

**MINUTES OF THE  
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Sixth Session  
May 19, 2011**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 8:13 a.m. on Thursday, May 19, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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/76th2011/committees/](http://www.leg.state.nv.us/76th2011/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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Assemblywoman Debbie Smith, Chairwoman  
Assemblyman Marcus Conklin, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Kelvin Atkinson  
Assemblyman David P. Bobzien  
Assemblywoman Maggie Carlton  
Assemblyman Pete Goicoechea  
Assemblyman Tom Grady  
Assemblyman John Hambrick  
Assemblyman Crescent Hardy  
Assemblyman Pat Hickey  
Assemblyman Joseph M. Hogan  
Assemblyman Randy Kirner  
Assemblywoman April Mastroluca  
Assemblyman John Ocegüera

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Steven A. Horsford, Chair  
Senator Sheila Leslie, Vice Chair  
Senator Barbara K. Cegavske  
Senator Moises (Mo) Denis  
Senator Ben Kieckhefer  
Senator David R. Parks  
Senator Dean A. Rhoads

**STAFF MEMBERS PRESENT:**

Rick Combs, Assembly Fiscal Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Mike Chapman, Principal Deputy Fiscal Analyst  
Rex Goodman, Principal Deputy Fiscal Analyst  
Sarah Coffman, Program Analyst  
Scott Edwards, Program Analyst  
Jordan Butler, Committee Secretary  
Cynthia Wyett, Committee Assistant

Chairwoman Smith began the Committee meeting with a recommendation to eliminate an accountant 2 position in budget account 3161, Southern Nevada Adult Mental Health Services. Before beginning the meeting, however, Chairwoman Smith noted that Assemblyman Hambrick would be absent for much of the meeting because he was serving as Chairman for a State of Nevada Juvenile Justice Commission meeting.

**HUMAN SERVICES**

**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**

**HHS-MDHS – SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES  
(101-3161)**

**BUDGET PAGE DHHS MHDS-83**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3161, the Division of Mental Health and Developmental Services' Southern Nevada Adult Mental Health Services (SNAMHS) account. He directed the Committee to Item g. on page 25 of the Committee's closing document ([Exhibit C](#)), a recommendation to eliminate an accountant 2 position.

Mr. Chapman advised that the Governor recommended eliminating an accountant 2 position in the account and using General Fund savings from that elimination to reclassify four positions being transferred into the account from budget account 3648, Rural Clinics. The reclassifications would include a clinical program manager 1 position to a clinical program manager 2 position; an administrative services officer 1 position to an administrative services officer 2 position; a management analyst 1 position to a management analyst 3 position; and an accounting assistant 3 position to an accounting assistant 4 position. The elimination of an accountant 2 position to support the reclassification of these four positions would provide a net General Fund savings of \$54,567 in fiscal year (FY) 2011-12 and \$55,511 in FY 2012-13. Mr. Chapman added that the recommendation appeared reasonable to Fiscal staff.

SENATOR LESLIE MOVED TO ELIMINATE AN ACCOUNTANT 2 POSITION AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Hambrick were not present for the vote.)

The next item, decision unit Enhancement (E) 251, recommended eliminating three senior psychiatrist positions. Mr. Chapman said the savings from the recommended elimination would offset General Fund increases in the base budget for the Psychiatric Residency Program through the University of Nevada School of Medicine approved by the Interim Finance Committee (IFC) at its April 29, 2010, meeting. The IFC increased the Psychiatric Residency Program's base budget at SNAMHS from \$250,574 in each fiscal year of the 2009-2011 biennium to \$550,201 in each fiscal year. These increases were included for the Program's base budget for the 2011-2013 biennium. The approval of E251 would offset the increased program funding with residual funding of \$55,895 in each year of the 2011-2013 biennium to be directed to contract psychiatrist services.

Mr. Chapman pointed to E663, a recommendation to eliminate two senior physicians and three senior psychiatrists for a General Fund savings of \$975,192 in FY 2011-12 and \$985,270 in FY 2012-13. The SNAMHS currently held two psychiatrist positions vacant to generate savings to help support two senior physicians currently on SNAMHS' payroll. The Governor then recommended using \$800,000 of that General Fund savings in each fiscal year of the upcoming biennium to outsource for all internal medicine services to maintain medical services in the inpatient facilities in SNAMHS. This would

result in a net General Fund savings of \$175,195 in FY 2011-12 and \$185,270 in FY 2012-13.

If E663 were approved, the savings generated from the five position eliminations would be used to contract for the services of a medical physician and four advanced physician assistants. In response to Fiscal Analysis Division inquiries, SNAMHS reported that because of the difficulty in assigning state positions to the inpatient facility's 24-hour-a-day schedule, outsourcing internal medicine services would provide greater flexibility and coverage in tending to patients' needs. Using contracted services would also allow SNAMHS to bypass sick-leave absences and provide scheduled time off to employees.

In further support of the Governor's recommendation contained in E663, Mr. Chapman advised that a Division of Internal Audits report released in June 2009 was critical of state doctors' efficiencies at Rawson-Neal Hospital. The audit reported that staff doctors were not working their full shifts and estimated that the lack of attendance amounted to approximately \$1.7 million of time absent from the facility in FY 2008-09.

Furthermore, Mr. Chapman told the Committee that SNAMHS currently submitted multiple work programs each year because ongoing recruitment and retention difficulties had inhibited its ability to fill internal medicine and psychiatrist positions. The SNAMHS testified to the continued difficulties in recruiting for state doctor positions, which included distaste for a standard 40-hour work week, the inability of state doctors to contract their services for other employment outside of state service, and low salary levels compared to those available within the region and the private sector.

Regarding SNAMHS' work programs, Mr. Chapman indicated that during the 75th Session (2009), SNAMHS' funding for professional services was increased from \$323,036 to \$1,040,297 for each fiscal year of the 2009-2011 biennium by eliminating four vacant senior psychiatrist positions. However, in FY 2009-10, the agency processed two work programs that increased funding for professional services to \$1,553,371 by using vacancy savings derived from vacant psychiatrist positions. For FY 2010-11 to date, SNAMHS had processed two work programs, increasing the funding for professional services to \$2,356,600.

Mr. Chapman stated that Fiscal staff did not have concerns with the Governor's recommendation contained in E663.

Mr. Chapman asked the Committee whether it wished to approve decision units E251 and E663 as recommended by the Governor

Chairwoman Smith remarked that the Joint Subcommittee on Human Services and Capital Improvements heard compelling testimony regarding SNAMHS' hiring difficulties. Chairwoman Smith said she would be willing to entertain a motion to approve the two decision units before the Committee, but she suggested that the Committee should request that SNAMHS regularly report the status of its contracted services.

Senator Leslie concurred with Chairwoman Smith, saying that while she was generally not in favor of introducing a profit motive into the care for the severely mentally ill, the Committee had been hearing about hiring difficulties within SNAMHS for years. She said the state did not provide salaries high enough to attract many psychiatrists, and the psychiatrists who did choose to work for the state were unwilling to work full work weeks or be flexible with their schedules. As a result, patients were not receiving adequate care. Senator Leslie said she was willing to support a new approach to internal medicine services but emphasized that the Committee should mandate a reporting requirement on at least a semiannual basis.

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS E251 AND E663 AS RECOMMENDED BY THE GOVERNOR AND TO REQUIRE SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES TO REPORT THE STATUS OF ITS CONTRACTED STAFF TO THE INTERIM FINANCE COMMITTEE SEMIANNUALLY.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Chairwoman Smith discussed the importance for the state to begin tracking the long-term savings of outsourcing services to ensure that outsourcing was beneficial to the state's budget.

THE MOTION CARRIED. (Assemblymen Conklin and Hambrick were not present for the vote.)

Mr. Chapman continued his testimony, discussing the Governor's original recommendation to contract nonemergency transportation services for individuals from local hospital rooms to inpatient and outpatient services at SNAMHS. The Budget Division, however, submitted a series of budget amendments, including Budget Amendment A00356, that sought to eliminate the recommendation and to restore \$1.25 million of General Funds in each

fiscal year of the 2011-2013 biennium for the community triage centers in Clark and Washoe Counties. The amendments also sought to restore General Fund support for the Mobile Outreach Safety Team in Reno. Because the Committee already approved the budget amendments in a previous meeting, Mr. Chapman indicated that no additional action on this item was necessary.

Mr. Chapman provided the Committee with other closing items for the account, which included:

- A recommendation to transfer funding and related operating expenditures for the five rural clinics in Caliente, Laughlin, Mesquite, Moapa, and Pahrump from budget account 3648, Rural Clinics, to this account to facilitate better management efficiencies in southern Nevada. The recommendation would include the transfer of 25.77 full-time equivalent positions. Mr. Chapman noted that the recommendation appeared reasonable.
- A recommendation to transfer an administrative assistant position from this account to budget account 3168, the Division of Mental Health and Developmental Services' Administration account. Mr. Chapman reminded the Committee that the recommendation aligned with the Division's efforts to centralize its billing efforts as approved during the 75th Session (2009). Mr. Chapman indicated that this recommendation also appeared reasonable.

Mr. Chapman asked whether the Committee wished to approve the remaining closing items and provide the authority for Fiscal staff to make technical adjustments to the account as necessary.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3161 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3161 and opened the hearing on budget account 3162, Northern Nevada Adult Mental Health Services.

**HUMAN SERVICES**

**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**

**HHS-MDHS – NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES**

**(101-3162)**

**BUDGET PAGE DHHS MHDS-69**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3162, the Division of Mental Health and Developmental Services' Northern Nevada Adult Mental Health Services account. Mr. Chapman referred the Committee to page 30 of the Committee's closing document ([Exhibit C](#)).

The first major issue for the Committee's consideration was the Governor's recommendation to eliminate the Mobile Outreach Safety Team in Reno by eliminating two mental health counselors and associated operating costs. The recommendation, if approved, would result in a savings of \$142,452 in fiscal year (FY) 2011-12, of which \$139,946 would be General Funds, and \$144,527 in FY 2012-13, of which \$139,482 would be General Funds. The Budget Division, however, submitted Budget Amendment A00355, which sought to restore funding for the Mobile Outreach Safety Team program.

Mr. Chapman asked whether the Committee wished to approve Budget Amendment A00355 to restore funding for the Mobile Outreach Safety Team program.

Senator Leslie voiced her support for approving Budget Amendment A00355. She said the Joint Subcommittee on Human Services and Capital Improvements had heard testimony applauding the program's effectiveness and how it was a component in treating individuals while also diverting them from expensive treatment at psychiatric hospitals.

SENATOR LESLIE MOVED TO ACCEPT BUDGET AMENDMENT A00355 TO RESTORE GENERAL FUND APPROPRIATIONS TO THE MOBILE OUTREACH SAFETY TEAM PROGRAM.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

The next issue for the Committee's consideration involved two decision units, Enhancement (E) 250 and E251, which, if approved, would eliminate four senior psychiatrist positions and use the savings from those eliminations to offset an increase in contract psychiatrists. Mr. Chapman reported that as with recommended offsets for the Psychiatric Residency Program in budget account 3161, Southern Nevada Adult Mental Health Services, the Interim Finance Committee approved funding increases for the Psychiatric Residency Program at NNAMHS from \$155,860 to \$294,165 in each fiscal year of the 2009-2011 biennium. These increases were also recommended for the program for the 2011-2013 biennium. Along with offsetting these increases, the approval of E250 would also increase psychiatrist funding for professional services by \$513,964 for each fiscal year of the 2011-2013 biennium.

Mr. Chapman explained that E251 was a recommendation to allocate an additional \$200,000 for each fiscal year of the 2011-2013 biennium for additional contract psychiatrist services. Mr. Chapman added that this decision unit was a late addition in developing The Executive Budget because no narrative or supporting information was provided with the inclusion of the decision unit. The Budget Division indicated that the additional funding was recommended because NNAMHS believed that contract psychiatrist services were not adequately funded during the 2009-2011 biennium.

Mr. Chapman reported that NNAMHS currently processed multiple work programs each year. Approved funding totaled \$2.71 million in each fiscal year of the 2009-2011 biennium, while recommended funding for the 2011-2013 biennium totaled \$2.81 million in FY 2011-12 and \$2.83 million in FY 2012-13, for respective increases of \$97,738 and \$111,996. Mr. Chapman suggested that if the Committee wished to generate General Fund savings in those amounts, it could reduce the recommended funding for NNAMHS to a level consistent with funding for the 2009-2011 biennium.



Mr. Chapman provided three options for the Committee's consideration for E250 and E251:

1. Approve the Governor's recommendation in E250 and E251. This option would eliminate four senior psychiatrists and increase professional services expenditures by \$513,964 in each fiscal year of the 2011-2013 biennium and increase funding for professional services by \$200,000 each fiscal year.
2. Approve the Governor's recommendation in E250 to eliminate four senior psychiatrists and increase professional services expenditures by \$513,964 in each fiscal year of the 2011-2013 biennium, but reduce the amount recommended in E251 to \$102,262 in FY 2011-12 and \$88,004 in FY 2012-13. This option would fund NNAMHS' overall psychiatrist staffing at the 2009 legislatively approved level of \$2.71 million each fiscal year.
3. Approve the Governor's recommendation in E250 but not approve E251 in the amount of \$200,000 each fiscal year.

Chairwoman Smith asked whether a member from the Joint Subcommittee on Human Services and Capital Improvements would like to comment on the two decision units before the Committee.

Assemblywoman Mastroluca said the Subcommittee had thoroughly discussed these recommendations to determine the best course of action. Assemblywoman Mastroluca suggested that the Committee approve option 3 because she believed that psychiatric services could provide adequate service without an additional \$200,000 in each fiscal year of the 2011-2013 biennium. She added that choosing to approve option 3 was a tough choice in a series of tough choices faced by the Committee.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE  
DECISION UNIT E250 AS RECOMMENDED BY THE GOVERNOR  
AND TO NOT APPROVE DECISION UNIT E251.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present  
for the vote.)

Mr. Chapman discussed the remaining closing items for this account, which included a General Fund appropriation of \$27,000 in FY 2011-12 to replace sections of carpet and linoleum in the Dini-Townsend Hospital. A second item was the recommendation to reclassify an existing mental health counselor 3 position to a clinical program manager 1. The NNAMHS believed that the reclassification would better fit the duties and responsibilities of that position. Mr. Chapman noted that both these recommendations appeared reasonable. He also requested authority for Fiscal staff to make technical adjustments to the account as necessary.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3162 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3162 and opened the hearing on budget account 3648, Rural Clinics.

**HUMAN SERVICES**

**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**

**HHS-MDHS – RURAL CLINICS (101-3648)**

**BUDGET PAGE DHHS MHDS-57**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3648, the Division of Mental Health and Developmental Services' Rural Clinics account. He directed the Committee to page 34 of the Committee's closing document ([Exhibit C](#)) for his testimony. While the Committee had already discussed a number of items in this account in previous hearings, there were still some items for the Committee to address.

Mr. Chapman discussed the Governor's recommendation to eliminate three administrative assistant positions in decision unit Enhancement (E) 606 and four psychiatric caseworker positions in E667. The approval of these recommendations would yield a savings of \$397,887 in fiscal year (FY) 2011-12 and \$404,627 in FY 2012-13, of which \$385,627 and \$392,009, respectively, would be General Fund savings.

Mr. Chapman reported that of the three administrative assistant positions recommended for elimination, two were assigned to the Carson City office and one was assigned to the Gardnerville office. The agency indicated that these positions, if eliminated, would be absorbed by remaining staff but warned that there could be delays in assisting clients and processing business activity.

Regarding the four psychiatric caseworker positions slated for elimination, three were currently assigned to the Carson City office and one was assigned to the Fernley office. Mr. Chapman noted that the duties and responsibilities of these four positions included obtaining benefits and coordinating available services in the community along with offering support to keep individuals engaged in continuing treatment and recovery programs.

Mr. Chapman asked whether the Committee wished to approve E606 and E667.

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS E606  
AND E667 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present  
for the vote.)

The next item for the Committee's consideration was a recommendation to transfer funding and operating costs, including 25.77 full-time equivalent positions, that support five rural clinics offices currently operating in Caliente, Laughlin, Mesquite, Moapa, and Pahrump from this budget account to budget account 3161, Southern Nevada Adult Mental Health Services (SNAMHS). Mr. Chapman emphasized that the transfer was more of an operational change than a budgetary change that would provide more flexibility in maintaining rural clinics for mental health and developmental services. The transfer had already begun during the 2009-2011 biennium. Mr. Chapman noted that the recommendation to transfer the five rural clinics into the SNAMHS account appeared reasonable.

Mr. Chapman asked whether the Committee wished to approve the transfer of funding and operational costs, including 25.77 FTE positions, for the five rural clinics to the SNAMHS account.

ASSEMBLYWOMAN MASTROLUCA MOVED TO TRANSFER THE FUNDING AND OPERATIONAL COSTS FOR THE FIVE RURAL CLINICS TO BUDGET ACCOUNT 3161 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Hambrick were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3648 and opened the hearing on budget account 3645, Facility for the Mental Offender.

#### **HUMAN SERVICES**

#### **MENTAL HEALTH AND DEVELOPMENTAL SERVICES**

#### **HHS-MDHS – FACILITY FOR THE MENTAL OFFENDER (101-3645)**

#### **BUDGET PAGE DHHS MHDS-104**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3645, Facility for the Mental Offender, also known as the Lakes Crossing Center account.

Mr. Chapman advised that there were two decision units contained in the account for the Committee's consideration. The first decision unit, Maintenance (M) 160, was a recommendation to eliminate 12 positions that were held vacant during the 2009-2011 biennium. These positions included eight forensic specialists, one psychiatric nurse, one senior correctional officer, one quality assurance specialist, and one administrative assistant.

The second decision unit, Enhancement (E) 603, sought to eliminate another 9.49 full-time equivalent (FTE) positions, which would equate to a 4-bed reduction in the Dini-Townsend Hospital annex from 70 beds to 66 beds. The positions recommended for elimination included four forensic specialists, one

correctional sergeant, one activities therapist, one custodial worker, two administrative assistants, and a 0.49 FTE senior physician.

