

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
Seventy-Eighth Session
April 6, 2015**

The Committee on Ways and Means was called to order by Vice Chair John Hambrick at 8:04 a.m. on Monday, April 6, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B 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: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Assemblyman John Hambrick, Vice Chair
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Janice Wright, Committee Secretary
Patti Adams, Committee Assistant



The Committee Secretary called the roll and a quorum of the members was present.

Chair Anderson was briefly excused to present a bill to another committee, and Vice Chair Hambrick assumed the duties of the Chair. Vice Chair Hambrick reminded the Committee, witnesses, and audience members of the Committee rules and protocol. Vice Chair Hambrick called for public comment, and there being no public comment, he opened the hearing on Assembly Bill 12.

Assembly Bill 12: Provides for the continuation of the diversion program that allows certain probation violators to receive treatment for alcohol or drug abuse or mental illness in lieu of revocation of probation. (BDR 14-341)

James G. (Greg) Cox, Director, Department of Corrections, testified that Assembly Bill (A.B.) 12 provided for the continuation of the diversion program that allowed certain probation violators to receive treatment for alcohol or drug abuse or mental illness in lieu of revocation of probation. The Department requested approval to continue the pilot program that would sunset on July 1, 2015. The program was managed by Lieutenant James Scally, Correctional Manager, Department of Corrections, at Casa Grande Transitional Housing in Las Vegas. The Parole and Probation Division, Department of Public Safety, was a major partner in the program. The value of the program was that it reduced the number of persons sent to jail or prison and prevented overcrowding in correctional facilities in southern Nevada.

Assemblywoman Carlton commented that she was aware of the diversion program, but she was curious about the program outcomes. She heard concerns about the outcomes and wondered about the value of the diversion program.

Major Kim Madris, Deputy Chief (South), Division of Parole and Probation, Department of Public Safety, reported that the diversion program had 146 participants: 36 had graduated, 10 graduations were pending, 41 had their participation revoked, 12 were otherwise discharged, and 55 remained as active participants. The program represented a cost savings to the state of roughly \$20,703 per year per offender for successful participants.

Major Madris explained that the diversion program was an intermediate sanction-level program for probationers that was less costly than a return to incarceration. The diversion program had consistent and immediate sanctions for violation of technical rules, such as failure to arrive or to report a change of residence. Participants knew there would be certain punishment for bad acts, and some participants were deterred from further negative behavior.

Forty-one participants were revoked because of noncompliance with the program rules. Participants who joined the diversion program avoided revocation hearings. Ongoing negative behavior in the program resulted in removal from the program, and some of those participants were returned to jail or prison. Some offenders who graduated from the diversion program had to serve out their remaining probation terms before being discharged. Discharge of an offender was considered a success. The Division of Parole and Probation, Department of Public Safety, had one officer dedicated to the diversion program, and only 55 participants were allowed in the program at one time.

In response to a question from Assemblywoman Carlton about any additional assessment to participate, Major Madris replied that no assessment was charged for the diversion program. The pilot program was a joint effort of the Eighth Judicial District Court of Clark County, the Department of Corrections, and the Division of Parole and Probation, Department of Public Safety.

Assemblywoman Carlton wondered how much the diversion program cost and whether the program needed additional funding.

Major Madris responded that the Division of Parole and Probation, Department of Public Safety, absorbed most of the costs of the diversion program. The Division dedicated one staff member to the program and believed the program was worthwhile.

Assemblyman Sprinkle wondered what costs would be incurred if the diversion program was to sunset and the offenders returned to jail or prison.

Mr. Cox responded that the Department of Corrections incurred costs from Casa Grande Transitional Housing. Mr. Cox said the cost of incarceration was about \$22,500 per year per offender. The cost of the Clark County Detention Center was about \$144 per day per offender. The cost of the prison system was about \$55.50 per day per offender. The cost of the intake process was about \$750 per offender. Diverting offenders from jail or prison saved money.

