**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Fourth Session
February 6, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr., at 8:10 a.m., on Tuesday, February 6, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Mr. Morse Arberry Jr., Chair
Ms. Sheila Leslie, Vice Chair
Mr. Mo Denis
Mr. Joseph Hogan
Mrs. Ellen Koivisto
Ms. Kathy McClain
Mr. David R. Parks
Mrs. Debbie Smith
Mrs. Heidi S. Gansert
Mr. Tom Grady
Dr. Joseph P. (Joe) Hardy
Mr. John W. Marvel
Ms. Valerie E. Weber

COMMITTEE MEMBERS EXCUSED:

Ms. Barbara E. Buckley

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Christine Bashaw, Committee Secretary
Patricia Adams, Committee Assistant

Chairman Morse Arberry Jr. welcomed everyone to the first official meeting of the Committee on Ways and Means and introduced his office staff.

Mark Stevens, Assembly Fiscal Analyst, Legislative Counsel Bureau, provided a draft of the Committee Rules (Exhibit C) for review and approval by the members.

> ASSEMBLYMAN JOHN MARVEL MOVED APPROVAL OF THE COMMITTEE RULES AS DRAFTED.
>
> ASSEMBLYMAN DAVID PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED.

Mr. Stevens stated tomorrow would be the last of the overview budget hearings. The budgets heard in an overview hearing would be sent to subcommittee for a more detailed review. Budgets not heard in overview hearings would be heard by the Committee on Ways and Means starting today. Most budgets that were reviewed in full committee have only one hearing scheduled and could mean only one opportunity for Committee members to ask questions before the budgets are closed. If there were questions or substantive issues, the Committee could choose to bring some of the budgets back for a second hearing.

Mr. Stevens outlined the Committee's work schedule beginning the following week when joint subcommittee meetings would begin. He also advised two joint subcommittees meetings would be working at the same time. Tuesday, Thursday and Fridays are scheduled for joint subcommittee hearings and Mondays would be scheduled for hearing bills in Ways and Means.

Additionally, Mr. Stevens indicated that binders with "Expanded Program Narratives" which would supplement information in The Executive Budget were currently being compiled. New Committee members would receive their own set of "Expanded Program Narratives," and a set would be placed in Room 3137 for the veteran members of the Committee.

Mr. Stevens stated that there would also be a complete set of binders near the window in Room 3137 containing detailed information on The Executive Budget and, if Committee members needed assistance, staff would be able to help.

Mr. Stevens continued explaining that a bill explanation would be provided for every bill that was passed out of Committee and would be contained in a binder at the Committee member's desk on the Assembly Floor. The Chairman usually assigns a Committee member to discuss the bills on the Assembly Floor that have passed out of Ways and Means. He also reported that The Fiscal Report would be available in Mid-February which would be a big picture analysis of what was in The Executive Budget including:

- Revenue projections.
- One-shot supplemental appropriations.
- The Capital Improvement Program.
- The number of positions recommended in the budget.
- A narrative description of the major budget accounts within The Executive Budget.

Mr. Stevens reported that he and Steve Abba, Principal Deputy Fiscal Analyst, would provide information to the Committee that outlines which budgets were recommended to be closed by the full Committee, which budgets were recommended to be closed by joint subcommittee, and which budgets were the responsibility of staff for developing closing recommendations. Once that list was out, it could be reviewed and budgets could be interchanged. If the Committee did not feel that the staff should have responsibility for making recommendations on closing a budget, the budget could be moved to subcommittee or full Committee responsibility, or vice versa. The staff budgets are usually very small ones that have not had issues in past Legislative Sessions, and Fiscal staff developed a closing recommendation to bring back to the subcommittee or full Committee for review and approval. Mr. Stevens commented that this list would be given to members in a few days.

Mr. Stevens apprised members of upcoming agendas and budgets. He also reminded Committee members to ask if there were questions on any budgets.

Chairman Arberry explained the confidential nature of and use of the budget highlights to the Committee members. He reminded the Committee that meetings would start every day at 8:00 a.m. unless otherwise notified.

REVIEW OF LEGISLATIVE AUDIT SUMMARIES

Paul Townsend, Legislative Auditor, Audit Division, Legislative Counsel Bureau, identified himself for the record and introduced Steve Wood, Chief Deputy Legislative Auditor, Audit Division, Legislative Counsel Bureau. Mr. Townsend recognized the efforts of the Audit Subcommittee that met over the interim and remarked that a lot of work went into reviewing the reports, hearing testimony, and particularly, on the audit follow-up, making sure the agencies returned to meetings and implemented the audit recommendations. Over the last two years, the Audit Division had identified $32 million in savings to agencies, revenues enhancements, or cost savings as a result of implementing this Division's prior audit recommendations.