Mr. Chapman indicated that according to an October 2010 caseload evaluation report, the average caseload for the combined facilities for the first four months of fiscal year (FY) 2010-11 was 60 clients, with July 2010 having the highest census with 63 individuals. For April 2011, there was an average census of 59 individuals with a high of 61 clients over a nine-day span and a low of 56 clients. The Division of Mental Health and Developmental Services warned that it would have difficulties in accepting additional client commitments and referrals promptly if its census increased beyond 66 clients. The Division also reported that staff reductions in the last two biennia have caused many of the programs, therapies, and activity sessions to be reduced or eliminated.

Mr. Chapman asked whether the Committee wished to approve decision units M160 and E603 as recommended by the Governor. He added that there were no other closing items for the Committee's consideration on this account.

Senator Leslie reluctantly recommended that the Committee approve the two decision units. She voiced concern, however, that the staff reductions were nearing a level of inadequacy in serving the state's sickest clients. Lakes Crossing Center was the state's only forensic facility, and if its census increased beyond 66 individuals, clients would remain in county detention facilities and jails where they would not be adequately treated for their mental disorders. Senator Leslie added that she was reluctantly supporting the Governor's recommendation because of the state's budget deficit, but she urged the Division to report to the Legislature if clients at Lakes Crossing Center were endangering staff and other clients.

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS M160  
AND E603 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Chairwoman Smith echoed Senator Leslie's comments and encouraged Committee members to visit Lakes Crossing Center. She added that the Committee needed to be very cautious in managing Lakes Crossing Center because it was the only facility that housed severely mentally disordered offenders.

THE MOTION CARRIED. (Assemblymen Conklin and Hambrick  
were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3645 and opened the hearing on budget account 3170, Substance Abuse Prevention and Treatment Agency.

**HUMAN SERVICES**

**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**

**HHS-MDHS – SUBSTANCE ABUSE PREV & TREATMENT AGCY (101-3170)**  
**BUDGET PAGE DHHS MHDS-19**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3170, Substance Abuse Prevention and Treatment Agency (SAPTA). He directed the Committee to page 38 of the Committee's closing document ([Exhibit C](#)) for his testimony.

Mr. Chapman reported that the first decision unit, Enhancement (E) 606, was a recommendation to eliminate an administrative services officer from SAPTA. The duties and responsibilities of the position, if eliminated, would be absorbed by an administrative services officer who was transferred from budget account 3167, Rural Regional Center, to budget account 3168, the Division of Mental Health and Developmental Services' Administration account. Mr. Chapman reminded the Committee that the position was vacant at the time of the Committee's budget hearing for this account, but it was now filled. The SAPTA was working with the employee to find a replacement position, but if no alternative positions arose, the employee would be laid off.

The second decision unit, E690, sought to eliminate 5.51 vacant full-time equivalent positions. If approved, the recommendation would eliminate two health program specialists, 2.51 administrative assistants, and one accountant technician. Mr. Chapman noted that these positions had been vacant since summer 2010 and that the agency had kept the positions vacant to avoid making further reductions in provided services.

Mr. Chapman asked the Committee whether it wished to approve E606 and E690 as recommended by the Governor to generate a General Fund savings of \$376,873 in fiscal year (FY) 2011-12 and \$383,515 in FY 2012-13.

SENATOR LESLIE MOVED TO APPROVE DECISION UNITS E606 AND E690 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Hambrick were not present for the vote.)

The next item for the Committee's consideration was a recommendation to reduce General Fund support to SAPTA by \$2.7 million in each fiscal year of the 2011-2013 biennium by reducing prevention and treatment services. Mr. Chapman discussed the following decision units contained in the recommendation:

- Decision unit E660, a recommendation to reduce General Funds by \$1.02 million in each fiscal year of the 2011-2013 biennium by eliminating the equivalent of 174 individuals from participating in the co-occurring disorders program. The program, which began as a pilot program following the 74th Session (2007), was currently funded at \$1.5 million in General Funds for each fiscal year. The Governor recommended General Fund support of \$476,070 in fiscal year (FY) 2011-12 and \$475,712 in FY 2012-13, a decrease of approximately 68 percent. The SAPTA indicated that while it was capable of shifting individuals currently participating in the co-occurring disorders program to similar services supported by federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funding, waiting lists for new clients who would be seeking substance abuse or co-occurring disorders treatment services in either of the programs could potentially increase, particularly because federal funding levels remained unchanged for the 2011-2013 biennium.
- Decision unit E661, the Governor's original recommendation to reduce General Fund appropriations by \$112,000 in each fiscal year of the 2011-2013 biennium by reducing the equivalent of 301 adolescents who would participate in direct service programs provided by community coalitions throughout the state. Coupled with a budget savings measure of \$214,777 approved during the 26th Special Session (2010), the Governor's original recommendation would decrease funding for direct service programs from the FY 2010-11 work program amount of \$2.5 million to \$2.17 million, a 13 percent decrease. Mr. Chapman noted that the 2007 Legislature funded the direct service programs with General Funds after federal dollars were eliminated.

- Decision unit E691, the Governor's original recommendation to reduce General Funds to \$3.6 million in each fiscal year by reducing the equivalent of 273 individuals who would participate in treatment services provided by community nonprofit treatment providers. The \$1.59 million reduction would be a 29 percent reduction from the treatment services' work program level for FY 2010-11.

Regarding decision units E661 and E691, Mr. Chapman indicated that on April 27, 2011, the Budget Division submitted Budget Amendment A00307 to fully restore the recommended reduction of \$112,000 in each fiscal year of the 2011-2013 biennium for prevention programs. The budget amendment also recommended restoring \$1.59 million in each fiscal year of the 2011-2013 biennium for treatment services based upon additional General Funds made available because of the revised Medicaid caseload and cost per eligible and FY 2012-13 Federal Medical Assistance Percentage adjustments.

Mr. Chapman advised that the Joint Subcommittee on Human Services and Capital Improvements had questioned the disproportionate budget decreases between prevention services and treatment services. He referred to page 41 of [Exhibit C](#) to point out that the restorations recommended in Budget Amendment A00307 would increase General Funds allocated to treatment services while decreasing General Funds for prevention services. Mr. Chapman added that the Division had reduced funding allocated to the two services in the last two biennia because of ongoing budget reductions.

Mr. Chapman asked whether the Committee wished to approve the Governor's recommendation to reduce General Fund appropriations by \$1.02 million in each fiscal year for the co-occurring disorder treatment program. He also asked whether the Committee wished to approve Budget Amendment A00307 to fully restore the recommended General Fund reductions of \$112,000 for prevention services in each fiscal year of the upcoming biennium and \$1.59 million for substance abuse treatment services in each fiscal year of the upcoming biennium.

Senator Leslie opined that the state had always underfunded prevention services and substance abuse treatment services, which was troubling considering that the State of Nevada was always ranked in the bottom ten percent of the country in spending for substance abuse treatment services. While Senator Leslie appreciated the budget amendment to restore funding for prevention and substance abuse treatment services to prevent longer waitlists



and a regression in treating methamphetamine abuse, Senator Leslie suggested that the Committee restore funding for the co-occurring disorder treatment program.

Senator Leslie continued her remarks, saying that the co-occurring disorder treatment program originally began as a pilot program in intensive outpatient services a number of years ago, and the program had been producing great results. The program was intensive—treatment sessions were held for up to four hours a day—and was effective in curbing methamphetamine abuse among the severely mentally ill. Senator Leslie said the co-occurring disorder treatment program would reduce the number of dangerous crimes committed by the severely mentally ill while also diverting them from expensive treatment at Lakes Crossing Center.

SENATOR LESLIE MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO REDUCE GENERAL FUNDS BY \$1.02 MILLION IN EACH FISCAL YEAR FOR THE CO-OCCURRING DISORDER TREATMENT PROGRAM.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Senator Kieckhefer wondered whether the Committee would consider approving Budget Amendment A00307 and redistributing a portion of its \$1.71 million in General Fund restorations to support the co-occurring disorder treatment program.

Senator Leslie responded that she would recommend approving Budget Amendment A00307 but also fully restore funding for the co-occurring disorder treatment program. While prevention and substance abuse treatment services provided treatment services, the co-occurring disorder treatment program provided treatment services specifically to the severely mentally ill. Senator Leslie encouraged Senator Kieckhefer to visit the Mental Health Court to see that many severely mentally ill individuals who also abused illegal substances were a danger to their communities. She expressed concern that if the co-occurring disorder treatment program were eliminated, many severely mentally ill individuals would not receive treatment at all.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hardy, Hickey, and Kirner and Senators Cegavske and Kieckhefer voted no.) (Assemblyman Hambrick was not present for the vote.)

Chairwoman Smith asked whether Senator Leslie would like to make a motion to approve Budget Amendment A00307.

SENATOR LESLIE MOVED TO APPROVE BUDGET AMENDMENT A00307 TO FULLY RESTORE RECOMMENDED GENERAL FUND REDUCTIONS OF \$112,000 IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM FOR PREVENTION SERVICES AND \$1.59 MILLION IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM FOR SUBSTANCE ABUSE TREATMENT SERVICES.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

The next item for the Committee's consideration was a recommendation to transfer \$700,000 in each fiscal year of the 2011-2013 biennium in "excess" licensure and registration fees collected in the Division of Health Medical Marijuana Registry program to provide priority assessments to families referred to child welfare agencies because of substance abuse issues. Mr. Chapman reminded the Committee that it approved the first half of the transfer on May 6, 2011, when it closed budget account 4547, Marijuana Health Registry.

SENATOR LESLIE MOVED TO APPROVE THE TRANSFER OF \$700,000 IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM CONSISTENT WITH THE COMMITTEE'S ACTION ON THE MARIJUANA HEALTH REGISTRY ACCOUNT.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Mr. Chapman provided the Committee with other closing items for the account, which included a recommendation to reallocate federal Substance Abuse and Mental Health Services Administration funds of \$42,999 in FY 2011-12 and \$34,020 for FY 2012-13 from contract vendor services to purchase replacement equipment and Department of Information Technology services. Mr. Chapman indicated that the recommendation appeared reasonable. He also requested authority for Fiscal staff to make technical adjustments to the account as necessary.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION FUNDS FOR REPLACEMENT EQUIPMENT AS RECOMMENDED BY THE GOVERNOR AND TO GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO BUDGET ACCOUNT 3170 AS NECESSARY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

Mr. Chapman referred to page 42 and page 43 of [Exhibit C](#), which explained the maintenance of effort required for the federal SAPTA Block Grant funding. Mr. Chapman said he was available for questions from Committee members regarding the maintenance of effort. It did not require the Committee's action.

Chairwoman Smith closed the hearing on budget account 3170 and opened the hearing on Developmental Services issues.

#### **HUMAN SERVICES** **DEVELOPMENTAL SERVICES ISSUES**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the Committee would now consider most major closing items for the Sierra Regional Center, the Desert Regional Center, and the Rural Regional Center in tandem because the items were interrelated. These Centers were respectively contained in budget account 3280, budget account 3279, and budget account 3167.

Mr. Chapman began his testimony on page 44 of [Exhibit C](#), indicating that the first major issue for the Committee's consideration was a recommendation to reduce General Funds by \$5.7 million in fiscal year (FY) 2011-12 and \$5.8 million in FY 2012-13 by shifting the cost of service coordination to children under the age of 18 with mental retardation from state funds to reimbursement from the counties where they reside. Mr. Chapman read from the Committee's closing document for the record:

As of October of last year, the Division [of Mental Health and Developmental Services] reported the caseload in this area of 1,545. Again, the amounts displayed in FY 2011-12 and FY 2012-13 represent the costs, the salary, and benefits for service coordinators. The agency estimates based upon its staffing ratio that this would impact 35 service coordinators. The costs include supported living arrangements, respite, and purchase of service agreements. The amounts noted in that table were overstated by \$385,460 in FY 2011-12 and \$604,292 in FY 2012-13. On April 27, the Budget office did submit a budget amendment to correct that error to eliminate that overstatement of funding.

The Governor's recommendation to shift the cost to the counties for these services is based upon *Nevada Revised Statutes* (NRS) 435.010. That statute states that the boards of county commissioners of the various counties shall make provisions for the support, education, and care of children with mental retardation and children with related conditions of their respective counties. *Nevada Revised Statutes* 435.010 further states that the counties are empowered to make all necessary contracts and arrangements for the provision of services. While the provision was enacted back in 1929, Division representatives testified that to their knowledge, the Division had not previously charged counties for services provided to children with developmental disabilities.

In response to the Joint Subcommittee's request, the table on page 45 [of [Exhibit C](#)] breaks down by county the caseload and any impacted funding amounts.

In response to staff's inquiries, the Division noted that should the Governor's recommendation be approved to shift these costs to the counties, it would work with the boards of county commissioners to develop a process of eligibility for each child served by the Division. Once a child is certified eligible, the Division would invoice the counties in a manner that is similar to how it currently bills Medicaid, Medicare, and other paying entities.

Lastly, should the counties not be willing or desire to reimburse the state for the costs of these services, the Division will not have the fiscal resources to continue coordinating the provision of services

to children under its supervision. The Division testified during the March 10, 2011, budget hearing that it would have no choice but to discontinue services to the affected children and lay off service coordination staff. Regarding service coordination staff—every individual or child that comes into the agency is assigned a service coordinator, and at that point, it is determined what services should be provided to the child in that case.

Mr. Chapman asked the Committee whether it wished to approve the Governor's recommendation to shift the cost of service coordination provided to children under the age 18 from state funds to county reimbursement, which would result in a General Fund savings of \$5.7 million in FY 2011-12 and \$5.8 million in FY 2012-13.

Senator Leslie reported that according to representatives from the Department of Social Services in Washoe County, among all the Governor's recommendations to shift the cost of health and human services from state funds to county reimbursement, Washoe County would not prefer to assume the cost burden but may be able to. Senator Leslie requested that county representatives come forward to testify before the Committee regarding the Governor's recommendation.

Lisa Gianoli, representing Washoe County, testified that Washoe County was hesitant to assume the cost burden of service coordination because it did not know the possible magnitude of the cost burden. Ms. Gianoli said Washoe County would prefer to have some time, perhaps several months, for it to track the expenditures of service coordination and to see whether Washoe County could operate service coordination more efficiently and leverage the receipt of more federal funding than could the state.

Senator Leslie echoed Ms. Gianoli's sentiments, saying that counties generally leveraged more federal funds than the state in health and human services. She commented that the counties' ability to leverage more federal funds might be a benefit in shifting the cost burden from the state to county reimbursement. Senator Leslie wondered whether the Committee could develop the budgets for the Sierra Regional Center, the Desert Regional Center, and the Rural Regional Center to allow the counties a few months to better comprehend the cost burden of service coordination.

Mr. Chapman advised that there would not be General Funds for the state to support service coordination beginning July 1, 2011.

Senator Leslie asked whether the Committee could allow the counties the flexibility to provide service coordination themselves if they chose.

Mr. Chapman responded in the affirmative, saying that NRS 435.010 granted the authority for counties to enter into contracts that would be necessary to provide service coordination.

Ms. Gianoli reiterated her previous testimony.

In response to Senator Leslie, Ms. Gianoli confirmed that if Washoe County determined that it would be more cost effective for it to provide service coordination than the state, Washoe County may be able to do so.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that if the Committee wished to allow counties the flexibility to provide service coordination, Legislative Counsel Bureau staff would ensure that the flexibility was allowed pursuant to NRS 435.010 or through a clause in the Appropriations Act.

Assemblywoman Mastroluca voiced concern that if Clark County was unable to reimburse the state for service coordination, the Division of Mental Health and Developmental Services would not have the funding to continue coordinating the provision of services to children currently in its supervision and care. While recognizing that the state had a large deficit to contend with, Assemblywoman Mastroluca said it would be difficult for her to accept the Governor's recommendation out of fear that children in Clark County possibly would no longer receive services.

Alex Ortiz, a representative of Clark County, testified that after discussing the Governor's recommendation with Washoe County representatives, Clark County determined that it may also be able to fund service coordination provided by the state. He added, however, that the Governor's recommendation was one of many recommendations that transferred cost burdens from the state to Clark County.

Ms. Gianoli remarked that the Division was currently capping its caseload for those being served through service coordination.

SENATOR LESLIE MOVED TO BEGIN ASSESSING THE COST OF SERVICES TO CHILDREN WITH MENTAL RETARDATION UNDER THE AGE OF 18 TO THE COUNTIES IN WHICH THEY LIVE AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Mr. Chapman discussed the next item, decision unit Enhancement (E) 601 and E664, a recommendation to eliminate the Self-Directed Autism program. If approved, program services would be lost for 107 families at the Desert Regional Center, 38 families at the Sierra Regional Center, and 29 at the Rural Regional Center. Of the total 174 families who would lose service, 113 were currently receiving financial assistance through Temporary Assistance for Needy Families (TANF) funding of \$1.4 million in each fiscal year of the current biennium transferred from the Division of Welfare and Supportive Services. This TANF funding transfer was also recommended for elimination. Mr. Chapman indicated that the elimination of the Self-Directed Autism program would yield a General Fund savings of \$828,573 in each fiscal year of the 2011-2013 biennium.

Mr. Chapman said the program began as a pilot program during the 2005-2007 biennium. He pointed the Committee to a table on page 46 of its closing document ([Exhibit C](#)) that delineated program caseloads by county.

Mr. Chapman explained that on April 27, 2011, the Budget Division submitted Budget Amendment A00318 to restore General Fund support for 61 families participating in the program but to redirect the appropriations to budget account 3266, the Aging and Disability Services Division's Community Based Services account. The redirection was an effort to consolidate autism services within that Division. Mr. Chapman continued that the Committee approved Budget Amendment A00318; however, no additional funding had been identified to serve the remaining 113 families supported with TANF funding. The Division reported that it intended to assist the 113 displaced families through residential support services funding until participants were 10 years old. Mr. Chapman noted that three bills—Assembly Bill 315, Assembly Bill 316, and Assembly Bill 345—sought to establish different policies and procedures for the Autism Treatment Assistance Program in the Aging and Disability Services Division.

Mr. Chapman asked whether the Committee wished to approve decision unit E601 to eliminate General Funds of \$828,573 in each fiscal year of the 2011-2013 biennium for the three regional center accounts, which would be consistent with the Committee's approval of Budget Amendment A00318.

