

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
April 24, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 9:07 a.m. on Wednesday, April 24, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chair
Senator Joyce Woodhouse, Vice Chair
Senator Moises (Mo) Denis
Senator David R. Parks
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator Michael Roberson

GUEST LEGISLATORS PRESENT:

Senator Pat Spearman, Senatorial District No. 1
Assemblyman James Oscarson, Assembly District No. 36

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Michael J. Chapman, Principal Deputy Fiscal Analyst
Joi Davis, Senior Program Analyst
Leslie Sexton, Committee Secretary

OTHERS PRESENT:

Stacey Crowley, Director, Office of Energy, Office of the Governor
Caleb S. Cage, Executive Director, Office Of Veterans' Services
Jeffrey Fontaine, Nevada Association of Counties

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Michael J. Willden, Director, Department of Health and Human Services
Mary Walker, Carson City, Douglas County, Lyon County, Storey County,
Eureka County
Patrick Sanderson, Nevada Alliance for Retired Americans
Ranna J. Daud, Associate Director, After-School All-Stars of Greater Las Vegas
Erika Aguilar, Program Director, After-School All-Stars of Greater Las Vegas
Joyce Haldeman, Clark County School District
Bill Welch, Nevada Hospital Association
Cheryl Blomstrom, Nevada Nurses Association
Al Martinez, Service Employees International Union Nevada 1107
Alex Ortiz, Clark County
Dan Musgrove, The Valley Health System
Ken Retterath, Division Director, Washoe County Social Services

Chair Smith:

We will begin the meeting with the budget for the Public Utilities Commission of Nevada (PUCN), budget account (B/A) 224-3920.

COMMERCE AND INDUSTRY

PUBLIC UTILITIES COMMISSION

PUC - Public Utilities Commission — Budget Page PUC-11 (Volume I)
Budget Account 224-3920

Michael J. Chapman (Principal Deputy Fiscal Analyst):

There are no major closing issues for this account. There are four other closing items listed on pages 3 and 4 of the Senate Committee on Finance Closing List #5 of ([Exhibit C](#)).

The Executive Budget recommends the PUCN's annual regulatory assessment rate at 2.42 mills for the 2013-2015 biennium, an increase of 0.14 mills from the fiscal year (FY) 2012-2013 assessment rate of 2.28 mills. Increasing the annual mill assessment rate by 0.14 mills will have an impact of approximately 3 cents on a monthly residential ratepayer's bill of \$200. With the recommended mill-assessment rate increase noted above, the Executive Budget reflects an ending reserve balance of \$2.27 million in FY 2013-2014 and \$1.9 million in FY 2014-2015. The recommended reserve levels represent approximately 75 days of operating expenditures in FY 2013-2014 and 62 days

in FY 2014-2015, which is less than the historically optimal range of approximately 90 days.

The Committee should note that the PUCN has the statutory authority to annually adjust the mill assessment rate. Historically, the PUCN evaluates its budget requirements in May of each year in order to establish the appropriate mill assessment to be levied on regulated utility companies for the following fiscal year.

Budget Amendment No. A130023920 was submitted by the Department of Administration's Budget Division. It includes Governor Brian Sandoval's recommendation to increase the mill assessment from 2.42 mills each year to 2.53 mills. The rate increase generates an additional \$448,104 each year in supplemental assessment revenue. This revenue, combined with the spending levels recommended in the Executive Budget, and the changes to statewide cost allocations, Enterprise Information Technology Services (EITS) assessments and Public Employees' Benefits Program assessments that are also included in the budget amendment, would provide a reserve balance estimated at \$2.6 million in FY 2013-2014 and \$2.8 million in FY 2014-2015, or 86 days and 91 days, respectively.

The second other closing item is the Governor's recommendation that the PUCN transition seven of the Agency's ten vehicles to monthly motor pool leases effective January 1, 2014. All seven vehicles would meet the State's replacement standard of either 10 years of age, or 100,000 miles. The Agency advises that the seven vehicles to be replaced with motor pool leased vehicles will be surplus through the Purchasing Division of the Department of Administration, with the sales proceeds being returned to the Agency.

E-249 Efficient and Responsive State Government — Page PUC-13

The third other closing item is the Governor's recommendation for reserve funding of \$136,400 in FY 2013-2014 and \$111,400 in FY 2014-2015, which when combined with base funding of \$48,600, would provide authorization of \$185,000 in FY 2013-2014 and \$160,000 in FY 2014-2015 for expert consultants who supplement the regulatory operations staff in reviewing, analyzing and advising the Commission in regulatory matters, and representing the Commission before federal regulatory agencies. The chart on page 4 of [Exhibit C](#) shows how that money would be directed.

E-250 Efficient and Responsive State Government — Page PUC-13

The last other closing item is for the replacement of computer hardware and software. The Governor recommends reserve funding of \$169,672 and Railway Inspection Fees of \$4,800 over the 2013-2015 biennium to replace computer hardware and software, including 35 desktop computers, 9 laptop computers, 7 printers, 6 application/database servers, 2 routers, upgrades for Microsoft Office Suite Pro, Client Access Licenses and antivirus software. The recommended replacement equipment is consistent with the state's technology replacement schedule.

Budget Amendment No. A130023920 removes the antivirus software specific to each budget account as a result of the recommendation and the approval by the Interim Finance Committee (IFC) on April 18, 2013, to transition to an enterprise antivirus software solution.

E-710 Equipment Replacement — Page PUC-15

SENATOR GOICOECHEA MOVED TO APPROVE B/A 224-3920 WITH THE BUDGET AMENDMENT INCREASING THE MILL ASSESSMENT AND ASSOCIATED REVENUES AND RESERVES; TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR; AND TO AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR OTHER CLOSING DECISIONS THAT IMPACT THE PUBLIC UTILITIES COMMISSION BUDGET.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR DENIS WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Chair Smith:

We will now consider the budget for the Governor's Office of Energy Conservation of the Nevada State Office of Energy (NSOE), B/A 101-4868.

ELECTED OFFICIALS

Governor's Office Energy Conservation — Budget Page ELECTED-22 (Volume I) Budget Account 101-4868

Mr. Chapman:

There are three major closing issues in this budget.

The first major issue is the sufficiency of funding provided by the Renewable Energy Fund. During the 2011 Session, the NSOE account was closed, removing all but \$100 each year of General Fund support. The General Fund was replaced with transfers of property tax collections from the Renewable Energy Fund pursuant to *Nevada Revised Statute* (NRS) 701A, and was consistent with the recommendations of the Legislative Commission for the review of Base Budgets of State agencies during the 2010-2011 interim period between Legislative Sessions.

The Governor recommends funding support for the NSOE to include transfers of property tax collections from the Renewable Energy Fund totaling \$782,666 in FY 2013-2014 and \$1,036,928 in FY 2014-2015. The monies in that account are property tax proceeds received from qualifying facilities receiving abatements.

The actual receipts of property taxes by the Renewable Energy Fund were not near the amounts that were projected to be received during the 2011-2013 biennium. In FY 2011-2012, the NSOE projected property tax receipts were \$1.65 million, however, actual receipts totaled \$309,354, or 19 percent of the amount projected. Accordingly, the 25 percent portion to support NSOE operations were limited to \$77,339. In FY 2012-2013, the NSOE projected property tax receipts of \$1.63 million; however, year-to-date receipts as of February 8, totaled \$162,072, or approximately 10 percent of the amount projected. The NSOE recently included updated revenue projections with its budget submittal, which decrease the projection to \$741,256, of which \$185,314 would be available for partial support of operating the NSOE. However, as of April 18, property tax collections have increased to \$1.13 million, or approximately 69 percent of the amount initially projected for FY 2012-2013, and 152 percent more than the revised projection provided on February 10. In response to Fiscal Division Staff inquiries, the NSOE indicated the revenue increases are associated with NV Energy's One Nevada Line and

the Patua Project, LLC projects that have begun generating property tax collections. In FY 2013-2014, the projection of property tax receipts increases to \$3.1 million, and further increasing to \$4.7 million in FY 2014-2015. The 25 percent portion for NSOE operations would total \$775,106 in FY 2013-2014 and \$1.2 million in FY 2014-2015.