Mr. Townsend referred to the Legislative Counsel Bureau, "Audit Report Summaries" document (Exhibit D). The table of contents in the exhibit shows the page of the particular Audit Highlight or Summary and the corresponding page in The Executive Budget where the budget could be found. Mr. Townsend went through a couple of the more significant audits completed during the last interim.

On Page 8 of the exhibit, there was an audit highlight on the Department of Taxation. The purpose of the audit was to determine if the Department implemented procedures to ensure the Insurance Premium Tax and the Real Property Transfer Tax were collected accurately, equitably, and in accordance with all applicable laws and regulations. Mr. Townsend commented that the audit found the current processes and controls utilized by the Department for the administration of these taxes did not always ensure they were correctly administered and the taxes appropriately received. Specifically, for the Insurance Premium Tax, the Audit Division found the Department failed to collect approximately $16 million in taxes between tax years 2000 to 2004. The department also allowed $1.1 million to be inappropriately refunded or lost because of the statute-of-limitations. Mr. Townsend referred to Page 9 where the Committee would see the Department's 60-day plan of corrective action. In this plan, the Department of Taxation outlined what was planned to remedy the weaknesses the Audit Division identified. This included developing some detailed policies and procedures for the administration of the Insurance Premium

Tax, including the training of staff and better guidance to taxpayers. This plan was then signed by the Executive Director indicating the Department had accepted all the recommendations and was moving forward with corrective actions.

The next audit Mr. Townsend wanted to discuss was on Page 88 of the exhibit. It was the audit of the Division of Mental Health and Developmental Services. This audit focused on the developmental services side of the agency. The objective of the audit was to determine whether the Division had maximized federal reimbursements for the cost of providing developmental services. The audit found the Division could have obtained additional federal funds by improving its rate-setting and billing processes. Specifically, the Division could have collected about $1.1 million in additional federal funds if case management services had been appropriately billed. On page 89 of the exhibit, the Committee could review a 60-day plan of corrective action that was signed by the Administrator of the Division. Mr. Townsend pointed out on page 90 of the exhibit under recommendations, one of the corrective actions, which was to work with State Medicaid representatives to re-bill, the Division indicated that they had recalculated the rates, resubmitted the bills to Medicaid, and had already received the retroactive check. To date, the Division had received over $1 million in retroactive payments as a result of the audit recommendations.

Mr. Townsend directed the Committee's attention to Page 99 of the exhibit, the Department of Corrections, Inmate Medical Services. This audit focused on the Department's pharmacy operations and found there were significant weaknesses that involved key functions including the control of drug inventories, distribution of drugs to institution medication rooms, and monitoring of operations. The pharmacy had not established adequate records to account for the use of all controlled substances distributed to the institutions. The pharmacy could not locate about one-third of the controlled substance forms which were critical in making sure drugs were properly accounted for. A large number of those "lost" forms occurred at Southern Nevada Women's Correctional Facility. Forty of the controlled substance forms the audit was looking for, covering 1,000 doses of phenobarbital, could not be located when requested. After the completion of the audit, the Department of Corrections located the forms and indicated that they had been misfiled. This was discussed at an Interim Finance Committee (IFC) meeting because the inadequacy of the records had been reported to all members of the Legislature, the Governor, and the Attorney General. An investigation was requested, and the Attorney General made a referral to the Department of Public Safety, Investigation Division. Concurrently, the Director of the Department of Corrections also wanted an independent investigation. The IFC, as well as Assemblywoman Leslie, at an Audit Subcommittee meeting, asked Mr. Townsend to provide an update on the investigation as it progressed. Mr. Townsend reported he had not yet received a final written report but had discussions with the investigators. The investigators indicated they had found no evidence of any criminal activity or criminal diversion of drugs, but what was found was a very flawed process and recommendations were being made to Department of Corrections to help them improve. Between the investigator's recommendations, the audit recommendations, and the efforts of the Director and Medical Director, this problem should be remedied. For this audit, the 60-day plan of corrective action would be due March 14, 2007. The Department of Corrections indicated it would accept the findings and take corrective action. There would be a six-month report on the status of the recommendations prepared by the Department of Administration that would be taken back to the Audit Subcommittee in September. Mr. Townsend stated he would keep communications open throughout the session.

Mr. Townsend concluded that he looked forward to working with the Audit Subcommittee and will be in communication about what was found in the audits, what was in the highlights, and any new information.