Mr. Chapman also asked whether the Committee wished to approve decision unit E664, the recommendation to eliminate the transfer of TANF funding from the Division of Welfare and Supportive Services in the amount of \$1.4 million in each fiscal year of the 2011-2013 biennium.

Assemblywoman Mastroluca remarked that it was damaging and unacceptable for autistic children to receive treatment and then not receive treatment for even a few weeks' time. While the Governor's recommendation, if approved, would save \$828,573 in General Funds in each fiscal year of the 2011-2013 biennium, autistic children currently being served would need to seek treatment as adults through other services, such as mental health services, that would be more expensive than through the Self-Directed Autism program. Assemblywoman Mastroluca said she would not agree to any funding reductions to autism services.

ASSEMBLYWOMAN MASTROLUCA MOVED TO NOT APPROVE  
DECISION UNITS E601 AND E664 AS RECOMMENDED BY THE  
GOVERNOR.

Senator Leslie asked for clarification from Fiscal Analysis Division staff.

Mr. Chapman reiterated that the Committee already restored \$828,573 in each fiscal year of the 2011-2013 biennium in General Funds for the Self-Directed Autism program by approving Budget Amendment A00318, but the funds were restored in budget account 3266, the Aging and Disability Services Division's Community Based Services account, for the Autism Treatment Assistance Program. Mr. Chapman advised that decision unit E601 would simply approve the elimination of that funding from this account to remain consistent with the approval of Budget Amendment A00318.

Regarding decision unit E664, Mr. Chapman said the Committee eliminated TANF transfers to this account when it previously closed the accounts for the Division of Welfare and Supportive Services. Mr. Chapman surmised that Assemblywoman Mastroluca was concerned about whether another funding source could replace the TANF transfers for the 113 families currently supported with TANF funding. He added that if the Committee restored funding for the 113 families, the funding would likely come from the General Fund.

ASSEMBLYWOMAN MASTROLUCA MOVED TO AMEND THE  
PREVIOUS MOTION TO APPROVE DECISION UNIT E601 AS  
RECOMMENDED BY THE GOVERNOR.



SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Chairwoman Smith asked whether Assemblywoman Mastroluca intended to not approve decision unit E664. If decision unit E664 were not approved, it would not eliminate funding for the Self-Directed Autism program.

Assemblywoman Mastroluca responded in the affirmative.

Mr. Chapman emphasized that because the Committee discontinued the transfer of TANF funding to this account when it closed the accounts for the Division of Welfare and Supportive Services, the TANF funding to support the Self-Directed Autism program was no longer available. He added, however, that if the Committee sought to restore services for the 113 families currently supported with TANF funding, the Committee's only option would be to restore services with General Funds.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROPRIATE GENERAL FUNDS OF \$1.4 MILLION IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM TO SUPPORT THE SELF-DIRECTED AUTISM PROGRAM.

SENATOR LESLIE SECONDED THE MOTION.

Mr. Chapman advised that because of efforts to consolidate the Division's autism services within the Autism Treatment Assistance Program contained in budget account 3266, if the Committee decided to replace TANF transfers with General Funds for the Self-Directed Autism program, the Committee should consider whether to direct the General Funds to this account or to budget account 3266.

Assemblywoman Mastroluca asked whether the passage of Assembly Bill 315, Assembly Bill 316, or Assembly Bill 345 would redirect General Funds for the Self-Directed Autism program from this account to budget account 3266 to be used for the Autism Treatment Assistance Program.

Mr. Chapman responded in the affirmative but added that Fiscal staff would also need the authority to adjust the Aging and Disability Services' Community Based Services budget to reflect the additional General Funds.

In response to Assemblywoman Mastroluca, Mr. Chapman provided language for Assemblywoman Mastroluca's motion to restore funding for the Self-Directed Autism program.

ASSEMBLYWOMAN MASTROLUCA MOVED TO AMEND THE PREVIOUS MOTION TO RESTORE \$1.4 MILLION IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM TO SUPPORT THE SELF-DIRECTED AUTISM PROGRAM AND, UPON PASSAGE OF ASSEMBLY BILL 315, ASSEMBLY BILL 316, OR ASSEMBLY BILL 345, GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO BUDGET ACCOUNT 3266 TO REFLECT THE RESTORATIONS FOR THE AUTISM TREATMENT ASSISTANCE PROGRAM.

SENATOR LESLIE SECONDED THE MOTION.

Senator Kieckhefer noted that Assembly Bill 345 would establish the Autism Treatment Assistance Program within the Aging and Disability Services Division and make a General Fund appropriation of \$1.5 million for the 2011-2013 biennium to the program. Senator Kieckhefer asked whether the passage of Assembly Bill 345 would appropriate \$1.5 million in addition to the \$2.8 million restoration currently being considered by the Committee.

Chairwoman Smith responded in the affirmative, adding that the Committee would monitor funding levels for the Autism Treatment Assistance Program should Assembly Bill 345 pass.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hardy, Hickey and Kirner and Senator Cegavske voted no. Assemblyman Hambrick was not present for the vote.)

Mr. Chapman then discussed a recommendation to eliminate decision unit E602 and decision unit E664, the Self-Directed Family Support program. The program provided financial assistance to 230 low-income families with children under the age of 18 in their own homes to purchase direct services such as speech, behavioral therapies and adaptive skill development training. Of the 230 families, 135 were currently supported with TANF funding of \$751,402 in each fiscal year of the current biennium transferred from the Division of Welfare and Supportive Services. The remaining 95 families were currently supported with General Funds of \$550,875 in each fiscal year of the current biennium. Mr. Chapman referred the Committee to page 47 of [Exhibit C](#) for a breakdown of the Self-Directed Family Support program's caseload by regional center.

According to Mr. Chapman, the Division noted that should the recommendation be approved, family members would be less equipped to obtain therapies and training and which could cause an increase in out-of-home placements. During a March 10, 2011, hearing of the Joint Subcommittee on Human Services and Capital Improvements, the Division noted that displaced families would be offered assistance through supported living arrangements or respite services, but there was the chance of families ending up on waiting lists.

Mr. Chapman noted that families participating in the Self-Directed Family Support program through the Rural Regional Clinic included 28 families in Carson City, 7 families in Douglas County, 2 in Elko County, and 1 in Churchill County. There was not currently a waitlist for this service.

Mr. Chapman warned that because the Committee approved the Governor's recommendation to replace General Funds with county reimbursements regarding service coordination, if the counties chose not to reimburse the state for service coordination costs, development specialist positions would begin to be laid off. The layoffs would result in children participating in the Self-Directed Family Support program to no longer receive program support.

Mr. Chapman asked whether the Committee wished to approve the Governor's recommendation to eliminate the Self-Directed Family Support program for 230 families, resulting in the elimination of TANF funding of \$751,402 in each fiscal year of the 2011-2013 biennium for 135 families and the reduction of General Funds of \$550,875 in each fiscal year of the 2011-2013 biennium for 95 families.

Assemblywoman Mastroluca asked for clarification regarding the families participating in the Self-Directed Family Support program and the Committee's previous action to shift the cost burden of service coordination from General Funds to county reimbursement.

Mr. Chapman explained that the Self-Directed Family Support program was administered by development specialists who played a role in service coordination currently provided by the state. Because of the Committee's previous action that shifted the cost burden of service coordination from General Funds to county reimbursements, if the counties chose not to reimburse the state for service coordination, the development specialists would begin to be laid off, thereby eliminating the ability for children to participate in the Self-Directed Family Support program.

In response to Senator Leslie, who said she intended to preserve the Self-Directed Family Support program, Mr. Chapman answered that the Committee could restore the program using General Funds but cautioned again that if the counties did not reimburse the state for service coordination, development specialists who implement the program would begin to be laid off.

Senator Leslie remarked that the counties intended to reimburse the state for service coordination. Once the counties realized the full cost of service coordination, however, there was the possibility of reneging.

Mr. Chapman concurred with Senator Leslie.

Senator Leslie suggested that the Committee restore General Funding to support the Self-Directed Family Support program. With the recent progress in serving autistic children and their families, Senator Leslie did not want to risk regression of those services by eliminating the program.

SENATOR LESLIE MOVED TO PRESERVE THE SELF-DIRECTED FAMILY SUPPORT PROGRAM WITH A GENERAL FUND APPROPRIATION OF \$550,875 IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hardy, Hickey and Kirner and Senators Cegavske, Kieckhefer, and Rhoads voted no. Assemblyman Hambrick was not present for the vote.)

The next major closing issue, decision units E600 and E697, was a recommendation to eliminate 4.51 full-time equivalent (FTE) positions for Behavioral Health/Crisis Intervention services, which would yield a savings of \$452,772 in FY 2011-12 and \$459,834 in FY 2012-13. Of those savings, \$264,530 and \$258,688, respectively, would be General Fund savings.

Mr. Chapman indicated that the positions recommended for elimination include one licensed psychologist position and a 0.51 FTE vacant mental health counselor position at the Desert Regional Center, a vacant clinical program manager 2 position and a mental health counselor at the Sierra Regional Center, and a mental health counselor at the Rural Regional Center. The mental health counselor positions provided mental health treatment and counseling services along with psychoeducational supports for individuals with developmental

disabilities who had intensive behavioral problems and their families to live safely in their community. The positions also assisted community partners when individuals were disruptive within their supported living environments. Mr. Chapman reported that the Division warned that the position eliminations would result in a discontinuation of psychosocial group therapy and counseling sessions, but clients would still have access to other remaining psychologist and counseling staff along with service coordinators for resolving issues with contract service providers.

Mr. Chapman asked whether the Committee wished to approve the elimination of 1.51 FTE positions at the Desert Regional Center, 2 positions at the Sierra Regional Center, and 1 position at the Rural Regional Center, which would reduce behavioral health and crisis intervention services at the three regional centers with corresponding General Fund reductions of \$264,530 for FY 2011-12 and \$258,688 for FY 2012-13.

Senator Leslie explained that the positions recommended for elimination helped quell behavioral issues and sought keeping individuals with developmental disabilities with intensive behavioral problems in their group homes or home placements. Senator Leslie reminded the Committee that the state had been acting pursuant to the U.S. Supreme Court case *Olmstead v. L.C.* to transfer these individuals out of state institutions into the least restrictive environment, namely community placements. Senator Leslie said the only way the state could continue to serve these individuals was to support a clinical support team for the individuals.

SENATOR LESLIE MOVED TO NOT APPROVE THE ELIMINATION OF 4.51 FTE POSITIONS FROM THE DESERT REGIONAL CENTER, THE SIERRA REGIONAL CENTER, AND THE RURAL REGIONAL CENTER AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hardy, Hickey and Kirner and Senators Cegavske, Kieckhefer, and Rhoads voted no. Assemblyman Hambrick was not present for the vote.)

The next item in the Committee's closing document involved Federal Medical Assistance Percentage (FMAP) changes resulting from the expiration of enhanced funding levels provided in the American Recovery and Reinvestment Act of 2009. Various budget amendments had been submitted by the Budget

Division to reflect the FMAP changes. Mr. Chapman noted that no additional action was required by the Committee.

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Chairwoman Smith closed the hearing on Developmental Services issues and opened the hearing on budget account 3280, Sierra Regional Center.

**HUMAN SERVICES**  
**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**  
**HHS-MHDS – SIERRA REGIONAL CENTER (101-3280)**  
**BUDGET PAGE DHHS MHDS-29**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3280, Sierra Regional Center. He referred to page 50 of the Committee's closing document ([Exhibit C](#)) for his testimony.

Mr. Chapman discussed decision unit Enhancement 805, a recommendation to reclassify two positions by allocating \$9,796 in fiscal year (FY) 2011-12 and \$9,850 in FY 2012-13, of which \$5,482 and \$5,306 would be General Fund support. The recommendation included the reclassification of an accounting assistant 3 (grade 27) to a business professional trainee (grade 31) and a 0.51 personnel technician 1 (grade 25) to a 0.51 accounting assistant 2 (grade 25). Mr. Chapman advised that the recommendation was a consequence of prior position eliminations and budget recommendations. The recommendation appeared reasonable.

Mr. Chapman asked whether the Committee wished to approve the position reclassifications and allow Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE RECLASSIFICATION OF TWO POSITIONS AS RECOMMENDED BY THE GOVERNOR AND TO GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO BUDGET ACCOUNT 3280 AS NECESSARY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3280 and opened the hearing on budget account 3279, Desert Regional Center.

**HUMAN SERVICES**

**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**

**HHS-MDHS – DESERT REGIONAL CENTER (101-3279)**

**BUDGET PAGE DHHS MHDS-38**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3279, Desert Regional Center.

Mr. Chapman advised that the Governor recommended eliminating 54 supported living arrangements at Desert Regional Center for a savings of \$2.5 million in each fiscal year of the 2011-2013 biennium, of which \$1.4 million would be General Fund savings. He pointed to page 52 of the Committee's closing document ([Exhibit C](#)) for a breakdown of the types of supported living arrangements recommended for elimination. Mr. Chapman added that the Division of Mental Health and Developmental Services indicated that its caseload for supported living arrangements had stabilized and that there was not currently a waitlist for the service.

Mr. Chapman asked the Committee whether it wished to eliminate the 54 supported living arrangements with corresponding General Fund reductions of \$1.4 million in each fiscal year of the upcoming biennium.

Assemblywoman Mastroluca remarked that supported living arrangements were important to participating families because it kept families together and dramatically reduced the cost of care. Assemblywoman Mastroluca warned that the elimination of the supported living arrangements would prove more costly to the state in the future.

ASSEMBLYWOMAN MASTROLUCA MOVED TO NOT APPROVE  
THE ELIMINATION OF 54 SUPPORTED LIVING ARRANGEMENTS  
AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Goicoechea, Grady, Hardy, Hickey and Kirner and Senators Cegavske, Kieckhefer, and Rhoads voted no.) (Assemblymen Bobzien, Hambrick, and Hogan were not present for the vote.)

Mr. Chapman said there was also a recommendation to reclassify a personnel analyst 1 (grade 32) to a personnel analyst 2 (grade 34) resulting from a study of the duties for the position by the Department of Personnel. The reclassification would require funding of \$4,710 in fiscal year (FY) 2011-12 and \$4,742 in FY 2012-13, of which \$2,335 and \$2,371, respectively, would be General Fund appropriations.

Mr. Chapman asked whether the Committee wished to approve the position reclassification and to grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE THE POSITION RECLASSIFICATION AS RECOMMENDED BY THE GOVERNOR AND TO GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO BUDGET ACCOUNT 3279 AS NECESSARY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Hogan were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3279 and opened the hearing on budget account 3167, Rural Regional Center.

**HUMAN SERVICES**  
**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**  
**HHS-MDHS – RURAL REGIONAL CENTER (101-3167)**  
**BUDGET PAGE DHHS MHDS-48**

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3167, Rural Regional Center.



Decision unit Enhancement (E) 667 contained the recommendation to eliminate two developmental specialist 3 positions, which equated to 1.75 full-time equivalent (FTE) positions. The recommendation, if approved, would yield a General Fund savings of \$60,737 in fiscal year (FY) 2011-12 and \$59,478 in FY 2012-13.

Mr. Chapman explained that 1 FTE position was assigned to the Rural Regional Center's Elko office, and a 0.75 FTE position was assigned to the Center's Gardnerville office. The Division of Mental Health and Developmental Services said that the elimination of these positions would cause the Center's caseload to shift to remaining staff within the two offices. Mr. Chapman added that these positions were recommended for elimination based on a reduction in client activity in those offices.

A second recommendation, decision unit E901, sought to transfer an administrative services officer 2 position from this account to budget account 3168, the Division's Administration account.

Mr. Chapman asked whether the Committee wished to approve the elimination of 1.75 FTE positions and decision unit E901.

ASSEMBLYWOMAN MASTROLUCA MOVED TO APPROVE  
DECISION UNITS E667 AND E901 AS RECOMMENDED BY THE  
GOVERNOR AND TO GRANT FISCAL STAFF THE AUTHORITY TO  
MAKE TECHNICAL ADJUSTMENTS TO BUDGET ACCOUNT 3167  
AS NECESSARY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Hogan were  
not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith thanked Mr. Chapman for his help with the Division of Mental Health and Developmental Services' budget accounts. Chairwoman Smith closed the hearing on budget account 3167 and, after a recess, began the hearing on budget account 3710, the Department of Corrections' Director's Office account.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – DIRECTOR’S OFFICE (101-3710)**  
**BUDGET PAGE CORRECTIONS-1**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3710, the state Department of Corrections’ (NDOC) Director’s Office account. She began reading from page 46 of the Committee’s closing document for the record:

The Governor recommends creating an Energy Management Program (EMP) within the Director’s Office, including two new positions, in order to maximize the Department’s energy efficiency and reduce utility costs. The Executive Budget indicates this program would result in a General Fund savings of \$74,512 in fiscal year (FY) 2011-12 and \$55,368 in FY 2012-13. The two new positions would be located in Carson City and include one energy program manager (Grade 41, step 9) and one heating/ventilation/air conditioning/refrigeration (HVACR) specialist 2 (Grade 33, step 5). Staff would note that most new positions are budgeted to start at a Step 1; however, during the Public Safety, Natural Resources and Transportation Joint Subcommittee budget hearing, the Department indicated that a higher step is recommended in order to attract more qualified candidates.

According to the Department, the energy program manager would survey each facility, monitor its energy consumption, and take appropriate actions to identify and correct energy waste and inefficiencies. The HVACR specialist 2 would be responsible for preventative maintenance of equipment throughout the facilities, such as boilers and water heaters, in order to ensure the equipment is running at its maximum efficiency. Travel expenditures of \$13,002 in FY 2011-12 and \$16,542 in FY 2012-13 are budgeted to provide the energy program manager and HVACR specialist 2 with multiple trips per year to each facility, as the Department indicates certain facilities will require up to three visits per year.

Staff would note that the Department currently monitors its energy consumption through a third-party vender. In FY 2007-08, the Department hired NORESKO, an energy management company, to retrofit its facilities with energy efficient features, such as lighting

system upgrades, programmable thermostats, energy efficient boilers, plumbing controls, and so on, and provide project management and maintenance service to NDOC's facilities. Rather than continuing to employ NORESKO to provide these services, the Governor proposes to provide these services internally with the EMP and fund this program with reductions to NORESKO's contract of \$300,693 in FY 2011-12 and \$336,041 in FY 2012-13.