Mr. Cox considered the 46 graduates of the diversion program a positive outcome. The Department of Corrections placed offenders at Casa Grande Transitional Housing based on the availability of beds. Many states operated similar programs. The diversion program participants were allowed to remain in their community, retain their jobs, continue their schooling, and participate in their substance abuse programs at no cost to themselves. The program resulted in positive outcomes for the offenders diverted from jail or prison.

Hearing no response to his request for testimony in support of, neutral on, or in opposition to the bill, Vice Chair Hambrick closed the hearing on A.B. 12 and opened the hearing on Assembly Bill 439.

Assembly Bill 439: Makes a supplemental appropriation to the Office of the Military. (BDR S-1234)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Fiscal Analysis Division staff received a memorandum dated April 2, 2015, from Janet Murphy, Deputy Chief, Budget Division, Department of Administration. The memorandum requested withdrawal of Assembly Bill (A.B.) 439 for the supplemental appropriation for the Office of the Military. Ms. Jones recommended that the Committee take no action on, but retain, A.B. 439 in case something changed between now and when budgets were closed. The Office of the Military and the Department of Administration had determined that there was no need for the supplemental appropriation.

Vice Chair Hambrick closed the hearing on A.B. 439 and opened the hearing on Assembly Bill 467.

Assembly Bill 467: Makes a supplemental appropriation to the Department of Corrections for a shortfall resulting from a reduction in certain transfers for prison medical care. (BDR S-1235)

Scott Sisco, Deputy Director, Support Services, Carson City, Department of Corrections, testified that Assembly Bill (A.B.) 467 was a supplemental appropriation request for fiscal year (FY) 2015 that was included in The Executive Budget. The funding request addressed the shortfall caused by the closure of the 2013-2015 biennium budget when the Department of Corrections was directed to apply for Medicaid after the approval of the Affordable Care Act (ACA). The Department's projected savings from ACA were taken from the State General Fund instead of the anticipated split between the General Fund and the shared funding provided by the Inmate Welfare Account [budget account 3763], which contained funds paid by an inmate who was responsible for his or her own medical services.

Mr. Sisco explained that A.B. 467 provided funding for an anticipated shortfall caused by transfers from the Inmate Welfare Account resulting from a decline in copay-related visits for indigent inmates. The supplemental request also provided funding for the dialysis contract, the HIV/AIDS clinic treatments, and category 15, Medical Supplies.

Mr. Sisco presented the Department's proposed amendment ([Exhibit C](#)), which included slight technical changes to the funds requested because outside medical services and costs were billed after the original supplemental request was submitted.

Assemblyman Oscarson commented that the Interim Finance Committee (IFC) discussed the challenges faced by the Department. Some billings were late, and no bills had been received for some of the outside services received by the Department. He wondered about the resolution of those problems.

Mr. Sisco responded that the problems resulted from the transition to a new third-party administrator. Most of the bills for outside services were now current. The forecasting method used by the Department also contributed to the problems. The Department used a forecasting method based on payments made in each billing cycle to the third-party administrator. The Department of Corrections worked with the Medicaid staff at the Division of Health Care Financing and Policy, Department of Health and Human Services, to create a new forecasting tool. The Department of Corrections saw some promising outcomes from the tool and would begin to use it. Mr. Sisco cautioned that just one or two catastrophic medical cases would adversely affect the projections.

Assemblyman Oscarson wondered whether the Department of Corrections anticipated using technology for telehealth or telemedicine to mitigate some of the additional medical costs.

Mr. Sisco responded that most of the Department's institutions were near their bandwidth limit, but the Department did the best it could with existing technology. The Department studied new technology that allowed cell phone access to telehealth at its institutions to reduce costs. The Department looked forward to some promising results related to the cell phone technology.

Assemblyman Sprinkle asked for a total of the money approved for the Department by IFC during the 2013-2015 interim. He expressed concern that this supplemental request would only solve one shortfall and wondered when the Department would eliminate shortfalls.