ELECTED OFFICIALS—GOVERNOR
OFFICE OF THE GOVERNOR (101-1000)
BUDGET PAGE ELECTED-1

Mr. Mark Stevens, Assembly Fiscal Analyst, Legislative Counsel Bureau, stated that the Governor's Budget Division provided the Fiscal Analysis Division with revised budgets for the Office of the Governor (Exhibit E) and the Governor's Mansion Maintenance account (Exhibit F) which was copied and provided to the Committee members. Mr. Stevens explained the front of the exhibit included a page of narrative, then eight to ten pages of detailed reports, and the last four or five pages were in The Executive Budget format. Mr. Stevens explained the "Governor Recommends" columns were the amounts included in the budget. The "2007-2008 Adjustments" and "2008-2009 Adjustments" columns were the revised Governor's recommendations.

Chairman Morse Arberry, Jr. questioned whether that was a revision of the budget. Mr. Stevens explained, as he understood it, this would be a revision of what was included in The Executive Budget for the Office of the Governor and Governor's Mansion Maintenance Account.

Andrew Clinger, Director, Department of Administration introduced himself and Elizabeth L. Barber, Deputy Director, Department of Administration. Ms. Barber would go through the Governor's Office Budget and the Governor's Mansion Maintenance Account followed by the budgets for the Office of Consumer Health Assistance and the Energy Office. Mr. Clinger then turned it over to Ms. Barber for the formal presentation.

Chairman Arberry wanted to comment before the presentation started that he had spoken to the Governor about a week ago about the revisions to The Executive Budget. The session will last 120 days, so if repeated revisions were submitted to Fiscal staff at some point they would have to be cut off to give the Committee a reasonable budget amount to consider. Chairman Arberry conceded that Mr. Clinger was new to his position and so was the Governor, but the Committee could not review revisions everyday.

Mr. Clinger answered that he understood completely. He then stated there were 424 accounts in The Executive Budget and he had spent a lot of time with the Governor, but the Governor did not have a hand in all of the accounts. Mr. Clinger continued that there could be items that come up that the Governor disagrees with and that could lead to revisions. Mr. Clinger went on to say that he will certainly try to keep revisions to a minimum and keep them clear and concise as possible. Chairman Arberry appreciated that, and when information was given to the Committee, backup information was also needed so the Committee could ask informed questions.

Ms. Barber stated she was going over some of the changes to the budget and apologized that information was not presented to the Committee sooner. She explained that many of the items that originally went into the budget were place holders because of the time available before printing. Ms. Barber began with the changes in the Adjusted Base Budget in Personnel Services with the elimination of position numbers 22 and 23, as they were determined to be interim positions, and the addition of position number 24 which was the

Energy/Science Advisor position. Also, because most of the staff were just recently hired, longevity costs were removed.

Ms. Barber explained that within the Operating category, the budget recommended National Governors Association fees to be the same in Fiscal Year (FY) 2008 and FY 2009. An invoice was found that indicated in FY 2008 the fees would be $3,400 less. There was also an amount recommended for a copy machine which was not needed. The personnel and operating changes resulted in a savings to the adjusted base of $73,964 in FY 2008 and $79,359 in FY 2009.

Ms. Barber continued with maintenance items. The M300 and M304 decision units were for the recommended two percent and four percent cost-of-living-adjustment (COLA) as well as the fringe benefit adjustments. Those increase $5,572 in FY 2008 and $10,468 in FY 2009, due to realigning the fringe amounts back to the actual agency request.

Assemblywoman Sheila Leslie questioned the increase of the fringe benefits with a decrease in personnel. Ms. Barber responded that there were still increases in fringe benefits with retirement going up, and then deferred further explanation to Mr. Clinger.

Mr. Clinger explained that M300 represented the changes in all the fringe rates from FY 2007 to FY 2008 and FY 2009. The largest increase was for the retired group health insurance. Throughout the budget, this amount was increased $25 million per year to pre-fund the liability and that was done through an assessment to all agencies.

Ms. Leslie understood but still questioned that if payroll went down and fringe benefits were a percentage, how were there increases.

Mr. Clinger responded that this was not always the case. Group health insurance, for example, was a per month, per employee charge. What M300 reflected was the difference between the FY 2007 rate and what the projection rate was for FY 2008 and FY 2009. Ms. Leslie wondered whether Committee members had those details broken down because the amount just seemed too large. Mr. Clinger assured the Committee they should already have those details and, if not, they would be provided.