According to the Department, when contractors are scheduled to visit institutions, additional correctional staff is called in to work, since at least one correctional officer must escort the contractor. In addition to the stated General Fund savings, the Department also indicates it would save on overtime if these services were internalized, since NDOC maintenance staff and management do not require escorts. However, since overtime is not budgeted for NDOC, those savings have not been identified. Staff would note that the Governor's proposal can only be funded with an offset to contract expenditures if NDOC is able to successfully terminate that portion of its current contract with NORESKO. During the Public Safety Joint Subcommittee budget hearing, the Department indicated it does not anticipate any issues with amending its contract with NORESKO in order to internalize these responsibilities.

While the agency indicates this program would internalize energy management, this recommendation includes \$58,378 in FY 2011-12 and \$96,805 in FY 2012-13 for new contracts with energy efficiency experts. During the Public Safety Joint Subcommittee hearing, the Department indicated that it would continue to require the assistance of additional experts if the energy program manager lacks the expertise to implement various projects and recommendations.

Staff would also note, while the Department indicates it will implement numerous performance indicators, such as monitoring changes in utility costs, consumption, and use of alternative energy, The Executive Budget does not provide for actual savings associated with energy consumption as a result of implementing the EMP.

The Committee may wish to consider the following options:

1. Approve the Governor's recommendation to implement the new Energy Management Program, including a new energy program manager (Grade 41, step 9) and HVACR specialist 2 (Grade 33, step 5) for a General Fund savings of \$74,512 in FY 2011-12 and \$55,368 in FY 2012-13.
2. Approve the Governor's recommendation to implement the new Energy Management Program, including a new energy program manager and HVACR specialist 2, but fund both positions at a step 1 for additional General Fund savings of \$28,290 in FY 2011-12 and \$37,368 in FY 2012-13.
3. Do not approve the Governor's recommendation to implement the new Energy Management Program.

If the Committee chooses either options 1 or 2, the Committee may wish to issue a Letter of Intent, directing the Department to provide the Interim Finance Committee with an annual report identifying the realized annual savings resulting from the implementation of the Energy Management Program.

Chairwoman Smith said she would be willing to entertain a motion to accept option 2.

ASSEMBLYMAN HOGAN MOVED TO APPROVE THE IMPLEMENTATION OF A NEW ENERGY MANAGEMENT PROGRAM, INCLUDING A NEW ENERGY PROGRAM MANAGER AND HVACR SPECIALIST, BUT FUND BOTH POSITIONS AT STEP 1 FOR ADDITIONAL GENERAL FUND SAVINGS OF \$28,290 FOR FY 2011-12 AND \$37,368 FOR FY 2012-13.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick and Senator Cegavske were not present for the vote.)

Ms. Coffman continued reading from the Committee's closing document for the record:

The Governor recommends General Fund appropriations of \$300,454 in FY 2011-12 to install a security surveillance system

at Ely State Prison (ESP), the state's only maximum-security prison. Currently, ESP has no surveillance system. According to the Department, the recommendation would provide correctional staff with the ability to visually monitor blind spots, assist in the detection of contraband, and provide video evidence when needed in a court of law. According to the Department, this recommendation will provide the minimum surveillance needed for this facility. In order to minimize the cost of the system, the Department will use internal maintenance staff to install the system.

Staff would note, on May 12, 2011, the State Public Works Board (SPWB) submitted a request to change the scope of CIP project 07-M48. Instead of providing bond funding for surveillance and cameras at Northern Nevada Correctional Center and Nevada State Prison, the SPWB recommends reallocating bond funds of \$1.7 million to ESP for the installation of a new surveillance system. In order to accommodate this recommendation, a new CIP project request would need to be submitted as part of the 2011 CIP recommendations for consideration by the 2011 Legislature. The Committee may wish to consider not approving the Governor's recommendation for General Fund appropriations of \$300,454 in FY 2011-12 for Ely State Prison's surveillance system, but instead recommend the project be included as part of the 2011 CIP projects. If this option is chosen, Fiscal staff will evaluate both the Department's and SPWB's estimates to determine the appropriate amount to be considered at the CIP budget closing.

SENATOR HORSFORD MOVED TO NOT APPROVE THE INSTALLATION OF A SECURITY SURVEILLANCE SYSTEM AT ELY STATE PRISON BUT TO ALLOW THE DEPARTMENT TO REQUEST THE PROJECT AS A CAPITAL IMPROVEMENT PROGRAM PROJECT.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick and Senator Cegavske were not present for the vote.)

Ms. Coffman provided the Committee with information regarding other closing items for this account. The closing items included:

- A recommendation of \$50,563 in FY 2011-12 and \$58,150 in FY 2012-13 to purchase new footlockers and mattresses associated with a projected increase in inmate population along with funds for drug testing approximately 5 percent of the inmate population each month. However, the Budget Division submitted Budget Amendment A00183 to revise the recommendation downwards to \$22,012 in FY 2011-12 and \$23,817 in FY 2012-13 to reflect a lower projected increase in inmate population. Ms. Coffman noted that the recommendation as amended appeared reasonable.
- A recommendation of General Fund appropriations of \$215,264 in FY 2011-12 and \$2,400 in FY 2012-13 to renew the Department's radio station authorization license in March 2013 and replace Department radios that were not capable of being reprogrammed to meet upcoming federal mandates. This recommendation also appeared reasonable.
- A recommendation of General Fund appropriations of \$6,688 in each fiscal year of the 2011-2013 biennium for travel expenditures for a criminal investigator to attend the annual National Prison Rape Elimination Act Coordinators' conference and to conduct prison rape investigations through the Department's facilities and camps. Ms. Coffman indicated that conference attendance was not mandatory, so the Committee may consider revising the recommendation for the criminal investigator to attend the conference only once during the upcoming biennium.
- A recommendation of General Fund reductions of \$372,236 in FY 2011-12 and \$377,969 in FY 2012-13 to eliminate funds allocated to the Department's footlocker replacement schedule during the 2011-2013 biennium. Because of lower inmate population projections, however, Budget Amendment A00183 sought to reduce General Fund savings identified by this recommendation by \$24,843 in FY 2011-12 and \$29,621 in FY 2012-13. Ms. Coffman reported that the recommendation appeared reasonable.
- Three recommendations for replacement equipment. Decision unit Enhancement (E) 710 recommended General Fund appropriations of \$147,044 in FY 2011-12 and \$181,779 in FY 2012-13 to replace computer hardware equipment. Decision unit E712 recommended General Fund appropriations of \$34,238 in FY 2011-12 and

\$780 in FY 2012-13 to replace telephones and associated materials. Decision unit E714 recommended General Fund appropriations of \$239,514 in FY 2011-12 and \$66,891 in FY 2012-13 to replace Department vehicles.

- A recommendation to transfer and reclassify a correctional sergeant from budget account 3718, Nevada State Prison, to this account. This recommendation, however, was withdrawn in Budget Amendment A00183 that was approved at the Committee's May 14, 2011, meeting.
- A recommendation to transfer an administrative services officer position from this account to budget account 3716, Warm Springs Correctional Center. Ms. Coffman said the recommendation appeared reasonable.
- A recommendation to transfer an administrative assistant 3 position from budget account 3711, Correctional Programs, to this account. The Committee already approved the transfer at its May 14, 2011, meeting.

Ms. Coffman asked whether the Committee wished to approve the remaining closing items, including the adjustments related to Budget Amendment A00183, and grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE REMAINING ITEMS FOR BUDGET ACCOUNT 3710 AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY, INCLUDING THOSE RELATED TO BUDGET AMENDMENT A00183.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

Chairwoman Smith closed the hearing on budget account 3710 and opened the hearing on budget account 3706, the state Department of Corrections' Prison Medical Care account.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – PRISON MEDICAL CARE (101-3706)**  
**BUDGET PAGE CORRECTIONS-13**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3706, Prison Medical Care.

Ms. Coffman read from the Committee's closing document for the record:

During the past five years, the Department has experienced significant volatility in its inmate-driven medical expenditures. The Department has experienced a 55.7 percent increase in inmate-driven medical costs from fiscal year (FY) 2005-06 to FY 2009-10, which equates to an average annual growth rate of approximately 13.9 percent for the past four years.

Staff would note, while the inmate population peaked in FY 2007-08, at 12,988 inmates, the medical cost per inmate decreased to its lowest level over the five-year period. Conversely, in FY 2009-10, the Department experienced a 3.5 percent decrease in average inmate population from the peak in FY 2007-08; however, medical costs per inmate increased by \$547 per inmate, or 54.7 percent. According to the Department, there are three primary reasons why inmate medical expenditures have increased over the past three years: 1. The inmate population is aging and requiring more medical treatment; 2. The Department is housing fewer but more violent inmates, which is resulting in more severe altercations; and 3. The cost of outside medical treatments have been increasing over the past five years.

Aging Population: During its testimony to the Legislative Commission's Budget Subcommittee on February 2, 2011, the Department indicated that the number of inmates between the ages of 40 and 60 has increased from 36.08 percent of the population in FY 2006-07 to 37.07 percent of the population in FY 2009-10. Furthermore, the number of inmates over the age of 60 increased from 3.1 percent in FY 2006-07 to 4.19 percent in FY 2009-10. As a result, the number of inmates over the age of



40 has increased by approximately 261 inmates from FY 2006-07 to FY 2009-10. According to the agency, average medical costs per inmate under the age of 45 are \$590 per year, compared to \$1,080 for inmates between the ages of 50 and 60, and \$3,595 for inmates 60 years of age or older.

Hardening of Inmate Population: During FY 2006-07, the Legislature passed Assembly Bill No. 510 of the 74th Session, which provided for an increase in the amount of good-time and program credits inmates are eligible to earn, and enabled the application of these credits to both the minimum and maximum sentences for certain categories of felonies. As a result, the Department has experienced a decrease in its nonviolent offender population, while violent offenders are increasing as a percent of the total population. The percentage of male inmates classified as medium or close-custody has increased from 77.4 percent of the population in the 2007-2009 biennium to 86.9 percent projected for the 2011-2013 biennium. Similarly, the percentage of female inmates classified as medium or close-custody has increased from 56.2 percent of the population in the 2007-2009 biennium to 82.7 percent of the population projected for the 2011-2013 biennium. With a greater percentage of violent offenders, the Department indicates that inmate altercations are becoming more severe.

Staff would note that General Fund appropriations are not used to pay for the medical treatment of inmate injuries that are self-inflicted, result from inmate-to-inmate altercations, or occur while participating in recreational activities. Rather, these expenses are either paid by inmates directly or reimbursed through the Inmate Welfare Account. However, the costs associated with these types of injuries have been increasing and account for a portion of the Department's overall increase in medical expenditures. The 2009 Legislature budgeted \$894,474 in FY 2010-11 to be transferred from the Inmate Welfare Account to the Medical Division to cover the noted types of injuries. However, at the February 3, 2011, Interim Finance Committee meeting, the Committee approved the Department's request to transfer an additional \$966,117 from the Inmate Welfare Account to the Medical Division, which is a 108 percent increase in the projected cost for treating these types of injuries. By way of comparison, the Department transferred \$1.86 million in FY 2009-10,

\$1.4 million in FY 2008-09 and \$894,473 in FY 2007-08 from the Inmate Welfare Account to the Prison Medical Care account to cover these types of injuries.

Increasing Medical Costs: According to the Department, the costs for medical treatments for inmates have increased, as has the length of time inmates spend at the hospital. The number of days inmates have spent at the hospital has increased from 945 in FY 2005-06 to 1,314 days in FY 2009-10, an increase of 39 percent. Furthermore, the cost per hospital day has increased from \$6,170 in FY 2006-07 to \$7,969 in FY 2009-10, an increase of 29.2 percent. The Department indicates that inmate-to-inmate altercations, while decreasing in frequency, are becoming more severe, contributing to the increase in the number of days an inmate stays in the hospital. In addition, the Department indicates the older inmates are requiring longer stays to treat chronic and age-related illnesses.

Implementation of New Cost Savings Measure: During the Joint Subcommittee on Public Safety, Natural Resources and Transportation budget hearing, the Department revealed its plans to make changes to two of its current procedures over the 2011-2013 interim, which could result in reduced medical costs. First, in June 2011 when the Department's Preferred Provider Organization (PPO) network contracts are up for renewal, the Department plans to release a request for proposal (RFP) that, instead of requesting each candidate to submit a sample of their rates as part of the RFP, would request each candidate apply their proposed rates to the Department's entire FY 2009-10 outside medical claims experience. By doing so, the Department would be able to determine what PPO offers the best rates for the procedures and treatments most commonly required by the inmates. Secondly, the Department is actively seeking the ability to charge Medicare for certain medical expenditures incurred by pregnant inmates or inmates over the age of 65. While the Department has not been able to provide an estimate of what these two changes will save, the Department believes that some savings will be realized through their implementation.

New Stale Claims Category (decision unit Enhancement 225): The Department experienced difficulties in FY 2010-11 covering stale claims incurred in FY 2009-10. In order to alleviate some of these

difficulties, the Governor recommends changing the Department's current budgeting methodology and accounting procedures for outside medical expenditures by recommending a new special use category for stale claims and providing General Fund appropriations of \$964,857 in each year of the 2011-2013 biennium to pay stale claims.

Currently, the Department accounts for all outside medical expenditures in the Inmate Driven Medical expenditure category. Pursuant to *Nevada Revised Statutes* (NRS) 353.097, if the Department incurs a stale medical claim (a stale medical claim occurs when medical treatment is provided in one fiscal year, but the bill is not received or paid until the following fiscal year), the claim must be submitted to the Board of Examiners for approval. Upon approval, NRS 353.097 requires the stale claim to be paid directly through the Stale Claims Fund. However, a state agency cannot request stale claims in excess of the amount of money the agency reverted to the originating fund in the fiscal year the stale claim was incurred. During the 2009-2011 biennium, the Department experienced difficulties complying with this provision, since the statute impeded the Department's ability to pay its medical bills within 30 days of receipt. The existing providers in the Department's PPO network require payment within 30 days to take advantage of their discounts of up to 50 percent. Assembly Bill 530 (currently in Assembly Ways and Means) has been submitted, which would exempt medical stale claims from the provisions of NRS 353.097, thereby allowing the Department to pay these claims from current year funds.

Staff would note that stale medical claims are accounted for twice in the Governor's recommended budget for Prison Medical Care. Consistent with the prior biennium budgeting methodology, The Executive Budget utilizes a four-year average to project inmate-driven outside medical expenditures for the 2011-2013 biennium. Included in this four-year average is \$1.5 million in stale medical claims incurred in FY 2009-10, but paid in FY 2010-11. However, unlike the budgeting methodology approved by the 2009 Legislature, The Executive Budget also includes an additional \$964,857 in each year for the proposed stale claims category. Since this recommendation includes additional funding in each year of the biennium for stale claims, it appears an adjustment should be made to eliminate either stale medical claims

included in the four-year average, or the additional funding for stale medical claims included in the new Stale Claims category.

During the March 11, 2011, Public Safety Joint Subcommittee budget hearing, the Department indicated that it was aware the medical stale claims were accounted for in both areas; however, the Department believes the methodology used reflects the expenditure authority it will need during the 2011-2013 biennium. The Department implied that if the stale claims were eliminated in either area, it would not have adequate funding in the 2011-2013 biennium to support its outside medical expenditures.

Inflation (decision unit Maintenance 101): In addition to the adjusted base expenditures recommended in The Executive Budget, the Governor recommends General Fund appropriations of \$1.1 million in FY 2011-12 and \$1.8 million in FY 2012-13 for inflationary increases for outside medical care, medical supplies, and durable medical equipment (prosthetics). (These amounts have been amended through Budget Amendment A00224 to reflect the February 2011 inmate population projections.)

Staff would note that historically an inflation factor has been applied to prescription drugs; however, according to the Department, no additional inflation is needed for prescription drugs in the 2011-2013 biennium. The Department indicates it recently implemented new cost-saving measures that are projected to decrease prescription drug costs from \$6.2 million in FY 2009-10 to \$4.3 million in each year of the 2011-2013 biennium. Specifically, the Department signed a contract with RENOWN Health for its HIV drugs, lowering the costs for these drugs. In addition, the Central Pharmacy reorganized its distribution procedures, which have contributed to less inventory spoilage and greater prescription drug cost-savings. Staff would note, other state agencies that purchase prescription drugs are not recommending an inflationary factor for the 2011-2013 biennium. Based on the information provided by the Department, the Governor's recommendation for medical inflation appears reasonable.

While The Executive Budget displays a 4 percent increase in medical costs per inmate from the FY 2010-11 legislatively approved amount to the FY 2011-12 Governor recommended

amount, staff would note that the FY 2011-12 Governor recommended amount is 12.8 percent less than the FY 2009-10 actual medical costs per inmate. Based on the February 2011 revised inmate population projections total medical expenditures are projected to be \$16.9 million (12,568 inmates x \$1,347.94) in FY 2011-12 and \$17.7 million (12,575 inmates x \$1,405.64) in FY 2012-13.

Staff would note that if the new stale claims category is approved, which includes an additional \$964,857 per year for medical stale claims, the medical inmate-driven costs per inmate increases to \$1,424.95 in FY 2011-12 and \$1,482.65 in FY 2012-13. However, if the stale claims category is approved, but the stale claims are taken out of the four-year average used to determine outside medical expenditures, the medical inmate-driven cost per inmate decreases to \$1,392.41 in FY 2011-12 and \$1,448 in FY 2012-13. The table below identifies what the medical inmate-driven cost would be based on the Committee's decisions relating to the proposed new Stale Claims category and associated funding, as well as the recommended inflationary factors.

In summary, in order to determine the medical inmate-driven costs per inmate, the Committee will need to make two decisions relating to the Department's total medical expenditures, which relate to the new Stale Claims category (decision unit Enhancement 225), as well as the inflationary factors (decision unit Maintenance 101) recommended by the Governor.