Mr. Sisco responded that the supplemental request in A.B. 467 was the only request for the Prison Medical Care budget account [BA 3706]. The Department did not request any funding from IFC for medical services in FY 2014. The Department had requested approval from IFC to transfer some funds from the current year billings category to the prior year billings category.

Assemblywoman Kirkpatrick asked whether A.B. 467 only replenished the projected ACA savings taken from the State General Fund instead of the anticipated split between the General Fund and shared funding provided by the Inmate Welfare Account. She wondered whether the Department would be adequately funded when it used the new forecasting tool.

Mr. Sisco responded that the Department transferred some funds from one account to another to ensure there was sufficient money to pay the prior year billings. This supplemental request would pay for the forecasting efforts and replenish the projected ACA savings taken from the General Fund. The Department severed its nonemergency connection to Carson Tahoe Health. Renown Health would now treat nonemergency inmates, and some costs would increase. Assembly Bill 467 would allow the Department to move forward on a sound fiscal basis.

Assemblyman Oscarson wondered whether the supplemental funds would pay for direct medical costs or overtime and transportation costs of officers to transport inmates to health care providers.

Mr. Sisco replied that A.B. 467 paid for direct medical costs and the revenue shortfall from the transfer of the projected savings resulting from the ACA.

Hearing no response to his request for testimony in support of, neutral on, or in opposition to the bill, Vice Chair Hambrick closed the hearing on A.B. 467 and opened the hearing on Assembly Bill 468.

Assembly Bill 468: Makes supplemental appropriations to the Department of Corrections for shortfalls in projected personnel costs. (BDR S-1236)

Scott Sisco, Deputy Director, Support Services, Carson City, Department of Corrections, testified that Assembly Bill 468 was a supplemental appropriation request for fiscal year (FY) 2015 that was included in The Executive Budget. The supplemental funding request for the Department of Corrections included funding for the Office of the Director, Correctional Programs, Northern Nevada Correctional Center, Ely State Prison, Tonopah Conservation Camp, and the High Desert State Prison. The funding request primarily addressed shortfalls in category 01, Personnel Services, caused by the unrealized vacancy savings requirement and revenue shortfalls in the Director's Office budget from reduced funding from the State Criminal Alien Assistance Program (SCAAP) grant. The vacancy savings requirement for the 2013-2015 biennium was increased by almost \$4 million, and that amount had not been realized in either fiscal year (FY) 2013 or FY 2014.

Mr. Sisco explained that the SCAAP grant was budgeted at \$2,590,075, but the Department only received \$1.3 million from the SCAAP grant, and the grant amount continued to decline. The SCAAP grant reimbursed the state for costs associated with the incarceration of illegal aliens who had committed crimes in Nevada.

Mr. Sisco advised that A.B. 468 included anticipated budget shortfalls in utilities, building maintenance, and inmate-driven costs for several institutions. Currently, the Department's institutions housed about 200 more inmates than projected in the budget.

Mr. Sisco presented the Department's proposed amendment ([Exhibit D](#)) that made slight technical changes to the stated need for the supplemental request resulting from the March 2015 updates to the projections. The staff of the Fiscal Analysis Division, Legislative Counsel Bureau, asked for an additional update through the end of April 2015, and the Department agreed to work on those projections.

In response to a question from Assemblywoman Kirkpatrick about the history of the utility costs, Mr. Sisco replied that the Northern Nevada Correctional Facility needed \$230,601 more to pay for utility costs. The Department had worked on some innovative solutions to reduce utility costs in the various institutions. Northern Nevada Correctional Center was not targeted for those innovative solutions. The unpredictable weather sometimes caused utility expenses to vary by several thousand dollars each day.

Assemblywoman Kirkpatrick requested that the Committee receive details of energy savings projects, and Mr. Sisco agreed to provide that data to the Committee.