The chart on page 7 of [Exhibit C](#) shows a breakdown of the distribution of the 25 percent portion of property tax collection used for NSOE operations.

The NSOE has advised Fiscal Staff that the FY 2011-2012 and FY 2012-2013 property tax collections were difficult to project given the relative newness of the tax abatement program and delays in the implementation of projects approved for abatements. The NSOE further advises of complications in working with the local government tax officials in determining when the abatements would go into effect and the timing of when the property tax collections would begin from qualifying projects. The Director testified during the Committee budget hearings that the NSOE has worked more closely with the local government officials in better identifying when an approved project will be added to the tax rolls and begin remitting property taxes based upon when the abatement begins and not when the project is fully online and operational. In addition, the Director testified that built into its revised projections is a 15-month delay factor to allow for project delays and to provide for a more conservative estimate.

Senator Kieckhefer:

Will we discuss the uses of the remaining 75 percent of the property taxes, collected from the energy projects, that is not allocated to the NSOE?

Mr. Chapman:

It will be discussed under the budget for the Renewable Energy Fund.

SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S
RECOMMENDATION TO TRANSFER PROPERTY TAX RECEIPTS TO
B/A 101-4868.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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The second major closing issue is the General Fund support for B/A 101-4868.

E-230 Efficient and Responsive State Government — Page ELECTED-25

The Governor recommends a General Fund appropriation of \$115,674 with a corresponding reduction in property tax collections from the Renewable Energy Fund in FY 2013-2014 only. Information included in the budget narrative indicates the appropriation is needed due to insufficient property tax collections in the Renewable Energy Fund that would be transferred to the NSOE account within the 25 percent allocation limit to support recommended expenditure levels. The fund map prepared by the NSOE utilizes the appropriation as supporting approximately 91 percent of the Director's salary and benefits in FY 2013-2014. Additionally, much of the federal funding used to support the NSOE's activities in the 2011-2013 biennium have expired. The Governor projects there will be sufficient property tax collections to obviate the need for General Fund support in FY 2014-2015.

Given the lack of federal funding support, decreased property tax collections, and decreased transfers from the Renewable Energy Fund, the amount of General Fund support of \$115,674 seems reasonable. If property tax collections in FY 2013-2014 exceed projections, this would make additional funds available to the Agency to transfer from the Renewable Energy Fund.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT E-230 AND TO ISSUE A LETTER OF INTENT DIRECTING THE NSOE TO REVERT A PORTION, OR ALL, OF THE GENERAL FUNDS APPROPRIATION TO THE EXTENT PROPERTY TAX RECEIPTS AVAILABLE FOR TRANSFER EXCEED \$782,666.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Chapman:

The third major closing issue in B/A 101-4868 is the elimination of 3.51 full-time equivalent positions.

The Governor recommends the elimination of a management analyst II position, which is currently filled, and a renewable energy analyst, which is currently vacant. This would reduce the need for Renewable Energy Fund transfers by \$145,142 in FY 2013-2014 and \$159,617 in FY 2014-2015. This appears to be caused by insufficient transfers from the Renewable Energy Fund. The management analyst II position is currently filled by a long-term employee. The NSOE is working to find another position for this employee. If a layoff becomes necessary, there will be separation costs of approximately \$67,000 that will have to be made up with Agency funds.

E-250 Efficient and Responsive State Government — Page ELECTED-25

Due to the expiration of federal grants, the Governor recommends the elimination of a management analyst II position, which is currently vacant, and a part-time public service intern, which is currently filled. The incumbent in the public service intern position is a short-term employee who should have minimal terminal leave payout costs.

E-490 Expiring Grant/Program — Page ELECTED-26

SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATIONS IN DECISION UNITS E-250 AND E-490 OF B/A 101-4868.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Chapman:

There are five other closing items listed on pages 9 and 10 of [Exhibit C](#).

The Governor recommends authorizing \$1.04 million of funds held in reserve for the NV Energy Rebate Program to be expended in FY 2013-2014 when the time period for the program expires. The NV Energy Rebate Program provided rebates through the NSOE to offset the cost of solar installations on State facilities.

E-491 Expiring Grant/Program — Page ELECTED-26

The Governor recommends additional transfers of property tax collections from the Renewable Energy Fund of \$9,350 over the 2013-2015 biennium for replacement equipment, including eight desktop computers, one laptop computer and antivirus subscriptions each year. The recommended computer replacements comply with the EITS replacement schedule.

E-710 Equipment Replacement — Page ELECTED-28

Budget Amendment No. A1300024868 removes the antivirus software specific to each budget account because of the recommendation and the approval by the IFC on April 18, to transition to an enterprise antivirus software solution.

The Governor recommends an additional transfer of property tax collections from the Renewable Energy Fund of \$520 in FY 2013-2014 to purchase four copies of Adobe Acrobat computer software.

E-720 New Equipment — Page ELECTED-28

The Governor recommends reduced transfers of property tax collections from the Renewable Energy Fund of \$9,224 over the 2013-2015 biennium to adjust the cost allocations paid to the Department of Administration, Administrative Services Division for recommended maintenance and enhancements in that account. However, the Governor also recommends increases in transfers from the Renewable Energy Fund of \$17,288 over the 2013-2015 biennium associated with removing the Commodity Food Program from the cost allocation pool because of the recommended transfer of the program to the Department of Agriculture. The Governor recommends increased transfers of property tax collections from the Renewable Energy Fund of \$2,685 over the 2013-2015 biennium for centralized personnel services rendered to the NSOE by the Department of Administration's Division of Human Resource Management (DHRM).

M-801 Cost Allocation — Page ELECTED-24
E-801 Cost Allocation — Page ELECTED-28

Budget Amendment No. A130024868 decreases transfers from the Renewable Energy Fund by \$5,419 each year with corresponding reductions to Administrative Services costs allocation charges because of the Governor's recommendation to transfer the Department of Public Safety's (DPS) Information Technology activities to the EITS. The budget amendment includes the new Information Technology Consolidation DPS account into the Administrative Services Division cost allocation pool, which reduces the charges to the other budget accounts included in the cost allocation pool.

Administration - IT - Info Tech Consolidation DPS — Budget Page ADMIN-130
(Volume I)
Budget Account 721-1405

The Governor recommends increased transfers of property tax collections from the Renewable Energy Fund of \$39,272 over the 2013-2015 biennium to support salary increases for the unclassified director and deputy director positions. The maximum salary for the director would increase from \$96,912 as specified in S.B. No. 505 of the 2011 Session to \$100,427, an increase of 3.6 percent. The maximum salary for the deputy director of \$65,830 would increase to approximately \$77,529, an increase of 17.4 percent. Information submitted by the NSOE indicates that the director has assumed increased responsibilities resulting from absorbing the Renewable Energy and Energy Efficiency Authority into the NSOE and the associated administration of the Renewable Energy Tax Abatement Program. The increase for the deputy director is requested because the position oversees three energy program managers, at grade 41, added to the NSOE since 2010 whose annual salaries range from step 1 at \$57,712 to step 10 at \$86,735. The full money committees will make decisions regarding salary recommendations for unclassified positions.