Ms. Barber continued with enhancements changes. Questions were raised after the new Energy/Science Advisor was chosen as to why that position was paid out of the Governor's Office Budget. It was proposed that the position be transferred from the Governor's Office to the Energy Office. Ms. Barber explained that Dr. Hatice Gecol, Energy/Science Advisor, should be at this meeting later and would be addressing the Committee.

Chairman Arberry requested clarification on transferring the position.

Ms. Barber explained it had been proposed to move the position to the Energy Office which was the office the Advisor actually supervised and changed from being a non-classified to an unclassified position. Ms. Gecol's travel and other related expenditures were already being paid from the Energy Office Budget. Ms. Barber further explained that it did not seem to make sense to have Ms. Gecol paid out of one account and then all of her ancillary costs paid out of another. Ms. Barber continued that this would also provide an opportunity to get more federal funding into that office.

Chairman Arberry inquired whether the Energy Conservation Budget that was to be heard later had already been amended, and wondered whether the position was in the Energy budget.

Ms. Barber clarified that the position was now located in the Governor's Office Budget Account (BA) 1000. The proposal was to move the position to the Energy Conservation budget.

Chairman Arberry asked whether the Energy Conservation budget would need to be revised, and Ms. Barber answered yes. Chairman Arberry asked when the Committee would have the revised budget.

Mr. Clinger answered that if the Committee did not have the information already that he would provide it today.

Mr. Stevens responded that he was not aware of receiving a revised Energy Conservation budget.

Assemblyman Mo Denis commented that it would be difficult for the Committee to review the Energy Conservation budget today without all the information.

Mr. Clinger responded that there were only two main changes to the Energy Conservation budget. The first was taking the Energy Advisor that was currently in the Governor's budget and transferring it to the Energy Conservation budget. The other recommended change was that the two grant analyst positions that were eliminated in the Energy Conservation budget were recommended to be added back. The reason those positions were eliminated was because they were federally funded and that funding had gone away. Mr. Clinger stated that he was not aware of any other changes.

Assemblyman Joseph Hardy heard the comment about making the position transfer to get more federal money, but he did not hear about how they were getting the federal money back.

Mr. Clinger answered that that they were not recommending the change in the Energy Conservation Budget to bring in federal funds. Mr. Clinger explained the recommendation was to eliminate the two grant analyst positions because the federal funding was no longer available and now wanted to reinstitute those positions paid for out of State General Fund monies. Mr. Clinger commented that the reason the Committee did not have these changes were because they were decisions that were made last week.

Ms. Barber concluded the information on the Governor's budget and asked for questions.

Ms. Leslie asked how many positions were in the Governor's Office with the revision. Ms. Barber answered that with the revision it went from the actual in FY 2006, which was 19 positions, to 22.53 positions. Ms. Barber referred to the last page of Exhibit E and commented that it incorrectly read 23.53, but that was because of the E900 transfer unit.

Ms. Leslie wondered whether this figure included the Energy Advisor and Ms. Barber answered yes, that this was after the position was moved. Ms. Leslie recalled that of the 22.53 there were 19 positions originally and questioned what the new positions were, what were they going to be doing, and why the Governor's office was expanding. Ms. Leslie was not able to tell from the revised budget what was being added.

Mr. Clinger responded that the Governor's office was mostly funded with non-classified positions. Ms. Leslie understood but wanted to know what the new positions were, and what they would be doing. Mr. Clinger explained that most of the new positions were related to Constituent Services, and he could provide a listing of positions. Ms. Leslie responded that it would be helpful if there were a list of all positions and what their functions were, with a star by the new positions so the Committee could see what was provided for in the expansion. Mr. Clinger also stated that positions were added, but overall salary stayed within the budget range. Ms. Leslie responded if the Committee added back the Energy Advisor for a comparison, she still sees an increase in personnel of 17.1 percent and felt that was substantial, and would like to know why. Mr. Clinger replied that the details could be provided on the positions recommended.

Mr. Denis questioned why most of the positions were for Constituent Services, and thought he had read somewhere that some part-time positions had become full-time. Mr. Clinger answered yes, there were additional positions related to Constituent Services. Mr. Denis confirmed that positions in Constituent Services were not being eliminated.

Chairman Arberry looked at a revised chart with personnel and stated the revised budget showed an increase of 17.1 percent in personnel costs, including the Energy Advisor.

Mr. Clinger replied this was the increased staff, as previously mentioned, relating to Constituent Services. When the new administration took office it structured the office differently from the previous administration, and this was reflected in the revised budgets. Mr. Clinger could provide the detail of what those positions were and what they would be doing.