Assemblyman Oscarson wondered whether overtime costs or transportation costs were included in inmate-driven costs. He also wondered about the current relationship between Carson Tahoe Health and the Department.

Mr. Sisco responded that inmate-driven costs listed in category 50 included inmate food, clothing, bedding, and all the different types of items that each inmate needed, regardless of which institution housed the inmate. Overtime costs included in the supplemental request that related to inmates were paid from category 01, Personnel Services.

Mr. Sisco explained that the reasons for each amended request to supplement FY 2015 funding were shown in the following table:

Budget Shortfall Areas	Reasons for Shortfalls
Office of the Director	Reduction in SCAAP grant and salaries
Correctional Programs	Salaries
Northern Nevada Correctional Center	Salaries and utilities
Ely State Prison	No shortfall remained
Tonopah Conservation Camp	Salaries
High Desert State Prison	Overtime, building maintenance, and transportation costs

Mr. Sisco advised that the Department had met with Carson Tahoe Health when the hospital decided not to serve inmates other than the emergency inmates that were required by law to be served. The Department then met with Renown Health, which agreed to provide health-care services to inmates in northern Nevada. This change in medical providers would cost about \$100,000 in added overtime costs for the correctional officers, because each inmate sent to the hospital must be accompanied by two officers to oversee the inmate 24 hours per day, 7 days per week, and that totaled six officers per day, plus the costs of the longer trips.

In response to a question from Assemblyman Armstrong about the difference between the numbers in the original request and the amended request, Mr. Sisco disclosed that an error was transmitted in the original request. The Department submitted its original supplemental request in The Executive Budget of approximately \$2.4 million [\$2,433,853], but the Department was asked in February 2015 to update the numbers, and the request increased to about \$2.9 million [\$2,982,539]. The Budget Division, Department of Administration, updated the individual requests in A.B. 468, but neglected to update the total requested in section 1, line 2 of A.B. 468. The Department was asked to review the numbers again, and the numbers shown in green on [Exhibit D](#) reflected the most recent request. The staff of the Fiscal Analysis Division, Legislative Counsel Bureau, asked the Department to update the numbers again in May 2015.

Assemblywoman Carlton expressed concern about the reduction in the request for the Ely State Prison from \$89,772 to zero.

Mr. Sisco said the reason for the reduction was that Ely State Prison struggled to fill its vacant positions. Most of the institutions' budget accounts had shortfalls from unrealized vacancy savings. The vacancies at Ely State Prison

increased from about 24 vacancies to about 60 vacancies. The 60 vacancies existed for several months and reduced the supplemental request to zero. Projections for category 01, Personnel Services, changed materially from one payroll period to the next. The Department discovered that two states had closed some prison facilities and had substantial layoffs. The Department advertised in those states in an effort to fill the vacant positions. The Ely State Prison had fewer than 50 vacancies now, and the Department continued to work to decrease the number of vacancies.

Assemblywoman Carlton commented that the reason Ely State Prison did not need any supplemental funds was because the prison could not fill its vacant positions, and vacancy savings were used to pay the bills. She understood that meant that Ely State Prison had fewer staff in the prison than was needed, and the Department balanced the budget by not hiring staff.

Mr. Sisco said Ely State Prison had fewer employees than it should have for proper staffing needs.

Assemblywoman Carlton expressed concern about the safety of the officers and the prisoners. She noted low staffing levels at the prisons created problems.

Assemblyman Sprinkle said he understood that the Department requested an increase in staff positions for the 2015-2017 biennium.

Mr. Sisco confirmed that Ely State Prison requested between 11 and 17 more full-time-equivalent (FTE) positions for the shift-relief factor that changed the required number of FTE positions for all approved shifts. The Department had not updated the shift factor since 1979 when the state only observed 9 holidays, and the state now observed 11 holidays.

Mr. Sisco said Ely State Prison tried to recruit and fill the vacant positions. The Department understood that safety depended on having the proper staffing pattern within the institutions, and current staffing was below the required level.