E-806 Unclassified Position Salary Increases — Page ELECTED-29

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATIONS IN DECISION UNITS E-491, E-710, E-720, M-801, E-801 AND E-806; AND TO GIVE FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR DEPARTMENT COST

ALLOCATIONS AND DECISIONS MADE BY THE FULL MONEY COMMITTEES REGARDING UNCLASSIFIED SALARIES.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Chair Smith:

We will now consider the budget for the Renewable Energy Fund, B/A 101-4869.

Renewable Energy Fund — Budget Page ELECTED-33 (Volume I)
Budget Account 101-4869

Mr. Chapman:

There are no major closing items in B/A 101-4869.

Assembly Bill (A.B.) No. 522 of the 75th Session established the Renewable Energy Fund that is intended to collect 45 percent of property taxes paid where abatement has been granted to a renewable energy facility. Of the 45 percent portion directed into the Renewable Energy Fund, 75 percent of that amount must be used to offset the cost of electricity to retail customers of a public utility that is subject to the portfolio standards established by the PUCN. The remaining 25 percent of the property tax collections is available for transfer to the NSOE. Those amounts have been previously noted. The revised revenue projections and the improved collections for FY 2012-2013 appear to be reasonable.

Senator Kieckhefer:

Using the 75 percent of the 45 percent of property taxes directed to the Renewable Energy Fund in that manner is a strange use of those resources, considering the *de minimis* impact it will have on customers' actual rates.

Mr. Chapman:

During the budget hearing for the NSOE, it was stated that the PUCN had adopted rules for issuing rebates and the NSOE and the PUCN are working on a mechanism to issue the rebates.

Stacey Crowley (Director, Office of Energy):

We will have an amendment to A.B. 239 that will state that the 75 percent will be used to offset "the cost of the use of electricity." This will allow us to consolidate the funds for greater efficacy and to use those funds for energy efficiency programs.

[ASSEMBLY BILL 239](#): Makes various changes relating to energy. (BDR 58-224)

Senator Kieckhefer:

That is what I was hoping to hear.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATIONS FOR B/A 101-4869 AND TO GIVE FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR DEPARTMENTAL COST ALLOCATIONS AND CLOSING ACTIONS IN THE OTHER NSOE ACCOUNTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Chair Smith:

We will now consider the budget for the Renewable Energy, Efficiency and Conservation Loan account, B/A 101-4875.

Mr. Chapman:

The federal government initially granted \$8.2 million to the State under the American Recovery and Reinvestment Act of 2009 (ARRA) to grant loans from the fund. In addition, the IFC approved four work program revisions in FY 2010-2011 and FY 2011-2012 that transferred an additional \$4.6 million in ARRA funds originally intended for program costs in the NSOE to the loan account. The purpose of the program is to create a sustainable revolving loan program to help Nevada meet its renewable energy portfolio standard goals, promote energy independence and create jobs by providing short-term, low-cost loans to developers of renewable energy systems in Nevada. These loans serve as a bridge financing option to provide necessary funding for the various start-up costs associated with these projects.

There are no major closing issues for this account.

The Governor recommends transferring interest income paid by loan recipients totaling \$269,771 in FY 2013-2014 and \$264,803 in FY 2014-015 to the NSOE Administration account, B/A 101-4868, to support staffing and administrative costs associated with the loan program.

SENATOR WOODHOUSE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATIONS FOR B/A 101-4875; AND TO GIVE FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS FOR DEPARTMENTAL COST ALLOCATIONS AND CLOSING ACTIONS IN THE OTHER NSOE ACCOUNTS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Chair Smith:

We will now consider the budget for the Commission on Ethics.

ELECTED OFFICIALS

Commission on Ethics — Budget Page ELECTED-249 (Volume I) Budget Account 101-1343

Mr. Chapman:

The funding for this account is split between the General Fund and revenue from local governments for requests for opinion (RFO) and assessments from counties based on population. The 2011 Session set the state/county funding split during the 2011-2013 biennium to 26 percent General Fund support and 74 percent local government support. The Governor recommends the funding split be 31 percent General Fund support and 69 percent local government support in the 2013-2015 biennium.

There are three major closing issues for B/A 101-1343.

The Governor recommends a total of \$253,489, \$78,581 of which is General Fund dollars, in the 2013-2015 biennium to support a new unclassified associate counsel position and associated operating costs. The recommended annual salary for the new position is \$92,159, which is the same as the commission counsel position and that of a deputy attorney general. The documentation supporting the recommendation notes that the new position will allow for a separation of duties within the Commission and improve its ability to meet its statutory reporting obligations. The new position is expected to respond to the substance of requests for opinion, engage in discovery and development and present the evidentiary record to commissioners, as well as to negotiate stipulations, respond to motions, and serve as an advocate for compliance with the ethics statutes.

E-250 Efficient and Responsive State Government — Page ELECTED-252

The IFC approved an allocation of \$65,000 from the Contingency Account at its meeting on December 15, 2011, in order to contract for a temporary attorney for a 6-month period in FY 2011-2012 to assist the Commission in addressing a 2-year backlog in writing and publishing opinions. Justification presented to the IFC further noted that the temporary position was to provide the executive director and the commission counsel an opportunity to evaluate the Commission's workload and determine a new approach for handling the RFO workload. During the Committee budget hearings, the Executive Director of the

Commission on Ethics noted that the Commission's backlog of 54 opinions that needed to be written had been cleared with the contract position, and, at that time, had a backlog of two opinions waiting to be written.

In addition to clearing the backlog for writing opinions, the Executive Director reiterated the need for the new position to not only allow the Commission to keep up with its workload, but to also provide a separation of duties wherein the new associate counsel would be in a prosecutorial role, while the commission counsel position would advise the Commission and evaluate evidence used in preparing an opinion.

The new position would be located in Carson City and is scheduled to begin July 1. Normally positions approved by the Legislature are budgeted to begin October 1, following the conclusion of a Legislative Session. During the Committee budget hearings, the Executive Director testified that there would be no problem recruiting a qualified attorney to fill the position by July 1.

SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR A NEW ASSOCIATE COUNSEL POSITION FOR THE ETHICS COMMISSION IN DECISION UNIT E-250 IN B/A 101-1343.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Chapman:

The Governor recommends increased funding of \$19,919 each year, \$6,175 of which is General Fund dollars, to support additional travel costs for commissioners and Agency staff to attend eight Commission hearings each year. The hearings are held in Carson City and Las Vegas.

E-226 Efficient and Responsive State Government — Page ELECTED-251

During the Committee budget hearings, the Executive Director testified that many of the commissioners have not received reimbursement for per diem costs or the cost of airfare, therefore traveling on personal expenditure. She also

testified that, while the Agency has utilized videoconferencing, attending hearings and board meetings in person allows direct contact with the participants and their associated surroundings with respect to the use of documents, witnesses and others in the audience. If the Committee approves the Governor's recommendation to increase travel, Fiscal Staff recommends a technical adjustment to reduce in-State travel by \$1,407 each year, \$436 of which is General Fund dollars, as the worksheets provided by the Agency did not reflect the correct amount of base travel used in determining the recommended increase.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT E-226 FOR INCREASED TRAVEL FUNDING EACH YEAR, WITH FISCAL STAFF'S TECHNICAL ADJUSTMENT TO REDUCE THE AMOUNT FROM \$19,919, \$6,175 OF WHICH WOULD BE GENERAL FUND DOLLARS, TO \$18,512, \$5,739 OF WHICH WOULD BE GENERAL FUND DOLLARS, TO ALLOW ALL COMMISSIONERS TO ATTEND THIRD-PARTY HEARINGS AND BOARD MEETINGS, AND ALLOW AGENCY STAFF TO CONDUCT TRAINING SESSIONS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Chapman:

The Governor recommends additional funding of \$5,810, \$1,801 of which is General Fund dollars, each year to support increased court reporting costs as projected by the Commission. The table on page 18 of [Exhibit C](#) compares the legislatively approved and actual court reporting services costs for the Commission from FY 2007-2008 through FY 2011-2012, FY 2012-2013 year-to-date and the Governor's recommendations for FY 2013-2014 and FY 2014-2015.

