocated from tobacco settlement monies is the interest earned on the fund. The interest is projected to be approximately \$727,000 in FY 2006 and \$957,000 in FY 2007.

The only other information I would like to share is that currently, in the fund that is maintained by the Treasurer's Office, there is approximately \$21 million in proceeds, and the Treasurer anticipates a settlement payment this Friday of \$3.8 million. That would raise the fund level to approximately \$24.8 million.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 263-3212 AS RECOMMENDED BY THE GOVERNOR.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR CEGAVSKE:

We will move on to the Public Defender budget.

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PUBLIC DEFENDER

HR, Public Defender – Budget Page PUB DEF-1 (Volume II)
Budget Account 101-1499

CHAIR CEGAVSKE:

There are some closing issues in this account, and we have Mr. Rick Combs here to assist. Please look at pages 22 through 25 of [Exhibit D](#).

RICK COMBS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Subcommittee will recall the operating expenditures for the Public Defender's budget are funded through a combination of county fee revenue for the participating counties and General Fund appropriations. That breakout has always been determined based on the percentage of time the positions in the account spend on state versus county issues. The post-conviction relief expenditures are funded entirely with General Funds. At the Subcommittee hearing on March 25, 2005, the Budget Division indicated the expenditures for post-conviction relief were funded in part with county fee revenues. Since statute requires they be funded with all General Funds, they submitted *Executive Budget* Amendment No. 57 that proposes to increase the General Fund appropriation by \$397,000 each year. The amendment was based on the Budget Division's determination that the non-post-conviction relief expenditures should be funded 51 percent with county fee revenue and 49 percent with General Funds.

In response to a request by the Subcommittee to find a way to reduce that amount of money, the Department of Human Resources provided time records for the past five fiscal years. Those time records indicated that, on average, the Budget Division has spent approximately 80 percent of its time on duties that should be funded by the counties and approximately 20 percent of its time on duties that should be funded by the state. Historically, that breakout in the budget has been between 40- and 50-percent General Fund rather than the 20-percent General Fund indicated by those time records. Although it would not be inappropriate for the Subcommittee to recommend closing the budget using the 80-percent/20-percent split, there is an issue that causes that to be somewhat troublesome.

On December 1, 2004, the public defender notified the participating counties of their projected budgets for the next biennium. When they were notified of that fact, the only number they had to use at that point was the agency request. The agency request number, because the post-conviction relief expenditures were funded entirely with the General Fund in the agency request, was much lower than it would have been had the number the Governor recommended been used. Because of this, and the fact that the counties are currently preparing their budgets for the next fiscal year, I have a different recommendation for closing the budget in each year of the biennium.

For FY 2006, I would recommend an allocation rate of 53-percent county fees and 47-percent General Funds. The reason for these percentages is once the post-conviction relief expenditures are funded completely with General Funds, this is the percentage breakout that is necessary to ensure that the amount

communicated to the counties does not increase. The recommendation for the second year, FY 2007, given there would be an additional year for the counties to plan for an increase in public defender services expenditures, would be to use a percentage breakout that would move closer to the 80/20 split. At that point, I would recommend a Letter of Intent to the participating counties indicating next biennium they use an allocation, based on the time records for the past five years, of 80/20. By that time, it may be a different percentage, but it should be somewhere in that neighborhood.

On page 24 of [Exhibit D](#), I have listed three separate options for funding percentages, 60/40, 65/35 and 70/30. You will notice that even though we are increasing the percentage of the budget allocated to the county, the county fees are actually going down. That is because the post-conviction relief expenditures were funded in the budget using some county fee revenue instead of General Fund. I list the county fees impact, the General Fund impact of each option and the percentage change in the amount that was communicated to the counties prior to December 1, 2004. You will notice it exceeds 15.4 percent at a 60/40 split, 25 percent at a 65/35 split and a 34.7-percent increase if you use the 70/30 split. Because the 65/35 split is halfway to the goal of 80/20, that is the one I have used to make adjustments in the budget. This is a decision for the Subcommittee to make.

You asked me to look into the post-conviction relief expenditures for FY 2005. They do not appear to be at the same level they were in the past. Therefore, we hoped we could reduce that expenditure category as a way to save some General Funds we were adding to cover the fact the post-conviction relief expenditures were partially funded with county fees. Unfortunately, my review and information provided by the Budget Division and the agency indicates that in addition to the expenditures I was seeing in the budget account, there have also been over \$1 million in stale claims, chargeable to that account over the past five years. That means the actual post-conviction relief expenditures for FY 2004 were over \$1 million. Based on this review, I cannot recommend lowering the post-conviction relief expenditures from what they are in the *Executive Budget*.

E-710 Replacement Equipment – Page PUB DEF-3

E-811 Unclassified Changes – Page PUB DEF-4

Some other closing issues in the budget include four laptop computers for replacement in the first year of the biennium at a cost of approximately \$11,000. Those prices were reduced based on the updated purchasing information. Additionally, there are unclassified salary increases in E-811.

M-305 Unclassified and Non-Classified 2% COLA – Page PUB DEF-3

MR. COMBS:

Decision unit M-305 has been adjusted. The county fee revenue for that decision unit was inaccurately reflected as Sale of Reports revenue. That has been changed.

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SENATOR TITUS:

Why have the post-conviction relief expenditures been increasing? Is it the result of some policy change made in the Senate Committee on Judiciary?