Hearing no response to his request for testimony in support of, neutral on, or in opposition to the bill, Vice Chair Hambrick closed the hearing on A.B. 468.

Chair Anderson returned to the Committee room, resumed the duties of the Chair, and opened the hearing on Assembly Bill (A.B.) 472.

Assembly Bill 472: Revises provisions governing the use of money in the Patriot Relief Account. (BDR 36-1163)

Cheryl Tyler, Administrative Services Officer 2, Nevada National Guard, Office of the Military, testified that Assembly Bill (A.B.) 472 requested changes to the Patriot Relief Account. Existing law authorized the payment of various benefits to members of the Nevada National Guard from the Patriot Relief Account, which was a special account created in the State General Fund. Assembly Bill 472 eliminated reimbursement to a member of the Nevada National Guard from the Account for premiums paid on Servicemembers' Group Life Insurance (SGLI). The Office also requested to limit the textbook reimbursement to a maximum of \$1,000 per semester and develop internal policies to govern timelines for reimbursement requests.

In response to a question from Assemblywoman Benitez-Thompson about the history of the bill, Ms. Tyler replied that the Patriot Relief Account allowed reimbursement to service members for SGLI premiums during deployment when the premiums were not federally reimbursed. The Office recommended removal of the reimbursement for SGLI premiums because no restrictions existed in the *Nevada Revised Statutes* (NRS) on when or how the Office could reimburse for SGLI. Reimbursement might cost between \$1.8 million to \$2 million if all Nevada service members requested reimbursement for SGLI from the Patriot Relief Account. Approximately \$15,000 was spent on reimbursements for 45 to 100 service members using the benefit. Most service members were unaware of this benefit because SGLI premiums were automatically deducted from the federal government leave earnings statements.

Ms. Tyler advised that the Office recommended that the Patriot Relief Account funds would be better used to pay for financial hardships for the service members' families. Ms. Tyler cited an example when the Office approved reimbursement of the cost of replacement of a furnace that had failed during the winter for the family of a deployed service member. The Office recommended using the Patriot Relief Account to increase funds for financial hardship assistance, while limiting the textbook reimbursement and eliminating the use of funds for the SGLI premiums.

Assemblywoman Benitez-Thompson asked when the Patriot Relief Account was established. Ms. Tyler replied that she believed that the Account was created in 2009, and the state appropriations for the SGLI premiums had been in place since then. [Assembly Bill No. 580 of the 73rd Session (2005) created the Patriot Relief Account.]

Chair Anderson asked what options would be available for persons using the SGLI reimbursement if A.B. 472 was approved.

Ms. Tyler responded that some service members received federal reimbursement for SGLI when deployed. She was unsure what other options might be available.

Chair Anderson expressed concern that the SGLI reimbursement was available while service members were deployed, but not when the service members were home. He wondered what other programs might provide reimbursement for SGLI premiums while the service members were at home. He was concerned that some persons used this benefit, and he wondered where those persons might seek assistance if this bill passed.

Ms. Tyler was unsure of any existing programs that might provide SGLI reimbursement. She believed that the service members would pay the premiums from their own salaries.

Chair Anderson asked Ms. Tyler to research the issue and find some options for the service members. Ms. Tyler agreed to provide that information to the Committee.

Hearing no response to his request for testimony in support of, neutral on, or in opposition to the bill, Chair Anderson closed the hearing on A.B. 468.

The Chair opened the public comment portion of the hearing, and hearing no public comments; Chair Anderson closed the hearing and adjourned the meeting at 8:43 a.m.

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: April 6, 2015

Time of Meeting: 8:04 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 467	C	Scott Sisco, Deputy Director, Support Services, Carson City, Department of Corrections	Department of Corrections proposed amendment
A.B. 468	D	Scott Sisco, Deputy Director, Support Services, Carson City, Department of Corrections	Department of Corrections proposed amendment