The recommendation in decision unit E-227 is based upon court reporting services provided for 16 meetings at a cost of \$2,000 each, with an additional \$4,000 added for other types of meetings, such as panels, subcommittees, and telephonic advisory hearings. During the Committee budget hearings, the Executive Director noted that on many occasions, audio recordings of proceedings are conducted and are subsequently transcribed when a case is contested and a written record of the proceedings is necessary for deliberation and opinion preparation. The Director further notes that the length of hearings has also increased due to the increased complexity of cases before the Commission.

SENATOR WOODHOUSE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT E-227 OF B/A 101-1343 TO INCREASE FUNDING EACH FISCAL YEAR FOR COURT REPORTING SERVICES BY \$5,810, \$1,801 OF WHICH IS GENERAL FUND DOLLARS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Chapman:

There are three other closing items for B/A 101-1343 listed on pages 18 and 19 of [Exhibit C](#).

The Governor requests \$1,248 each year, \$387 of which is General Fund dollars, to pay the monthly services fees for the Executive Director's iPad and cell phone.

E-225 Efficient and Responsive State Government — Page ELECTED-251

The Governor requests \$8,355, \$2,590 of which is General Fund dollars, over the 2013-2015 biennium to replace computer hardware and software, including four desktop computers, one laptop computer, six copies of Microsoft Office Suite, and antivirus updates each year. The hardware replacements are in conformance with the EITS replacement schedule.

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E-710 Equipment Replacement — Page ELECTED-253

The Governor requests funding for the Department of Administration, Administrative Services cost allocation.

M-801 Cost Allocation — Page ELECTED-251

E-801 Cost Allocation — Page ELECTED-254

The Governor requests the reallocation of the Department of Administration, Administrative Services cost allocation for the elimination of the Commodity Foods program from the services pool.

E-802 Cost Allocation — Page ELECTED-254

The Governor requests funding for the centralized agency human resource services cost allocation for the services provided by the DHRM, B/A 717-1363.

E-804 Cost Allocation — Page ELECTED-254

Administration - HRM - Human Resource Management — Budget Page ADMIN-30 (Volume I)

Budget Account 717-1363

SENATOR KIECKHEFER MOVED TO APPROVE THE GOVERNOR'S REQUESTS IN DECISION UNITS E-225, E-710, M-801, E-801, E-802 AND E-804 OF B/A 101-1343; AND TO ALLOW FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR DEPARTMENTAL COST ALLOCATIONS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

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Chair Smith:

We will now consider the Governor's requests regarding the establishment of a new office, the Governor's Office of Veteran's Policy and Coordination (OVPC).

ELECTED OFFICIALS

Governor's Office Veteran's Policy & Coordination — Budget Page ELECTED-52
(Volume I)
Budget Account 000-1008

Mark Krmpotic (Senate Fiscal Analyst):

The responsibilities of the OVPC would, in coordination with Nevada Office of Veterans' Services (NOVS), implement the recommendations of the Interagency Council on Veteran's Affairs, to establish and coordinate policies relating to the provision of services to veterans, servicemen and servicewomen and their families in Nevada, including the funding, delivery and coordination of those services based on a strategic planning effort conducted by the NOVS called the Green Zone Initiative (GZI). The Committee has been provided with brochures describing the GZI by NOVS in conjunction with prior budget hearings.

The Governor recommends three nonclassified positions for the OVPC, including an executive director with a salary of \$95,000, a policy advisor with a salary of \$55,000 and an administrative assistant. In response to questions by Fiscal Staff, the NOVS states that the number of positions and structure of the proposed OVPC was modeled after the State of Utah's Homeless Coordinating Committee. Information submitted with the Executive Budget, and additional information provided by the NOVS in response to Committee and Fiscal Staff questions regarding the recommend positions, is found on pages 21 and 22 of [Exhibit C](#). Because the recommended positions are nonclassified positions, the salaries are set by the appointing authority. According to testimony by the NOVS, this position type was recommended in order to be consistent with the Office of the Governor and the Governor's Office of Economic Development.

The Committee inquired as to why the functions of this new proposed office could not be integrated with the existing NOVS. During testimony, and in subsequent information provided to Fiscal Staff, the NOVS indicated that it is currently an operational office, which, by statute, operates the State Veterans' Home and State veterans' cemeteries, and provides direct services to veterans, while the proposed OVPC would be focused on policy development

and coordination of service delivery. In response to Committee and Fiscal Staff inquiries, the NOVS further indicated that the proposed office is requested within the Office of the Governor because it would need to reach across many different agencies at the State, local, and federal levels. The Nevada Office of Veterans' Services claims it is not well situated to do this from a peer-to-peer perspective.

According to NRS 417.090, the Executive Director of the NOVS is statutorily charged with a number of duties, including, but not limited to, coordinating activities of veterans' organizations, serving as a clearinghouse to disseminate information regarding veterans' benefits and cooperating with county coordinators of veterans' services. The intent of the Governor's recommendation for a new office may duplicate several of the statutory responsibilities of the NOVS. Additional information provided by the Agency in response to questions indicated that while the NOVS is authorized to serve as a coordinating body and information clearinghouse for the Nevada veterans' community, it lacks the resources to do so. According to the NOVS, it lacks key employees such as an agency public information officer or an agency information technology manager who would both be required to provide this coordination.

In response to questions regarding the potential availability of funding, other than General Funds, to support the proposed OVPC, such as license plate revenue in the Veterans Home Gift Account and/or federal funds, the NOVS indicated that the license plate revenue in the Veterans Home Gift Account could be accessed as a funding source. However, the NOVS indicates that the license plate revenue in the Veterans Home Gift Account would be best used for other programs associated with the delivery of services to veterans and that funding the OVPC positions through this account would hamper the NOVS' rural outreach program, Women Veterans Program and overall outreach efforts. According to the NOVS, the funding analysis portion of the GZI suggests funding opportunities may be possible from private and nonprofit entities and federal grants to support initiative goals. The NOVS further indicates that several outside funding opportunities are currently in development to supplement the funding recommended by the Governor to support the OVPC for the implementation of GZI goals.

Chair Smith:

The Committee discussed this request at length. In response to the Committee's concerns about creating a new office, I asked the Fiscal Staff to discuss options with the NOVS and to formulate an alternative to the Governor's request. The Committee agrees that the State should provide adequate services to our veterans while recognizing that we have been unable to meet the needs of our growing veteran population returning from multiple wars. The alternative that would meet the intent of the Governor's request would be to allocate the Governor's request for funds for the proposed office to the existing NOVS, thus giving them the resources they need without creating a new office. If that is done, B/A 000-1008 would be unnecessary.