Assemblyman John Marvel questioned whether the budget changes would show up on the legislator's laptop computers. Mr. Stevens believed that no revisions would be made on the laptops. This has not been done in the past, as paper versions of the revisions would be provided. Chairman Arberry confirmed the budget that was on the laptop is incorrect and would not change. Dr. Hardy wondered if a note could be attached to the budget in the computer. Mr. Stevens replied that it could be done by the member themselves. Chairman Arberry asked Mr. Clinger whether he saw the dilemma the Committee would have. Chairman Arberry then asked whether the revised budget the Committee had currently was going to change again or was this final. Mr. Clinger replied to the best of his knowledge this would be final. Mr. Clinger also offered his help with getting amended budget information put on the legislator's laptops.

ELECTED OFFICIALS—GOVERNOR
MANSION MAINTENANCE (101-1001)
BUDGET PAGE ELECTED-5

Ms. Elizabeth Barber, Deputy Director, Department of Administration addressed changes in the Governor's Mansion Maintenance Account (Exhibit F). The Adjusted Base Budget originally included 5 positions, that was reduced to 3.5 positions in the amended budget. The longevity costs were also deleted because the positions in the account were just recently hired.

Dawn Gibbons, the First Lady, requested that Out-of-State Travel be eliminated from the budget, and funds allocated to In-State Travel provided to pay for using the Nevada Department of Transportation (NDOT) plane when she flies between Carson City and Las Vegas.

Assemblyman John Marvel asked whether the In-State Travel was recommended to be continued during the upcoming biennium.

Andrew Clinger, Director, Department of Administration, clarified that the Out-of-State Travel was recommended to be eliminated for FY 2008 and FY 2009. Ms. Barber sat down with Mrs. Gibbons, and the changes were made per Mrs. Gibbons' recommendation. Mr. Marvel questioned whether the former Governor had used Out-of-State Travel. Mr. Clinger responded that it was used to a small extent because there were $555 in base expenditures.

In response to a question from Chairman Morse Arberry, Jr. concerning the reduction in travel costs for Mrs. Gibbons, Ms. Barber restated that money for Out-of-State Travel was eliminated. For In-State-Travel, the base of $1,360 was continued because Mrs. Gibbons wanted that amount left in the budget to pay for use of the state plane.

Ms. Barber continued with the maintenance portion of the budget, and indicated because of an increase in fringe benefits, there was a minor increase in costs. However, Ms. Barber had not realigned the COLA amounts in decision unit M304. She would work with staff to make sure whatever was asked for would be exactly what would be needed for increases in fringe benefits.

Assemblywoman Shelia Leslie asked whether the $5,818 recommended in M304 for fringe benefits in this account was incorrect. Ms. Barber answered yes the amount was incorrect, but the correction should be just a technical adjustment, and she would work with Gary Ghiggeri, Senate Fiscal Analyst. The amount may not change enough to be material. Ms. Barber had not reviewed it by position to make sure that everything was correct.

Ms. Leslie stated that when Mr. Clinger provided updated information on the fringe benefit changes she would like to review it. Mr. Clinger indicated that fringe benefit adjustments would not change the overall dollars, but thinks what Ms. Barber was referring to was that it may change how much was recommended in the M300 versus how much was recommended in the M304. It would just be a shift between the two decision units, but would not change the overall dollars. Mr. Clinger said he would provide details on what the $5,000 adjustment represents. Ms. Leslie continued and wanted clarification on what had been recommended in this account, and what was currently recommended. There appeared to be an increase, and what was the difference. In response, Ms. Barber stated there used to be three positions:

- Manager for the Mansion.
- Assistant to the Manager.
- Cook.

Ms. Barber continued that one-half position was added to help with the maintenance of the mansion. Staff was contracted to help clean; now one-half of a State position was requested to help with cleaning. Therefore, a half-time housekeeper was added to the positions just listed. Ms. Leslie questioned whether Mrs. Gibbons had a Chief of Staff. Ms. Barber answered no. To alleviate further confusion, the 3.5 positions were re-listed as follows:

- Administrative Assistant for the First Lady.
- Manager for the Mansion.

- Staff member who will help both the Administrative Assistant and Manager (half-time position).
- Cook.

The recommendation was amended from the 5 positions previously requested to 3.5 positions. Ms. Leslie questioned whether the "assistant" to the assistant was a half-time position. Ms. Barber confirmed that it was and believed the duties of the position would solidify more as time went by. Ms. Leslie commented that the Chief of Staff that people heard about was really an Administrative Assistant.

Ms. Barber continued with a budgetary change that adjusted equipment requests. Originally, the Department of Information Technology (DoIT) was not sure what equipment would be needed to set up computer access for Mrs. Gibbons. In total, the changes outlined by Ms. Barber resulted in a reduction of the Governor's Mansion Maintenance Budget of $194,303.