The Committee may wish to consider the following options relating to the Stale Claims category:

1. Approve the Stale Claims category and General Fund appropriations of \$964,857 in each year of the biennium as recommended by the Governor. This option would require the passage of A.B. 530, which would allow the Department of Corrections to pay medical stale claims timely from the new Stale Claims category without prior Board of Examiners approval.
2. Approve Option 1, but eliminate the FY 2009-10 stale medical claims included in the four-year average for inmate-driven outside medical expenditures. As previously

indicated, medical stale claims of \$964,857 in each year of the biennium would be accounted for in the new stale claims category, mitigating the need to factor these expenditures into the Department's four-year average for outside medical expenditures. This option would result in General Fund reductions of \$408,964 in FY 2011-12 and \$436,723 in FY 2012-13.

3. Approve the Stale Claims category, but only provide funding of \$964,857 in FY 2012-13. Since the Department will be receiving a supplemental appropriation (Senate Bill 470) in the amount of \$1,768,407 in FY 2010-11 to cover its projected outside medical costs for FY 2010-11, funding in this category would not be needed until FY 2012-13. If additional funds are required to cover stale claims in FY 2011-12, the Department could still seek Contingency Funds.
4. Do not approve the Governor's recommendation to create a new Stale Claims category for a General Fund savings of \$964,857 in each year of the 2011-2013 biennium. If this option is approved, A.B. 530 should not be approved, as it would restrict the Department's ability to seek an allocation from the Contingency Fund to cover higher than budgeted medical expenditures.

[Also,] does the Committee wish to approve the inflationary factors recommended by the Governor in decision unit Maintenance 101 for outside medical care, medical supplies, and durable medical equipment?

SENATOR HORSFORD MOVED TO APPROVE OPTION 2 AND THE INFLATIONARY FACTORS IN DECISION UNIT M101 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick and Senator Cegavske were not present for the vote.)

Ms. Coffman continued reading her testimony:

The Governor recommends General Fund appropriations of \$362,715 in FY 2011-12 and \$455,556 in FY 2012-13 for six additional medical positions, including one correctional nurse, three licensed practical nurses, one psychiatric nurse, and one administrative assistant. According to the Department, these positions are needed to comply with the settlement agreement associated with the class action lawsuit brought forward by the American Civil Liberties Union (ACLU) on behalf of inmates at Ely State Prison regarding medical care (*Riker, et al. vs. Gibbons, et al.*). The Department indicates the additional staff would satisfy the requirements of the settlement agreement, including 24-hour infirmary coverage; chronic disease clinic operations and management; sick-call triage and operations; scheduling of offsite visits; medical processes related to inmate transfer and receiving; medication operations and management; inmate intake processes; and continuous quality improvement processes including data collection and data reduction.

Based on the information provided by the Department, this recommendation appears reasonable. Does the Committee wish to approve the Governor's recommendation for six additional medical positions, including one correctional nurse, three licensed practical nurses, one psychiatric nurse, and one administrative assistant?

SENATOR HORSFORD MOVED TO APPROVE SIX ADDITIONAL MEDICAL POSITIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Hambrick were not present for the vote.)

The next item for the Committee's consideration was a recommendation to eliminate two correctional nurse positions and one director of nursing services. Ms. Coffman advised that the Committee had already eliminated the three positions in its closing of budget account 3718, Nevada State Prison, at its May 14, 2011, meeting. She asked whether the Committee wished to eliminate the three positions in this account following its actions on May 14, 2011.

SENATOR LESLIE MOVED TO APPROVE THE ELIMINATION OF THREE POSITIONS AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

Ms. Coffman discussed other closing items for the account, which included:

- A recommendation to adjust caseload growth projections. Ms. Coffman reminded the Committee that it already approved the adjustments at its May 14, 2011, meeting. As such, Ms. Coffman requested authority for Fiscal staff to make technical adjustments to reflect the adjustments for the account.
- A recommendation to appropriate \$131,619 for FY 2011-12 in General Funds to replace medical equipment. Ms. Coffman noted that the recommendation appeared reasonable but requested authority to make technical adjustments to move the recommendation for the Humphrey Visual Field Analyzer to decision unit Enhancement 720 for new equipment.
- A recommendation to transfer ten staff psychologist positions and associated revenues and expenditures from budget account 3706, Prison Medical Care, to budget account 3711, Correctional Programs. Ms. Coffman advised that the Committee approved this recommendation at its May 14, 2011, closing of budget account 3711, so no additional action by the Committee was required.

Ms. Coffman asked whether the Committee wished to approve the remaining closing items as recommended by the Governor, including the adjustments related to Budget Amendment A00224 involving caseload projection growth, and provide Fiscal staff with the authority to make technical adjustments to the account as necessary and to establish decision unit Enhancement 720 to account for the Humphrey Visual Field Analyzer.



ASSEMBLYMAN HOGAN MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3706 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY INCLUDING THOSE RELATED TO BUDGET AMENDMENT A00224.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3706 and opened the hearing on budget account 3751, Ely State Prison.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – ELY STATE PRISON (101-3751)**  
**BUDGET PAGE CORRECTIONS-31**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3751, the Department of Corrections' Ely State Prison account.

Ms. Coffman did not elaborate on a recommendation regarding Ely State Prison's prisoner caseload adjustments because the Committee already approved the recommendation at its May 14, 2011, meeting. Ms. Coffman requested, however, that the Committee approve all corresponding budget amendments for each of the state Department of Corrections' accounts associated with caseload adjustments.

SENATOR DENIS MOVED TO APPROVE ALL CORRESPONDING BUDGET AMENDMENTS FOR EACH OF THE DEPARTMENT OF CORRECTIONS' ACCOUNTS ASSOCIATED WITH CASELOAD ADJUSTMENTS AS RECOMMENDED BY FISCAL STAFF.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

Ms. Coffman discussed two other recommendations for the account. The Governor recommended General Fund appropriations of \$310,089 in fiscal year (FY) 2011-12 for deferred maintenance expenditures. The Governor also recommended General Fund appropriations of \$77,202 in FY 2011-12 for replacement equipment. Ms. Coffman indicated that both of the recommendations appeared reasonable and asked whether the Committee wished to approve the recommendations and grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3751 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY INCLUDING THOSE RELATED TO BUDGET AMENDMENT A00210.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

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Chairwoman Smith closed the hearing on budget account 3751 and opened the hearing on budget account 3759, Lovelock Correctional Center.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – LOVELOCK CORRECTIONAL CENTER (101-3759)**  
**BUDGET PAGE CORRECTIONS-80**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3759, the Department of Corrections' Lovelock Correctional Center. She discussed the Governor's recommendation to appropriate \$33,141 in General Funds for fiscal year (FY) 2011-12 for deferred maintenance expenditures. She also discussed a recommendation to appropriate \$107,301 in General Funds for FY 2011-12 for the replacement of culinary equipment.

Ms. Coffman asked whether the Committee wished to approve the remaining closing items and to grant Fiscal staff the authority to make technical adjustments to the account as necessary.

SENATOR HORSFORD MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 3759 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY INCLUDING THOSE RELATED TO BUDGET AMENDMENT A00212.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

Senator Horsford requested updated inmate population figures for all of the Department of Corrections' facilities.

Ms. Coffman answered that she would provide that information.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

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Chairwoman Smith closed the hearing on budget account 3759 and opened the hearing on budget account 3715, Southern Nevada Correctional Center.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – SOUTHERN NEVADA CORRECTIONAL CENTER (101-3715)**  
**BUDGET PAGE CORRECTIONS-88**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3715, Southern Nevada Correctional Center. Ms. Coffman noted that the Center was closed on June 30, 2008.

Ms. Coffman pointed to a recommendation to appropriate General Funds of \$291,652 in fiscal year (FY) 2011-12 and \$293,017 in FY 2012-13 to maintain the Center in a mothball status for the 2011-2013 biennium. Ms. Coffman asked whether the Committee wished to approve this account as recommended by the Governor.

Senator Horsford suggested that the Committee issue a Letter of Intent to require the Department of Corrections to provide any and all updates regarding the leasing of the Center. He indicated that there had been numerous proposals in the past to lease the Center, but none of the proposals had materialized.

SENATOR HORSFORD MOVED TO APPROVE BUDGET ACCOUNT 3715 AS RECOMMENDED BY THE GOVERNOR AND TO ISSUE A LETTER OF INTENT REQUIRING THE DEPARTMENT OF CORRECTIONS TO PROVIDE UPDATES REGARDING THE LEASING OF THE SOUTHERN NEVADA CORRECTIONAL CENTER.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3715 and opened the hearing on budget account 3760, Casa Grande Transitional Housing.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – CASA GRANDE TRANSITIONAL HOUSING (101-3760)**  
**BUDGET PAGE CORRECTIONS-108**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3760, the Department of Corrections' Casa Grande Transitional Housing account. She read from the Committee's closing document for the record:

In January 2010, the Department began intaking felony probationers in violation of probation who were referred to Casa Grande by the Clark County District Court to complete a 45-to-60-day substance abuse treatment program during their stay. According to the Department, the treatment is currently funded through grant funds awarded to the Division of Mental Health and Developmental Services. This referral is made in lieu of the felony probationer being sent back to a correctional or detention facility as a result of their parole violation. This "diversion program" has been designated the Opportunity for Probation Enforcement in

Nevada (OPEN) program. To facilitate this program, the Department has set aside 25 beds at Casa Grande. If the individual successfully completes the program, incarceration at a state prison is avoided.

The Department does not appear to have authority to operate this program. When questioned by Fiscal staff, the Department indicated it is operating the program under the authority of *Nevada Revised Statutes* 209.401 which provides that the Director of the Department of Corrections may, with the approval of the Board of Examiners, establish facilities which enable offenders to live in a community while obtaining regular employment, enrolling in academic courses, participating in vocational training programs, utilizing community resources in meeting their personal and family needs, and participating in whatever other approved programs may exist within the community. However, there are no provisions within the *Nevada Revised Statutes* that specifically provide authority for the Department to operate diversion programs such as the OPEN program. Staff would note that Assembly Bill 93 (R1) of the 2011 Legislative Session would provide the Department with this authority and require that a person placed in the diversion program be required to pay for the cost of his or her treatment and supervision to the extent of his or her financial resources. Staff would note that A.B. 93 (R1) includes a fiscal note for General Fund appropriations not included in The Executive Budget totaling \$250,000 each year to provide for treatment costs.

Fiscal staff would also note that the Department has not received spending authority from prior legislatures or the Interim Finance Committee to incur expenditures relating to the OPEN program. Despite the lack of authority, the Department indicates it has spent approximately \$25,400 on this program in fiscal year (FY) 2010-11; thereby contributing to Casa Grande Transitional Housing's supplemental appropriation request [Senate Bill 482 (R1)] of \$562,626 due to revenue shortfalls. If this program is authorized for the 2011-2013 biennium, the Department estimates it will require \$25,400 (\$24,074 General Funds) in each year of the biennium, primarily for housing these felony probationers.

Does the Committee wish to fund the Opportunity for Probation Enforcement in Nevada program in the Casa Grande Transitional Housing facility with state funds of \$25,400 (\$24,074 General Funds) per year? If so, the Committee may wish to approve the funding contingent upon the passage of A.B. 93 (R1), which provides authority for the Department to operate diversion programs. If funding for the Opportunity for Probation Enforcement in Nevada program is approved, staff requests authority to place the expenditures for the program in a special use category, so they can be easily tracked and identified.

Senator Horsford voiced concern that the state was not adequately funding the OPEN program at Casa Grande when it was only providing General Funds for housing the program's participants but not for treatment or other services. He praised the program for diverting offenders from the state's expensive prison system and for removing offenders from the criminal community. Senator Horsford asked what the potential cost would be to provide General Funds to support treatment and services for the OPEN program.

Ms. Coffman indicated that federal grant funding was currently supporting substance abuse treatment associated with the OPEN program through the Division of Mental Health and Developmental Services' budget. She deferred to the state Department of Corrections for further clarification.

Greg Cox, Acting Director, Department of Corrections, thanked the Committee for supporting the OPEN program and assured Committee members that the Department would be thorough in developing any new programs. He voiced appreciation that A.B. 93 (R1) was being considered in the Assembly.

Bradford Glover, Re-entry Coordinator, Department of Corrections, reported that there were 38 participants who had participated in its program since the OPEN program's inception. There were 33 participants currently in the program. Mr. Glover explained that participants were referred to the OPEN program by Judge Jackie Glass of the Eighth Judicial District Court where they received substance abuse treatment by the Salvation Army's intensive day treatment program. Another program, the Purpose, Respect, Integrity, Determination, and Excellency (PRIDE) program, provided job readiness skills and personal development and cognitive restructuring courses. Mr. Glover noted that the PRIDE program was funded through grant dollars provided by the Department of Employment, Training and Rehabilitation.

In response to Senator Horsford, Mr. Glover confirmed that the Salvation Army at 39 W. Owens Avenue, Las Vegas, NV 89106, was the location that provided intensive day treatment to those at Casa Grande.

In response to Senator Horsford, Mr. Glover remarked that federal grant funding allowed Casa Grande to purchase bus passes for its participants to travel to the Salvation Army location for treatment.

Senator Horsford insisted that he was not being critical of the program. He emphasized that Casa Grande needed more support to provide service.

Senator Horsford asked when the federal grant funding for Casa Grande would expire.

Mr. Glover responded that the U.S. Department of Justice would be awarding a new grant, the Honest Opportunity Probation with Enforcement (HOPE) grant, on June 27, 2011. Regarding the facility's current federal grant funding, Mr. Glover said the funding would be available until the end of FY 2011-12.

Senator Horsford asked how the Department would continue to support Casa Grande if it was not awarded the HOPE grant.

Mr. Cox answered that the Department would continue to work with community partners and other state agencies in an effort to support Casa Grande. He praised the OPEN and PRIDE programs and reported that Casa Grande was being considered a best practice among other states looking to expand their own transitional housing services. He also praised the Department and the facility's staff that they were able to create and operate the OPEN and PRIDE programs at very little cost.

Senator Horsford asked how many Casa Grande participants violated probation based on a drug- or alcohol-related offense on an annual basis.

Mr. Glover answered that he would provide the Committee with that information.

Senator Horsford opined that while the Casa Grande program was providing a great service, an average of 30 participants at any one time was not meeting the need of hundreds or perhaps thousands of individuals who were sent to prison for drug- or alcohol-related offenses. He said that expanding intermediate sanction activities such as the Casa Grande program would save money in annual prison costs.

Mr. Cox reiterated that the Department would provide information to the Committee regarding the number of Casa Grande participants who violated probation based on a drug- or alcohol-related offense.

With no further discussion, Chairwoman Smith indicated that she would entertain a motion to fund the Casa Grande program.

SENATOR HORSFORD MOVED TO APPROVE FUNDING FOR THE OPEN PROGRAM CONTINGENT UPON THE PASSAGE OF A.B. 93 (R1) AND WITH THE INTENTION OF EXPLORING THE POSSIBILITIES OF INCREASING FUNDING FOR THE OPEN PROGRAM.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bobzien and Hogan were not present for the vote.)

In response to Ms. Coffman, Chairwoman Smith confirmed that the motion also included the creation of a new special use category to easily track expenditures for the OPEN program.

Ms. Coffman advised that there were no other items for the Committee's consideration. She asked whether the Committee wished to approve budget account 3760 as recommended by the Governor, including the adjustments related to Budget Amendment A00216, and grant Fiscal staff the authority to make technical adjustments to the account as necessary.

SENATOR HORSFORD MOVED TO APPROVE BUDGET ACCOUNT 3760 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY INCLUDING THOSE RELATED TO BUDGET AMENDMENT A00216.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Bobzien and Hogan were not present for the vote.)

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Chairwoman Smith closed the hearing on budget account 3760 and opened the hearing on budget account 3724, Northern Nevada Restitution Center.

**DEPARTMENT OF CORRECTIONS**

**NDOC – NORTHERN NEVADA RESTITUTION CENTER (101-3724)**

**BUDGET PAGE CORRECTIONS-115**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3724, Northern Nevada Restitution Center. Ms. Coffman indicated that while there were no major closing issues, there was a recommendation to appropriate General Funds of \$4,999 for fiscal year 2011-12 to replace an 18-year-old freezer. She also referenced the projected opening of a new facility, Eagles Nest Restitution Center, but instead of elaborating on the subject, she directed the Committee to page 68 of its closing document for more information.

Ms. Coffman asked the Committee whether it wished to approve the Northern Nevada Restitution Center account as recommended by the Governor, including the adjustments related to Budget Amendment A00215 and grant Fiscal staff the authority to make technical adjustments to the account as necessary.

ASSEMBLYMAN HARDY MOVED TO APPROVE BUDGET ACCOUNT 3724 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY INCLUDING THOSE RELATED TO BUDGET AMENDMENT A00215.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hogan was not present for the vote.)

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Ms. Coffman was advised that the Committee wished to take a single motion to close the remaining budget accounts for the Department of Corrections' conservation camps. Ms. Coffman asked whether Chairwoman Smith would facilitate such a motion.

Chairwoman Smith responded in the affirmative.

**DEPARTMENT OF CORRECTIONS**

**NDOC – STEWART CONSERVATION CAMP (101-3722)**

**BUDGET PAGE CORRECTIONS-122**

**NDOC – PIOCHE CONSERVATION CAMP (101-3723)**

**BUDGET PAGE CORRECTIONS-129**

**NDOC – HUMBOLDT CONSERVATION CAMP (101-3741)**

**BUDGET PAGE CORRECTIONS-152**

**NDOC – ELY CONSERVATION CAMP (101-3747)**

**BUDGET PAGE CORRECTIONS-159**

**NDOC – JEAN CONSERVATION CAMP (101-3748)**

**BUDGET PAGE CORRECTIONS-166**

**NDOC – SILVER SPRINGS CONSERVATION CAMP (101-3749)**

**BUDGET PAGE CORRECTIONS-173**

**NDOC – CARLIN CONSERVATION CAMP (101-3752)**

**BUDGET PAGE CORRECTIONS-175**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that there were no major closing issues for the following budget accounts: budget account (BA) 3722, Stewart Conservation Camp; BA 3723, Pioche Conservation Camp; BA 3741, Humboldt Conservation Camp; BA 3747, Ely Conservation Camp; BA 3748, Jean Conservation Camp; BA 3749, Silver Springs Conservation Camp; and BA 3752, Carlin Conservation Camp.