Mr. Krmpotic:

Staff explored that option. We considered the addition of two key positions to the NOVS, the policy advisor and the administrative assistant. The proposed duties of the policy advisor would closely resemble the duties of a classified position in the Nevada State Department of Personnel classification system entitled education and information officer. This position would perform research on issues of concern to the Agency and the relevant target population, conduct community outreach efforts and educate the public and professionals regarding programs. An education and information officer position is paid at a grade 35. The policy advisor, at step 5, would have an annual salary in FY 2014-2015 of approximately \$54,000. The administrative assistant position resembles an administrative assistant position in classified State service at a step 1 with an annual cost of approximately \$30,000 in FY 2014-2015. Approximately \$115,000 in FY 2013-2014 and \$143,000 in FY 2014-2015 would provide for the two positions and some travel and equipment funding for adequate performance of the positions' duties.

Senator Kieckhefer:

I am not averse to the alternative as explained by Mr. Krmpotic. I understand the concerns regarding the inherent weaknesses of relying on peer-to-peer relationships expressed by the NOVS at the budget hearing. Understanding that the alternative, as explained by Mr. Krmpotic, would result in General Fund savings, I would like to entertain the idea of allocating some of those savings to the Office of the Governor to create a veteran's liaison on the Governor's staff who can have that level of authority in the delivery of services to veterans.

Chair Smith:

I support that concept. If we do not approve the Governor's recommendation for the new office, we can discuss that concept in the budget closing for the NOVS.

Senator Parks:

Since I am not on the subcommittee that held the hearing on B/A 000-1008, it appears that approval of this item would result in duplication of effort. More importantly, it would cause confusion and wasted energy for veterans seeking services. I support a one-stop approach.

Senator Goicoechea:

I need greater detail on the cost savings of the alternative concept and how many dollars would be reallocated to the Office of the Governor.

Chair Smith:

We will still see a cost saving after reallocating funds to the Office of the Governor. My goal is to increase efficiency without expanding government. I agree with Senator Parks. We need to allocate the proper amount of money to our veterans' services.

Mr. Krmpotic:

As recommended by the Governor, the OVPC would include General Fund appropriations of approximately \$227,000 in FY 2013-2014 and \$277,000 in FY 2014-2015. The alternative concept would result in General Fund appropriations of approximately \$115,000 in FY 2013-2014 and \$143,000 in FY 2014-2015. The savings would be about \$250,000 over the 2013-2015 biennium.

Senator Woodhouse:

If we vote for the alternative, as outlined by Mr. Krmpotic, is there a need for additional dollars for technology?

Mr. Krmpotic:

The proposed OVPC would include the basic information technology assessments paid to the EITS for services. There may be minor amendments from the Budget Division to make adjustments to the budget account. Fiscal Staff would make those with the Committee's approval. The budget would include hardware and software needs as assessed by the EITS.

Senator Goicoechea:

Does the NOVS have adequate office space to accommodate two more staff?

Mr. Krmpotic:

They do not. However, the Governor's recommendation for a separate OVPC included added funds in the operating category. Fiscal Staff cut one-third of the Governor's recommendation for an executive director of the OVPC and recommends adding that to the NOVS budget for office space.

Senator Goicoechea:

How much will we be losing under the alternative concept?

Caleb S. Cage (Executive Director, Office of Veterans' Services):

Under the alternative concept, we will do what we have to do. We have been doing the job for the last year without the additional staff and resources. We made our recommendation to the Governor for the best way to operate in the future. If the Legislature disagrees with the Governor's recommendation, we will find a way to provide and coordinate services for veterans. We will not have the statewide ability to drive the conversation for veterans' services without an Executive Director.

Chair Smith:

You would have the same number of staff as recommended by the Governor, housed in a different location, if we entertain Senator Kieckhefer's idea of a liaison in the Office of the Governor.

Mr. Cage:

Yes, and that idea would approximate the original salary allocations. The structure would be bifurcated. It would be a misunderstanding of veterans' services offerings in the State. It would assume that the NOVS provides a majority of those services. Actually, the NOVS provides about 10 percent of the veterans' services in the State. It would bring us under an umbrella with the Department of Health and Human Services (DHHS), the U.S. Department of Veterans Affairs, the Nevada Department of Corrections, the DPS and State and local government at the lowest and highest levels. It would be a philosophical difference.

Chair Smith:

I have faith in you and your office to be able to accomplish your goals without creating a new office.

Senator Goicoechea:

I want to ensure that we are able to reallocate enough of the \$250,000 savings to make Mr. Cage comfortable in the ability of NOVS to serve our veterans.

SENATOR KIECKHEFER MOVED TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION TO CREATE AN OVPC AS OUTLINED IN B/A 000-1008; TO DIRECT FISCAL STAFF TO CONFER WITH THE NOVS AND THE GOVERNOR TO GENERATE THE COMFORT LEVEL NECESSARY TO PROVIDE THE POLICY ADVISOR AND ADMINISTRATIVE ASSISTANT POSITIONS, AS OUTLINED BY FISCAL STAFF; WITH THE ASSOCIATED SALARIES, ALSO OUTLINED BY FISCAL STAFF, AND TO DIRECT FISCAL STAFF TO WORK WITH THE OFFICE OF THE GOVERNOR TO DETERMINE AN APPROPRIATE LEVEL OF FUNDING FOR A POSITION IN THE OFFICE OF THE GOVERNOR DEDICATED TO VETERANS' SERVICES AND INTERAGENCY COORDINATION IN OUR STATE.

SENATOR DENIS SECONDED THE MOTION.

Mr. Krmpotic:

The Joint Subcommittee on Public Safety, Military and Veterans' Services has recommended that the budget for NOVS be closed. That budget will be presented to the Full Committees at a later date. The Full Committees closed the Office of the Governor's budget. Staff will work with the Budget Division to determine the appropriate level of funding to add to that budget. That budget proposal will be presented to the Committee who will have to reopen the budget for the Governor's Office to make the necessary adjustment.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

BUDGET CLOSED.

* * * * *

Chair Smith:

We will now open the hearing on S.B. 3.

SENATE BILL 3: Revises provisions governing the amount of money allocated for medical assistance to indigent persons in certain counties. (BDR 38-263)

Jeffrey Fontaine (Nevada Association of Counties):

For many years, Nevada's counties have participated in the Medicaid program by providing the nonfederal match for long-term care or nursing home care for individuals with incomes between 156 percent and 300 percent of the federal Supplemental Security Income benefit rate. This equates to between approximately \$1,100 and \$2,130 per month. For many counties, especially the rural counties with a small property tax base and a large senior population falling within that income range, the cost of long-term care has had a disproportionate impact on their budgets. The cost has also had a significant impact on those counties with a large concentration of nursing homes who care for individuals in that income range. In Mineral County, 22.7 percent of the population is aged 65 and above compared to 12.5 percent statewide. In Mineral County, about 22 percent of the population is below the poverty line compared to 12.9 percent statewide. One percent of the property tax in Mineral County generates about \$11,000.

In 2002, a task force was convened to address the issue of long-term care in rural counties. They concluded that Nevada could lose millions of dollars in federal Medicaid funds if counties could not pay the match required by the federal government. The federal program requires every county in a state to participate and to sign an interlocal agreement. The ability of some counties to raise matching funds is still a concern in 2013. The task force recommended that counties be held harmless for Medicaid match costs that exceeded an amount greater than what the county generates in 8 cents in property tax. Under the NRS, counties are able to levy 11.5 cents for indigent services. Of that, 2.5 cents goes to the Indigent Accident Fund (IAF). That leaves the counties with 9 cents. A cap of 8 cents allowed the affected counties to utilize the remainder of their property taxes authorized for indigent medical services, which they are mandated to provide.