Chairman Arberry had a question regarding a proposed supplemental appropriation to the budget that included food, information technology, and utilities that totaled $28,000 and wanted Ms. Barber to review it. Chairman Arberry stated that he was confused because $10,000 was recommended for additional food costs, but a work program had been processed where $10,000 was taken out of operating and used for travel.

Mr. Clinger asked whether the Chairman was referring to a work program for the current fiscal year. Mr. Clinger did not believe that the supplemental appropriation was related to travel.

Ms. Leslie interjected and clarified the issue. She noted the proposed supplemental appropriation included $10,000 for additional food costs. The money was needed to replace the $10,000 moved from the operating category where the food budget was approved to travel: $5,000 for Out-of-State Travel and $5,000 for In-State-Travel. The point was why the money was moved from food cost to travel costs and then a supplemental requested for food that would have been in the budget had it not already moved to travel.

Ms. Leslie asked whether this travel was related to Mrs. Gibbons, who had just reduced her budget. Mr. Clinger stated that was travel for the First Lady and any staff in the Governor's Mansion. Ms. Leslie continued that the Committee had heard from Mr. Clinger today that the travel was being zeroed out. Mr. Clinger answered that it was being zeroed out for FY 2008 and 2009. Ms. Leslie asked whether the $5,000 was going to be used for travel this year. Mr. Clinger replied that the work program would have to be reviewed to determine whether that is still needed for FY 2007. Ms. Leslie suggested that maybe the money could be transferred back to the food budget where it belonged. Ms. Barber stated that she now understood and that the supplemental appropriation was probably going to be amended based on more current projections now. Chairman Arberry wondered when the Committee will have the final number. Mr. Clinger responded that they would look at the work program change, talk to Mrs. Gibbons, and determine the need for In-State and Out-of-State Travel for the current fiscal year. Mr. Clinger said that they would certainly have that information by next week. He continued that the supplemental appropriation tended to be adjusted up to the very end because, as the fiscal year progresses, the Budget Division gets better and more up-to-date information so there may be some minor changes; but that was just the normal course of business.

Chairman Arberry called the meeting back to order after a short break.

ELECTED OFFICIALS—GOVERNOR
OFFICE OF CONSUMER HEALTH ASSISTANCE (101-1003)
BUDGET PAGE ELECTED-23

Valerie M. Rosalin, Director, Office of Consumer Health Assistance, read a prepared statement (Exhibit G).

> The Governor's Office for Consumer Health Assistance (GovGHA) is the States Advocacy Office for Health related issues since 1999. The Office is located in the Grant Sawyer Building in Las Vegas, but is accessible to all Nevadans via telephone, internet email, writing or walk in.
>
> The staff of eight is comprised of five unclassified employees: Director and four Quality Assurance specialists, experts in their areas of Managed Care-Medicare, Medicaid-uninsured, Workers compensation, hospital and provider billing. Classified — clerical staff of three. This Office serves a vital role in linking people and health care services by providing understandable information about their Patient Rights and Responsibilities. Each specialist carries a caseload average of 125 ongoing.
>
> For the CY 2006 we saved $7,031,285 with accumulative savings of $23,254,944 since 2000. This represents a small percent of the 15,837 actual cases worked in this timeframe.
>
> Following the 2005 Legislation the office caseload increased 42 percent. Bill passages requiring all Nevada hospitals to have GovCHA's information on all admission and discharge forms increase Bureau for Hospital Patients (BHP) 42 percent. Workers compensation area increased by 157 percent with the Bill requiring all forms and posters have GovCHA's contact information. The start of the Canadian Drug program on the GovCHA website also served to increase contacts to the Office for information and instructions resulting in operations increased phone calls, mailings, printing, and supplies.
>
> Fiscal year 2006 had 66 percent increases in in-state travel to rural areas, to date in FY2007 we have matched that amount and have scheduled as much for the remainder of the year. (See attached)
>
> We remain dedicated to our Mission to assist Nevadans in obtaining the information necessary to uphold their Patient Rights and Responsibilities. In trending issues we have proposed Bill drafts for the 2007 Legislature that are concerned with billing and collections.