Ms. Coffman noted, however, that there were replacement equipment expenditures recommended in the budget accounts for the Pioche, Humboldt, Ely and Jean Conservation Camps that Ms. Coffman recommended reducing because of equipment being shifted to those camps from the shuttering Nevada State Prison. Ms. Coffman also recommended that the Committee approve the budget amendments submitted by the Budget Division to adjust the accounts' caseload figures to reflect the final inmate population projections.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE BUDGET ACCOUNTS 3722, 3723, 3741, 3747, 3748, 3749, AND 3752 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNTS AS NECESSARY INCLUDING THOSE RELATED TO BUDGET AMENDMENTS INVOLVING THE ACCOUNTS' CASELOAD FIGURES.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGETS CLOSED.

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Chairwoman Smith closed the hearing on budget accounts 3722, 3723, 3741, 3747, 3748, 3749, and 3752. She then opened the hearing on budget account 3719, Prison Industry.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – PRISON INDUSTRY (525-3719)**  
**BUDGET PAGE CORRECTIONS-204**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3719, Prison Industry. While there were no major closing issues with the account, Ms. Coffman indicated the budget included the following recommendations:

- A recommendation to fund inmate transportation from the Stewart Conservation Camp to the Nevada State Prison's license plate factory and book bindery shop on a daily basis. While the Department of Corrections recommended a transfer of \$533,381 in each fiscal year of the 2011-2013 biennium from the Department of Motor Vehicles for its license plate charges, the Department of Motor Vehicles recommended transfers of \$458,983 in each fiscal year of the 2011-2013 biennium. As such, Ms. Coffman advised that the Committee reduce the Prison Industries' license plate fee revenue authority to \$458,983 in each fiscal year of the 2011-2013 biennium to reflect the Department of Motor Vehicles' projections.

- A recommendation of \$3,239 in fiscal year (FY) 2011-12 and \$1,406 in FY 2012-13 for replacement equipment. Ms. Coffman noted that the recommendation appeared reasonable.
- A recommendation to restore in-state travel expenditures of \$5,753 in each fiscal year of the 2011-2013 biennium. Ms. Coffman said this recommendation also appeared reasonable.

Ms. Coffman reported that the Interim Finance Committee eliminated a prison industries supervisor 1 position from the account on December 17, 2010, but The Executive Budget reflected that a prison industries supervisor 2 position had been eliminated. Fiscal staff sought the authority to make technical adjustments to restore the prison industries supervisor 2 position and eliminate the prison industries supervisor 1 position as approved by the Interim Finance Committee.

Ms. Coffman asked whether the Committee wished to approve the closing items as recommended by the Governor and grant Fiscal staff the authority to make technical adjustments to the account as necessary.

Senator Horsford questioned the state's approach to its prisoners whereby it contracted with private vendors for Nevada's prisoners to work, and then the revenue generated from prison labor was allocated to other areas of The Executive Budget and not to inmate prevention, intervention, or community programs. While Senator Horsford did not challenge the tenet that prisoners should be punished for their crimes, Senator Horsford voiced concern that the profit generated from their labor was being spent in the "wrong way." He requested that the Committee receive funding figures for this account, budget account 4196, Forest Fire Suppression, and any other budget accounts associated with prison labor. Senator Horsford then asked the Committee that once it received this information, it would consider redirecting prison labor revenue to prisoner prevention, intervention, and community programs such as those at the Casa Grande Transitional Housing facility.

Chairwoman Smith asked whether Senator Horsford wished to make a motion with his directive.

Senator Horsford replied that until the Committee knew the funding figures for this account, budget account 4196, and any other budget accounts associated with prison labor, the Committee was unable to take action to allocate prison labor revenue to prisoner programs.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE BUDGET ACCOUNT 3719 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3719 and opened the hearing on budget account 3727, Prison Dairy.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – PRISON DAIRY (525-3727)**  
**BUDGET PAGE CORRECTIONS-210**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that there was only one recommendation for budget account 3727, Prison Dairy. The Governor recommended reserve funding of \$1,315 in each fiscal year of the 2011-2013 biennium for replacement equipment. She asked the Committee whether it wished to approve the account as recommended by the Governor.

SENATOR PARKS MOVED TO APPROVE BUDGET ACCOUNT 3727 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

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

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3727. She then asked Ms. Coffman to provide an update on the Committee's closing of budget account 3718, Nevada State Prison.

**DEPARTMENT OF CORRECTIONS**  
**NDOC – NEVADA STATE PRISON (101-3718)**  
**BUDGET PAGE CORRECTIONS-56**

Sarah Coffman, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reminded the Committee that at its May 14, 2011, meeting, it closed budget account 3718, Nevada State Prison, contingent upon a new spending plan being constructed to facilitate the closure of Nevada State Prison effective April 2012. Ms. Coffman reported that after meeting with the Department of Corrections, Fiscal staff determined that extending the closure date of Nevada State Prison to April 2012 would result in additional General Fund appropriations of \$2.5 million for fiscal year (FY) 2011-12 and would reduce mothballing expenditures associated with the Prison for FY 2012-13 by \$147,290.

Ms. Coffman said she would entertain any further questions regarding the account.

Chairwoman Smith requested that Fiscal staff provide the Committee with information regarding updated figures for the account.

Ms. Coffman agreed to Chairwoman Smith's request.

Chairwoman Smith closed the hearing on budget account 3718 and opened the hearing on budget account 1526, Commission on Economic Development.

**ECONOMIC DEVELOPMENT AND TOURISM**  
**ECONOMIC DEVELOPMENT – COMMISSION ON ECONOMIC DEVELOPMENT**  
**(101-1526)**  
**BUDGET PAGE ECON DEV & TOURISM-1**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 1526, Commission on Economic Development (NCED). He read from the Committee's closing document for the record:

The Governor recommends General Funds of \$4.7 million over the biennium to implement economic expansion plans focused upon developing and implementing programs for economic business development in Nevada, including the addition of four senior associate of industrial development positions.

#### New Programs

The Governor's recommended expansion plans focus upon six new programs for economic business development in Nevada. Program areas include: Technology Commercialization; Domestic Business Development; Nevada Business Expansion; Defense Industry Expansion; Global Business Development; and Rural Manufacturing Workforce Development. The agency previously provided preliminary information concerning each program area; however, during the Assembly Ways and Means budget hearing on February 14, 2011, the agency was asked to provide more information concerning each program recommended in The Executive Budget, including realistic achievements for the funding provided. In addition, the agency was asked to demonstrate how the program's performance would be measured and provide an implementation timeline. In response, the agency provided a general implementation timeline and a related scope of work by fiscal year, which was forwarded to the full Committees in March 2011. Relevant summary information is provided within the respective program areas that follow.

1. Technology Commercialization: The Governor recommends General Funds of \$575,000 in each year of the biennium for the Technology Commercialization program. The agency indicated that the objective of Technology Commercialization is to establish a platform in Nevada for the development of entrepreneurial activity resulting from applied research generated by Nevada's universities and public and private sector research entities. Employment would be derived from numerous business segments that are compatible with existing or developable competencies in the state, including renewable energy, aerospace, and defense systems. The agency reported that its development strategy included the completion of a study of implementation plans utilized around the country in order to identify best practices for Technology Commercialization (e.g., the Utah "USTAR" model). The agency has also indicated one of the four new senior associate of industrial development positions would serve as a commercialization expert to implement the Technology Commercialization program and related strategies.

During the Assembly Ways and Means budget hearing on February 14, 2011, the agency testified it had completed a Technology Commercialization study, and a copy of the draft study was provided to the Committees in March 2011.

2. Domestic Business Development: The Governor recommends General Funds of \$655,000 in each year of the biennium for the Domestic Business Development program. The objective of Domestic Business Development is to recruit new companies to Nevada, with a bias toward manufacturing and information processing. The agency previously reported that implementation strategies for the Domestic Business Development program area include identifying opportunities associated with statewide economic sectors (e.g., bioscience, renewable energy), as well as regional clusters (e.g., aviation components, food processing, data processing). The agency indicates it would continue its attraction efforts in California while also establishing an East Coast campaign to attract companies seeking to serve western markets. Furthermore, the agency indicates that one of the four new senior associate of industrial development positions would serve as a national sales representative to accomplish these strategies and implement the Domestic Business Development program.
3. Nevada Business Expansion: The Governor recommends General Funds of \$190,000 in each year of the biennium for the Business Expansion program. The objective of Business Expansion is to conduct an orchestrated campaign with the network of statewide development authorities in order to assist Nevada businesses with expansion. The agency's reported strategies include compiling an electronic resource directory of funding sources as well as workforce training programs, expansion incentives, and new market opportunities. The agency indicates it would work with allied organizations such as the Manufacturers Association and the development authorities in order to communicate expansion assistance to their members. It appears traveling to each county for presentations, providing statewide workshops to small, minority, and veteran business owners, would also be a component of this program.



4. Defense Industry Expansion: The Governor recommends General Funds of \$170,000 in each year of the biennium for the Defense Industry Expansion program. The objective of Defense Industry Expansion is to increase the amount of contracting and contractor employment with the Departments of Defense, Homeland Security, and Energy at various sites in Nevada and to increase research opportunities with these federal agencies through our university system. The agency has reported that one of the four new senior associate of industrial development positions would serve as an industry expert to accomplish these strategies and implement the Defense Industry Expansion program.

Nevada National Security Site: The agency indicates it would work with test-site management in order to expand the applied research conducted with the Nevada System of Higher Education (NSHE) on behalf of Homeland Security. Furthermore, the agency would seek to develop next-generation solar technologies by working with the University of Nevada, Las Vegas (UNLV), and private sector companies developing photovoltaic and solar thermal power production facilities in southern Nevada. The agency also reports it would work to expand the UNLV center for nuclear technology research.

Nellis, Creech, Hawthorne and Fallon Military Bases: The agency reports it would work with the Congressional delegation and Department of Defense (DOD) to determine how the missions of these military bases may be expanded to include research or other DOD needs. Due to the geographic characteristics of the Hawthorne military base, it appears the agency would also explore an expansion of the base's mission as it relates to Homeland Security. The agency also reports it would work to create a Nevada chapter of the Defense Industries Association in order to act as cluster for industry. In addition, the agency would work to attract defense contractors through aggressive marketing and targeted trade shows.

Budget Amendment 247: Budget Amendment 247 was submitted by the Budget Division on March 28, 2011, to reduce General Funds in this enhancement decision unit by \$27,782 in fiscal year (FY) 2011-12 and \$25,259 in FY 2012-13 with corresponding reductions in the funding for the Defense Industry Expansion program. The purpose of the amendment was to move General Funds from this account to the Procurement Outreach Program (budget account 101-4867) via companion Budget Amendment 252. The Procurement Outreach Program requires additional General Fund support due to a reduction in federal funding as well as the elimination of Registration Fee revenue associated with the Program. Staff would note that the budget amendment proposed in this account is dependent upon the Committee approving decision unit Enhancement (E) 255, as recommended by Governor.

It should also be noted that the agency reports the Defense Industry Expansion program's reduction in funding contained in Budget Amendment 247 would result in reduced allocations for the Annual Supplier Forum in FY 2011-12, Defense Industry Attraction campaign in FY 2012-13 and the Primary Contractor Industry Attraction in each year of the biennium. Based upon a discussion with the agency, the reductions in these areas would not adversely impact the expanded program.

5. Global (International) Business Development: The Executive Budget recommends General Funds of \$474,616 in FY 2011-12 and \$452,000 in FY 2012-13 for the Global Business Development program. The objective of Global Business Development is to begin exploring the means for developing and growing international business opportunities in Las Vegas and the Reno/Tahoe area, leveraging existing transportation and hospitality infrastructure assets, and seeking opportunities for infrastructure expansion. The agency reports that, with the exception of bidding on the 2022 Winter Olympic Games, its initial focus will be primarily on existing assets due to the current budgetary limitations. The agency indicates that one of the four new senior associate of industrial development positions would serve as an international business expert to

accomplish these strategies and implement the Global (International) Business Development program.

6. Rural Manufacturing Workforce: The Executive Budget recommends General Funds of \$77,000 in each year of the biennium for the Rural Manufacturing Workforce program. The Rural Manufacturing Workforce program objective is to illustrate the demand for manufacturing career opportunities in Nevada. This includes conveying the skills necessary and the curricula available to Nevada students to train for a career in manufacturing. The agency indicates that a national and state crisis is looming in skilled workforce preparation to support expanding manufacturing employment. The agency reports its strategies for the Rural Manufacturing Workforce program include: implementing an awareness campaign to highlight careers in manufacturing; aligning career ladders for manufacturing consisting of K-12, community college, and higher education systems; compiling compensation data concerning entry-level, mid-level, and high-level wages corresponding with job titles; and traveling the state in order to present the program to business and education communities with the goal of program adoption at the local level.

Senior Associate of Industrial Development—four full-time equivalent positions:

As previously noted, The Executive Budget recommends the addition of four unclassified senior associate of industrial development positions to implement these program areas, with total personnel costs of \$298,084 in FY 2011-12 and \$400,044 in FY 2012-13. The positions are budgeted to begin October 1, 2011. Based upon discussions with the agency, it is anticipated that each position would be filled and in full operation within approximately six months or by March 2012 based upon an October 2011 start date. The agency reports that these positions would perform functions to include, but not be limited to, completing assessments of their assigned program areas, evaluating strategies for Nevada to improve in each program area, developing marketing plans, and attending trade shows.

During the budget hearing on February 14, 2011, the Assembly Committee on Ways and Means expressed concern with

the nature of the senior associate of industrial development positions recommended for the NCED. Specifically, with a budgeted annual salary of \$77,505, the Committee questioned the agency whether it would be able to recruit and retain qualified professionals to serve in each new program area. In response, the agency has reported that it is confident in its ability to attract and retain competent personnel for these new positions, it received an ongoing number of resumes in these areas due to the nature of the work in business development, and the salary and benefit package is highly competitive in Nevada.

Staff would note that decision unit E255 also includes General Funds of \$22,501 for out-of-state travel, \$16,155 for in-state travel, \$6,960 for training, and \$526 for operating expenses in each year of the biennium. In addition, General Funds of \$670 in FY 2011-12 and \$656 in FY 2012-13 are recommended for information services. Staff would note that this decision unit includes General Fund reductions of \$105,773 in FY 2011-12 and \$201,330 in FY 2012-13 related to advertising. The agency indicates its intention is to reduce its general advertising category and reallocate advertising funding to the new program areas recommended in this decision unit.

[Assembly Bill 449 \(2011 Session\):](#)

On April 4, 2011, the Senate Finance and Assembly Ways and Means Committees heard A.B. 449, including a proposed amendment, which was introduced to implement a new economic development strategy for the State of Nevada. Staff would note that, based upon the information provided concerning the program areas included in the Governor's recommendation, it is not known if the Governor's recommendation is consistent with the provisions and intent of A.B. 449. Furthermore, it appears that A.B. 449 requires an analysis and evaluation to be conducted by the Advisory Council on Economic Development on or before October 1, 2011. According to the bill, the analysis and evaluation would produce findings concerning the effectiveness of the economic development programs in the state and Nevada's economic strengths and weaknesses. Furthermore, the findings of the analysis and evaluation would appear to serve as a foundation for developing a State Plan for Economic Development, which would be developed by the Executive Director of a new Office of Economic Development working in conjunction with a new Board

of Economic Development. Since the analysis, evaluation, and State Plan for Economic Development are not yet completed, the Committee may wish to consider appropriating the Governor's recommended funding included in decision unit E255 to the Interim Finance Committee's (IFC) Contingency Fund if the Committee elects to approve this level of additional funding. With the passage of A.B. 449, the completion of the required analysis and evaluation, and subsequent implementation, either the Commission on Economic Development or the new Office of Economic Development could approach IFC to request funding for new staff and related programs consistent with the long-term State Plan for Economic Development.

Mr. Edwards noted that the Budget Division submitted a budget amendment for the account that was not included in the Committee's closing document because it was submitted after the closing document was prepared. The budget amendment sought to provide an alternative funding strategy for the account.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that after speaking with Andrew Clinger, Director, Department of Administration, a representative from the Office of the Governor would gladly testify about the budget amendment.

Assemblyman Ocegüera expressed support for option 2 for the account, which was to approve decision unit E255 with General Funds of \$2,352,957 in FY 2011-12 and \$2,339,253 in FY 2012-13, including Budget Amendment 247, but appropriate the funding to the IFC Contingency Fund. This option was contingent upon the passage of A.B. 449. Assemblyman Ocegüera said Option 2 was similar to the Governor's recommendation.

Mr. Combs reported that the approval of option 2 would leave the Commission on Economic Development flat-funded for the 2011-2013 biennium. It would place the enhancement funding into the Interim Finance Committee's Contingency Fund until the determination of whether A.B. 449 was passed and, if the bill passed, the Interim Finance Committee would consider how to use that additional funding pursuant to A.B. 449. Mr. Combs added that if A.B. 449 were not to pass, the Commission on Economic Development would be maintained and would still be able to request approval from the Interim Finance Committee on how best to use the additional funding.

Chairwoman Smith asked Mr. Clinger to testify before the Committee.

Mr. Clinger voiced support for option 2. The Governor's Office had been looking for a way to set aside the additional funding amid the uncertainty that A.B. 449 created. Mr. Clinger added that allocating the additional funding to the IFC Contingency Fund was essentially the same as allocating it to the Commission on Economic Development.

Chairwoman Smith appreciated the consensus among the Committee, the Budget Division, and Fiscal staff.

Assemblyman Ocegüera remarked that funding for regional development agencies would also likely be allocated to the IFC Contingency Fund for approval.

Mr. Combs concurred with Assemblyman Ocegüera, saying that funding for regional development agencies would continue in the budget for the first six months of FY 2011-12. For the rest of the 2011-2013 biennium, the remaining 18 months of funding for regional development agencies would be placed into the IFC Contingency Fund for the new Office of Economic Development to request consistent with the passage of A.B. 449.

ASSEMBLYMAN OCEGUERA MOVED TO APPROVE DECISION UNIT E255 WITH GENERAL FUNDS OF \$2,352,957 IN FY 2011-12 AND \$2,339,253 IN FY 2012-13, INCLUDING BUDGET AMENDMENT 247 AND APPROPRIATE THOSE FUNDS ALONG WITH FUNDS FOR REGIONAL DEVELOPMENT AGENCIES TO THE IFC CONTINGENCY FUND.