MR. COMBS:

The increase in the post-conviction relief expenditures is possibly due to increased sentencing requirements which would give inmates more time on their hands to come up with these types of complaints.

SENATOR TITUS:

That makes sense. Sometimes when we consider these budgets, we do so as if in a vacuum; we look only at the numbers as opposed to how they relate to other policy issues. We need to make those connections as often as we can.

CHAIR CEGAVSKE:

In discussing the post-conviction situation and the stale claims, we considered whether to legislate a time line to move the process along.

SENATOR RAGGIO:

I would like to thank Mr. Combs for the analysis. We are dealing with the smaller counties, and Mr. Combs' analysis is a good one. We are committed to the state providing the post-conviction relief, and Mr. Combs' suggestion brings a reasonable way to phase in his recommendation. For FY 2006, we should continue for the reasons indicated with the 53-percent/47-percent split. For FY 2007, I would suggest the 65-percent/35-percent allocation.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-1499 WITH NON-POST-CONVICTION RELIEF EXPENDITURES IN FY 2006 BEING FUNDED 53 PERCENT FROM COUNTY FEES AND 47 PERCENT FROM GENERAL FUNDS WITH NON-POST-CONVICTION RELIEF EXPENDITURES IN FY 2007 BEING FUNDED 65 PERCENT FROM COUNTY FEES AND 35 PERCENT FROM GENERAL FUNDS; THE INCORPORATION OF BUDGET AMENDMENT NO. 57; AND THE ISSUANCE OF A LETTER OF INTENT TO THE PARTICIPATING COUNTIES NOTIFYING THEM OF THE EXPECTATION THEY WILL FUND FULLY THE SERVICES THEY RECEIVE BEGINNING WITH THE 2007-2009 BIENNIUM.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR CEGAVSKE:

The last budget account is the Indian Commission Account.

INDIAN COMMISSION

Indian Affairs Commission – Budget Page INDIAN-1 (Volume II)
Budget Account 101-2600

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CHAIR CEGAVSKE:

There are no major closing issues for this account, but we will have Mr. Combs go through this for us.

MR. COMBS:

The first item under Other Closing Items on page 26 of [Exhibit D](#) concerns a couple of grants received by the Indian Commission from the Health Division in the current biennium. Those were not continued in the *Executive Budget*. Through discussions with the Health Division, we realized the funding was in those budgets to transfer out to the Indian Commission, and we added those amounts. It is an equal amount of revenue and expenditures, and there is no impact to the General Fund for the budget.

In the second item, there has been a substantial increase in the building rent in the Base Budget. I do not have a recommendation regarding this, I merely wanted to notify the Subcommittee of this fact. There are two employees in this account, and the rent is \$30,227 in each year of the biennium for state-owned building rent expenditures. The Indian Commission moved into Building No. 3 at the Stewart facility during the current biennium. They were in non-state-owned space in Reno prior to that time. Building No. 3 has a deed restriction that requires the building to be used for the preservation of artifacts related to the Indian School at the Stewart facility. Those artifacts had previously been taken care of by the Carson City Urban Indian Consortium, and I believe that group has disbanded. The Indian Commission agreed to assume that responsibility and, in return, move into the facility. Currently, they are using approximately 75 percent of the space in the building for which they are being charged rent. Once the artifacts are taken out of storage and displayed in the building, they will use the entire facility.

E-811 Unclassified Changes – Page INDIAN-3

This budget account has an E-811 decision unit in it concerning the Governor's unclassified pay adjustment.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-2600 AS RECOMMENDED BY STAFF ON PAGES 26 AND 27 OF [EXHIBIT D](#).

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

JEANETTE BELZ (Nevada AADAPTS):

I will read from my written testimony, BADA Budget Closing, April 12, 2005, Jeanette Belz, NV AADAPTS ([Exhibit E](#)). Nevada AADAPTS is a private, non-profit organization whose members provide prevention, treatment and intervention services to persons with addictive disorders. These services are partially funded by BADA. I previously testified before this Subcommittee regarding the BADA budget and the importance of appropriate funding to meet the growing needs of alcohol and drug abuse services in Nevada. In the

year 2004, over 1,900 individuals waited at least 30 days to access services due to lack of funding. There are also long waiting lists in the rural areas for outpatient services. The ideal solution of the growing demand for services is to caseload adjust. We understand this policy is not currently applied to BADA in its budget development.

Caseload adjustments must be implemented in the next biennium. During the interim, AADAPTS is respectfully requesting an appropriation of \$1.5 million in each year of the next biennium. With these funds, BADA would be able to provide services for up to 1,280 people who could receive at least 90 days of outpatient services. In addition, it is our understanding we might be able to receive matching Medicaid funds for some of the clients. My understanding is that estimates are as high as 30 percent for the individuals who could be eligible for matching Medicaid. That would further extend the benefit of the dollars you would be appropriating. I appreciate your consideration of our request, and I would be happy to contact some of our representatives if you have questions about waiting lists.

CHAIR CEGAVSKE:
There being no further business to come before the Subcommittee, the meeting is adjourned at 9:07 a.m.

RESPECTFULLY SUBMITTED:

Jo Greenslate,
Committee Secretary

APPROVED BY:

Senator Barbara Cegavske, Chair

DATE: _____

Assemblywoman Sheila Leslie, Chair

DATE: _____