Chairman Morse Arberry Jr. expressed a concern about Medicaid services, which showed a 75 percent federal reimbursement that used to be 100 percent. Mary Keating, Administrator, Administrative Services Division, stated she was also a fiscal officer for the Office of Consumer Health Assistance. She continued that the 100 percent federal reimbursement previously used represented an error in this budget. It was her understanding, through the Medicaid Office, that as the employees provided skilled nursing services to help and assist individuals dealing with Medicaid issues, the federal reimbursement percentage was only 75 percent. Ms. Keating made a commitment to the Medicaid Office in this budget she would provide the 25 percent match. Ms. Keating previously provided paperwork on how much time the staff spends on Medicaid, but only asked Medicaid federal reimbursement to be 75 percent and the State match to be the 25 percent.

Chairman Arberry asked, under Workers' Compensation Assistance, how S.B. 126 of the 73rd Legislative Session would affect the workload.

Ms. Rosalin stated that the workload had increased by 157 percent with Workers' Compensation assistance because of contacts through the unions and workers calling for information on how to process claims and how to navigate through the workers compensation process.

Chairman Arberry questioned the recommendation of $115,775 in reserve. Ms. Keating recalled that this budget had four funding streams: General Fund, Workers' Compensation Fund, Medicaid, and Bureau of Hospital Patients. Bureau of Hospital Patients was an assessment on the hospitals in Nevada based on a Consumer Price Index (CPI) calculation and the number of beds. Three of those funding streams, Workers' Compensation, Medicaid and Hospital Patients have mandatory requirements that their funds only be spent for their activities. It was impossible for Ms. Keating to project, in FY 2008-2009, how much time would be spent on each activity because much of the work was in response to people calling their office. The statistics were kept, and, at the end of every biennium, adjustments were made between what was charged, based on a projection, to what truly happened. At the end of FY 2007, it was anticipated that the Workers' Compensation Fund would not have paid enough based upon the time spent for those services. That amount was $115,000. What Ms. Keating proposed for the upcoming budget was consistent with balancing the budget after FY 2004-2005. She decided to collect the estimated $115,000 shortage from the Workers' Compensation Fund in FY 2008 which would be reverted to the General Fund.

Chairman Arberry discussed that it seemed that the funds could be better utilized in the upcoming biennium, by another agency, instead of letting them sit in reserve.

Mark Stevens, Assembly Fiscal Analyst, Legislative Counsel Bureau, stated that the question the Committee would end up having was should the money be reserved for reversion at the end of the fiscal year or, if it represented General Fund money, why not just reduce the General Fund appropriation and utilize those funds somewhere else instead of letting them sit and then revert. If the General Fund was reduced right now, that $115,000 could be used for some other purpose during the upcoming biennium.

In response to Mr. Stevens, Ms. Keating said she would be happy to work with staff to amend the balancing that was required. Ms. Keating repeated her previous analysis, and added that in the past the Workers' Compensation Fund overpaid, and the General Fund was short.

Chairman Arberry wanted to discuss services to rural counties and In-State Travel. Ms. Elizabeth Barber, Deputy Director, Department of Administration, responded at this stage the recommendation for the Governor's Office was to recommend In-State Travel continue funding at the base level. Chairman Arberry questioned whether Ms. Barber knew how many trips were going to take place.

Assemblyman John Marvel stated the Committee was wondering whether this would cut down visits to rural Nevada. Teresa Rogers, Management Analyst, Operations, Office for Consumer Health Assistance, projected that they would have the same number of rural trips in 2007, 2008, and 2009. Ms. Rogers hoped that the costs would remain the same, although with airfare costs it would be hard to tell in the future. Ms. Rogers stated that there were at least ten trips planned per year for rural visits. Mr. Marvel questioned whether inflation was not built in because of the cost of fuel. Ms. Rogers responded no.

Assemblywoman Valerie Weber had a question related to Mr. Marvel's regarding the impact that last session had for the Bureau of Hospital Patients. She questioned whether referrals were coming from the rural areas, which, in turn, required visits to the rural areas. Ms. Weber asked if such statistics were kept and whether that could drive what the budget should be for rural visits.

Ms. Rogers responded that, as far affecting the travel budget, it has not really been implicated that the rural visits increased caseloads that required additional visits to the rural areas. The rural visits were educational to let the public know that the office was there for them to contact. The visits had increased the phone, internet, and mail caseload, but not necessarily required additional travel to those rural areas.

Ms. Weber continued and referenced S.B.155 of the 73rd Legislative Session. She questioned whether the documents given to the hospitals would drive traffic back to the Office. Ms. Rogers answered that the documents were present in the hospitals, and the Office made sure everyone had access to them on-line so they could be printed. The main thing was that the information is also listed on the patients' rights information that the hospitals provide to patients on admission and discharge forms.