SENATOR LESLIE SECONDED THE MOTION.

Senator Horsford demurred that the state's efforts to bring the 2022 Winter Olympic Games to Nevada would be successful.

Chairwoman Smith asked about the funds associated with the state's 2022 Winter Olympic Games bid.

Mr. Combs responded that the funds for the 2022 Winter Olympic Games bid was a part of the funding being considered for transfer into the IFC Contingency Fund.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Mr. Combs advised that the passage of A.B. 449 would create an Advisory Council on Economic Development that would likely have expenditures during the first six months of FY 2011-12. Upon further analysis, Fiscal staff determined that \$20,000 would be a reasonable amount of funds to cover the Advisory Council's expenditures. Mr. Combs recommended that the Committee place \$20,000 into a special expenditure category in this account, which, accordingly, would reduce the funds transferred into the IFC Contingency Fund by \$20,000. Mr. Combs added that the \$20,000 would only be available for the Advisory Council's use should the provisions delineating the Advisory Council in A.B. 449 be enacted.

ASSEMBLYMAN OCEGUERA MOVED TO PLACE \$20,000 INTO A SPECIAL EXPENDITURE CATEGORY WITHIN BUDGET ACCOUNT 1526 TO FUND THE FIRST SIX MONTHS OF THE ADVISORY COUNCIL ON ECONOMIC DEVELOPMENT'S EXPENDITURES FOR FY 2011-12 CONTINGENT ON THE PASSAGE OF A.B. 449.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Mr. Edwards provided the Committee with information regarding the account's other closing items, which included:

- A recommendation to allocate General Funds of \$109,852 in FY 2011-12 and \$109,669 for FY 2012-13 for general advertising, public relations, and newswire services.
- A recommendation to allocate General Funds of \$7,960 in each fiscal year of the 2011-2013 biennium for the Global Trade and Investment program.
- A recommendation of authority to collect donations totaling \$25,000 in each fiscal year of the 2011-2013 biennium to continue the Governor's Medallion program.
- A recommendation to allocate \$24,700, of which \$5,000 would be General Funds, in each fiscal year of the 2011-2013 biennium to plan and host the annual Commission on Economic Development Conference.

- A recommendation of advertising contributions of \$100,000 in each fiscal year of the 2011-2013 biennium for cooperative advertisers to support a comprehensive statewide marketing campaign promoting business opportunities and incentives in Nevada.
- A recommendation to allocate General Funds of \$17,504 over the 2011-2013 biennium for replacement hardware and software.

Mr. Edwards noted that all the recommendations appeared reasonable and asked whether the Committee wished to approve the recommendations as recommended by the Governor.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE REMAINING ITEMS FOR BUDGET ACCOUNT 1526 AS RECOMMENDED BY THE GOVERNOR.

SENATOR HORSFORD SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

\* \* \* \* \*

Chairwoman Smith closed the hearing on budget account 1526 and opened the hearing on budget account 1527, Nevada Film Office.

**ECONOMIC DEVELOPMENT AND TOURISM**  
**ECONOMIC DEVELOPMENT – NEVADA FILM OFFICE (101-1527)**  
**BUDGET PAGE ECON DEV & TOURISM-10**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 1527, Nevada Film Office. He read from the Committee's closing document for the record:

The Executive Budget recommends budget reductions totaling \$94,396 in fiscal year (FY) 2011-12 and \$99,033 in FY 2012-13, including reductions in advertising (decision unit Enhancement (E)601) and position eliminations (decision unit E606). During the



Assembly Committee on Ways and Means budget hearing on February 14, 2011, the Committee expressed the importance of marketing Nevada to the film industry and other media in light of the recommended budget reduction of \$193,429 over the 2011-2013 biennium. The Committee noted that room tax revenue was projected to increase and questioned the agency about why the reductions were required in this account when room tax revenues were projected to increase.

In response, the agency testified that it was following a more focused, entrepreneurial plan, which could be achieved with the funding recommended in The Executive Budget. Staff would note that the Commission on Tourism has reported actual room tax revenue collections of \$13.84 million in FY 2010 with forecasted room tax collections of \$14.98 million in FY 2010-11, \$15.26 million in FY 2011-12, and \$15.83 million in FY 2012-13. At the projected levels, room tax revenues represent year-over-year increases of 8.2 percent in FY 2010-11, 1.9 percent in FY 2011-12, and 3.7 percent in FY 2012-13, respectively.

The Governor recommends reductions in transfers from the Commission on Tourism of \$33,932 in FY 2011-12 and \$36,576 in FY 2012-13 with corresponding reductions in advertising for the biennium. Staff would note that the recommended reductions would result in remaining advertising funding of \$131,473 in FY 2011-12 and \$128,829 in FY 2012-13. The legislatively approved funding for advertising was \$170,200 in each year of the 2009-2011 biennium.

Based upon the Assembly Committee on Ways and Means budget hearing on February 14, 2011, the agency was asked to explain the impact of the advertising budget reductions and whether the agency would be able to market Nevada and compete for new business in film and other production industries. In response, the agency reported that this reduction would impact the agency's ability to reach new clients and retain and grow its current client base. Furthermore, the agency reported that the loss of visibility, at a time when 40 other states are aggressively pursuing film and other production, would result in a loss of productions, jobs and revenue to the state. The agency has indicated it would continue to advertise, but in fewer mediums, reaching a reduced population.

Does the Committee wish to approve decision unit Enhancement (E) 601, including reductions in advertising, with reduced transfers from the Commission on Tourism of \$33,932 in FY 2011-12 and \$36,576 in FY 2012-13? If this recommendation is not approved, the agency would retain base advertising expenditures of \$165,405 in each year of the biennium and transfers of room tax revenues from the Commission on Tourism would need to be increased.

ASSEMBLYMAN KIRNER MOVED TO APPROVE DECISION UNIT E601 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Mr. Edwards continued his testimony:

The Governor recommends the elimination of two part-time (0.50 full-time equivalent [FTE] positions each) administrative assistant 2 positions, with reduced transfers from the Commission on Tourism of \$60,464 in FY 2011-12 and \$62,457 in FY 2012-13. Staff would note that this reduction represents one full-time position, which is currently shared between two part-time employees serving the northern Nevada film office. The agency reports that the positions share the same responsibilities, including receiving and resolving incoming calls and walk-in inquiries for the agency; sending out permit information and production directories for the Nevada Film Office (NFO); and providing assistance in updating the electronic film database.

The loss of this full-time position would result in a layoff for two part-time employees, with their duties allocated to the remaining staff. The agency and the Budget Division have confirmed there is a combined Public Employees' Retirement System (PERS) buyout and terminal leave payout of \$39,752 associated with these part-time staff. With these expenses, the net savings in FY 2011-12 would be approximately \$20,712.

Based upon the Assembly Committee on Ways and Means budget hearing on February 14, 2011, the agency was asked to explain whether the five remaining staff in the NFO would be able to meet the workload demand effectively with the elimination of these part-time staff. In response, the agency confirmed the elimination represents an administrative assistant 2, which is currently being filled with two part-time employees in the Carson City office, and the remaining five positions are located in the agency's Las Vegas office.

Furthermore, the agency has reported that this position functions as the northern Nevada film liaison, and the loss of the position would leave the NFO without a northern Nevada film representative to assist the industry with location scouting, permitting, and intergovernmental assistance. Based upon a discussion with the agency, most of the film office's activity is in the southern region of the state. Without this position, should a potential project arise in the northern region, the agency has indicated it would send staff from Las Vegas to northern Nevada in order to assist in that effort, including working with production companies in scouting locations.

Does the Committee wish to approve decision unit E606, including the elimination of two part-time (0.50 FTE each) administrative assistant 2 positions and reduced transfers from the Commission on Tourism of \$60,464 in FY 2011-12 and \$62,457 in FY 2012-13, as recommended by the Governor? If approved, the layoff of these positions would result in PERS buyout and terminal leave payout expenses, which would reduce the savings in FY 2011-12 to approximately \$20,712.

In response to Chairwoman Smith, Mr. Edwards reiterated that the position eliminations would result in a General Fund savings of \$20,712 for FY 2011-12.

Chairwoman Smith implied that the General Fund savings of \$20,712 for FY 2011-12 by eliminating two part-time positions was not a large amount of savings.

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNIT E606 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

Mr. Edwards provided the Committee with other closing items for the account, which included:

- A recommendation of \$45,738 in FY 2011-12 and \$45,589 in FY 2012-13 in miscellaneous revenue for the production of the Nevada Film Directory.
- A recommendation of additional transfers from the Commission on Tourism of \$1,915 in each fiscal year of the 2011-2013 biennium, including \$1,000 each year to send four employees to PowerPoint training, and \$915 each year to support hosted events for NFO activities associated with attracting film industry businesses to Nevada.
- A recommendation of \$6,358 over the 2011-2013 biennium in transfers from the Commission on Tourism for replacement computer hardware and software.

Mr. Edwards noted that the three recommendations appeared reasonable. He asked whether the Committee wished to approve the recommendations.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 1527 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 1527 and opened the hearing on budget account 1528, Rural Community Development.

**ECONOMIC DEVELOPMENT AND TOURISM**

**ECONOMIC DEVELOPMENT – RURAL COMMUNITY DEVELOPMENT  
(101-1528)**

**BUDGET PAGE ECON DEV & TOURISM-16**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 1528, Rural Community Development. He read from the Committee's closing document for the record:

The Governor recommends General Fund reductions of \$11,467 in fiscal year (FY) 2011-12 and \$12,058 in FY 2012-13, which includes annual reductions of \$831 for in-state travel and \$2,141 for out-of-state travel, as well as reductions of \$8,260 in FY 2011-12 and \$9,086 in FY 2012-13 to eliminate the agency's annual membership to the Council of State Community and Economic Development Agencies (COSCEA). Staff would note that this action represents the complete elimination of funding available for out-of-state travel, which the agency previously indicated would restrict training opportunities for Community Development Block Grant (CDBG) staff. Furthermore, the agency has indicated that reduced in-state travel would hinder grantee training and monitoring and restrict the agency's outreach to grantees and rural communities. By eliminating its COSCEA membership, the agency indicated its access to new Housing and Urban Development (HUD) information would be reduced as would interaction with other CDBG programs and training opportunities.

During the budget hearing in the Assembly Committee on Ways and Means on February 14, 2011, the Committee questioned the agency about the elimination of funding for out-of-state travel and the impact upon agency operations. In response, the agency testified that it intended to use its training funding to supplement out-of-state travel requirements since the out-of-state travel was primarily for training purposes. Furthermore, in discussion with the agency, it has been reported that eliminating the COSCEA membership would likely delay receiving information directly from HUD and may result in the need to obtain information from indirect sources, but it should not significantly impact the operation or the agency's ability to perform its functions.

Staff would note this decision module includes a reduction of \$235 in FY 2011-12, which is attributable to two inkjet printer replacements requested in decision unit Enhancement (E) 710. Based upon a discussion with the Budget Division, the \$235 associated with the replacement printers should be removed. A technical adjustment has been completed, which is reflected in the closing adjustments for this budget account. With the two replacement printers removed from this decision unit, the net reduction becomes \$11,232 in FY 2011-12 and \$12,058 in FY 2012-13.

Based upon the information provided by the agency and the Budget Division, this recommendation appears reasonable, as adjusted. Does the Committee wish to approve decision unit E600 as recommended by the Governor, with the technical adjustment as noted?

ASSEMBLYMAN HOGAN MOVED TO APPROVE DECISION UNIT E600 AND DECISION UNIT E710, WHICH ALLOCATES GENERAL FUNDS OF \$3,453 IN FY 2011-12 AND \$4,163 IN FY 2012-13 FOR REPLACEMENT COMPUTER HARDWARE AND SOFTWARE, AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

\* \* \* \* \*

Chairwoman Smith closed the hearing on budget account 1528 and opened the hearing on budget account 1529, Nevada Catalyst Fund.

**ECONOMIC DEVELOPMENT AND TOURISM**  
**ECONOMIC DEVELOPMENT – NEVADA CATALYST FUND (101-1529)**  
**BUDGET PAGE ECON DEV & TOURISM-22**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 1529, Nevada Catalyst Fund. He read from the Committee's closing document for the record:

The Executive Budget recommends General Funds of \$10 million in fiscal year (FY) 2011-12 via decision unit Enhancement (E) 175 for providing assistance to companies looking to relocate to Nevada.

On April 4, 2011, the Senate Committee on Finance and Assembly Committee on Ways and Means heard A.B. 449, including a proposed amendment, which was introduced to implement a new economic development strategy for the State of Nevada. Provisions of the bill include creating the Nevada Catalyst Fund as a special revenue fund to provide a direct investment in business growth and relocation. According to the most recent bill amendment, the Nevada Catalyst Fund would provide a development resource, a grant, or a loan of money to promote the economic development of this state and aid the implementation of the State Plan for Economic Development. Staff would note that A.B. 449 revises the funding source for the Catalyst Fund. Specifically, section 46 provides for a transfer of \$10 million to the Catalyst Fund from the Abandoned Property Trust Account rather than the General Fund. According to the bill, the transfer from the Abandoned Property Trust Account would take effect on July 1, 2011, and expire by limitation on June 30, 2012.

Based upon the information provided, the Committee may wish to consider the following options:

1. Approve decision unit E175, including the creation of the Nevada Catalyst Fund and \$10 million in General Funds, as recommended by the Governor.
2. Approve decision unit E175, including the creation of the Nevada Catalyst Fund and \$10 million in transfers from the Abandoned Property Trust Account, as provided via A.B. 449. This option would be contingent upon the passage of A.B. 449.
3. Do not approve decision unit E175 or the creation of the Nevada Catalyst Fund.

Assemblyman Ocegüera asked for clarification regarding the differences between the Governor's recommendation for the Catalyst Fund and A.B. 449.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, emphasized that The Executive Budget supported the Catalyst Fund with \$10 million in General Funds for fiscal year (FY) 2011-12, while A.B. 449 proposed to support the Catalyst Fund with \$10 million in unclaimed property funds in a one-shot transfer. Mr. Combs indicated that the only difference between the two was a matter of whether Committee members wished to reflect the Catalyst Fund's \$10 million as a General Fund appropriation or as an unclaimed property fund transfer.

Senator Horsford congratulated the Governor, Assemblyman Ocegüera, and others who were involved in developing the Catalyst Fund as a part of the state's new economic reforms. The Catalyst Fund would be effective in attracting new businesses to Nevada along with helping existing businesses in the state expand and hire new employees.

Senator Horsford noted that A.B. 449 included a provision that allocated an undetermined amount of funds to the Knowledge Fund. He stressed that the amount of support for the Knowledge Fund needed to be determined once the state's budget process was completed and if A.B. 449 was passed.

SENATOR HORSFORD MOVED TO APPROVE DECISION UNIT E175 TO APPROPRIATE \$10 MILLION IN GENERAL FUNDS TO THE CATALYST FUND AS RECOMMENDED BY THE GOVERNOR AND TO EMPHASIZE THE NEED TO APPROPRIATE FUNDS TO THE KNOWLEDGE FUND CONTINGENT UPON THE PASSAGE OF A.B. 449.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

In response to Mr. Combs, Senator Horsford explained that for the purposes of this motion, he wished to appropriate \$10 million in General Funds to the Catalyst Fund because the unclaimed property funds stipulated in A.B. 449 could be deposited into the General Fund following the bill's passage.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 1529 and opened the hearing on budget account 4867, Procurement Outreach Program.

**ECONOMIC DEVELOPMENT AND TOURISM**  
**ECONOMIC DEVELOPMENT – PROCUREMENT OUTREACH PROGRAM**  
**(101-4867)**  
**BUDGET PAGE ECON DEV & TOURISM-23**

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 4867, Procurement Outreach Program (POP). He read from the Committee's closing document for the record:

The Governor recommends reducing one administrative assistant 3 position from full-time (1 full-time equivalent position) to part-time (0.50 full-time equivalent position), with General Fund reductions of \$35,550 in fiscal year (FY) 2011-12 and \$36,527 in FY 2012-13. The agency reports that this position represents the only clerical support for the Las Vegas office. Currently this position is responsible for maintaining the client database, which includes entering and updating client/company profiles; researching local government bid information for clients/companies; producing a weekly newsletter for clients/companies; sending broadcast (e-mail) information to clients/companies, as well as resource partners; preparing travel arrangements; organizing and coordinating workshops; and regular administrative duties. With a reduction of this position to part-time, the workload will be redistributed to the remaining staff.

According to the agency, the position's computer-based tasks (e.g., maintaining the client database, entering and updating client/company profiles) are anticipated to shift to staff in Carson City. To the extent this position is not being eliminated but reduced to part-time, the agency indicates it would evaluate the position's remaining workload to determine the tasks the incumbent would still be able to accomplish given the part-time schedule, prior to redistributing workload to other staff.

Based upon the information provided by the agency, this recommendation appears reasonable. Does the Committee wish to approve decision unit Enhancement (E) 606, reducing one administrative assistant 3 from full-time to part-time, including

General Fund reductions of \$35,550 in FY 2011-12 and \$36,527 in FY 2012-13, as recommended by the Governor?

ASSEMBLYMAN HARDY MOVED TO APPROVE DECISION UNIT ENHANCEMENT 606 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick, Ocegüera and Senator Horsford were not present for the vote.)

Mr. Edwards continued his testimony:

The current formula for determining federal funding and the General Fund match requirement for this budget allows the agency to apply an indirect rate to its personnel expenses, thereby increasing the total program costs eligible for federal assistance while reducing the General Fund match requirement. In addition, the agency currently charges a \$50 registration fee for participation in POP, which partially offsets the cost of POP and reduces the agency's General Fund need. The Executive Budget reflects a federal funding formula that applies an indirect rate of 90 percent to its personnel expenses. Based upon this rate and the recommended POP registration fee revenue of \$10,100 in each year of the biennium, the General Fund requirement recommended for this account is \$64,846 in FY 2011-12 and \$67,342 in FY 2012-13.