In 2011, the Legislature enacted cost assessments that the counties are now paying to the State for services provided by the DHHS. This included, for the

first time, community and home-based waivers. For FY 2012-2013, counties have been assessed an additional \$8.5 million for the Medicaid match program pursuant to S.B. No. 485 of the 76th Session. The Executive Budget continues these county cost assessments. There is no longer a cap in place to limit the amount the counties must pay to the State, regardless of their ability to pay. Mineral County cannot increase their property taxes because they are already at the \$3.64 cap. Jerrie C. Tipton, Chair of the Mineral County Board of Commissioners, testified at the hearing on this bill before the Senate Health and Human Services Committee that Mineral County had to shift 2 cents in property taxes from the school district to pay for the State assessments. The increased share, combined with the unlimited liability, is threatening the fiscal stability of counties and the underpinnings of the statewide Medicaid match program.

Senate Bill 3 seeks to restore the 8-cent cap by putting it into statute. It would apply to 15 rural counties. Based on the projections prepared by the Department of Taxation and the Executive Budget, Mineral County, White Pine County and Carson City will exceed the 8 cents in property tax revenue in the 2013-2015 biennium. The Governor has proposed a budget amendment to support the cap. You have received a copy of our proposal for an amendment to S.B. 3 ([Exhibit D](#)). It is intended to clarify that the cap applies to long-term care only, under the Medicaid match program. It does not apply to all indigent services provided by counties.

Michael J. Willden (Director, Department of Health and Human Services):

The proposed amendment would limit the 8-cent cap to the counties with less than 100,000 in population. In working with the Department of Taxation and the Nevada Association of Counties (NACO), we have identified three counties that would reach the cap in the 2013-2015 biennium. They are Carson City, Mineral County and White Pine County. Implementing that cap would cause a fiscal note of just over \$1.3 million. The Budget Division submitted Budget Amendment No. A13A0091. It includes several items in the Medicaid budget, including the \$1.3 million necessary in the General Fund to assist counties if property tax collections follow our projections.

Senator Kieckhefer:

In the future, will we see more counties exceeding the 8-cent cap?

Mr. Willden:

I can provide the Committee with a spreadsheet to answer that question. There are two counties that might exceed the cap after the next biennium. The first may be Esmeralda County. The second may be Lincoln County. In the 2013-2015 biennium, the biggest need for General Fund dollars will be in Carson City.

Of the projected \$1.3 million needed in the 2013-2015 biennium, \$1.2 million is related to Carson City.

Senator Kieckhefer:

When we see Esmeralda and Lincoln Counties needing the supplemental appropriations, will those needs likely be smaller dollar amounts?

Mr. Willden:

Yes. In Carson City, for example, in FY 2013-2014, our estimate is that the General Fund support needed would be approximately \$627,000. In FY 2014-2015, the need would be about \$618,000. In Mineral County, in FY 2013-2014, our estimate is that the General Fund support needed would be about \$9,500. In FY 2014-2015, the need would be about \$8,700. In White Pine County, in FY 2013-2014, our estimate is that the General Fund support needed would be about \$25,000. In FY 2014-2015, the need would be approximately \$22,000. We estimate that the gap in Esmeralda will be about \$30,000. In Lincoln County, we estimate that if they either lose \$90,000 in property tax revenue or gain \$90,000 of obligation, they would need General Fund appropriations.

Senator Kieckhefer:

From a policy perspective, is the proposed amendment consistent with the practice prior to 2011?

Mr. Willden:

Yes.

Mary Walker (Carson City, Douglas County, Lyon County, Storey County, Eureka County):

We support S.B. 3, with the proposed amendment from the NACO, and we urge you to approve it. The amendment clarifies exactly what the 8-cent cap has been since 2003, during Governor Kenny Guinn's administration. Prior to 2003,

a coalition of county finance directors and county social service directors tried to develop a resolution to the problem of counties that were unable to meet their Medicaid match. Under federal guidelines, if even one county does not meet the match or does not sign the annual agreement, the federal match, about \$20 million, for the entire State is withheld. The coalition studied many alternative plans. The 8-cent cap was the most workable solution.

Counties have 11.5 cents in *ad valorem* taxes available for indigent medical services. Of that amount, 2.5 cents goes to the IAF. That leaves the counties with 9 cents. When a county gets to 8 cents, they can no longer pay the bill. Rural counties are willing to give the 8 cents, but they need the 1 cent for the long-term care in their own county. Mineral County has reached a critical point where they have had to use school district funds to make the required payment.

For at least 30 years, Carson City has made a commitment to seniors. Consequently, the multitude of long-term care facilities and senior housing there attracts people from rural areas. This is a contributing factor to the increased need of General Fund dollars in Carson City.

Patrick Sanderson (Nevada Alliance for Retired Americans):

We support S.B. 3. I was born in Mount Grant General Hospital in Hawthorne, Mineral County. It is a quality facility, but it is growing old. We urge you to pass this bill and the budget amendment for General Fund supplementation for long-term care.

Chair Smith:

Seeing no further comments from the Committee and no public comment, the hearing on S.B. 3 is closed. The hearing on S.B. 292 is now open.

SENATE BILL 292: Makes an appropriation to the Greater Las Vegas After-School All-Stars for certain after-school programs. (BDR S-934)

Senator Joyce Woodhouse (Senatorial District No. 5):

I will present S.B. 292 for your consideration. I have submitted a written copy of my statement ([Exhibit E](#)). This measure makes an appropriation of \$1 million to the Greater Las Vegas After-School All-Stars (ASASLV) for after-school programs. I urge your support of this bill.

Ranna J. Daud (Associate Director, After-School All-Stars of Greater Las Vegas):
The ASASLV is a nonprofit organization that provides unique opportunities for underprivileged youth in Las Vegas. We provide more than 6,000 underserved and disadvantaged youth, ages 5 to 14, with free academic help, mentoring, tutoring and enrichment programs including sports, dance, music, cooking and drama.

It is clear that the way a child spends the critical hours after school can change his or her life. This bill invests in that premise by making an appropriation to the ASASLV for the operation of after-school programs in at-risk schools in Clark County. The appropriation will be used to fund personnel, instructors, instructional material, healthy snacks, sports equipment and other supplies.

Erika Aguilar (Program Director, After-School All-Stars of Greater Las Vegas):
The funds will be used for field trips. We need to expose children to the opportunities available to them in this State. We collaborate with the Red Rock Canyon National Conservation Area, the Las Vegas Springs Preserve and other businesses in our Lifetime Adventures program, focusing on wilderness experiences and land conservation activities.

Research indicates that 70 percent of youth violence, drug and alcohol use, gang activity and teen pregnancy occur during the after-school hours from 3:00 p.m. to 6:00 p.m. Our programs hours are Monday through Thursday from approximately 2:30 p.m. to 6:00 pm. Research has also shown that after-school programs can have a positive effect on a range of prevention outcomes, including avoidance of drug and alcohol use, decreases in delinquency and violent behavior, avoidance of sexual activity and reduction in juvenile crime.

Ms. Daud:

We have goals for our youth. We want them to be safe and healthy, graduate from high school and go on to college, find a career they love and become productive citizens. We want them to understand the importance of giving back to their communities.

Ms. Aguilar:

Our programs are unique. They focus on each of those goals. The Sports as a Hook program focuses on ensuring safe and healthy activities. The We Are Ready program helps students graduate from high school and focus on college readiness. The Career Exploration Opportunities program helps students

find careers of interest. The Life Service Action program gives youth opportunities for community service.

Ms. Daud:

The benefits of an after-school program are endless. They include safety, a sense of belonging, promoting education, enhancing development and competence of our youth, reducing risky behaviors, increasing positive behaviors, providing opportunities for growth and increasing academic achievement.