Assemblyman Tom Grady followed up Mr. Marvel's question regarding air travel not being increased, and commented that most of rural Nevada could not be reached by air, but by car. He stated there needs to be more than ten visits per year because you cannot visit each hospital once with just ten visits per year. Mr. Grady questioned why they were not visiting the hospitals personally rather than calling them on the telephone.

Mr. Stevens asked how many rural visits were made last fiscal year. Ms. Rogers responded that last fiscal year there were six trips. Mr. Stevens continued that there were six trips, and $4,947 was expended in In-State Travel last fiscal year; there are ten trips this year with $7,349 budgeted. Mr. Stevens questioned how the agency could provide ten trips to the rural areas with that amount of money. Ms. Rogers could not answer that question, but stated they were very limited by the budget. Mr. Stevens guessed the real answer was that ten trips to rural areas would not be able to be made. Ms. Rogers said what they were going to have to try to do is combine more visits to more areas into a single trip, maybe fly to certain areas and then drive to the other areas to do as much as possible. Mr. Stevens commented that the Committee may want to see how that worked out on paper to see whether that was possible. Chairman Arberry asked whether that could be provided, and Ms. Rogers said yes.

Assemblywoman Debbie Smith wanted to know whether, because of the workers' compensation caseload increase, a position was provided last session specifically for that purpose. Ms. Rosalin thought there was a misunderstanding about the caseload. The caseload was the overall caseload for the Office, but they needed to increase the area of workers' compensation because labor and the unions were wanting this Office to be the advocate for workers' compensation in the State. Ms. Rosalin continued that the Office tried to handle the caseload by doing outreach and increasing travel. That is how the caseload activity increased by 157 percent. For workers' compensation, one specialist handled most of the caseload, and any overloads went to Ms. Rosalin. Mrs. Smith wondered whether Ms. Rosalin was able to provide all of the services requested with the resources available in the light of the increased caseload for both workers' compensation and hospital information. Ms. Rosalin stated that their Administrative Assistant I was reclassified as an Administrative Assistant II because she was doing a lot of clerical work for the Quality Assurance Specialist. With the increased workload, the Office had to move some of their work to the clerical staff. Mrs. Smith said the Office was doing a very fine job and continued that there was no better resource than this Office on a variety of issues. Mrs. Smith was very concerned that there were adequate staff and resources for that Office.

Chairman Arberry announced that the Committee would hold off on the next budget, Energy Conservation, until the proposed budget amendment was received.

Chairman Arberry wanted to go back to Governors' Mansion account regarding the budget for utilities that showed a 43 percent increase. Ms. Elizabeth Barber, Deputy Director, Department of Administration, responded that a couple of things affected those costs. First the cottage and apartment in the back of the mansion had not been utilized, but now they were going to be used. As the billings came in over the next few months, she would have a better idea of whether there would be a need for an adjustment for utilities and assumed that the required amount would most likely decrease. In addition, for the last two years, money had to be moved from other categories into the utility category to cover shortfalls. Chairman Arberry stated that Ms. Barber wanted to increase the budget between 35 and 40 percent for utilities and wondered whether she did this for other budgets, such as education and prisons. Ms. Barber replied she did not believe that inflation was built-in for utilities in other areas of the budget. She hoped this increase would not be needed, but because they were asking for a supplemental appropriation for utilities for FY 2007 and had to move money in for FY 2006, they wanted to be sure there would be adequate funding.

Chairman Arberry mentioned that Ms. Barber should take another look at the other budgets because he did not feel it was right to increase this budget 43 percent for utilities and not other budgets because every agency's utility costs were increasing.

Assemblyman Mo Denis wanted to know what the amount was that was transferred for utilities last fiscal year. Ms. Barber replied that there was a work program change that was processed, and she would find out.

Mr. Stevens reminded that tomorrow the Committee would be meeting in room 4100, which was the last overview agency hearing for this session.

Chairman Arberry adjourned the meeting 9:40 a.m.

RESPECTFULLY SUBMITTED:

____
Christine Bashaw
Committee Secretary

APPROVED BY:

____
Assembly Member Morse Arberry, Chair

DATE:_____________________________

EXHIBITS

Committee Name: Committee on Ways and Means

Date: February 6, 2007 **Time of Meeting: 8:10 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Mark Stevens / Fiscal Division	Draft Standing Rules
	D	Paul Townsend / Audit Division	Legislative Counsel Bureau Audit division Audit Report Summaries
	E	Mark Stevens / Fiscal Division	Budget Narratives-Office of the Governor
	F	Mark Stevens / Fiscal Division	Budget Narratives-Governor's Mansion Maintenance
	G	Valerie M. Rosalin / Office of the Governor	Prepared Statement-Consumer Health Assistance