However, the agency recently reported that, under the terms of its agreement with the federal government, the agency may no longer charge a fee to businesses and individuals who wish to sign up for POP. In addition, the agency has received confirmation of a decrease in the allowable federal indirect rate, from 90 percent to 79.48 percent. A reduced indirect rate of 79.48 percent would result in decreased federal funding available for this budget and increased General Funds would be required to sustain the agency's operations. In discussion with the agency and the Budget Division, the reduced indirect rate of 79.48 percent, coupled with the eliminated registration fee revenue, requires an increase in General Funds of \$27,782 in FY 2011-12 and \$25,259 in FY 2012-13 when compared to the amount recommended in The Executive Budget.

Budget Amendment 252 was submitted by the Budget Division on March 28, 2011, and increased General Funds by \$27,782 in FY 2011-12 and \$25,259 in FY 2012-13, with corresponding increases in personnel expenses. It should be noted that the increase in General Funds in this account was offset by a corresponding reduction in General Funds for the Commission on Economic Development (E255, 101-1526) via Budget Amendment 247. Staff would note that the adjustment to the POP resulting in increased personnel expenses is not a proper adjustment. Since the increase in General Funds was intended to reflect a change in the indirect rate and an anticipated decline in federal funding for this budget, the increase to the General Fund appropriations for this budget account should have been offset with reductions in other revenue, with no change in program expenditures. Staff would also note that the amendment is dependent upon the approval of decision unit E255 for the Commission on Economic Development account (101-1526).

[Regarding technical adjustments,] in conjunction with the agency and the Budget Division, staff has confirmed the adjustment should be applied to the funding sources within this budget account. As a result, technical adjustments have been completed by staff, whereby \$10,100 in Registration Fee revenue is eliminated in each year of the biennium, as well as reductions in federal funding of \$17,682 in FY 2011-12 and \$15,159 in FY 2012-13. The combined reductions offset the necessary increase in General Funds of \$27,782 in FY 2011-12 and \$25,259 in FY 2012-13, with no impact to program expenditures. These technical adjustments are reflected in the closing adjustments for this budget account.

Based upon this information, staff would recommend that the Committee not approve Budget Amendment 252, as submitted, and approve the technical adjustments, as noted.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE TECHNICAL ADJUSTMENTS AS RECOMMENDED BY FISCAL STAFF.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Ocegüera and Senator Horsford were not present for the vote.)

Mr. Edwards continued his testimony, reading from the Committee's closing document regarding other closing items for the account:

Decision unit E250 recommends General Funds of \$5,065 in each year of the biennium for a subscription to SAI Global and conference registration for the Association of Procurement Technical Assistance Centers. According to the agency, funding also includes attendance for Department of Defense related conferences concerning small businesses. The SAI Global subscription provides reference information concerning federal National Stock Numbers, buying histories, quotes, costs, as well as qualified product lists, military specifications and standards for selling to the government. This recommendation appears reasonable.

Decision unit E600 recommends General Fund reductions of \$140 in FY 2011-12 and \$903 in FY 2012-13, including \$140 in computer printer replacements in each year of the biennium and \$763 in reduced in-state travel funding for FY 2012-13. Staff would note the \$140 reduction in each year is attributed to two printer replacements requested in each year of the biennium via decision unit E710. Based upon a discussion with the Budget Division, the \$140 reduction associated with the replacement printers in each year should be removed. A technical adjustment has been completed by staff, which is reflected in the closing adjustments for this budget account. With the two replacement printers removed from this decision unit, the net reduction becomes \$763 in FY 2012-13 only. As adjusted, this recommendation appears reasonable.

Decision unit E710 recommends General Funds of \$4,134 in FY 2011-12 and \$3,810 in FY 2012-13 for replacement computer hardware and software, including two desktop PCs, one laptop PC, one flat-panel monitor, one laptop docking station, and two inkjet printers. This decision unit also includes contractual PC/LAN technical support. The equipment is being replaced according to standard schedules. Based upon the information provided by the agency, this recommendation appears reasonable.

Does the Committee wish to approve the other closing items as recommended by the Governor, with the technical adjustment as noted?

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE THE REMAINING CLOSING ITEMS FOR BUDGET ACCOUNT 4867 AS RECOMMENDED BY THE GOVERNOR AND GRANT FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THE ACCOUNT AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hambrick and Oceguela and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 4867. She then indicated that the Committee would be reconciling budget closing differences between the Assembly Committee on Ways and Means and the Senate Committee on Finance for several budget accounts. She opened the hearing on budget account 1011, Governor's Washington Office, for reconciliation.

#### ELECTED OFFICIALS

#### GOVERNOR'S WASHINGTON OFFICE (101-1011)

#### BUDGET PAGE ELECTED-10

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 1011, Governor's Washington Office. He referred to the Committee's report on budget closing differences ([Exhibit D](#)) for the record.

Mr. Combs reported that the Governor recommended funding the Governor's Washington Office through three transfers in each fiscal year of the upcoming biennium: \$18,503 in General Funds from the Commission on Economic Development; \$101,439 in room tax funds from the Commission on Tourism; and \$127,137 in Highway Funds from the Department of Transportation. If approved, these transfers would total \$247,079 for the Governor's Washington Office in each fiscal year of the 2011-2013 biennium. The Senate Committee

on Finance voted to entirely eliminate funding for the Governor's Washington Office, while the Assembly Committee on Ways and Means voted to close the account as recommended by the Governor.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE GENERAL FUNDS OF \$61,770 FOR THE FIRST QUARTER OF FISCAL YEAR 2011-12 TO SUPPORT THE GOVERNOR'S WASHINGTON OFFICE AND PLACE GENERAL FUNDS OF \$185,309 FOR FISCAL YEAR 2012 AND \$247,079 FOR FISCAL YEAR 2013 IN RESERVE FOR THE INTERIM FINANCE COMMITTEE TO APPROVE UPON DEMONSTRATION THAT THE AGENCY HAS ISSUED A REQUEST FOR PROPOSAL.

SENATOR LESLIE SECONDED THE MOTION.

Assemblyman Conklin explained that there had been concern in previous sessions that the agency was unwilling to issue a request for proposal. Assemblyman Conklin said his motion, if approved, would motivate the agency to issue a request for proposal and would also increase transparency in how the agency contracted for service.

In response to Chairwoman Smith, Assemblyman Conklin clarified that an appropriation of \$61,770 for the first quarter of fiscal year (FY) 2011-12 was the agency's annual budget divided by four. He added that the agency should be able to issue a request for proposal by the Interim Finance Committee's September 2011 meeting so the agency could request and receive the rest of its funding in time for the remainder of the fiscal year.

Senator Horsford said that the Governor's Washington Office had contracts in FY 1999-2000 and between April 2006 and June 2007, and August 2007 to the present. In those years, despite the agency's promises, the agency had not once issued a request for proposal. Senator Horsford stressed that the contract process needed to be open, fair, and competitive. He added that he would reluctantly support Assemblyman Conklin's motion though the agency had never issued a request for proposal.

Assemblyman Kirner commented that previous testimony suggested that the completion of a request for proposal by September 2011 would be nearly impossible.

In response to a questions from Assemblyman Kirner, Chairwoman Smith replied that the Office of the Governor would complete the request for proposal for the Governor's Washington Office.

Senator Leslie recalled that the Budget Division recently reported that the request for proposal would take three months to complete.

Mr. Combs noted that the request for proposal would not be a complicated one. He added that because it did not involve a large amount of money, the creation of the request for proposal could likely be expedited.

Andrew Clinger, Director, Department of Administration, indicated that the Governor's Office believed in a transparent bid process, so it intended to issue a request for proposal for the Governor's Washington Office. Mr. Clinger agreed that the request for proposal would take three months to complete.

THE MOTION CARRIED. (Assemblyman Hambrick was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith asked whether the previous motion was sufficient in reconciling the differences between the Assembly Committee on Ways and Means and the Senate Committee on Finance for this account.

Mr. Combs responded in the affirmative.

Chairwoman Smith closed the hearing on budget account 1011 and opened the hearing on budget account 1302, Judicial College and College of Juvenile and Family Justice.

**DEPARTMENT OF ADMINISTRATION**  
**JUDICIAL COLLEGE & COLLEGE OF JUVENILE & FAMILY JUSTICE (101-1302)**  
**BUDGET PAGE ADMIN-229**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 1302, Judicial College and College of Juvenile and Family Justice. He referred to the Committee's report on budget closing differences ([Exhibit D](#)) for his testimony.

Mr. Combs advised that The Executive Budget recommended General Fund reductions of \$61,190 in each fiscal year of the 2011-2013 biennium or an annual reduction of \$40,793 to the National Judicial College (NJC) and \$20,397 to the National College of Juvenile and Family Court Judges (NCJFCJ). The reductions were recommended to meet budget reduction targets. The two organizations historically received an annual General Fund appropriation of \$375,000, but the base budget for the two organizations had been reduced to \$322,050 because of budget reductions over the last several years. If the Governor's recommendation were approved, the NJC and NCJFCJ would receive a total General Fund appropriation of \$260,860 in each fiscal year of the 2011-2013 biennium.

Mr. Combs told the Committee that organization representatives advised that the recommended budget reductions would require them to seek other funding sources to replace the loss of state funding. Notwithstanding, Mr. Combs noted that the two organizations had received an increased number of contributions, grants, and federal funds since fiscal year (FY) 2008-09.

Mr. Combs indicated that the Assembly Committee on Ways and Means voted to approve the General Government Joint Subcommittee recommendation to further reduce General Fund support to 50 percent of the Governor's recommended level, or \$130,430 in each fiscal year, for the NJC and the NCJFCJ. This recommendation would result in additional General Fund savings of \$260,860 over the 2011-2013 biennium. The Senate Committee on Finance, however, voted to close the budget as recommended by the Governor with annual funding of \$260,860.

Senator Leslie emphasized that the NJC and NCJFCJ were very different organizations. Nevertheless, Senator Leslie remarked that in the present climate of budget reductions, the Committee was compelled to reduce funding to the NJC and NCJFCJ until perhaps the state's economy improved and more revenue was generated. The state was lucky to support the two organizations, in part because they provided many pro bono services to the state's juvenile justice and judicial systems. Senator Leslie said she would reluctantly support the Assembly's position.

Chairwoman Smith said she would entertain a motion and a vote for only the Senate Committee on Finance.



SENATOR LESLIE MOVED TO REDUCE GENERAL FUND SUPPORT TO THE NJC AND THE NCJFCJ TO \$130,430 IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senators Cegavske and Rhoads voted no.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 1302 and opened the hearing on budget account 3952, Athletic Commission.

**DEPARTMENT OF BUSINESS & INDUSTRY**  
**ATHLETIC COMMISSION (101-3952)**  
**BUDGET PAGE B&I-39**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3952, Athletic Commission. He read from the Committee's report on budget closing differences ([Exhibit D](#)) for the record:

The Amateur Boxing program uses ticket surcharge receipts collected pursuant to *Nevada Revised Statutes* 467.108 to award grants to organizations that promote amateur contests or exhibitions of unarmed combat in Nevada. Senate Bill 498, which is currently in the Senate Committee on Finance, expands the purpose for which the ticket surcharge receipts may be used to include performing random drug testing of professional and amateur unarmed combatants at any time, including during any period of training.

The Senate Committee on Finance approved transferring \$20,000 in each year of the 2011-2013 biennium from the Athletic Commission Amateur Boxing program to be used for random non-fight night drug testing of professional and amateur athletes. The Assembly Committee on Ways and Means did not receive a request for this adjustment and closed the budget without the adjustment.

Chairwoman Smith noted that the Senate Committee on Finance's position seemed reasonable and emphasized that the Assembly Committee on Ways and Means did not have an opportunity to entertain this item. Chairwoman Smith said she would entertain a motion and a vote for only the Assembly Committee on Ways and Means.

ASSEMBLYMAN CONKLIN MOVED TO APPROVE THE TRANSFER OF \$20,000 IN EACH FISCAL YEAR OF THE 2011-2013 BIENNIUM FROM THE ATHLETIC COMMISSION AMATEUR BOXING PROGRAM TO BE USED FOR RANDOM NON-FIGHT NIGHT DRUG TESTING OF PROFESSIONAL AND AMATEUR ATHLETES.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oceguela was not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3952 and opened the hearing on budget account 3220, Chronic Disease.

#### HUMAN SERVICES

#### HEALTH DIVISION HHS-HD-CHRONIC DISEASE (101-3220)

#### BUDGET PAGE DHHS HEALTH-108

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3220, Chronic Disease. He read from the Committee's report on budget closing differences ([Exhibit D](#)) for the record:

The Women's Health Connection (WHC) pays for qualified women to have pelvic exams, clinical breast exams, and a Pap smear or mammogram. Those found to have breast or cervical cancer as a result of the program-eligible screening or diagnostic services are then processed into Medicaid.

The Governor recommends eliminating seven vacant state positions for a savings of \$29,877 in fiscal year (FY) 2011-12 and \$48,893 in FY 2012-13. The state positions were previously funded with the National Cancer Prevention and Control grant, and the savings is limited, because most of the positions costs are being moved back to the WHC program category in order to fund a contract to perform the medical billing and other services for the WHC. The Governor recommends \$345,675 in FY 2011-12 and \$323,232 in FY 2012-13 to pay a contractor who specializes in medical billing (net cost is \$334,743 in FY 2011-12 and \$322,318 in FY 2012-13 due to other operating expense reductions).

The Health Division intends to issue a request for proposal for a contractor to provide billing, case management, and patient navigation services. During the March 8, 2011, Human Services Joint Subcommittee budget hearing, the agency indicated that it wishes to transition this service to a vendor in order to leverage the federal funds, which are designated for specific women's health screening purposes, to find a provider who may be able to negotiate more favorable rates so that persons who qualify for the WHC program can receive increased primary care (i.e., "whole person care" instead of disparate screenings).

The Assembly Committee on Ways and Means approved this item as recommended by the Governor. The Senate Committee on Finance voted to not approve the elimination of the seven positions.

Senator Leslie indicated that the Senate Committee on Finance was concerned that the elimination of the seven positions would impair the ability to provide service, especially to consumers in the Las Vegas area. Senator Leslie remarked that she would support the Assembly Committee on Ways and Means' position on the position eliminations, but she suggested that the Committee issue a Letter of Intent for the Health Division to report to the Legislative Committee on Health Care semiannually on the status of the WHC's contracted services.

SENATOR LESLIE MOVED TO ELIMINATE SEVEN POSITIONS AS RECOMMENDED BY THE GOVERNOR AND TO ISSUE A LETTER OF INTENT FOR THE HEALTH DIVISION TO SEMIANNUALLY REPORT TO THE LEGISLATIVE HEALTH COMMITTEE ON CARE

ABOUT THE STATUS OF THE WOMEN'S HEALTH CONNECTION'S  
CONTRACTED SERVICES.

SENATOR HORSFORD SECONDED THE MOTION.

Chairwoman Smith called for a vote for only the Senate Committee on Finance.

THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Smith asked whether there were any objections from the Assembly Committee on Ways and Means to the Letter of Intent approved by the Senate Committee on Finance. There were no objections.

BUDGET CLOSED.

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Chairwoman Smith closed the hearing on budget account 3220 and opened the hearing on budget account 3166, Family Preservation Program.

**HUMAN SERVICES**  
**MENTAL HEALTH AND DEVELOPMENTAL SERVICES**  
**HHS-MHDS-FAMILY PRESERVATION PROGRAM (101-3166)**  
**BUDGET PAGE DHHS MHDS-27**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, began the hearing on budget account 3166, Family Preservation Program. He read from the Committee's report on budget closing differences ([Exhibit D](#)) for the record:

This program currently provides an allotment of \$374 per month to 528 low-income families who care for children or relatives with profound or severe mental retardation. The Executive Budget included caseload increases of 72 additional families in fiscal year (FY) 2011-12 and 26 families in FY 2012-13 for a total of 98 families to be phased into the program over the 2011-2013 biennium. In addition, The Executive Budget replaces General Funds of \$1.2 million in FY 2012-13 with tobacco settlement funds.

The Assembly Committee on Ways and Means approved the additional General Funds supporting the recommended caseload as

well as replacing General Funds with tobacco settlement funds in FY 2012-13. However, the Assembly Committee on Ways and Means voted to issue a Letter of Intent for the Division to delay adding the new families to the program until such time a decision has been reached regarding the ongoing dispute and arbitration proceedings involving the tobacco settlement funds.

The Senate Committee on Finance approved the recommended caseload increase, as well as the replacement of General Funds with tobacco settlement funds, with no prohibition in adding new families to the program irrespective of the arbitration proceedings.

Chairwoman Smith suggested that the Assembly Committee on Ways and Means support the Senate Committee on Finance's position on this account.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE CASELOAD INCREASE AND THE REPLACEMENT OF GENERAL FUNDS WITH TOBACCO SETTLEMENT FUNDS BUT WITH NO PROHIBITION IN ADDING NEW FAMILIES TO THE FAMILY PRESERVATION PROGRAM IRRESPECTIVE OF THE ARBITRATION PROCEEDINGS.

ASSEMBLYWOMAN MASTROLUCA SECONDED THE MOTION.

Assemblyman Goicoechea remarked that perhaps the Senate Committee on Finance could take a more cautious approach to the Family Preservation Program and agree with the Assembly Committee on Ways and Means' position.

Chairwoman Smith called for a vote for only the Assembly Committee on Ways and Means.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Assembly Committee on Ways and Means  
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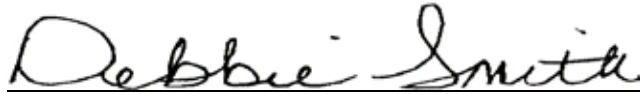
Chairwoman Smith closed the hearing on budget account 3166, and having no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 1 p.m.

RESPECTFULLY SUBMITTED:

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Jordan Butler  
Committee Secretary

APPROVED BY:



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Assemblywoman Debbie Smith, Chairwoman

DATE: \_\_\_\_\_

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Senator Steven A. Horsford, Chair

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name:** Assembly Committee on Ways and Means/Senate Committee on Finance

**Date:** May 19, 2011

**Time of Meeting:** 8:13 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
	C	Fiscal Analysis Division, Legislative Counsel Bureau	Closing List 23, a closing document for the Division of Mental Health and Developmental Services' budget accounts.
	D	Fiscal Analysis Division, Legislative Counsel Bureau	A report on budget closing differences between the Senate Committee on Finance and the Assembly Committee on Ways and Means.