Ms. Aguilar:

We are proud of the structure we have created in Las Vegas, following the example of our national organization.

Ms. Daud:

Our program has produced positive results. We urge you to help us continue our work by passing S.B. 292.

Chair Smith:

Will the appropriation in this bill be used to expand the program into other schools, or only to expand the programs in the schools where the program already exists?

Ms. Daud:

We have an ongoing goal to expand to other locations. We are dependent on the funding we receive each year. We focus on programs in the greater Las Vegas area. Expansion to other locations is dependent on funding.

Chair Smith:

Would you provide us with your budget showing how the appropriation in this bill would be used?

Ms. Daud:

Yes. Our largest expense is for personnel and instructors. Approximately 25 percent of the appropriation will be for personnel. Approximately 60 percent will be for 200 after-school instructors, in a 2-year period, who provide direct services to our youth. The rest of the appropriation will be used for equipment, supplies, transportation, and healthy snacks.

Chair Smith:

Please provide that information in writing to our Fiscal Staff.

Senator Kieckhefer:

Have you received State funding in the past?

Ms. Daud:

Yes. In 2007, we received an appropriation for \$750,000.

Senator Kieckhefer:

What percentage of your annual budget will be funded by the annual appropriation in S.B. 292?

Ms. Daud:

Our annual budget is approximately \$1.1 million. The appropriation in S.B. 292 will allow us to increase the number of instructors and our enrollment.

Senator Kieckhefer:

Will the annual appropriation of \$500,000 be additional income or will it offset reductions in fundraising?

Ms. Daud:

Fundraising has been difficult in the past few years. The annual appropriation will be used to offset fundraising deficiencies and allow us to continue with our level of service.

Chair Smith:

I commend you for the work you do. Even though we have a tight budget, if it were not for organizations such as yours that are in communities helping in the schools every day, our educational outcomes would be much different than they are. Several years ago, the Legislature conducted an adequacy study. It showed that after-school programs were a significant part of the focus of that study. Successful private schools and charter schools that are able to raise a significant amount of money are able to provide after-school programs to enhance school programs. If the State is unable to fund schools districts for after-school programs, funding organizations such as yours is a viable alternative for providing services.

Are you open to receiving the appropriation in S.B. 292 in two payments, one each fiscal year? You would receive the first payment, and the second payment would be dependent upon you producing a report of your results to provide accountability.

Are you open to the appropriation being contingent upon producing matching funds?

Ms. Daud:

We are open to the split payment and providing accountability. We are also open to providing a match.

Senator Woodhouse:

I agree with the Chair's suggestion. Whenever we appropriate State funds to organizations, we must have accountability and transparency. I will continue to work with this organization to achieve that.

Chair Smith:

I would like to ensure accountability in appropriating State funds so that when economic conditions improve we can continue the process.

Ms. Aguilar:

In 2014, ten of our schools will be losing the 21st Century Community Learning Center funding from the U.S. Department of Education. This will decrease the number of students we can serve in those schools. It is imperative that we find funds to replace that grant.

Joyce Haldeman (Clark County School District):

We support S.B. 292. We realize that we need to have community partners to help us in communities that struggle more than others. We are quick to point out partners with effective programs who do what we cannot do. It is important to maintain programs that support our core mission. In many cases, the ASASLV fulfills the responsibilities of absent parents. It is appropriate to dedicate one-shot funding to this kind of program.

Chair Smith:

Seeing no further questions from the Committee or the public, the hearing on S.B. 292 is closed. The hearing on S.B. 362 is now open.

SENATE BILL 362 (1st Reprint): Makes various changes concerning certain health care facilities that employ nurses. (BDR 40-710)

Senator Pat Spearman (Senatorial District No. 1):

Senate Bill 362 was amended ([Exhibit F](#)) by the Senate Committee on Health and Human Services Committee on April 12 to delete all mandatory ratios and requires the hospitals to comply with the requirement to have staffing committees and staffing plans as mandated by the 2011 Session. All agencies that submitted fiscal notes to the original bill have retracted those fiscal notes. This bill places no external rules upon hospitals. This bill requires hospitals to adhere to the recommendations of their staffing committees.

Senator Kieckhefer:

The first reprint of the bill still contains an unfunded mandate in section 15. Does this pertain to the University Medical Center (UMC) in Las Vegas and other State-owned facilities? Is that the only fiscal impact?

Senator Spearman:

There is no fiscal impact for hospitals that are already meeting the requirements of the law that become effective in 2011.

Mr. Krmpotic:

The original bill contained significant fiscal notes, including about \$6 million in the Division of Child and Family Services (DCFS) budget over the biennium and approximately \$37 million in the Health Division over the biennium. There were local government fiscal notes submitted on this bill, one of which, from Clark County, was about \$45 million over the biennium. As a result of the amendment, the fiscal notes from the Health Division and from the DCFS have been removed. Clark County has not submitted a fiscal note for the UMC.

Senator Spearman:

The fiscal note attached to the original bill anticipated that we would have mandatory nurse-to-patient ratios. If the UMC is already following their staffing plan, no additional expenses are incurred. If they are not following their staffing plan, as legislation from the 2011 Session mandates, there would be a fiscal impact to correct that situation.

Assemblyman James Oscarson (Assembly District No. 36):

I worked on this legislation with Senator Spearman. Countless hours, by several parties, went into the work on this bill. They included the Nevada Hospital Association, the Nevada Rural Hospital Partners and the Service Employees International Union (SEIU). This is an important piece of legislation for health care.

Bill Welch (Nevada Hospital Association):

We support this bill, as amended. We had concerns about the language in the original bill. However, since the bill was amended we have had further discussions with the hospitals, representative from the Bureau of Healthcare Quality and Compliance of the DHHS and the State Board of Nursing. In general, we support the bill. We have submitted another amendment ([Exhibit G](#)). We look forward to discussing it with Senator Spearman and the Legislative Counsel Bureau (LCB) staff. Our goal is to meet the needs of patients, while respecting the objectives of S.B. 362. We try to respond to the concerns of our employees and objections to an assignment and we will need time to look for alternatives and additional resources. We need clarification about the difference between "refuse" and "object to." Traditionally, in collective bargaining agreements and in industry practice, the word "object" implies filing an objection or a complaint. This is the basis for proposing the amendment. The second provision of our amendment deletes the phrase in section 15, subsection 2, paragraph (a), "the ability of the licensed nurse or certified nursing assistant to meet the foreseeable needs of the patients and the licensure of the licensed nurse or certification of the certified nursing assistant." While nurses have the ability to do assessments and anticipate foreseeable clinical needs, such is beyond the scope of the Nevada Nurse Practice Act and the scope of a certified nursing assistant. We seek to remove that part of the legislation while maintaining the rights of employees in those positions to object to an assignment based on their qualifications, their training and patient safety.

Chair Smith:

This is a policy discussion that needs to take place with the interested parties. I will work with Senator Spearman to reach a resolution. I will entertain a limited amount of policy discussion here so that Senators who will be voting on fiscal issues have some understanding of the provisions of the bill.

Senator Woodhouse:

Do all of the hospitals have staffing plans?

Mr. Welch:

All hospitals in counties with a population of over 100,000 and a capacity of at least 70 beds are required to have a staffing plan that accounts for all resources that will be utilized for patient needs. These hospitals are required to hold quarterly meetings of a staffing committee, composed of 50 percent management and 50 percent bedside nurses. We submit an annual report to the LCB on the efficacy of the committee process and a copy of the staffing plan.

Senator Woodhouse:

Are certified nursing assistants included in the staffing committees?

Mr. Welch:

They are not required on the staffing committees. This legislation would require that they be included on the staffing committees. We support that concept.

Cheryl Blomstrom (Nevada Nurses Association):

In 2009, we actively supported staffing committees. We will make a commitment to the Legislature that, during the interim, we will make staffing committee resources a priority. In partnership with the University of Nevada, Reno, we are supporting a survey of direct-care nurses to ascertain the efficacy of staffing committees from the nurses' points of view. We intend to work with our hospital partners, SEIU and anyone else to whom we need to reach out, to make staffing committees effective.

Al Martinez (Service Employees International Union Nevada 1107):

I concur with Mr. Welch and his remarks about staffing plans and staffing committees. We met with Senator Spearman and the Nevada Hospital Association. The Senator worked diligently on an amendment that would address the concerns of all parties. The intent of the original bill was the protection of patients and bedside staff. Our members still believe the original bill would best serve all patients and bedside staff and we remain in support of stronger language that protects our community. We want everyone to understand crisis care from the perspective of a patient's family.

As a result of a recent frightening experience in my family with a Code Blue incident, and my wife's 7-day stay in the intensive care unit, I realize that the process of patient care lacks accountability. Questions of cost versus patient protection arise.

We support S.B. 362.

Mr. Willden:

We have no fiscal notes attached to the amended bill that would relate to the DCFS and the behavioral and health divisions.

Alex Ortiz (Clark County):

If the first reprint of the bill is amended as proposed, Clark County would retract its fiscal note. Staffing committees have been working well at the UMC. We also support the bill from the perspective of the Nevada Hospital Association.

Senator Spearman:

I have reviewed Mr. Welch's proposed amendment. I want to ensure that it complies with NRS 449.205. The proposal to remove the word "refuse" and replace it with "object to" does not comport with statute. In the statute, the word "refuse" is used three times with respect to the ability of a health care worker to not take an assignment that would injure a patient or jeopardize the health care worker's license. That same statute uses the word "refuse" implicitly twice. The language in the proposed amendment is the same language used in existing statute. To replace "refuse" with "object to" with the proposed amendment would require us to amend existing statute. The Legal Division of the LCB concurs with this position.

Chair Smith:

I ask that you continue talking with the representatives from the Nevada Hospital Association in an effort to reach a resolution to this issue. If that cannot be done, we will place this bill on a future agenda for a decision.

The hearing on S.B. 362 is closed.

The hearing on S.B. 452 is open.

SENATE BILL 452: Revises provisions governing assistance provided to indigent persons. (BDR 38-1085)

Mr. Willden:

This bill provides flexibility in the use of the IAF and Supplemental Fund. The IAF and Supplemental Fund gets \$0.025 property tax. The original purpose of the fund was to pay highway accident claims and supplemental catastrophic

claims. For the last 5 years, approximately \$110 million has been transferred from the account to the General Fund. The last year that we paid claims was in FY 2007-2008. The Executive Budget proposes that transfers to the General Fund cease during the upcoming biennium.

The bill allows the Board of Trustees of the Fund For Hospital Care To Indigent Persons to enter into an agreement with the Division of Health Care Financing and Policy of the DHHS whereby an agreed-upon amount will be transferred from the IAF to the Division. The Division must use such monies for one of three purposes. One alternative use is to increase the rate of reimbursement for hospital care provided to Medicaid recipients. The second alternative is to make supplemental payments to the hospitals for the provision of such hospital care through increased federal financial participation. The third alternative is to satisfy any portion of the obligation of a county to pay the nonfederal share of expenditures pursuant to NRS 422.272, regarding the State Plan for Medicaid. Once an agreement is entered into by the Board of Trustees and the Division, and any enhanced rate of reimbursement, or supplemental payments, are approved by the federal government, the Board of Trustees must continue to provide money pursuant to the agreement until the federal government approves reverting to the previous rate of reimbursement or payments.

The bill provides that any funds transferred to the DHHS, and unused, will be returned to the IAF.

Section 2 of the bill prohibits any money transferred to the DHHS from being used to replace or supplant funding available from other sources for the same purpose.

Section 3 creates the Hospital Assessment Account, to be administered by the Board of Trustees. This is necessary because, if we use the mechanism to make enhanced rate reimbursements, there may be some hospitals that gain and some that will lose. An assessment can be placed on a hospital that benefits from the enhanced rates. The assessment would be placed in an interest-bearing account and would offset negative impacts upon other hospitals. The Board of Trustees would determine the assessment amounts. Unused assessments, at the end of each fiscal year, not used for the offset process would be returned to the hospitals that paid them.

From the DHHS's perspective, this bill will allow us to leverage federal funds.

Senator Kieckhefer:

With the potential for proposed rate increases for services, would those services and the increases be decided by this Committee?

Mr. Willden:

That issue can be resolved by the Committee and the Board of Trustees. The enhanced rate increases may apply to trauma claims and pediatric claims. The language for supplemental payments was included in the bill to address cases where some hospitals would lose reimbursements. The State Plan for Medicaid allows various rate payments.

Supplemental payments may be more feasible than rate enhancements. It is possible to leverage federal dollars making supplemental payments. Dependent upon the mechanism we use, we may need to negotiate a change in our State Plan for Medicaid. The Board of Trustees would have to fund the nonfederal share of the plan change.

Senator Goicoechea:

Who is on the Board of Trustees?

Mr. Fontaine:

The composition of the Board of Trustees has changed. It includes four county commissioners and one county social services director appointed by the Governor.

Mr. Welch:

We support S.B. 452, and the concept of building a framework. There are still issues to be resolved between the interested parties. We have discussed with NACO and the DHHS ways to federalize and maximize the IAF and Supplemental Fund to meet the needs that Mr. Willden discussed, and to find a way to enhance Medicaid payments to hospitals as we consider the Affordable Health Care Act and the expansion of Medicaid to more people. We have not seen a Medicaid rate increase since 2001. This bill is an opportunity to address some of the shortfall. The supplemental concept is a new idea, for which we need more understanding. We will proceed with a set of agreed-upon guiding principles.

Mr. Fontaine:

We support S.B. 452. We want to continue to work with the interested parties to leverage federal funds and meet the needs of the hospitals and the counties.

Dan Musgrove (The Valley Health System):

We support S.B. 452.

Ken Retterath (Division Director, Washoe County Social Services):

We support S.B. 452.

Mr. Ortiz:

We are neutral on the bill. We favor the ability to leverage federal funds. Enhanced Medicaid rates and increasing those rates to Clark County is a push. It results in a reduction in our upper-payment-limit payments. The Board of Trustees has five members. Since the bulk of this money comes from Clark County, we would like to talk about expansion of that Board, or any other ideas, to increase our representation on that Board.

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Chair Smith:

The hearing on S.B. 452 is closed. Seeing no public comment, the meeting is adjourned at 11:27 a.m.

RESPECTFULLY SUBMITTED:

Leslie Sexton,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	4		Attendance Roster
	C	24	Michael Chapman, Mark Krmpotic	Senate Committee on Finance Closing List #5 April 24, 2013
S.B. 3	D	3	Jeffrey Fontaine	Proposed Amendments to S.B. 3
S.B. 292	E	8	Senator Joyce Woodhouse	Senate Bill 292 Appropriation to Greater Las Vegas After-School All-Stars
S.B. 362	F	1	Senator Pat Spearman	Description of Mock-up for Senate Bill 362
S.B. 362	G	2	Bill Welch, Nevada Hospital Association	Proposed Amendment to S.B. 362